



City of Clovis

Five-Year Financial Forecast

Through Fiscal Year 2025/26

Prepared March 2021



CITY OF CLOVIS

Five-Year Financial Forecast

Through Fiscal Year 2025/2026

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CITY OF CLOVIS

FIVE-YEAR FINANCIAL FORECAST

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I N T R O D U C T I O N

INTRODUCTION

The Five-Year Financial Forecast through 2025/26 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.

The major challenge in the current forecast is the General Fund, where sales and property taxes make up 62% of the total General Fund revenues. The COVID-19 pandemic has made this forecast that much more difficult. In March of 2020, staff presented the 2024/25 forecast. Shortly thereafter, the impact of the pandemic became a reality. Due to the financial impact of the COVID-19 pandemic statewide stay-at-home order, General Fund revenues were projected to be less than expenditures for the fiscal year 2020/21 budget. The budget projected the need to use emergency reserves to balance the structurally imbalanced budget. Staff estimated a \$10 million General Fund revenue reduction between March 2020 and June 2021, and that approximately \$2 million in emergency reserves, plus expenditure cuts in the last quarter of 2019/20 and all of 2020/21 would be required to balance the fiscal year 2020/21 budget. When presented in 2020, staff was estimating an emergency reserve fund balance for June 30, 2020 of \$12.8 million, or 17.1% of the General Fund expenditures. Staff was also estimating that reserve amount would drop to \$10.8 million by June 30, 2021, or 14% of General Fund expenditures.

If there is some good news from this past year, it would be that the reductions in General Fund revenue were much less than forecast. The 2020/21 General Fund revenues were projected to be \$76.8 million when the budget was adopted. General Fund revenues for 2020/21 are now estimated at \$82.7 million, including approximately \$2.1 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and \$0.3 million in Staffing for Adequate Fire and Emergency Response (SAFER) grant funding for the additional fire fighters being hired in 2021 for Fire Station 6. The combination of higher-than-anticipated revenues, CARES funding, and SAFER grant funding result in the 2020/21 General Fund budget being structurally balanced, so no emergency reserves are forecasted to be used.

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. as various stimulus programs and policy proposals may impact the City's revenue and expenditures.

EXECUTIVE SUMMARY

The General Fund forecast continues to be significantly constrained during the forecast period with General Fund discretionary revenues projected to grow at a slower pace than the demand for General Fund expenditures. The four primary factors leading to this constraint are as follows:

- The Public Employees' Retirement System (PERS) costs are rising significantly due to changes in the actuarial assumptions and the discount rate.
- The demand for many General Fund services is growing in direct proportion with the City's growth, which continues at a brisk pace.
- The long-term impact of the pandemic on the City's fiscal resources remains a concern. While the initial impacts have been less than anticipated, there remain possible longer-term impacts that cannot be predicted at this time.
- 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 a new station must be hired at once. Included in this forecast are nine new sworn Fire Department positions, which are the first new fire fighter positions added since 2004 and represent a 14% increase in staffing. In 2020, the City was awarded the SAFER grant which will provide the City approximately \$4.0 million over the next three years to mitigate the impact of this investment. However, the full cost of these additional positions will need to be borne by the General Fund when the grant is exhausted.

The General Fund forecast that is presented is structurally balanced and provides as much growth in critical services as possible. It should be noted that this forecast also includes a sustainable level of funding for the replacement of public safety vehicles, which is something that has not occurred since the Fleet Fund was exhausted during the last recession. However, transfers to the General Government Facilities Fund are at minimal levels if they occur at all, and ongoing transfers to the emergency reserve are limited to only what is necessary to maintain the minimum target of 15% 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, as a percentage of expenditures, is projected to decline slightly in the later years of the forecast but 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 forecast also includes continued contributions to the reserves for the Sustainable Groundwater Management Act (SGMA) and for drought contingency through 2023/24. In 2020/21, there was a \$5 million down payment 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.

The Sewer Enterprise Fund forecast maintains stable reserves throughout the forecast period. The annual 3% rate increases that have been adopted are not forecast to be implemented because the sewer fund is projected to be balanced with adequate reserves. There remains sufficient funds in the Bond Charge Fund balance collected in the prior year to continue the full \$7.30 per month rebate to customers for the next 2 years. The forecast projects a decrease in the rebate beginning in 2023/24 through the remaining years of the forecast. The ability to continue to rebate funds back to ratepayers will be monitored closely throughout the forecast period.

The Community Sanitation Fund maintains stable reserves in this Forecast. A 4% annual increase, or portion thereof, was approved by City Council in November 2004 to be implemented as necessary. In 2020/21, the full 4% increase is needed for both the recycling and greenwaste services. The 4% increase for recycling and greenwaste services is projected through the forecast because these services are contracted and the contract costs are increasing correspondingly. For refuse, a rate increase of 3% is projected in 2021/22 and increases of 2% are projected thereafter for the remainder of the forecast period. The street cleaning revenue, which is based on new unit growth, slightly increases throughout the forecast period.

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. 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 deferral is projected to decline in the fiscal years 2020/21 through 2022/23 due to the construction of a transit center.

The Planning and Development Services Enterprise Fund forecast maintains adequate, but constant reserves. The reserves are included in case of a slow-down and prudent funding is maintained throughout the forecast period. There have been several years of relatively high numbers of residential units per year; however, starting in 2021/22, it is anticipated that those numbers will start to decline. As a result, expenditures exceed revenues for most of the forecast period resulting in a slight decrease in ending working capital. Nonetheless, the fund maintains a healthy working capital balance 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 – 2020/21

The 2020/21 Annual Budget is not a status quo budget. Significant cuts were implemented in the 2019/20 fiscal year budget which were carried forward into the 2020/21 budget. Due to the estimated financial impact of the pandemic statewide stay-at-home order, General Fund revenues were estimated to be less than estimated expenditures for the fiscal year 2020/21 budget. The approved budget projected the need to use emergency reserves to balance a proposed structurally imbalanced budget. Staff was forecasting a \$10 million General Fund revenue reduction between March 2020 and June 2021. Staff was also estimating that approximately \$2 million in emergency reserves, use of 2019/20 expenditure savings, and proposed expenditure cuts would be required to balance the fiscal year 2020/21 budget.

Developing accurate revenue estimates during a constantly evolving pandemic has proven to be challenging. Many influences at the local, state and federal level have significantly impacted revenue sources both on an ongoing and one-time basis. Based on current estimates, revenues are currently projected to be approximately \$2.7 million above expenditures, allowing for transfers to General Government Facilities and Planning and Development Services. The pandemic and the resources provided for the response to the Creek Fire natural disaster have required the City to make substantial revisions to the 2020/21 estimates. Because the 2020/21 budget was prepared on a fairly conservative basis, most budgets are experiencing better than originally estimated outcomes such as revenues exceeding budgeted estimates while expenditures are not exceeding budgeted estimates.

General Fund revenues are projected to exceed the working budget by \$9.0 million in total for the current fiscal year. This is due to sales taxes faring much better than anticipated amidst a pandemic crisis; additional grant funds including federal funds from the Coronavirus Aid, Relief, and Economic Security Act (CARES) and Staffing for Adequate Fire and Emergency Response (SAFER); and state reimbursements for wildfires along with Transient Occupancy Taxes. All additional grant revenues projected are offset with corresponding additional expenditure increases in salaries, benefits and overtime. Some revenue categories are projected to not meet budget such as Gas Taxes and Community Facilities District Taxes.

Property Taxes are projected to be slightly above budget. Card Room Fees are projected to meet the sharply reduced budgeted amount due to stay-at-home orders. Franchise Fees are projected to be at budget showing no growth from the prior year 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 above budget due to increased occupancy as a result of the Creek Fire. Gas Taxes are not being transferred from capital street improvements to street maintenance and lighting as previously budgeted.

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 as well as the unknown impact on revenues related to the pandemic. Since 89% of the City's discretionary revenues go to Public Safety, it was necessary for the majority of the reductions to fall on these departments as well. The 2020/21 General Fund Budget reflects thirteen unfunded sworn public safety positions in order to reduce expenditures.

The 2020/21 budget included a \$4.1 million unreserved beginning fund balance (Contingency for Economic Uncertainty) which included using \$2 million from the General Fund emergency reserve. A reduction in revenue was estimated due to the impact of the pandemic resulting in the need to use the \$2 million from emergency reserve to balance the 2020/21 budget. However, the 2019/20 fiscal year ended the year with increased sales tax revenues and lower expenditures than estimated resulting in an ending fund balance of \$2 million higher than anticipated in the budget. As a result, it is unlikely that the City will need to use any emergency reserve for the 2020/21 budget year. The expenditure reduction was mostly attributable to a hiring freeze placed on vacant positions at the onset of the pandemic. Due to higher than anticipated revenues discussed above, five of these frozen public safety positions have already been authorized to be filled and it is likely that even more will be filled at the end of the fiscal year. In addition, due to the SAFER grant, nine additional sworn firefighters will be hired this fiscal year.

Forecast – 2021/22 through 2025/26

Three distinct challenges are in the General Fund forecast for the next five 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 in the public safety growth are additional police officers and the additional staffing needed to open Fire Station 6 in fiscal year 2021/22. The City has received a SAFER grant for \$1.3 million annually for three years which will help offset the costs of staffing Fire Station 6. Still, 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 General Fund balance is projected to diminish from \$2.4 million in FY 2021/22 to \$1.7 million in FY 2025/26.

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 2021/22. The City's current base for property taxes which is increased each year by an inflation factor not to exceed 2% is based on the California Consumer Price Index which for FY 2021/22 is 1.036%. Property tax growth during the forecast period is projected to increase at a rate corresponding to the 10 year average of 800 single and multi-family residential units. The forecast does not project a housing slump because those are difficult to anticipate. However, if one was to actually occur, this would result in property tax growth being lower than forecasted.

Sales tax growth has changed due to a cultural change in how people spend their money and due to the shift to online purchases which was exacerbated by the pandemic. In broad terms, consumers 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, consumers 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 that prevented states from taxing remote sales. Effective April 1, 2019, California 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. As a result of California's AB 147-The Marketplace Facilitator Act, the 4Q19-3Q20 state and county pools saw \$1.4 billion indirectly allocated to cities and counties. The pools have averaged growth of 31% each quarter compared to the same period in the prior year. Without AB147 revenues, countywide pools averaged just 8% growth. The pandemic and its economic impacts on sales taxes were anticipated to be severe and negative. Contrary to these early assumptions last spring, the decline of sales taxes was not as severe as anticipated despite the state's stay-at-home orders and other restrictions. Consumers adapted to buying online at a record pace. Although recent acceleration to online buying should continue growing the pools, future gains are anticipated to subside to levels moderately better than pre-Wayfair historical levels, according to the City's sales tax consultant HdL Companies.

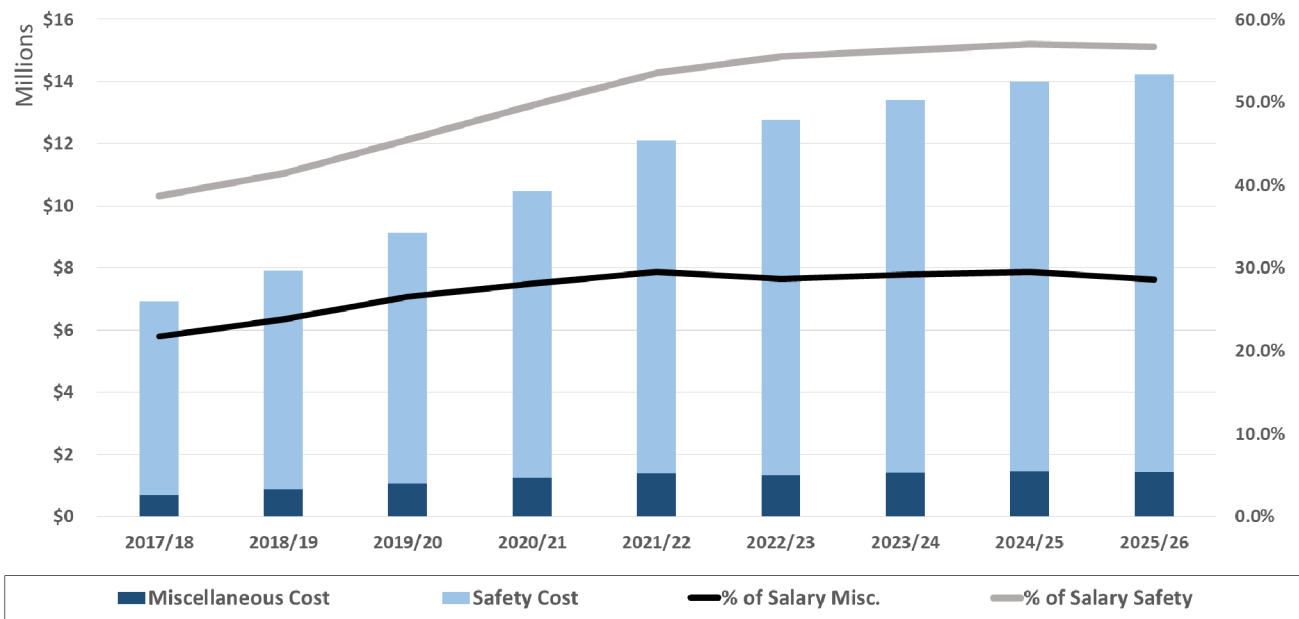
Sales Tax is projected to show an increase of 4.1% in FY 2020/21. For the remaining projected years, Sales Tax is expected to grow at 4.5% annually with population growth at 800 residential units per year.

The forecast reflects the opening of new hotels in Other Taxes. Transient Occupancy Tax is projecting an increase in FY 2021/22 with the opening of the Marriott Courtyard. The Marriott Residence Inn is anticipated to open in FY 2022/23.

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 \$3.8 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 (89% of the City’s discretionary revenues go to Police and Fire) and are most impacted by this growing demand. Staff will continue to evaluate different ways of delivering services using technology, social media, and best practices in an effort to narrow the gap between increased demand for services and the City’s ability to provide without lowering level of service. 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 five years, and will be the basis 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 10.5% of the General Fund budget a few years ago to 15.5% by fiscal year 2025/26. Essentially, that means the level of service plus the transfers to the reserve that can be provided in 2025/26 will be only 95.0% 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. It should be noted that this forecast also includes a sustainable level of funding for the replacement of public safety vehicles, which is something that has not occurred since the last recession. Transfers to the General Government Facilities Fund in 2020/21 are for construction of a metal building to house the fire fighters while a permanent Fire Station 2 is being built and transfers in the projected years are to pay for the Landmark Square and Fire Station 2 debt service. Transfers to the emergency reserve have been reduced to the minimum required amount to maintain a 15% reserve. The forecast includes nineteen additional police officers of which ten are currently unfunded positions, and nine additional fire fighters to staff a sixth station slated to open in late 2021. Additionally, one non-sworn General Fund position is projected to be added during the forecast period.

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CITY OF CLOVIS

General Fund Financial Forecast - Summary

(dollars in thousands)

	ACTUALS			ESTIMATED	PROJECTED				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Beginning Available Fund Balance	420	3,630	4,430	4,110	4,820	2,410	1,310	1,080	720
Reappropriation/Encumbrances	(230)	10	(190)	(740)					
REVENUES									
Discretionary	53,510	55,640	57,710	60,360	63,250	66,240	69,060	71,970	75,000
Non-Discretionary	16,450	17,590	17,550	22,340	19,580	19,790	19,890	19,340	19,790
Total Revenues	69,960	73,230	75,260	82,700	82,830	86,030	88,950	91,310	94,790
EXPENDITURES									
Public Safety	49,730	52,030	54,420	60,060	63,070	64,400	66,180	68,040	69,880
Public Utilities	8,990	9,990	10,050	10,680	11,160	11,270	11,460	11,700	11,910
General Government	7,450	8,330	8,360	9,210	9,400	9,590	9,670	10,060	10,140
Total Expenditures	66,170	70,350	72,830	79,950	83,630	85,260	87,310	89,800	91,930
Resources Above/(Below) Operating Expenditures	3,790	2,880	2,430	2,750	(800)	770	1,640	1,510	2,860
ADDITIONAL ITEMS									
Transfers In from Successor Agency	0	0	450	0	0	0	0	0	0
Transfers Out to General Government Facilities Fund	0	0	0	(950)	(1,060)	(1,320)	(1,320)	(1,320)	(1,320)
Transfers Out to PDS/Projects	(300)	(990)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Transfers Out to Fleet Fund	0	0	(2,660)	0	0	0	0	0	0
Total Additional Items	(300)	(990)	(2,510)	(1,250)	(1,360)	(1,620)	(1,620)	(1,620)	(1,620)
Net Increase/(Decrease) to Fund Balance	3,490	1,890	(80)	1,500	(2,160)	(850)	20	(110)	1,240
OTHER ITEMS									
(Use of)/Addition to Emergency Reserve	50	1,100	50	50	250	250	250	250	250
Total Other Items	50	1,100	50	50	250	250	250	250	250
Ending Available Fund Balance	3,630	4,430	4,110	4,820	2,410	1,310	1,080	720	1,710
Emergency Reserve-(Dollars)	11,660	12,760	12,810	12,860	13,110	13,360	13,610	13,860	14,110
Emergency Reserve as a % of Expenditures	17.60%	18.10%	17.60%	16.10%	15.70%	15.70%	15.60%	15.50%	15.40%

CITY OF CLOVIS

General Fund - Financial Forecast (dollars in thousands)

REVENUES	ACTUALS			ESTIMATED	PROJECTED				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Residential Units (SF + MF)	1,350	848	1,119	1,100	800	800	800	800	800
<u>Discretionary</u>									
Property Taxes	18,940	20,070	21,460	22,790	23,940	25,130	26,340	27,580	28,840
Educational Augmentation	(4,560)	(4,800)	(5,380)	(5,620)	(5,880)	(6,160)	(6,450)	(6,760)	(7,070)
County Admin Fee	(200)	(200)	(200)	(210)	(220)	(230)	(240)	(260)	(260)
Property Tax In Lieu-VLF	9,060	9,720	10,420	11,160	11,640	12,140	12,660	13,200	13,770
Sales Tax	21,170	22,420	23,230	24,210	25,310	26,450	27,640	28,880	30,180
County Share	(1,060)	(1,120)	(1,160)	(1,210)	(1,270)	(1,320)	(1,380)	(1,440)	(1,510)
Franchise Fee	2,450	2,360	2,460	2,480	2,540	2,610	2,680	2,750	2,820
Business License	4,380	3,370	3,490	3,490	3,610	3,740	3,870	4,010	4,150
Other Taxes	3,080	3,460	2,970	3,050	3,360	3,650	3,700	3,760	3,820
Interest	60	180	180	90	90	100	110	120	130
Other Revenues-(Disc.)	190	180	240	130	130	130	130	130	130
<u>Non-Discretionary</u>									
Community Facility Fee	1,570	1,850	2,080	2,110	2,290	2,470	2,650	2,840	3,030
Sales Tax-(Public Safety)	310	300	320	320	370	380	390	400	410
Other Lic & Permits	110	100	90	110	110	110	110	110	110
Fines & Forfeitures	230	200	190	200	210	210	210	210	210
Building Rentals	50	50	40	50	50	50	50	50	50
State Subvention-Gas Tax	1,100	1,110	1,260	1,320	1,470	1,500	1,530	1,560	1,590
Grants	2,320	2,080	1,070	5,590	2,190	1,970	1,640	640	640
From Other Agencies	380	660	920	810	830	840	850	860	870
Current Services	1,740	1,660	1,620	1,630	1,650	1,670	1,690	1,720	1,750
Landscape Maint. Charges	3,070	3,570	3,840	3,980	4,040	4,100	4,160	4,220	4,280
Other Revenues-(Non-Disc.)	120	260	270	170	170	170	170	170	170
Impact/Rental Fees	1,570	1,630	1,700	1,760	1,830	1,860	1,890	1,920	1,950
Admin Charges	3,880	4,120	4,150	4,290	4,370	4,460	4,550	4,640	4,730
Total Revenues	69,960	73,230	75,260	82,700	82,830	86,030	88,950	91,310	94,790

Revenue Assumptions (dollars in dollars)

PROPERTY TAXES:	ANNUAL INCREASE	INCREASE IN ASSESSED VALUE	CITY TAX RATE (Before reductions)		
	1.04%	\$381,000,000	18.63% of 1%		
Note: FY20/21 Annual Increase=1.036% Increase in AV above is based on 800 residential units					
	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
PROPERTY TAX GROWTH %:	PROJECTED	1.04%	2.00%	2.00%	2.00%
PROPERTY TAX IN LIEU-VLF:	INCREASE BY ASSESSED VALUE GROWTH		4.30%	(Based on 800 units)	
COMMUNITY FACILITY FEE:	2/3 OF NEW RES UNITS PER YR	540	ANNUAL FEE: \$260	INCREASE BY: 1.49%	
SALES TAX:	3 YEAR CPI	SALES TAX RATE	POPULATION GROWTH	PER CAPITA \$ PER YEAR	
	1.49%	1.00%	3,000 PER YEAR	\$195	
COUNTY SHARE:	5.00% OF GROSS SALES TAX		(Based on 800 units)		
	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
SALES TAX GROWTH %:	PROJECTED	4.5%	4.5%	4.5%	4.5%
FRANCHISE TAX:	3 YEAR CPI	NEW RES UNITS PER YEAR	FEE OF GROSS	PARTICIPATION %	P G & E
	1.49%	800	1.00%	50.00% Comcast/AT&T	\$250 Per Unit per Mo
				\$70 Per Unit per Month	
Note: 3 year average for residential units is 1110, 5 year average is 1000 ,10 year average is 825 units					
BUSINESS LICENSE:	INCREASE	1.49%	THREE YR CPI	2.00%	NEW BUSINESSES
OTHER TAXES:	Includes Transient Occupancy Tax, Cardroom Fees, and Real Property Transfer Tax				
	THREE YR CPI	1.49%			
FINES AND FORFEITURES:	PARKING AND VEHICLE	\$207,000	BASED ON THREE YEAR AVERAGE		
INTEREST:	RATE ->>	1.00%	ON PRIOR YEAR'S BALANCE		
BUILDING RENTALS:	INCREASE ANNUALLY BY: 2.00%				
STATE SUBVENTIONS:	GAS TAX	POPULATION GROWTH			
	PER CAPITA	\$10.60	3,000 PER YEAR	(Based on 800 units)	
	Gas Tax Per Capita based on last year actuals				
GRANTS:	\$640,000	THREE YEAR AVERAGE OF ONGOING GRANTS			
CURRENT SERVICES:	INCREASE BY THREE YEAR CPI AVERAGE		1.49%		
OTHER REVENUES:	INCREASE BY THREE YEAR CPI AVERAGE		1.49%		
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				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<u>PUBLIC SAFETY</u>									
Salaries									
Police-CPOA	9,120	10,040	9,820	9,820	10,460	10,940	11,440	11,950	12,480
Fire	5,490	5,610	5,750	6,550	7,470	7,620	7,770	7,930	8,090
Public Safety-Management	3,020	2,910	3,080	3,220	3,280	3,350	3,420	3,490	3,560
Dispatchers									
Police-Non CPOA	3,570	3,620	3,780	4,290	4,380	4,470	4,560	4,650	4,740
Fire-Non Firefighters	260	200	200	290	300	310	320	330	340
Overtime									
Overtime-Police	2,160	2,650	2,730	2,850	2,850	2,850	2,850	2,850	2,850
Overtime-Fire	2,450	2,250	1,470	3,340	1,610	1,610	1,610	1,610	1,610
Extra Help	690	740	730	830	830	830	830	830	830
Benefits									
Health	3,250	3,300	3,380	3,590	4,050	4,420	4,820	5,250	5,720
Retirement	6,230	7,030	8,070	9,210	10,720	11,430	11,990	12,540	12,800
Other	2,870	2,770	2,810	3,250	3,450	3,520	3,590	3,660	3,730
SMS	10,080	10,240	11,940	11,990	13,320	12,700	12,620	12,590	12,760
Capital Outlay	540	670	660	830	350	350	360	360	370
Total Public Safety	49,730	52,030	54,420	60,060	63,070	64,400	66,180	68,040	69,880
<u>PUBLIC UTILITIES</u>									
Salaries	2,000	2,200	2,230	2,410	2,550	2,600	2,650	2,700	2,750
Overtime	110	110	110	100	100	100	100	100	100
Extra Help	60	20	20	40	40	40	40	40	40
Benefits									
Health	450	510	500	550	610	660	710	770	830
Retirement	270	340	390	480	550	540	560	580	560
Other	350	440	370	370	380	390	400	410	420
SMS	5,710	6,310	6,400	6,660	6,900	6,910	6,970	7,070	7,180
Capital Outlay	40	60	30	70	30	30	30	30	30
Total Public Utilities	8,990	9,990	10,050	10,680	11,160	11,270	11,460	11,700	11,910
<u>GENERAL GOVERNMENT</u>									
Salaries	3,010	3,150	3,430	3,620	3,690	3,760	3,840	3,920	4,000
Overtime	10	10	10	20	20	20	20	20	20
Extra Help	330	420	370	330	330	330	330	330	330
Benefits									
Health	570	610	650	690	750	810	870	940	1,020
Retirement	430	540	670	770	850	830	870	900	880
Other	200	210	230	250	260	270	290	310	340
SMS	2,880	3,380	2,980	3,510	3,490	3,560	3,440	3,630	3,540
Capital Outlay	20	10	20	20	10	10	10	10	10
Total General Government	7,450	8,330	8,360	9,210	9,400	9,590	9,670	10,060	10,140
Total Expenditures	66,170	70,350	72,830	79,950	83,630	85,260	87,310	89,800	91,930

Expenditure Assumptions (dollars in thousands)

SALARIES:		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<u>POLICE-CPOA</u>	7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
SALARY BASE		\$9,650	\$10,020	\$10,670	\$11,160	\$11,670	\$12,190
Additional Officers-Salary		\$170	\$440	\$270	\$280	\$280	\$290
Number of Additional Officers		2	5	3	3	3	3
Additional Non-Sworn Positions		0	0	0	0	0	0
Total Sworn Officer Positions		102	107	110	113	116	119
<u>FIRE</u>	7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
SALARY BASE		\$6,350	\$7,470	\$7,620	\$7,770	\$7,930	\$8,090
Additional Firefighter-Salary		\$200	\$0	\$0	\$0	\$0	\$0
Number of Addl Firefighters		9	0	0	0	0	0
Total Sworn Positions		72	72	72	72	72	72
<u>PUBLIC UTILITIES</u>	7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
SALARY BASE		\$2,410	\$2,460	\$2,600	\$2,650	\$2,700	\$2,750
Additional Salaries-Park/Street		\$0	\$90	\$0	\$0	\$0	\$0
Addl Park/Street employees		0	1	0	0	0	0
<u>GENERAL GOVT</u>	7/1	2.00%	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%	2.00%
OVERTIME:		INCREASE BY PREVIOUS THREE YEAR CPI			1.49%		
EXTRA HELP:		FLAT FOR NEXT FIVE YEARS					
HEALTH:		INCREASE PER YEAR			8.0%		
		(PERS ESTIMATE)					
RETIREMENT:		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
POLICE-SAFETY		49.600%	53.500%	55.500%	56.300%	57.000%	56.700%
DISPATCHERS		28.100%	29.500%	28.700%	29.200%	29.500%	28.600%
FIRE		49.600%	53.500%	55.500%	56.300%	57.000%	56.700%
PUBLIC UTILITIES		28.100%	29.500%	28.700%	29.200%	29.500%	28.600%
GENERAL GOVERNMENT		28.100%	29.500%	28.700%	29.200%	29.500%	28.600%
MANAGEMENT		28.100%	29.500%	28.700%	29.200%	29.500%	28.600%
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:		Police-CPOA	12.17%	12.00%	12.00%	12.00%	12.00%
(included in other benefits)		Fire	3.35%	3.00%	3.00%	3.00%	3.00%
		Mgmt & Admin	1.30%	1.00%	1.00%	1.00%	1.00%
		Public Utility	11.41%	11.00%	11.00%	11.00%	11.00%
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: AVERAGE CPI		1.49%					
CAPITAL OUTLAY:		INCREASE BY 3 YEAR AVG CPI PER YEAR			1.49%		
		50% FOUR YEAR AVERAGE-PUBLIC SAFETY			\$340		
		50% FOUR YEAR AVERAGE-PUBLIC UTILITIES			\$30 + ADDITIONAL EQUIP FOR NEW EMPLOYEES		
		50% FOUR YEAR AVERAGE-GEN GOVT			\$10		
CONTINGENCY RESERVE:		Maintain not less than 15% with a goal to reach 25% of total expenditures. See the Summary Sheet for reserve amounts.					

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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 projected to have a working capital balance of approximately \$21 million at June 30, 2021. 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 five years in the projected forecast. The forecast also includes continued contributions to the reserves for the Sustainable Groundwater Management Act (SGMA) and for drought contingency through 2023/24. In 2020/21, there was a \$5 million down payment 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. In 2016/17, the Water Enterprise Fund received a legal settlement for Trichloropropane (TCP) treatment. The Water Enterprise Fund will be required to treat potable water for any TCP present, and a reserve for TCP treatment has been established for the treatment costs. The forecast includes an interfund loan of \$7.5 million in 2021/22 from the TCP reserves to General Services, and annual repayment of the loan beginning in 2022/23 for ten years. This loan will not affect the City's ability to treat for TCP during the term of the loan.

CITY OF CLOVIS

Water Enterprise - Financial Forecast (dollars in thousands)

	Actual 2017/18	Actual 2018/19	Actual 2019/20	Estimated 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26
BEGINNING WORKING CAPITAL	22,120	22,520	26,840	28,090	20,970	19,400	18,200	17,460	17,690
<u>REVENUES</u>									
WATER CHARGES	16,430	17,040	17,820	17,740	18,300	18,970	19,660	20,370	21,100
DBCP-LEGAL SETTLEMENTS	240	240	260	220	170	170	170	170	170
TOTAL REVENUES	16,670	17,280	18,080	17,960	18,470	19,140	19,830	20,540	21,270
<u>EXPENDITURES</u>									
SALARIES	2,490	2,710	2,870	3,130	3,190	3,340	3,400	3,470	3,540
EXTRA HELP	0	0	0	30	30	30	30	30	30
OVERTIME	100	110	120	140	140	140	140	140	140
BENEFITS									
RETIREMENT	330	420	520	630	650	680	710	730	720
HEALTH	500	540	560	630	680	730	790	850	920
OTHER	460	530	480	460	510	530	540	550	560
SERVICES, MATERIALS & SUPPLIES	7,890	8,010	8,490	15,040	10,640	10,690	10,740	10,800	10,860
MEMBRANE REPLACEMENT	0	280	0	300	450	0	0	0	0
TCP TREATMENT	0	0	100	100	100	100	100	100	100
CAPITAL OUTLAY	880	1,210	1,290	2,150	1,580	1,600	1,620	1,640	1,660
TOTAL EXPENDITURES	12,650	13,810	14,430	22,610	17,970	17,840	18,070	18,310	18,530
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST/RENTAL/GRANTS	620	1,070	2,050	630	630	750	750	750	750
	620	1,070	2,050	630	630	750	750	750	750
TRANSFERS-OUT (CAPITAL)	(2,390)	0	(3,550)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
WATER BANKING LOAN TO DEV FUND	0	1,500	1,250	0	0	0	0	0	0
INTERFUND LOAN TO GENERAL SERVICES	0	0	0	0	(7,500)	770	770	770	770
CONTRIBUTION-SURFACE WTP	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
MEMBRANE REPLACEMENT RESERVE	(100)	280	0	300	450	(100)	(100)	(100)	(100)
RESERVE FOR DROUGHT CONTINGENCY	(1,000)	(500)	(500)	(500)	(500)	(500)	(500)	0	0
RESERVE FOR SGMA	0	(750)	(1,000)	(1,250)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
RESERVE FOR TCP TREATMENT	0	0	100	100	7,600	(670)	(670)	(670)	(670)
ENDING WORKING CAPITAL	22,520	26,840	28,090	20,970	19,400	18,200	17,460	17,690	18,430
RESERVE FOR MEMBRANE REPLACEMENT	2,010	1,730	1,730	1,430	980	1,080	1,180	1,280	1,380
RESERVE FOR DROUGHT CONTINGENCY	4,500	5,000	5,500	6,000	6,500	7,000	7,500	7,500	7,500
RESERVE FOR SGMA	0	750	1,750	3,000	4,000	5,000	6,000	7,000	8,000
RESERVE FOR TCP TREATMENT	15,450	15,450	15,350	15,250	7,650	8,320	8,990	9,660	10,330

Water Enterprise - Revenue Assumptions (dollars in dollars)

Bi-monthly Meter Charges: Residential - \$23.90 Commercial - \$19.24

Residential Usage Rates: \$.98 per 1,000 gallons for 0 to 23,000 gallons, \$1.63 per 1,000 gallons for 23,000 - 40,000 gallons, \$2.00 per 1,000 gallons above 40,000 gallons. Dwelling unit charge \$11.95 per month (\$23.90 bi-monthly).

Commercial Usage Rates: \$.98 per 1,000 gallons 0 to 23,000 gallons, \$1.33 per 1,000 gallons over 23,000 gallons. Monthly charge from \$9.62 (1") to \$975.05 (10").

Current Charges:

INCREASED EACH YEAR BY THE AVERAGE INCREASE OF THE PREVIOUS THREE YEARS

		<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</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:	1.00% OF PREVIOUS YEAR'S WORKING CAPITAL OR A MINIMUM OF \$10,000						

Water Enterprise - Expense Assumptions (dollars in thousands)

Salaries: CPWEA	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Salary Base	\$3,130	\$3,190	\$3,250	\$3,400	\$3,470	\$3,540
Additional Employee			\$85			

Extra Help: FLAT FOR NEXT FIVE YEARS

Overtime: FLAT FOR NEXT FIVE YEARS

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Retirement:	28.100%	29.500%	28.700%	29.200%	29.500%	28.600%
PERS Cost Sharing:	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%

Health: INCREASE PER YEAR

Other Benefits:

-WORKERS COMP	11.000% 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 1.49%

(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 1.49%

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 \$23.5 million at June 30, 2021. 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. An interfund loan is shown in each year of the forecast because it is projected that the collection of Development Impact fees for Sewer Major Facilities will be insufficient to cover the debt service payments. There remains sufficient funds in the bond charge fund balance collected in the prior year to continue the full \$7.30 per month rebate to customers for the next two years. The forecast projects a decrease in the rebate beginning in 2023/24 through the remaining 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 2017/18</u>	<u>Actual 2018/19</u>	<u>Actual 2019/20</u>	<u>Estimated 2020/21</u>	<u>Projected 2021/22</u>	<u>Projected 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>	<u>Projected 2025/26</u>
BEGINNING WORKING CAPITAL	19,500	19,510	20,830	25,840	23,490	19,290	18,300	16,990	17,560
<u>REVENUES</u>									
SEWER CHARGES	12,440	13,100	13,500	13,580	14,310	14,560	14,810	15,060	15,310
PRETREATMENT CHARGES	50	50	50	50	50	50	50	50	50
TOTAL REVENUES	12,490	13,150	13,550	13,630	14,360	14,610	14,860	15,110	15,360
<u>EXPENDITURES</u>									
SALARIES	810	860	950	1,030	1,050	1,160	1,180	1,200	1,220
EXTRA HELP	0	0	0	10	10	10	10	10	10
OVERTIME	10	10	10	20	20	20	20	20	20
BENEFITS									
RETIREMENT	100	130	170	200	200	240	250	250	250
HEALTH	130	140	150	170	180	190	210	230	250
OTHER	90	160	160	140	240	180	190	190	190
SERVICES, MATERIALS & SUPPLIES	3,600	3,710	4,000	4,890	4,960	5,030	5,100	5,170	5,240
FRESNO TREATMENT PLANT	2,550	2,770	3,060	3,500	3,800	3,860	3,920	3,980	4,040
CLOVIS TRMT/REUSE PLANT (ST-WRF)	2,090	2,270	2,300	2,450	2,720	2,790	2,860	2,930	3,000
DEBT SERVICE	1,230	1,220	1,220	1,240	1,250	1,250	1,250	0	0
CAPITAL	20	720	170	360	60	60	60	60	60
CAPITAL-FRESNO PLANT IMPROVEMENTS	1,120	330	320	2,210	2,900	2,840	1,050	410	500
TOTAL EXPENDITURES	11,750	12,320	12,510	16,220	17,390	17,630	16,100	14,450	14,780
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST	480	830	1,400	710	370	320	300	280	290
GRANTS/MISC/SALE OF ASSETS/REFUNDS	30	330	390	400	30	30	30	30	30
BOND COVERAGE CHARGES/(REBATE)	0	880	1,850	0	0	0	920	1,850	1,850
	510	2,040	3,640	1,110	400	350	1,250	2,160	2,170
TRANSFERS IN-DEBT SERVICE	430	430	430	430	430	430	430	0	0
TRANSFERS OUT-CAPITAL	0	0	0	(200)	(200)	(200)	(200)	(200)	(200)
FROM DEVELOPER-PLANT CAPITAL IMPROV	270	220	400	400	450	450	450	450	450
INTERFUND (LOANS)/REPAYMENT	(1,440)	(1,700)	0	(1,000)	(1,500)	(1,500)	(1,500)	(2,000)	(2,000)
(INC)/USE OF FRESNO PLANT CAP RESERVE	(500)	(500)	(500)	(500)	(750)	2,500	(500)	(500)	(500)
ENDING WORKING CAPITAL	19,510	20,830	25,840	23,490	19,290	18,300	16,990	17,560	18,060
RESERVE FOR FRESNO PLANT CAPITAL	500	1,000	1,500	2,000	2,750	250	750	1,250	1,750
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	New Units	Additional	Residential:	2019/20 Per Unit	Bond Charge Per	Pretreatment Per Unit
	Increase	Per Year	Commercial		Per Month	Unit Per Month	Per Month
	3,000	800	\$42,000		\$22.11	\$7.30	\$0.06
Rate Rebate:							\$(7.30) Beginning FY 20/21
Rate Increase:*		<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Percentage		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Revised Monthly Rate		\$22.11	\$22.11	\$22.11	\$22.11	\$22.11	\$22.11
Interest:	1.00%	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>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
SALARY BASE	\$1,030	\$1,050	\$1,070	\$1,180	\$1,200	\$1,220
Additional employee			\$85			
Extra Help:	FLAT FOR NEXT FIVE YEARS					
Overtime:	FLAT FOR NEXT FIVE YEARS					
Retirement:	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	28.100%	29.500%	28.700%	29.200%	29.500%	28.600%
PERS Cost Sharing:	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%
Health:	INCREASE PER YEAR					
Other Benefits:	-RETIREMENT		28.100%	OF EXTRA HELP		
	-WORKERS COMP		11.000%	FOR CPWEA	1.00%	FOR ADMIN
	-MEDICARE		1.450%	OF SALARIES		
	-DEF COMP/SICK LEAVE INC/OTHER		5.250%	OF SALARIES		
Other SMS:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS				1.49%	
	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				1.49%	
Debt Service:	Fresno/Clovis Regional WWTP Renovation					
	96/97 - 2023				\$1,250	
Capital Outlay:	FUTURE YEARS @				\$60	
	- ADJUSTED BY 3 YEAR AVERAGE CPI				1.49%	
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 million at June 30, 2021. A 4% annual increase, or portion thereof, was approved by Council in November 2004 to be implemented as necessary. In 2020/21, the Council implemented a refuse rate increase of 4%. An increase of 3% is necessary in 2021/22 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 2021/22, staff anticipates preparing a recommendation for Council to consider approval to conduct a proposition 218 election in the fall of 2021 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 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)

	Actual 2017/18	Actual 2018/19	Actual 2019/20	Estimated 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26
BEGINNING WORKING CAPITAL	12,080	12,940	13,860	12,420	9,040	8,140	7,790	7,900	8,250
<u>REVENUES</u>									
REFUSE CHARGES	14,260	14,990	15,390	15,940	16,840	17,340	17,850	18,370	18,910
RECYCLING CHARGES	1,850	1,720	1,780	1,830	1,920	2,020	2,120	2,220	2,330
GREEN WASTE CHARGES	1,940	2,080	2,220	2,280	2,360	2,480	2,610	2,740	2,880
STREET SWEEPING CHARGES	1,150	1,180	1,210	1,230	1,250	1,260	1,270	1,280	1,290
TOTAL REVENUES	19,200	19,970	20,600	21,280	22,370	23,100	23,850	24,610	25,410
<u>EXPENDITURES</u>									
SALARIES	2,840	3,180	3,380	3,720	3,800	3,970	4,040	4,120	4,200
EXTRA HELP	30	60	40	80	80	80	80	80	80
OVERTIME	240	330	380	330	350	350	350	350	350
BENEFITS									
RETIREMENT	380	500	630	750	760	810	840	870	850
HEALTH	580	670	710	790	860	930	1,000	1,080	1,170
OTHER	530	700	610	590	630	660	670	690	700
SERVICES, MATERIALS & SUPP.	7,570	8,380	8,670	9,850	10,000	10,150	10,300	10,450	10,610
RECYCLING	1,410	1,470	1,540	1,680	1,740	1,790	1,850	1,910	1,970
GREEN WASTE PROGRAM	1,680	1,770	1,860	1,950	2,020	2,090	2,160	2,230	2,300
STREET SWEEPING	1,600	1,730	1,700	1,740	1,770	1,800	1,830	1,860	1,890
LANDFILL CLOSURE	250	260	240	290	290	290	290	290	290
CAPITAL	550	1,180	1,890	1,000	800	500	500	500	500
LANDFILL IMPROVEMENTS	550	80	900	2,250	500	400	200	200	200
LANDFILL DEBT SERVICE	560	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	18,770	20,310	22,550	25,020	23,600	23,820	24,110	24,630	25,110
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST	190	300	320	180	150	140	140	140	150
GRANTS/MISC/SALE OF ASSETS	30	80	40	30	30	30	30	30	30
	220	380	360	210	180	170	170	170	180
TRANSFERS	210	880	150	150	150	200	200	200	200
ENDING WORKING CAPITAL	12,940	13,860	12,420	9,040	8,140	7,790	7,900	8,250	8,930
RESERVE FOR CLOSURE	3,780	4,040	4,280	4,570	4,860	5,150	5,440	5,730	6,020
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
		800	\$25.06	\$4.10	\$6.01	\$2.25
Additional Commercial Annual Revenue ----->		\$35,000				
		<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	4.0%	3.0%	2.0%	2.0%	2.0%
Adjusted Monthly Rate:		\$25.06	\$25.81	\$26.33	\$26.85	\$27.39
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: 1.00% OF PREVIOUS YEAR'S WORKING CAPITAL						

Community Sanitation - Expense Assumptions (dollars in thousands)

Salaries: (CPWEA)	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Salary Base:	\$3,720	\$3,800	\$3,880	\$4,040	\$4,120	\$4,200
Additional Personnel: Res/Comm			\$85			
Extra Help:	\$90 for Operations per year					
Overtime:	FLAT FOR FUTURE YEARS					
	(PERS ESTIMATE)					
Retirement:	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	28.100%	29.500%	28.700%	29.200%	29.500%	28.600%
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		11.000%	FOR CPWEA	1.00%	FOR ADMIN
	-MEDICARE		1.450%	OF SALARIES		
	-DEF COMP/SICK LEAVE/OTHER		5.250%	OF SALARIES		
Other SMS:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS				1.49%	
	Rental of the Corp Yard beginning 2002/03				\$320 per year	
Capital Outlay:	Flat for future years (with the exception of FY 2020/21 and FY 2021/22)				\$500	
	Adjusted by 3 year average CPI				1.49%	
Transfers:	In-For Toters		\$200	/year		
Reserve For Closure:	FROM 98/99, INCREASE BY 3 YEAR AVERAGE CPI				1.49%	

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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 and 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 2017/18</u>	<u>Actual 2018/19</u>	<u>Actual 2019/20</u>	<u>Estimated 2020/21</u>	<u>Projected 2021/22</u>	<u>Projected 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>	<u>Projected 2025/26</u>
BEGINNING WORKING CAPITAL	2,890	240	60	(150)	0	0	0	0	0
<u>REVENUES</u>									
MEASURE C FUNDS	1,460	1,540	1,520	1,680	1,760	1,850	1,940	2,040	2,140
LOCAL TRANSPORTATION FUNDS (LTF)	3,940	4,160	4,320	4,030	6,150	4,690	4,540	4,610	4,680
STATE TRANSIT ASSISTANCE (STA)	640	1,290	200	3,750	1,920	580	820	810	800
OTHER (Fares, Advertising, Trolley Rents)	230	190	190	50	50	50	50	50	50
TOTAL REVENUES	6,270	7,180	6,230	9,510	9,880	7,170	7,350	7,510	7,670
<u>EXPENDITURES</u>									
SALARIES	1,290	1,410	1,440	1,720	1,750	1,790	1,830	1,870	1,910
EXTRA HELP	830	890	970	970	1,020	1,040	1,060	1,080	1,100
OVERTIME	110	70	50	70	70	70	70	70	80
BENEFITS									
RETIREMENT	170	220	270	340	380	360	380	390	390
HEALTH	270	300	320	380	410	440	480	520	560
OTHER	380	520	510	550	500	510	530	540	540
SERVICES, MATERIALS & SUPPLIES	2,410	2,880	2,470	2,820	3,050	2,960	3,000	3,040	3,090
CAPITAL-OTHER	180	90	410	130	70	0	0	0	0
CAPITAL-BUSES	620	1,020	0	700	0	400	400	0	0
TOTAL EXPENDITURES	6,260	7,400	6,440	7,680	7,250	7,570	7,750	7,510	7,670
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST/GRANTS/MISC	180	40	50	720	0	400	400	0	0
	180	40	50	720	0	400	400	0	0
TRANSFERS- OUT (TRANSIT CENTER)	0	0	(50)	(2,400)	(2,630)	0	0	0	0
DEFERRED REVENUE ADJUSTMENT	(2,840)								
ENDING WORKING CAPITAL	240	60	(150)	0	0	0	0	0	0
DEFERRED REVENUE	2,660	3,290	5,200	3,260	1,030	1,390	1,750	2,140	2,550

Transit- Revenue Assumptions

Transit Revenue:	Measure C revenue is projected to grow by the prior 3 year average increase in revenue	4.90%
	LTF revenue is projected to grow by the 3 year average CPI	1.49%
	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	1.49%
Interest:	1.00% 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>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Salary Base:	\$1,720	\$1,750	\$1,790	\$1,830	\$1,870	\$1,910
Additional Personnel:						
Extra Help:	INCREASE 5% PER YEAR FOR ADDITIONAL DEMAND IN ROUNDUP TRANSIT SERVICES					
Overtime:	INCREASE BY PREVIOUS THREE YEAR CPI					1.49%
	(PERS ESTIMATE)					
Retirement:	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	28.100%	29.500%	28.700%	29.200%	29.500%	28.600%
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 11.410% OF SALARIES -MEDICARE 1.450% OF SALARIES and EXTRA HELP -DEFERRED COMP/SICK LEAVE INCENTIVE/OTHER 5.250% OF SALARIES					
					1.300%	FOR ADMIN
Other SMS:	INCREASE BY AVERAGE PREVIOUS 3 YEAR CPI					1.49%
Capital Outlay:	BASED ON BEST ESTIMATES FOR BUSES AND OTHER ADJUSTED BY 3 YEAR AVERAGE CPI					1.49%

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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 2020/21 forecast estimates 1,100 units (900 single-family/200 multi-family) to be constructed this year. Starting in 2021/22, the forecast utilizes the historical average of 800 units per year. Commercial activity in 2020/21 is still aggressive and is expected to continue at this pace through 2021/22. The Building Department revenue fluctuates based on construction valuation of the different projects; dwelling unit numbers are just one indicator. The PDS Fund is projected to finish the 2020/21 fiscal year with a working capital balance of \$9.6 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	1,350	848	1,119	1,100	800	800	800	800	800
	Actual 2017/18	Actual 2018/19	Actual 2019/20	Estimated 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26
BEGINNING WORKING CAPITAL	5,730	6,960	7,660	9,090	9,620	9,620	9,640	9,520	9,250
<u>REVENUES</u>									
BUILDING PERMITS	3,320	3,260	3,830	4,450	4,250	4,090	4,150	4,210	4,270
PLANNING FEES	2,050	1,730	1,800	1,780	1,760	1,790	1,820	1,850	1,870
GENERAL PLAN CONSULTANT	160	170	260	460	1,530	1,730	2,280	1,230	930
ENGINEERING FEES	2,440	2,730	3,160	2,930	2,830	2,800	2,840	2,880	2,920
CAPITAL IMPROVEMENT CHARGES	1,770	2,600	2,650	2,440	2,630	2,700	2,740	2,780	2,820
TOTAL REVENUES	9,740	10,490	11,700	12,060	13,000	13,110	13,830	12,950	12,810
<u>EXPENDITURES</u>									
SALARIES	3,880	4,490	5,040	5,480	5,750	5,870	5,990	6,110	6,230
EXTRA HELP	450	440	350	170	170	170	170	170	170
OVERTIME	140	120	140	60	60	60	60	60	60
BENEFITS									
RETIREMENT	520	700	900	1,100	1,250	1,230	1,280	1,330	1,290
HEALTH	640	850	850	930	1,020	1,100	1,190	1,290	1,390
OTHER	400	480	490	520	530	540	550	560	570
SERVICES, MATERIALS & SUPPLIES	2,680	2,720	2,600	3,750	3,220	2,980	3,020	3,060	3,110
GENERAL PLAN CONSULTANT	160	170	260	460	1,530	1,730	2,280	1,230	930
CAPITAL	20	40	10	40	30	10	10	10	10
TOTAL EXPENDITURES	8,890	10,010	10,640	12,510	13,560	13,690	14,550	13,820	13,760
<u>ADDITIONAL ITEMS</u>									
INTEREST	110	230	270	150	150	100	100	100	90
OTHER REVENUES/GRANTS	100	50	70	760	200	200	200	200	200
TRANSFERS FROM GENERAL FUND	300	300	300	300	300	300	300	300	300
TOTAL ADDITIONAL ITEMS	510	580	640	1,210	650	600	600	600	590
NET INC/(DEC) TO WORKING CAPITAL	1,360	1,060	1,700	760	90	20	(120)	(270)	(360)
<u>OTHER ITEMS</u>									
(USE OF)/ADDITION TO EMERGENCY RESERVE	130	360	270	230	90	0	0	0	0
ENDING WORKING CAPITAL	6,960	7,660	9,090	9,620	9,620	9,640	9,520	9,250	8,890
Emergency Reserve - (Dollars)	1,640	2,000	2,270	2,500	2,590	2,590	2,590	2,590	2,590
Emergency Reserve as a % of Expenditures	18.4%	20.0%	21.3%	20.0%	19.1%	18.9%	17.8%	18.7%	18.8%

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

	<u>2019/20 (Act.)</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Residential Units Per Year:	1,119	1,100	800	800	800	800	800
Non-Residential %:	21%	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>			
		\$2,700	\$1,200	\$2,100			
3 Year Average CPI:	1.49%						
	<u>2019/20 (Act.)</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Planning Program Fee (Staff):	\$1,270,000	\$1,300,000	\$1,120,000	\$1,140,000	\$1,170,000	\$1,190,000	\$1,210,000
Plan. Prgm. Fee (Consultant):	\$260,000	\$460,000	\$1,530,000	\$1,730,000	\$2,280,000	\$1,230,000	\$930,000
Other Planning Fees:	\$530,000	\$480,000	\$640,000	\$650,000	\$650,000	\$660,000	\$670,000
Total FY	\$2,060,000	\$2,240,000	\$3,290,000	\$3,520,000	\$4,100,000	\$3,080,000	\$2,810,000
Capital Improvement Charges:	BASED ON HOURLY RATE CHANGES (AS NEEDED)						
Interest:	1.00%	OF PREVIOUS YEAR'S WORKING CAPITAL					
Other Revenues:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS				1.49%		
Grants:	BASED ON AWARDED GRANTS						

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

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Salaries: (CPTA)						
7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Salary Base:	\$5,480	\$5,590	\$5,870	\$5,990	\$6,110	\$6,230
Additional Personnel:		\$160				
Extra Help:	(\$140)					
Overtime:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS				1.49%	
					(PERS ESTIMATE)	
Retirement:	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	28.100%	29.500%	28.700%	29.200%	29.500%	28.600%
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				1.49%	
Other SMS:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS				1.49%	
General Plan Consultant:	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
General Plan Update & Housing Element	\$195	\$1,000	\$1,000	\$1,000		
Specific Plan Updates		\$100	\$450	\$850	\$300	
VMT Action Plan, Utility Plans & Engineering Studies		\$100			\$500	\$500
Ag Mitigation Study/Commercial Design Guides		\$100	\$50			
Park Master Plans - Specific Plan Areas				\$200	\$200	\$200
Misc. Services (Legal, Housing, Design, Engr)	\$265	\$230	\$230	\$230	\$230	\$230
Total FY	\$460	\$1,530	\$1,730	\$2,280	\$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.