



City of Clovis

Five-Year Financial Forecast

Through Fiscal Year 2027/28

Prepared March 2023



CITY OF CLOVIS

Five-Year Financial Forecast

Through Fiscal Year 2027/28

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CITY OF CLOVIS
FIVE-YEAR FINANCIAL FORECAST

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INTRODUCTION

The Five-Year Financial Forecast through 2027/28 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 senior management to identify fiscal trends and issues which must be addressed to assure continued financial stability. 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 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 economic disruption of the past few years has made forecasting even more challenging as financial markets, cost of goods, and the economy overall has grown increasingly volatile, along with various stimulus and assistance programs that have been implemented by the state and federal governments. It is important that the City continue to closely monitor economic conditions locally, statewide, and nationally and policies at state and national levels that will impact the City's financial health.

EXECUTIVE SUMMARY

The Five-Year Financial Forecast is a shift from previous years in the General Fund. In previous years the ability of the City to cover operational expenses and cover capital needs was extremely challenging as sales and property taxes made up 65% of the total General Fund revenues on average. The City received one-time funds from the federal and state governments in response to the COVID-19 pandemic in 2020/21 and 2021/22 totaling over \$20.2 million. This explains some of the significant fluctuations that have occurred in revenues and expenditures in these years. The City also received the Staffing for Adequate Fire and Emergency Response (SAFER) grant funding to hire additional fire fighters in May 2021 for Fire Station 6 and will receive approximately \$4 million over a three-year period. Station 6 opened in August 2022, and funding from the SAFER grant will run through December 2023. From that point forward, the General Fund will incur the additional cost of the nine new firefighters – approximately \$1.5 million annually.

The General Fund forecast that is presented is structurally balanced and provides as much growth in critical services as possible. This is feasible due to the one-time economic stimulus funds the City received that allowed for funding to be transferred to capital projects and fleet replacement that discretionary revenues would have had to contribute to. It should be noted that this forecast also includes a continued level of transfers to the General Government Facilities Fund for much needed capital projects throughout the forecast period, and ongoing transfers to the emergency reserve are being maintained to sustain a level of 23% of expenditures in pursuit of the goal of reaching the target of 25%.

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 drought contingency and for the Sustainable Groundwater Management Act (SGMA) through 2027/28. 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 forecast includes an interfund loan of \$7.5 million in 2021/22 from the Trichloropropane (TCP) reserves to General Services to fund the construction of Fire Station 6, and annual loan repayments for ten years beginning in 2022/23. This loan will not affect the City's ability to treat for TCP during the term of the loan.

The Sewer Enterprise Fund forecast maintains stable reserves throughout the forecast period. Beginning in 2022/23, a 3% rate increase is included in each year of the forecast period to keep up with rising operating, maintenance, and capital costs, and to maintain a sufficient fund balance for future bonding capacity. An interfund loan is shown beginning in 2023/24 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. However, there are sufficient funds in the bond charge fund balance collected in prior years to continue the full \$7.30 per month rebate to customers until 2026/27. 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. A decrease of 1.5% was implemented for refuse charges in 2022/23 and increases of 4% 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, Council approved a \$0.50 rate increase for street sweeping charges resulting in a new rate of \$2.75 per month beginning July 1, 2022.

The Transit Fund reflects enough revenues throughout the forecast period to support its operational and capital needs because of increased revenues from the Transportation Development Act, which includes Local Transportation Funds (LTF) and State Transit Assistance (STA) funds allocated to Transit based on population, taxable sales, and transit performance. With funding for Transit constantly in flux, and the Measure C sales tax due to expire after 2027, the types and levels of funding will be closely monitored to make any necessary adjustments to current service levels should the need arise. Project-specific funding, including SB1 and various cap-and-trade grants, are used for capital expenses for enhancement of rider amenities. 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 construction of a new transit center is anticipated to be completed in the fall of 2023.

The Planning and Development Services Enterprise Fund forecast maintains adequate and 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, those numbers have declined from the most recent five-year average of 1,080 units. As a result, the current fiscal year and the following fiscal year will draw from the fund's working capital but will increase working capital in the projection years beginning in 2024/25. 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 senior management 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 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 – 2022/23

The 2022/23 Annual Budget was developed to grow the City's operations to match growth and provide targeted investments in the City to improve the quality of life for its residents. Compared to the past few years, this is a welcome return from those restrained budgets due to the economic uncertainty of the pandemic. While economic uncertainty still exists and the General Fund is still constrained, the City is in a solid fiscal position. This budget further solidifies the City's financial position in improving reserves, setting aside funds for future needs, and reduces the potential need for debt financing while restoring critical services and making significant investments in our City.

Developing accurate revenue estimates during a constantly evolving economy has proven to be challenging. Rising interest rates, inflation at a forty year high, along with production and supply chain disruptions have compounded the uncertainty. 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 \$1.7 million above expenditures. Because the 2022/23 budget was prepared on a fairly conservative basis, most departmental budgets are experiencing better than originally estimated outcomes such as revenues exceeding budgeted estimates while expenditures are less than budgeted estimates.

General Fund revenues are projected to exceed the current working budget by \$2.8 million for the current fiscal year. This is due to increases in several revenue sources. State reimbursements for wildfires are coming in with an additional \$0.7 million over working budget and Transient Occupancy Taxes has an additional \$0.8 million estimated due to the increase of the hotel tax rate from 10% to 12% effective on January 1, 2023 and includes the anticipated opening of the Marriott Residence Inn in March 2023. Property Taxes are projected to be \$1.1 million above budget. Card room fees are experiencing a reduction from the prior year. Franchise Fees are projected to be slightly above budget although fees are declining for cable as more residents are opting into satellite and streaming services for home entertainment which are services not subject to Franchise Fees. All additional grant revenues projected are offset with corresponding additional expenditure increases in salaries, benefits, and overtime.

Forecast – 2023/24 through 2027/28

Three distinct challenges are in the General Fund forecast for the next five years. Discretionary revenue is projected to grow at a slower rate, California Public Employees' Retirement System (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 an additional 5 police officers in 2023/24 and an additional 3 officers for the following four projected years. To attain the City's goal of having the emergency reserve funded at 25% of expenditures, this reserve is being maintained at 23% during this forecast period. As expenditures plus transfers exceed revenues, the General Fund balance is projected to diminish from \$3 million in 2023/24 to \$1 million in 2027/28.

Revenues

Property taxes and sales taxes are the two largest sources of discretionary revenue making up 82% of the total discretionary revenues on average; franchise fees, business licenses, and transient occupancy taxes make up the bulk of the remainder. Property tax growth is largely driven by growth in the City. When residential, commercial or industrial growth occurs, there is a corresponding increase in the demand for services. However, the increase in property tax revenues to support the additional demand for services will not be received by the City until potentially two years after the growth occurs. In addition, the property tax rate cannot exceed 2% growth annually due to Proposition 13 statutory limitations. Property tax growth during the forecast period is projected to increase at a rate corresponding to 800 single and multi-family residential units, which is approximately the 15-year residential unit average. The forecast does not project a housing downturn because those are difficult to anticipate. However, if one was to occur, this would result in property tax growth being lower than forecasted.

Sales tax growth has changed due to a 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 are 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's response to the "Wayfair" decision, the county pools have experienced vigorous gains creating a new baseline for pools allocations. Consumers have adapted to buying online at a record pace. Although recent

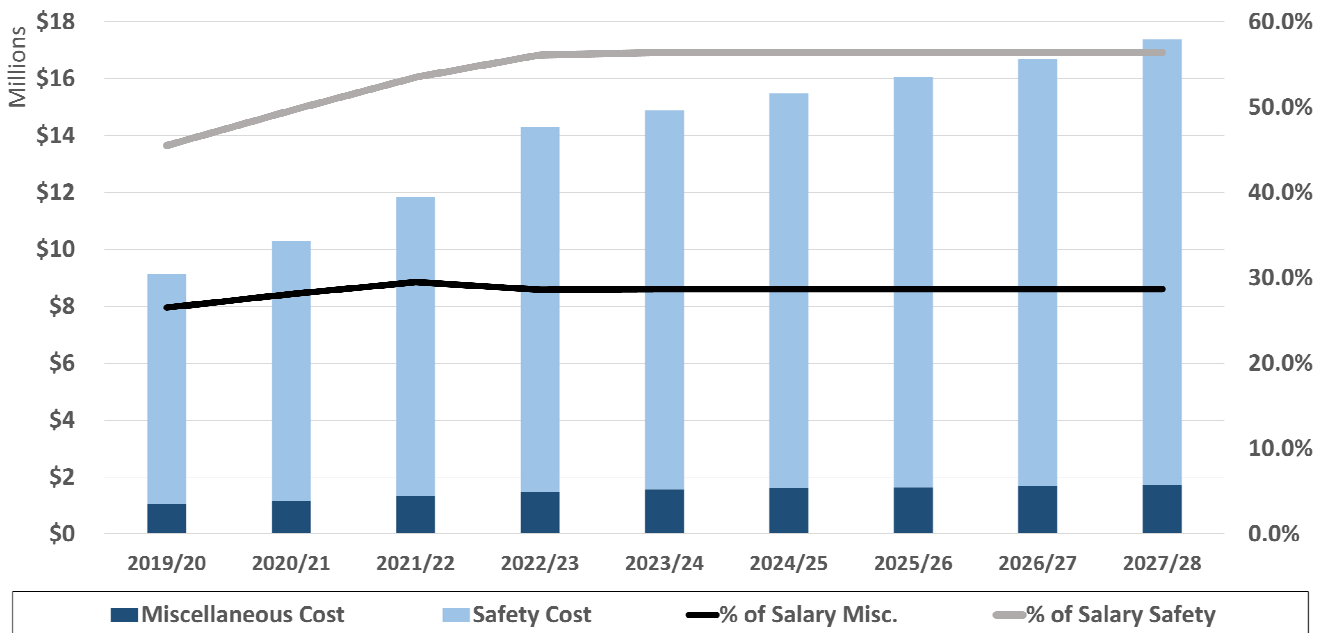
acceleration to online buying should continue growing the pools, current gains have subsided to levels moderately better than pre-Wayfair historical levels.

Sales Tax is projected to show a moderate increase of 1.4% in 2022/23 after robust growth in the prior two fiscal years. Sales tax is expected to be flattening or experiencing modest growth due to inflationary pressures on households shifting household dollars away from discretionary spending as a larger portion of income goes to essentials such as food, transportation and housing costs. For the remaining projected years, Sales Tax is expected to experience normalized growth at 3-4% annually with population growth at 800 residential units per year.

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 which are not taxed. All other discretionary revenues are forecast to increase at average growth plus inflation at a three-year average Consumer Price Index.

PERS

PERS costs are projected to rise significantly during the forecast period due to the recent decline of the market resulting in a decline of investment returns for the PERS investment portfolio. PERS has not yet released new rates showing the result of this downturn, so to be prudent, the 2023/24 rates were used throughout the projected years of the forecast. At this point the full impact of the investment fluctuations has not been determined, however, we anticipate the new rates to be at least equal to the 2023/24 rates, if not slightly higher. 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 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 (87% 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 to narrow the gap between increased demand for services and the City's ability to provide without lowering service levels. 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 a reduction in the level of service that is provided to the citizens of Clovis.

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 unfeasible, 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 12.5% of the General Fund budget a few years ago to 15% by 2027/28. Essentially, that means the level of service plus the transfers to the reserve that can be provided in 2027/28 will be only 97.5% 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. Transfers to the General Government Facilities Fund throughout the forecast are for capital projects that were included in the five-year community investment program in the 2022/23 budget for 2023/24 through 2027/28. Transfers to the emergency reserve are being maintained at 23% of expenditures in pursuit of the goal of 25%. The forecast includes five additional police officers in 2023/24 and three additional officers for each of the remaining four forecast years.

CITY OF CLOVIS

General Fund Financial Forecast - Summary

(dollars in thousands)

	ACTUALS			ESTIMATED	PROJECTED				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Beginning Available Fund Balance	4,430	4,110	1,280	8,430	3,960	2,700	1,490	1,700	1,630
Reappropriation/Encumbrances	(190)	290	(790)	(1,270)					
REVENUES									
Discretionary	57,710	66,100	73,630	76,590	80,180	83,320	86,280	89,310	92,430
Non-Discretionary	17,550	30,440	30,170	22,590	22,080	21,790	22,500	23,250	24,010
Total Revenues	75,260	96,540	103,800	99,180	102,260	105,110	108,780	112,560	116,440
EXPENDITURES									
Public Safety	54,420	58,590	63,300	73,310	74,100	77,100	80,030	83,090	86,300
Public Utilities	10,050	10,600	11,000	12,490	12,900	13,410	13,830	14,270	14,730
General Government	8,360	8,630	9,660	11,670	11,850	12,420	12,690	13,270	13,620
Total Expenditures	72,830	77,820	83,960	97,470	98,850	102,930	106,550	110,630	114,650
Resources Above/(Below) Operating Expenditures	2,430	18,720	19,840	1,710	3,410	2,180	2,230	1,930	1,790
ADDITIONAL ITEMS									
Transfers In from Successor Agency	450	0	0	0	0	0	0	0	0
Transfers Out to General Government Facilities Fund	0	(11,950)	(5,540)	(2,020)	(2,670)	(1,790)	(1,020)	(1,000)	(1,000)
Transfers Out to PDS/Projects	(300)	(300)	(310)	(300)	(300)	(300)	(300)	(300)	(300)
Transfers Out to Fleet Fund	(2,660)	(6,040)	(3,010)	(990)	0	0	0	0	0
Total Additional Items	(2,510)	(18,290)	(8,860)	(3,310)	(2,970)	(2,090)	(1,320)	(1,300)	(1,300)
Net Increase/(Decrease) to Fund Balance	(80)	430	10,980	(1,600)	440	90	910	630	490
OTHER ITEMS									
(Use of)/Addition to Emergency Reserve	50	3,550	3,040	1,600	1,700	1,300	700	700	1,000
Total Other Items	50	3,550	3,040	1,600	1,700	1,300	700	700	1,000
Ending Available Fund Balance	4,110	1,280	8,430	3,960	2,700	1,490	1,700	1,630	1,120
Emergency Reserve-(Dollars)	12,810	16,360	19,400	21,000	22,700	24,000	24,700	25,400	26,400
Emergency Reserve as a % of Expenditures	17.60%	21.00%	23.10%	21.50%	23.00%	23.30%	23.20%	23.00%	23.00%

CITY OF CLOVIS

General Fund - Financial Forecast (dollars in thousands)

REVENUES	ACTUALS			ESTIMATED	PROJECTED				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Residential Units (SF + MF)	1,112	1,238	859	850	800	800	800	800	800
<u>Discretionary</u>									
Property Taxes	15,880	16,960	18,230	19,250	20,140	20,740	21,540	22,340	23,160
Property Tax In Lieu-VLF	10,420	11,160	11,900	12,910	13,450	14,000	14,570	15,170	15,790
Sales Tax	22,070	27,180	30,640	31,070	32,000	33,280	34,280	35,300	36,360
Franchise Fee	2,460	2,600	2,770	2,950	3,130	3,280	3,410	3,540	3,670
Business License	3,490	3,710	4,000	4,190	4,490	4,760	5,000	5,250	5,510
Other Taxes	2,970	4,100	5,780	6,030	6,770	7,040	7,250	7,470	7,690
Interest	180	120	40	60	60	70	80	90	100
Other Revenues-(Disc.)	240	270	270	130	140	150	150	150	150
<u>Total Discretionary</u>	57,710	66,100	73,630	76,590	80,180	83,320	86,280	89,310	92,430
<u>Non-Discretionary</u>									
Community Facility Fee	2,080	2,110	2,170	2,690	2,980	3,260	3,520	3,800	4,090
Sales Tax-(Public Safety)	320	350	470	510	500	520	540	560	580
Other Lic & Permits	90	40	60	100	100	100	100	100	100
Fines & Forfeitures	190	150	190	190	200	200	200	200	200
Building Rentals	40	0	50	50	50	50	50	50	50
State Subvention-Gas Tax	1,260	1,340	1,580	1,730	1,850	1,880	1,910	1,940	1,970
Grants	1,070	3,410	3,900	3,150	1,630	700	700	700	700
From Other Agencies	920	840	620	750	790	820	840	870	900
Current Services	1,620	1,380	1,640	1,710	1,810	1,880	1,940	2,000	2,060
Landscape Maintenance Charges	3,840	4,000	4,270	4,690	4,940	5,140	5,290	5,450	5,610
Other Revenues-(Non-Disc.)	270	10,770	8,780	370	390	410	420	430	440
Impact/Rental Fees	1,700	1,760	1,830	1,870	1,960	2,040	2,100	2,160	2,220
Admin Charges	4,150	4,290	4,610	4,780	4,880	4,790	4,890	4,990	5,090
<u>Total Non-Discretionary</u>	17,550	30,440	30,170	22,590	22,080	21,790	22,500	23,250	24,010
Total Revenues	75,260	96,540	103,800	99,180	102,260	105,110	108,780	112,560	116,440

Revenue Assumptions (dollars in dollars)

PROPERTY TAXES:	ANNUAL INCREASE 2.00%	INCREASE IN ASSESSED VALUE \$288,000,000	CITY TAX RATE (Before reductions) 18.67% of 1%
	<i>Increase in AV above is based on 800 residential units</i>		<i>Nonresidential Units based on % of Residential Units is 23%</i>
PROPERTY TAX IN LIEU-VLF:	INCREASE BY ASSESSED VALUE GROWTH		4.20% (Based on 850 units)
COMMUNITY FACILITY FEE:	2/3 OF NEW RES UNITS PER YR. 540	ANNUAL FEE: \$272	INCREASE BY: 5.17%
SALES TAX:	3 YEAR CPI 5.17%	SALES TAX RATE 1.00%	POPULATION GROWTH 2,200 PER YEAR PER CAPITA PER YEAR \$261
COUNTY SHARE:	5.00% OF GROSS SALES TAX <u>2023/24</u> (Based on 800 units)		
SALES TAX GROWTH %:	PROJECTED	3.0%	
FRANCHISE TAX:	3 YEAR CPI 5.17%	NEW RES UNITS PER YEAR 800	FEE OF GROSS 1.00%
			PARTICIPATION % 50.00% Comcast/AT&T \$90 Per Unit per Month
			P G & E \$250 Per Unit per Mo
	Note: 5 year average for residential units is 1080, 10 year average is 940, 15 year average is 790 units		
BUSINESS LICENSE:	INCREASE BY 3 YR CPI	5.17%	PLUS 2.00% FOR NEW BUSINESSES
OTHER TAXES:	<i>Includes Transient Occupancy Tax, Cardroom Fees, and Real Property Transfer Tax</i>		
	THREE YR CPI	5.17%	PLUS NEW HOTELS AND INCREASE IN TOT RATE TO 12% EFFECTIVE JAN. 1, 2023
FINES AND FORFEITURES:	PARKING AND VEHICLE	\$177,000	BASED ON THREE YEAR AVERAGE
INTEREST RATE:	2.00% ON PRIOR YEAR'S BALANCE		
BUILDING RENTALS:	INCREASE ANNUALLY BY: 2.00%		
STATE SUBVENTIONS:	PER CAPITA	GAS TAX \$12.80	POPULATION GROWTH 2,200 PER YEAR (Based on 800 units)
		Gas Tax Per Capita based on last year actuals	
GRANTS:	\$700,000 THREE YEAR AVERAGE OF ONGOING GRANTS		
CURRENT SERVICES:	INCREASE BY THREE YEAR CPI AVERAGE		5.17%
OTHER REVENUES:	INCREASE BY THREE YEAR CPI AVERAGE		5.17%
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				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
PUBLIC SAFETY									
Salaries									
Police-CPOA	9,820	9,890	9,820	13,510	14,110	14,840	15,610	16,410	17,250
Fire	5,750	6,040	6,810	7,600	7,550	7,780	8,010	8,250	8,500
Public Safety-Management	3,080	3,380	3,860	3,990	4,010	4,130	4,250	4,380	4,510
Dispatchers									
Police-Non CPOA	3,780	3,790	3,890	4,560	4,510	4,650	4,790	4,930	5,080
Fire-Non Firefighters	200	220	300	320	310	320	330	340	350
Overtime									
Overtime-Police	2,730	2,880	3,090	2,810	2,810	2,810	2,810	2,810	2,810
Overtime-Fire	1,470	2,880	2,800	1,850	300	300	300	300	300
Extra Help	730	760	820	940	900	900	900	900	900
Benefits									
Health	3,380	3,510	3,640	3,840	4,220	4,600	5,010	5,460	5,940
Retirement	8,070	9,140	10,510	12,810	13,320	13,870	14,430	15,010	15,630
Other	2,810	3,290	3,650	4,440	5,090	5,240	5,400	5,560	5,730
SMS	11,940	12,250	13,490	15,810	16,630	17,300	17,820	18,350	18,900
Capital Outlay	660	560	620	830	340	360	370	390	400
Total Public Safety	54,420	58,590	63,300	73,310	74,100	77,100	80,030	83,090	86,300
PUBLIC UTILITIES									
Salaries	2,230	2,350	2,400	2,990	2,950	3,040	3,130	3,220	3,320
Overtime	110	120	130	130	140	150	150	150	150
Extra Help	20	10	30	40	40	40	40	40	40
Benefits									
Health	500	540	530	570	620	670	720	780	840
Retirement	390	450	510	580	610	630	640	660	680
Other	370	360	320	290	300	310	320	330	340
SMS	6,400	6,740	7,020	7,820	8,220	8,550	8,810	9,070	9,340
Capital Outlay	30	30	60	70	20	20	20	20	20
Total Public Utilities	10,050	10,600	11,000	12,490	12,900	13,410	13,830	14,270	14,730
GENERAL GOVERNMENT									
Salaries	3,430	3,540	3,730	4,150	4,150	4,270	4,400	4,530	4,670
Overtime	10	10	50	20	20	20	20	20	20
Extra Help	370	170	440	560	540	540	540	540	540
Benefits									
Health	650	650	660	710	770	830	900	970	1,050
Retirement	670	710	830	910	950	980	1,000	1,030	1,060
Other	230	250	270	300	310	330	360	410	480
SMS	2,980	3,290	3,680	4,970	5,100	5,440	5,460	5,760	5,790
Capital Outlay	20	10	0	50	10	10	10	10	10
Total General Government	8,360	8,630	9,660	11,670	11,850	12,420	12,690	13,270	13,620
Total Expenditures	72,830	77,820	83,960	97,470	98,850	102,930	106,550	110,630	114,650

Expenditure Assumptions (dollars in thousands)

SALARIES:		<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
<u>POLICE-CPOA</u>	7/1	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
SALARY BASE		\$13,510	\$13,600	\$14,530	\$15,290	\$16,080	\$16,900
Additional Officers-Salary		\$0	\$510	\$310	\$320	\$330	\$350
Number of Additional Officers		3	5	3	3	3	3
Additional Non-Sworn Positions		0	0	0	0	0	0
Total Sworn Officer Positions		112	117	120	123	126	129
<u>FIRE</u>		7/1	5.00%	3.00%	3.00%	3.00%	3.00%
SALARY BASE		\$7,600	\$7,550	\$7,780	\$8,010	\$8,250	\$8,500
Additional Firefighter-Salary		\$0	\$0	\$0	\$0	\$0	\$0
Number of Addl Firefighters		0	0	0	0	0	0
Total Sworn Positions		67	67	67	67	67	67
<u>PUBLIC UTILITIES</u>		7/1	5.00%	3.00%	3.00%	3.00%	3.00%
SALARY BASE		\$2,990	\$2,950	\$3,040	\$3,130	\$3,220	\$3,320
Additional Salaries-Park/Street		\$0	\$0	\$0	\$0	\$0	\$0
Addl Park/Street employees		0	0	0	0	0	0
<u>GENERAL GOVT</u>		7/1	5.00%	3.00%	3.00%	3.00%	3.00%
<u>MANAGEMENT</u>		7/1	5.00%	3.00%	3.00%	3.00%	3.00%
OVERTIME: INCREASE BY CPI			5.17%	4.00%	3.00%	3.00%	3.00%
EXTRA HELP: FLAT FOR NEXT FIVE YEARS							
HEALTH: INCREASE PER YEAR					8.0%		
					(PERS ESTIMATE)		
RETIREMENT:		<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
POLICE-SAFETY		56.10%	56.40%	56.40%	56.40%	56.40%	56.40%
DISPATCHERS		28.60%	28.70%	28.70%	28.70%	28.70%	28.70%
FIRE		56.10%	56.40%	56.40%	56.40%	56.40%	56.40%
PUBLIC UTILITIES		28.60%	28.70%	28.70%	28.70%	28.70%	28.70%
GENERAL GOVERNMENT		28.60%	28.70%	28.70%	28.70%	28.70%	28.70%
MANAGEMENT		28.60%	28.70%	28.70%	28.70%	28.70%	28.70%
PERS EE COST SHARING -MISC		-8.40%	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%
PERS EE COST SHARING -SAFETY		-8.00%	-8.00%	-8.00%	-8.00%	-8.00%	-8.00%
WORKERS COMP:							
(included in other benefits)							
Police-CPOA		16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
Fire		3.73%	4.00%	4.00%	4.00%	4.00%	4.00%
Mgmt & Admin		1.74%	2.00%	2.00%	2.00%	2.00%	2.00%
Public Utility		5.72%	6.00%	6.00%	6.00%	6.00%	6.00%
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 BY CPI			5.17%	4.00%	3.00%	3.00%	3.00%
CAPITAL OUTLAY: INCREASE BY CPI			5.17%	4.00%	3.00%	3.00%	3.00%
50% FOUR YEAR AVERAGE-PUBLIC SAFETY				\$330			
50% FOUR YEAR AVERAGE-PUBLIC UTILITIES				\$20	+ 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 \$18.6 million at June 30, 2023. The City Council approved adjusted water rates in the Water Enterprise Fund beginning in June 2016 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, for capital improvements, and to provide debt service coverage for the 2013 Surface Water Treatment Plant bonds. A 3% rate increase to water rates is included in each of the five years of the projected forecast. The forecast also includes continued contributions to the reserves for the Sustainable Groundwater Management Act (SGMA) and for drought contingency through 2027/28. 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 is 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 to fund construction of Fire Station 6, 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. Included in 2023/24 is a \$1.7 million transfer from the Parks Development Fund to reimburse the Water Enterprise Fund for its share of a property purchase for a future basin and park site. The capital outlay includes an expenditure of \$2.5 million per year for five years to fund an Advanced Metering Infrastructure (AMI) project.

CITY OF CLOVIS

Water Enterprise - Financial Forecast (dollars in thousands)

	<u>Actual 2019/20</u>	<u>Actual 2020/21</u>	<u>Actual 2021/22</u>	<u>Estimated 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>	<u>Projected 2025/26</u>	<u>Projected 2026/27</u>	<u>Projected 2027/28</u>
BEGINNING WORKING CAPITAL	26,770	27,100	22,510	22,060	18,660	18,980	18,500	17,760	17,270
<u>REVENUES</u>									
WATER CHARGES	17,820	18,580	19,190	23,410	24,240	25,100	25,980	26,890	27,830
DBCP-LEGAL SETTLEMENTS	260	240	130	170	180	190	200	210	220
TOTAL REVENUES	18,080	18,820	19,320	23,580	24,420	25,290	26,180	27,100	28,050
<u>EXPENDITURES</u>									
SALARIES	2,870	3,100	3,190	3,790	4,050	4,260	4,390	4,520	4,750
EXTRA HELP	0	10	0	30	30	30	30	30	30
OVERTIME	120	120	130	140	140	140	140	140	140
BENEFITS									
RETIREMENT	520	620	680	780	820	860	890	920	960
HEALTH	560	570	570	640	690	750	810	870	940
OTHER	480	510	390	360	490	510	530	540	570
SERVICES, MATERIALS & SUPPLIES	8,310	14,180	11,900	13,160	12,440	13,070	13,730	14,420	15,150
MEMBRANE REPLACEMENT	280	300	450	0	0	1,000	0	0	0
TCP TREATMENT	0	100	100	150	1,100	150	150	150	150
CAPITAL OUTLAY	1,290	1,420	910	5,590	4,650	4,650	4,650	4,650	4,650
TOTAL EXPENDITURES	14,430	20,930	18,320	24,640	24,410	25,420	25,320	26,240	27,340
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST/RENTAL/GRANTS	1,130	620	1,250	360	360	750	750	750	750
	1,130	620	1,250	360	360	750	750	750	750
TRANSFERS-OUT (CAPITAL)	(3,550)	(1,000)	(1,000)	(500)	(1,000)	(500)	(500)	(250)	(250)
WATER BANKING LOAN TO DEV FUND	1,250	0	0	0	0	0	0	0	0
PARK DEV PAYBACK - BASIN/PARK	0	0	0	0	1,700	0	0	0	0
INTERFUND LOAN TO GENERAL SERVICES	0	0	(7,500)	770	770	770	770	770	770
CONTRIBUTION-SURFACE WTP	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
MEMBRANE REPLACEMENT RESERVE	0	300	450	(100)	(100)	1,000	(250)	(250)	(250)
RESERVE FOR DROUGHT CONTINGENCY	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
RESERVE FOR SGMA	(1,000)	(1,250)	(1,000)	(1,000)	(500)	(500)	(500)	(500)	(500)
RESERVE FOR TCP TREATMENT	100	100	7,600	(620)	330	(620)	(620)	(620)	(620)
ENDING WORKING CAPITAL	27,100	22,510	22,060	18,660	18,980	18,500	17,760	17,270	16,630
RESERVE FOR MEMBRANE REPLACEMENT	1,730	1,430	980	1,080	1,180	180	430	680	930
RESERVE FOR DROUGHT CONTINGENCY	5,500	6,000	6,500	7,000	7,500	8,000	8,500	9,000	9,500
RESERVE FOR SGMA	1,750	3,000	4,000	5,000	5,500	6,000	6,500	7,000	7,500
RESERVE FOR TCP TREATMENT	15,350	15,250	7,650	8,270	7,940	8,560	9,180	9,800	10,420

Water Enterprise - Revenue Assumptions (dollars in dollars)

Bi-monthly Meter Charges: Residential - \$25.36 Commercial - \$20.41

Residential Usage Rates: \$1.04 per 1,000 gallons for 0 to 23,000 gallons, \$1.73 per 1,000 gallons for 23,000 - 40,000 gallons, \$2.12 per 1,000 gallons above 40,000 gallons. Dwelling unit charge \$12.68 per month (\$25.36 bi-monthly).

Commercial Usage Rates: \$1.04 per 1,000 gallons 0 to 23,000 gallons, \$1.41 per 1,000 gallons over 23,000 gallons. Monthly charge from \$10.21 (1") to \$1,034.43 (10").

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

		<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
Rate Increase:	7/1	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Rate Increase:	3% Based on Council approved annual rate increase unless not necessary.						
Interest:	2.00% OF PREVIOUS YEAR'S WORKING CAPITAL OR A MINIMUM OF \$10,000						

Water Enterprise - Expense Assumptions (dollars in thousands)

Salaries: CPWEA	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
7/1	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary Base	\$3,790	\$3,990	\$4,210	\$4,390	\$4,520	\$4,660
Additional Employee	\$85	\$100	\$50			\$90

Extra Help: FLAT FOR NEXT FIVE YEARS

Overtime: FLAT FOR NEXT FIVE YEARS

Retirement:	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	28.60%	28.70%	28.70%	28.70%	28.70%	28.70%
PERS Cost Sharing:	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%

Health: INCREASE PER YEAR

Other Benefits:

-WORKERS COMP	6.00% FOR CPWEA	2.00% FOR ADMIN
-MEDICARE	1.45% OF SALARIES	
-DEFERRED COMP/SICK LEAVE/OTHER	5.25% OF SALARIES	

Other SMS: INCREASE BY CPI FOR FUTURE YEARS 5.17%

(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 5.17%

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 \$24.7 million at June 30, 2023. 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. A 3% rate increase is included in each year of the forecast period to keep up with rising operating, maintenance and capital costs, and to maintain a sufficient fund balance for future bonding capacity. An interfund loan is shown beginning in 2023/24 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. However, there are sufficient funds in the bond charge fund balance collected in prior years to continue the full \$7.30 per month rebate to customers until 2026/27. 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 2019/20</u>	<u>Actual 2020/21</u>	<u>Actual 2021/22</u>	<u>Estimated 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>	<u>Projected 2025/26</u>	<u>Projected 2026/27</u>	<u>Projected 2027/28</u>
BEGINNING WORKING CAPITAL	20,830	24,820	26,260	26,720	24,670	22,010	20,190	18,510	18,400
<u>REVENUES</u>									
SEWER CHARGES	13,470	13,540	13,780	14,780	15,350	16,030	16,730	17,460	18,210
PRETREATMENT CHARGES	50	50	50	50	50	50	50	50	50
TOTAL REVENUES	13,520	13,590	13,830	14,830	15,400	16,080	16,780	17,510	18,260
<u>EXPENDITURES</u>									
SALARIES	950	1,030	1,090	1,390	1,380	1,570	1,710	1,760	1,810
EXTRA HELP	0	0	0	10	10	10	10	10	10
OVERTIME	10	10	20	20	20	20	20	20	20
BENEFITS									
RETIREMENT	170	200	230	270	270	320	350	360	370
HEALTH	150	180	190	230	250	270	290	310	330
OTHER	160	160	120	130	120	190	210	210	220
SERVICES, MATERIALS & SUPPLIES	4,000	4,400	5,090	5,790	6,060	6,360	6,670	7,000	7,350
FRESNO TREATMENT PLANT	3,060	2,900	3,180	3,800	4,000	4,210	4,430	4,660	4,900
CLOVIS TRMT/REUSE PLANT (ST-WRF)	2,300	2,300	2,460	2,630	2,790	2,960	3,140	3,330	3,540
DEBT SERVICE	1,220	1,220	1,220	1,240	1,250	0	0	0	0
CAPITAL	170	70	110	650	390	220	230	240	260
CAPITAL-FRESNO PLANT IMPROVEMENTS	320	690	460	3,000	2,500	750	350	500	500
TOTAL EXPENDITURES	12,510	13,160	14,170	19,160	19,040	16,880	17,410	18,400	19,310
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST	860	580	500	400	730	660	630	610	610
GRANTS/MISC/SALE OF ASSETS/REFUNDS	390	430	350	180	50	50	50	50	50
BOND COVERAGE CHARGES/(REBATE)	1,850	0	0	0	0	0	0	1,850	1,850
	3,100	1,010	850	580	780	710	680	2,510	2,510
TRANSFERS IN-DEBT SERVICE	430	430	430	430	430	0	0	0	0
TRANSFERS OUT-CAPITAL	(250)	(200)	0	0	0	0	0	0	0
FROM DEVELOPER-PLANT CAPITAL IMPROV	400	270	270	270	270	270	270	270	270
INTERFUND (LOANS)/REPAYMENT	(200)	0	0	0	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
(INC)/USE OF FRESNO PLANT CAP RESERVE	(500)	(500)	(750)	1,000	1,000	(500)	(500)	(500)	(500)
ENDING WORKING CAPITAL	24,820	26,260	26,720	24,670	22,010	20,190	18,510	18,400	18,130
RESERVE FOR FRESNO PLANT CAPITAL	1,500	2,000	2,750	1,750	750	1,250	1,750	2,250	2,750
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 Increase 2,200	New Units Per Year 800	Additional Commercial \$42,000	Residential: 2022/23 Per Unit Per Month \$22.77	Bond Charge Per Unit Per Month \$7.30	Pretreatment Per Unit Per Month \$0.06
Rate Rebate:	(\$7.30) Beginning FY 20/21					
Rate Increase:*	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
Percentage	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Revised Monthly Rate	\$22.77	\$23.45	\$24.16	\$24.88	\$25.63	\$26.40
Interest:	2.00% 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>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
7/1	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
SALARY BASE	\$1,390	\$1,520	\$1,570	\$1,620	\$1,760	\$1,810
Additional employee	\$85			\$90		
Extra Help:	FLAT FOR NEXT FIVE YEARS					
Overtime:	FLAT FOR NEXT FIVE YEARS					
Retirement:	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	28.60%	28.70%	28.70%	28.70%	28.70%	28.70%
PERS Cost Sharing:	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%
Health:	INCREASE PER YEAR					
Other Benefits:				8.00%		
				28.60%	OF EXTRA HELP	
				6.00%	FOR CPWEA	
				1.45%	OF SALARIES	
				5.25%	OF SALARIES	
Other SMS:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS				5.17%	
	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				5.17%	
Debt Service:	Fresno/Clovis Regional WWTP Renovation					
	96/97 - 2023				\$1,250	
Capital Outlay:	FUTURE YEARS @				\$200	
	- ADJUSTED BY 3 YEAR AVERAGE CPI				5.17%	
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, 2023. A 4% annual increase, or portion thereof, was approved by Council in November 2004 to be implemented as necessary. In 2022/23, the Council implemented a refuse rate decrease of 1.5%. An increase of 4% is recommended in 2023/24 and increases of 4% 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, Council approved a \$0.50 rate increase for street sweeping charges in the City of Clovis Municipal Code resulting in a new rate of \$2.75 per month beginning July 1, 2022. An increase to the street sweeping charges of 4% is recommended in 2023/24. 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)

	<u>Actual 2019/20</u>	<u>Actual 2020/21</u>	<u>Actual 2021/22</u>	<u>Estimated 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>	<u>Projected 2025/26</u>	<u>Projected 2026/27</u>	<u>Projected 2027/28</u>
BEGINNING WORKING CAPITAL	13,860	12,420	13,520	13,390	9,860	7,590	7,750	7,980	8,370
<u>REVENUES</u>									
REFUSE CHARGES	15,390	16,510	17,770	17,620	18,490	19,400	20,350	21,340	22,380
RECYCLING CHARGES	1,780	1,880	2,110	2,220	2,320	2,430	2,550	2,670	2,800
GREEN WASTE CHARGES	2,220	2,380	2,540	2,630	2,770	2,910	3,060	3,210	3,370
STREET SWEEPING CHARGES	1,210	1,250	1,280	1,530	1,550	1,630	1,710	1,790	1,880
TOTAL REVENUES	20,600	22,020	23,700	24,000	25,130	26,370	27,670	29,010	30,430
<u>EXPENDITURES</u>									
SALARIES	3,380	3,660	3,900	4,570	4,630	4,770	4,990	5,130	5,280
EXTRA HELP	40	90	70	140	140	140	140	140	140
OVERTIME	380	370	400	430	430	430	430	430	430
BENEFITS									
RETIREMENT	630	740	840	940	940	970	1,010	1,040	1,070
HEALTH	710	780	790	860	930	1,000	1,080	1,170	1,260
OTHER	610	660	610	480	570	590	610	630	650
SERVICES, MATERIALS & SUPPLIES	8,670	8,630	10,350	11,000	11,360	11,950	12,570	13,220	13,900
RECYCLING	1,540	1,640	1,640	1,790	1,880	1,940	2,000	2,060	2,120
GREEN WASTE PROGRAM	1,860	1,920	2,010	2,070	2,180	2,260	2,340	2,420	2,500
STREET SWEEPING	1,700	1,580	1,770	1,780	1,840	1,940	2,040	2,150	2,260
LANDFILL CLOSURE	240	340	380	290	310	330	350	370	390
CAPITAL	1,890	800	1,390	1,960	1,630	500	500	500	500
LANDFILL IMPROVEMENTS	900	60	30	1,690	1,360	200	200	200	200
TOTAL EXPENDITURES	22,550	21,270	24,180	28,000	28,200	27,020	28,260	29,460	30,700
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST	320	150	170	60	320	280	290	310	320
GRANTS/MISC/SALE OF ASSETS	40	50	30	260	330	330	330	330	330
	360	200	200	320	650	610	620	640	650
TRANSFERS	150	150	150	150	150	200	200	200	200
ENDING WORKING CAPITAL	12,420	13,520	13,390	9,860	7,590	7,750	7,980	8,370	8,950
RESERVE FOR CLOSURE	4,280	4,620	5,000	5,290	5,600	5,930	6,280	6,650	7,040
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	22/23 Avg Unit	Recycling	Green Waste	Street Cleaning	
		Per Year	Per Month	Per Month	Per Month	Per Month	
		800	\$25.42	\$4.43	\$6.50	\$2.75	
Additional Commercial Annual Revenue ----->		\$35,000					
		<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
Rate Increase/(Decrease):	7/1	(1.5%)	4.0%	4.0%	4.0%	4.0%	4.0%
Adjusted Monthly Rate:		\$25.42	\$26.44	\$27.49	\$28.59	\$29.74	\$30.93

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 charge of \$2.75 effective July 1, 2022, increased by new unit growth and projected rate increases of 4% per year.

Interest: 2.00% OF PREVIOUS YEAR'S WORKING CAPITAL

Community Sanitation - Expense Assumptions (dollars in thousands)

Salaries: (CPWEA)		<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
7/1		5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary Base:		\$4,570	\$4,510	\$4,770	\$4,910	\$5,130	\$5,280
Additional Personnel: Res/Comm			\$120		\$75		
Extra Help:	\$140 for Operations per year						
Overtime:	FLAT FOR FUTURE YEARS						
					(PERS ESTIMATE)		
Retirement:		<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
		28.60%	28.70%	28.70%	28.70%	28.70%	28.70%
PERS Cost Sharing:		-8.40%	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%
Health:	INCREASE PER YEAR					8.00%	
Other Benefits:	-WORKERS COMP		6.00%		FOR CPWEA		2.00%
	-MEDICARE		1.45%		OF SALARIES		FOR ADMIN
	-DEFERRED COMP/SICK LEAVE/OTHER		5.25%		OF SALARIES		
Other SMS:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS					5.17%	
Capital Outlay:	Rental of the Corp Yard beginning 2002/03					\$320 per year	
	Flat for future years					\$500	
	Adjusted by 3 year average CPI					5.17%	
Transfers:	In-For Toters			\$200 /year			
Reserve For Closure:	FROM 98/99, INCREASE BY 3 YEAR AVERAGE CPI					5.17%	

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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. Recently deferred revenues have been used to cover construction costs of a transit center, with an estimated completion date in the fall of 2023. However, continuing from 2021/22, deferred revenue is projected to increase and to be spent on future operating and capital needs. With funding for Transit constantly in flux due State and local revenues and budgeting, 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 2019/20</u>	<u>Actual 2020/21</u>	<u>Actual 2021/22</u>	<u>Estimated 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>	<u>Projected 2025/26</u>	<u>Projected 2026/27</u>	<u>Projected 2027/28</u>
BEGINNING WORKING CAPITAL	60	(150)	320	620	0	0	0	0	0
<u>REVENUES</u>									
MEASURE C FUNDS	1,520	1,820	2,130	2,170	2,280	2,390	2,510	2,640	2,770
LOCAL TRANSPORTATION FUNDS (LTF)	4,320	4,250	5,050	4,970	5,720	5,130	5,350	5,500	5,740
STATE TRANSIT ASSISTANCE (STA)	200	2,870	1,020	1,490	580	960	1,010	1,060	1,110
OTHER (Fares, Advertising, Trolley Rents)	190	0	50	50	50	50	50	50	50
TOTAL REVENUES	6,230	8,940	8,250	8,680	8,630	8,530	8,920	9,250	9,670
<u>EXPENDITURES</u>									
SALARIES	1,440	1,540	1,690	2,050	1,960	2,020	2,080	2,140	2,200
EXTRA HELP	970	940	1,050	1,390	1,460	1,530	1,610	1,690	1,770
OVERTIME	50	40	80	110	110	120	130	140	150
BENEFITS									
RETIREMENT	270	310	360	400	400	410	420	430	450
HEALTH	320	330	330	340	360	390	420	450	490
OTHER	510	530	550	550	540	590	610	640	660
SERVICES, MATERIALS & SUPPLIES	2,470	2,390	2,900	3,060	3,300	3,470	3,650	3,760	3,950
CAPITAL-OTHER	410	220	160	450	0	0	0	0	0
CAPITAL-BUSES	0	0	110	1,390	500	0	0	0	0
TOTAL EXPENDITURES	6,440	6,300	7,230	9,740	8,630	8,530	8,920	9,250	9,670
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST/GRANTS/MISC	50	490	180	440	0	0	0	0	0
	50	490	180	440	0	0	0	0	0
TRANSFERS (TRANSIT STATION)	(50)	(2,660)	(900)	0	0	0	0	0	0
ENDING WORKING CAPITAL	(150)	320	620	0	0	0	0	0	0
DEFERRED REVENUE	5,200	4,050	5,740	6,080	6,930	9,220	11,390	13,800	16,380

Transit- Revenue Assumptions

Transit Revenue:	Measure C revenue is projected to grow by its historical average increase	5.00%
	LTF revenue is projected to grow by its historical average increase	5.00%
	State Transit Assistance, for fiscal years 2019/20 through 2022/23, a transit agency may expend funds apportioned on any operating or capital costs to maintain transit service levels.	
	Other revenue is projected to grow by the 3 year average CPI	5.17%
Interest:	2.00% OF PREVIOUS YEAR'S WORKING CAPITAL	
Deferred Revenue:	REVENUE RECEIVED AND NOT SPENT	

Transit- Expense Assumptions

Salaries:	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
7/1	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary Base:	\$1,900	\$1,960	\$2,020	\$2,080	\$2,140	\$2,200
Additional Personnel:						
Extra Help:	INCREASE PER YEAR FOR ADDITIONAL DEMAND IN ROUNDUP TRANSIT SERVICES					5.00%
Overtime:	INCREASE BY PREVIOUS THREE YEAR CPI					5.17%
	(PERS ESTIMATE)					
Retirement:	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	28.60%	28.70%	28.70%	28.70%	28.70%	28.70%
PERS Cost Sharing:	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%
Health:	INCREASE PER YEAR			8.00%		
Other Benefits:	-WORKERS COMP			5.72% OF SALARIES	1.74% FOR ADMIN	
	-MEDICARE			1.45% OF SALARIES and EXTRA HELP		
	-DEFERRED COMP/SICK LEAVE/OTHER			5.25% OF SALARIES		
Other SMS:	INCREASE BY AVERAGE PREVIOUS 3 YEAR CPI					5.17%
Capital Outlay:	BASED ON BEST ESTIMATES FOR BUSES AND OTHER ADJUSTED BY 3 YEAR AVERAGE CPI					5.17%

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Planning and Development Services Enterprise

The Planning and Development Services (PDS) Department transitioned into an Enterprise Fund in 2012/13. This allows for services to be adjusted as demand fluctuates. The 2023/24 forecast estimates 800 residential units to be constructed; this is consistent with our historical average of 800 units per year. Commercial activity is expected to be trending higher than our historical average. The Building Division revenue fluctuates based on construction valuation of the different projects; dwelling unit numbers are just one indicator. The PDS Department is projected to finish 2022/23 with a working capital balance of approximately \$9.9 million. In addition, if needed, PDS can shift staff resources from its Development Review Unit to its Community Investment Program, should development activity dramatically slow down. The forecast reflects that the PDS Department 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	1,112	1,238	859	850	800	800	800	800	800
	<u>Actual</u> <u>2019/20</u>	<u>Actual</u> <u>2020/21</u>	<u>Actual</u> <u>2021/22</u>	<u>Estimated</u> <u>2022/23</u>	<u>Projected</u> <u>2023/24</u>	<u>Projected</u> <u>2024/25</u>	<u>Projected</u> <u>2025/26</u>	<u>Projected</u> <u>2026/27</u>	<u>Projected</u> <u>2027/28</u>
BEGINNING WORKING CAPITAL	7,660	9,090	10,080	9,890	9,900	9,700	9,700	9,700	9,710
<u>REVENUES</u>									
BUILDING PERMITS	3,830	4,020	3,390	4,570	4,510	4,740	4,990	5,250	5,520
PLANNING FEES	1,800	1,870	1,310	2,230	1,930	1,980	1,910	1,970	2,040
GENERAL PLAN CONSULTANT	260	250	180	680	1,440	1,930	2,130	1,030	830
ENGINEERING FEES	3,160	2,580	2,700	2,320	2,490	2,620	2,760	2,900	3,050
CAPITAL IMPROVEMENT CHARGES	2,650	2,500	2,690	3,800	4,110	4,320	4,540	4,770	5,020
TOTAL REVENUES	11,700	11,220	10,270	13,600	14,480	15,590	16,330	15,920	16,460
<u>EXPENDITURES</u>									
SALARIES	5,040	5,080	5,060	6,120	6,580	6,780	6,980	7,190	7,410
EXTRA HELP	350	190	70	140	190	190	190	190	190
OVERTIME	140	70	80	100	90	90	90	90	90
BENEFITS									
RETIREMENT	900	970	1,050	1,150	1,230	1,410	1,460	1,500	1,540
HEALTH	850	780	790	790	870	940	1,020	1,100	1,190
OTHER	490	460	420	460	470	490	520	550	580
SERVICES, MATERIALS & SUPPLIES	2,600	2,940	3,460	4,690	3,980	4,190	4,410	4,640	4,880
GENERAL PLAN CONSULTANT	260	250	180	680	1,440	1,930	2,130	1,030	830
CAPITAL	10	20	40	290	380	10	10	10	10
TOTAL EXPENDITURES	10,640	10,760	11,150	14,420	15,230	16,030	16,810	16,300	16,720
<u>ADDITIONAL ITEMS</u>									
INTEREST	270	150	180	60	60	190	190	190	190
OTHER REVENUES/GRANTS	70	310	200	470	190	200	200	200	200
TRANSFERS FROM GENERAL FUND	300	300	310	300	300	300	300	300	300
TOTAL ADDITIONAL ITEMS	640	760	690	830	550	690	690	690	690
NET INC/(DEC) TO WORKING CAPITAL	1,700	1,220	(190)	10	(200)	250	210	310	430
<u>OTHER ITEMS</u>									
(USE OF)/ADDITION TO EMERGENCY RESERVE	270	230	0	0	0	250	210	300	80
ENDING WORKING CAPITAL	9,090	10,080	9,890	9,900	9,700	9,700	9,700	9,710	10,060
Emergency Reserve - (Dollars)	2,270	2,500	2,500	2,500	2,500	2,750	2,960	3,260	3,340
Emergency Reserve as a % of Expenditures	21.3%	23.2%	22.4%	17.3%	16.4%	17.2%	17.6%	20.0%	20.0%

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

	<u>2021/22 (Act.)</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
Residential Units Per Year:	859	850	800	800	800	800	800
Non-Residential %:	13%	23%	25%	25%	25%	25%	25%
<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>			
		\$3,600	\$1,600	\$2,300			
3 Year Average CPI:	5.17%						
	<u>2021/22 (Act.)</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
Planning Program Fee (Staff):	\$670,000	\$1,190,000	\$1,200,000	\$1,230,000	\$1,260,000	\$1,290,000	\$1,320,000
Plan. Prgm. Fee (Consultant):	\$180,000	\$680,000	\$1,440,000	\$1,930,000	\$2,130,000	\$1,030,000	\$830,000
Other Planning Fees:	\$640,000	\$1,040,000	\$730,000	\$750,000	\$650,000	\$680,000	\$720,000
Total FY	\$1,490,000	\$2,910,000	\$3,370,000	\$3,910,000	\$4,040,000	\$3,000,000	\$2,870,000
Capital Improvement Charges:	BASED ON HOURLY RATE CHANGES (AS NEEDED)						
Interest:	2.00% OF PREVIOUS YEAR'S WORKING CAPITAL						
Other Revenues:	INCREASE BY AVG CPI FOR PREVIOUS 3 YEARS				5.17%		
Grants:	BASED ON AWARDED GRANTS						

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

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
Salaries: (CPTA)						
7/1	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary Base:	\$6,390	\$6,580	\$6,780	\$6,980	\$7,190	\$7,410
Additional Personnel:						
Extra Help:	\$140	\$190	\$190	\$190	\$190	\$190
Overtime:	WILL REMAIN FLAT THROUGHOUT PROJECTION YEARS					
	(PERS ESTIMATE)					
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
Retirement:	28.60%	28.70%	28.70%	28.70%	28.70%	28.70%
PERS Cost Sharing:	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%	-8.40%
Health:	INCREASE PER YEAR				8.00%	
Other Benefits:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS				5.17%	
Other SMS:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS				5.17%	
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
General Plan Consultant:						
General Plan Update	\$175	\$1,000	\$1,000	\$750	\$0	\$0
Misc. Services (Legal, Housing, Design, Engr)	\$225	\$225	\$230	\$230	\$230	\$230
Specific Plan/Master Plan Prep/Updates	\$70	\$0	\$450	\$850	\$300	\$0
Utility Plans & Engineering Studies	\$100	\$100	\$100	\$100	\$100	\$100
Planning Studies Guidelines	\$110	\$115	\$150	\$200	\$400	\$500
Total FY	\$680	\$1,440	\$1,930	\$2,130	\$1,030	\$830
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.