



City of Clovis

Five-Year Financial Forecast

Through Fiscal Year 2028/29

Prepared March 2024



CITY OF CLOVIS

Five-Year Financial Forecast

Through Fiscal Year 2028/29

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CITY OF CLOVIS
FIVE-YEAR FINANCIAL FORECAST

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INTRODUCTION

The Five-Year Financial Forecast through 2028/29 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. Rather, this 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.

While the forecast has become a valuable management tool to examine the ever-changing fiscal conditions the City is faced with, we have also learned of its limitations. The first few years of the forecast are a fairly good indicator of coming events while the later years are subject to less certainty as actual economic conditions become known. Also, the many financial and regulatory changes by the State which require new programs and other unanticipated expenses and adjustments can have a dramatic financial impact to the City's revenue and expenditures. Despite these challenges, staff is committed to providing the best projections for these years based upon what is known at the time in order to reveal trends in both revenue and expenditure growth or decline, while staying abreast of local, state and national economic conditions and policies that will impact the City's financial health.

The report reviews actual financial performance over the past three years, determines an estimated financial performance for the current year, and projects financial performance for the next five years. All the forecasts are based upon a specific set of assumptions that are utilized throughout the report and identified with each forecast. In addition, the report contains a mid-year review for the current fiscal year.

The report is presented to initiate discussion that will ultimately result in policy guidelines for the development of the 2024-25 Annual City Budget and the Five-Year Community Investment Program and budgetary planning for future years. This forecasting tool has proven useful for examining spending policies which have resulted in the City's ability to live within its means, provide for important programs and adequate service levels for the growing community, and begin to set aside reserve funding for major capital investment in public facilities.

In 1986, Fresno County voters passed Measure C, a half-cent sales tax that improves the overall quality of Fresno County's transportation system, including the County and all its 15 cities. In November 2006, Fresno County voters chose to extend Measure C for an additional 20 years through 2027. At present, Fresno County's current half-cent sales tax Measure C will expire in 2027 resulting in a significant loss of revenue which will impact several City departments. These funds help to fund the design and construction of many street, pedestrian, and bicycle improvements throughout the City each year. Additionally, the funds are used to leverage grant funding, including grant match requirements. Finally,

the funds sustain the operation of the City's Transit program. If the Measure C renewal effort is unsuccessful, the City will have to make some very hard decisions regarding the projects and services currently being completed and provided. The impact of the loss of Measure C sales tax would be significant to Clovis but the loss of revenue has not been reflected in this year's Forecast in fiscal year's 2027/28 and beyond, as there is still time for Fresno County voters to pass an extension on Measure C.

EXECUTIVE SUMMARY

The current Five-Year Financial Forecast is a shift from recent years in the General Fund. The forecast projections indicate that there may not be sufficient resources to maintain current operations or increase staffing to meet the growing demand for services at established levels, even if revenues meet expectations.

The City's Staffing for Adequate Fire and Emergency Response (SAFER) grant, which funded the hiring of additional fire fighters in May 2021 for Fire Station 6, will end this year. From that point forward, the General Fund will incur the additional cost of the nine firefighters – approximately \$1.5 million annually. In December 2023, the City partnered with the City of Fresno to apply for the Organized Retail Theft Prevention grant from the Board of State and Community Corrections (BSCC). Clovis received approximately \$6.0 million for a three-year period to cover five police officers and one police service officer to address increasing retail theft crime in the City. The BSCC grant will end in 2026/27. From that point forward, the General Fund will incur the additional cost of the six new police positions – approximately \$1.2 million annually.

It should be noted that this forecast includes a limited transfer to the General Government Facilities Fund for the next fiscal year but does not include transfers for the other four forecasted years due to lack of funding. Transfers to General Government Facilities Fund are for future capital projects and without funding, one-time capital projects including public facilities will not be possible. Finally, ongoing transfers to the emergency reserve have been ceased due to the same constraints; however, the reserve balance remains above the 15% minimum throughout the forecast period.

The Five-Year forecast for the General Fund shows that expenses are growing faster than revenues over the five-year period. The current fiscal year and next end with a positive fund balance. Beginning in 2024/25, staff is forecasting that total expenses will exceed revenues by \$1.3 million, and this imbalance worsens every year thereafter. The only additional staff positions in the forecast are three sworn police officers per year, for a total of 15 over the five years. To address this imbalance, we will need to begin cutting costs over the next 18 months in the General Fund or pursue an additional revenue source.

In an effort to engage the community regarding these challenges and potential solutions, we recently conducted a community survey to obtain input on service priorities. Some of the key priorities identified by our community members include:

- Keeping public areas safe and clean
- Retaining local small businesses and jobs
- Maintaining the City's long-term financial stability
- Maintaining 911 emergency medical, police, and fire response
- Maintaining streets and roads
- Ensuring emergency rescue workers have updated life-saving tools such as the "jaws of life"
- Addressing homelessness

As we navigate through some of the financial challenges ahead, we are exploring innovative approaches to ensure the continued provision of high-quality services. This may involve a comprehensive review of City operations, prioritizing projects, and continuing to seek input from our employees and residents on their preferences for the allocation of resources. We will continue to reach out to the community in preparation for the 2024/25 Annual Budget presentations in May and June 2024.

The Water Enterprise Fund forecast maintains adequate but declining 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 2028/29. 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 will 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 that began in 2022/23. This loan will not affect the City's ability to treat for TCP during the term of the loan. A water rate study is currently in progress and is expected to be completed in the 2024 calendar year with a goal of ensuring adequate revenues to operate the water system.

The Sewer Enterprise Fund forecast maintains stable reserves throughout the forecast period. Beginning in 2023/24, 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 2024/25 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. For Refuse, a 4% rate increase is projected for the forecast period. To keep pace with the recycling and green waste contract increases, the approved 4% annual increase is projected for these operations. Additionally, a 4% rate increase is projected for the forecast period for street cleaning.

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 Planning and Development Services Enterprise Fund forecast maintains stable reserves throughout the forecast period. The reserves are included in case of a slow-down and prudent funding is maintained to absorb development declines. 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 three-year average of 918 units. As a result, the current 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, street lighting, 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 – 2023/24

The 2023/24 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. Eight new positions were added in the General Fund to help with the City's growth along with continued investments in community programs such as parks, senior services and recreation programs. Developing accurate revenue estimates during a constantly evolving economy has proven to be challenging to help pay for growth in positions and community programs. Rising interest rates, inflation at a forty-year high, along with production and supply chain disruptions have compounded the uncertainty. Based on current estimates, revenues are currently projected to be approximately \$0.4 million below expenditures for fiscal year 2023/24.

General Fund revenues are projected to exceed the current working budget by \$0.2 million for the current fiscal year. There are many increases that are projected for this current year, but most of those increases are being offset by a significant decrease to Sales Tax receipts. Since the quarter ended March 2023, Sales Tax revenue has been declining compared to the same period in the prior year. Sales Tax revenues are currently 3% less than the prior year's receipts. Sales Tax revenues have been reduced by \$2.0 million in the current year based on this trend. State reimbursements for wildfires are coming in with an additional \$0.5 million over working budget. Property Taxes are projected to be \$0.9 million above budget. If Card Room Fees remain flat for the remaining months, this category will experience a reduction of \$0.1 million from the prior year. Franchise Fees are projected to be declining by \$0.1 million as more residents are opting into streaming services for home entertainment which are not subject to Franchise Fees. Positively, the City was awarded a Police grant for \$6.0 million to fund five police officers and a police service officer. \$0.6 million of this grant was projected for the current year. All additional grant revenues projected are offset with corresponding additional expenditure increases in salaries, benefits, and overtime allowing the City to improve public safety services despite the revenue constraints being experienced. In summary, this leaves the operating budget projected at a deficit of \$0.4 million for the current fiscal year.

Forecast Years – 2024/25 through 2028/29

Revenues

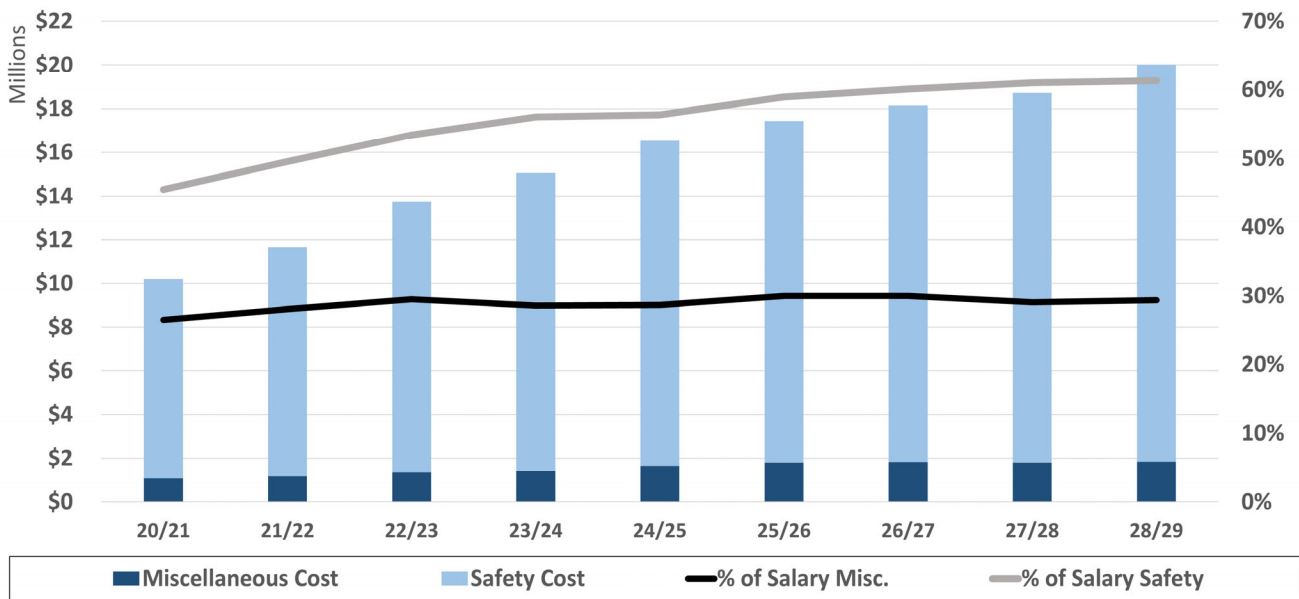
Property taxes and sales taxes are the two largest sources of discretionary revenue making up 81% of the total discretionary revenues on average; franchise fees, business licenses, and transient occupancy taxes make up most of the remainder. Property tax growth is largely driven by growth in the City. 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 the 15-year average of approximately 800 single and multi-family residential units. The forecast does not project a prolonged 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 is projected to experience a decrease of 1% in 2023/24 after experiencing the first reduction in growth in 2022/23 of \$921,000 or 3% since the Great Recession. Prior to the 2022/23 fiscal year, the City experienced robust growth in 2020/21 and 2021/22 totaling 36%, which is unprecedented. Sales tax is now declining due to inflationary pressures on households, shifting household dollars away from discretionary spending as a larger portion of income goes to essentials such as non-taxable food, transportation, and housing costs. For the remaining projected years, Sales Tax is expected to experience normalized growth at 3% annually with population growth at 700-800 residential units per year.

Growth in Franchise Taxes is largely due to electricity rate increases. As more households move away from traditional hard-wired phone and cable TV service towards cellular and satellite services which are not taxed, there is a decline in franchise taxes for these services. All other discretionary revenues are forecast to increase at average growth plus inflation based on the Pacific Cities Consumer Price Index for October 2023 of 4%.

PERS

PERS costs are projected to continue to rise significantly during the forecast period due to the overall stock market declines resulting in a decline of investment returns for the PERS investment portfolio. Over the last several years, PERS has continued to underperform its expected rate of return of 6.8%. In 2021/22 and 2022/23, their rate of return was negative 6.1% and 5.8%, respectively. At this point, the full impact of the investment fluctuations has not been determined, however. 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 almost \$5 million between the current year and the end of the forecast period. The impact of the PERS costs is significant; those costs will rise from 13% of the General Fund budget a few years ago to 16% by 2028/29. Essentially, that means the level of service plus the transfers to the reserve that can be provided in 2028/29 will be only 97% of what could have been provided without this rise in PERS costs.

Approach to the Forecast

The Five-Year Financial 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 is structurally sound but demonstrates that expenses are growing faster than revenues and future years will be structurally unbalanced unless changes are made to reduce expenses or increase revenues. 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, are not currently realized at this time so they were not considered in the development of the forecast. In addition to major increases in revenues that were not considered in the forecast, City Departments were asked during the development of the forecast for a list of their new expenditures that are “absolutely necessary” for their department to be successful during the forecast period. These essential expenditures included items such as positions, public safety communication equipment, building repairs, and facility replacement. In the current projected condition of the General Fund Forecast, incurring these additional expenditures was deemed infeasible, so they were not considered in the development of the forecast. The total amounts of these essential expenditures that were not included in the Forecast were approximately \$17 million.

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 respond 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, will eventually result in a reduction in the level of service for our residents.

The Forecast shows that Clovis is on an unsustainable fiscal path with significant challenges beginning in the 2025/26 fiscal year. Since 2008, the City has been struggling to meet increasing service needs in the community. The infeasibility of keeping up with rising costs and service demands while current revenue streams aren't designed to match those needs is evident. The volatile revenues during the pandemic stayed the issue for several years, but we are now seeing a new normal that is similar to the challenges pre-pandemic. In the past, the City has been able to seek efficiencies in operations, shifted priorities, and deferred critical expenditures to work within the current revenue, but many of those tools have been used. While staff will seek efficiency in all services the City provides, there is little room to maneuver compared to the changes made during the Great Recession. This leaves the City with some difficult choices, adjusting services levels to match revenues or revenue increases to maintain the standards the community expects.

The City has never fully recovered from the Great Recession from a financial standpoint. With inflation being what it has for the past few years, expenses for City operations are growing faster than the City's revenue base. Between 2007 and 2023, we have seen a 13% increase in the total number of City employees and a 39% increase in the population of the City. At some point, it will be difficult to continue to provide the same level of service our residents have become accustomed to.

How has the City been able to maintain this level of service over the past fifteen years? In 2007, for example, the Police Department was budgeted for 117 sworn officers. In the recession that followed, the City is just now back to being budgeted for 117 sworn officers. Over the past fifteen years, we have taken a majority of what we had in prevention programs and moved it all to patrol. We have already reduced or eliminated; FBI task force officer, municipal code enforcement, juvenile counseling, Police Activities League (PAL), Drug Abuse Resistance Education (D.A.R.E.), community watch, community events, explorer post, community day school resource officer, reduced traffic unit, eliminated separate gang and narcotics unit, and eliminated our bike and mounted patrol units. A similar story could be told in every department.

CITY OF CLOVIS

General Fund Financial Forecast - Summary

(dollars in thousands)

| | ACTUALS | | | ESTIMATED | PROJECTED | | | | |
|---|---------------|---------------|--------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
| Beginning Available Fund Balance | 4,110 | 1,280 | 8,420 | 8,060 | 3,420 | 730 | (2,240) | (5,870) | (9,810) |
| Reappropriation/Encumbrances | 290 | (790) | 230 | (1,250) | | | | | |
| <u>REVENUES</u> | | | | | | | | | |
| Discretionary | 66,100 | 73,630 | 76,290 | 80,030 | 82,960 | 85,100 | 87,970 | 90,910 | 93,940 |
| Non-Discretionary | 30,440 | 30,170 | 23,340 | 25,610 | 25,710 | 26,150 | 26,170 | 26,190 | 26,850 |
| Total Revenues | 96,540 | 103,800 | 99,630 | 105,640 | 108,670 | 111,250 | 114,140 | 117,100 | 120,790 |
| <u>EXPENDITURES</u> | | | | | | | | | |
| Public Safety | 58,590 | 63,300 | 72,210 | 79,210 | 82,130 | 85,370 | 88,200 | 90,900 | 94,290 |
| Public Utilities | 10,600 | 11,000 | 12,400 | 13,820 | 14,380 | 14,790 | 15,100 | 15,460 | 15,870 |
| General Government | 8,630 | 9,660 | 10,700 | 13,050 | 13,500 | 13,710 | 14,120 | 14,330 | 14,880 |
| Total Expenditures | 77,820 | 83,960 | 95,310 | 106,080 | 110,010 | 113,870 | 117,420 | 120,690 | 125,040 |
| Resources Above/(Below) Operating Expenditures | 18,720 | 19,840 | 4,320 | (440) | (1,340) | (2,620) | (3,280) | (3,590) | (4,250) |
| <u>ADDITIONAL ITEMS</u> | | | | | | | | | |
| Transfers Out to General Government Facilities Fund | (11,950) | (5,550) | (2,020) | (2,580) | (1,000) | 0 | 0 | 0 | 0 |
| Transfers Out to PDS/Projects | (300) | (310) | (300) | (370) | (350) | (350) | (350) | (350) | (350) |
| Transfers Out to Fleet Fund | (6,040) | (3,010) | (990) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Additional Items | (18,290) | (8,870) | (3,310) | (2,950) | (1,350) | (350) | (350) | (350) | (350) |
| Net Increase/(Decrease) to Fund Balance | 430 | 10,970 | 1,010 | (3,390) | (2,690) | (2,970) | (3,630) | (3,940) | (4,600) |
| <u>OTHER ITEMS</u> | | | | | | | | | |
| (Use of)/Addition to Emergency Reserve | 3,550 | 3,040 | 1,600 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Items | 3,550 | 3,040 | 1,600 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Available Fund Balance | 1,280 | 8,420 | 8,060 | 3,420 | 730 | (2,240) | (5,870) | (9,810) | (14,410) |
| Emergency Reserve-(Dollars) | 16,360 | 19,400 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 |
| Emergency Reserve as a % of Expenditures | 21.00% | 23.10% | 22.00% | 19.80% | 19.10% | 18.40% | 17.90% | 17.40% | 16.80% |

CITY OF CLOVIS

General Fund - Financial Forecast (dollars in thousands)

| REVENUES | ACTUALS | | | ESTIMATED | PROJECTED | | | | |
|---------------------------------------|---------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
| Residential Units (SF + MF) | 1,238 | 859 | 658 | 550 | 700 | 750 | 800 | 800 | 800 |
| <u>Discretionary</u> | | | | | | | | | |
| Property Taxes | 16,960 | 18,230 | 19,890 | 21,360 | 22,260 | 22,340 | 23,190 | 24,050 | 24,930 |
| Property Tax In Lieu-VLF | 11,160 | 11,900 | 12,910 | 13,880 | 14,350 | 14,910 | 15,520 | 16,160 | 16,820 |
| Sales Tax | 27,180 | 30,640 | 29,720 | 29,500 | 30,390 | 31,300 | 32,240 | 33,210 | 34,210 |
| Franchise Fee | 2,600 | 2,770 | 2,950 | 3,150 | 3,280 | 3,400 | 3,500 | 3,600 | 3,700 |
| Business License Tax | 3,710 | 4,000 | 4,120 | 4,410 | 4,670 | 4,900 | 5,100 | 5,300 | 5,510 |
| Other Taxes | 4,100 | 5,780 | 6,040 | 7,070 | 7,350 | 7,570 | 7,720 | 7,870 | 8,030 |
| Interest | 120 | 40 | 400 | 410 | 410 | 420 | 430 | 440 | 450 |
| Other Revenues-Discretionary | 270 | 270 | 260 | 250 | 250 | 260 | 270 | 280 | 290 |
| <u>Total Discretionary</u> | 66,100 | 73,630 | 76,290 | 80,030 | 82,960 | 85,100 | 87,970 | 90,910 | 93,940 |
| <u>Non-Discretionary</u> | | | | | | | | | |
| Community Facility Fees | 2,110 | 2,170 | 2,680 | 3,250 | 3,520 | 3,780 | 4,020 | 4,270 | 4,530 |
| Sales Tax-Public Safety | 350 | 470 | 520 | 480 | 490 | 500 | 520 | 540 | 550 |
| Licenses & Permits | 40 | 60 | 70 | 80 | 80 | 80 | 80 | 80 | 80 |
| Fines & Forfeitures | 150 | 190 | 260 | 190 | 200 | 200 | 200 | 200 | 200 |
| Building Rentals | 0 | 50 | 50 | 250 | 250 | 260 | 270 | 280 | 290 |
| State Subventions-Gas Tax | 1,340 | 1,580 | 1,780 | 2,480 | 2,520 | 2,550 | 2,580 | 2,610 | 2,640 |
| Grants | 3,410 | 3,900 | 3,110 | 3,060 | 2,270 | 1,950 | 1,340 | 700 | 700 |
| From Other Agencies | 840 | 620 | 880 | 830 | 870 | 900 | 920 | 940 | 960 |
| Current Services | 1,380 | 1,640 | 2,280 | 2,120 | 2,230 | 2,300 | 2,350 | 2,400 | 2,450 |
| Landscape Maintenance Charges | 4,000 | 4,270 | 4,650 | 5,300 | 5,510 | 5,680 | 5,790 | 5,910 | 6,030 |
| Other Revenues-Non Discretionary | 10,770 | 8,780 | 410 | 590 | 610 | 630 | 640 | 650 | 660 |
| Impact/Rental Fees | 1,760 | 1,830 | 1,870 | 1,960 | 2,040 | 2,100 | 2,140 | 2,180 | 2,220 |
| Admin Charges | 4,290 | 4,610 | 4,780 | 5,020 | 5,120 | 5,220 | 5,320 | 5,430 | 5,540 |
| <u>Total Non-Discretionary</u> | 30,440 | 30,170 | 23,340 | 25,610 | 25,710 | 26,150 | 26,170 | 26,190 | 26,850 |
| Total Revenues | 96,540 | 103,800 | 99,630 | 105,640 | 108,670 | 111,250 | 114,140 | 117,100 | 120,790 |

Revenue Assumptions (dollars in dollars)

| | | | |
|--|--|--|--|
| PROPERTY TAXES: | <u>ANNUAL INCREASE</u> 2.00% | <u>INCREASE IN ASSESSED VALUE</u> \$203,000,000 | <u>CITY TAX RATE (Before reductions)</u> 18.34% of 1% |
| <i>Increase in Assessed Value above is based on 700 residential units</i> | | <i>Nonresidential Units based on % of Residential Units is 23%</i> | |
| PROPERTY TAX IN LIEU-VEHICLE LICENSE FEES (VLF): | INCREASE BY ASSESSED VALUE GROWTH | 3.40% | <i>(Based on 550 units)</i> |
| SALES TAX: | <u>CURRENT CPI</u> 4.00% | <u>SALES TAX RATE</u> 1.00% | <u>POPULATION GROWTH</u> 1,900 PER YEAR PER CAPITA PER YEAR \$251 |
| COUNTY SHARE: | 5.00% OF GROSS SALES TAX <i>(Based on 700 units)</i> | | |
| SALES TAX GROWTH %: | PROJECTED | 3.0% | |
| FRANCHISE FEE: | <u>CURRENT CPI</u> 4.00% | <u>NEW RES UNITS PER YEAR</u> 700 | <u>FEE OF GROSS</u> 1.00% |
| | | <u>PARTICIPATION %</u> 50.00% Comcast/AT&T \$90 Per Unit per Month | <u>P G & E</u> \$250 Per Unit per Mo |
| <i>Note: 5 year average for residential units is 940, 10 year average is 955, 15 year average is 797 units</i> | | | |
| BUSINESS LICENSE TAX: | 4.00% | INCREASE BY CURRENT CPI | NEW BUSINESSES 2.00% |
| OTHER TAXES: | <i>Includes Transient Occupancy Tax, Cardroom Fees, and Real Property Transfer Tax</i> | | |
| | 4.00% | INCREASE BY CURRENT CPI | |
| INTEREST RATE: | 3.00% | ON PRIOR YEAR'S BALANCE | |
| OTHER REVENUES: | 4.00% | INCREASE BY CURRENT CPI | |
| COMMUNITY FACILITY FEE: | 2/3 OF NEW RESIDENTIAL UNITS: | 470 | ANNUAL FEE: \$282 CURRENT CPI: 4.00% |
| SALES TAX-PUBLIC SAFETY: | PROPOSITION 172 - HALF CENT SALES TAX FOR PUBLIC SAFETY - ESTIMATES PROVIDED BY CONSULTANT | | |
| LICENSES & PERMITS: | 4.00% | INCREASE BY CURRENT CPI | |
| FINES AND FORFEITURES: | PARKING AND VEHICLE | \$200,000 | BASED ON THREE YEAR AVERAGE |
| BUILDING RENTALS: | 2.00% | ANNUAL INCREASE | |
| STATE SUBVENTIONS: | <u>PER CAPITA</u> | <u>GAS TAX</u> \$14.30 | <u>POPULATION GROWTH</u> 1,900 PER YEAR <i>(Based on 700 units)</i> |
| | | <i>Gas Tax Per Capita based on last year actuals</i> | |
| GRANTS: | \$700,000 | CURRENT AVERAGE OF ONGOING GRANTS | |
| FROM OTHER AGENCIES: | 4.00% | INCREASE BY CURRENT CPI | |
| CURRENT SERVICES: | 4.00% | INCREASE BY CURRENT CPI | |
| LANDSCAPE MAINTENANCE CHARGES: | 4.00% | INCREASE BY CURRENT CPI | |
| IMPACT/RENTAL FEES: | BASED ON ADD'L ROUTES PROJECTED IN THE ENTERPRISE FUND AND INCREASE BY CURRENT CPI | | |
| ADMIN CHARGES: | 2.00% | ANNUAL INCREASE | |

CITY OF CLOVIS

General Fund - Financial Forecast (dollars in thousands)

| EXPENDITURES | ACTUALS | | | ESTIMATED | PROJECTED | | | | |
|---------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
| PUBLIC SAFETY | | | | | | | | | |
| Salaries | | | | | | | | | |
| Police - Sworn | 9,890 | 9,820 | 11,740 | 13,470 | 14,770 | 15,390 | 16,030 | 16,680 | 17,350 |
| Fire | 6,040 | 6,810 | 7,640 | 7,770 | 8,000 | 8,160 | 8,320 | 8,490 | 8,660 |
| Public Safety - Management | 3,380 | 3,860 | 4,330 | 4,120 | 4,240 | 4,320 | 4,410 | 4,500 | 4,590 |
| Police - Non Sworn | 3,790 | 3,890 | 4,250 | 4,980 | 5,130 | 5,230 | 5,330 | 5,440 | 5,550 |
| Fire - Non Firefighters | 220 | 300 | 340 | 360 | 370 | 380 | 390 | 400 | 410 |
| Overtime | | | | | | | | | |
| Overtime - Police | 2,880 | 3,090 | 3,320 | 3,460 | 3,600 | 3,710 | 3,780 | 3,860 | 3,940 |
| Overtime - Fire | 2,880 | 2,800 | 2,620 | 2,540 | 2,100 | 2,160 | 2,200 | 2,240 | 2,280 |
| Extra Help | 760 | 820 | 1,130 | 1,090 | 1,090 | 1,090 | 1,090 | 1,090 | 1,090 |
| Benefits | | | | | | | | | |
| Health | 3,510 | 3,640 | 3,830 | 4,400 | 4,760 | 5,140 | 5,550 | 5,990 | 6,460 |
| Retirement | 9,140 | 10,510 | 12,400 | 13,670 | 14,890 | 15,650 | 16,310 | 16,920 | 18,160 |
| Other | 3,290 | 3,650 | 4,300 | 4,900 | 4,620 | 4,710 | 4,800 | 4,900 | 5,000 |
| SMS | 12,250 | 13,490 | 15,530 | 17,560 | 17,830 | 18,680 | 19,210 | 19,590 | 19,980 |
| Capital Outlay | 560 | 620 | 780 | 890 | 730 | 750 | 780 | 800 | 820 |
| Total Public Safety | 58,590 | 63,300 | 72,210 | 79,210 | 82,130 | 85,370 | 88,200 | 90,900 | 94,290 |
| PUBLIC UTILITIES | | | | | | | | | |
| Salaries | 2,350 | 2,400 | 2,780 | 3,110 | 3,200 | 3,260 | 3,330 | 3,400 | 3,470 |
| Overtime | 120 | 130 | 130 | 120 | 120 | 120 | 120 | 120 | 120 |
| Extra Help | 10 | 30 | 40 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefits | | | | | | | | | |
| Health | 540 | 530 | 550 | 670 | 720 | 770 | 820 | 880 | 940 |
| Retirement | 450 | 510 | 540 | 630 | 690 | 700 | 690 | 710 | 770 |
| Other | 360 | 320 | 280 | 280 | 290 | 300 | 310 | 320 | 330 |
| SMS | 6,740 | 7,020 | 8,040 | 8,950 | 9,310 | 9,590 | 9,780 | 9,980 | 10,180 |
| Capital Outlay | 30 | 60 | 40 | 60 | 50 | 50 | 50 | 50 | 60 |
| Total Public Utilities | 10,600 | 11,000 | 12,400 | 13,820 | 14,380 | 14,790 | 15,100 | 15,460 | 15,870 |
| GENERAL GOVERNMENT | | | | | | | | | |
| Salaries | 3,540 | 3,730 | 3,830 | 4,220 | 4,350 | 4,440 | 4,530 | 4,620 | 4,710 |
| Overtime | 10 | 50 | 10 | 20 | 20 | 20 | 20 | 20 | 20 |
| Extra Help | 170 | 440 | 610 | 800 | 800 | 800 | 800 | 800 | 800 |
| Benefits | | | | | | | | | |
| Health | 650 | 660 | 660 | 790 | 850 | 910 | 970 | 1,040 | 1,110 |
| Retirement | 710 | 830 | 850 | 1,020 | 1,110 | 1,130 | 1,110 | 1,140 | 1,230 |
| Other | 250 | 270 | 290 | 340 | 350 | 360 | 380 | 410 | 450 |
| SMS | 3,290 | 3,680 | 4,420 | 5,590 | 5,950 | 5,980 | 6,240 | 6,220 | 6,480 |
| Capital Outlay | 10 | 0 | 30 | 270 | 70 | 70 | 70 | 80 | 80 |
| Total General Government | 8,630 | 9,660 | 10,700 | 13,050 | 13,500 | 13,710 | 14,120 | 14,330 | 14,880 |
| Total Expenditures | 77,820 | 83,960 | 95,310 | 106,080 | 110,010 | 113,870 | 117,420 | 120,690 | 125,040 |

Expenditure Assumptions (dollars in thousands)

| SALARIES: | | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
|--|-----|----------------|----------------|---|----------------|----------------|----------------|
| <u>POLICE-CPOA</u> | 7/1 | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| SALARY BASE | | \$13,470 | \$14,460 | \$15,070 | \$15,700 | \$16,350 | \$17,010 |
| Additional Officers-Salary | | \$0 | \$310 | \$320 | \$330 | \$330 | \$340 |
| Number of Additional Officers | | 10 | 3 | 3 | 3 | 3 | 3 |
| Additional Non-Sworn Positions | | 2 | 0 | 0 | 0 | 0 | 0 |
| Total Sworn Officer Positions | | 122 | 125 | 128 | 131 | 134 | 137 |
| <u>FIRE</u> | | 7/1 | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% |
| SALARY BASE | | \$7,770 | \$8,000 | \$8,160 | \$8,320 | \$8,490 | \$8,660 |
| 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 | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% |
| SALARY BASE | | \$3,110 | \$3,200 | \$3,260 | \$3,330 | \$3,400 | \$3,470 |
| 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 | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% |
| <u>MANAGEMENT</u> | | 7/1 | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% |
| OVERTIME: INCREASE BY CPI | | | 4.00% | 3.00% | 2.00% | 2.00% | 2.00% |
| EXTRA HELP: FLAT FOR NEXT FIVE YEARS | | | | | | | |
| HEALTH: INCREASE PER YEAR | | | 7.0% | | | | |
| (PERS ESTIMATE) | | | | | | | |
| RETIREMENT: | | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| POLICE-SAFETY | | 56.40% | 58.98% | 60.10% | 61.00% | 61.30% | 63.40% |
| FIRE | | 56.40% | 58.98% | 60.10% | 61.00% | 61.30% | 63.40% |
| PUBLIC UTILITIES | | 28.70% | 30.00% | 30.00% | 29.10% | 29.40% | 30.70% |
| GENERAL GOVERNMENT | | 28.70% | 30.00% | 30.00% | 29.10% | 29.40% | 30.70% |
| MANAGEMENT | | 28.70% | 30.00% | 30.00% | 29.10% | 29.40% | 30.70% |
| 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: Police-CPOA | | 15.07% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% |
| (included in other benefits) Fire | | 3.49% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Mgmt & Admin | | 1.85% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Public Utility | | 4.13% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| 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 | | | 4.00% | 3.00% | 2.00% | 2.00% | 2.00% |
| CAPITAL OUTLAY: INCREASE BY CPI | | | 4.00% | 3.00% | 2.00% | 2.00% | 2.00% |
| FOUR YEAR AVERAGE-PUBLIC SAFETY | | | | \$710 | | | |
| FOUR YEAR AVERAGE-PUBLIC UTILITIES | | | | \$50 + ADDITIONAL EQUIP FOR NEW EMPLOYEES | | | |
| FOUR YEAR AVERAGE-GEN GOV'T | | | | \$70 | | | |
| 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 \$17.9 million at June 30, 2024. 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. 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. 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. Contributions to the reserves for the Sustainable Groundwater Management Act (SGMA) and for drought contingency have been suspended during the forecast period. A water rate study is currently in progress and is expected to be completed in the 2024 Calendar Year. It is anticipated that a Proposition 218 protest hearing to increase water charges will be needed in 2025 to generate funds for high-cost maintenance projects and to sustain a revenue neutral budget with rising operation and maintenance costs.

CITY OF CLOVIS

Water Enterprise - Financial Forecast (dollars in thousands)

| | <u>Actual 2020/21</u> | <u>Actual 2021/22</u> | <u>Actual 2022/23</u> | <u>Estimated 2023/24</u> | <u>Projected 2024/25</u> | <u>Projected 2025/26</u> | <u>Projected 2026/27</u> | <u>Projected 2027/28</u> | <u>Projected 2028/29</u> |
|---|---------------------------|---------------------------|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| BEGINNING WORKING CAPITAL | 27,100 | 22,510 | 22,060 | 20,210 | 17,940 | 13,870 | 11,390 | 8,980 | 6,890 |
| <u>REVENUES</u> | | | | | | | | | |
| WATER CHARGES | 18,580 | 19,190 | 19,980 | 21,920 | 22,700 | 23,520 | 24,370 | 25,250 | 26,150 |
| DBCP-LEGAL SETTLEMENTS | 240 | 130 | 210 | 170 | 180 | 190 | 190 | 190 | 190 |
| TOTAL REVENUES | 18,820 | 19,320 | 20,190 | 22,090 | 22,880 | 23,710 | 24,560 | 25,440 | 26,340 |
| <u>EXPENDITURES</u> | | | | | | | | | |
| SALARIES | 3,100 | 3,190 | 3,630 | 3,920 | 4,100 | 4,320 | 4,520 | 4,700 | 4,790 |
| EXTRA HELP | 10 | 0 | 20 | 0 | 0 | 0 | 0 | 0 | 0 |
| OVERTIME | 120 | 130 | 140 | 150 | 150 | 150 | 150 | 150 | 150 |
| BENEFITS | | | | | | | | | |
| RETIREMENT | 620 | 680 | 710 | 840 | 890 | 930 | 940 | 990 | 1,070 |
| HEALTH | 570 | 570 | 590 | 750 | 810 | 870 | 930 | 1,000 | 1,070 |
| OTHER | 510 | 390 | 410 | 360 | 430 | 450 | 470 | 490 | 500 |
| SERVICES, MATERIALS & SUPPLIES | 14,180 | 11,900 | 11,350 | 14,250 | 15,880 | 15,190 | 15,430 | 15,670 | 15,280 |
| MEMBRANE REPLACEMENT | 300 | 450 | 0 | 0 | 0 | 1,100 | 0 | 0 | 0 |
| TCP TREATMENT | 100 | 100 | 150 | 150 | 150 | 150 | 150 | 150 | 150 |
| CAPITAL OUTLAY | 1,420 | 910 | 3,720 | 4,380 | 3,780 | 3,780 | 3,780 | 3,780 | 3,780 |
| TOTAL EXPENDITURES | 20,930 | 18,320 | 20,720 | 24,800 | 26,190 | 26,940 | 26,370 | 26,930 | 26,790 |
| <u>OTHER REVENUE AND EXPENSE</u> | | | | | | | | | |
| INTEREST/RENTAL/GRANTS | 620 | 1,250 | 760 | 440 | 440 | 750 | 750 | 750 | 750 |
| | 620 | 1,250 | 760 | 440 | 440 | 750 | 750 | 750 | 750 |
| TRANSFERS-OUT (CAPITAL) | (1,000) | (1,000) | (500) | (500) | (500) | (500) | (500) | (500) | (500) |
| WATER BANKING LOAN TO DEV FUND | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PARK DEV PAYBACK - BASIN/PARK | 0 | 0 | 0 | 1,700 | 0 | 0 | 0 | 0 | 0 |
| INTERFUND LOAN TO GENERAL SERVICES | 0 | (7,500) | 770 | 770 | 770 | 770 | 770 | 770 | 770 |
| CONTRIBUTION-SURFACE WTP | (750) | (750) | (750) | (750) | (750) | (750) | (750) | (750) | 0 |
| MEMBRANE REPLACEMENT RESERVE | 300 | 450 | (100) | (100) | (100) | 1,100 | (250) | (250) | (250) |
| RESERVE FOR DROUGHT CONTINGENCY | (500) | (500) | (500) | (500) | 0 | 0 | 0 | 0 | 0 |
| RESERVE FOR SGMA | (1,250) | (1,000) | (1,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| RESERVE FOR TCP TREATMENT | 100 | 7,600 | 0 | (620) | (620) | (620) | (620) | (620) | (620) |
| ENDING WORKING CAPITAL | 22,510 | 22,060 | 20,210 | 17,940 | 13,870 | 11,390 | 8,980 | 6,890 | 6,590 |
| RESERVE FOR MEMBRANE REPLACEMENT | 1,430 | 980 | 1,080 | 1,180 | 1,280 | 180 | 430 | 680 | 930 |
| RESERVE FOR DROUGHT CONTINGENCY | 6,000 | 6,500 | 7,000 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |
| RESERVE FOR SGMA | 3,000 | 4,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| RESERVE FOR TCP TREATMENT | 15,250 | 7,650 | 7,650 | 8,270 | 8,890 | 9,510 | 10,130 | 10,750 | 11,370 |

Water Enterprise - Revenue Assumptions (dollars in dollars)

Bi-monthly Meter Charges: Residential - \$26.12 Commercial - \$21.02

Residential Usage Rates: \$1.07 per 1,000 gallons for 0 to 23,000 gallons, \$1.78 per 1,000 gallons for 23,000 - 40,000 gallons, \$2.19 per 1,000 gallons above 40,000 gallons. Dwelling unit charge \$13.06 per month (\$26.12 bi-monthly).

Commercial Usage Rates: \$1.07 per 1,000 gallons 0 to 23,000 gallons, \$1.45 per 1,000 gallons over 23,000 gallons. Monthly charge from \$10.51 (1") to \$1,065.47 (10").

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

| | | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</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: | 3.00% OF PREVIOUS YEAR'S WORKING CAPITAL OR A MINIMUM OF \$10,000 | | | | | | |

Water Enterprise - Expense Assumptions (dollars in thousands)

| Salaries: CPWEA | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 7/1 | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Salary Base | \$3,920 | \$4,090 | \$4,320 | \$4,410 | \$4,610 | \$4,790 |
| Additional Employee | \$50 | \$150 | | \$110 | \$90 | |

Extra Help: FLAT FOR NEXT FIVE YEARS

Overtime: FLAT FOR NEXT FIVE YEARS

| Retirement: | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 28.70% | 30.00% | 30.00% | 29.10% | 29.40% | 30.70% |
| PERS Cost Sharing: | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% |

Health: INCREASE PER YEAR 7.00%

Other Benefits:

- WORKERS COMP 4.13% FOR CPWEA 1.85% FOR ADMIN
- MEDICARE 1.45% OF SALARIES
- DEFERRED COMP/SICK LEAVE/OTHER 5.25% OF SALARIES

Other SMS: INCREASE BY CPI FOR FUTURE YEARS 4.00%

(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: CURRENT CPI 4.00%

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 \$26.2 million at June 30, 2024. 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 2024/25 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 2020/21</u> | <u>Actual 2021/22</u> | <u>Actual 2022/23</u> | <u>Estimated 2023/24</u> | <u>Projected 2024/25</u> | <u>Projected 2025/26</u> | <u>Projected 2026/27</u> | <u>Projected 2027/28</u> | <u>Projected 2028/29</u> |
|---|---------------------------|---------------------------|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| BEGINNING WORKING CAPITAL | 24,820 | 26,260 | 26,720 | 28,270 | 26,260 | 22,590 | 20,610 | 20,810 | 21,380 |
| <u>REVENUES</u> | | | | | | | | | |
| SEWER CHARGES | 13,540 | 13,780 | 14,510 | 15,350 | 16,010 | 16,710 | 17,440 | 18,190 | 18,970 |
| PRETREATMENT CHARGES | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| TOTAL REVENUES | 13,590 | 13,830 | 14,560 | 15,400 | 16,060 | 16,760 | 17,490 | 18,240 | 19,020 |
| <u>EXPENDITURES</u> | | | | | | | | | |
| SALARIES | 1,030 | 1,090 | 1,280 | 1,480 | 1,610 | 1,740 | 1,770 | 1,810 | 1,850 |
| EXTRA HELP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OVERTIME | 10 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| BENEFITS | | | | | | | | | |
| RETIREMENT | 200 | 230 | 250 | 300 | 300 | 380 | 370 | 380 | 410 |
| HEALTH | 180 | 190 | 200 | 240 | 260 | 280 | 300 | 320 | 340 |
| OTHER | 160 | 120 | 130 | 130 | 130 | 180 | 180 | 190 | 190 |
| SERVICES, MATERIALS & SUPPLIES | 4,400 | 5,090 | 4,840 | 6,110 | 6,090 | 6,260 | 6,380 | 6,500 | 6,300 |
| FRESNO TREATMENT PLANT | 2,900 | 3,180 | 3,770 | 4,600 | 4,870 | 5,020 | 5,120 | 5,220 | 5,320 |
| CLOVIS TRMT/REUSE PLANT (ST-WRF) | 2,300 | 2,460 | 2,380 | 2,670 | 2,850 | 2,960 | 3,050 | 3,140 | 3,230 |
| DEBT SERVICE | 1,220 | 1,220 | 1,220 | 1,240 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL | 70 | 110 | 440 | 520 | 420 | 210 | 210 | 220 | 220 |
| CAPITAL-FRESNO PLANT IMPROVEMENTS | 690 | 460 | 1,080 | 2,400 | 2,750 | 500 | 500 | 500 | 500 |
| TOTAL EXPENDITURES | 13,160 | 14,170 | 15,610 | 19,710 | 19,300 | 17,550 | 17,900 | 18,300 | 18,380 |
| <u>OTHER REVENUE AND EXPENSE</u> | | | | | | | | | |
| INTEREST | 540 | 500 | 860 | 740 | 740 | 990 | 940 | 960 | 990 |
| GRANTS/MISC/SALE OF ASSETS/REFUNDS | 430 | 350 | 40 | 60 | 60 | 50 | 50 | 50 | 50 |
| BOND COVERAGE CHARGES/(REBATE) | 40 | 0 | 0 | 0 | 0 | 0 | 1,850 | 1,850 | 1,850 |
| | 1,010 | 850 | 900 | 800 | 800 | 1,040 | 2,840 | 2,860 | 2,890 |
| TRANSFERS IN-DEBT SERVICE | 430 | 430 | 430 | 430 | 0 | 0 | 0 | 0 | 0 |
| TRANSFERS OUT-CAPITAL | (200) | 0 | 0 | (200) | (500) | (500) | (500) | (500) | (500) |
| FROM DEVELOPER-PLANT CAPITAL IMPROV | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 |
| INTERFUND (LOANS)/REPAYMENT | 0 | 0 | 0 | 0 | (1,500) | (1,500) | (1,500) | (1,500) | (1,500) |
| (INC)/USE OF FRESNO PLANT CAP RESERVE | (500) | (750) | 1,000 | 1,000 | 500 | (500) | (500) | (500) | (500) |
| ENDING WORKING CAPITAL | 26,260 | 26,720 | 28,270 | 26,260 | 22,590 | 20,610 | 20,810 | 21,380 | 22,680 |
| RESERVE FOR FRESNO PLANT CAPITAL | 2,000 | 2,750 | 1,750 | 750 | 250 | 750 | 1,250 | 1,750 | 2,250 |
| 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 1,900 | New Units Per Year 700 | Additional Commercial \$42,000 | Residential: | 2023/24 Per Unit Per Month \$23.46 | 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>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| Percentage | | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Revised Monthly Rate | | \$23.46 | \$24.16 | \$24.89 | \$25.64 | \$26.40 | \$27.20 |
| Interest: | 3.00% | 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>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| 7/1 | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| SALARY BASE | \$1,480 | \$1,520 | \$1,650 | \$1,770 | \$1,810 | \$1,850 |
| Additional employee | | \$100 | \$90 | | | |
| Extra Help: | FLAT FOR NEXT FIVE YEARS | | | | | |
| Overtime: | FLAT FOR NEXT FIVE YEARS | | | | | |
| Retirement: | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| | 28.70% | 30.00% | 30.00% | 29.10% | 29.40% | 30.70% |
| PERS Cost Sharing: | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% |
| Health: | INCREASE PER YEAR | | | | | |
| Other Benefits: | | | 28.70% | 7.00% | | |
| | | | OF EXTRA HELP | | | |
| | | | 4.13% | | 2.00% | FOR ADMIN |
| | | | 1.45% | | | |
| | | | 5.25% | | | |
| | | | OF SALARIES | | | |
| | | | OF SALARIES | | | |
| Other SMS: | INCREASE BY CURRENT CPI | | | | | |
| | 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 current CPI and per capita amount | | | | | |
| | 4.00% | | | | | |
| Debt Service: | Fresno/Clovis Regional WWTP Renovation | | | | | |
| | 96/97 - 2023 | | | | | |
| | \$1,250 | | | | | |
| Capital Outlay: | FUTURE YEARS @ | | | | | |
| | \$200 | | | | | |
| | - ADJUSTED BY CURRENT CPI | | | | | |
| | 4.00% | | | | | |
| 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 \$10.7 million at June 30, 2024. A 4% annual increase, or portion thereof, was approved by Council in November 2004 to be implemented as necessary. In 2023/24, the Council implemented a refuse rate increase of 4%. For refuse, an increase of 4% is recommended in 2024/25, 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. An increase to the Street Sweeping charges of 4% is recommended in 2024/25.

CITY OF CLOVIS

Community Sanitation - Financial Forecast (dollars in thousands)

| | <u>Actual 2020/21</u> | <u>Actual 2021/22</u> | <u>Actual 2022/23</u> | <u>Estimated 2023/24</u> | <u>Projected 2024/25</u> | <u>Projected 2025/26</u> | <u>Projected 2026/27</u> | <u>Projected 2027/28</u> | <u>Projected 2028/29</u> |
|---|---------------------------|---------------------------|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| BEGINNING WORKING CAPITAL | 12,420 | 13,520 | 13,390 | 13,100 | 10,710 | 9,000 | 8,910 | 9,620 | 11,100 |
| <u>REVENUES</u> | | | | | | | | | |
| REFUSE CHARGES | 16,510 | 17,770 | 18,100 | 18,830 | 19,730 | 20,680 | 21,690 | 22,740 | 23,840 |
| RECYCLING CHARGES | 1,880 | 2,110 | 2,210 | 2,320 | 2,420 | 2,540 | 2,660 | 2,790 | 2,920 |
| GREEN WASTE CHARGES | 2,380 | 2,540 | 2,680 | 2,770 | 2,910 | 3,060 | 3,220 | 3,380 | 3,550 |
| STREET SWEEPING CHARGES | 1,250 | 1,280 | 1,570 | 1,630 | 1,700 | 1,780 | 1,870 | 1,960 | 2,050 |
| TOTAL REVENUES | 22,020 | 23,700 | 24,560 | 25,550 | 26,760 | 28,060 | 29,440 | 30,870 | 32,360 |
| <u>EXPENDITURES</u> | | | | | | | | | |
| SALARIES | 3,660 | 3,900 | 4,400 | 4,880 | 5,180 | 5,360 | 5,460 | 5,570 | 5,680 |
| EXTRA HELP | 90 | 70 | 90 | 150 | 150 | 150 | 150 | 150 | 150 |
| OVERTIME | 370 | 400 | 390 | 460 | 460 | 460 | 460 | 460 | 460 |
| BENEFITS | | | | | | | | | |
| RETIREMENT | 740 | 840 | 870 | 1,040 | 1,050 | 1,160 | 1,130 | 1,170 | 1,270 |
| HEALTH | 780 | 790 | 810 | 1,050 | 1,120 | 1,200 | 1,280 | 1,370 | 1,470 |
| OTHER | 660 | 610 | 530 | 470 | 550 | 570 | 580 | 590 | 600 |
| SERVICES, MATERIALS & SUPPLIES | 8,630 | 10,350 | 10,600 | 11,150 | 11,870 | 12,230 | 12,470 | 12,720 | 12,650 |
| RECYCLING | 1,640 | 1,640 | 1,610 | 1,850 | 1,910 | 2,120 | 2,180 | 2,250 | 2,320 |
| GREEN WASTE PROGRAM | 1,920 | 2,010 | 2,010 | 2,090 | 2,160 | 2,430 | 2,510 | 2,590 | 2,670 |
| STREET SWEEPING | 1,580 | 1,770 | 1,810 | 1,920 | 2,040 | 2,100 | 2,140 | 2,180 | 2,220 |
| LANDFILL CLOSURE | 340 | 380 | 340 | 370 | 390 | 400 | 410 | 420 | 430 |
| CAPITAL | 800 | 1,390 | 1,190 | 1,930 | 1,390 | 600 | 600 | 600 | 600 |
| LANDFILL IMPROVEMENTS | 60 | 30 | 720 | 1,360 | 950 | 300 | 300 | 300 | 300 |
| TOTAL EXPENDITURES | 21,270 | 24,180 | 25,370 | 28,720 | 29,220 | 29,080 | 29,670 | 30,370 | 30,820 |
| <u>OTHER REVENUE AND EXPENSE</u> | | | | | | | | | |
| INTEREST | 150 | 170 | 270 | 380 | 350 | 480 | 490 | 530 | 580 |
| GRANTS/MISC/SALE OF ASSETS | 50 | 30 | 100 | 250 | 250 | 250 | 250 | 250 | 250 |
| | 200 | 200 | 370 | 630 | 600 | 730 | 740 | 780 | 830 |
| TRANSFERS | 150 | 150 | 150 | 150 | 150 | 200 | 200 | 200 | 200 |
| ENDING WORKING CAPITAL | 13,520 | 13,390 | 13,100 | 10,710 | 9,000 | 8,910 | 9,620 | 11,100 | 13,670 |
| RESERVE FOR CLOSURE | 4,620 | 5,000 | 5,340 | 5,710 | 6,100 | 6,500 | 6,910 | 7,330 | 7,760 |
| 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 | 23/24 Avg Unit | Recycling | Green Waste | Street Cleaning | | |
| | Per Year | Per Month | Per Month | Per Month | Per Month | | |
| | 700 | \$26.44 | \$4.61 | \$6.76 | \$2.86 | | |
| Additional Commercial Annual Revenue -----> | | \$35,000 | | | | | |
| | | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| Rate Increase/(Decrease): | 7/1 | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Adjusted Monthly Rate: | | \$26.44 | \$27.50 | \$28.60 | \$29.74 | \$30.93 | \$32.17 |
| 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 and projected rate increases of 4% per year. | | | | | | | |
| Interest: 3.00% OF PREVIOUS YEAR'S WORKING CAPITAL | | | | | | | |

Community Sanitation - Expense Assumptions (dollars in thousands)

| | | | | | | | |
|--------------------------------|---|----------------|----------------|-----------------|----------------|----------------|----------------|
| Salaries: (CPWEA) | | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| 7/1 | | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Salary Base: | | \$4,880 | \$5,180 | \$5,280 | \$5,460 | \$5,570 | \$5,680 |
| Additional Personnel: Res/Comm | | | | \$75 | | | |
| Extra Help: | \$150 for Operations per year | | | | | | |
| Overtime: | FLAT FOR FUTURE YEARS | | | | | | |
| | | | | (PERS ESTIMATE) | | | |
| Retirement: | | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| | | 28.70% | 30.00% | 30.00% | 29.10% | 29.40% | 30.70% |
| PERS Cost Sharing: | | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% |
| Health: | INCREASE PER YEAR | | | | | 7.00% | |
| Other Benefits: | -WORKERS COMP | | | 4.13% | FOR CPWEA | | 2.00% |
| | -MEDICARE | | | 1.45% | OF SALARIES | | FOR ADMIN |
| | -DEFERRED COMP/SICK LEAVE/OTHER | | | 5.25% | OF SALARIES | | |
| Other SMS: | INCREASE BY CURRENT CPI | | | | | 4.00% | |
| Capital Outlay: | Rental of the Corp Yard beginning 2002/03 | | | | | \$320 per year | |
| | Flat for future years | | | | | \$600 | |
| | Adjusted by current CPI | | | | | 4.00% | |
| Transfers: | In-For Toters | | | \$200 /year | | | |
| Reserve For Closure: | FROM 98/99, INCREASE BY CURRENT CPI | | | | | 4.00% | |

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Transit Enterprise

The Transit Fund reflects adequate revenues throughout the forecast period to support its operational and capital needs. Revenues from the Transportation Development Act, which includes Local Transportation Funds (LTF) and State Transit Assistance (STA) funds are allocated to Transit based on population, taxable sales, and transit performance. Recently, LTF and STA funds have been used to cover construction costs of a transit center, which was completed in November of 2023. A transit station is projected to be built in 2025/26 and 2026/27 utilizing state Transit and Intercity Rail Capital Program (TIRCP) funding for construction. Clovis Transit has also completed the process to accept federal funding beginning in 2024/25, which will provide additional revenue for operations and access to compete for capital grants. 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. The Transit Fund is required to defer LTF and STA revenue that has been received but not yet spent. Ending working capital that is available but is required to be deferred can be seen on the Transit Fund forecast on the line labeled "Deferred Revenue."

CITY OF CLOVIS

Transit - Financial Forecast (dollars in thousands)

| | <u>Actual 2020/21</u> | <u>Actual 2021/22</u> | <u>Actual 2022/23</u> | <u>Estimated 2023/24</u> | <u>Projected 2024/25</u> | <u>Projected 2025/26</u> | <u>Projected 2026/27</u> | <u>Projected 2027/28</u> | <u>Projected 2028/29</u> |
|---|---------------------------|---------------------------|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| BEGINNING WORKING CAPITAL | (150) | 320 | 620 | 300 | 0 | 0 | 0 | 0 | 0 |
| <u>REVENUES</u> | | | | | | | | | |
| MEASURE C FUNDS * | 1,820 | 2,130 | 2,190 | 2,200 | 2,260 | 2,320 | 2,380 | 2,440 | 2,500 |
| LOCAL TRANSPORTATION FUNDS (LTF) | 4,250 | 5,050 | 5,340 | 6,420 | 4,060 | 3,470 | 3,550 | 3,840 | 4,120 |
| STATE TRANSIT ASSISTANCE (STA) ** | 2,870 | 1,020 | 200 | 3,150 | 1,080 | 7,960 | 7,010 | 1,060 | 1,110 |
| FEDERAL TRANSIT ADMINISTRATION (FTA) | 0 | 0 | 0 | 0 | 3,250 | 3,250 | 3,250 | 3,250 | 3,250 |
| OTHER (Fares, Advertising, Trolley Rents) | 0 | 50 | 70 | 40 | 40 | 40 | 40 | 40 | 40 |
| TOTAL REVENUES | 8,940 | 8,250 | 7,800 | 11,810 | 10,690 | 17,040 | 16,230 | 10,630 | 11,020 |
| <u>EXPENDITURES</u> | | | | | | | | | |
| SALARIES | 1,540 | 1,690 | 1,890 | 2,170 | 2,440 | 2,490 | 2,540 | 2,590 | 2,640 |
| EXTRA HELP | 940 | 1,050 | 1,540 | 1,600 | 1,680 | 1,760 | 1,850 | 1,940 | 2,040 |
| OVERTIME | 40 | 80 | 60 | 100 | 100 | 110 | 120 | 130 | 140 |
| BENEFITS | | | | | | | | | |
| RETIREMENT | 310 | 360 | 380 | 440 | 530 | 540 | 530 | 540 | 590 |
| HEALTH | 330 | 330 | 350 | 430 | 530 | 570 | 610 | 650 | 700 |
| OTHER | 530 | 550 | 570 | 630 | 640 | 690 | 700 | 740 | 790 |
| SERVICES, MATERIALS & SUPPLIES | 2,390 | 2,900 | 3,100 | 3,520 | 3,770 | 3,880 | 3,880 | 4,040 | 4,120 |
| CAPITAL-OTHER | 220 | 160 | 170 | 680 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL-BUSES | 0 | 110 | 110 | 3,070 | 1,000 | 1,000 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 6,300 | 7,230 | 8,170 | 12,640 | 10,690 | 11,040 | 10,230 | 10,630 | 11,020 |
| <u>OTHER REVENUE AND EXPENSE</u> | | | | | | | | | |
| INTEREST/GRANTS/MISC | 490 | 180 | 50 | 530 | 0 | 0 | 0 | 0 | 0 |
| | 490 | 180 | 50 | 530 | 0 | 0 | 0 | 0 | 0 |
| TRANSFERS (TRANSIT STATION) | (2,660) | (900) | 0 | 0 | 0 | (6,000) | (6,000) | 0 | 0 |
| ENDING WORKING CAPITAL | 320 | 620 | 300 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEFERRED REVENUE | 4,050 | 5,740 | 10,820 | 8,890 | 11,300 | 17,020 | 22,080 | 27,280 | 32,660 |

Transit- Revenue Assumptions

| | | |
|--------------------------|---|-------|
| Transit Revenue: | Measure C revenue is projected to grow by its historical average increase | 2.50% |
| | * Subject to availability for FY 2027/28 and FY 2028/29 * | |
| | LTF revenue is projected to grow by its historical average increase | 5.00% |
| | ** State Transit Assistance, for fiscal years 2019/20 through 2025/26, a transit agency may expend funds apportioned on any operating or capital costs to maintain transit service levels. For fiscal years 2025/26 and 2026/27, significant increase is due to one-time funds from the Transit and Intercity Rail Capital Program TIRCP ** | |
| | Other revenue is projected to grow by the Current CPI | 4.00% |
| Interest: | 3.00% OF PREVIOUS YEAR'S WORKING CAPITAL | |
| Deferred Revenue: | REVENUE RECEIVED AND NOT SPENT | |

Transit- Expense Assumptions

| | | | | | | |
|---------------------------|--|----------------|----------------|----------------------------------|----------------|-----------------|
| Salaries: | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| 7/1 | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Salary Base: | \$2,170 | \$2,230 | \$2,490 | \$2,540 | \$2,590 | \$2,640 |
| Additional Personnel: | | \$210 | | | | |
| Extra Help: | INCREASE PER YEAR FOR ADDITIONAL DEMAND IN ROUNDUP TRANSIT SERVICES | | | | | 5.00% |
| Overtime: | INCREASE BY CURRENT CPI | | | | | 4.00% |
| | (PERS ESTIMATE) | | | | | |
| Retirement: | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| | 28.70% | 30.00% | 30.00% | 29.10% | 29.40% | 30.70% |
| PERS Cost Sharing: | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% |
| Health: | INCREASE PER YEAR | | | 7.00% | | |
| Other Benefits: | -WORKERS COMP | | | 4.13% OF SALARIES | | 1.85% FOR ADMIN |
| | -MEDICARE | | | 1.45% OF SALARIES and EXTRA HELP | | |
| | -DEFERRED COMP/SICK LEAVE/OTHER | | | 5.25% OF SALARIES | | |
| Other SMS: | INCREASE BY CURRENT CPI | | | | | 4.00% |
| Capital Outlay: | BASED ON BEST ESTIMATES FOR BUSES AND OTHER ADJUSTED BY CURRENT CPI | | | | | 4.00% |

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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 2024/25 forecast estimates 700 residential units to be constructed; this is shy of our historical average of 800 units per year. The 2023/24 forecast estimates 550 residential units (450 single-family, 100 multi-family) will be constructed this year. This is primarily due to rising interest rates lowering consumer demand for housing. Revenues fluctuate based on construction valuation for different project types; census housing unit numbers are just one indicator. Commercial activity is performing better than our historical average. Over the past ten years, we have averaged \$35 million per year in commercial valuation. This year, we are anticipating finishing \$15 million higher at \$50 million.

The PDS Department is projected to finish 2023/24 with a working capital balance of approximately \$9.2 million. In addition, PDS has shifted staff resources from its Development Review Unit to its Community Investment Program as development has slowed 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 | 1,238 | 859 | 658 | 550 | 700 | 750 | 800 | 800 | 800 |
|---|---------------------------|---------------------------|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | <u>Actual 2020/21</u> | <u>Actual 2021/22</u> | <u>Actual 2022/23</u> | <u>Estimated 2023/24</u> | <u>Projected 2024/25</u> | <u>Projected 2025/26</u> | <u>Projected 2026/27</u> | <u>Projected 2027/28</u> | <u>Projected 2028/29</u> |
| BEGINNING WORKING CAPITAL | 9,090 | 10,080 | 9,890 | 9,520 | 9,200 | 9,290 | 9,320 | 9,530 | 9,660 |
| <u>REVENUES</u> | | | | | | | | | |
| BUILDING PERMITS | 4,020 | 3,390 | 3,650 | 4,120 | 4,110 | 4,170 | 4,480 | 4,640 | 4,800 |
| PLANNING FEES | 1,870 | 1,310 | 1,300 | 1,810 | 1,480 | 1,720 | 1,660 | 1,730 | 1,800 |
| GENERAL PLAN CONSULTANT | 250 | 180 | 320 | 910 | 1,580 | 2,140 | 2,420 | 1,090 | 890 |
| ENGINEERING FEES | 2,580 | 2,700 | 2,410 | 1,710 | 1,920 | 2,330 | 2,560 | 2,640 | 2,720 |
| CAPITAL IMPROVEMENT CHARGES | 2,500 | 2,690 | 3,840 | 3,990 | 5,110 | 5,180 | 5,180 | 5,280 | 5,390 |
| TOTAL REVENUES | 11,220 | 10,270 | 11,520 | 12,540 | 14,200 | 15,540 | 16,300 | 15,380 | 15,600 |
| <u>EXPENDITURES</u> | | | | | | | | | |
| SALARIES | 5,080 | 5,060 | 5,990 | 6,060 | 6,660 | 7,280 | 7,430 | 7,580 | 7,730 |
| EXTRA HELP | 190 | 70 | 120 | 170 | 170 | 170 | 170 | 170 | 170 |
| OVERTIME | 70 | 80 | 80 | 100 | 90 | 90 | 90 | 90 | 90 |
| BENEFITS | | | | | | | | | |
| RETIREMENT | 970 | 1,050 | 1,150 | 1,230 | 1,400 | 1,610 | 1,570 | 1,630 | 1,760 |
| HEALTH | 780 | 790 | 870 | 910 | 940 | 1,010 | 1,080 | 1,160 | 1,240 |
| OTHER | 460 | 420 | 440 | 550 | 570 | 590 | 600 | 610 | 620 |
| SERVICES, MATERIALS & SUPPLIES | 2,940 | 3,460 | 3,840 | 3,490 | 3,460 | 3,590 | 3,680 | 3,750 | 3,830 |
| GENERAL PLAN CONSULTANT | 250 | 180 | 320 | 850 | 1,430 | 1,990 | 2,290 | 1,090 | 890 |
| CAPITAL | 20 | 40 | 10 | 220 | 40 | 10 | 10 | 10 | 10 |
| TOTAL EXPENDITURES | 10,760 | 11,150 | 12,820 | 13,580 | 14,760 | 16,340 | 16,920 | 16,090 | 16,340 |
| <u>ADDITIONAL ITEMS</u> | | | | | | | | | |
| INTEREST | 150 | 180 | 260 | 220 | 220 | 280 | 280 | 290 | 290 |
| OTHER REVENUES/GRANTS | 310 | 200 | 370 | 150 | 80 | 200 | 200 | 200 | 200 |
| TRANSFERS FROM GENERAL FUND | 300 | 310 | 300 | 350 | 350 | 350 | 350 | 350 | 350 |
| TOTAL ADDITIONAL ITEMS | 760 | 690 | 930 | 720 | 650 | 830 | 830 | 840 | 840 |
| NET INC/(DEC) TO WORKING CAPITAL | 1,220 | (190) | (370) | (320) | 90 | 30 | 210 | 130 | 100 |
| <u>OTHER ITEMS</u> | | | | | | | | | |
| (USE OF)/ADDITION TO EMERGENCY RESERVE | 230 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ENDING WORKING CAPITAL | 10,080 | 9,890 | 9,520 | 9,200 | 9,290 | 9,320 | 9,530 | 9,660 | 9,760 |
| Emergency Reserve - (Dollars) | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| Emergency Reserve as a % of Expenditures | 23.2% | 22.4% | 19.5% | 18.4% | 16.9% | 15.3% | 14.8% | 15.5% | 15.3% |

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

| | <u>2022/23 (Act.)</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
|--|--|-----------------|-----------------|--------------------|--|----------------|----------------|
| Residential Units Per Year: | 658 | 550 | 700 | 750 | 800 | 800 | 800 |
| Non-Residential Valuation %: | 13% | 20% | 20% | 20% | 20% | 20% | 20% |
| <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> | <u>International Code Council 2% Increase:</u> | | |
| | | \$4,900 | \$1,900 | \$2,900 | <u>2022/23</u> | <u>2025/26</u> | <u>2028/29</u> |
| Current CPI: | 4.00% | | | | | | |
| | <u>2022/23 (Act.)</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| Planning Program Fee (Staff): | \$940,000 | \$770,000 | \$940,000 | \$970,000 | \$1,000,000 | \$1,030,000 | \$1,060,000 |
| Gen. Plan Consultant Admin Fee: | \$0 | \$60,000 | \$150,000 | \$150,000 | \$130,000 | \$0 | \$0 |
| Plan. Prgm. Fee (Consultant): | \$320,000 | \$850,000 | \$1,430,000 | \$1,990,000 | \$2,290,000 | \$1,090,000 | \$890,000 |
| Other Planning Fees: | \$360,000 | \$1,040,000 | \$540,000 | \$750,000 | \$660,000 | \$700,000 | \$740,000 |
| Total FY | \$1,620,000 | \$2,720,000 | \$3,060,000 | \$3,860,000 | \$4,080,000 | \$2,820,000 | \$2,690,000 |
| Capital Improvement Charges: | BASED ON HOURLY RATE CHANGES (AS NEEDED) | | | | | | |
| Interest: | 3.00% OF PREVIOUS YEAR'S WORKING CAPITAL | | | | | | |
| Other Revenues: | INCREASE BY CURRENT CPI | | | | 4.00% | | |
| Grants: | BASED ON AWARDED GRANTS | | | | | | |

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

| | | | | | | | |
|---|---|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Salaries: (CPTA) | | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| 7/1 | | 3.00% | 3.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Salary Base: | | \$6,790 | \$6,990 | \$7,280 | \$7,430 | \$7,580 | \$7,730 |
| Additional Personnel: | | \$150 | | | | | |
| Extra Help: | | \$170 | \$170 | \$170 | \$170 | \$170 | \$170 |
| Overtime: | WILL REMAIN FLAT THROUGHOUT PROJECTION YEARS | | | | | | |
| | | (PERS ESTIMATE) | | | | | |
| Retirement: | | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| | | 28.70% | 30.00% | 30.00% | 29.10% | 29.40% | 30.70% |
| PERS Cost Sharing: | | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% | -8.40% |
| Health: | | INCREASE PER YEAR | | | | | 7.00% |
| Other Benefits: | | INCREASE BY CURRENT CPI | | | | | 4.00% |
| Other SMS: | | INCREASE BY CURRENT CPI | | | | | 4.00% |
| General Plan Consultant: | | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> |
| General Plan Update & Housing Element | | \$300 | \$1,000 | \$1,000 | \$850 | \$0 | \$0 |
| Misc. Services (Legal, Housing, Design, Engr) | | \$240 | \$230 | \$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 | | \$80 | \$40 | \$150 | \$200 | \$400 | \$500 |
| LAFCO Budget Contribution | | \$60 | \$60 | \$60 | \$60 | \$60 | \$60 |
| Total FY | | \$850 | \$1,430 | \$1,990 | \$2,290 | \$1,090 | \$890 |
| Capital Outlay: | BASED ON CAPITAL NEEDS PROJECTED FOR DEPARTMENT | | | | | | |
| Transfers: | GENERAL FUND DISCRETIONARY FUNDING | | | | | \$350 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.