



Agenda Item No. 3.

Staff Report

Date: February 15, 2017
To: Mayor Hoertkorn and Council Members
From: Joe Chinn, Town Manager
Subject: Financial Forecast

Recommendation

This report is information only.

Background and discussion

The purpose of this report is to provide the Council with an update of the five year financial forecast for the Town's Operating and Recreation Fund. The financial forecast projects revenues and expenses over the next fiscal years from Fiscal Year 2017-18 through 2021-22. A financial forecast provides an order of magnitude estimate of revenues and expenses based on current Town policies and State statutes. A financial forecast assists the Council and Town management in understanding the Town's ability to fund the current level of services being provided and determine if it is likely to be sustainable in the future under the current Town revenue structure. The financial forecast assumes the Town provides a similar level of services in the future as it does today – there is no attempt to either increase or decrease the current level of services in order to balance the budget with the financial forecast.

For purposes of the financial forecast, the Town's Operating and Recreation Funds are combined to provide a more complete picture of the Town's financial conditions. The financial forecast includes a modest level of capital expenses coming from the Operating and Recreation Fund each year (approximately \$130,000 yearly which includes a \$100,000 transfer to the Facilities Fund). That being said the Town's facilities are physically and functionally obsolete and have a significant amount of deferred maintenance. In the future significant financial resources will likely be required to update the facilities for better organization functionality and improved public spaces. The financial forecast also includes an additional contribution of \$200,000 per year to pay down the CalPERS Unfunded Accrued Liability (UAL) and reduce future principal and interest costs from the UAL.

Financial Forecast Results

Current estimates for Fiscal Year Ending 2018 (FYE18) show an estimated operating surplus of approximately \$350,000 on revenues of \$8.09 million and expenses of \$7.74 million. Expenses are projected to grow at a slightly higher rate than revenues over the five year forecast under current conditions and statutes. Because of this the surplus is anticipated to decrease each year down to \$68,000 in FYE22 which is essentially breakeven given the surplus for that year is projected to be less than 1% as a percent of expenses (0.8% in FYE22).

Town of Ross Operating and Recreation Fund Financial Forecast

Item	Projected FYE 2017	Projected FYE 2018	Projected FYE 2019	Projected FYE 2020	Projected FYE 2021	Projected FYE 2022
Total Revenues	\$7,828,000	\$8,091,000	\$8,337,000	\$8,616,000	\$8,859,000	\$9,088,000
Total Expenses	\$7,699,000	\$7,744,000	\$8,000,000	\$8,324,000	\$8,674,000	\$9,020,000
Net Surplus/(Gap)	\$129,000	\$347,000	\$337,000	\$292,000	\$185,000	\$68,000
Surplus/(Gap) as % of Expenses	1.7%	4.5%	4.2%	3.5%	2.1%	0.8%

The surpluses each year provide the Town the opportunity to help fund the need for significant capital improvements related to the outdated facilities and/or fund a greater portion of the growing CalPERS UAL costs to assist the Town's long-term financial position.

At the end of this report, Figure 1 shows the revenues and expenses by major category and Figure 2 shows a more detailed listing of revenues and expenses from FYE16 through the FYE22 period.

Revenues

The growth rate of revenues has been slowing down in the last two years after the prior year's recovery following the great recession. Property taxes are the Town's largest revenue source accounting for 62% of the Town's revenue when including the public safety parcel tax (and 52% without the public safety parcel tax). The growth rate in FYE17 is lower than the prior three years which is a trend expected to continue in the future years with the assessed value (and property tax) growth rate estimated to be about 4.8% in FYE18, 4% range in FYE19, and between 3% and 4% in the years that follow. The Town receives on average 18.9 cents per every dollar of property tax; the other 81.1 cents goes to other public agencies such as Ross School, Tamalpais Union High School District, Marin Community College, Ross Valley Sanitation, and other government entities.

Other revenue such as business licenses, franchise, property transfer taxes, investment income, and intergovernmental revenue are expected to have slow growth in the coming years (in total 1% to 2% average annual growth). In most California cities, the two largest revenue sources are property taxes and sales taxes. In the case of Ross, sales tax revenues are very minor (\$45,000 budgeted this year) because there is little retail or other taxable sales occurring in Ross. Overall,

total revenues are projected to increase by approximately 3.4% next fiscal year but then in the following years are estimated to range between 2.5% and 3.4% annually.

The Town's second largest revenue category is Recreation revenues, which are approximately equal to Recreation expenses. Building and public works is the next largest category of revenues. These revenues along with planning department revenues are primarily charges for service and permits related to development activity, and thus are very volatile.

Expenses

The projected expenses for FYE17 in the Operating and Recreation Fund are currently estimated to be \$7.7 million and growing to \$9.0 million by FYE22, an average growth rate of 4.0% per year. Wages and benefits comprise approximately 41% of total expenses. Wages are estimated to increase at 3.5% per year from FYE19 forward. Benefits particularly medical and pension have been increasing at higher rates than inflation. For the forecast, medical costs are assumed to increase at a 5% annual rate after FYE18.

Pension rates are anticipated to increase at much higher rates than inflation moving forward. In December 2016, CalPERS officially announced it is lowering the discount rate it anticipates earning on investments from 7.5% to 7.0% per year. This change is being phased in over time with the first impact being to FYE19 rates and not being fully phased in until FYE25. This change along with CalPERS only earning 0.6% in FY15-16 versus the 7.5% target investment rate is anticipated to add approximately \$7 million costs to the Town over the next 30 years. The result of the CalPERS modification is that the Town's pension costs are estimated to go from \$368,000 in FYE17 to \$690,000 by FYE22 (a 13% average annual increase).

The Town has been aggressive in paying down the CalPERS UAL to reduce long-term costs of CalPERS. For example in June 2016, the Town made an additional \$1 million payment to CalPERS to reduce our UAL debt that saved the Town \$1.2 million of interest costs over 20 years. Town staff is reviewing strategies and options to reduce the overall costs over time. The Town currently has \$200,000 included in the FYE17 budget as well as \$200,000 included in the Financial Forecast each year to pay a portion of the CalPERS UAL early to reduce the long-term annual interest charged and thus total CalPERS long-term costs. In addition, police personnel are starting to pay a portion of the employer share of CalPERS reducing the Town's costs.

Pension costs are volatile and staff anticipates these costs will need to be continually analyzed and updated. Staff is reviewing the implications of the CalPERS December 2016 action reducing the discount rate and we will undertake strategies to reduce the overall cost increases related to these benefits. The Town is looking at ways to pay down the costs quicker than the CalPERS schedule and thus reduce the long-term interest expenses associated with the liability as well as reviewing other strategies to reduce pension costs.

Outside services that include contracts with outside firms are another significant cost representing approximately 20% of the Town's costs in FYE16 but decreasing to 17% by FYE18. Many services are provided to the Town through contracts such as attorney, accounting, audit, building plan check and inspection, landscape maintenance, and recreation instructors. There

are alternative ways of providing many of these various services such as by staffing or contracting. In December 2016, the Town hired a Public Works Director which replaced much of the contract the Town had for public works and engineering services which is significantly lowering our contract costs. The Town will continually evaluate the efficiency, effectiveness, and service levels provided by contracts and staff and at times there may be adjustments of whether to staff or contract more or less. The forecast is showing 2.5% annual inflation on outside service costs in FYE19 through FYE22.

The Ross Valley Fire services are provided through the Ross Valley Fire Department JPA and at approximately \$1.9 million annually are 25% of total expenses. These costs increased at approximately a 7% annual rate in FYE17 and FYE18. Fire service costs are anticipated to increase in the 4% to 5% annual range in the following years with the new labor contracts being negotiated and cost increases in other fire services lines.

Financial Forecast Summary

- Current level of services is fundable for the next five years. Small surpluses are likely available to help fund capital or one-time expenses.
- The passage of the public safety sales tax measure (Measure K) in November 2016 stabilized the Town's funding of operations for the next eight year period.

Challenges

- Revenue growth which is largely property taxes, service charges, and miscellaneous taxes, franchises, and lease and investment income are challenged to keep up with expense growth. Strategies should be developed to improve revenue growth and to reduce the rate of expense growth.
- Medical and pension costs have been growing significantly faster than inflation and the challenge will be finding ways to reduce the growth rate including funding the long-term pension UAL. CalPERS recent decision to decrease the pension discount rate from 7.5% to 7.0% as well as poor investment returns the last two years have dramatically increased the future pension costs to all CalPERS entities. The Town has been proactively dealing with pension and post-retirement medical costs (OPEB costs) and will have to continue to find ways to reduce total retirement and medical cost increases.
- Deferred capital needs and physically and functionally obsolete facilities will need additional funding beyond the approximately \$130,000 capital maintenance money included in the fiscal forecast. The Town is currently working on a Facilities Master Plan related to the need to substantially rehabilitate or replace existing Town facilities such as the outdated and obsolete public safety building.

Alternative actions

Informational report only

Environmental review (if applicable) – Not applicable

FIGURE 1
TOWN OPERATING FUND AND RECREATION FUND BASE MODEL FINANCIAL FORCAST

	Actual FYE 2016	Budget FYE2017	Projected FYE 2017	Projected FYE 2018	Projected FYE 2019	Projected FYE 2020	Projected FYE 2021	Projected FYE 2022
Revenues								
Property Taxes	\$3,856,000	\$3,973,000	\$4,042,000	\$4,209,000	\$4,366,000	\$4,518,000	\$4,666,000	\$4,797,000
Public Safety Tax	773,000	792,000	792,000	808,000	828,000	849,000	870,000	892,000
Other Taxes	381,000	336,000	330,000	349,000	356,000	362,000	369,000	376,000
Investment Income and Rents	259,000	233,000	253,000	261,000	260,000	294,000	299,000	304,000
Building Department Revenue	980,000	754,000	846,000	858,000	878,000	900,000	922,000	944,000
Public Works Revenue	129,000	143,000	122,000	122,000	125,000	128,000	131,000	134,000
Planning	260,000	198,000	200,000	206,000	211,000	216,000	222,000	227,000
Recreation Revenue	1,155,000	1,145,000	1,070,000	1,100,000	1,128,000	1,156,000	1,185,000	1,214,000
Other Revenue and Transfers In	163,000	155,000	173,000	178,000	185,000	193,000	195,000	200,000
Total Revenues	\$7,956,000	\$7,729,000	\$7,828,000	\$8,091,000	\$8,337,000	\$8,616,000	\$8,859,000	\$9,088,000
Expenses								
Wages	\$1,826,000	\$1,995,000	\$2,059,000	\$2,199,000	\$2,276,000	\$2,355,000	\$2,438,000	\$2,523,000
Benefits	980,000	995,000	964,000	1,100,000	1,174,000	1,268,000	1,379,000	1,487,000
Outside Services	1,661,000	1,419,000	1,366,000	1,283,000	1,315,000	1,348,000	1,382,000	1,416,000
Ross Valley Fire Department	1,661,000	1,755,000	1,780,000	1,902,000	1,997,000	2,087,000	2,181,000	2,268,000
Other Services and Supplies	694,000	825,000	843,000	872,000	896,000	920,000	946,000	972,000
Debt Service and PERS UAL Payments	1,395,000	210,000	210,000	210,000	210,000	210,000	210,000	211,000
Capital Expenses and Transfer Out	46,000	511,000	477,000	178,000	132,000	136,000	138,000	143,000
Total Expenses	\$8,263,000	\$7,710,000	\$7,699,000	\$7,744,000	\$8,000,000	\$8,324,000	\$8,674,000	\$9,020,000
Net Surplus/(Gap)	(\$307,000)	\$19,000	\$129,000	\$347,000	\$337,000	\$292,000	\$185,000	\$68,000
Surplus/(Gap) as a % of Expenses	-3.7%	0.2%	1.7%	4.5%	4.2%	3.5%	2.1%	0.8%

FIGURE 2
TOWN OPERATING FUND AND RECREATION FUND BASE MODEL FINANCIAL FORECAST

	Actual FYE 2016	Budget FYE2017	Projected FYE 2017	Projected FYE 2018	Projected FYE 2019	Projected FYE 2020	Projected FYE 2021	Projected FYE 2022
REVENUES								
Property Taxes								
Property Tax	\$ 3,322,178	\$ 3,450,000	\$ 3,490,000	\$ 3,657,000	\$ 3,803,280	\$ 3,945,903	\$ 4,084,010	\$ 4,206,530
Property Tax In Lieu Vehicle Lic. Fee	237,386	248,000	252,000	262,000	272,480	\$ 282,017	\$ 291,887	\$ 300,644
Property Tax - Excess ERAF Funds	296,845	275,000	300,000	290,000	290,000	290,000	290,000	290,000
Subtotal	3,856,409	3,973,000	4,042,000	4,209,000	4,365,760	4,517,920	4,665,897	4,797,174
Public Safety Tax								
	773,210	791,550	791,580	808,250	828,456	849,168	870,397	892,157
Other Taxes								
Business Licenses	43,977	40,000	40,000	40,400	40,804	41,212	41,624	42,040
Sales Tax	41,203	42,000	45,000	45,000	46,125	47,278	48,460	49,672
Property Tax in Lieu of Sales Tax(3xflip)	12,457	-	-	-	-	-	-	-
Franchise - Cable TV	52,974	53,000	54,000	55,000	56,375	57,784	59,229	60,710
Franchise - Marin Sanitary Service	87,587	85,000	90,000	92,700	95,481	98,345	101,296	104,335
Franchise - PG&E	32,208	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Real Property Transfer Tax	110,641	85,000	70,000	85,000	85,850	86,709	87,576	88,451
Subtotal	381,047	336,000	330,000	349,100	355,635	362,328	369,185	376,208
Intergovernmental Revenue								
Marin County Measure A Parks	17,915	18,114	17,964	18,000	18,180	18,362	18,545	18,731
Zero Waste Grant	7,368	-	9,140	-	-	-	-	-
Homeowner Property Tax Relief	18,225	18,300	18,300	18,300	18,300	18,300	18,300	18,300
Prop 172 1/2 Cent Sales Tax	20,992	21,500	21,500	22,000	22,550	23,114	23,692	24,284
State Mandated Cost Reimbursement	5,279	-	-	-	-	-	-	-
State Vehicle License Fee	1,006	1,000	1,132	1,000	1,000	1,000	1,000	1,000
Subtotal	70,785	58,914	68,036	59,300	60,030	60,776	61,537	62,315
Investment Income and Rents								
Interest/Change in Value	59,103	30,000	50,000	50,000	55,000	55,000	55,000	55,000
Rental Income - Cellular	92,306	93,000	93,000	93,500	95,838	98,233	100,689	103,207
Rental Income - Post Office	107,536	109,687	109,687	111,880	85,118	116,400	118,728	121,103
Rental Income - Residence	-	-	-	6,000	24,000	24,240	24,482	24,727
Subtotal	258,945	232,687	252,687	261,380	259,955	293,873	298,900	304,036
Building Department Revenue								
Construction Penalties	45,870	-	1,360	-	-	-	-	-
Building Permits	689,309	610,000	700,000	710,000	727,750	745,944	764,592	783,707
Building - BSASRF & SMIP	5,487	3,700	2,500	2,500	2,563	2,627	2,692	2,760
Resale Inspections	28,664	27,000	23,000	22,000	22,550	23,114	23,692	24,284
Fee Program Administration	29,333	20,000	17,000	20,000	20,500	21,013	21,538	22,076
Records Management & Retention	21,150	11,000	20,000	20,000	20,000	20,000	20,000	20,000
Technology Surcharge Fees	159,852	82,000	82,000	83,000	85,075	87,202	89,382	91,616
Subtotal	979,665	753,700	845,860	857,500	878,438	899,898	921,896	944,443
Public Works Revenue								
Earth Grading Permits	2,442	3,000	1,500	1,500	1,538	1,576	1,615	1,656
Encroachments	126,620	140,000	120,000	120,000	123,000	126,075	129,227	132,458
Subtotal	129,062	143,000	121,500	121,500	124,538	127,651	130,842	134,113
Planning								
Planning Application Fees	176,522	150,000	150,000	150,000	153,750	157,594	161,534	165,572
Planning Construction Review	66,719	30,000	30,000	35,000	35,875	36,772	37,691	38,633
Tree Removal Permits	16,476	18,000	20,000	21,000	21,525	22,063	22,615	23,180
Subtotal	259,717	198,000	200,000	206,000	211,150	216,429	221,839	227,385
Police Revenue								
	57,699	49,000	58,000	51,200	52,480	53,792	55,137	56,515

FIGURE 2
TOWN OPERATING FUND AND RECREATION FUND BASE MODEL FINANCIAL FORECAST

	Actual FYE 2016	Budget FYE2017	Projected FYE 2017	Projected FYE 2018	Projected FYE 2019	Projected FYE 2020	Projected FYE 2021	Projected FYE 2022
Recreation Revenue	1,154,676	1,145,000	1,070,000	1,100,000	1,127,500	1,155,688	1,184,580	1,214,194
Miscellaneous								
Contributions	500	500	-	-	-	-	-	-
Miscellaneous	1,668	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Reimbursement for Town Costs	13,616	12,500	12,500	12,500	12,813	13,133	13,461	13,798
Permits - Film	-	-	-	-	-	-	-	-
Permits - Special Events	500	500	500	500	500	500	500	500
Subtotal	16,284	18,500	18,000	18,000	18,313	18,633	18,961	19,298
Total revenues before transfers in	7,937,499	7,699,351	7,797,663	8,041,230	8,282,254	8,556,155	8,799,170	9,027,838
Transfers In - Legal Def	18,606	-	-	-	-	-	-	-
Transfers In - General Plan Fund	-	30,000	30,000	50,000	55,000	60,000	60,000	60,000
Total Revenues	7,956,105	7,729,351	7,827,663	8,091,230	8,337,254	8,616,155	8,859,170	9,087,838
EXPENSES								
Wages	1,826,038	1,994,945	2,059,342	2,198,829	2,275,788	2,355,441	2,437,881	2,523,207
Pension	355,201	363,084	368,327	408,164	457,431	525,631	610,000	690,000
Medical	224,049	261,370	251,510	288,479	302,903	318,048	333,951	350,648
OPEB-Retiree Health Care	114,820	65,000	63,180	63,880	65,796	67,770	69,803	71,898
Employee Benefits - Other	286,183	305,752	280,938	339,133	347,611	356,302	365,209	374,339
Subtotal	2,806,291	2,990,151	3,023,297	3,298,485	3,449,530	3,623,192	3,816,844	4,010,092
Outside Services	1,660,740	1,419,078	1,366,448	1,282,897	1,314,969	1,347,844	1,381,540	1,416,078
Ross Valley Fire Department	1,661,482	1,754,649	1,779,934	1,902,084	1,997,188	2,087,062	2,180,979	2,268,219
Memberships & Organizations	71,786	80,508	80,133	80,598	83,016	85,506	88,072	90,714
Rent	92,240	102,198	110,886	117,328	120,261	123,268	126,349	129,508
Repairs and Maintenance	198,731	261,400	274,092	283,592	292,100	300,863	309,889	319,185
Vehicles	24,871	31,000	25,500	28,500	29,213	29,943	30,691	31,459
Insurance	70,015	79,000	78,600	80,800	83,224	85,721	88,292	90,941
Other (miscellaneous)	236,091	270,870	273,717	280,750	287,769	294,963	302,337	309,895
Debt Service (net of proceeds)	395,268	10,000	10,000	10,000	10,000	10,000	10,300	10,609
PERS UAL optional payments	1,000,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Capital Exp pd with Op & Rec Funds	20,460	136,400	101,175	79,500	30,000	30,750	31,519	32,307
Subtotal	5,431,684	4,345,103	4,300,485	4,346,049	4,447,740	4,595,919	4,749,968	4,898,915
Total expenses before transfers	8,237,975	7,335,254	7,323,782	7,644,534	7,897,269	8,219,110	8,566,812	8,909,007
Transfers to Facilities & Equip Fund	25,000	375,000	375,000	100,000	102,500	105,063	107,689	110,381
Total Expenses	8,262,975	7,710,254	7,698,782	7,744,534	7,999,769	8,324,173	8,674,502	9,019,388
Net surplus (gap)	\$ (306,870)	\$ 19,097	\$ 128,881	\$ 346,696	\$ 337,484	\$ 291,982	\$ 184,669	\$ 68,450

FIGURE 3
TOWN OPERATING FUND AND RECREATION FUND BASE MODEL FINANCIAL FORECAST

	Actual FYE 2016	Budget FYE2017	Projected FYE 2017	Projected FYE 2018	Projected FYE 2019	Projected FYE 2020	Projected FYE 2021	Projected FYE 2022
REVENUES								
Property Taxes								
Property Tax	7.44%	3.85%	5.05%	4.79%	4.00%	3.75%	3.50%	3.00%
Property Tax In Lieu Vehicle Lic. Fee	7.33%	4.47%	6.16%	3.97%	4.00%	3.50%	3.50%	3.00%
Property Tax - Excess ERAF Funds	-2.31%	-7.36%	1.06%	-3.33%	0.00%	0.00%	0.00%	0.00%
Subtotal	6.62%	3.02%	4.81%	4.13%	3.72%	3.49%	3.28%	2.81%
Public Safety Tax								
	9.07%	2.37%	2.38%	2.11%	2.50%	2.50%	2.50%	2.50%
Other Taxes								
Business Licenses	0.81%	-9.04%	-9.04%	1.00%	1.00%	1.00%	1.00%	1.00%
Sales Tax	24.29%	1.93%	9.22%	0.00%	2.50%	2.50%	2.50%	2.50%
Property Tax in Lieu of Sales Tax(3xflip)	69.16%	-100.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Franchise - Cable TV	-12.24%	0.05%	1.94%	1.85%	2.50%	2.50%	2.50%	2.50%
Franchise - Marin Sanitary Service	-2.30%	-2.95%	2.75%	3.00%	3.00%	3.00%	3.00%	3.00%
Franchise - PG&E	7.36%	-3.75%	-3.75%	0.00%	0.00%	0.00%	0.00%	0.00%
Real Property Transfer Tax	6.94%	-23.17%	-36.73%	21.43%	1.00%	1.00%	1.00%	1.00%
Subtotal	3.66%	-11.82%	-13.40%	5.79%	1.87%	1.88%	1.89%	1.90%
Intergovernmental Revenue								
Marin County Measure A Parks	2.35%	1.11%	0.27%	0.20%	1.00%	1.00%	1.00%	1.00%
Zero Waste Grant	-45.42%	-100.00%	24.05%	-100.00%				
Homeowner Property Tax Relief	-0.84%	0.41%	0.41%	0.00%	0.00%	0.00%	0.00%	0.00%
Prop 172 1/2 Cent Sales Tax	0.05%	2.42%	2.42%	2.33%	2.50%	2.50%	2.50%	2.50%
State Mandated Cost Reimbursement	-81.33%	-100.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State Vehicle License Fee	-0.30%	-0.60%	12.52%	0.00%	0.00%	0.00%	0.00%	0.00%
Subtotal	-28.96%	-16.77%	-3.88%	-12.84%	1.23%	1.24%	1.25%	1.26%
Investment Income and Rents								
Interest/Change in Value	160.50%	-49.24%	-15.40%	0.00%	10.00%	0.00%	0.00%	0.00%
Rental Income - Cellular	3.58%	0.75%	0.75%	0.54%	2.50%	2.50%	2.50%	2.50%
Rental Income - Post Office	1.83%	2.00%	2.00%	2.00%	-23.92%	36.75%	2.00%	2.00%
Rental Income - Residence	-100.00%				300.00%	1.00%	1.00%	1.00%
Subtotal	7.87%	-10.14%	-2.42%	3.44%	-0.55%	13.05%	1.71%	1.72%
Building Department Revenue								
Construction Penalties	0.00%	-100.00%	-97.04%	-100.00%				
Building Permits	-5.86%	-11.51%	1.55%	1.43%	2.50%	2.50%	2.50%	2.50%
Building - BSASRF & SMIP	58.04%	-32.57%	-54.44%	0.00%	2.50%	2.50%	2.50%	2.50%
Resale Inspections	0.00%	-5.81%	-19.76%	-4.35%	2.50%	2.50%	2.50%	2.50%
Fee Program Administration	5.27%	-31.82%	-42.04%	17.65%	2.50%	2.50%	2.50%	2.50%
Records Management & Retention	-13.75%	-47.99%	-5.44%	0.00%	0.00%	0.00%	0.00%	0.00%
Technology Surcharge Fees	21.45%	-48.70%	-48.70%	1.22%	2.50%	2.50%	2.50%	2.50%
Subtotal	3.88%	-23.07%	-13.66%	1.38%	2.44%	2.44%	2.44%	2.45%
Public Works Revenue								
Earth Grading Permits	0.00%	22.85%	-38.57%	0.00%	2.50%	2.50%	2.50%	2.50%
Encroachments	0.00%	10.57%	-5.23%	0.00%	2.50%	2.50%	2.50%	2.50%
Subtotal	0.00%	10.80%	-5.86%	0.00%	2.50%	2.50%	2.50%	2.50%
Planning								
Planning Application Fees	26.57%	-15.02%	-15.02%	0.00%	2.50%	2.50%	2.50%	2.50%
Planning Construction Review	-2.24%	-55.04%	-55.04%	16.67%	2.50%	2.50%	2.50%	2.50%
Tree Removal Permits	-16.17%	9.25%	21.39%	5.00%	2.50%	2.50%	2.50%	2.50%
Subtotal	14.23%	-23.76%	-22.99%	3.00%	2.50%	2.50%	2.50%	2.50%
Police Revenue	113.96%	-15.08%	0.52%	-11.72%	2.50%	2.50%	2.50%	2.50%

FIGURE 3
TOWN OPERATING FUND AND RECREATION FUND BASE MODEL FINANCIAL FORECAST

	Actual FYE 2016	Budget FYE2017	Projected FYE 2017	Projected FYE 2018	Projected FYE 2019	Projected FYE 2020	Projected FYE 2021	Projected FYE 2022
Recreation Revenue	-12.41%	-0.84%	-7.33%	2.80%	2.50%	2.50%	2.50%	2.50%
Miscellaneous								
Contributions	-95.72%	0.00%	-100.00%					
Miscellaneous	-91.39%	199.76%	199.76%	0.00%	0.00%	0.00%	0.00%	0.00%
Reimbursement for Town Costs	13.01%	-8.20%	-8.20%	0.00%	2.50%	2.50%	2.50%	2.50%
Permits - Film	-100.00%							
Permits - Special Events	6.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Subtotal	-80.77%	13.61%	10.54%	0.00%	1.74%	1.75%	1.76%	1.77%
Total revenues before transfers in	3.98%	-3.00%	-1.76%	3.12%	3.00%	3.31%	2.84%	2.60%
Transfers In from Legal Defense Fund	0.00%	61.24%	0.00%	66.67%	10.00%	9.09%	0.00%	0.00%
Total Revenues	3.09%	-2.85%	-1.61%	3.37%	3.04%	3.35%	2.82%	2.58%
EXPENSES								
Wages	-2.26%	9.25%	12.78%	6.77%	3.50%	3.50%	3.50%	3.50%
Pension	49.83%	2.22%	3.70%	10.82%	12.07%	14.91%	16.05%	13.11%
Medical	10.66%	16.66%	12.26%	14.70%	5.00%	5.00%	5.00%	5.00%
OPEB-Retiree Health Care	-48.14%	-43.39%	-44.97%	1.11%	3.00%	3.00%	3.00%	3.00%
Employee Benefits - Other	-12.97%	6.84%	-1.83%	20.71%	2.50%	2.50%	2.50%	2.50%
Subtotal	-1.81%	6.55%	7.73%	9.10%	4.58%	5.03%	5.34%	5.06%
Outside Services	52.04%	-14.55%	-17.72%	-6.11%	2.50%	2.50%	2.50%	2.50%
Ross Valley Fire Department	1.34%	5.61%	7.13%	6.86%	5.00%	4.50%	4.50%	4.00%
Memberships & Organizations	29.91%	12.15%	11.63%	0.58%	3.00%	3.00%	3.00%	3.00%
Rent	-35.04%	10.80%	20.21%	5.81%	2.50%	2.50%	2.50%	2.50%
Repairs and Maintenance	-9.29%	31.53%	37.92%	3.47%	3.00%	3.00%	3.00%	3.00%
Vehicles	-5.42%	24.64%	2.53%	11.76%	2.50%	2.50%	2.50%	2.50%
Insurance	-14.53%	12.83%	12.26%	2.80%	3.00%	3.00%	3.00%	3.00%
Other (miscellaneous)	15.17%	14.73%	15.94%	2.57%	2.50%	2.50%	2.50%	2.50%
Debt Service (net of proceeds)	74.82%	-97.47%	-97.47%	0.00%	0.00%	0.00%	3.00%	3.00%
PERS UAL payments	0.00%	-80.00%	-80.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Exp pd with Op & Rec Funds	-71.72%	566.67%	394.50%	-21.42%	-62.26%	2.50%	2.50%	2.50%
Subtotal	44.47%	-20.00%	-20.83%	1.06%	2.34%	3.33%	3.35%	3.14%
Total expenses before transfers	24.48%	-10.96%	-11.10%	4.38%	3.31%	4.08%	4.23%	3.99%
Transfers to Facilities & Equip Fund	0.00%	1400.00%	1400.00%	-73.33%	2.50%	2.50%	2.50%	2.50%
Total Expenses	24.39%	-6.69%	-6.83%	0.59%	3.30%	4.06%	4.21%	3.98%