GENERAL FUND LONG RANGE BUDGET MODEL
REVENUE & EXPENDITURE ASSUMPTIONS

REVENUE ASSUMPTIONS

- **General** – All revenues for FY2024 are based on the adopted budget. Revenues will be analyzed and updated as appropriate during the Mid-year Review and adjustments will be made at that time.
- **Property Tax** – Projections based on information provided by the City's property tax expert HdL Coren & Cone. Includes projected changes in ownership and 2% Prop 13 inflator for other parcels. Average annual growth is projected at 3.71%. For context, average growth over the past four years was 3.72%. Projections include RPTTF (RDA redistribution of funds) and VLF in-lieu payments.
- **Sales Tax** – Projections based on information provided by the City's sales tax expert Avenu Services. Although the City saw an increase from online sales, fuel price volatility and lost a major taxpayer, FY2023 revenues were flat. The model also projects a recession in FY 2027 based on historical trend data. Average annual growth over the past four years was 4.08%, however, because of the volatility the model is using a conservative growth of 2.67% in the projection.
- **Utility Users Tax (UUT)** – Assumes growth of 2.0% growth.
- **Other Taxes** – Assumes aggregate growth at 1.44% annually (ranges from 1.0-3.0% by source).
- **Licenses/Permits/Fees/Charges** – 2.0% growth annually.
- **Cost Allocation Transfer In** - 2.0% growth annually. Pending cost plan study results not yet included in forecast.
- **Intergovernmental Revenue** – Assumes no growth, as source is volatile with significant swings from year to year.
- **Interest** -1% return on positive fund balance.
- **Other Revenue** – Generally 2.0% growth annually.

EXPENDITURE ASSUMPTIONS

- **General** – All expenditures for FY2024 are based on the adopted budget.
- **Staffing** – The Model assumes the addition of no new positions.
- **Salary Increases** – Assumes 2.0% growth for all bargaining units in years not currently under contract.
- **Overtime** – Historically actuals much higher than budget, but offset through lower salaries/benefits than budgeted, as well potential reimbursement from mutual aid response.
- **Merit/Turnover Rate** – Assumes 0.25% net impact from merit increases for eligible employees less the savings realized from employee turnover when new hires come in at a lower step than the previous occupant of that position. This impact will vary from year-to-year but 0.25% is a reasonable average based on industry standard modeling of employee turnover.
- **PERS Employer Contribution -** Projections based on CalPERS Pension Outlook model, assuming 6.8% discount rate and average 6.2% investment return. A more conservative return is assumed based on the 30-year trend of gradually lower returns, and the reduction in discount rate over this period from 8.75% to 6.8%. For FY2024 Misc plan normal and UAL costs are 36.4% of payroll as projected by CalPERS, with Fire Plan at 64.0% and Police Plan at 78.3%. These percentages will continue to rise until beginning to fall in the mid-2030's with the cumulative impact of employees transitioning to lower benefits under PEPRA, and as unfunded liabilities are paid off.
- **PERS Cost Share Contributions from Employee Groups*** – Clerical/Maintenance bargaining units – 5.0%. Public Safety bargaining units – 6.0%. HAME/Local 21/Unrep-Non-Exempt/Unrep-Exempt/Mayor & City Council – 3.0%. Unrep Dept. Heads/Appointed – 5.0%.
- **Medical** – 3.0% annual growth based on historical cost experience.
- **Workers Compensation** – 2.25% annual growth.
- **Retiree Medical** – 2.25% annual aggregate growth for various plans.
- **Maintenance & Utilities** – 3.0% annual growth based on recent cost trends.
- **Services & Supplies** – 2.0% annual growth based on historical cost experience.
- **Internal Service Fees** – 3.0% annual growth based on historical cost experience.

*This is part of a negotiated agreement and amounts shown are the percentage above statutorily required contribution percentages. The employees of the City of Hayward have chosen to share in the cost of funding CalPERS pensions and other benefits.