

# LONG RANGE FINANCIAL PLAN

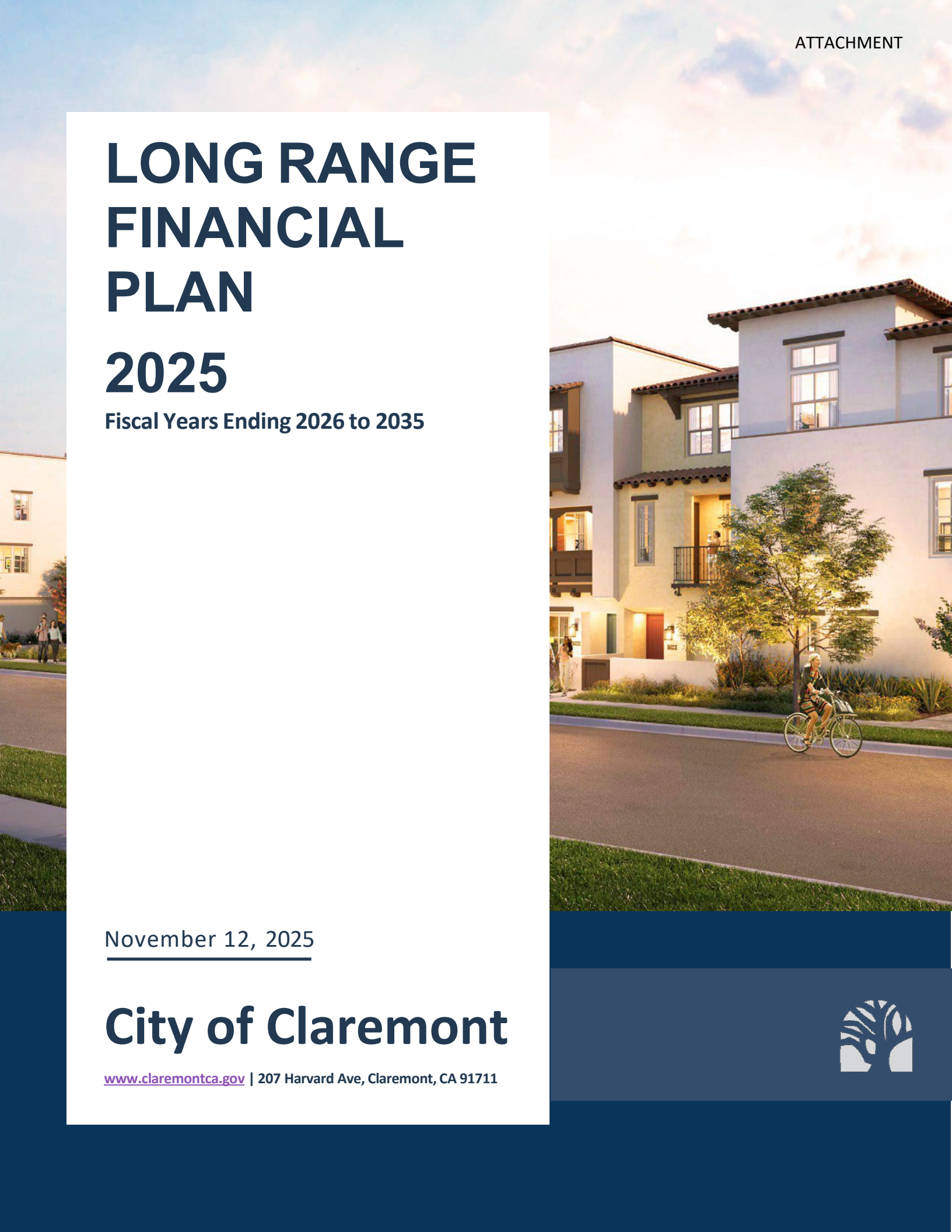
## 2025

Fiscal Years Ending 2026 to 2035

November 12, 2025

## City of Claremont

[www.claremontca.gov](http://www.claremontca.gov) | 207 Harvard Ave, Claremont, CA 91711



# Overview

The 2026-2035 Long Range Financial Plan (LRFP) was developed by Financial Services Staff in order to align with the Council Priority “Maintain Financial Stability” and to achieve the objectives listed below:

## Allows Council to Develop a Strategic Vision

The LRFP helps align the City’s financial resources with its long-term goals and priorities, ensuring that all stakeholders have a shared understanding of future objectives.

## Allows for Informed Decision-making

The LRFP provides a framework for making informed decisions about investments, infrastructure projects, and service levels, based on a comprehensive understanding of financial implications.

## Transparency and Accountability

A well-documented plan enhances transparency, allowing residents to see how their taxes are being used and holding elected officials accountable for financial decisions.

## Community Engagement

Involving residents in the planning process fosters a sense of ownership and trust, as they can contribute to and understand the municipality’s financial strategies.

## Risk Management

The LRFP identifies potential financial risks and develops strategies to mitigate them, ensuring the municipality is better prepared for economic uncertainties.

The LRFP is a preliminary ten-year forecast of the General Fund based on the most recent information available and includes preliminary estimates for FY 2024-25, at the point in time of release, for reference. The LRFP includes a forecast for FY 2025-26 and the years to follow.

This document itself is not a budget for the future years it portrays. It does however provide an overview of the City’s financial capacity based on assumptions for the next ten years, providing the City Council, management, and citizens a financial outlook beyond the biennial budget cycle. It can also serve as a planning tool for longer-term priorities and needs.

# General Fund Revenue Assumptions

## Property Taxes

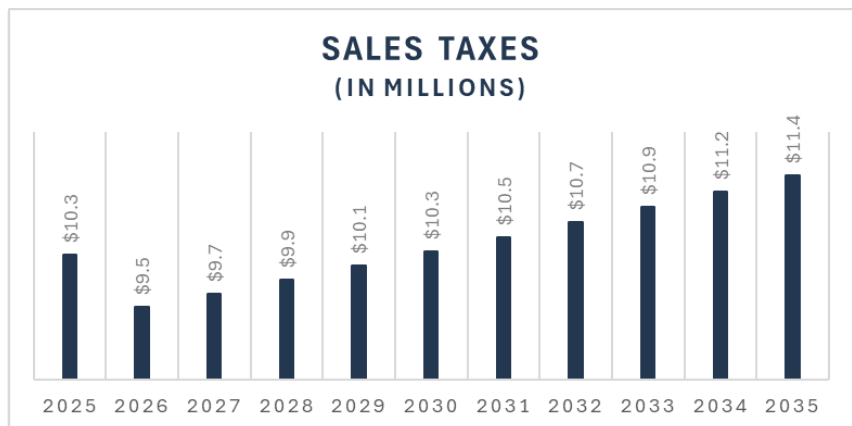
The City has seen healthy growth in assessed property values, contributing to higher receipts of property tax revenue. Proposition 13 provides for the annual increase in the assessed value of taxable property by the Consumer Price Index (CPI), capped at an



increase of 2%. Estimates assume that the CPI increase will continue to be at or above 2%. Proposition 13 also permits the reassessment of property at market value when it is sold or transferred to a new owner, or to account for new construction or the reassessment of properties that had their assessed values reduced in the past due to appeals. Estimates include an additional 2% increase in assessed value due to the property reassessments.

## Sales Taxes

Claremont currently receives 1% of the 9.75% total tax rate for the city. Sales tax revenues for the LRFP are estimated to increase 2% each year. Sales tax revenues consist of two components: (1) sales tax generated from taxable sales in Claremont and (2) Proposition

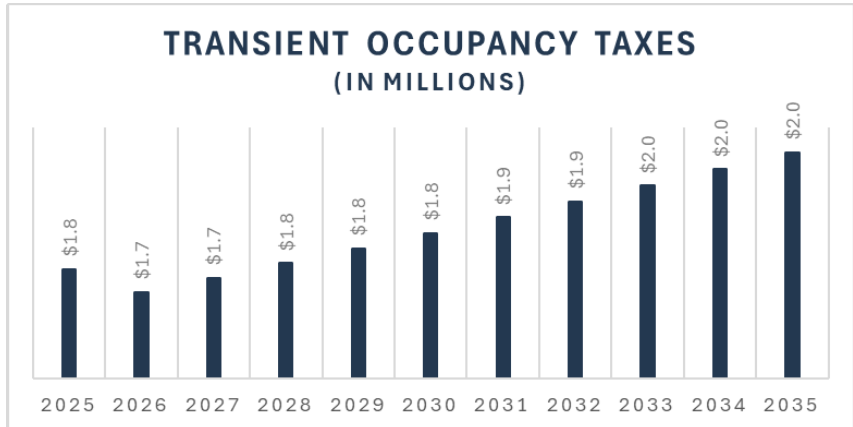


172 revenues, which are State sales tax collections distributed to cities and counties to fund public safety services. Increased sales tax revenue projections are the result of strengthening auto sales, recovery and growth of revenues for our local businesses and the allocation of taxable online sales to the City from the County pool.

## Transient Occupancy Taxes (TOT)

Claremont imposes a 10% TOT tax to the operators of hotels and motels within the city. Estimates include a 2% increase in the collections of this tax each year due to increased occupancy and room rates. Estimates do not yet include the addition of the Residence Inn by

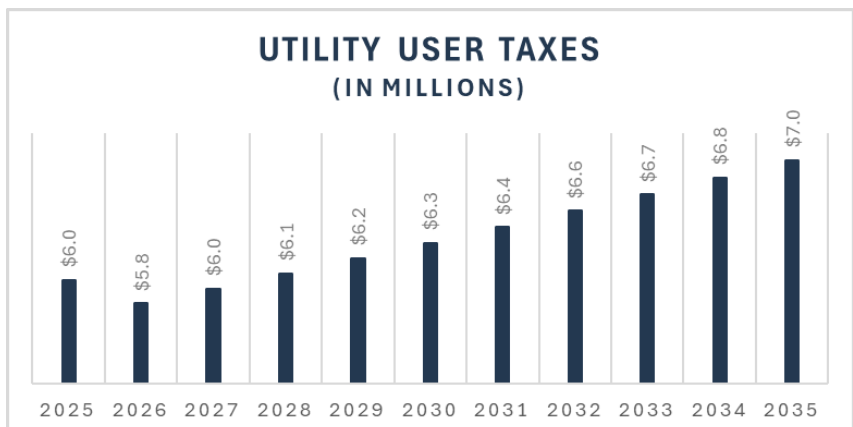
Marriott, currently under construction, or receipts from Short-Term Rentals (STR), which were recently permitted to operate in the City. When data become available from these sources, they will be incorporated into future iterations of the LRFP.



## Utility User Taxes (UUT)

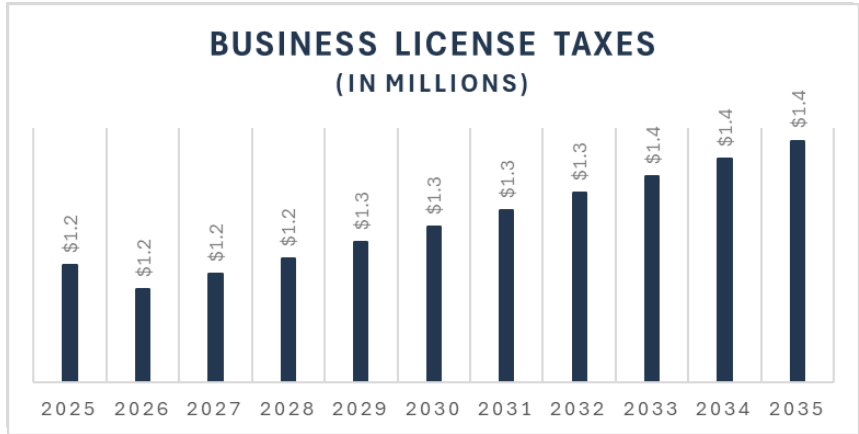
Claremont levies a 5.5% tax on utilities such as telephone (land and wireless), gas, electric, water and cable television. Estimates include a 2% increase in the collections of these taxes each year due to increasing utility rates, particularly in the areas of electricity, gas and

water. These increase have been somewhat moderated by reductions in UUT revenues related to telecommunications and cable TV services, which have been in decline due to increasing competition among service providers.



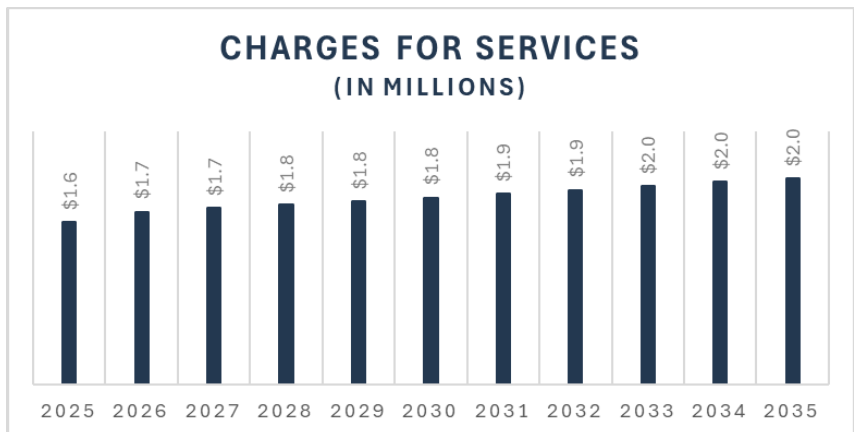
## Business License Taxes

Estimates include an increase in Business License Taxes of 2% to coincide with the estimated CPI increase allowed each year. There are currently over 3,000 businesses that renew their licenses with the City each year.



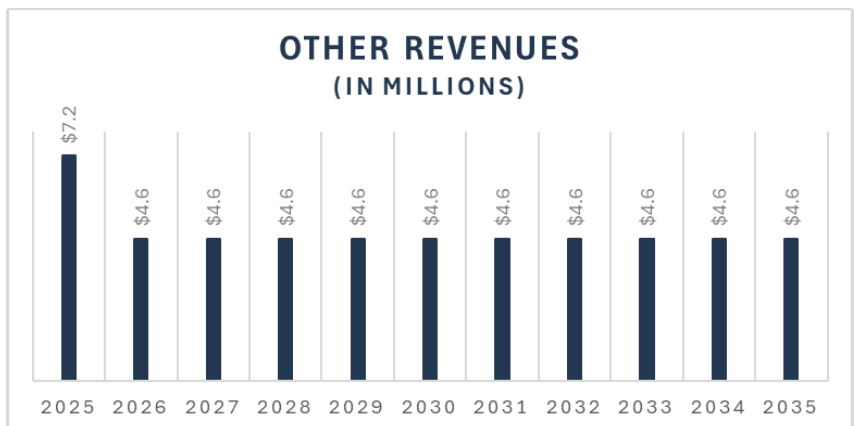
## Charges for Services

Estimates include an increase of 2% to coincide with the estimated CPI increase and assumes continued development to take place throughout the City providing revenues for development review and plan check fees. These revenues also include fees charged for special events and classes provided by the Recreation and Human Services department.



## Other Revenues

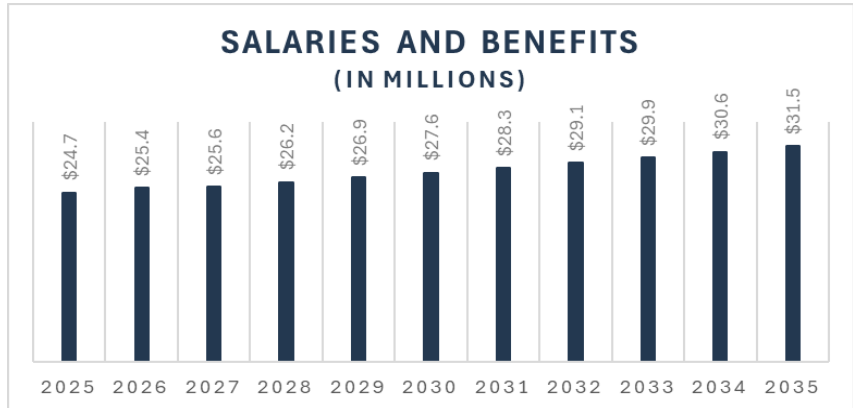
These revenues include Franchise Taxes, Permits, Fines and Forfeitures, Lease revenue from City-owned property, and interest earnings. These revenues are estimated to be unchanged from the 2025-26 levels.



# General Fund Expenditure Assumptions

## *Salaries and Benefits*

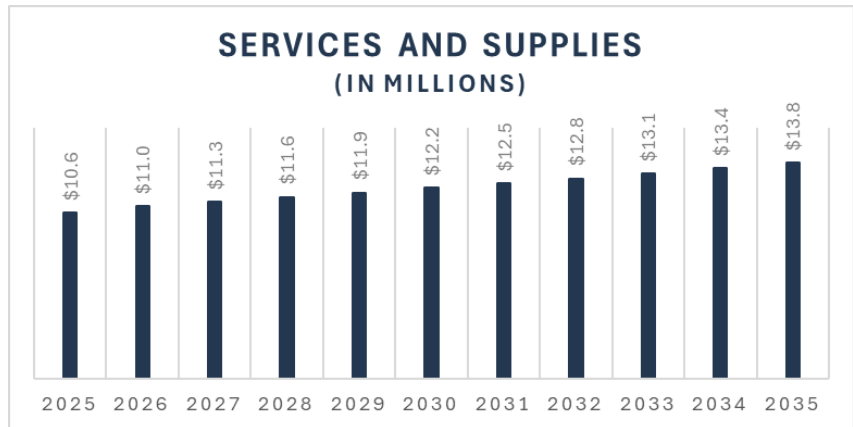
Existing service and staff levels are assumed throughout the LRFP with placeholder assumptions on salary and benefit cost changes. These cost changes include scheduled merit increases, a 2% increase in Workers Compensation rate changes, and assumptions for negotiated salary increases.



The City participates in the California Public Employees' Retirement System (CalPERS) for all full-time regular employees. The LRFP continues to fund the annual rate for the Employer's share of the Normal Cost, the annual Unfunded Actuarial Accrued Liability (UAL) which is based on a 20-year amortization schedule, and an additional discretionary payment annually of \$250,000. The Normal Cost rates and UAL payments are based on the latest CalPERS Actuarial Valuation for all retirement plans covering City employees. As of this report, the latest valuation was as of June 30, 2024.

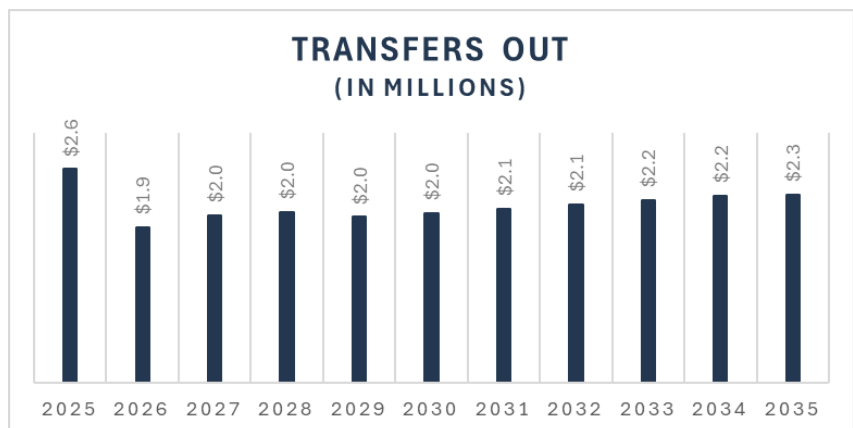
## Services and Supplies

The LRFP includes an assumed increase in Services and Supplies that is based on annual inflationary rates of 2.5% each year beginning in 2026-27. This assumption is based on a moderate rate of inflation that is between two and three percent which is considered normal in modern economies.



## Transfers Out

Transfers from the General Fund to the Landscape and Lighting District Fund and Nutrition Fund are assumed for the LRFP with a 2.5% increase each year to coincide with the inflationary rate anticipated. Debt Service transfers from the General Fund for the 2021

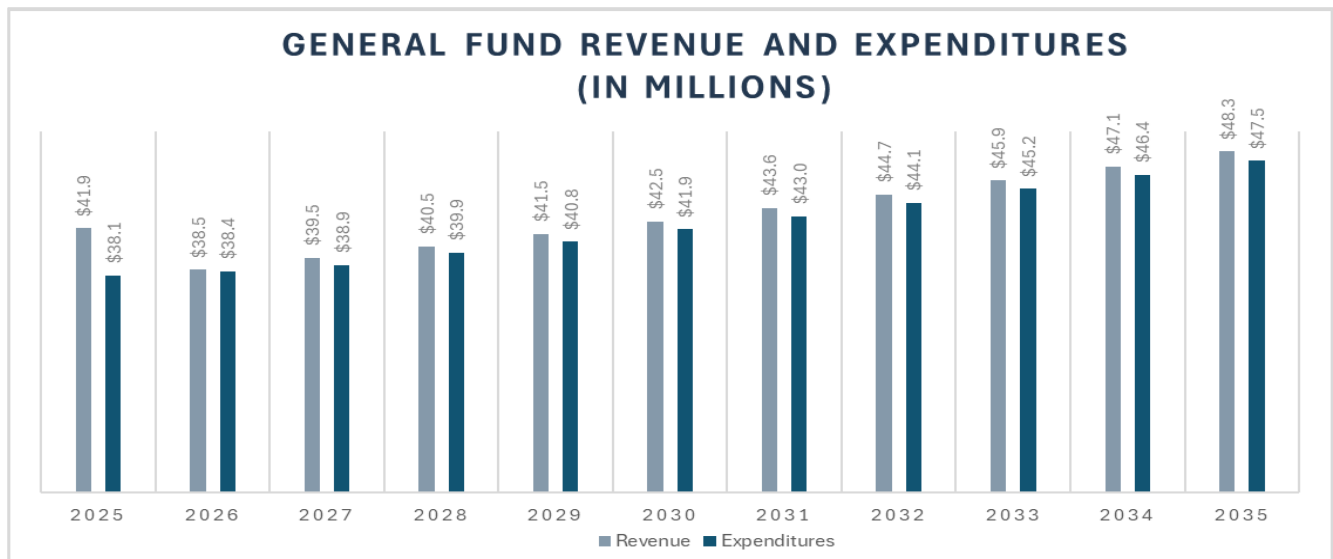


Lease Agreement for the Energy Conservation Project are also included according to their scheduled amounts.

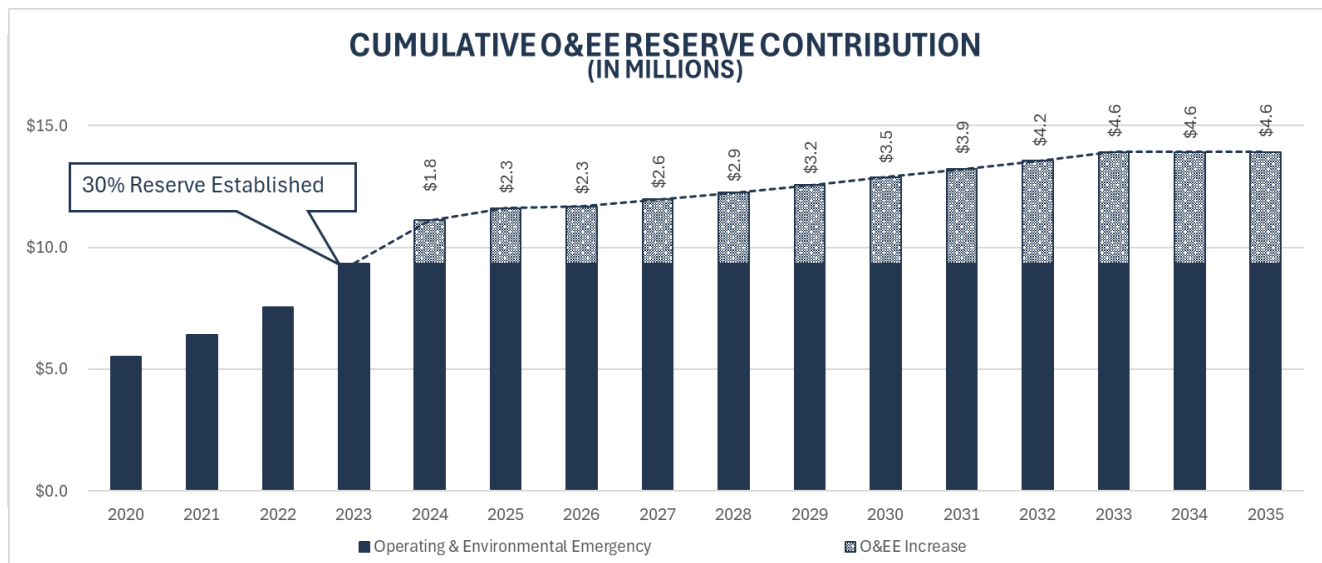


# General Fund Surplus/Deficit

The LRFP calculates an annual General Fund Surplus or Deficit by deducting both Expenditures and Transfers Out from Revenues. Based on the current revenue and expenditure assumptions, the General Fund is anticipated to have positive revenues over expenditures over the duration of the LRFP.



The City's Reserve Policy was amended in October 2023 to increase the Operating and Environmental Emergency Reserve (O&EE Reserve) goal to a total of 30%. The LRFP includes a calculation of the total amount needed each year to maintain that level of O&EE Reserves using General Fund Surpluses.





# Long Range Financial Plan

|                                               | Estimated           | Forecasted          | Forecasted          | Forecasted          | Forecasted          | Forecasted          | Forecasted          | Forecasted          | Forecasted          | Forecasted          | Forecasted          |
|-----------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                               | 2024-25             | 2025-26             | 2026-27             | 2027-28             | 2028-29             | 2029-30             | 2030-31             | 2031-32             | 2032-33             | 2033-34             | 2034-35             |
| <b>REVENUES</b>                               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| PROPERTY TAXES                                | \$13,843,561        | \$13,981,997        | \$14,541,276        | \$15,122,928        | \$15,727,845        | \$16,356,958        | \$17,011,237        | \$17,691,686        | \$18,399,354        | \$19,135,328        | \$19,900,741        |
| SALES TAXES                                   | \$10,264,445        | \$9,527,458         | \$9,718,007         | \$9,912,367         | \$10,110,614        | \$10,312,827        | \$10,519,083        | \$10,729,465        | \$10,944,054        | \$11,162,935        | \$11,386,194        |
| TRANSIENT OCCUPANCY TAXES                     | \$1,761,374         | \$1,706,771         | \$1,740,907         | \$1,775,725         | \$1,811,239         | \$1,847,464         | \$1,884,414         | \$1,922,102         | \$1,960,544         | \$1,999,755         | \$2,039,750         |
| BUSINESS LICENSE TAXES                        | \$1,234,728         | \$1,196,451         | \$1,220,380         | \$1,244,788         | \$1,269,684         | \$1,295,078         | \$1,320,979         | \$1,347,399         | \$1,374,347         | \$1,401,834         | \$1,429,870         |
| UTILITY USER TAXES                            | \$6,026,915         | \$5,840,081         | \$5,956,882         | \$6,076,020         | \$6,197,540         | \$6,321,491         | \$6,447,921         | \$6,576,879         | \$6,708,417         | \$6,842,585         | \$6,979,437         |
| CHARGES FOR SERVICES                          | \$1,602,499         | \$1,708,231         | \$1,742,396         | \$1,777,244         | \$1,812,788         | \$1,849,044         | \$1,886,025         | \$1,923,746         | \$1,962,220         | \$2,001,465         | \$2,041,494         |
| OTHER REVENUES                                | \$7,205,256         | \$4,553,830         | \$4,553,830         | \$4,553,830         | \$4,553,830         | \$4,553,830         | \$4,553,830         | \$4,553,830         | \$4,553,830         | \$4,553,830         | \$4,553,830         |
| <b>TOTAL REVENUES</b>                         | <b>\$41,938,778</b> | <b>\$38,514,819</b> | <b>\$39,473,679</b> | <b>\$40,462,901</b> | <b>\$41,483,541</b> | <b>\$42,536,692</b> | <b>\$43,623,489</b> | <b>\$44,745,107</b> | <b>\$45,902,766</b> | <b>\$47,097,732</b> | <b>\$48,331,316</b> |
| <b>EXPENDITURES</b>                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| SALARIES & BENEFITS                           | \$24,744,400        | \$25,441,828        | \$25,551,746        | \$26,217,621        | \$26,903,294        | \$27,609,356        | \$28,336,416        | \$29,085,099        | \$29,856,051        | \$30,649,936        | \$31,467,437        |
| SERVICES & SUPPLIES                           | \$10,608,268        | \$11,032,599        | \$11,308,414        | \$11,591,124        | \$11,880,902        | \$12,177,925        | \$12,482,373        | \$12,794,432        | \$13,114,293        | \$13,442,150        | \$13,778,204        |
| CAPITAL OUTLAY                                | \$147,162           | \$60,875            | \$50,000            | \$50,000            | \$50,000            | \$50,000            | \$50,000            | \$50,000            | \$50,000            | \$50,000            | \$50,000            |
| <b>TOTAL EXPENDITURES</b>                     | <b>\$35,499,830</b> | <b>\$36,535,302</b> | <b>\$36,910,160</b> | <b>\$37,858,745</b> | <b>\$38,834,196</b> | <b>\$39,837,281</b> | <b>\$40,868,789</b> | <b>\$41,929,532</b> | <b>\$43,020,344</b> | <b>\$44,142,086</b> | <b>\$45,295,641</b> |
| TRANSFERS                                     | \$2,559,888         | \$1,867,426         | \$2,004,471         | \$2,045,669         | \$1,986,094         | \$2,033,766         | \$2,087,028         | \$2,135,905         | \$2,190,420         | \$2,240,599         | \$2,253,354         |
| <b>TOTAL EXPENDITURES &amp; TRANSFERS OUT</b> | <b>\$38,059,718</b> | <b>\$38,402,728</b> | <b>\$38,914,631</b> | <b>\$39,904,414</b> | <b>\$40,820,290</b> | <b>\$41,871,047</b> | <b>\$42,955,817</b> | <b>\$44,065,436</b> | <b>\$45,210,764</b> | <b>\$46,382,685</b> | <b>\$47,548,995</b> |
| <b>ESTIMATED SURPLUS/(DEFICIT)</b>            | <b>\$3,879,060</b>  | <b>\$112,091</b>    | <b>\$559,048</b>    | <b>\$558,487</b>    | <b>\$663,252</b>    | <b>\$665,646</b>    | <b>\$667,672</b>    | <b>\$679,670</b>    | <b>\$692,002</b>    | <b>\$715,047</b>    | <b>\$782,321</b>    |
| O&EE RESERVE CONTRIBUTION                     | \$0                 | \$61,329            | \$296,935           | \$274,763           | \$315,227           | \$325,431           | \$332,886           | \$343,598           | \$351,576           | \$362,123           | \$372,987           |
| <b>ADJUSTED SURPLUS/(DEFICIT)</b>             | <b>\$3,879,060</b>  | <b>\$50,762</b>     | <b>\$262,113</b>    | <b>\$283,725</b>    | <b>\$348,024</b>    | <b>\$340,214</b>    | <b>\$334,786</b>    | <b>\$336,072</b>    | <b>\$340,426</b>    | <b>\$352,923</b>    | <b>\$409,334</b>    |

It is important to note that actual revenues and expenditures often vary from budgeted figures. The LRFP provides the best assumptions based on information provided and/or available at the time of the report. These assumptions are subject to change and will be evaluated periodically and will be updated annually with the LRFP presented to the City Council in fall of each year.

Additionally, management will continue to evaluate and recommend reserve and other best practices for financial policies and continue to evaluate and secure revenue enhancement opportunities.

