



CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
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DEPARTMENT OF FINANCE
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SACRAMENTO, CALIFORNIA 95814
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JACK R. CRIST
DIRECTOR OF FINANCE
FRANK MUGARTEGUI
ASSISTANT DIRECTOR

April 22, 1980

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: California State University, Sacramento Revenue Forecasting
Project for the City of Sacramento

SUMMARY

The attached consultant report forecasts City revenues for four significant revenue sources: 1) Sales Tax; 2) Auto in Lieu Tax; 3) Utility Users Tax; and 4) Construction Fees. This report forecasts two fiscal years, 1979-80 and 1980-81.

The Budget and Finance Committee, at its April 21, 1980 meeting, discussed the Revenue Forecasting Report. This report is being submitted to the City Council for information only and requires no formal Council action. Staff will be available to answer questions.

Respectfully submitted,

Jack R. Crist
Director of Finance

FOR COUNCIL INFORMATION

Walter J. Stipe
City Manager
FILED
By the City Council
Office of the City Clerk

JRC/bb
FA:80175

April 29, 1980
All Districts

APR 29 1980



CITY OF SACRAMENTO

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DEPARTMENT OF FINANCE

915 I STREET
ROOM 112

SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5738

JACK R. CRIST
DIRECTOR OF FINANCE
FRANK MUGARTEGUI
ASSISTANT DIRECTOR

April 15, 1980

Budget and Finance Committee
City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: California State University, Sacramento Revenue Forecasting
Project for the City of Sacramento

SUMMARY

The attached consultant report forecasts City revenues for four (4) significant revenue sources as follows:

- a) Sales Tax
- b) Auto in Lieu Tax
- c) Utility Users Tax
- d) Construction Fees

The report forecasts two fiscal years 1979-80 and 1980-81. The report is informational in nature and requires no formal Committee action. The University staff will be in attendance to answer questions.

BACKGROUND

Resolution No. 79-402, dated June 26, 1979, appropriated \$16,680 and authorized an agreement with the California State University, Sacramento Economics Department to perform a study and forecast the above described four City revenue sources. This report is attached for the Committee's review.

FINANCIAL

Attachment I is a comparison of the California State University forecast to the revenue amounts shown in the Preliminary 1980-81 City Budget.

Following is the City staff's comments with respect to the individual comparisons:

1. Sales Tax

The City staff agrees with the consultant's 1980-81 projection and has incorporated it in the 1980-81 Preliminary Budget.

The staff disagrees with the 1979-80 consultant projection of \$18.4 to \$18.9 million as the high would only represent a 9.9% increase for the year. Accordingly, we will stay with our \$19.6 million estimate, a 13.6% increase which in our opinion more closely approximates general inflation and the previous year's growth rate. This estimate will be closely monitored during the year.

2. Auto in Lieu

The City staff agrees with the consultants 1980-81 projection and has incorporated it in the 1980-81 Preliminary Budget.

The staff disagrees with the 1979-80 consultant projection of \$4.65 to \$4.8 million, although the high \$4.8 million may well be, in our opinion, reasonable in light of the current slow down in the economy. At this point, staff will stay with our \$5.0 million estimate, a 16.2% increase, and monitor collections closely.

3. Utility Users Tax

The City staff disagrees with both the 1980-81 and 1979-80 consultant recommendations for this revenue source.

The 1980-81 forecast includes no provision for announced rate increases. Discussions with the utility companies indicate 15% to 16% on average is a reasonable increase. These increases will impact the last quarter of 1979-80 also.

Accordingly, the City staff will stay with the \$5.3 million and \$6.2 million respectively for 1979-80 and 1980-81 (4.6% increase for 1979-80 and 15% for 1980-81).

4. Construction Fees


The staff has the benefit of two additional months since the California State report was issued. Obviously, the construction related revenue outlook changed significantly during the months of January through April. Attachment II details those revenues comprising the construction fee category. A review of Attachment II indicates that the staff has taken a more conservative position relative to the California State forecast.

Respectfully submitted,



Jack R. Crist
Director of Finance

FOR COMMITTEE INFORMATION:



FOR William H. Edgar
Assistant City Manager

JRC/bb
Attachments

April 22, 1980

COMPARISON OF CSUS FORECAST TO CITY BUDGET

	<u>Retail Sales Tax</u>	<u>Auto In Lieu</u>	<u>Utility Users Tax</u>	<u>Construction Fees</u>
1978-79 Actual	\$17,248,236	\$4,303,292	\$5,108,019	\$ 8,125,503
<i>Percentage Increase from Prior Year</i>	15.1%	13.1%	10.9%	86.9%
<u>FISCAL YEAR 1979-80:</u>				
<u>Cal-State University</u>				
Forecast (From- To)	18,410,000 18,957,000	4,650,000 4,800,000	4,627,000 5,540,000	-
<i>% Over (Under) Actual</i>	6.7%-9.9%	8.1%-11.5%	(9.4%)-8.5%	22.6%
Forecast (Midpoint)	18,700,000	4,725,000	5,085,000	9,965,000
<u>City of Sacramento Staff</u>				
Forecast	19,600,000	5,000,000	5,345,000	8,831,323
<i>% Over (Under) Actual</i>	13.6%	16.2%	4.6%	8.7%
Difference: City Over (Under) CSUS	900,000	275,000	260,000	(1,133,677)
<u>FISCAL YEAR 1980-81:</u>				
<u>Cal-State University</u>				
Forecast (From- To)	\$21,987,000 22,625,000	\$5,200,000 5,300,000	\$4,902,000 5,825,000	-
<i>% Over (Under) 1979-80</i>	15.98%-22.90%	8.33%-13.98%	(11.52)-25.89	27.5%
Forecast (Midpoint)	22,300,000	5,250,000	5,365,000	\$12,707,000
<u>City of Sacramento Staff</u>				
Forecast	22,300,000	5,300,000	6,200,000	7,672,000
<i>% Over (Under) 1979-80</i>	13.7%	6.0%	16.0%	(13.1%)
Difference: City Over (Under) CSUS	-0-	50,000	835,000	(5,035,000)

CONSTRUCTION FEES

<u>Revenue Code</u>	<u>Description</u>	<u>Actual 1977-78</u>	<u>Actual 1978-79</u>	<u>79-80 Actual Collections Through 3/28/80</u>	<u>Revised Budget 1979-80</u>	<u>Estimated Budget 1980-81</u>
3203	Construction Permits	\$1,298,228	\$1,940,436	\$1,593,662	\$2,200,000	\$ 2,000,000
3603	Subdivision Map Processing	33,528	72,409	34,516	73,000	66,000
3604	Rezoning Fees	6,900	32,695	30,081		
3605	Variance Fee	1,405	14,605	13,545	72,800 ¹	66,000
3628	EIS Fees	9,095	17,102	13,693		
3629	Bridge Construction	228,033	178,628	161,990	150,000	100,000
3641	Major Street Construction	18,991	1,379,286	1,547,493	1,825,000	1,660,000
3120	Residential Park Develop. Tax	341,575	1,316,684	1,255,290	1,410,523	1,280,000
3640	Special Assessment	2,409,469	3,173,658	175,954	3,100,000	2,500,000
		<u>\$4,347,224</u>	<u>\$8,125,503</u>	<u>\$6,382,703</u>	<u>\$8,831,323</u>	<u>\$ 7,672,000</u>
				8.7%		(13.1%)
	CSUS Study Data				<u>\$9,965,000</u>	<u>\$12,707,000</u>

¹Included in Miscellaneous Fee estimates.

REVENUE FORECASTING FOR CITY OF SACRAMENTO

Prepared by Department of
Economics, California State
University, Sacramento

REPORT ON FILE IN THE FINANCE DEPARTMENT
ROOM 112 CITY HALL