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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

February 24, 1987

CITY HALL
ROOM 109
915 I STREET
SACRAMENTO, CA
95814-2684

CITY MANAGER'S OFFICE 916-449-5704

RECEIVED
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City Council
Sacramento, California

Honorable Members in Session:

RE: Fiscal Year 1986-87 Midyear Review

SUMMARY

The attached reports were reviewed by the Budget and Finance Committee on February 24, 1987.

- A. FY 1986-87 Midyear Economic Forecast. This report is an economic forecast prepared for the City by an independent economic forecasting consultant. The purpose of the report is to inform the City Council of the significant economic factors that will likely influence the local economy during the next several years.
- B. FY 1986-87 Midyear Revenue Projections. This report presents the FY 1986-87 midyear revenue projections and recommends that the revisions to the revenues be adopted in the 1986-87 Approved Budget.
- C. 5-Year Revenue Projection - All Funds. This report transmits staff's 5-year revenue projections for all City funds. These projections provide early indications of potential program expansions and the need for revenue increases and/or expenditure reductions.
- D. 1986-87 Midyear Review: Fund Balance Projections. This report provides a midyear fund balance projection and a 5-year fund balance projection for the General Fund as well as each of the enterprise funds. This report summarizes the overall position of each of the major funds which have been reviewed.

RECOMMENDATION

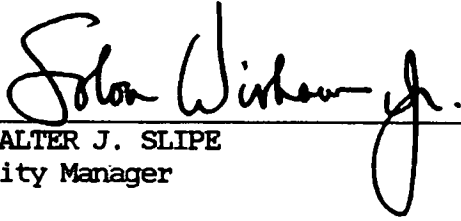
Staff requests that the Council approve the attached resolution adopting the Midyear Review updates to the 1986-87 budget. The 5-year projections are for information only.

Respectfully submitted,



KEN NISHIMOTO
Acting Budgt Officer

RECOMMENDATION APPROVED:



For: WALTER J. SLIPE
City Manager

All Districts
March 3, 1987



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DEPARTMENT OF
FINANCE

REVENUE DIVISION

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 104
915 I STREET
SACRAMENTO, CA
95814-2696

February 17, 1987
RD: 871057-ADM:MLM:lv

916-449-5454

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: FY 1986/87 MIDYEAR ECONOMIC FORECAST

SUMMARY

This report recommends that the Budget and Finance Committee direct the transmittal of the FY 1986/87 Midyear Economic Forecast to the City Council for its information.

BACKGROUND

Beginning with FY 1983/84 staff has provided the City Council with an economic forecast prepared for the City by an independent economic forecasting consultant. The purpose of the forecast is to inform the City Council of the significant economic factors that will likely influence the local economy during the next several years.

DISCUSSION

The FY 1986/87 Midyear Economic Forecast was prepared for the City by Data Research Inc., DRI, a division of McGraw - Hill's Financial and Economic Information Company. DRI provides comprehensive information services for monitoring, analyzing, and forecasting the economic environment and related factors. Founded in 1968 by Dr. Otto Eckstein, DRI provides a unique capability for quantitative analysis through the use of large-scale econometric models, extensive data banks, and specialized computer facilities. The professional staff includes more than 600 economists, econometricians, engineers, specialists in computing and programming, and researchers in many fields. More than 1,000 client organizations are presently served from twenty DRI offices in the United States, Canada, and Europe. The domestic client practice includes half of the Fortune 500 industrial corporations, three-fourths of the largest 50 commercial banks, more than half of the largest 50 utilities, and 50 major government agencies, including most Cabinet-level departments of the Federal Government.

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Budget and Finance Committee

-2-

February 17, 1987

DRI representatives Jay V. Kloefer and Richard R. De Turck, Jr. have prepared the City's FY 1986/87 Midyear Economic Forecast. The forecast was prepared utilizing the extensive economic data available to DRI and data and insights provided by key City staff.

RECOMMENDATION

It is recommended that the Budget and Finance Committee direct staff to transmit the attached FY 1986/87 Midyear Economic Forecast to the City Council for its information.

Respectfully submitted,



Michael L. Medema
Revenue Officer

RECOMMENDATION APPROVED:



JACK R. CRIST
Deputy City Manager

Attachment

All Districts
February 24, 1987

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**SACRAMENTO METROPOLITAN AREA
ECONOMIC FORECAST**

AND

**SACRAMENTO CITY
REVENUE FORECAST**

FIRST QUARTER 1987

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I. EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

The current forecast for the Sacramento metropolitan area was prepared by Data Resources, Inc.(DRI) and was based on the December 1986 DRI forecast of the U.S. economy and on the December 1986 California Commission on State Finance's (COSF) December 1986 forecast of California. DRI has utilized the December 1986 forecasts to maintain consistency between the national and state projections. The CSOF forecast for California is based on the DRI national projections.

Key economic indicators for the U.S., California, and Sacramento are summarized in Tables A1 - A4 in the Appendix.

THE U.S. ECONOMIC OUTLOOK

The U.S. economy is expected to grow slowly in 1987, continuing the pattern established in 1986. An improvement in the trade balance is expected as the value of the dollar continues to decline. The effects of the Tax Reform Act of 1986 put more disposable income in consumers hands but severely reduces the willingness of business to invest in capital equipment and structures.

The housing market sags as multifamily units become less attractive due to high vacancy rates and reduced attractiveness as a tax shelter. Single family starts continue to exhibit strength as mortgage rates on construction loans continue to decline.

Industrial production remains weak in 1987 as the energy industry in the U.S. continues to falter. Capital goods receives a fillip from the improving export markets. Electronics and computer equipment recover as U.S. producers regain the edge over imports.

Federal government spending begins to slow in 1987 as the President and Congress strive to reduce the deficit. Defense spending declines significantly, although funds appropriated in previous years mitigate the impact on defense contractors.

Employment continues to grow mainly in the service sectors. The unemployment rate drops to 6.3% by late 1988. Personal income growth slows after the tax cut is absorbed and retail sales show signs of sluggishness through the forecast period.

Interest rates continue to fall as the Federal Reserve lowers the prime rate to 5% in 1987. Long-term rates continue to decline also: mortgage rates approach 9% on fixed 30 year loans, government bond yields also continue to decline.

THE CALIFORNIA OUTLOOK

The outlook for California parallels that of the U.S., albeit at slightly higher growth rates. The weakness that has been apparent in industrial production and non-residential construction continues in 1987. Single family housing construction continues briskly, but the overbuilt multifamily market retrenches dramatically from 1986 levels. The defense and aerospace industry in California begins to feel the impact of spending cuts in 1987. Total non-agricultural employment growth falls back slightly. Personal income continues to grow, though not as smartly as in 1985-1986.

THE SACRAMENTO MSA OUTLOOK

The outlook for the Sacramento MSA calls for continued economic growth over the next three years, but at a much more subdued pace than that of the past three years. The construction boom of the past few years is expected to draw to a close in 1987, both influencing and following a general settling of economic activity in Sacramento, with lower but moderate growth projected for personal income and employment.

Total employment growth will subside to 2.3% in 1987 and then moderate, as the potential benefits from the turnaround in trade will be limited by the small size of the MSA's manufacturing sector. Government employment will continue to dominate and will grow at respectable rates in response to continued statewide population and income growth. Trade employment will remain flat in 1987, rising modestly thereafter in concert with general economic activity. Employment in services will enjoy strong growth through the forecast interval, following the national trend towards a relative increase in the service sector of the economy.

Total building activity will decline substantially in 1987, and will grow only modestly through 1989. Nonresidential activity drops dramatically in 1987, responding to an overbuilt market, federal tax law changes, and the general slowing of business activity in Sacramento. Single family housing will grow at lower, but still quite healthy rates in 1987 and 1988, while multifamily housing will be devastated by tax laws changes and high vacancy rates.

Real taxable sales will drop 1.1% in 1987 and then exhibit rather slow growth as a direct response to the settling economy. Taxable sales categories suffering slowest growth will be those vending non-durable consumption items and those catering to the construction industry.

Electric utility revenues are expected to grow at steady, moderately strong rates over the forecast interval as the result of modest consumption growth and regular rate increases. Gas utility revenues should maintain strong growth in 1987 and then show much smaller gains as energy prices begin to recover.

THE SACRAMENTO CITY REVENUE OUTLOOK

Sacramento city revenues are expected to grow through the forecast interval at rates much lower than those experienced in the past few years, consistent with the economic outlook for MSA. Property tax revenues will lead the growth and will represent an increasing share of total major revenues, as city assessed values continue to rise at a moderate rate. Sales and use taxes will be flat initially followed by modest growth, reflecting the economic outlook for the region. Utility users' fees growth will be reasonably strong initially, but will damp out as the utility users' tax rate declines. Business operating fees will exhibit moderately strong growth. The property transfer tax growth rate is projected to slow dramatically in 1986 and 1987, responding to the settling in the local real estate market, before resuming moderate growth through 1989.

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II. UNITED STATES ECONOMIC OUTLOOK

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U.S. ECONOMIC OUTLOOK

The current economic forecast for the U.S. is based on the DRI December 1986 Control Forecast. This forecast was prepared on November 30, 1986 and incorporates actual data through the third quarter of 1986.

Briefly stated, the U.S. outlook is one of continued slow but steady growth in economic activity. Even though new car sales and housing starts in 1987 will show slight declines from 1986 levels, net U.S. exports, total industrial production, total employment, real GNP, real personal income and the federal deficit will all show improvement in 1987.

Two major uncertainties will affect economic activity in 1987. The effects of tax reform and the ability of the U.S. to reduce its trade deficit will determine whether 1987 will be a good year or just an average one.

Tax Reform

The 1986 Tax Reform Act was widely hailed as the most sweeping federal tax legislation since the Revenue Act of 1942. However, there will be some fundamental changes in the way individuals and corporations invest their capital. For individuals, the tax act lowers marginal tax rates giving the appearance of a reduced tax burden. However, it also eliminates many deductions and tightens the rules for income exclusion thereby broadening the tax base. For businesses, the tax act eliminates much of the favoritism that exists in industry-specific tax preferences and creates a new investment climate by not favoring certain types of investments. The repeal of the investment tax credit, the scaling back of accelerated depreciation schedules, the restricting of foreign sourcing of income and the strengthening of minimum tax provisions all lead to an increased burden on business.

In the near term, the tax act has already disrupted the purchasing pattern of consumers. Large-item purchases were shifted to 1986 to take advantage of the sales tax deductibility which disappears in 1987. Businesses have likewise postponed investment decisions while sorting out the new laws' provisions. The net effect is slower growth in new investment, employment and personal income.

In the longer term, tax reform is likely to improve economic performance. The tax law changes will encourage individuals to invest in activities that produce real goods and services thus increasing economic activity rather than in investments designed to reduce taxes. Businesses also will be encouraged to target investment decisions toward those that promise gains that promote economic efficiency.

Tax reform will affect different states by varying degrees. The elimination of the sales tax deduction while maintaining the state income tax deduction will discriminate against those states that rely heavily on a sales tax. States like Washington, Florida, Tennessee, Hawaii, South Dakota, Mississippi, Nevada, Indiana, West Virginia, and Arizona all rely heavily on sales taxes. Alaska, Delaware, Montana, New Hampshire, and Oregon have no sales taxes and therefore are not losing the implicit federal subsidy resulting from the deductibility of state and local taxes.

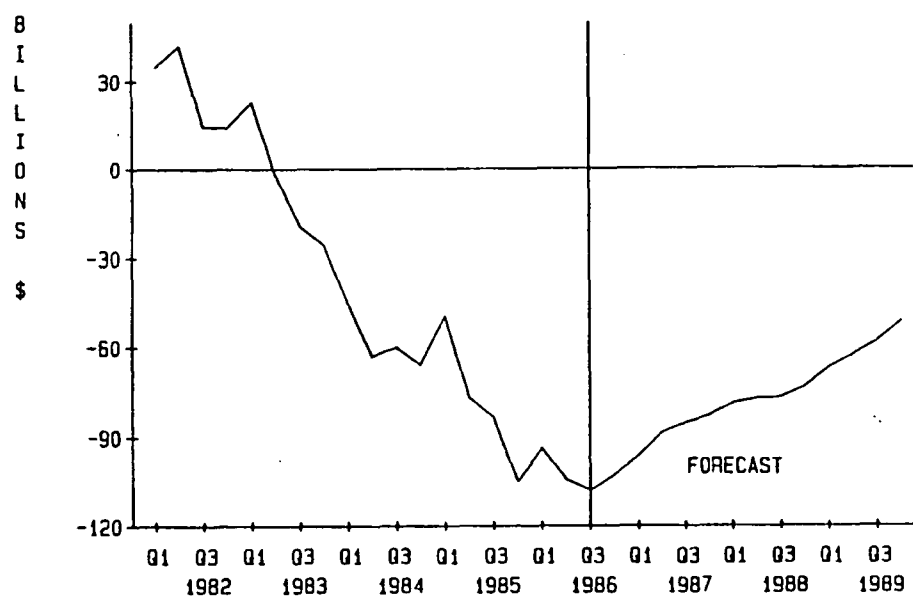
Different industries are also affected by tax reform to different degrees. Industries that require large infusions of capital to maintain production, like non-electrical machinery, transportation equipment and primary metals, will all be hit hard. Correspondingly office furniture manufacturers, building material suppliers and suppliers to the nonresidential construction industry will all be hurt as investment in commercial and industrial structures slows. The service and financial sectors of the economy will not be affected to nearly the same degree due to their smaller dependence on capital-intensive investment.

The final verdict on tax reform may never be definitive owing to the subtle and complex issues involved. The predominant drawback is the negative effects on investment. On the positive side, a more equitable allocation of resources through a more fair tax law will encourage growth in the longer term.

Trade

The decline in the value of the dollar, relative to other currencies, brings it to its lowest level in five years, nearly 27% below its trade-weighted value of March 1985. A further decline of almost 9% is expected in 1987. These shifts will give U.S. manufacturers a decided competitive edge over European and Japanese producers.

NET EXPORTS - UNITED STATES



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A strong recovery in exports led by agricultural products and capital goods is already underway. Imports meanwhile are slackening as a result of higher import prices and the decline in investment (resulting from tax reform) in capital goods. The continuation of these trends is expected to contribute nearly half of the projected growth in real GNP in 1987.

Foreign manufacturers have been reluctant to give back the share of the market they won during the past five years when the dollar was much stronger. As import prices have risen in dollar-terms, importers have reduced their profit margins and maintained lower prices. That situation has become untenable with the further declines in the dollar's value, and the prices of sensitive consumer goods and automobiles are already falling back.

Oil imports are expected to increase significantly in the years ahead. Falling domestic production, increasing consumption, and depleting inventories are expected to lead to oil imports of 7.6 mmbd in 1989, up from 6.3 mmbd in 1986. Although OPEC's recent agreement has led to price increases, some price slippage is expected in the spring as demand falls. The projected average price of imported oil is shown in Table 1 below.

Table 1
U.S. Oil Import Prices and Costs

	<u>\$/bbl</u>	<u>Total Import Bill</u>
1986	\$14.51	\$33.4 billion
1987	\$16.08	\$37.5 billion
1988	\$17.42	\$43.1 billion
1989	\$18.50	\$50.1 billion

The falling dollar and a strengthening world economy will open new opportunities for U.S. exporters. Latin America, the Middle-East and the Far East will contribute to the demand for U.S. exports while Europe and Canada will moderate. The U.S. advantage in selling capital goods will strengthen and contribute to a reduced trade deficit. Agricultural products will also recover briskly.

Table 2
U.S. Trade Surplus in Selected Goods
(Billions of dollars)

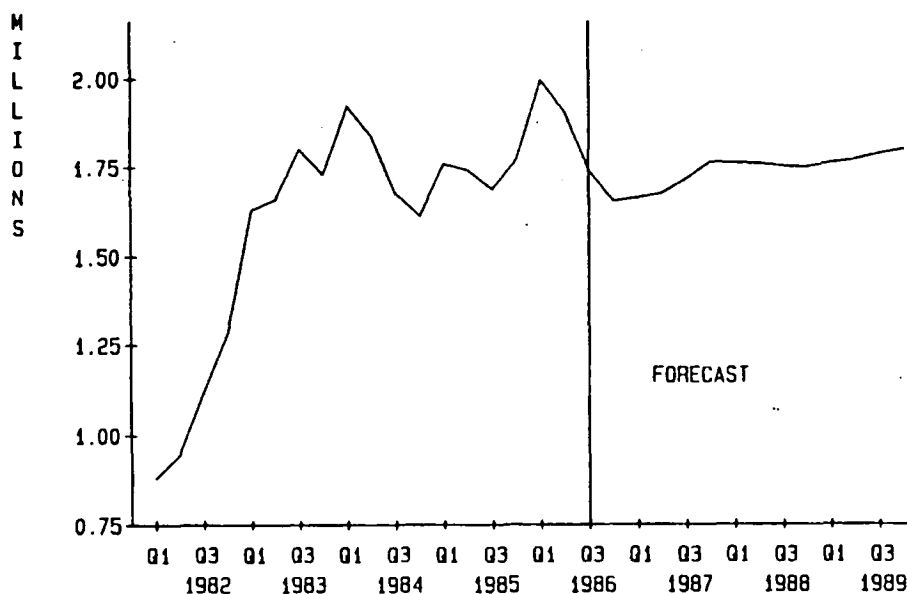
	<u>Capital Goods</u>	<u>Agricultural Products</u>
1981	\$44.9	\$20.1
1986	\$ 3.2	-\$1.8
1989	\$34.9	\$ 7.4

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Forecast Highlights

Consumer Spending - In the first quarter of 1987, the cut in personal tax rates boosts real disposable income growth by 4.6% and fuels a minor rebound in consumer spending. Many auto buyers advanced their purchases of cars and other major durable goods into the final quarters of 1986 in order to qualify for the state sales tax deduction. Lackluster income growth during the rest of the 1987 keeps real spending gains near 2.0%. Spending is expected to jump 2.4% in 1988 with the final phase-in of the personal tax cut. The retail sales component should continue to grow near 5.9% in 1987 and 1988 before slowing to 4.1% in 1989.

HOUSING STARTS - UNITED STATES



Housing - Single family starts are expected to remain near their 1986 level of 1.2 million units in 1987 and 1988 as a result of low mortgage and construction loan rates. Multifamily construction, in contrast, will continue to weaken under tax reform. Total starts are expected to reach 1.71 million in 1987, 1.76 million in 1988 and 1.78 million in 1989.

Business Fixed Investment - Moderate real GNP growth, low capacity utilization rates, and tax reform will continue to discourage business fixed investment. Overall spending is projected to decline 0.7% in 1986 and 1.0% in 1987, before recovering 4.9% in 1988 and 1.8% in 1989. Although damaged by the loss of the investment tax credit and by less favorable depreciation rules, equipment spending is the strongest category, with purchases up 1.8% in 1987, 5.6% in 1988, and 2.0% in 1989. Equipment spending surged briefly in the fourth quarter as companies advanced purchases into 1986 to lock in favorable depreciation schedules; it then is expected to drop back in the first quarter of 1987.

Spending on non-residential buildings (excluding public utilities) is projected to fall 4.4% in 1986 and 5.7% in 1987, before recovering 2.7% in 1988 and 0.8% in 1989. A correction in the overbuilt office market, combined with the restrictions on tax shelters and the longer depreciation lives imposed by tax reform, generates the declines. Mining and petroleum drilling also drops, plummeting 22.3% in 1987, before rebounding 14.2% in 1988 and 13.2% in 1989. Public utility spending declines throughout the forecast period as electric utility construction winds down.

Fiscal Policy - Congress avoided the need to vote on sequestration in 1986 by approving a deficit reduction package worth \$11.7 billion and incorporating revenue generated from tax reform into their budget estimates. Nevertheless, DRI still expects the unified deficit to reach \$174 billion in fiscal 1987, \$20 billion higher than the upper limit of the Gramm-Rudman-Hollings target range. Since the Administration's January budget for fiscal 1988 is still required to hit the G-R-H targets, deficit reduction efforts are expected to continue.

The forecast incorporates the Tax Reform Act of 1986, which lowers individual income tax revenues by some \$120 billion over 1987-91 and raises corporate taxes by a similar amount. Because the investment tax credit is eliminated as of January 1, 1986, corporate taxes as measured in the NIPA data register a revenue gain starting in the first quarter of this year.

Monetary Policy - The forecast assumes that the Federal Reserve will continue to ignore M1, focusing instead on M2 and M3 as the primary measures of monetary policy. Regulatory changes have made M1 velocity an unreliable measure in recent years, producing erratic shifts in nonborrowed reserves and forcing the Federal Reserve to monitor the federal funds rate in its day-to-day operations. Thus, growth in M2 reaches 9% this year, hitting the top of its 6-9% target band.

During the first half of 1987, the Fed continues to be accommodative in an effort to keep the economy afloat. Chairman Volcker is assumed to leave the Federal Reserve when his term expires in August 1987, allowing the Fed's supply-siders to gain control. In light of gradually accelerating inflation and stronger real GNP growth in the last half of 1987, Fed policy will tighten somewhat, keeping M2 and M3 within their target ranges.

The Treasury is expected to continue to finance the federal deficit through long-term bond issues, putting upward pressure on long-term interest rates. The yield curve thus remains relatively steep.

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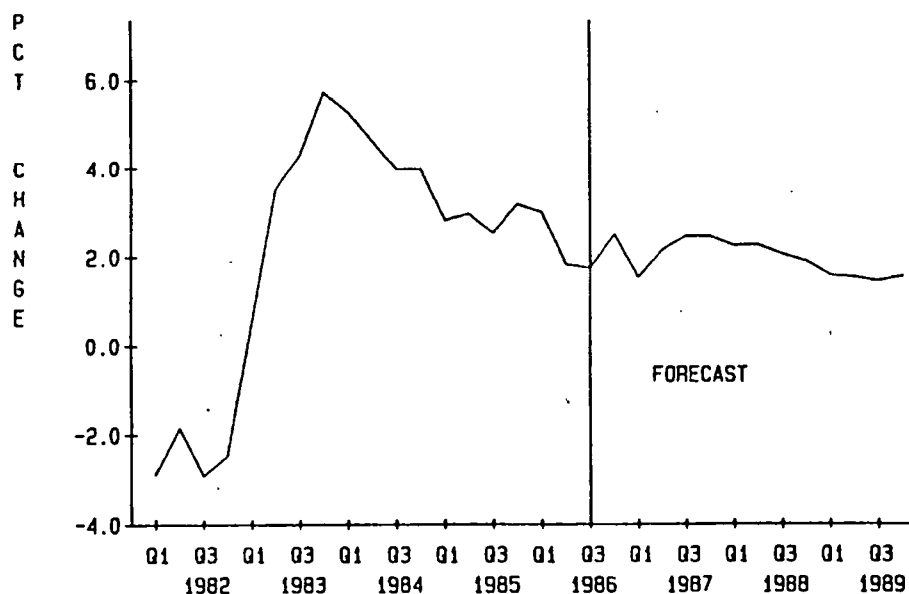
Federal Government - Federal receipts are expected to grow 6.5% annually over fiscal years 1987-89. The fiscal 1987 budget, together with the outlay provisions of a small deficit reduction package, slows the growth of military spending, grants-in-aid, and nondefense purchases; total federal spending growth is thus 2.6% in fiscal 1987, 3.6% in fiscal 1988, and 4.5% in fiscal 1989.

State and Local Government - The construction boom that has driven state and local government spending in 1986 is expected to fade, leading to declines in real expenditures over the next two quarters. Reflecting cuts in federal grants-in-aid, the growth of real state and local government purchases is projected to slow from 4.3% in 1986 to an average of 1.4% over the next three years. The windfall revenues from federal tax reform will boost the surplus on operating accounts to \$11.6 billions in 1988 before an economic slowdown reduces it to \$5.7 billion in 1989.

Inventories - In 1987, inventories will grow slightly slower than sales as the economy rebounds, but accumulation will outpace sales in the last two years of the forecast as sales weaken and some of the cost pressures to hold down inventories ease.

Energy - Natural gas surpluses, as well as strong gains in nuclear power and coal production, should hold down oil demand over the forecast period. Moderate cooperation, both within and outside OPEC, however, is expected to offset the downward pressures on oil prices. As a result, the average refiners' acquisition price of foreign crude oil is projected to rise from \$11.91 in the third quarter of 1986 to \$16.57 by the first quarter of 1987. While oil prices temporarily slip toward \$15 during the spring lull in demand, they move up to \$17.03 by 1987:4, \$18.00 by 1988:4, and \$19.50 by 1989:4. Only when natural gas surpluses begin to disappear and non-OPEC production slows in the mid-1990s will oil prices strengthen appreciably.

TOTAL NON-FARM EMPLOYMENT - UNITED STATES

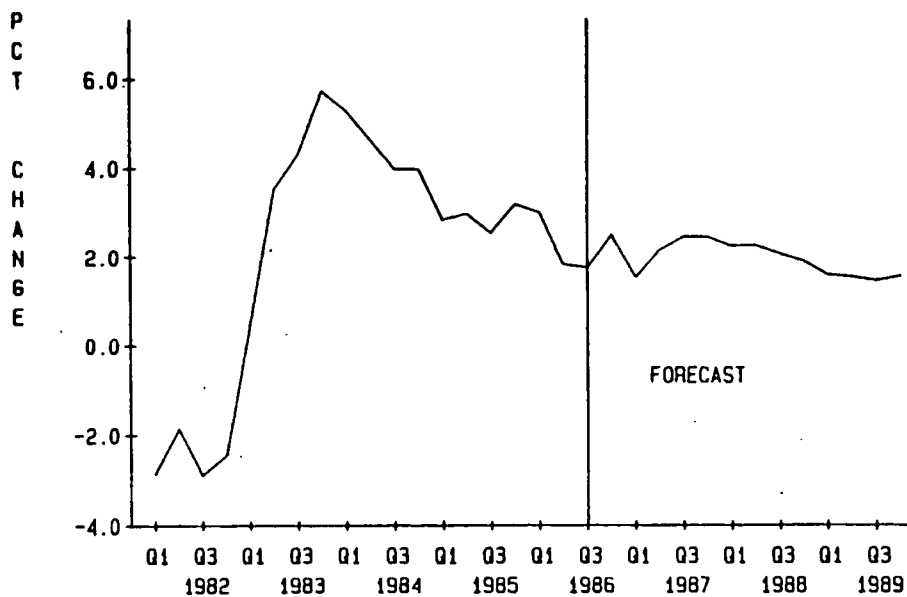


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Employment - Employment continues to grow modestly, with the unemployment rate improving slowly to 6.3% by late 1988. Growth in establishment employment averages 2.0% annually over the forecast interval, while the labor force expands 1.6% per year. 6.6 million new jobs are added, almost all of them in the private service sector.

Financial - With the moderation of growth in early 1987, the Federal Reserve is expected to lower the discount rate to 5%, a level at which it stabilizes for 1987 and 1988. Short term funds drop correspondingly.

REAL GNP



Real GNP growth picks up to an average of 3.7% in the second half of 1987, and consumer price inflation moves above 4%. The Federal Reserve allows interest rates to edge up 50 basis points by the beginning of 1988. Sluggish real GNP in the second half of 1988 prompts the Fed to lower the federal funds rate from 6.0% in 1988:1 to less than 5% by the second half of 1989. With inflation averaging nearly 5% in 1989, real interest rates approach zero for the first time in over six years.

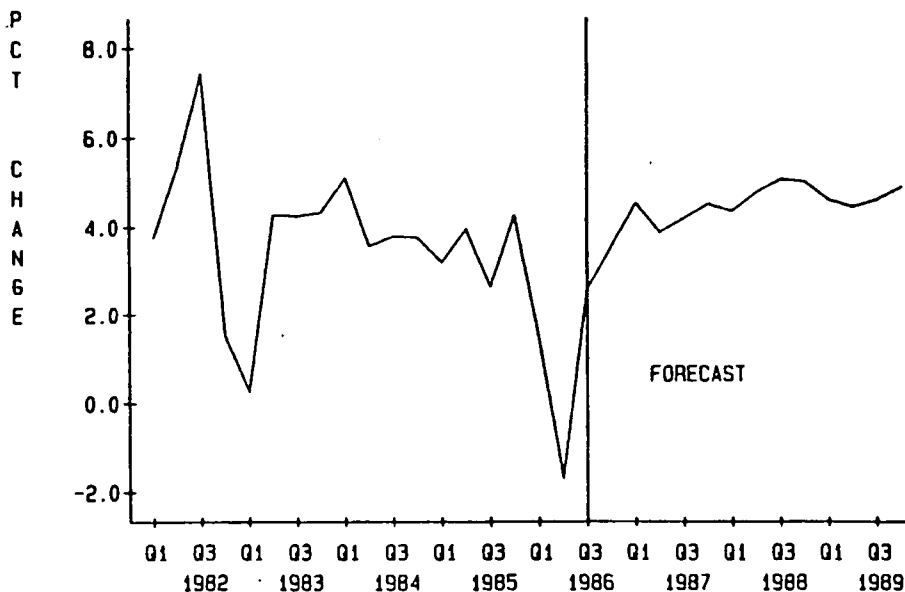
Both household and corporate balance sheets should remain reasonably healthy over the forecast period. After weakening slightly because of tax reform's impact on the stock market, household wealth should strengthen beyond mid-1987. Although household installment debt accumulation will continue to slow, mortgage debt will increase in line with residential construction.

Nonfinancial corporate leverage should stabilize after the dramatic increases of the last two and a half years. The merger and acquisition frenzy has involved a rapid substitution of debt for equity, pushing leverage up well beyond record levels. In the wake of the SEC's insider-trading investigation, merger activity should slow, and debt will be used primarily to finance investment.

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Long-term rates continue to decline in 1987 up until the fourth quarter where a moderate advance is expected that continues into 1989. Mortgage rates on existing homes drop to 9.4% in 1987 from 10.3% in 1986 before leveling at 9.5% in 1988. Government bond yields follow a similar pattern.

CONSUMER PRICE INDEX (ALL URBAN) - UNITED STATES



Prices - The decline in energy prices in 1986 pulled the CPI to a low 2.0% increase over 1985. Moderate price increases in energy and food in 1987 will bring the CPI up 3.6%. 1988 and 1989 should show increases of 4.6% and 4.7% respectively.

Industrial Production - The oil price collapse continues to depress industrial production - over 12% of industrial output is related to the energy markets. As the U.S. economy makes the transition from consumer-driven to export-driven growth, industrial production will begin to strengthen in the latter half of 1987. 1988 growth should be nearly 4.0%.

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III. CALIFORNIA ECONOMIC OUTLOOK

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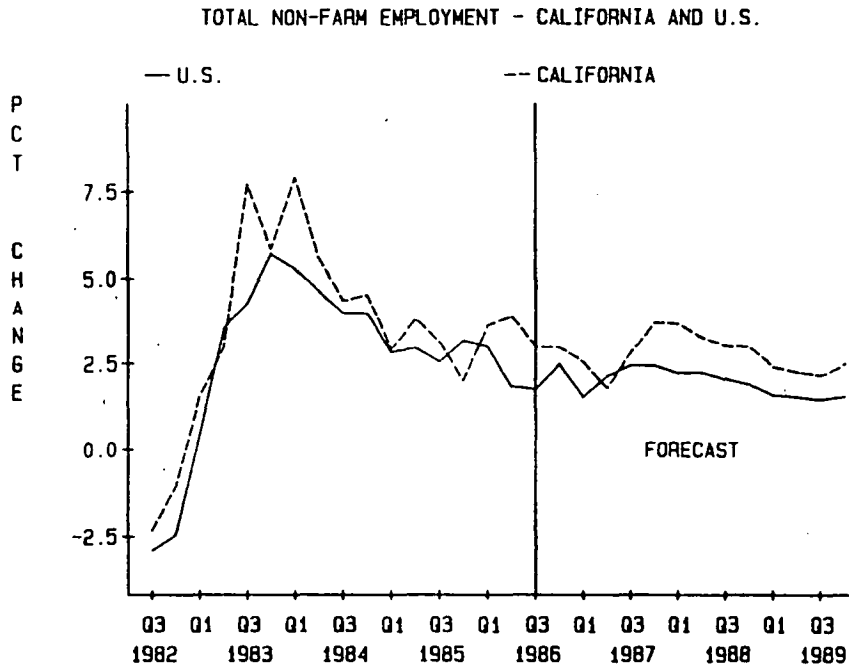
CALIFORNIA ECONOMIC OUTLOOK

The current economic forecast for California is based on the California Commission on State Finance's December 1986 Forecast and is used with their permission. This forecast was based upon DRI's U.S. economic forecast published in December 1986 which was presented in the preceding section of this document. More details on the California outlook are available in the Quarterly General Fund Forecast published by the Commission in December 1986.

The general outlook for California is one that parallels the U.S. economy though at a slightly stronger pace. The weaknesses in the oil- and resource-producing regions of the U.S. are bringing the national average down, while the long awaited recovery in the high-tech manufacturing sectors will serve to buoy California's economic growth.

The California Outlook

The California economy has weathered the slowdown affecting the nation very well. Compared to the nation in 1986, California unemployment was .4% less, personal income grew nearly 2% more and non-agricultural employment grew .6% faster.



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In the manufacturing sectors, the electronics and computer-related businesses should experience healthy growth in 1987 and 1988 as these industries recover from the slowdown of 1985-1986. Conversely, the aerospace industry is expected to experience a considerable weakening in growth as defense spending is reduced. As a result, employment in manufacturing will increase only 1.1% in 1987 in California.

The housing market in California boomed in 1986 with building permits reaching near record levels in the first three quarters of 1986. Authorizations for multi-family units contributed significantly to this strength. In 1987, however, multi-family permits will succumb to the effects of tax reform and rising vacancy rates and lead total permits issued in the state to a 12.8% decline. Single family permits will continue to exhibit strength as mortgage rates continue to decline, albeit at a slower rate, and the interest deduction for first and second houses is retained in the new tax laws.

Non-residential construction is expected to weaken further in 1987, declining more than 7% in real terms. The new tax law, slowing business activity, and an overbuilt office market will all impact construction activity.

Taxable sales in California will show reduced rates of growth in 1987, 1988, and 1989 relative to the past three years. This directly reflects the slowdown in personal income, employment, and business activity growth.

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IV. SACRAMENTO MSA ECONOMIC OUTLOOK

SACRAMENTO MSA ECONOMIC OUTLOOK

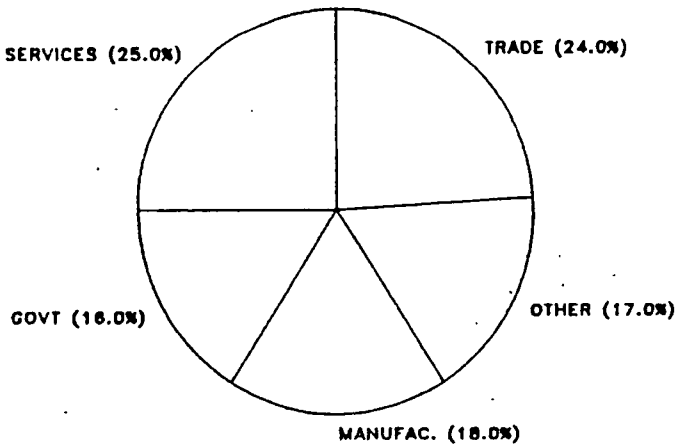
The current economic forecast for the Sacramento Metropolitan Statistical Area (MSA) is based on the Data Resources, Inc. (DRI) December 1986 United States forecast, and on the California Commission on State Finance (COSF) December 1986 California forecast. (The Sacramento MSA includes EL Dorado, Placer, Sacramento and Yolo counties). DRI has updated and enhanced the existing Sacramento MSA economic model, incorporating the most recent data updates and revisions, as well as the COSF California forecast. The MSA forecast includes detailed projections in six sectors of the economy: employment, building activity and assessed value, demographics, income, taxable sales, and utility revenues. This forecast is summarized in Appendix Tables A-3 and A-4, and documented in more detail in Tables A-5 through A-13. The forecast begins in the fourth quarter of 1986 for most of the MSA variables. The major exceptions are personal income, housing, and taxable sales, where the forecast begins in the first quarter of 1985, the first quarter of 1986, and the third quarter of 1986, respectively.

The general outlook for the Sacramento MSA calls for continued economic growth over the next three years, but at a much more subdued pace than that of the past three years. Sacramento has seen employment, income, and building activity growth rates fall off considerably in 1986 compared to the peaks of 1984-85, and lower growth rates are expected to prevail over the forecast interval. Total employment is estimated to increase by 3.8% in 1986, and personal income should increase by 7.3%. Personal income is then projected to grow by 5.9% in 1987, 6.3% in 1988, and 6.0% in 1989, while total employment will increase by 2.3%, 2.8% and 2.2% during the same three years. These growth rates by themselves imply a healthy economy and an optimistic outlook for the Sacramento MSA, but compared to the boom of 1984 and 1985, the growth projections describe a definite settling of economic activity during the period 1986-89.

Employment

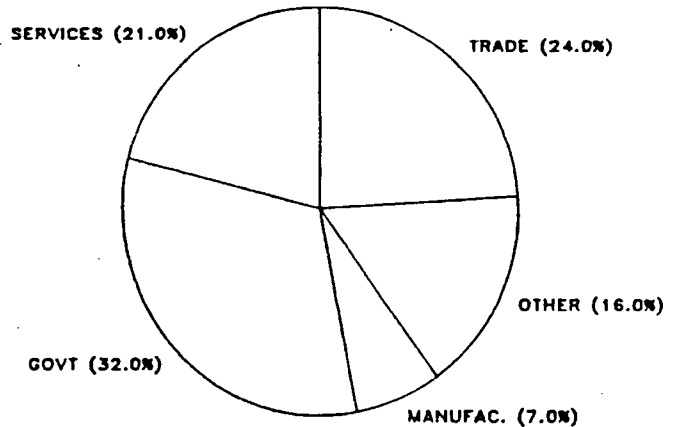
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CALIFORNIA EMPLOYMENT



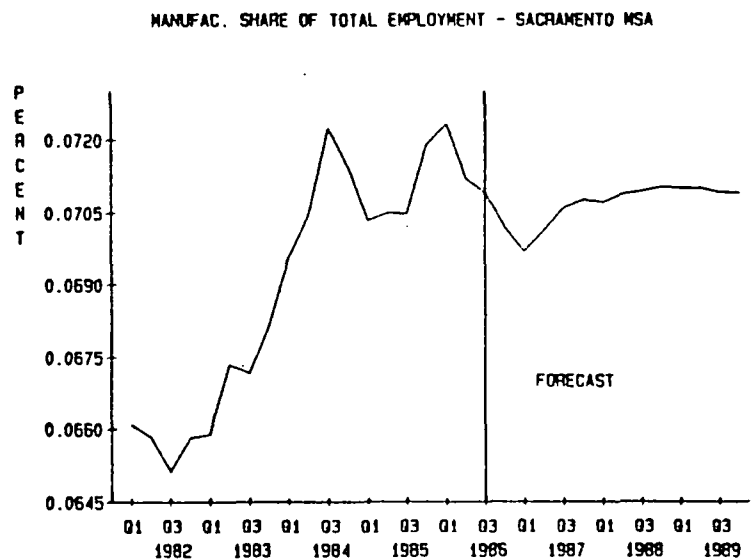
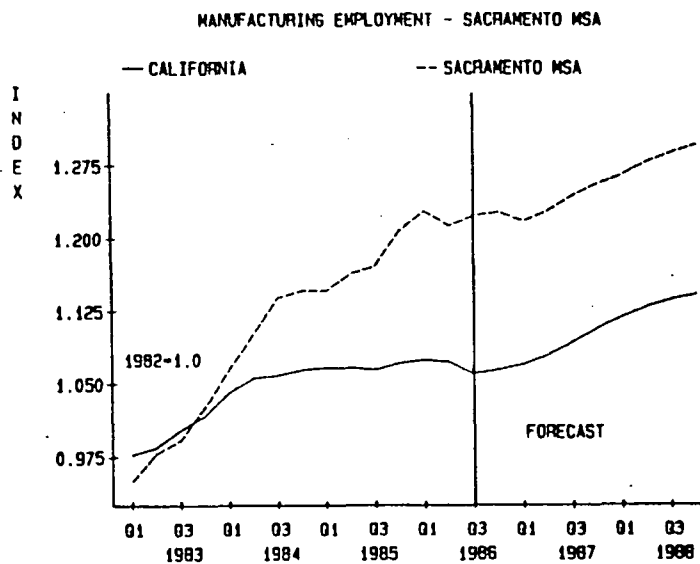
1986

SACRAMENTO MSA EMPLOYMENT



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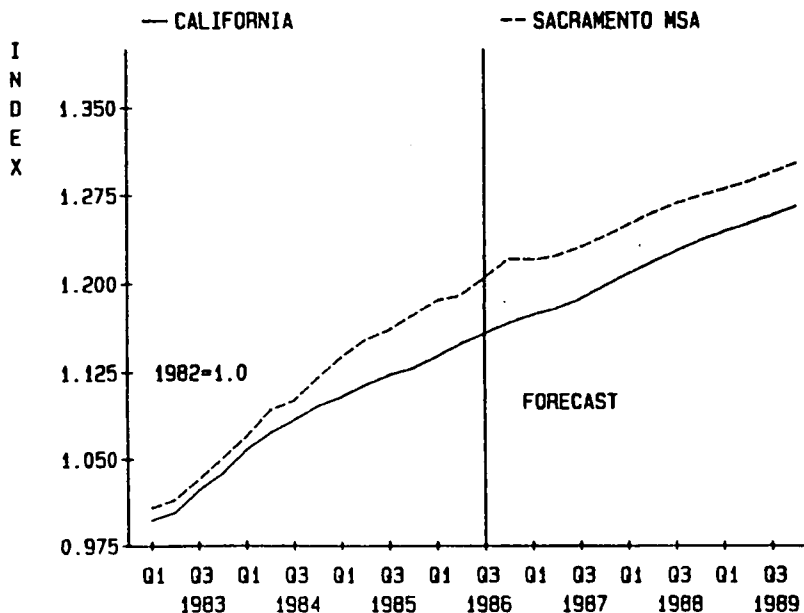
The Sacramento MSA will continue its very gradual transition in total non-farm employment from a predominantly government economy to a more diversified base, although the government sector will not soon lose its regional dominance. The charts above compare the distribution of Sacramento MSA employment to the statewide employment distribution in 1986. While the healthy and growing service and retail trade industries have been contributing to the economic diversification of the MSA, the government sector still employs almost one-third of all non-farm workers. The growth in the manufacturing sector since 1983 has been encouraging, but it still represents only 7% of total non-farm employment, compared to the 18% statewide manufacturing share of employment. This absence of manufacturing may have helped the Sacramento MSA better weather the recession in the early 1980's and may have kept much of the sluggishness which has infected manufacturing statewide in 1986 from spreading to other areas of the economy.



The lack of manufacturing may also be damaging to the Sacramento economy during the next few years. The expected turnaround in trade in the second half of 1987 will provide a boost to many important manufacturing sectors of the state economy. The resulting improvement in manufacturing output and employment should help induce accelerating growth in late 1987 and 1988, but such an impetus may not have much effect in Sacramento.

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TOTAL NON-FARM EMPLOYMENT - SACRAMENTO MSA



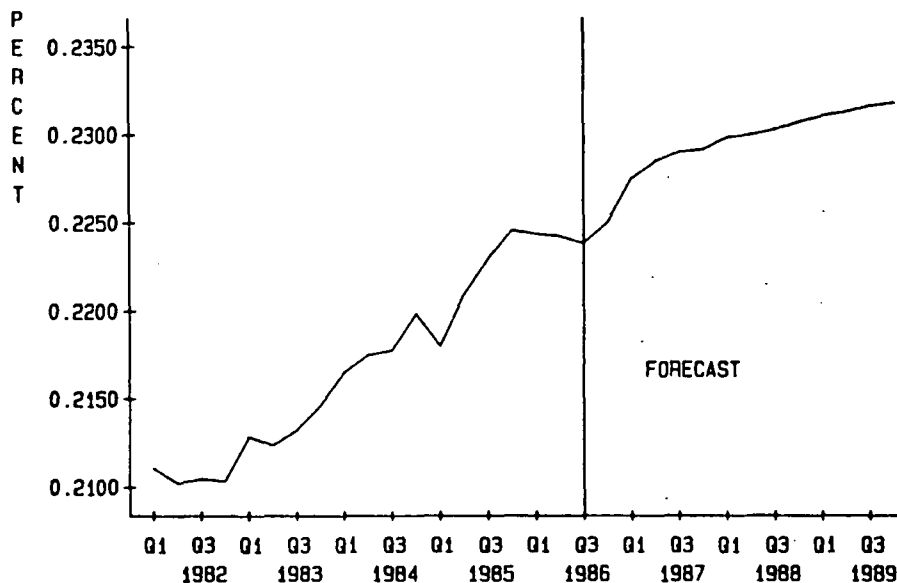
A strong third quarter for all major categories of employment in 1986 helped to buoy expected growth in total employment for the year at 3.8%, down from 5.5% in 1985 and 6.7% in 1984. The chart above compares projected employment growth for the Sacramento MSA to the employment growth for the state. Total nonagricultural employment is projected to increase by 2.3% in 1987, 2.8% in 1988, and 2.2% in 1989. This is slightly weaker growth than that projected by the COSF for California, but stronger than the growth projected for the nation. Sluggish domestic spending and a continuation of the retreat from the boom of the last few years account for the slow employment growth in Sacramento in 1987, with the limited effects of the trade turnaround and the continuing growth in population boosting employment growth in 1988.

The unemployment rate for the Sacramento MSA dipped below 6% in the third quarter of 1986, and is expected to stay there for the fourth quarter, resulting in an estimate of 6% unemployment for the year, a full percentage point below the national level. Unemployment is projected to rise to 6.6% in 1987, 6.5% in 1988, and 6.7% in 1989, however, surpassing the national forecast as the labor force in Sacramento continues to swell faster than the growth in jobs.

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The small but steady manufacturing sector grew at an estimated 4.3% in 1986, but will slow to 1.1% growth in 1987 before returning to growth rates of 3.6% in 1988 and 2.3% in 1989. Uncertain growth in food processing and the slowdown in the demand for construction supplies in Sacramento will check the growth in manufacturing. The hoped-for emergence of a central valley "high-tech" industry of consequence in the Sacramento MSA has failed to materialize, with continued weakness in the electronics and computer sectors plaguing the state and the nation. Finance, insurance and real estate employment is projected to enjoy growth of 6.7% in 1986 and 5.5% in 1987, tapering off to 2.2% growth in 1989 as income growth slows and non-residential construction backs down from the dizzy heights of 1984-86. Employment in trade realized modest gains in 1986, but sluggish consumer spending in 1987 will flatten projected growth to 0.3%, rising to 2.5% in 1988 and falling to 1.0% in 1989.

SERVICES SHARE OF NONMANUFAC. EMPLOYMENT - SACRAMENTO MSA

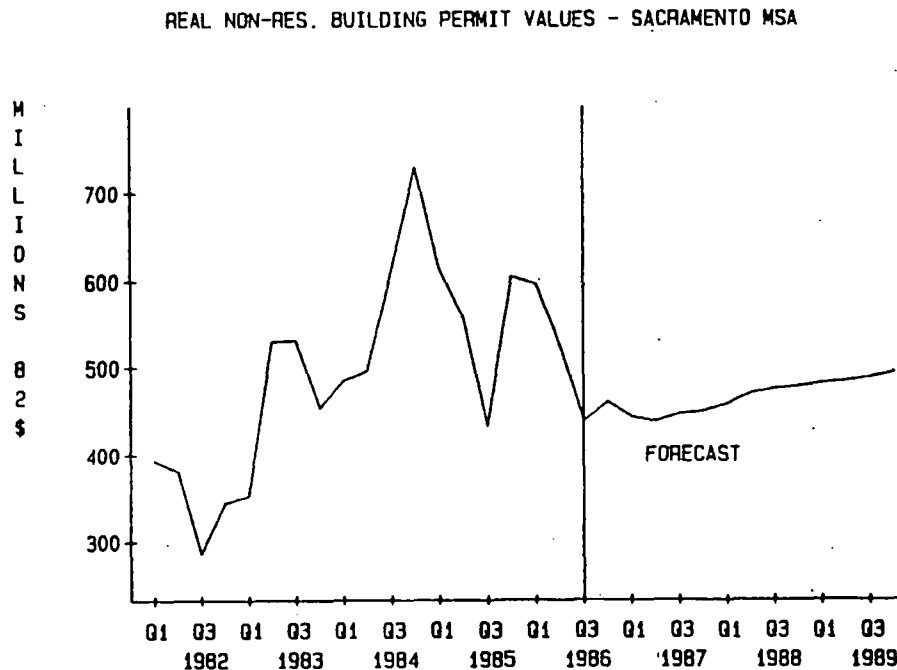


Employment in services in the Sacramento MSA will continue to be one of the leading non-manufacturing sectors, with an estimated growth of 5.1% in 1986 and an increasing share of total employment. Strong growth in service employment is occurring largely because of two characteristics that typify most service industries: 1) as household income increases, the demand for services increases even faster; and 2) services are provided primarily by people, and there are few opportunities for increasing productivity by substituting physical capital for labor. (The second characteristic tends to retard the growth of wage rates in the service industries.) These characteristics are not unique to Sacramento, and service employment is expected to continue to outpace employment in other sectors for the foreseeable future in the U.S. In Sacramento, the fastest growing service sectors are health services (11 hospitals) and business services.

Government employment in the Sacramento MSA has experienced moderately strong growth during the past two years, especially compared to 1981-84. Growth in government employment was very strong in the third quarter of 1986, and the estimated growth for the year is 3.4%. The forecast is for government employment to grow at 3.3% during 1987, easing back to 2.8% in 1988 and 2.5% in 1989. These projections seem rather robust considering the general retrenchment in government nationwide (the spirit and spectre of Gramm-Rudman) and the limitations imposed in California by Proposition 13. Indeed, both of these factors have slowed projected government employment growth in Sacramento. However, state, public education, and to a lesser extent, local government employment is expected to respond to the substantial increase in the state's population and income over the forecast interval.

Building Activity

The Sacramento MSA has recently survived 3-4 years of what could safely be termed a building boom. Real nonresidential permit values climbed 32.9% in 1983 and peaked at \$580 M in 1984 with a growth rate of 24.3%, hanging on through 1985 with total values of \$552.3 M (1982 dollars). Strong first and second quarters in 1986 have pushed the estimated permit values for the year to \$505.3 M, down 8.5% from 1985 but still phenomenally high. Residential building permits and permit values soared during 1983-85 as well. In 1986, the boom subsided, and the forecast for the Sacramento MSA reflects the settling in building activity.

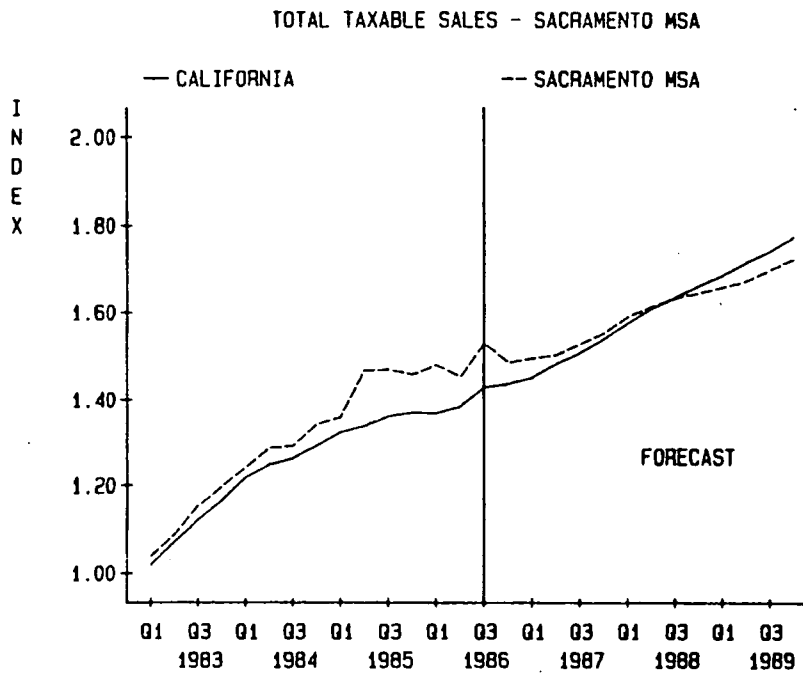


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Residential building permit activity is estimated to decline by 21.5% in 1986, 4.8% in 1988, and 2.2% in 1989. The depressed activity will be caused primarily by a decline in the multi-family housing market. In fact, single family permits increased by an estimated 25.0% in 1986, and should grow by 6.2% in 1987 and 4.0% in 1988 before tapering off to 1.5% in 1989. The decline in the multifamily market is expected because of rising vacancy rates and the tax reform provisions which will make rental apartments less attractive tax shelters. The expected lower interest rates will lessen the decline, but not enough to reverse it. The single family market will be much less affected by tax reform, and the expected further decline in mortgage rates will benefit sales and construction of single family units. Personal income is expected to grow more slowly, however, and the average home price in the Sacramento MSA increased 7.4% in 1986 and is expected to continue to rise. The home affordability index (1982=100) is projected to jump from 168.1 in 1986 to 187.8 in 1987, and to further increase to 189.5 in 1989, indicating that housing will be less affordable to new home buyers, damping residential permit activity.

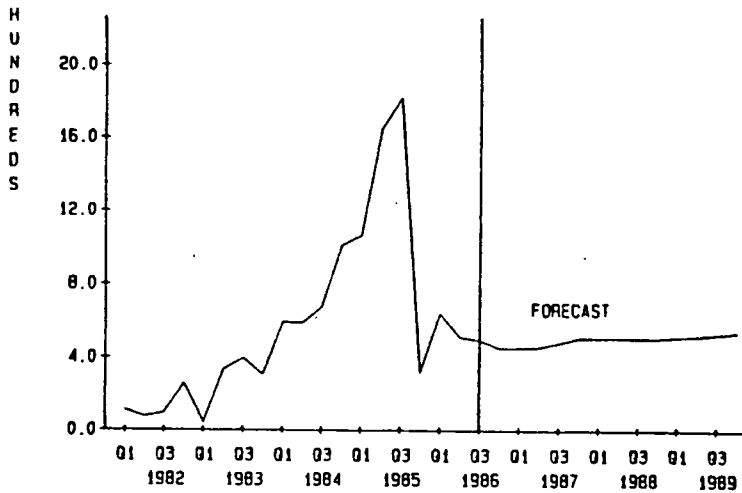
Taxable Sales

Total taxable sales in the Sacramento MSA surged in the third quarter of 1986 as consumers responded to the automobile financing incentives. Taxable Sales of motor vehicles and parts jumped an estimated 29% from \$1.534 B (annual rate) in the second quarter of 1986 to \$1.985 B in the third quarter, causing total taxable sales to jump by 5%. The end of the incentive programs saw sales plunge, resulting in an estimated growth of 3.4% for nominal taxable sales in all of 1986, 3.8% in real terms (1982 dollars). Total real taxable sales are expected to drop 1.1% in 1987 in response to the slowdown in economic activity in Sacramento and sluggish consumer spending. Real sales should then rise 2.9% in 1988 and 0.8% in 1989. Taxable sales are quite responsive to consumer confidence and real disposable income growth, both of which are expected to move cautiously over the forecast interval after several years of heady growth. The categories of taxable sales most adversely affected by the more careful Sacramento purchaser will be non-durable consumption items sold by apparel stores, eating and drinking establishments, food stores, general merchandise stores and miscellaneous retail outlets. Sales categories catering to the construction business will also be adversely affected by the deflation of the construction boom. In nominal terms, taxable sales are expected to increase by 2.2% in 1987, 6.6% in 1988, and 4.2% in 1989.

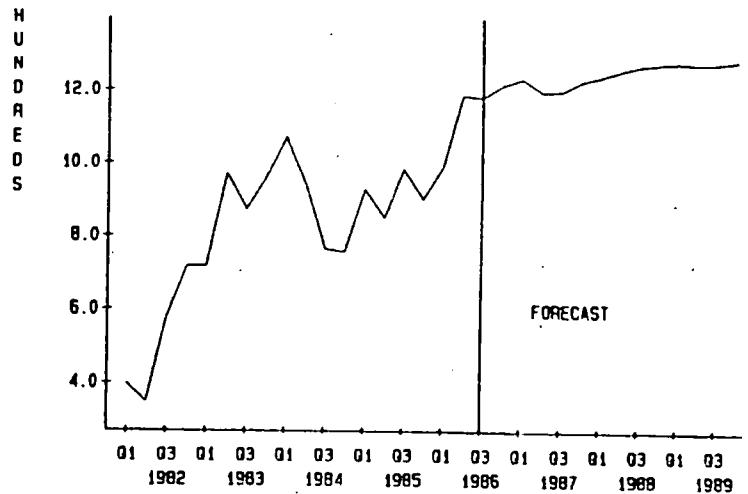


Real nonresidential building permit values are projected to decline 12.1% in 1987, a significant percentage drop, but considering the 1986 level, \$444.2 M for 1987 may be an optimistic estimate. Nonresidential permit values should then recover modestly, with gains of 5.8% in 1988 and 3.6% in 1989. Nonresidential construction is expected to weaken in late 1986 and 1987 in response to the changes in the federal tax law, high vacancy rates, especially for office space, and the general slowing of business activity in Sacramento. The dramatic increases in residential and nonresidential construction activity that occurred over the past several years have finally outpaced demand, much in keeping with the highly cyclical nature of the construction industry. The resulting fall off in construction expected after 1986 will cause real income and taxable sales growth to slow considerably, as construction -related employment and spending are reduced.

MULTI-FAMILY BUILDING PERMITS - SACRAMENTO MSA



SINGLE FAMILY BUILDING PERMITS - SACRAMENTO MSA



Utility Revenues

The current forecast calls for substantial growth in energy utility revenues in the Sacramento MSA for 1986. Average SMUD electricity prices increased 15.8% in 1985 and 21.4% in 1986, yet electricity consumption still grew by 8.5% in 1985 and 2.9% in 1986, resulting in 24.8% growth in SMUD revenues in 1985 and 24.2% in 1986. A problem in collecting the most recent PG&E gas revenue data prevented the use and publication of actual gas revenue data for 1985 and 1986, so estimates are provided for these years. Natural gas revenues dropped an estimated 16.6% in 1985 because of falling average gas rates and falling consumption, but then increased an estimated 34% in 1986 as consumers responded enthusiastically to a further drop in gas rates. The estimates of gas revenue growth are made with slightly less confidence than the rest of the Sacramento MSA forecast, until actual data for 1985 and especially 1986 are released.

Over the next few years, electric and gas utility revenues are expected to follow quite different paths. Electric revenues should increase by roughly 10% during each of the next three years, representing relatively flat consumption growth due to the expected slower economic growth rates and regular SMUD rate hikes. Natural gas revenues are projected to continue their substantial growth during 1987, dropping off quickly in 1988 and 1989 as energy prices begin to recover.

One qualification to the electric utility revenues estimates is necessary. After this Sacramento MSA forecast was generated, SMUD announced electricity rate increases of 20%, effective March 1, 1987. The effect of this rate hike on SMUD revenues depends on the response of consumers, specifically the price elasticity of their demand for electricity. If it is safe to assume consumer demand is inelastic, then the rate hike will increase total electric revenues, as the percentage drop in demand is less than the percentage increase in price. To assign a magnitude to the change in electric revenues, it is necessary to determine the degree to which consumers would cut back in their electricity usage as a pure response to price and as substitution of other forms of energy for electricity. For example, if consumer demand for electricity is assumed to be completely inelastic, which means no demand response to a price change, then a 20% rate hike will pass through completely to a 20% increase in revenues. If consumers respond one-for-one with a 20% drop in demand to a 20% price increase, revenues will remain constant. It is most likely that electricity consumers fall somewhere in between these two end points. Assuming consumers will match a given percentage increase in electricity rates with a decline in consumption of half this given percentage, a 20% SMUD rate hike in 1987 instead of the estimated 10% in this forecast would result in an additional increase in electric utility revenues of 4.5% during 1987, bringing the total growth rate to 15.3% for the year.

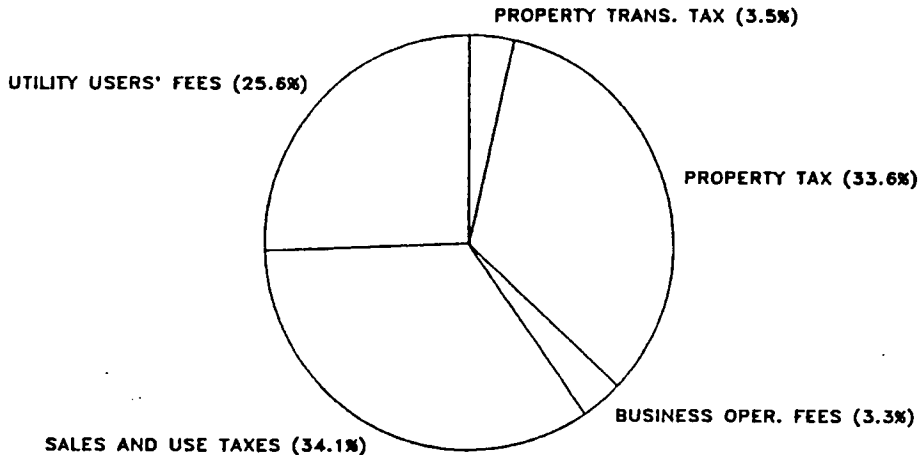
V. SACRAMENTO CITY REVENUE OUTLOOK

SACRAMENTO CITY REVENUE OUTLOOK

The current revenue forecast for the City of Sacramento is based on the preceding economic forecast for the Sacramento MSA. Detailed projections of the five major categories of city revenue are provided, including fiscal year totals and monthly collections patterns for property and sales taxes and utility users' fees. Also forecast are city-level taxable sales, assessed values, and city building permit valuations. The revenue forecast is summarized in Appendix Table A-16 and documented in further detail in Appendix Tables A-17 through A-20. The other projected city variables are displayed in Appendix Tables A-14 and A-15. The city revenue forecast begins first quarter 1987.

Total major revenues for the City of Sacramento were \$86.5 M for FY86, up 10.85% from FY85. Such a seemingly healthy growth rate must be compared, however, to the recent year growth rates of FY84 and FY85, when total revenues surged 24.5% and 14.6%, respectively. The return to moderate growth in the Sacramento economy is reflected in this revenue forecast, with total revenues expected to rise 10.0% in FY87, 5.4% in FY88, 5.0% in FY89, and 3.5% in FY90. The reasons for the projected growth of major revenues can be best explored by examining the components.

TOTAL MAJOR REVENUES—SACRAMENTO CITY
1985-86



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The chart above describes the component shares of total revenues for the City of Sacramento for FY86. The leading growth component of total major revenues over the period 1987-1989 is expected to be property tax, which increased by 12.4% in FY86, a somewhat slower rate of growth than anticipated. With a projected increase of 19.0% expected in FY87, followed by growth of 9.4% in FY88, and 7.3% in each of FY89 and FY90, the property tax share of total revenue should climb from 33.6% to almost 40% by FY90. Property tax receipt growth depends on assessed values, which are projected to grow at moderately strong levels through the forecast interval. The large increases in construction and home sale activity during 1983-85 gave a strong boost to assessed values, and the expected slowdown in construction activity will cause assessed value growth to moderate, but certainly not stagnate. Continued population growth, a relatively healthy single family housing market and continued growth in home sales in the region will help maintain steady additions to the property tax assessment rolls.

Sales and use taxes in Sacramento, defined by taxable sales activity, increased 8.8% in FY86, and are projected to grow very modestly, under 2%, for FY87 and FY88, and then pick up in FY89 and FY90. The projections of sales tax follow very closely the projections for taxable sales in the City and the MSA, which in turn reflect the general economic outlook for the region. The share of sales and use taxes of total revenue is expected to decline from 34.1% to 30% in FY90.

Utility users' fees exploded in FY84 with the breakup of AT&T and the doubling of the fees received from the new multitude of telecommunications vendors. Since then growth has subsided, with a 10.8% increase in FY86. The energy utility users' fees are largely dependent on the energy utilities' revenues, the projections of which are described in the MSA forecast. The telephone utility users' fees are projected to follow the growth pattern expected for total employment in the region.

Total utility users' fees growth will be much more damped than such a combined forecast would imply, however, because the utility users' tax rate dropped from 9.0% to 8.5% on October 1, 1986, and is expected to drop by 0.5% each year on October 1 until it reaches 5.0%. The effect on projected utility users' fees is dramatic: growth in FY87 should be 9.6%, and will drop to 5.4% in FY88, 1.0% in FY89, flattening out to essentially no growth in FY90. The effect of the recently announced SMUD rate hike of 20% on utility users' fees should be positive, but the magnitude of the effect will depend on the response of total SMUD revenues to the price increase.

Business operating fees, a small component of total City revenues, will grow at moderately strong rates during the forecast interval, not as fast as in the mid-1980's, but healthy nonetheless: 9.5% growth in FY87, then settling down towards 6% growth by FY90. The property transfer tax is projected to follow a strange pattern of growth over the forecast interval, requiring some explanation. In FY84, the property transfer tax leapt nearly 61% in response to the surge in construction and real estate activity in Sacramento, only to decline by 4.5% in FY85 and increase again in FY86, this time by 18.8%. The property transfer tax is projected to grow 5.3% in FY87, then drop 5.9% in FY88, resuming growth of over 5% per year through FY90.

The dip in the property transfer tax in FY85 was an adjustment to the new plateau of economic activity established by the previous years' growth. The drop projected for FY88 is the result of the slowing economic growth projected for Sacramento in 1987 and the expected retreat in nonresidential construction activity. Historically, nonresidential construction has proven to be an important factor that determines property turnover, in concert with interest rates, credit availability, and consumer confidence.

Nonresidential building permit valuations in the City of Sacramento are projected to drop 37% during 1987, and to remain relatively flat through 1989. New home prices are forecast to grow a modest 2.6% in the MSA in 1987, down from 7.4% in 1986, and are then expected to increase at rates above 5% for 1988 and 1989. These indicators of construction and real estate activity account for the projected drop in the property transfer tax during 1987. Because of the difficulties in forecasting local real estate activity, however, this projection is best used as an indicator of the likely magnitude and direction of change in property transfer tax collections.

The influence of construction activity on the City of Sacramento's total revenues is quite pervasive. Construction activity has an obvious influence on assessed value growth through direct additions to the assessed value rolls, with resulting effects on property tax revenues. The construction slowdown projected for 1987 will cause construction-related employment and spending to taper off, resulting in slower real income and taxable sales growth, which will in turn curb sales and use taxes. Energy utility revenues are quite sensitive to construction activity, because of the effect on growth in the service area consumption base and the actual energy uses of construction activity itself. The utility revenues directly affect utility users' fees. Business operating fees are affected by construction's influence on employment and income, as is the property transfer tax, which is also strongly affected by the real estate activity often associated with construction activity. The volatility and cyclical nature of construction activity can wreck havoc with city revenues and attempts to forecast them. However, when construction is in full flight with a cooperating, supportive economy, nothing can boost city revenues more or faster, except possibly double-digit inflation.

VI. APPENDIX TABLES

Table A-1 -- United States Forecast Summary

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Real GNP (B82\$)	3248.7	3166.0	3279.1	3489.9	3585.2	3679.0	3772.3	3902.0	3981.7
% ch	1.9	-2.5	3.6	6.4	2.7	2.6	2.5	3.4	2.0
Personal Income (B\$)	2520.9	2670.8	2838.6	3110.2	3314.5	3489.8	3661.6	3896.1	4134.3
% ch	11.6	5.9	6.3	9.6	6.6	5.3	4.9	6.4	6.1
Real Pers. Income (B82\$)	2664.6	2670.7	2726.4	2876.9	2963.2	3055.7	3097.1	3164.7	3218.0
% ch	2.2	0.2	2.1	5.5	3.0	3.1	1.4	2.2	1.7
Personal Saving Rate	7.5	6.8	5.4	6.3	5.1	4.2	4.1	4.3	4.3
Nonag. Employment (Mil.)	91.2	89.6	90.2	94.5	97.6	100.1	102.2	104.5	106.2
% ch	0.8	-1.7	0.7	4.8	3.3	2.6	2.0	2.3	1.7
Indust. Prod. (% ch)	2.2	-7.2	5.9	11.2	2.0	0.9	1.8	4.0	1.8
New Car Sales (Mil.)	8.6	8.0	9.1	10.4	11.1	11.4	10.8	11.1	10.4
% ch	-4.7	-6.7	14.7	13.9	6.0	2.7	-4.6	2.3	-6.3
Housing Starts (Mil.)	1.1	1.1	1.7	1.8	1.7	1.8	1.7	1.8	1.8
% ch	-15.7	-3.5	61.3	3.4	-1.2	4.8	-6.5	3.0	1.5
Pre-tax Corp. Prof. (B\$)	226.5	169.6	207.6	235.7	223.1	239.5	287.9	325.6	351.4
% ch	-4.5	-25.1	22.4	13.5	-5.3	7.3	20.2	13.1	7.9
Consumer Prices (%ch)	10.4	6.1	3.2	4.3	3.5	2.0	3.6	4.6	4.7
Prime Interest Rate	18.9	14.9	10.8	12.0	9.9	8.3	7.3	7.4	6.7
Mortgage Interest Rate	15.1	15.4	12.8	12.5	11.7	10.3	9.4	9.5	9.2
Unemployment Rate	7.6	9.7	9.6	7.5	7.2	7.0	6.9	6.4	6.4
Fed. Budget Deficit (B\$)	-63.8	-145.9	-176.0	-170.0	-198.0	-193.0	-184.5	-152.1	-144.5
Net Exports (B\$)	33.9	26.4	-6.1	-58.7	-78.9	-102.3	-88.4	-76.8	-59.9

Source: DRI December 1986 Control U.S. Forecast

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Table A-2 -- California Forecast Summary

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Personal Income (B\$)	308.2	328.0	353.9	390.9	423.6	454.0	485.2	521.7	557.5
% ch	11.8	6.4	7.9	10.4	8.4	7.2	6.9	7.5	6.9
Real Pers. Income (B82\$)	325.8	328.0	340.0	361.6	378.7	397.5	410.5	423.8	434.0
% ch	2.3	0.7	3.7	6.4	4.7	5.0	3.3	3.2	2.4
Nonag. Employment (000)	9985.5	9810.8	9965.5	10573.5	10965.0	11314.7	11622.2	11998.4	12308.6
% ch	1.4	-1.8	1.6	6.1	3.7	3.2	2.7	3.2	2.6
Unemployment Rate	7.4	10.0	9.6	7.8	7.2	6.6	6.7	6.3	6.0
Population (000)	24220.0	24697.0	25174.3	25622.8	26084.0	26539.2	27006.4	27462.9	27896.4
% ch	NA	2.0	1.9	1.8	1.8	1.7	1.8	1.7	1.6
Res. Bldg. Permits (000)	105.2	84.8	168.0	220.1	264.2	269.9	235.3	248.3	274.7
% ch	NA	-19.4	98.2	31.0	20.1	2.1	-12.8	5.5	10.7
Nonres. Const. (B82\$)	9.5	8.7	10.2	12.2	13.1	11.7	10.9	11.2	11.4
% ch	NA	-8.5	16.9	19.7	7.0	-10.5	-7.1	3.2	1.3
Taxable Sales (B\$)	38.8	38.6	42.3	48.5	52.1	54.3	57.8	62.6	66.8
% ch	NA	-0.3	9.4	14.6	7.5	4.1	6.5	8.3	6.7
Real Taxable Sales (B82\$)	40.2	38.6	41.7	46.7	49.3	51.8	53.4	55.8	57.6
% ch	NA	-3.8	7.8	12.2	5.5	5.1	3.1	4.6	3.1
Consumer Prices (% ch)	NA	6.6	1.6	5.0	4.6	3.1	4.0	4.6	4.7

Source: California Commission on State Finance December 1986 Forecast

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Table A-3 -- Sacramento MSA Forecast Summary

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Personal Income (M\$)	12363.3	13131.8	14066.8	15649.0	17271.5	18534.3	19618.9	20862.4	22123.2
% Chg.	9.2	6.2	7.1	11.2	10.4	7.3	5.9	6.3	6.0
Real Pers. Income (M82\$)	13068.8	13131.0	13510.5	14474.0	15440.1	16228.6	16597.3	16946.4	17222.2
% Chg.	0.0	0.5	2.9	7.1	6.7	5.1	2.3	2.1	1.6
Nonag. Employment (000)	426.7	425.0	436.4	465.8	491.5	510.3	522.3	536.7	548.5
% Chg.	2.1	-0.4	2.7	6.7	5.5	3.8	2.3	2.8	2.2
Unemployment Rate	9.0	11.5	10.3	8.1	7.0	6.0	6.6	6.5	6.7
Population (000)	1120.5	1153.5	1185.5	1213.9	1244.3	1280.7	1314.8	1344.3	1371.3
% Chg.	1.9	2.9	2.8	2.4	2.5	2.9	2.7	2.2	2.0
Res. Bldg. Permits (000)	7.47	6.47	11.52	16.02	21.31	16.72	16.94	17.75	18.14
% Chg.	-31.6	-13.4	78.2	39.1	33.0	-21.5	1.3	4.8	2.2
Nonres. Const. (M82\$)	391.0	351.3	467.0	580.3	552.3	505.3	444.2	470.2	487.1
% Chg.	2.3	-10.2	32.9	24.3	-4.8	-8.5	-12.1	5.8	3.6
Home Sales (000)	7.40	5.24	6.56	7.19	7.47	7.25	6.48	7.05	6.64
% Chg.	-18.3	-29.2	25.2	9.5	3.9	-2.9	-10.6	8.8	-5.8
Avg. Home Price (000)	82.5	86.0	85.6	86.2	88.6	95.1	97.6	102.6	108.1
% Chg.	12.9	4.3	-0.5	0.8	2.7	7.4	2.6	5.1	5.4
Assessed Value (B\$)	28.1	31.3	33.6	36.9	40.6	44.5	47.6	50.7	54.2
% Chg.	13.5	11.4	7.5	9.8	10.0	9.6	6.9	6.7	6.9
Utility Revenue (M\$)	311.1	369.6	403.5	436.8	462.7	591.3	700.7	699.0	751.0
% Chg.	9.2	18.8	9.2	8.3	5.9	27.8	18.5	-0.3	7.4
Taxable Sales (M\$)	7171.3	7360.9	8243.1	9504.1	10597.1	10956.2	11196.7	11933.0	12431.9
% Chg.	6.8	2.6	12.0	15.3	11.5	3.4	2.2	6.6	4.2
Real Taxable Sales (M82\$)	6918.8	6829.1	7613.8	8656.9	9530.3	9889.8	9780.8	10066.7	10144.4
% Chg.	-1.9	-1.3	11.5	13.7	10.1	3.8	-1.1	2.9	0.8
Taxable Prices (% Chg.)	8.8	3.9	0.5	1.6	1.4	-0.4	3.3	3.7	3.4

Source: DRI First Quarter 1987 Sacramento MSA Forecast

Table A-4 -- Forecast Comparison -- U.S., California and Sacramento MSA

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Personal Income (% Chg.)									
U.S.	11.6	5.9	6.3	9.6	6.6	5.3	4.9	6.4	6.1
CA	11.8	6.4	7.9	10.4	8.4	7.2	6.9	7.5	6.9
SAC MSA	9.2	6.2	7.1	11.2	10.4	7.3	5.9	6.3	6.0
Real Personal Income (% Chg.)									
U.S.	2.2	0.2	2.1	5.5	3.0	3.1	1.4	2.2	1.7
CA	2.3	0.7	3.7	6.4	4.7	5.0	3.3	3.2	2.4
SAC MSA	0.0	0.5	2.9	7.1	6.7	5.1	2.3	2.1	1.6
Nonagricultural Employment (% Chg.)									
U.S.	0.8	-1.7	0.7	4.8	3.3	2.6	2.0	2.3	1.7
CA	1.4	-1.8	1.6	6.1	3.7	3.2	2.7	3.2	2.6
SAC MSA	2.1	-0.4	2.7	6.7	5.5	3.8	2.3	2.8	2.2
Unemployment Rate									
U.S.	7.6	9.7	9.6	7.5	7.2	7.0	6.9	6.4	6.4
CA	7.4	10.0	9.6	7.8	7.2	6.6	6.7	6.3	6.0
SAC MSA	9.0	11.5	10.3	8.1	7.0	6.0	6.6	6.5	6.7
Residential Housing Construction (% Chg.)									
U.S. (Starts)	-15.7	-3.5	61.3	3.4	-1.2	4.8	-6.5	3.0	1.5
CA (Permits)	NA	-19.4	98.2	31.0	20.1	2.1	-12.8	5.5	10.7
SAC MSA (Permits)	-31.6	-13.4	78.2	39.1	33.0	-21.5	1.3	4.8	2.2
Nonresidential Construction (% Chg.)									
U.S. (Real Invest.)	9.3	-3.7	-11.2	11.1	7.7	-11.5	-7.9	3.1	1.0
CA (Real Perm. Val.)	NA	-8.5	16.9	19.7	7.0	-10.5	-7.1	3.2	1.3
SAC (Real Perm. Val.)	2.3	-10.2	32.9	24.3	-4.8	-8.5	-12.1	5.8	3.6
Population (% Chg.)									
U.S.	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9
CA	NA	2.0	1.9	1.8	1.8	1.7	1.8	1.7	1.6
SAC MSA	1.9	2.9	2.8	2.4	2.5	2.9	2.7	2.2	2.0
Inflation (% Chg.)									
U.S. (CPI)	10.4	6.1	3.2	4.3	3.5	2.0	3.6	4.6	4.7
CA (CPI)	NA	6.6	1.6	5.0	4.6	3.1	4.0	4.6	4.7
SAC (Taxable Prices)	8.8	3.9	0.5	1.6	1.4	-0.4	3.3	3.7	3.4

Source: DRI First Quarter 1987 Sacramento MSA Forecast

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Table A-5 -- Sacramento MSA Nonagricultural Employment

	1981	1982	1983	1984	1985	1986	1987	1988	1989

Employment by Place of Work, Thousands									
Total Nonag. Employment	426.7	425.0	436.4	465.8	491.5	510.3	522.3	536.7	548.5
Mining	0.8	0.9	0.8	0.8	0.9	0.8	0.6	0.6	0.6
Construction	18.8	16.2	17.9	23.0	26.7	28.9	28.2	28.5	29.3
Manufacturing	28.7	27.9	29.3	33.0	34.8	36.3	36.7	38.1	38.9
Nondurable	13.5	13.0	13.2	14.5	14.9	15.2	15.3	15.7	15.9
Food & Kindred	7.0	6.3	6.0	6.8	6.8	7.0	6.8	6.9	6.9
Print. & Publish.	3.5	3.8	4.1	4.4	4.7	4.7	4.9	5.0	5.2
Other Nondurable	2.2	2.2	2.4	2.6	2.7	2.8	3.0	3.1	3.2
Durable	15.2	14.9	16.1	18.5	19.9	21.1	21.4	22.4	23.1
Lumber & Wood	3.5	2.6	3.2	3.7	3.9	4.4	4.6	4.6	4.5
Stone, Clay, Glass	1.5	1.5	1.6	1.8	1.9	2.1	1.9	2.0	2.1
Machinery, Ex. Elec.	2.2	2.6	2.6	3.3	3.4	3.4	3.4	3.8	4.1
Other Durable	8.0	8.2	8.7	9.7	10.7	11.3	11.4	12.0	12.4
Nonmanufacturing	398.0	397.1	407.1	432.7	456.7	474.0	485.6	498.7	509.6
Trans. & Pub. Util.	23.6	23.5	22.5	23.4	23.6	23.6	24.1	24.7	25.3
Transportation	11.1	11.4	10.9	12.2	12.5	12.5	12.7	13.1	13.6
Public Util.	12.5	12.1	11.6	11.2	11.2	11.1	11.4	11.6	11.6
Trade	100.3	100.1	105.4	113.7	120.0	123.1	123.4	126.5	127.8
Wholesale	19.1	19.0	20.5	22.6	23.5	23.5	24.1	24.9	25.6
Retail	81.2	81.2	84.9	91.1	96.6	99.5	99.2	101.5	102.1
Fin., insur., R/E	23.9	23.9	24.8	26.8	28.5	30.4	32.0	32.9	33.6
Services	82.2	83.6	86.8	94.3	101.2	106.3	111.0	114.8	117.9
Government	148.5	148.8	148.8	150.7	155.7	160.9	166.2	170.8	175.1
Federal	26.3	27.5	27.8	28.4	29.7	30.4	30.7	31.1	31.5
City & County	16.1	15.9	15.9	16.3	17.1	17.9	18.2	18.2	18.2
State & other	106.1	105.5	105.2	105.9	108.9	112.7	117.3	121.5	125.4

Employment by Place of Residence, Thousands									
Civilian Labor Force	532.4	554.8	558.1	604.3	623.6	647.8	672.0	689.8	707.7
Civilian Employment	484.5	491.1	500.6	555.2	579.8	608.6	627.6	645.2	660.0
Unemployment	47.9	63.6	57.5	49.1	43.8	39.2	44.3	44.6	47.6
Unemployment Rate (%)	9.0	11.5	10.3	8.1	7.0	6.0	6.6	6.5	6.7

Source: DRI First Quarter 1987 Sacramento MSA Forecast									

Table A-6 -- Sacramento MSA Nonagricultural Employment (Contd.)

	1981	1982	1983	1984	1985	1986	1987	1988	1989

Employment by Place of Work, Annual Percent Change									
Total Nonag. Employment	2.1	-0.4	2.7	6.7	5.5	3.8	2.3	2.8	2.2
Mining	24.5	23.0	-13.5	1.9	9.9	-11.8	-18.8	-7.9	9.9
Construction	-10.5	-13.8	10.5	28.6	15.7	8.2	-2.2	0.8	2.9
Manufacturing	0.4	-2.6	4.9	12.7	5.3	4.3	1.1	3.6	2.3
Nondurable	0.1	-3.7	1.3	10.4	2.6	1.9	1.1	2.2	1.2
Food & Kindred	0.9	-9.6	-4.8	12.7	1.0	2.3	-2.0	0.1	0.1
Print. & Publish.	3.7	6.6	8.7	7.4	7.2	0.9	2.9	3.5	2.1
Other Nondurable	-2.2	1.6	5.2	10.9	2.9	5.6	5.1	4.5	2.5
Durable	0.7	-1.5	8.0	14.7	7.5	6.2	1.2	4.7	3.0
Lumber & Wood	-5.6	-23.5	21.1	15.9	5.5	11.8	4.5	0.3	-2.2
Stone, Clay, Glass	-6.7	-1.8	13.1	7.6	8.4	8.7	-6.9	2.6	3.2
Machinery, Ex. Elec.	23.1	18.6	0.2	25.4	1.9	0.8	1.8	10.0	8.9
Other Durable	0.0	2.4	5.4	12.4	10.0	5.3	1.2	5.2	3.2
Nonmanufacturing	2.2	-0.2	2.5	6.3	5.5	3.8	2.4	2.7	2.2
Trans. & Pub. Util.	4.1	-0.6	-4.1	4.0	1.0	-0.1	2.1	2.4	2.3
Transportation	1.7	2.1	-3.7	11.3	2.2	0.3	2.0	3.1	3.8
Public Util.	6.3	-2.9	-4.5	-2.9	-0.2	-0.5	2.1	1.5	0.6
Trade	2.0	-0.2	5.3	7.9	5.6	2.5	0.3	2.5	1.0
Wholesale	6.1	-0.6	8.3	10.3	3.7	0.2	2.6	3.3	2.8
Retail	1.1	-0.1	4.6	7.3	6.0	3.1	-0.3	2.3	0.6
Fin., insur., R/E	3.0	0.1	3.8	7.9	6.3	6.7	5.5	2.7	2.2
Services	5.5	1.7	3.9	8.6	7.3	5.1	4.4	3.4	2.7
Government	1.8	0.3	0.0	1.3	3.4	3.4	3.3	2.8	2.5
Federal	-0.2	4.3	1.1	2.4	4.6	2.1	1.2	1.3	1.0
City & County	-1.9	-1.3	0.0	3.0	4.7	4.8	1.5	-0.1	0.2
State & other	2.9	-0.5	-0.3	0.7	2.8	3.5	4.1	3.6	3.2

Employment by Place of Residence, Annual Percent Change									
Civilian Labor Force	3.6	4.2	0.6	8.3	3.2	3.9	3.7	2.7	2.6
Civilian Employment	2.6	1.4	1.9	10.9	4.4	5.0	3.1	2.8	2.3
Unemployment	15.2	33.0	-9.7	-14.6	-10.8	-10.5	13.2	0.7	6.7
Unemployment Rate (%)	9.0	11.5	10.3	8.1	7.0	6.0	6.6	6.5	6.7

Source: DRI First Quarter 1987 Sacramento Forecast

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Table A-7 -- Sacramento MSA Personal Income

	1981	1982	1983	1984	1985	1986	1987	1988	1989

Personal Income, Mil. \$									
Total Personal Income	12363.3	13131.8	14066.8	15649.0	17271.5	18534.3	19618.9	20862.4	22123.2
Wages & Salaries	7231.5	7659.3	8185.8	9149.8	10210.8	10995.5	11722.9	12514.9	13287.3
Other Labor Income	516.7	602.2	699.4	807.1	909.1	969.6	1069.4	1155.5	1235.8
Proprietors' Income	561.8	449.7	479.3	569.7	658.6	721.9	739.2	727.3	720.1
Property Income	2215.5	2423.5	2575.7	2948.5	3145.8	3335.2	3429.0	3701.3	3933.9
Transfer Income	2206.6	2420.9	2594.1	2732.5	2996.3	3212.8	3424.6	3638.6	3888.6
Less Social Insurance	-507.0	-554.9	-596.3	-674.2	-767.5	-836.7	-902.1	-1020.2	-1096.3
Residence Adjustment	138.1	131.2	128.8	115.4	118.4	136.0	135.8	144.9	153.8
Real Personal Income, Mil. 82 \$									
Real Personal Income	13068.8	13131.0	13510.5	14474.0	15440.1	16228.6	16597.3	16946.4	17222.2
Real Disposable Income	11030.0	11118.3	11556.8	12428.3	13173.8	13841.0	14222.4	14583.6	14749.1
Real Per Cap. Inc. (82\$)	11.7	11.4	11.4	11.9	12.4	12.7	12.6	12.6	12.6
Annual Percent Change									
Total Personal Income	9.2	6.2	7.1	11.2	10.4	7.3	5.9	6.3	6.0
Wages & Salaries	5.5	5.9	6.9	11.8	11.6	7.7	6.6	6.8	6.2
Other Labor Income	12.8	16.6	16.1	15.4	12.6	6.7	10.3	8.1	6.9
Proprietors' Income	-14.0	-19.9	6.6	18.9	15.6	9.6	2.4	-1.6	-1.0
Property Income	24.5	9.4	6.3	14.5	6.7	6.0	2.8	7.9	6.3
Transfer Income	16.8	9.7	7.2	5.3	9.7	7.2	6.6	6.2	6.9
Less Social Insurance	18.9	9.4	7.5	13.1	13.8	9.0	7.8	13.1	7.5
Residence Adjustment	25.2	-5.0	-1.8	-10.4	2.6	14.9	-0.1	6.7	6.1
Real Personal Income	0.0	0.5	2.9	7.1	6.7	5.1	2.3	2.1	1.6
Real Disposable Income	-0.6	0.8	3.9	7.5	6.0	5.1	2.8	2.5	1.1
Real Per Capita Income	-1.9	-2.4	0.1	4.6	4.1	2.1	-0.4	-0.1	-0.4

Source: DRI First Quarter 1987 Sacramento MSA Forecast

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Table A-8 -- Sacramento MSA Construction and Real Estate

	1981	1982	1983	1984	1985	1986	1987	1988	1989

Residential Building Permits Issued									
Number of Permits (000)	7.47	6.47	11.52	16.02	21.31	16.72	16.94	17.75	18.14
Single Family	5.81	5.10	8.80	8.83	9.15	11.44	12.15	12.64	12.83
Multiple Family	1.66	1.37	2.72	7.19	12.16	5.28	4.78	5.11	5.30
Permit Valuations (Mil.\$)	419.8	403.7	666.9	938.5	1148.7	1200.2	1343.7	1458.7	1563.0
Single Family	316.8	309.6	523.0	619.2	693.2	923.4	1057.2	1143.7	1223.5
Multiple Family	48.5	43.3	82.9	252.3	388.0	206.8	208.5	232.0	253.2
Population, Housing Stock and Vacancy Rates									
Population (000)	1120.5	1153.5	1185.5	1213.9	1244.3	1280.7	1314.8	1344.3	1371.3
Housing Stock (000)	477.9	488.7	494.9	504.8	518.2	535.5	552.3	569.2	586.9
Single Family	328.9	335.7	340.3	348.1	358.2	368.3	379.0	390.0	401.5
Multiple Family	149.0	153.1	154.5	156.8	160.0	167.2	173.2	179.2	185.4
Occupied Housing (000)	427.3	438.2	443.9	453.5	467.2	480.1	494.1	505.9	516.1
Vacancy Rate (%)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Home Sales and Prices (Sacramento County)									
Home Sales (000)	7.40	5.24	6.56	7.19	7.47	7.25	6.48	7.05	6.64
Average Price (000)	82.5	86.0	85.6	86.2	88.6	95.1	97.6	102.6	108.1
Afford. Index (82=100)	100.1	100.1	126.6	135.7	149.7	168.1	187.8	183.6	189.5
Nonresidential Construction Activity, Mil. 1982 \$									
Nonres. Permit Values	391.0	351.3	467.0	580.3	552.3	505.3	444.2	470.2	487.1
Office Building	69.1	125.2	147.5	143.9	97.4	82.9	57.5	56.8	55.2
Other Commercial Bldg.	55.7	38.6	42.7	100.5	111.0	115.2	82.4	85.2	89.8
Industrial Bldg.	100.8	49.9	64.8	83.6	112.9	109.3	105.1	115.7	122.2
Other Nonres. Bldg.	71.0	47.2	102.4	124.7	79.6	81.5	59.9	59.1	53.3
Addds. & Alterations	94.3	90.3	109.6	127.5	151.3	116.5	139.5	153.4	166.6
Gross Assessed Values, Bil. \$									
Total Assessed Value	28.07	31.25	33.61	36.91	40.60	44.48	47.56	50.74	54.24
County Roll	26.61	29.55	31.70	34.83	38.34	41.91	44.80	47.71	50.92
State Roll	1.46	1.71	1.91	2.08	2.25	2.57	2.76	3.03	3.31

Source: DRI First Quarter 1987 Sacramento MSA Forecast

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Table A-9 -- Sacramento MSA Construction and Real Estate (Contd.)

	1981	1982	1983	1984	1985	1986	1987	1988	1989

Residential Building Permits Issued, Annual Percent Change									
Number of Permits	-31.6	-13.4	78.2	39.1	33.0	-21.5	1.3	4.8	2.2
Single Family	-29.7	-12.3	72.5	0.4	3.6	25.0	6.2	4.0	1.5
Multiple Family	-37.8	-17.6	99.2	164.2	69.1	-56.6	-9.3	6.9	3.7
Permit Valuations (Mil.\$)	-21.1	-3.8	65.2	40.7	22.4	4.5	12.0	8.6	7.1
Single Family	-20.8	-2.3	68.9	18.4	12.0	33.2	14.5	8.2	7.0
Multiple Family	-34.7	-10.6	91.5	204.2	53.8	-46.7	0.8	11.3	9.1
Population and Housing Stock, Annual Percent Change									
Population	1.9	2.9	2.8	2.4	2.5	2.9	2.7	2.2	2.0
Housing Stock	4.0	2.3	1.3	2.0	2.6	3.3	3.1	3.1	3.1
Single Family	7.4	2.1	1.4	2.3	2.9	2.8	2.9	2.9	2.9
Multiple Family	-2.6	2.8	1.0	1.4	2.1	4.5	3.6	3.5	3.4
Occupied Housing Units	3.3	2.5	1.3	2.2	3.0	2.8	2.9	2.4	2.0
Vacancy Rate (level)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Home Sales and Prices (Sacramento County), Annual Percent Change									
Home Sales	-18.3	-29.2	25.2	9.5	3.9	-2.9	-10.6	8.8	-5.8
Average Price	12.9	4.3	-0.5	0.8	2.7	7.4	2.6	5.1	5.4
Affordability Index	-22.2	-0.1	26.5	7.2	10.3	12.3	11.7	-2.2	3.2
Nonresidential Construction Activity, Mil. 1982 \$, Annual Percent Change									
Nonres. Permit Values	2.3	-10.2	32.9	24.3	-4.8	-8.5	-12.1	5.8	3.6
Office Building	-5.2	81.1	17.8	-2.4	-32.3	-15.0	-30.7	-1.1	-2.9
Other Commercial Bldg.	-19.2	-30.7	10.6	135.4	10.4	3.7	-28.5	3.5	5.3
Industrial Bldg.	10.3	-50.5	30.0	29.0	35.0	-3.2	-3.9	10.1	5.7
Other Nonres. Bldg.	4.6	-33.5	116.8	21.8	-36.2	2.4	-26.5	-1.3	-9.9
Add. & Alterations	16.3	-4.3	21.3	16.4	18.6	-23.0	19.7	10.0	8.6
Gross Assessed Values, Bil. \$, Annual Percent Change									
Total Assessed Value	13.5	11.4	7.5	9.8	10.0	9.6	6.9	6.7	6.9
County Roll	13.6	11.0	7.3	9.9	10.1	9.3	6.9	6.5	6.7
State Roll	10.5	17.1	12.2	8.6	8.3	13.9	7.6	9.6	9.5
Related National Indicators									
Housing Starts (% Chg.)	-15.7	-3.5	61.3	3.4	-1.2	4.8	-6.5	3.0	1.5
Mortgage Interest Rate	15.1	15.4	12.8	12.5	11.7	10.3	9.4	9.5	9.2

Source: DRI First Quarter 1987 Sacramento MSA Forecast

Table A-10 -- Sacramento MSA Utility Sales, Prices & Revenues

	1981	1982	1983	1984	1985	1986	1987	1988	1989

Electricity -- Sacramento Municipal Utility District (SMUD)									
Sales (Mil. KWH)	5644.4	5630.6	5908.0	6311.7	6849.2	7044.9	7075.7	7197.5	7337.6
Residential	2798.9	2787.1	2916.8	3092.0	3188.1	3127.4	3144.6	3233.3	3309.3
Comm. & Indust.	2845.5	2843.4	2991.3	3219.8	3661.1	3917.5	3931.1	3964.2	4028.2
Average Rate (Cents/KWH)	2.7	3.2	3.6	3.8	4.4	5.3	5.8	6.3	6.8
Residential	2.9	3.5	4.0	4.2	4.9	6.0	6.6	7.1	7.7
Comm. & Indust.	2.4	2.9	3.2	3.3	3.8	4.6	5.1	5.5	5.9
Natural Gas -- Pacific Gas & Electric Co. (P.G. & E.)									
Sales (Mil. Therms)	390.4	410.5	386.0	368.9	357.3	499.2	501.7	416.3	412.8
Residential	224.6	247.4	232.3	217.9	220.8	288.4	302.3	240.5	237.7
Comm. & Indust.	165.8	163.1	153.7	151.0	136.4	210.8	199.4	175.7	175.1
Average Rate (Cents/THM)	41.4	47.0	50.1	54.5	47.4	44.9	57.9	60.2	62.5
Residential	37.8	42.2	46.7	52.1	43.7	43.2	60.2	62.4	64.4
Comm. & Indust.	44.9	51.8	53.4	57.0	51.0	46.5	55.6	58.1	60.5
Utility Revenues, Mil. \$									
Electricity	152.0	180.9	213.4	237.6	296.5	368.2	407.9	447.1	491.9
Residential	82.4	97.9	116.7	130.4	157.0	187.0	207.4	230.1	254.7
Comm. & Indust.	69.6	83.0	96.6	107.2	139.5	181.1	200.5	217.0	237.2
Natural Gas	159.0	188.7	190.1	199.2	166.1	223.1	292.9	251.9	259.1
Residential	84.6	104.3	107.8	113.5	96.6	125.5	182.1	149.9	153.2
Comm. & Indust.	74.5	84.4	82.3	85.7	69.5	97.6	110.8	102.0	105.9
Electricity & Gas	311.1	369.6	403.5	436.8	462.7	591.3	700.7	699.0	751.0
Residential	167.0	202.2	224.5	244.0	253.6	312.6	389.4	380.0	407.9
Comm. & Indust.	144.1	167.4	178.9	192.9	209.0	278.7	311.3	319.0	343.1

Source: DRI First Quarter 1987 Sacramento MSA Forecast

Table A-11 -- Sacramento MSA Utility Sales, Prices & Revenues (Contd.)

	1981	1982	1983	1984	1985	1986	1987	1988	1989

Electricity (SMUD), Annual Percent Change									
Sales (Mil. KWH)	6.4	-0.2	4.9	6.8	8.5	2.9	0.4	1.7	1.9
Residential	8.0	-0.4	4.7	6.0	3.1	-1.9	0.6	2.8	2.4
Comm. & Indust.	4.9	-0.1	5.2	7.6	13.7	7.0	0.3	0.8	1.6
Average Rate (Cents/KWH)	11.6	19.5	12.3	4.3	15.8	21.4	10.3	7.6	7.9
Residential	11.4	19.6	13.8	5.3	16.9	21.3	10.2	7.9	8.2
Comm. & Indust.	11.8	19.4	10.6	3.1	14.4	21.4	10.3	7.3	7.6
Natural Gas (P.G. & E.), Annual Percent Change									
Sales (Mil. Therms)	-7.8	5.1	-5.9	-4.4	-3.1	39.7	0.5	-17.0	-0.8
Residential	-11.2	10.1	-6.1	-6.2	1.4	30.6	4.8	-20.4	-1.2
Comm. & Indust.	-2.8	-1.6	-5.8	-1.7	-9.7	54.6	-5.4	-11.9	-0.3
Average Rate (Cents/THM)	8.9	13.5	6.6	8.9	-13.2	-5.2	29.0	4.0	3.7
Residential	9.5	11.6	10.7	11.6	-16.0	-1.2	39.4	3.5	3.3
Comm. & Indust.	8.5	15.2	3.2	6.6	-10.5	-8.7	19.4	4.5	4.1
Utility Revenues, Annual Percent Change									
Electricity	18.9	19.0	17.9	11.4	24.8	24.2	10.8	9.6	10.0
Residential	20.4	18.8	19.2	11.7	20.4	19.1	10.9	10.9	10.7
Comm. & Indust.	17.2	19.3	16.4	10.9	30.2	29.9	10.7	8.2	9.3
Natural Gas	1.3	18.6	0.8	4.8	-16.6	34.3	31.3	-14.0	2.9
Residential	-2.1	23.3	3.4	5.3	-14.9	29.9	45.0	-17.7	2.2
Comm. & Indust.	5.5	13.3	-2.5	4.1	-18.9	40.4	13.5	-8.0	3.9
Electricity & Gas	9.2	18.8	9.2	8.3	5.9	27.8	18.5	-0.3	7.4
Residential	7.9	21.1	11.0	8.7	4.0	23.2	24.6	-2.4	7.3
Comm. & Indust.	10.9	16.2	6.9	7.8	8.4	33.3	11.7	2.5	7.5
Related Indicators -- Sacramento MSA									
Occupied Units (% Chg.)	3.3	2.5	1.3	2.2	3.0	2.8	2.9	2.4	2.0
Res. Bldg. Permits (000)	7.5	6.5	11.5	16.0	21.3	16.7	16.9	17.8	18.1
Nonres. Bldg. Val. (M82\$)	391.0	351.3	467.0	580.3	552.3	505.3	444.2	470.2	487.1

Source: DRI First Quarter 1987 Sacramento MSA Forecast

Table A-12 -- Sacramento MSA Taxable Sales -- Current Dollars

	1981	1982	1983	1984	1985	1986	1987	1988	1989
----- Taxable Sales, Millions of Current \$ -----									
Total Taxable Sales	7171.3	7360.9	8243.1	9504.1	10597.1	10956.2	11196.7	11933.0	12431.9
Retail Stores	5327.8	5527.9	6228.0	7026.1	7757.2	8062.6	8324.8	8882.0	9219.7
Apparel Stores	188.6	195.2	189.8	217.8	249.7	273.6	299.6	315.4	329.2
Drug Stores	137.0	153.7	166.2	176.4	185.0	175.8	174.2	185.3	195.7
Food Stores	556.1	568.3	597.2	639.5	694.4	755.9	813.9	863.5	907.5
Packaged Liquor Stores	70.6	85.0	72.7	69.8	69.1	69.4	72.2	75.5	79.5
General Merchandise	595.8	613.0	703.9	795.2	903.6	940.2	915.7	967.4	1000.1
Eating & Drinking Place	585.4	628.5	677.3	746.9	804.7	860.5	899.7	958.0	1004.1
Building Materials	432.9	405.3	486.9	569.9	620.9	681.9	743.5	781.1	828.0
Furniture & Appliances	252.8	255.3	302.3	337.3	353.3	378.6	401.4	419.7	435.1
Motor Vehicles & Parts	804.2	901.2	1189.8	1407.4	1607.3	1653.9	1627.7	1767.7	1798.9
Service Stations	671.6	619.5	612.5	645.1	677.6	564.6	635.0	701.8	732.0
Other Retail Stores	1032.8	1103.0	1229.5	1420.8	1591.6	1708.3	1742.2	1846.9	1910.0
All Other Outlets	1843.5	1833.0	2015.1	2478.0	2839.9	2893.5	2871.9	3051.0	3212.1
Annual Percent Change									
Total Taxable Sales	6.8	2.6	12.0	15.3	11.5	3.4	2.2	6.6	4.2
Retail Stores	7.6	3.8	12.7	12.8	10.4	3.9	3.3	6.7	3.8
Apparel Stores	15.2	3.5	-2.8	14.8	14.6	9.6	9.5	5.2	4.4
Drug Stores	44.0	12.2	8.1	6.2	4.8	-5.0	-0.9	6.4	5.6
Food Stores	21.6	2.2	5.1	7.1	8.6	8.9	7.7	6.1	5.1
Packaged Liquor Stores	22.5	20.5	-14.5	-4.0	-1.0	0.4	4.0	4.5	5.3
General Merchandise	1.5	2.9	14.8	13.0	13.6	4.0	-2.6	5.7	3.4
Eating & Drinking Place	10.1	7.3	7.8	10.3	7.7	6.9	4.6	6.5	4.8
Building Materials	-4.3	-6.4	20.2	17.0	8.9	9.8	9.0	5.1	6.0
Furniture & Appliances	9.2	1.0	18.4	11.6	4.8	7.2	6.0	4.6	3.6
Motor Vehicles & Parts	4.8	12.1	32.0	18.3	14.2	2.9	-1.6	8.6	1.8
Service Stations	6.2	-7.8	-1.1	5.3	5.0	-16.7	12.5	10.5	4.3
Other Retail Stores	6.0	6.8	11.5	15.6	12.0	7.3	2.0	6.0	3.4
All Other Outlets	4.6	-0.6	9.9	23.0	14.6	1.9	-0.7	6.2	5.3

Source: DRI First Quarter 1987 Sacramento MSA Forecast

Table A-13 -- Sacramento MSA Taxable Sales -- Constant Dollars

	1981	1982	1983	1984	1985	1986	1987	1988	1989

Real Taxable Sales (Mil. 82 \$), Annual Percent Change									
Total Real Taxable Sales	-1.9	-1.3	11.5	13.7	10.1	3.8	-1.1	2.9	0.8
Retail Stores	-0.9	1.1	11.6	10.3	8.5	5.2	-0.5	2.6	0.0
Apparel Stores	6.2	0.3	-4.8	11.6	11.9	10.1	5.8	1.4	0.5
Drug Stores	32.8	8.8	5.9	3.2	2.4	-4.5	-4.3	2.5	1.7
Food Stores	12.0	-1.1	2.9	4.1	6.0	9.3	4.0	2.2	1.2
Packaged Liquor Stores	13.2	16.7	-16.3	-6.7	-3.3	0.9	0.5	0.7	1.4
General Merchandise	-7.1	-2.8	10.3	8.8	9.8	1.9	-5.9	1.5	-0.9
Eating & Drinking Place	1.6	4.0	5.6	7.2	5.2	7.4	1.0	2.6	0.9
Building Materials	-11.4	-9.6	17.7	12.5	7.0	6.1	5.4	0.9	1.7
Furniture & Appliances	2.8	-3.0	17.2	11.9	6.3	8.8	6.0	3.4	2.3
Motor Vehicles & Parts	-3.6	5.9	28.5	14.6	12.0	0.3	-5.3	4.5	-1.6
Service Stations	-12.3	-7.6	3.1	6.6	8.9	8.6	15.4	4.9	0.1
Other Retail Stores	-2.3	3.4	9.2	12.3	9.4	7.8	-1.5	2.2	-0.5
All Other Outlets	-4.6	-7.3	11.3	23.1	13.9	0.6	-2.6	3.7	2.6
Related Indicators -- Sacramento MSA									
Real Disp. Inc. (% Chg.)	-0.6	0.8	3.9	7.5	6.0	5.1	2.8	2.5	1.1
Sales Elasticity	3.1	-1.6	2.9	1.8	1.7	0.7	-0.4	1.2	0.7
Res. Bldg. Permits (000)	7.5	6.5	11.5	16.0	21.3	16.7	16.9	17.8	18.1
Nonres. Bldg. Val. (M82\$)	391.0	351.3	467.0	580.3	552.3	505.3	444.2	470.2	487.1
Unemployment Rate	9.0	11.5	10.3	8.1	7.0	6.0	6.6	6.5	6.7
Taxable Prices (% Chg.)	8.8	3.9	0.5	1.6	1.4	-0.4	3.3	3.7	3.4
Related Indicators -- United States									
Real GNP (% Chg.)	1.9	-2.5	3.6	6.4	2.7	2.6	2.5	3.4	2.0
Prime Interest Rate	18.9	14.9	10.8	12.0	9.9	8.3	7.3	7.4	6.7
Personal Saving Rate	7.5	6.8	5.4	6.3	5.1	4.2	4.1	4.3	4.3
Consumer Confid. Index	0.71	0.68	0.88	0.98	0.93	0.95	0.93	0.91	0.89
New Car Sales (Mil.)	8.55	7.97	9.15	10.43	11.05	11.35	10.82	11.07	10.38
Consumer Prices (% Chg.)	10.4	6.1	3.2	4.3	3.5	2.0	3.6	4.6	4.7
Energy Prices (% Chg.)	21.0	-0.2	-4.1	-1.2	-3.5	-22.9	-3.0	5.4	4.3

Source: DRI First Quarter 1987 Sacramento MSA Forecast

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Table A-14 -- Sacramento City Taxable Sales -- Current Dollars
(Seasonally Adjusted Annual Rates)

	1982	1983	1984	1985	1986	1987	1988	1989

Taxable Sales, Millions of Current \$								
Total Taxable Sales	1807.7	2024.5	2302.8	2492.2	2570.6	2629.9	2779.5	2884.5
Retail Stores	1248.7	1382.0	1586.4	1693.7	1758.9	1824.1	1935.7	2006.4
Apparel Stores	44.0	43.4	48.4	59.3	59.7	67.1	70.7	73.8
Drug Stores	32.6	34.0	36.9	38.2	36.2	36.0	38.4	40.6
Food Stores	141.0	147.9	161.7	170.6	186.1	201.1	213.3	224.2
Packaged Liquor Stores	16.2	18.8	17.6	18.6	17.0	17.5	17.9	18.4
General Merchandise	160.7	180.5	202.4	217.0	224.9	222.4	232.0	237.0
Eating & Drinking Place	180.1	190.8	205.3	222.3	238.5	247.2	261.9	273.5
Building Materials	103.5	122.4	142.1	164.1	177.8	191.2	201.2	213.7
Furniture & Appliances	56.1	64.2	72.4	69.9	79.0	82.8	86.1	88.8
Motor Vehicles & Parts	182.9	258.1	296.7	318.3	322.7	325.4	349.1	354.3
Service Stations	146.3	139.8	153.6	165.4	136.8	150.5	165.2	171.8
Other Retail Stores	185.4	182.0	249.2	250.0	280.3	282.9	300.0	310.2
All Other Outlets	559.0	642.5	716.4	798.6	811.7	805.7	843.8	878.1
Annual Percent Change								
Total Taxable Sales	1.1	12.0	13.7	8.2	3.1	2.3	5.7	3.8
Retail Stores	3.9	10.7	14.8	6.8	3.9	3.7	6.1	3.7
Apparel Stores	9.9	-1.4	11.3	22.6	0.7	12.5	5.2	4.4
Drug Stores	14.9	4.4	8.3	3.7	-5.2	-0.6	6.6	5.8
Food Stores	3.8	4.9	9.4	5.5	9.1	8.0	6.1	5.1
Packaged Liquor Stores	15.7	16.3	-6.4	5.5	-8.4	3.0	2.1	2.6
General Merchandise	6.5	12.4	12.2	7.2	3.6	-1.1	4.3	2.1
Eating & Drinking Place	7.4	6.0	7.6	8.3	7.3	3.7	6.0	4.4
Building Materials	-8.9	18.2	16.1	15.5	8.3	7.5	5.2	6.2
Furniture & Appliances	0.2	14.4	12.8	-3.5	13.0	4.9	3.9	3.2
Motor Vehicles & Parts	11.3	41.1	15.0	7.3	1.4	0.9	7.3	1.5
Service Stations	-8.6	-4.4	9.9	7.6	-17.3	10.0	9.8	4.0
Other Retail Stores	8.2	-1.8	36.9	0.3	12.1	0.9	6.0	3.4
All Other Outlets	-4.5	14.9	11.5	11.5	1.6	-0.7	4.7	4.1

Source: DRI First Quarter 1987 Sacramento MSA Forecast

Table A-15 -- Sacramento City Assessed Values and Related Indicators

	1982	1983	1984	1985	1986	1987	1988	1989
----- Sacramento City Assessed Values (Mil. \$) -----								
Total Assessed Values	6104.8	6542.0	7233.5	8944.7	9970.8	10877.0	11616.2	12459.2
% ch	12.4	7.2	10.6	23.7	11.5	9.1	6.8	7.3
Current Secured	5697.5	6122.1	6762.7	8417.8	9355.3	10177.9	10827.1	11577.9
Local Roll	5377.7	5757.8	6363.0	7981.4	8845.2	9605.7	10223.2	10903.3
State Roll	319.8	364.3	399.7	436.4	510.1	572.2	603.9	674.6
Current Unsecured	407.3	419.9	470.8	526.9	615.5	699.1	789.1	881.3
Supplemental AV	NA	NA	255.0	311.3	345.0	374.6	398.7	425.2
Sacramento City Building Permit Valuations (Mil. \$)								
Total Valuations	120.5	231.7	325.2	333.2	383.3	330.2	356.7	392.5
Residential	51.4	100.7	189.3	231.2	213.1	223.4	255.8	289.0
Single-family	31.1	70.1	101.1	135.4	179.0	175.7	202.4	230.4
Multiple-family	20.3	30.6	88.2	95.8	34.1	47.6	53.4	58.6
Nonresidential	69.0	131.0	135.9	102.0	170.2	106.8	100.8	103.5
Office	50.3	70.6	29.3	36.6	59.9	26.5	27.1	27.2
Industrial	3.7	6.5	15.4	11.5	25.9	21.5	19.9	21.8
Commercial	10.7	12.2	15.3	36.6	71.2	33.3	27.6	30.1
Other	4.3	41.7	75.9	17.4	13.2	25.6	26.2	24.4
Related Sacramento MSA Indicators								
Housing Permits (000)	6.5	11.5	16.0	21.3	16.7	16.9	17.8	18.1
Nonres. Const. (Mil. 82\$)	351.3	467.0	580.3	552.3	505.3	444.2	470.2	487.1
New Home Price (% ch)	4.3	-0.5	0.8	2.7	7.4	2.6	5.1	5.4
Home Sales (000)	5.24	6.56	7.19	7.47	7.25	6.48	7.05	6.64
Afford. Index (%ch)	-0.1	26.5	7.2	10.3	12.3	11.7	-2.2	3.2
Related United States Indicators								
Housing Starts (Mil.)	1.06	1.71	1.76	1.74	1.83	1.71	1.76	1.78
Mortgage Rate	15.4	12.8	12.5	11.7	10.3	9.4	9.5	9.2

Source: DRI First Quarter 1987 Sacramento MSA Forecast

Table A-16 -- Sacramento City: Summary of Revenue Projections
(Amounts in Thousands)

REVENUES =====	1982-83 =====	1983-84 =====	1984-85 =====	1985-86 =====	1986-87 =====	1987-88 =====	1988-89 =====	1989-90 =====
Property Taxes: *								
Current Roll	\$20,017	\$21,530	\$24,689	\$26,360	\$31,265	\$34,133	\$36,486	\$39,128
Supplemental			234	1,164	1,290	1,401	1,491	1,590
Prior-yr./other	1,591	1,618	894	1,503	1,985	2,241	2,543	2,746
Total	\$21,608	\$23,148	\$25,817	\$29,027	\$34,540	\$37,775	\$40,520	\$43,464
% ch		7.13	11.53	12.43	18.99	9.37	7.27	7.27
Sales and Use Taxes	\$20,434	\$24,122	\$27,145	\$29,532	\$30,116	\$30,659	\$32,278	\$32,587
% ch		18.05	12.53	8.79	1.98	1.80	5.28	0.96
Utility Users' Fees	\$8,982	\$15,933	\$19,966	\$22,122	\$24,243	\$25,550	\$25,806	\$25,810
% ch		77.40	25.31	10.80	9.59	5.39	1.00	0.01
Business Oper. Fees	\$2,041	\$2,280	\$2,587	\$2,824	\$3,091	\$3,302	\$3,520	\$3,739
% ch		11.71	13.46	9.16	9.45	6.83	6.60	6.22
Property Trans. Tax	\$1,650	\$2,654	\$2,534	\$3,010	\$3,169	\$2,981	\$3,157	\$3,318
% ch		60.85	-4.52	18.78	5.28	-5.93	5.90	5.10
Total, Major Revenues	\$54,715	\$68,137	\$78,049	\$86,515	\$95,159	\$100,267	\$105,281	\$108,918
% ch		24.53	14.55	10.85	9.99	5.37	5.00	3.45

* Current-roll and supplemental property taxes do not include accrual adjustments

Source: DRI First Quarter 1987 Sacramento MSA Forecast

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Table A-17 -- Sacramento City: Assessed Values & Current Property Taxes

ASSESSED VALUES (Millions)	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
Current Secured:								
Local Roll	5,378	5,758	6,363	7,981	8,845	9,606	10,223	10,903
State Roll	320	364	400	436	510	572	604	675
Subtotal	5,698	6,122	6,763	8,418	9,355	10,178	10,827	11,578
Current Unsecured	407	420	471	527	616	699	789	881
Total, assessed value	6,105	6,542	7,234	8,945	9,971	10,877	11,616	12,459
Supplemental AV (SB 813)			255	311	345	375	399	425
PROPERTY TAXES (000)								
Current secured:								
Nonredevelopment	19,254	20,725	23,023	25,194	28,066	30,534	32,481	34,734
Redevelopment	890	890	890	890	890	890	890	890
Subtotal	20,144	21,615	23,913	26,084	28,956	31,424	33,371	35,624
Less HOE	(1,367)	(1,362)	(1,339)	(1,340)	(1,347)	(1,353)	(1,355)	(1,367)
Net secured	18,777	20,253	22,574	24,744	27,609	30,071	32,016	34,257
Current unsecured:								
Nonredevelopment	1,119	1,156	1,318	1,616	1,785	2,027	2,288	2,556
Redevelopment	120	120	120	120	120	120	120	120
Net unsec.	1,239	1,276	1,438	1,736	1,905	2,147	2,408	2,676
Total, current taxes	20,016	21,529	24,012	26,480	29,514	32,218	34,692	36,932
Percent growth	NA	7.6	11.5	10.3	11.5	9.2	7.7	6.5
Supplemental Taxes (SB813)			234	1,164	1,290	1,401	1,491	1,590

* Excludes assessed value in redevelopment tax rate areas

Table A-18 -- Sacramento City: Property Tax Collections
(Amounts in Thousands)

CURRENT MONTHLY	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUN.

1983-84												
Current sec.						8,000	3,091			8,000	772	391
Current unsec.					1,123					154		
TOTAL					1,123	8,000	3,091			8,154	772	391
1984-85												
Current sec.						11,229	815		96	8,149	2,485	484
Current unsec.					1,228							203
TOTAL					1,228	11,229	815			8,149	2,485	687
1985-86												
Current sec.							14,104			990	9,650	
Current unsec.							1,519			97		
TOTAL							15,623			1,087	9,650	
-----FORECAST-----												
1986-87												
Current sec.							16,804			1,179	11,497	
Current unsec.							1,678			107		
TOTAL							18,482			1,286	11,497	
1987-88												
Current sec.							18,300			1,284	12,521	
Current unsec.							1,905			122		
TOTAL							20,206			1,406	12,521	
1988-89												
Current sec.							19,484			1,367	13,331	
Current unsec.							2,151			153		
TOTAL							21,634			1,521	13,331	

ANNUAL	-----CURRENT ROLL-----				-----SUPPLEMENTAL-----			-----ADJUSTMENTS-----			
	SECURED	UNSEC.	TOTAL	GROWTH	SUPP.	TOTAL	GROWTH	PRIOR INT/PEN	TOTAL	GROWTH	
1983-84	20,254	1,277	21,531	7.6	NA	21,531	7.6	1,570	48	23,149	7.3
1984-85	23,258	1,431	24,689	14.7	234	24,923	15.8	775	119	25,817	11.5
1985-86	24,744	1,616	26,360	6.8	1,164	27,524	10.4	1,473	30	29,027	12.4
-----FORECAST-----											
1986-87	29,480	1,785	31,265	18.6	1,290	32,555	18.3	1,914	71	34,540	19.0
1987-88	32,106	2,027	34,133	9.2	1,401	35,534	9.2	2,161	80	37,775	9.4
1988-89	34,182	2,304	36,486	6.9	1,491	37,977	6.9	2,452	91	40,520	7.3
1989-90	36,572	2,556	39,128	7.2	1,590	40,718	7.2	2,648	98	43,464	7.3

Table A-19 -- Sacramento City: Sales Tax Revenues
(Amounts in Thousands)

MONTHLY	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUN.
1977-78	1346	1375	1517	744	1488	1629	763	1525	1461	738	1475	1441
1978-79	825	1650	1771	888	1775	1596	881	1763	1499	830	1660	1966
1979-80	970	1940	1864	994	1988	1899	975	1950	1930	1013	2025	1541
1980-81	1100	2200	1355	1138	2275	1185	1100	2200	1488	1019	2038	1708
1981-82	1050	2100	1902	1056	2114	2027	1111	2220	1489	1075	2150	1627
1982-83	1593	1820	1687	1425	1663	2135	1305	1740	2171	1260	1680	2228
1983-84	1320	1760	2642	1426	1901	2798	1465	1953	2439	1441	1921	2815
1984-85	1561	2081	2889	1711	2281	2787	1681	2241	3100	1740	2320	2424
1985-86	1890	2520	3112	1980	2640	2789	2100	2800	1956	1860	2480	3135
-----FORECAST-----												
1986-87	2160	2880	2286	2130	2840	3015	2286	3024	2065	1857	2451	3119
1987-88	2163	2908	2386	2041	2722	2798	2377	3144	2147	1959	2585	3290
1988-89	2301	3095	2540	2168	2890	2970	2506	3315	2264	2037	2689	3422
1989	2382	2957	2628	2248	2997	3081						
-----ACCRUAL ADJUST.-----												
ANNUAL	CASH	JUL (-)	JUL (+)	NET ADJ	REVENUE	GROWTH						
1977-78	15502	-1346	825	-521	14981	N/A						
1978-79	17104	-825	970	145	17249	15.1						
1979-80	19089	-970	1100	130	19219	11.4						
1980-81	18806	-1100	1050	-50	18756	-2.4						
1981-82	19921	-1050	1593	543	20464	9.1						
1982-83	20707	-1593	1320	-273	20434	-0.1						
1983-84	23881	-1320	1561	241	24122	18.0						
1984-85	26816	-1561	1890	329	27145	12.5						
1985-86	29262	-1890	2160	270	29532	8.8						
-----FORECAST-----												
1986-87	30113	-2160	2163	3	30116	2.0						
1987-88	30520	-2163	2301	139	30659	1.8						
1988-89	32197	-2301	2382	81	32278	5.3						
1989-90	32587				32587	1.0						

Table A-20 -- Sacramento City Utility Users' Fee Revenues
(Amounts in Thousands)

MONTHLY	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUN.

1983-84												
SMUD	300.8	298.8	322.4	406.3	586.4	567.8	510.1	499.5	568.0	513.0	468.0	509.0
PG&E	110.6	106.0	110.2	231.6	207.3	330.9	617.4	739.3	604.0	474.0	345.0	306.0
TEL.	258.0	271.3	277.5	516.1	509.9	531.7	510.7	487.5	541.0	511.0	544.0	546.0
TOTAL	669.4	676.1	710.1	1154.1	1303.6	1430.4	1638.1	1726.2	1713.0	1498.0	1357.0	1361.0
1984-85												
SMUD	572.0	592.8	673.6	675.5	684.6	616.5	582.3	543.5	638.5	611.8	584.8	635.0
PG&E	218.4	215.0	220.2	224.1	272.7	465.4	692.9	903.5	777.1	500.3	394.3	195.7
TEL.	574.8	571.0	565.9	703.8	493.4	509.7	589.8	626.1	670.4	628.3	609.6	610.4
TOTAL	1365.3	1378.7	1459.7	1603.3	1450.7	1672.6	1865.0	2073.1	2086.0	1740.4	1588.6	1441.1
1985-86												
SMUD	666.3	707.0	823.9	815.4	727.9	685.1	727.1	779.7	844.7	721.4	739.6	771.0
PG&E	234.7	200.1	200.5	228.2	250.0	415.5	705.1	704.5	512.8	411.6	311.9	274.0
TEL.	706.2	697.2	738.7	722.6	693.7	776.1	687.9	675.0	748.9	700.2	693.9	709.5
TOTAL	1607.2	1604.3	1763.0	1766.2	1671.7	1876.7	2120.1	2159.1	2106.4	1833.2	1745.3	1754.5

1986-87												
SMUD	745.2	795.9	960.5	938.5	844.8	669.7	814.8	867.4	946.3	854.8	881.5	934.9
PG&E	240.0	203.7	182.9	229.0	271.1	441.3	696.1	677.3	508.0	435.0	328.9	297.0
TEL.	736.1	751.2	706.7	716.3	742.9	692.2	787.2	763.3	834.9	796.3	796.3	820.4
TOTAL	1721.3	1750.8	1850.1	1883.8	1858.8	1803.2	2298.0	2308.0	2289.1	2086.0	2006.7	2052.4
1987-88												
SMUD	822.6	850.0	1069.3	1071.1	907.4	720.6	852.5	907.5	990.0	908.3	936.6	993.4
PG&E	394.7	342.8	301.3	252.8	289.2	468.7	626.3	609.3	457.0	344.0	260.1	234.9
TEL.	839.0	839.0	789.7	837.1	840.6	768.6	816.5	791.7	866.0	839.1	839.1	864.5
TOTAL	2056.3	2031.8	2160.2	2161.0	2037.2	1957.9	2295.2	2308.6	2312.9	2091.4	2035.8	2092.8
1988-89												
SMUD	876.3	905.5	1139.2	1143.8	954.4	757.9	895.8	953.6	1040.3	950.4	1007.5	1039.6
PG&E	303.8	263.9	231.9	199.3	224.5	363.9	557.5	542.4	406.8	329.1	248.8	224.7
TEL.	884.9	884.9	832.8	874.5	865.0	790.9	828.5	803.4	878.7	842.1	842.1	867.7
TOTAL	2065.0	2054.2	2203.9	2217.5	2043.9	1912.7	2281.9	2299.5	2325.9	2121.7	2098.5	2131.9
1989-90												
SMUD	916.1	946.6	1190.9	1195.7	1005.4	798.4						
PG&E	313.0	271.8	238.9	203.3	230.8	374.1						
TEL.	885.4	885.4	833.3	941.1	874.7	799.8						
TOTAL	2114.5	2103.9	2263.1	2340.0	2110.9	1972.2						

-----ACCRUAL ADJUST.-----												
ANNUAL	CASH	JUL (-)	JUL (+)	NET	ADJ	REVENUE	GROWTH					
1983-84	15237.0	-669.4	1365.3	695.9	15932.9	NA						
1984-85	19724.4	-1365.3	1607.2	241.9	19966.3	25.3						
1985-86	22007.7	-1607.2	1721.3	114.1	22121.8	10.8						

-----FORECAST-----												
1986-87	23908.1	-1721.3	2056.3	335.0	24243.1	9.6						
1987-88	25541.3	-2056.3	2065.0	8.7	25550.0	5.4						
1988-89	25756.5	-2065.0	2114.5	49.5	25806.1	1.0						
1989-90	25809.5				25809.5	.0						

Note: Utility Users Tax rate drops from 9.0% to 8.5% on Oct. 1, 1986
The tax rate is expected to drop by .5% each year on Oct. 1 until reaching 5.0%