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DEPARTMENT OF
FINANCE

CITY OF SACRAMENTO
CALIFORNIA

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SACRAMENTO, CA
95814-2696

February 12, 1991
RA91018:MLF:ldm

916-449-5454

REVENUE DIVISION

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: FY 1990-91 MIDYEAR ECONOMIC FORECAST

SUMMARY

This report requests that the Budget and Finance Committee direct the transmittal of the FY 1990-91 Midyear Economic Forecast to the City Council for its information.

BACKGROUND

Since 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 1990-91 Midyear Economic Forecast was prepared for the City by Data Resources Incorporated (DRI). DRI provides the City with comprehensive information services for monitoring, analyzing, and forecasting the economic environment and related factors. Jay Kloepfer, DRI representative, prepared the City's FY 1990-91 Midyear Economic Forecast. The forecast was prepared using the extensive economic data available to DRI and data and insights provided by key City staff. Specifically, DRI prepares estimates of the Property Taxes, Sales and Use Tax, Business Operations Tax, Utility Users Tax and Real Property Transfer Tax.

The current forecast report was being completed at the same time that war with Iraq was imminent and thus the actual outbreak of war was not specifically addressed in the final report. Because of that timing, DRI has provided an addendum that more directly addresses the economic impact of the current war in the Persian Gulf.

FINANCIAL DATA

The 1991 Midyear Economic Forecast for FY 1990-91 suggests a cautiously optimistic view of the future. The Sacramento economy has slowed somewhat but the expectation is that Sacramento will continue to outperform both the state and the nation in income, population and employment gains. The 1991 economic forecast predicts that the five major tax revenue sources in the General Fund will generate, in total, the 1990-91 revenue budget estimates (\$129 million) and exceed actual 1989-90 collections by 10.27%.

POLICY CONSIDERATIONS

The Economic Forecast has no direct policy considerations. However, the economic data is used to forecast the City's financial future. The Midyear Review reports will address the policy considerations raised by the Midyear Economic Forecast.

MBE/WBE EFFORTS

Not applicable.

RECOMMENDATION

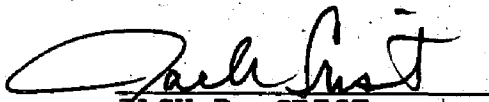
It is recommended that the Budget and Finance Committee direct staff to transmit the attached FY 1990-91 Midyear Economic Forecast to the City Council for its information.

Respectfully submitted,



Margaret L. Freeman
Revenue Manager

RECOMMENDATION APPROVED:



JACK R. CRIST
Deputy City Manager

Contact Person: Margaret L. Freeman, Revenue Manager, 449-5724

Attachment

All Districts
February 12, 1991

FORECAST UPDATE

The Sacramento economic and revenue forecast was completed prior to the start of the war in the Persian Gulf, and included as DRI's most likely scenario the last-minute avoidance of war. The impact of war was explored, however, and DRI has been monitoring developments in the Gulf and updating our U.S. outlook. The DRI February 1991 Control forecast was released on February 1, and is outlined in brief below.

LOOK FOR AN EXTENDED WAR, BUT LOW OIL PRICES

The financial and stock markets may have decided that the war is over, but the Iraqis have not. Despite the allies' initial success, DRI's new base case assumes that war continues for months, not weeks. The most recent reports give no indication that Saddam Hussein intends to quit.

Market fundamentals are dictating lower oil prices. Assurances have been made that Iraqi attacks against Saudi oil fields, refineries, and export terminals have been thwarted by allied defenses. The oil industry has become increasingly convinced that abundant inventories of crude oil and refined products worldwide, combined with the expected slackening of demand when the heating season ends, will result in oil prices moving lower. Sluggish economies in the U.S., Canada, and the U.K. will reinforce weakening oil demand. DRI projects an average price for foreign oil of only \$20 per barrel this year and \$18 in 1992.

In the U.S. forecast released by DRI in November, a quick war scenario was expected to alter business conditions only slightly. After monitoring the reactions of the economy in the few weeks after the outbreak of war, DRI is sticking with that expectation. The most likely DRI business scenario varies slightly from the one outlined in November, and can be summarized as follows:

- o The U.S. economy is in a mild recession, and is expected to pull out of it later in the spring.
- o The war will stretch out for six months, as a ground offensive proceeds relatively slowly; the final cost is near \$75 billion, but resupply is spread over three years.
- o Oil prices in the \$20-22 per barrel range in 1991 -- instead of the \$26-28 pre-war consensus -- will boost economic activity in the U.S. and abroad.
- o World economies will grow faster than previously expected, particularly Japan and Europe.
- o Inflation will fall faster than expected with the push from declining oil prices and from the recession. Consumer inflation will average only 3% in 1991.

- o Interest rates will continue fall as the Federal Reserve can focus on the recession rather than inflation.
- o Steadier foreign growth will give U.S. businesses relief, as exports are bolstered by lower oil prices and a cheap dollar.
- o Fear is overwhelming economic facts for U.S. auto buyers who will not resume their old spending habits until the Persian Gulf war is resolved and the troops are home.

On the optimistic side, the economy could recover quickly from the mini-recession with big-ticket consumer items and housing leading the charge. Stable inflation would encourage the Fed to hold down interest rates, further stimulating recovery. On the pessimistic side, if the war turns sour, the economy could be much weaker than DRI now expects. It is possible that the war could trigger a major financial crisis in the U.S.: many financial institutions and highly leveraged corporations are operating at the brink now. Consumer confidence would drop even further, causing serious retrenchment in spending and investment.

LITTLE CHANGE EXPECTED FOR THE LOCAL ECONOMY

The new DRI U.S. outlook does not vary dramatically from the one used to produce the current forecast for the Sacramento MSA and for City revenues. Therefore, the outlook for the local economy is essentially the same under the most likely business scenario outlined above. Fearful consumers will depress taxable sales and subsequently sales tax revenues as long as the conflict continues, but resolution should bring back confidence and spending habits of old. Lower inflation than previously expected will dampen total sales receipts, but should help the consumer along once he or she starts to spend. Lower interest rates should help put a floor under auto purchases and help to keep the fire burning under the hot Sacramento real estate market. Construction activity, both for residential and nonresidential projects, remains somewhat of a question mark, as builders and consumers sort through the emotional and financial conflicts of war, confidence, lower interest rates, restrictive lending and a shaky financial system, and the specter of last year's home price explosion.

SACRAMENTO METROPOLITAN AREA

ECONOMIC FORECAST

AND

SACRAMENTO CITY

REVENUE FORECAST

FIRST QUARTER 1991

SACRAMENTO METROPOLITAN AREA

ECONOMIC FORECAST

AND

SACRAMENTO CITY

REVENUE FORECAST

FIRST QUARTER 1991

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I. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The current economic forecast for the Sacramento metropolitan area was prepared by DRI/McGraw-Hill (DRI) and is based on the DRI November 1990 U.S. forecast and on the Commission on State Finance (COSF) Fall 1990 California forecast. The COSF forecast for California is based on the DRI national projections.

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

THE U.S. ECONOMIC OUTLOOK

1990 will be remembered as the year peace was declared with Russia but war was threatened with Iraq. DRI's central forecast, released in November 1990, assumes war in the Middle East is averted at the last minute, but uncertainty and fear surrounding the situation will not dissipate quickly. That the U.S. economy has entered a recession is difficult to deny, and DRI expects a classic recession over the short-term, with GNP falling for three consecutive quarters. Fear has been the primary cause of the downturn: fear of war, fear of another energy shock, fear of a shaky financial system, fear of a recession. Developments in the Middle East will decide the course of the U.S. economy, but the U.S. economy is much less vulnerable than during the two previous oil shocks. In DRI's most likely scenario, resolution of the Gulf crisis by the end of the spring will help bring about the end of the recession by the summer.

Two alternative scenarios include the prospect of war. A "quick war" scenario, which DRI sees as the more likely of the two, would alter expected business conditions only slightly. Oil prices would spike, then fall below the currently expected levels when it is confirmed that fighting has not permanently damaged Gulf oil production, refining and export facilities and military victory becomes clear. A "long war" scenario, however, would keep oil prices between \$40 and \$60 per barrel for several months, further undermining consumer and business confidence and shifting the economy from a mild downturn to a deep recession.

THE CALIFORNIA OUTLOOK

Evidence of weakness in the California economy has emerged over the past six months, following the pattern described for the United States. The Commission on State Finance expects the state to grow at a very sluggish pace until late 1991, when falling oil prices and lower interest rates spark a recovery in interest-sensitive sectors of the state's economy. Sharper than expected declines in the manufacturing sectors during 1990 are the primary

reasons for the downturn in the California economy. The slowdown in housing has been sharper and steeper than anticipated, although it occurred much later in California than the nation. Despite this performance over the past year, higher population growth and continued expansion in the service sectors of the economy will keep growth in California above the nation as a whole throughout the forecast horizon.

Manufacturing in California should fare better than the rest of the nation during the next two years, primarily reflecting a favorable mix of manufacturing industries. California's computer industry should also fare well in comparison to the nation, since the state has a higher concentration of computer manufacturers in the faster growing segments of the market - personal computers, peripherals, workstations, and software development. Offsetting this positive news on manufacturing is California's greater than average dependence on U.S. defense spending, and employment losses in defense-related industries are likely to continue. A second area of particular weakness in California over the next two years will be construction and related sectors.

THE SACRAMENTO MSA ECONOMIC OUTLOOK

Unlike the state or the nation, the Sacramento economy did not suffer a sharp downturn during 1990, but slowed gently into the "soft landing" predicted last year. The Sacramento MSA will follow the cyclical forecast pattern laid out for the state and the nation over the next few years. Sluggish growth and cautious consumers in the first half of 1991 will give way to a recovery later this year and into 1992 and 1993. The Sacramento region will continue to outperform the state average in income, employment, and population gains, and with the exception of San Diego, is expected to outpace all other California metro areas and will be among the top five nationwide.

Employment growth eased to 4.0% in 1990, and is expected to drop sharply to 1.6% during 1991, before rebounding to 3.3% and 4.1% in 1992 and 1993. Despite this slowdown, Sacramento's growth will remain twice the national pace. State and local government employment not only dominates in size in Sacramento, but in growth as well, averaging 4.5% annual growth between 1986 and 1989, more than twice the national average. Construction employment, which has helped to lead the Sacramento economy in total job growth, is expected to fall off considerably in 1991, declining 10% in response to a sharp drop in both residential permits and nonresidential valuations seen in 1990 and projected for 1991. Sacramento has enjoyed rapid enough expansion in manufacturing over the past five years to place it among the top five MSAs nationwide for growth, and has allowed it to buck the national trend of manufacturing's declining share of total employment. High-tech manufacturing has seen employment gains of more than 11% per year since 1986, and given the relative strength of the California computer industry as described in the Commission's outlook, the potential for continued growth is very good.

Robust consumer confidence in Sacramento, coupled with strong employment and income gains have fueled sales across most consumer categories. The somber mood of the

consumer, however, which is crucial to spending patterns and taxable sales, will dictate gains in taxable sales in the MSA of just 2.7% in 1991, followed by more confident increases of 4.8% and 7.8% in 1992 and 1993. The Sacramento residential real estate market underwent a major boom in 1990, continuing where 1989 left off. The question is whether or not this feverish pace can continue. For the time being, the Sacramento real estate market has been elevated to a higher level of home prices and sales activity.

SMUD utility revenues returned to double-digit growth in 1990, thanks to a strong surge in residential demand for electricity and a substantial increase in effective commercial rates. PG&E gas revenues charted a second strong year of growth in 1989, and should show gains of over 20% in the Sacramento-MSA for 1990. The outlook for both SMUD and PG&E revenues hinges on the resolution of the Gulf crisis, particularly its impact on world energy prices.

THE SACRAMENTO CITY REVENUE OUTLOOK

Total major revenues collected by the City of Sacramento in FY90 were \$117.298 M, an increase of 10% over FY89. This total is \$3.198M higher than anticipated, but almost all of the difference can be attributed to known discrepancies in utility user fees and to property transfer tax revenues that were inflated by the real estate boom. The current forecast calls for growth in the major revenues of 10.3% during the current fiscal year, followed by a slowdown to 6.7% in FY92 and a rebound to 9.3% in FY93. The outlook for Sacramento City revenues is generally sound and upbeat, especially given the recession predicted for the nation and the state.

II. UNITED STATES ECONOMIC OUTLOOK

U.S. ECONOMIC OUTLOOK

The current economic forecast for the U.S. is based on the DRI November 1990 Control Forecast. This forecast was released on November 5, 1990, and incorporates the initial data on GNP for the third quarter of 1990 from the Commerce Department.

1990 will be remembered as the year peace was declared with Russia but war was threatened with Iraq. By doubling oil prices and crushing consumer confidence, Iraq's invasion of Kuwait transformed an economic "soft landing" into a hard one or even a crash; a pullout could promptly reverse our fortunes again. DRI's central forecast still assumes last-minute Iraqi concessions stave off war, but the uncertainty and fear surrounding the Middle East only gradually dissipate during the winter and spring. In response, the U.S. economy will experience a classic recession, as GNP falls for three consecutive quarters.

That the economy is in a recession is difficult to deny. Continued declines in employment confirm the previous evidence of faltering consumer confidence. The recession may have begun as early as August, when oil prices jumped, or as late as October, when consumer spending plunged. Initial unemployment claims, a very reliable indicator of the economy's health, rocketed to 450,000 during October, their highest level since 1983.

The downturn has been caused more by fear than by tight credit or purchasing power losses from higher oil prices. It was fear of war in the Persian Gulf that lifted oil prices, and it was fear of a repetition of the 1974 and 1980 energy shocks that prompted businesses and consumers to cut back on spending. Worries about the shakiness of the financial system and the escalating cost of the S&L bailout have magnified that loss of confidence. The University of Michigan index of consumer confidence has been stuck at deep recession levels since October, revealing pessimism that hasn't been felt since early 1982.

On a more optimistic note, the U.S. economy is much less vulnerable than during the two previous oil shocks. The oil price increase since August is only about half as great, and the United States uses only about two-thirds as much oil relative to GNP as it did in 1979. But the fear of war means that developments in the Middle East will decide the course of the U.S. economy. If conditions do not worsen and a largely peaceful resolution seems in sight by spring, DRI believes the recession will be over by mid-1991. Fear brought the economy down; resolution of the crisis will revive confidence and the economy.

War and Peace

DRI/McGraw-Hill assumes that rumors of war and hopes of peace will alternate in ascendancy throughout the winter and spring. If war means \$50 per barrel for oil and peace means \$20, then markets today are betting 2:1 on peace and thus establishing a trading

range near \$30. Prices move up when hard-line positions are presented to the press, then drop when hints of face-saving solutions are leaked.

In DRI's baseline forecast, the assumption is drawn-out negotiations and a sluggish Iraqi withdrawal from Kuwait similar to the phased release of hostages. DRI expects no war, but no certainty of peace until much later than the U.N.'s January 15 deadline for withdrawal.

The forecast calls for persistent oil price retreat, betting on two related phenomena. First, the odds of peace will erratically but steadily rise. Second, Saddam Hussein and commodity traders will come to realize that there is no physical shortage of oil: Saudi Arabia, Venezuela, and other producers have fully compensated for the loss of Kuwaiti and Iraqi production. While U.S. analysts fret that the embargo is not sufficient to force an Iraqi retreat, Hussein must be disheartened by the ease with which extra oil production has come onstream and minimized his leverage on the industrial world. He must also be surprised that his Arab neighbors have joined a U.S. alliance and that many are reaping enormous financial windfalls while Iraq's economy falters.

Unfortunately, it is also easy to create plausible alternative scenarios of a war driven by frustration. Hussein could lash out at Israel in an attempt to shatter the U.S.-Arab alliance. President Bush could feel forced to use air power against Iraq, if U.S. allies weaken and Hussein makes no concessions or performs more atrocities in Kuwait.

The key risk for the world economy, in the event of war, is the loss of several million barrels per day of Persian Gulf oil output. A quick war, with U.S. air power devastatingly successful, would alter expected business conditions only slightly. Oil prices would spike, then fall below baseline levels when it is confirmed that fighting has not permanently damaged Gulf oil production, refining and export facilities and military victory becomes clear. Most other military outcomes would, however, keep oil prices between \$40 and \$60 per barrel for several months, further undermining consumer confidence. In such cases the U.S. outlook could shift from a mild recession (reminiscent of the 1960 and 1970 downturns) to a severe contraction (similar to those in 1975 and 1982).

The most likely DRI business scenario can be summarized as follows:

- o Declining energy prices through March, hence only modest gains in the aggregate consumer price index;
- o Further reductions in short-term interest rates because the Federal Reserve can focus on recession rather than inflation;
- o Long-term government bond yields will ease and stabilize near 8.0%, as investor fears are calmed, and the stock market will rebound as it looks to a broad economic recovery in 1992;
- o A gradual resurgence in consumer purchases of homes, autos, and appliances;

- o An end to the national housing construction slump, built on a recovery in purchasing power, lower mortgage rates, and firming home prices;
- o Strong exports because world market levels have not fallen into recession and the dollar remains undervalued;
- o A relatively mild peak-to-trough decline in GNP and expectations that the recession will be over by early summer; and
- o Rising unemployment until late summer, with the national peak near 7% -- almost a full percentage point above current levels.

DRI has identified the "quick war" scenario as the most likely alternative to a peaceful resolution of the Gulf crisis. This scenario is very close to the baseline forecast described above, except that military expenditures are going to be significantly higher and oil prices may be \$1-\$3 lower. The critical variable in the quick war scenario is the recovery of consumer confidence.

Beyond the Crisis

Most of the public's attention is focused on adverse business reports. Layoff announcements are given full play as a minority of firms cut employment and production. Bold headlines announce massive real estate losses at prominent banks, not just S&L's, and everyone is morbidly fascinated by declining home prices, at least outside of the Sacramento area.

These stress points in the economy are of genuine concern, but several mitigating factors support DRI's belief in recovery later this year. First, inflation will be driven down by the softness in the economy. When the final figures are in, 1990 will exhibit the highest rate of inflation since the early 1980's, largely due to energy prices. Second, the Federal Reserve has and will continue to cut interest rates to stimulate the economy. Lower mortgage rates will help establish a floor under the housing market and provide welcome relief to property owners with adjustable-rate mortgages. Third, the dollar will remain weak in the absence of a long, involved war, helping U.S. exports expand. Stronger European demand for cheaper U.S. goods should help buffer industries affected by reluctant consumers here at home.

III. CALIFORNIA ECONOMIC OUTLOOK

CALIFORNIA ECONOMIC OUTLOOK

The current economic forecast for the State of California is the Commission on State Finance Fall 1990 forecast, and is used with their permission. This forecast is based on the DRI Fall 1990 long-term U.S. forecast, and is consistent with the U.S. outlook presented in the preceding section of this report. More details on the California outlook are available in the Annual Long-Term General Fund Forecast published by the Commission in December 1990.

Evidence of weakness in the California economy has emerged over the past six months, following the pattern described for the United States. Year-over-year growth rates in employment dipped from 4% at mid-year to under 2% by October. Employment in California actually fell 0.4% between August and September, one of the largest monthly declines in recent years. Housing activity finally succumbed to a much-anticipated slowdown, 12 to 18 months after the national slowdown emerged. The Commission expects California to grow at a very sluggish pace until late 1991, when falling oil prices and lower interest rates spark a recovery in interest-sensitive sectors of the state's economy. California employment slowed from 4.0% growth in 1989 to 2.6% in 1990, and is projected to rise just 1.0% in 1991, compared to expected national gains of 0.2%. As the California and U.S. economies head into recovery in 1992 and 1993, California employment will expand 1.9% and 2.6%, performing better than the U.S. projected growth of 1.1% and 1.5%. Higher population growth and continued expansion in the service sectors of the economy keep economic growth in this state above the nation as a whole throughout the forecast horizon.

Sharper than expected declines in the manufacturing sectors during 1990 are the primary reasons for the downturn in the California economy. The well-publicized plant closures and layoffs in defense businesses have been one factor; the Commission now expects employment in the aerospace industries to shrink 4.2% in 1990. However, slowing defense spending is not the entire problem. Employment in all manufacturing industries is falling in response to the slowing national economy.

The slowdown in housing has been sharper and steeper than anticipated, although it occurred much later in California than the nation. For the last several years California permits have been issued at a rate well above its long-term average, which is about 205,000 units per year. This trend held up through 1989 and early 1990 at a time when construction for the nation fell below its long-term average. However, starting in the spring California permits began to fall sharply, declining from 211,000 in the first quarter to 183,000 in the second quarter and 152,000 in the third (these are seasonally adjusted annual rates). This shift has occurred despite little change in income growth or interest rates. California housing is still faring better than the nation as a whole.

The slowdown in job growth, coupled with continued immigration and labor force increases, will push the unemployment rate from 5.4% in 1990 to 6.6% in 1991 and 1992 before it

higher than inflation and down considerably from 7.1% in 1990. Income will then return to 7.1% growth in 1992 and 1993, but because inflation will be sharply lower, real incomes will increase considerably over 1990.

Relative Manufacturing Strengths

California will continue to outperform the nation in job growth and real incomes because of two key factors. First, manufacturing in this state should fare better than the rest of the nation during the next two years. This outlook primarily reflects California's favorable mix of manufacturing industries. In particular, this state's electronics industries should rebound modestly in late 1991 and into 1992. The excessive inventories which caused the sharp downturn in the semiconductor industry during the mid-1980s are not present today. Thus, chip makers should be able to step up production fairly rapidly in response to a revival in demand for electronic components.

The second key factor is the specific characteristics of California's computer industry. Compared to the nation as a whole, California has a higher concentration of computer manufacturers in the faster growing segments of the market - personal computers, peripherals, workstations, and software development. At the same time, the state has a lower concentration of firms engaged in the production of the slower-growing big ticket mainframes segment. A recent survey by Electronic Business found that 17 of the 20 fastest growing U.S. electronics companies are located in California. Based on these factors the Commission expects employment in the electronics sector to grow by 0.4% in 1991 and 1.4% in 1992.

More generally, California durable goods employment will benefit from the recent slide of the dollar, which should boost exports during the next two years. Since a greater than average portion of California's manufactured goods are shipped abroad, this state will benefit relatively more from the expected increases in exports. California is also less dependent on the cyclically depressed auto sector than the U.S. economy as a whole.

On the Downside

Offsetting this positive news on manufacturing is California's greater than average dependence on U.S. defense spending. Real defense dollars entering California have been declining since 1988, causing employment losses in aerospace industries. With prospects for significant cutbacks in strategic weapons systems, employment losses in defense-related industries are likely to continue. The Commission expects employment in the aerospace industries will drop 5.3% in 1991 and 2.8% in 1992. Those interested in further details on this issue should consult the Commission's Summer 1990 report, Defense Spending in the 1990s: Impact on California.

A second area of particular weakness in California over the next two years will be the construction and related sectors. Home sales and new building have slowed markedly over the past twelve months. However, serious imbalances plaguing other regions of the U.S. do not appear to be prevalent in California at this point. According to the California Association of Realtors, September inventories of homes for sale were 13.4 months, still close to the normal range of a 10-12 month supply. The Commission expects weak overall economic conditions to depress residential sales and building until interest rates fall significantly.

Nonresidential construction is expected to fare somewhat better than the residential market. California has so far avoided much of the overbuilding of offices that has occurred in much of the nation. Within California, shifts in business activity toward inland regions are boosting office and commercial construction in those areas of the state. In addition, repairs and alterations related to the October 1989 earthquake are still adding to nonresidential building. Nonresidential construction activity as measured in constant dollars will be little changed from 1990 levels over the next two years.

With sluggish building activity, construction jobs are forecast to decline 4.9% in 1991 and remain flat in 1992. The related finance, insurance and real estate (FIRE) and utility industries will see growth rates of 1% or less during the next two years.

Business services employment will also slow sharply, primarily in response to the softness in the manufacturing sector. After enjoying growth of 7.6% in 1990, business services employment will slow to a 1.7% increase in 1991 and 3.8% in 1992.

Another weak sector is federal government. Deficit cutting pressures and completion of the 1990 Census will reduce federal jobs in California by 2.7% in 1991. Continued tight budgets will hold down growth in this sector in 1992 and beyond.

In contrast to the federal government, state and local government employment is projected to increase 3.7% in 1991 and 2.4% in 1992. Most of the hiring will be for school teachers as primary school enrollments continue to increase. California's above average population growth will also contribute to continued demand for state and local government services.

Drought Concerns

A large number of regions in California are vulnerable to a fourth year of drought. While the economic impacts of four years of below average rainfall have so far been fairly limited, a continuation could put further restrictions on new development and have major impacts on the state's agricultural sector.

The Long-Term View

The Commission on State Finance reiterates its view that over the next decade, California will continue to increase its national share of population, employment, income, and housing. The key factors underlying this view are: 1) California's manufacturing sector will continue to outperform the nation as a whole, 2) California population will continue to increase faster than the rest of the nation, reflecting strong immigration, and 3) infrastructure and resource constraints will cause shifts in economic activity, but will not have a major impact on overall growth in this state.

IV. SACRAMENTO MSA ECONOMIC OUTLOOK

SACRAMENTO MSA ECONOMIC OUTLOOK

The current economic forecast for the Sacramento Metropolitan Statistical Area (MSA) is based on the DRI/McGraw-Hill (DRI) model of the Sacramento economy, using the DRI November 1990 U.S. forecast and the Commission on State Finance (COSF) Fall 1990 California projections. (The Sacramento MSA includes El Dorado, Placer, Sacramento, and Yolo counties.) The DRI model of the Sacramento economy is a sophisticated econometric tool used to describe and project economic activity in the MSA. The model links appropriate local variables to state and national forecasts, and incorporates all recent data updates and revisions. The MSA forecast includes detailed projections in six sectors of the economy: employment, real estate 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 1990 for employment and utility revenues, the second quarter of 1990 for taxable sales and demographics, and the first quarter of 1989 for personal income.

The Sacramento economy slowed much more gently in 1990 than the sharper downturns at the state and national levels. Employment and real personal income achieved the "soft landing" that was expected in last year's report, as growth continued to ease down from the peak rates of 1986. As was the case in 1989, the real estate sector provided the excitement in the Sacramento region, as median home prices rose 25% and the number of home sales broke the all-time record set in 1989. Housing starts and nonresidential construction valuations came in at expected levels, but revisions to the 1989 data show the 1990 levels to be declines of 21% and 7% respectively. The Sacramento MSA will follow the cyclical forecast pattern laid out for the state and the nation over the next few years, with sluggish growth and cautious consumers in the first half of 1991 giving way to a recovery later this year and into 1992 and 1993. Sacramento will continue to outperform both the state and the nation in income, population, and employment gains. The outlook for the MSA is very similar to the one described last January, with two exceptions: first, 1991 will see slower growth than anticipated, and second, the real estate market has been elevated to a higher level of sales and prices for the next four years.

Relative to other California metropolitan areas, Sacramento has trailed only Oxnard, San Diego, and Riverside in population growth over the past five years. Although Sacramento has lead the state and the nation in employment growth over the same period, per capita income levels have remained substantially below average, especially compared to the coastal areas. The lower wage rates in Sacramento have helped to lure companies inland in search of lower business costs, but lagging incomes also raise the question of the quality of the new jobs in the area. Given the huge increase in home prices over the course of the last two years, the cost-of-living advantage in Sacramento will decline significantly in the absence of relative income gains. Nonetheless, with the exception of San Diego, the Sacramento economy is expected to outpace all other California metro areas, and will be among the top five nationwide.

Employment

The three largest employment sectors in the Sacramento MSA are government, trade, and services, in that order. Together, these three sectors comprise 75% of the workforce. Fortunately for Sacramento, government, trade, and services have been three of the strongest and fastest growing sectors during the past five years, along with construction and the finance, insurance and real estate group (FIRE). Led by these five industries, total employment has averaged 4.6% annual growth from 1986 to 1989, double the average for the top 100 MSAs in the nation. Employment growth eased to 4.0% in 1990, and is expected to drop sharply to 1.6% during 1991 before rebounding to 3.3% and 4.1% in 1992 and 1993. Despite this slowdown, Sacramento's growth will remain twice the national pace.

The dominant government sector continues to thwart expectations of increased diversification of the Sacramento economy, at least with respect to state and local government. Federal government employment, while twice as concentrated in Sacramento as in the average MSA nationwide, has been stagnant since 1986. With the conclusion of the 1990 Census, the number of federal jobs is expected to decline in 1991 and remain flat thereafter. State and local government, however, has averaged 4.5% annual growth between 1986 and 1989, more than twice the national average. Over the past two years, state employment and especially local (city and county) employment have increased their share of total employment. Growth has been stimulated by the continuing expansion of the California and Sacramento economies, in spite of reduced local tax revenue collections since the implementation of Proposition 13, the state appropriations limit, reduced federal funding, and legacy of fiscal conservatism in the state and national executive offices during the 1980s. State government employment grew 4.5% in 1990 and is projected to increase 4.8% in 1991 before dipping to 3% in 1992. The current budget shortfall under examination by the new Governor and the Legislature may temper this projection for 1991. City and county employment has expanded at a very strong 6.5% in each of 1989 and 1990, but is expected to moderate significantly in 1991 and 1992.

One of the major factors in Sacramento's expansion during the second half of the 1980s has been its comparatively uncongested environment relative to the overcrowded conditions of the Bay Area and Southern California. As the coastal urban areas in the state grow more congested and expensive, businesses and workers find the inland metropolitan areas of Sacramento, Riverside, and Fresno more and more attractive. One of the key indicators of this move inland is construction activity, and indeed construction-related jobs have increased rapidly in Sacramento since 1983, as the area's relative affordability has sparked a flurry of building activity in both the residential and non-residential sectors. Construction employment has helped to lead the Sacramento economy in total job growth, with average annual gains of 5% since 1986. Comparing Sacramento to the top 100 MSAs in the nation, however, reveals that the regional economy is much less concentrated than the average in construction-related jobs. Construction employment is therefore much smaller than would be expected for an MSA of Sacramento's size. This finding is surprising, given the anecdotal evidence of significant construction activity and the large amount of development that seems to be taking place in the area.

Construction employment is expected to fall off considerably in 1991, declining 10% in response to a sharp drop in both residential permits and nonresidential contract valuations seen in 1990 and projected for 1991. Recovery of consumer and business confidence and lower interest rates should induce a pickup in construction in 1992 and into 1993. Residential permit activity will inch upward in 1992, and nonresidential construction valuations will jump back up in continued response to the move inland by businesses.

Manufacturing has expanded rapidly in Sacramento, increasing at a 4.5% annual rate since 1986, well above the national MSA average and high enough to place Sacramento in the top 5 MSAs for growth. Nevertheless, this fast growth has not offset the fact that only 7.3% of all jobs in the MSA are in manufacturing, ten percentage points below the national average. In contrast to the national downward trend of the past 20 years, however, Sacramento's manufacturing share has increased from 1979. Total manufacturing employment will drop 2.7% in 1991, largely due to a decline in construction-related durable goods and the general softening of the economy. The expected recovery starting in late 1991 should boost manufacturing employment to growth rates near 4% for the following three years.

Food processing is an important manufacturing sector in Sacramento, since much of the agricultural produce grown in the fertile San Joaquin and Sacramento Valleys is processed in the MSA. Growth in this sector has been very respectable since 1986, averaging over 4% annually, and has exceeded the pace seen in other large urban areas, with two major expansions in 1987 and 1990. Over the next few years, however, employment in this sector will decline, as productivity gains reduce the number of workers necessary to process food.

Much of Sacramento's manufacturing growth during the last decade stems from the opening of a Hewlett-Packard production facility in Roseville in 1979. This marked the first of many high-tech employers to move into the Sacramento area. The high-tech sectors, while small by national standards, have since been expanding rapidly. In late 1989 Hewlett-Packard announced it was moving over 400 employees from their Cupertino facility to Roseville. The recently revised employment figures show employment gains of more than 11% per year since 1986, and given the relative strength of the computer industry in California as described in the Commission's outlook, the potential for continued growth is very good. The successful diversification of the Sacramento economy will rely in many ways on the continued prosperity of the high-tech sector.

Employment activity is distributed in a peculiar pattern across the four-county MSA. Three-fourths of the jobs are in Sacramento County, although only two-thirds of the manufacturing jobs are located there. This disproportionate distribution reveals the pattern of job growth across the MSA. Since 1986, Placer County, where Roseville is located, has enjoyed employment growth in excess of 8% annually, twice the pace of Sacramento County. This is largely because Placer has gained the majority of the expanding high-tech employment. Placer has increased its share of the MSA's total employment base from 8.4% in 1986 to 9.4% in 1989, and its share of the manufacturing employment base from 14.8% to 17%. Placer should continue to outpace its three neighboring counties over the next few years.

The services sector is the third largest in the Sacramento MSA, right behind trade and government. The MSA has followed the national trend of the past twenty years with a shift towards a service economy, and Sacramento in particular has seen solid growth in business services. Computer and data processing, accounting, and legal services will be the leading sectors in the business services category, in addition to the engineering and surveying services that should see a pickup in demand as construction activity rebounds in 1992 and 1993.

Sacramento's rapid population and labor force growth over the past few years has not matched employment growth, causing the unemployment rate to tumble to 4.7% in 1990. The outlook calls for unemployment to move back up to 6% in 1991 and 1992 as the economy softens, but Sacramento's labor markets will remain tighter than those in the state and the nation, putting upward pressure on wages.

Personal Income

At \$18,250, per capita personal income in the Sacramento MSA was no higher than the average for the top 100 MSAs in 1989. Income growth has been strong since 1986, with annual gains of 9%, exceeding the state and national growth. Personal income growth will slow to 7% in 1991, reflecting sluggish wage and salary increases, before heading back toward 8.5% growth through 1994.

The distribution of income across counties reflects the distribution of jobs within each area. Because of the rapid growth in the high-wage high-tech sectors, Placer County residents have the highest per capita income in the MSA at \$20,300. Per capita income of Sacramento County residents is 9% lower than Placer, reflecting the concentration of lower-paying government jobs in this county, as well as the higher population growth absorbed by Sacramento County over the past five years. Although housing costs in the MSA are about average for the top 100 MSAs, high state and local taxes reduce the discretionary income of residents to only 71st in the nation: at \$9,000 per person, the consumer spending potential of Sacramento residents is 33% lower than that of San Francisco residents.

Taxable Sales

Taxable sales in the Sacramento MSA have been particularly strong over the past three years, growing 8.2% and 10.6% in 1988 and 1989, with gains of 9.6% expected once the 1990 figures are in. Robust consumer confidence in Sacramento, coupled with strong employment and income gains have fueled sales across most consumer categories. The residential real estate boom and continued construction activity have boosted sales of building materials and furniture and appliances, and the population growth has translated into healthy demand in more general consumer categories such as food, drug, apparel, and

restaurants. The somber mood of the consumer, which is crucial to spending patterns and taxable sales, will dictate gains in taxable sales of just 2.7% in 1991, followed by more confident increases of 4.8% and 7.8% in 1992 and 1993. Demand for cyclically-sensitive big-ticket items such as autos and appliances will wane considerably in the current recession, dragging down total sales figures.

Construction and Real Estate

The Sacramento residential real estate market underwent a major boom in 1990, continuing where 1989 left off. The Sacramento Area Board of Realtors reported a 25% increase in the median home price during 1990, following a 15% jump in 1989. The median home price is now more than 50% higher than it was in 1987. Home sales set a new record of 9500 transactions, which broke the record set in 1989 by 3.1%. The question is whether or not this feverish pace can continue.

The real estate markets in the coastal MSAs, where 10%-25% annual appreciation began in 1986, softened dramatically in 1990, with most areas reporting no increase or some decrease in prices, along with bulging inventories of homes for sale and long sales cycles. The run-up in home prices began several years later in Sacramento, with double-digit gains not appearing until 1989. Rapid population growth, strong income and employment growth, and home prices that are much lower than the coastal areas have all been credited with pushing Sacramento area home prices into the stratosphere.

Unmatched 25% annual gains in appreciation will close the price differential between Sacramento and the coastal MSAs in a hurry, but for the time being the Sacramento real estate market has been elevated to a higher level of home prices and sales activity. Several factors influence this expectation. First, the Sacramento economy will outperform the rest of the state through 1993. Second, the faster appreciation in the coastal areas between 1986 and 1988 widened the gap in home prices, and several more years of high relative gains in Sacramento will still leave the MSA with relatively affordable housing. Third, the decline in residential housing starts in 1990 and 1991 should restrict the inventory of homes available. Starts are notoriously volatile, however, and it is difficult to predict whether the cautious consumers and newly restrictive lenders or the temptation of rapid appreciation witnessed in 1990 will hold sway over home builders and developers.

Nonresidential construction will rebound later in 1991, after a two year downswing in contract valuations. 1988 saw record nonresidential activity in valuations, with declines in 1989 and 1990 as the projects financed in 1988 began construction and financing for additional building began to dry up. Tighter restrictions on lending as a result of the savings and loan crisis, coupled with investor hesitancy in the second half of 1990, constrained the financing available for commercial real estate projects. The Sacramento area will still be perceived as having plenty of nonresidential construction opportunities, especially in the outlying areas. Sacramento, and for that matter, most of California, seems to have avoided the overbuilding in commercial and office structures that has afflicted

many MSAs in the nation. As pointed out in these reports over the past few years, continued population growth, lower relative business and living costs, and the movement inland of jobs and workers will all serve to keep Sacramento a prime real estate investment location.

Utility Revenues

SMUD utility revenues returned to double-digit growth in 1990, thanks to a strong surge in residential demand for electricity and a substantial increase in effective commercial rates. After just 7.1% revenue growth in 1989, due to a rate freeze, revenues increased an estimated 14.5% in 1990 and should grow 10.4% in 1991. The economic slowdown during the current year will keep revenue growth below that of 1990, and barring unanticipated rate increases, SMUD revenues are projected to grow near 9% per year through 1994. Rate adjustments due to the closure of Rancho Seco and an energy price escalation in the event of a prolonged war in the Middle East could increase these revenues substantially.

PG&E gas revenues charted a second strong year of growth in 1989, and should show gains of over 20% in the Sacramento MSA for 1990. Commercial gas consumption led the gains, along with a substantial increase in the effective gas rates for both residential and commercial customers. Projected rate increases for 1991, along with a softer regional economy, will combine to restrain revenue growth to 5.5% this year, with the potential for an absolute decline in 1992.

It should be noted that the uncertainty surrounding energy prices because of the conflict in the Middle East will have its greatest effect on the immediate forecast for Sacramento through utility rates. A sharp, sustained runup in fuel prices for SMUD and PG&E will almost certainly translate into quickly approved increases in rates and reported utility revenues.

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 five categories of City revenue are provided: property tax, sales and use tax, utility user fees, business operating fees, and property transfer tax, collectively referred to as "major revenues". These projections include fiscal year totals and monthly collections patterns for property and sales taxes and utility user 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 in the fourth quarter of 1990.

Total major revenues collected by the City of Sacramento in FY90 were \$117.298 M, an increase of 10% over FY89. While this total is \$3.198 M, or about 3%, higher than forecast last year, almost all of the difference can be attributed to utility user fees and property transfer tax revenues. The discrepancies both of these revenue sources is explored below. The final FY90 collections for property taxes and sales taxes, the two largest revenue categories, came in exactly as predicted, while business operating fees were 2.2% higher than target. This forecast calls for total major revenues to increase by 10.3% during the current fiscal year, followed by a slowdown to 6.7% in FY92 and a rebound to 9.3% in FY93. The outlook for Sacramento City revenues is generally sound and upbeat, especially given the recession predicted for the nation and the state. Risks to this forecast will be explored after the detail on each category.

Property taxes came in at \$42.916 M in FY90, within \$17 thousand (or 0.04%) of the amount predicted. The supplemental tax finally behaved almost as expected, increasing 21% in response to the hot real estate market. Prior year payments, which had also moved in mysterious fashion during the past few years, showed an increase that reflected current market appreciation. The current roll tax receipts were within 0.1% of the expected value for FY90.

The strong real estate market in Sacramento, which has boosted both home prices and the number of homes sold, will keep assessed values growing at double-digit rates over the next three years. Property tax receipts are projected to grow 10.6% in the current fiscal year, followed by 13% for the next two fiscal years, reflecting the new plateau attained by the real estate market.

The main risk to this robust growth in assessed values is a serious deflation in the real estate market. Should either home prices fall or the number of sales drop off dramatically, additions to the property tax roll will slacken. The forecast for the Sacramento real estate market described in the MSA outlook does not portray such deflation as the most likely scenario. However, a decline into a deep recession and a much more serious erosion of

consumer confidence, both nationally and locally, could jeopardize this outlook.

Sales and use tax receipts gained 5.7% over FY89, within \$4 thousand (or 0.01%) of last year's forecast. Strong sales tax receipts during 1990 will help boost growth to 8% for the current fiscal year, approximately the same growth expected one year ago. The outlook for FY92, however, is not as bright, as consumer confidence, shaken during 1991, will not recover quick enough to boost sales tax receipts more than 1.8%. Confidence will return by FY93, with growth of 5.8%.

Analysis of the taxable sales in the City of Sacramento versus the MSA began in last year's report to determine the extent to which the City tracks taxable sales gains in the greater metropolitan economy, i.e., to determine whether or not Sacramento is losing sales to the surrounding area. The data for 1987 and 1988 indicated that the City was on average holding its own, but the final numbers for 1989 indicate that the City lost ground, as taxable sales grew 10.6% in the MSA but only 6.3% within the City. The current forecast expects the City to lose a little more of its share of the MSA total during 1990, but should return to tracking the MSA thereafter. This relationship between the City and the MSA will continue to be closely monitored, since the ability of the City to compete with the surrounding area for taxable sales has important revenue and development policy implications.

The risk to the sales tax receipts forecast would stem from a complete collapse in consumer spending, driving down taxable sales in durable consumer items, and perhaps further depressing already weak sales in building-related items.

Utility user fees bounced back from a slight decline in FY89 to grow 14.5% in FY90 to \$28.63 M, almost 10% higher than anticipated. Most of this discrepancy can be attributed to the addition of two new sources of utility user fees, interstate telephone service and cable television service. These additional fees are currently displayed under the "telephone" category in Appendix Table A-20. The rest of the discrepancy is made up by higher collections from PG&E due to strong commercial demand and higher effective rates, tempered somewhat by slightly lower collections from SMUD. Total utility user fees should enjoy another year of strong growth during FY91, increasing almost 14% in the wake of anticipated rate increases and healthy contributions from the two new fee sources. User fees should then subside to 5% growth in FY92, barring further unanticipated rate increases, before returning to growth near 8% for the next two years.

The risk to the forecast of utility user fees applies primarily to SMUD and PG&E, and is twofold. First, sustained conflict in the Middle East has the potential to cause a sharp, sustained runup in world energy prices. Such a runup will almost certainly translate into fuel cost increases for SMUD and PG&E and subsequent increases in rates for their customers and their reported revenues. The utility user fee forecast would then be revised upward, at least for the short-term, before customers can adopt more stringent energy conservation habits. Second, a decline into a deep recession would spell a decline in energy usage by utility customers, especially in commercial sectors affected by a recession such as construction. A decline in energy sales would dampen the current projections for utility user fees.

Property transfer tax receipts surged to a record high on the strength of the Sacramento real estate boom, rising 27% to \$4.539 M. Strong growth in total City building permit valuations, combined with the appreciation and number of sales mentioned earlier caused the final collections in FY90 to exceed last year's projections by nearly 14%. Given the continued heat in the real estate market during the second half of 1990, transfer tax receipts are expected to grow another 6.6% in the current fiscal year before leveling off to essentially no growth in FY92. The plateau in transfer tax receipts predicted for the next fiscal year has historical precedence, as such a plateau typically occurs after several years of intense escalation due to the local real estate cycle.

The risk to property transfer tax receipts is similar to that of property taxes, namely, a serious deflation in the Sacramento real estate market.

Business operating fees grew faster than anticipated, reaching \$3.369 M on the basis of 7.2% growth. This result for FY91 was just over 2% higher than projected, reflecting the basic strength of the Sacramento economy and the better enforcement of the tax. Business fees closely track the performance of the MSA economy as described by the level of taxable sales and employment activity. Consistent then with the forecast laid out for these indicators, business fees should ease down to 4.7% growth during the current fiscal year, and are expected to hover around 5% growth for the next three fiscal years.

The risk to business operating fees is a potential drop in sales and therefore business receipts for local firms in the event of a decline into a deep recession. Trade, services, and construction, three of the top four industries in Sacramento, are all exposed to the detrimental effects of a decline in consumer confidence and spending that would haunt during a recession, depressing firms' gross receipts and therefore business operating fees.

VI. APPENDIX TABLES

Table A-1 -- United States Forecast Summary

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Real GNP (B\$2\$)	3717.9	3845.3	4016.9	4117.7	4158.4	4150.9	4285.7	4398.1	4518.5
% ch	2.7	3.4	4.5	2.5	1.0	-0.2	3.2	2.6	2.7
Personal Income (M\$)	3526.2	3766.4	4070.8	4384.3	4644.9	4850.8	5135.2	5445.3	5757.8
% ch	6.0	6.8	8.1	7.7	5.9	4.4	5.9	6.0	5.7
Real Pers. Income (M\$2\$)	3083.6	3148.8	3276.6	3376.3	3405.5	3386.4	3475.5	3570.2	3649.7
% ch	3.5	2.1	4.1	3.0	0.9	-0.6	2.6	2.7	2.2
Personal Savings Rate	4.2	2.9	4.2	4.6	4.4	4.0	4.3	4.3	4.1
Nonag. Employment (000)	99.5	102.2	105.5	108.4	110.4	110.1	111.2	113.1	115.0
% ch	2.1	2.7	3.3	2.7	1.8	-0.2	1.0	1.7	1.7
Indust. Prod. (% ch)	1.0	4.9	5.4	2.6	1.3	-1.7	4.4	3.0	3.1
New Car Sales (Mil.)	11.4	10.2	10.6	9.9	9.5	8.7	9.3	9.7	10.0
% ch	3.7	-10.5	3.8	-6.8	-3.9	-8.2	6.1	4.3	2.8
Housing Starts (Mil.)	1.8	1.6	1.5	1.4	1.2	1.2	1.3	1.4	1.5
% ch	4.0	-10.0	-8.6	-7.0	-12.2	-5.4	13.8	6.5	8.1
Pre-tax Corp. Prof. (B\$)	221.6	275.3	316.7	307.7	312.8	292.6	340.0	317.5	315.7
% ch	-1.2	24.3	15.0	-2.8	1.7	-6.5	16.2	-6.6	-0.6
Consumer Prices (% ch)	1.9	3.7	4.1	4.8	5.5	5.0	3.1	3.4	3.5
Prime Interest Rate	8.3	8.2	9.3	10.9	10.0	9.2	10.0	9.5	9.2
Mortgage Interest Rate	10.3	9.3	9.3	10.1	10.0	9.6	10.2	10.1	9.5
Unemployment Rate	7.0	6.2	5.5	5.3	5.5	6.8	6.4	6.0	5.7
Federal Budget Deficit (B\$)	-206.9	-158.2	-141.8	-134.3	-156.1	-173.5	-152.8	-149.1	-125.5
Net Exports (B\$)	-97.4	-114.7	-74.1	-46.1	-43.4	-46.6	-8.8	-26.0	-37.9

Source: DRI November 1990 Control U.S. Forecast

Table A-2 -- California Forecast Summary

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Personal Income (B\$)	453.1	490.8	535.7	579.2	620.1	657.4	703.7	753.9	804.3
% ch	7.2	8.3	9.1	8.1	7.1	6.0	7.1	7.1	6.7
Real Pers. Income (B82\$)	396.2	410.4	431.3	446.0	454.6	458.9	476.3	494.3	509.8
% ch	4.7	3.6	5.1	3.4	1.9	0.9	3.8	3.8	3.1
Nonag. Employment (000)	11256.9	11677.6	12101.4	12584.0	12914.2	13037.0	13290.8	13634.0	13955.3
% ch	2.5	3.7	3.6	4.0	2.6	1.0	1.9	2.6	2.4
Unemployment Rate	6.7	5.8	5.3	5.1	5.4	6.6	6.7	6.1	6.0
Population (000)	26999.0	27655.0	28323.0	29063.0	29733.0	30401.0	31059.0	31704.0	32328.0
% ch	2.4	2.4	2.4	2.6	2.3	2.2	2.2	2.1	2.0
Res. Bldg. Permits (000)	314.3	253.0	254.3	237.5	186.0	185.5	196.1	200.6	204.9
% ch	15.9	-19.5	0.5	-6.6	-21.7	-0.3	5.7	2.3	2.1
Nonres. Const. (B82\$)	12.7	11.9	12.4	11.4	11.2	11.3	11.5	11.9	11.9
% ch	-3.3	-7.0	4.3	-7.5	-1.9	0.4	2.1	3.9	-0.1
Taxable Sales (B\$)	54.4	57.9	62.8	67.9	71.9	75.3	79.9	85.7	91.6
% ch	4.3	6.6	8.3	8.2	5.9	4.7	6.2	7.1	6.9
Real Taxable Sales (B82\$)	51.6	53.2	56.0	58.3	58.9	58.9	61.4	64.4	66.9
% ch	4.7	3.1	5.4	4.0	1.1	0.1	4.2	4.8	3
Consumer Prices (% ch)	0.0	6.8	2.1	8.3	3.8	3.7	7.1	1.7	4.9

Source: California Commission on State Finance Fall 1990 Forecast

Table A-3 -- Sacramento MSA Forecast Summary

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Personal Income (M\$)	19773.4	21701.9	23538.0	25735.7	28053.7	30008.9	32553.0	35372.9	38423.4
% ch	9.0	9.8	8.5	9.3	9.0	7.0	8.5	8.7	8.6
Real Pers. Income (M82\$)	17289.7	18142.7	18945.6	19817.6	20564.9	20947.7	22030.6	23190.5	24353.7
% ch	6.4	4.9	4.4	4.6	3.8	1.9	5.2	5.3	5.0
Nonag. Employment (000)	520.0	546.7	573.2	598.6	622.6	632.9	653.8	680.9	710.2
% ch	5.2	5.1	4.9	4.4	4.0	1.6	3.3	4.1	4.3
Unemployment Rate	6.2	5.5	5.3	4.9	4.7	6.1	6.0	5.7	5.8
Population (000)	1270.7	1313.0	1363.9	1409.7	1454.8	1499.1	1542.6	1586.6	1631.9
% ch	2.1	3.3	3.9	3.4	3.2	3.0	2.9	2.9	2.9
Housing Starts (000)	70.07	68.75	75.56	84.61	66.78	49.12	50.99	55.04	60.17
% ch	-20.8	-1.9	9.9	12.0	-21.1	-26.4	3.8	8.0	9.3
Nonres. Const. (M82\$)	746.1	717.9	841.0	712.9	662.8	793.9	869.3	971.1	1050.8
% ch	25.7	-3.8	17.1	-15.2	-7.0	19.8	9.5	11.7	8.2
Home Sales (000)	7.57	7.19	7.75	9.22	9.51	8.90	8.97	9.14	8.87
% ch	1.5	-4.9	7.8	18.9	3.1	-6.4	0.8	1.9	-2.9
Home Price (000)	94.9	100.3	107.4	123.1	154.9	157.6	161.1	166.2	171.8
% ch	7.2	5.6	7.1	14.6	25.8	1.7	2.2	3.2	3.3
Assessed Value (B\$)	45.4	50.3	54.8	61.6	69.6	77.9	86.3	95.3	105.1
% ch	11.7	10.9	9.1	12.4	12.9	11.9	10.8	10.4	10.3
Utility Revenue (Mil. \$)	526.8	625.3	703.7	768.8	891.8	973.3	1017.7	1119.3	1218.4
% ch	4.9	18.7	12.5	9.3	16.0	9.1	4.6	10.0	8.9
Taxable Sales (M\$)	10240.4	10985.9	11891.5	13156.9	14423.0	14809.6	15518.4	16734.7	18107.4
% ch	5.6	7.3	8.2	10.6	9.6	2.7	4.8	7.8	8.2
Real Taxable Sales (M82\$)	9270.7	9694.8	10294.1	11077.6	11774.4	11637.6	12146.0	12907.4	13657.5
% ch	6.2	4.6	6.2	7.6	6.3	-1.2	4.4	6.3	5.8
Taxable Prices (% Chg.)	-0.6	2.7	2.1	3.0	3.3	3.8	0.4	1.6	2.4

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Personal Income (% Chg.)									
U.S.	6.0	6.8	8.1	7.7	5.9	4.4	5.9	6.0	5.7
CA	7.2	8.3	9.1	8.1	7.1	6.0	7.1	7.1	6.7
SAC MSA	9.0	9.8	8.5	9.3	9.0	7.0	8.5	8.7	8.6
Real Personal Income (% Chg.)									
U.S.	3.5	2.1	4.1	3.0	0.9	-0.6	-2.6	2.7	2.2
CA	4.7	3.6	5.1	3.4	1.9	0.9	3.8	3.8	3.1
SAC MSA	6.4	4.9	4.4	4.6	3.8	1.9	5.2	5.3	5.0
Nonagricultural Employment (% Chg.)									
U.S.	2.1	2.7	3.3	2.7	1.8	-0.2	1.0	1.7	1.7
CA	2.5	3.7	3.6	4.0	2.6	1.0	1.9	2.6	2.4
SAC MSA	5.2	5.1	4.9	4.4	4.0	1.6	3.3	4.1	4.3
Unemployment Rate									
U.S.	7.0	6.2	5.5	5.3	5.5	6.8	6.4	6.0	5.7
CA	6.7	5.8	5.3	5.1	5.4	6.6	6.7	6.1	6.0
SAC MSA	6.2	5.5	5.3	4.9	4.7	6.1	6.0	5.7	5.8
Residential Housing Construction (% Chg.)									
U.S. (Starts)	4.0	-10.0	-8.6	-7.0	-12.2	-5.4	13.8	6.5	8.1
CA (Permits)	15.9	-19.5	0.5	-6.6	-21.7	-0.3	5.7	2.3	2.1
SAC MSA	-20.8	-1.9	9.9	12.0	-21.1	-26.4	3.8	8.0	9.3
Nonresidential Construction (% Chg.)									
U.S. (Real Invest.)	-13.0	-5.6	-0.3	-0.0	-0.1	2.6	0.1	2.4	2.9
CA (Real Perm. Val.)	-3.3	-7.0	4.3	-7.5	-1.9	0.4	2.1	3.9	-0.1
SAC (Real Contract Val.)	25.7	-3.8	17.1	-15.2	-7.0	19.8	9.5	11.7	8.2
Population (% Chg.)									
U.S.	1.0	1.0	1.0	1.0	1.0	0.9	0.8	0.8	0.7
CA	2.4	2.4	2.4	2.6	2.3	2.2	2.2	2.1	2.0
SAC MSA	2.1	3.3	3.9	3.4	3.2	3.0	2.9	2.9	2.9
Inflation (% Chg.)									
U.S. (CPI)	1.9	3.7	4.1	4.8	5.5	5.0	3.1	3.4	3.5
CA (CPI)	0.0	6.8	2.1	8.3	3.8	3.7	7.1	1.7	4.9
SAC (Taxable Prices)	-0.6	2.7	2.1	3.0	3.3	3.8	0.4	1.6	2.4

Source: DRI First Quarter 1991 Sacramento MSA forecast

Table A-5 -- Sacramento MSA Nonagricultural Employment

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Employment by Place of Work, Thousands									
Total Nonag. Employment	520.0	546.7	573.2	598.6	622.6	632.9	653.8	680.9	710.2
Mining	0.8	0.8	0.7	0.7	0.8	0.9	1.0	0.9	0.9
Construction	30.8	32.6	34.4	35.8	37.6	33.8	34.2	36.8	39.6
Manufacturing	38.2	40.4	42.3	43.7	45.4	44.1	45.9	47.6	49.5
Nondurable	15.0	16.0	16.9	17.4	18.5	18.4	18.6	18.8	18.9
Food & Kindred	6.5	7.0	7.1	7.4	8.1	8.1	8.1	8.1	8.0
Print. & Publish.	5.1	5.5	5.8	5.9	6.1	5.9	6.0	6.0	6.2
Other Nondurable	3.4	3.5	3.9	4.1	4.4	4.3	4.5	4.6	4.7
Durable	23.2	24.4	25.4	26.3	26.9	25.8	27.3	28.8	30.5
Lumber & Wood	4.1	4.8	5.0	5.5	5.7	5.2	5.3	5.4	5.5
Stone, Clay, Glass	2.2	2.1	1.8	2.0	2.2	2.1	2.2	2.3	2.5
Machinery, Ex. Elec.	3.4	3.5	4.2	4.6	5.2	5.3	5.7	6.0	6.5
Other Durable	13.5	14.0	14.3	14.3	13.8	13.1	14.1	15.0	16.0
Nonmanufacturing	481.8	506.2	531.0	554.9	577.2	588.7	607.9	633.3	660.8
Trans. & Pub. Util.	23.8	24.6	25.4	26.4	27.5	27.9	27.8	28.7	29.7
Transportation	12.9	13.6	14.4	15.5	16.0	16.4	16.7	17.2	17.9
Public Util.	10.9	11.0	11.1	10.9	11.5	11.4	11.1	11.5	11.8
Trade	127.0	132.5	137.5	141.9	146.3	150.2	156.0	163.3	170.9
Wholesale	24.7	25.8	27.3	27.9	28.8	30.1	31.3	32.7	34.3
Retail	102.3	106.7	110.2	114.0	117.5	120.1	124.7	130.6	136.6
Fin., insur., R/E	30.8	33.5	35.9	38.5	39.6	40.1	42.2	44.5	46.8
Services	108.3	116.4	125.1	133.0	139.5	144.2	150.5	157.6	165.8
Government	160.4	165.8	171.9	178.6	185.9	191.6	196.2	201.6	207.1
Federal	30.3	29.8	30.3	29.9	30.0	28.6	28.8	28.8	28.8
City & County	17.7	18.5	19.5	20.7	22.1	22.9	23.1	23.3	23.8
State & other	112.4	117.5	122.2	128.0	133.8	140.2	144.4	149.5	154.5
Employment by Place of Residence, Thousands									
Civilian Labor Force	643.7	669.6	706.8	731.3	734.6	746.4	773.7	807.9	849.1
Civilian Employment	603.9	632.4	669.0	695.4	699.8	700.9	727.0	761.9	800.1
Unemployment	39.8	37.2	37.8	35.9	34.7	45.6	46.8	46.0	49.0
Unemployment Rate (%)	6.2	5.5	5.3	4.9	4.7	6.1	6.0	5.7	5.8

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

	1986	1987	1988	1989	1990	1991	1992	1993	1994
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Employment by Place of Work, Annual Percent Change									
Total Nonag. Employment	5.2	5.1	4.9	4.4	4.0	1.6	3.3	4.1	4.3
Mining	-10.1	-2.5	-10.4	1.9	14.1	8.2	8.3	-6.1	-2.1
Construction	13.1	5.9	5.7	4.1	5.0	-10.2	1.2	7.6	7.6
Manufacturing	8.9	5.9	4.5	3.5	3.8	-2.7	3.9	3.7	4.0
Nondurable	3.9	7.0	5.5	3.0	6.3	-0.8	1.3	0.9	0.9
Food & Kindred	1.9	8.5	1.4	3.3	9.4	0.6	0.3	-0.6	-0.6
Print. & Publish.	6.1	8.6	5.9	1.3	2.7	-2.1	0.4	1.5	1.9
Other Nondurable	4.6	1.9	13.2	4.9	6.0	-1.5	4.7	2.7	2.3
Durable	12.3	5.2	3.9	3.8	2.1	-4.1	5.7	5.7	6.0
Lumber & Wood	7.4	16.2	4.3	10.5	2.5	-8.6	2.1	2.5	2.3
Stone, Clay, Glass	11.1	-3.8	-13.0	9.3	12.3	-4.4	1.2	8.3	8.5
Machinery, Ex. Elec.	0.6	4.2	20.1	7.2	14.4	2.2	6.2	6.3	7.3
Other Durable	17.6	3.6	2.2	-0.4	-3.5	-4.6	7.6	6.2	6.4
Nonmanufacturing	4.9	5.1	4.9	4.5	4.0	2.0	3.3	4.2	4.3
Trans. & Pub. Util.	-0.3	3.4	3.5	3.7	4.2	1.4	-0.3	3.2	3.6
Transportation	1.5	5.4	5.9	7.5	3.6	2.7	1.6	3.0	3.8
Public Util.	-2.4	1.1	0.6	-1.2	5.0	-0.5	-3.0	3.5	3.4
Trade	4.3	4.3	3.7	3.2	3.1	2.7	3.9	4.7	4.7
Wholesale	2.2	4.5	5.6	2.2	3.2	4.6	4.0	4.6	4.8
Retail	4.9	4.3	3.3	3.4	3.1	2.2	3.9	4.7	4.6
Fin., insur., R/E	7.9	8.7	7.3	7.1	2.9	1.2	5.1	5.5	5.2
Services	6.7	7.5	7.5	6.3	4.9	3.4	4.4	4.7	5.2
Government	3.0	3.4	3.7	3.9	4.1	3.1	2.4	2.7	2.7
Federal	2.4	-1.6	1.6	-1.3	0.3	-4.7	0.7	0.1	0.0
City & County	3.7	4.6	5.2	6.5	6.6	3.5	0.8	1.0	2.3
State & other	3.0	4.6	3.9	4.8	4.5	4.8	3.0	3.5	3.3

Employment by Place of Residence, Annual Percent Change

Civilian Labor Force	4.6	4.0	5.6	3.5	0.4	1.6	3.7	4.4	5.1
Civilian Employment	5.6	4.7	5.8	3.9	0.6	0.2	3.7	4.8	5.0
Unemployment	-8.5	-6.4	1.6	-5.1	-3.3	31.3	2.6	-1.7	6.6
Unemployment Rate (%)	6.2	5.5	5.3	4.9	4.7	6.1	6.0	5.7	5.8

Source: DRI First Quarter 1991 Sacramento MSA Forecast

Table A-7 -- Sacramento MSA Personal Income

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Personal Income, Mil. \$									
Total Personal Income	19773.4	21701.9	23538.0	25735.7	28053.7	30008.9	32553.0	35372.9	38423.4
Wages & Salaries	11453.2	12658.9	13775.7	14782.1	15974.7	17051.4	18502.1	20096.1	21922.4
Other Labor Income	944.0	1062.2	1175.5	1268.0	1363.6	1456.9	1586.7	1739.4	1907.5
Proprietors' Income	1661.0	1888.8	1990.3	2328.1	2501.5	2664.1	2926.4	3191.1	3478.7
Property Income	2913.9	3130.8	3444.4	3939.5	4417.0	4710.1	5065.4	5519.4	5921.7
Transfer Income	3656.0	3910.5	4221.5	4588.8	5062.4	5525.5	6006.1	6495.1	7033.5
Less Social Insurance	-854.7	-949.2	-1069.5	-1171.0	-1265.3	-1399.1	-1533.7	-1668.2	-1840.3
Real Personal Income, Mil. 82 \$									
Real Personal Income	17289.7	18142.7	18945.6	19817.6	20564.9	20947.7	22030.6	23190.5	24353.7
Real Disposable Income	14774.9	15389.0	16192.5	16839.8	17466.3	17755.4	18613.5	19570.8	20537.0
Real Per Cap. Inc. (82\$)	13.6	13.8	13.9	14.1	14.1	14.0	14.3	14.6	14.9
Annual Percent Change									
Total Personal Income	9.0	9.8	8.5	9.3	9.0	7.0	8.5	8.7	8.6
Wages & Salaries	10.0	10.5	8.8	7.3	8.1	6.7	8.5	8.6	9.1
Other Labor Income	10.8	12.5	10.7	7.9	7.5	6.8	8.9	9.6	9.7
Proprietors' Income	12.8	13.7	5.4	17.0	7.4	6.5	9.8	9.0	9.0
Property Income	4.8	7.4	10.0	14.4	12.1	6.6	7.5	9.0	7.3
Transfer Income	7.7	7.0	8.0	8.7	10.3	9.1	8.7	8.1	8.3
Less Social Insurance	-11.3	-11.1	-12.7	-9.5	-8.1	-10.6	-9.6	-8.8	-10.3
Real Personal Income	6.4	4.9	4.4	4.6	3.8	1.9	5.2	5.3	5.0
Real Disposable Income	6.5	4.2	5.2	4.0	3.7	1.7	4.8	5.1	4.9
Real Per Capita Income	4.2	1.6	0.5	1.2	0.6	-1.2	2.2	2.3	2.1

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Authorized Housing Starts									
Number of Starts (000)	70.07	68.75	75.56	84.61	66.78	49.12	50.99	55.04	60.17
Single Family	47.74	44.19	56.97	66.44	56.44	45.46	44.22	45.13	47.08
Multiple Family	22.33	24.56	18.59	18.17	10.34	3.67	6.77	9.92	13.09
Res. Contract Val. (Mil. \$)	1354.1	1503.4	1838.9	2671.3	2151.8	2035.4	2189.8	2420.5	2670.2
Population, Housing Stock and Vacancy Rates									
Population (000)	1270.7	1313.0	1363.9	1409.7	1454.8	1499.1	1542.6	1586.6	1631.9
Housing Stock (000)	537.0	559.5	576.4	591.8	608.9	621.6	633.9	646.5	659.8
Single Family	366.5	377.2	388.5	399.0	410.7	418.9	427.0	434.9	443.3
Multiple Family	170.4	182.4	187.9	192.8	198.2	202.7	206.9	211.5	216.6
Occupied Housing (000)	480.4	503.1	521.2	540.0	558.4	576.6	594.7	612.7	630.8
Vacancy Rate (%)	0.89	0.90	0.90	0.91	0.92	0.93	0.94	0.95	0.96
Home Sales and Prices (Sacramento County)									
Home Sales (000)	7.57	7.19	7.75	9.22	9.51	8.90	8.97	9.14	8.87
Average Price (000)	94.9	100.3	107.4	123.1	154.9	157.6	161.1	166.2	171.8
Afford. Index (1982=100)	159.9	172.8	167.0	140.5	116.1	124.0	121.0	124.1	131.4
Nonresidential Construction Activity - Contract Valuations									
Nonres. Contract Val. (M\$)	740.5	710.2	842.9	721.3	675.6	818.4	896.5	997.6	1092.4
Real Contract Val. (M82\$)	746.1	717.9	841.0	712.9	662.8	793.9	869.3	971.1	1050.8
Gross Assessed Values, Bil. \$									
Total Assessed Value	45.35	50.28	54.85	61.62	69.60	77.90	86.34	95.32	105.14
County Roll	42.85	47.71	51.74	58.14	66.01	73.95	81.92	90.59	100.04
State Roll	2.50	2.57	3.10	3.48	3.58	3.95	4.42	4.73	5.10

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Authorized Housing Starts, Annual Percent Change									
Number of Starts (000)	-20.8	-1.9	9.9	12.0	-21.1	-26.4	3.8	8.0	9.3
Single Family	24.0	-7.4	28.9	16.6	-15.0	-19.5	-2.7	2.1	4.3
Multiple Family	-55.4	10.0	-24.3	-2.3	-43.1	-64.6	84.7	46.4	32.0
Res. Contract Val. (Mil. \$)	14.0	11.0	22.3	45.3	-19.4	-5.4	7.6	10.5	10.3
Population, Housing Stock, Annual Percent Change									
Population (000)	2.1	3.3	3.9	3.4	3.2	3.0	2.9	2.9	2.9
Housing Stock (000)	3.6	4.2	3.0	2.7	2.9	2.1	2.0	2.0	2.1
Single Family	2.3	2.9	3.0	2.7	2.9	2.0	1.9	1.9	1.9
Multiple Family	6.5	7.0	3.1	2.6	2.8	2.2	2.1	2.3	2.4
Occupied Housing (000)	2.8	4.7	3.6	3.6	3.4	3.3	3.1	3.0	3.0
Vacancy Rate (%)	0.89	0.90	0.90	0.91	0.92	0.93	0.94	0.95	0.96
Home Sales and Prices (Sacramento County), Annual Percent Change									
Home Sales (000)	1.5	-4.9	7.8	18.9	3.1	-6.4	0.8	1.9	-2.9
Average Price (000)	7.2	5.6	7.1	14.6	25.8	1.7	2.2	3.2	3.3
Price Index (1982=100)	9.8	8.1	-3.3	-15.9	-17.4	6.8	-2.4	2.6	5.8
Nonresidential Construction Activity - Cont. Val., Annual Percent Chg.									
Nonres. Contract Val. (M\$)	27.7	-4.1	18.7	-14.4	-6.3	21.1	9.5	11.3	9.5
Real Contract Val. (M\$2\$)	25.7	-3.8	17.1	-15.2	-7.0	19.8	9.5	11.7	8.2
Gross Assessed Values, Bil. \$, Annual Percent Change									
Total Assessed Value	11.7	10.9	9.1	12.4	12.9	11.9	10.8	10.4	10.3
County Roll	11.8	11.3	8.5	12.4	13.5	12.0	10.8	10.6	10.4
State Roll	11.0	2.7	20.9	12.1	3.1	10.1	12.0	6.9	8.0
Related National Indicators									
Housing Starts (% chg.)	4.0	-10.0	-8.6	-7.0	-12.2	-5.4	13.8	6.5	8.1
Mortgage Interest Rate	10.3	9.3	9.3	10.1	10.0	9.6	10.2	10.1	9.5

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Electricity -- Sacramento Municipal Utility District (SMUD)									
Sales (Mil. KWH)	7021.6	7447.9	7683.8	7944.7	8396.1	8771.5	9174.4	9587.1	10011.6
Residential	3111.0	3249.4	3330.7	3360.8	3639.0	3845.9	4019.1	4165.6	4305.4
Comm. & Indust.	3910.7	4198.5	4353.1	4583.8	4757.1	4925.5	5155.4	5421.5	5706.2
Average Rate (Cents/KWH)	5.3	6.5	7.2	7.4	8.0	8.4	8.7	9.1	9.5
Residential	6.0	7.3	8.0	8.0	8.3	9.0	9.4	9.8	10.3
Comm. & Indust.	4.6	5.7	6.3	6.8	7.6	7.9	8.1	8.4	8.7
Natural Gas -- Pacific Gas and Electric Co. (P.G. & E.)									
Sales (Mil. Therms)	358.6	333.1	365.3	409.7	447.7	419.8	410.3	443.6	457.6
Residential	210.3	215.4	217.5	222.0	225.2	220.9	218.5	243.6	249.9
Comm. & Indust.	148.3	117.7	147.8	187.6	222.5	199.0	191.9	200.0	207.7
Average Rate (Cents/THM)	44.3	45.5	44.0	45.8	50.9	57.1	53.9	56.7	60.4
Residential	46.1	44.0	47.1	50.4	55.1	60.7	57.7	60.4	63.8
Comm. & Indust.	42.6	46.9	40.9	41.2	46.7	53.5	50.1	53.0	57.0
Utility Revenues, Mil. \$									
Electricity	366.7	475.5	541.4	579.6	663.7	732.7	795.6	866.1	940.8
Residential	186.0	237.2	267.6	270.1	304.1	344.3	376.3	409.2	442.5
Comm. & Indust.	180.7	238.3	273.9	309.5	359.6	388.4	419.4	456.9	497.3
Natural Gas	160.2	149.8	162.3	189.2	228.1	240.6	222.1	253.2	277.7
Residential	97.0	94.8	102.4	111.9	124.1	134.1	126.1	147.1	159.3
Comm. & Indust.	63.2	55.0	59.9	77.3	104.0	106.4	96.1	106.1	118.4
Electricity & Gas	526.8	625.3	703.7	768.8	891.8	973.3	1017.7	1119.3	1218.4
Residential	283.0	332.0	369.9	382.0	428.2	478.5	502.3	556.4	602.2
Comm. & Indust.	243.8	293.3	333.7	386.8	463.6	494.8	515.4	563.0	616.2

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Electricity (SMUD), Annual Percent Change									
Sales (Mil. KWH)	2.4	6.1	3.2	3.4	5.7	4.5	4.6	4.5	4.4
Residential	-2.6	4.4	2.5	0.9	8.3	5.7	4.5	3.6	3.4
Comm. & Indust.	6.8	7.4	3.7	5.3	3.8	3.5	4.7	5.2	5.3
Average Rate (Cents/KWH)	21.2	22.3	10.6	3.2	7.5	5.9	3.9	4.3	4.2
Residential	21.2	22.0	10.2	-0.0	3.9	7.2	4.6	4.9	4.7
Comm. & Indust.	21.2	22.7	11.0	7.4	11.9	4.3	3.2	3.6	3.5
Natural Gas (P.G. & E.), Annual Percent Change									
Sales (Mil. Therms)	-9.4	-7.1	9.7	12.2	9.3	-6.2	-2.3	8.1	3.2
Residential	-9.9	2.4	1.0	2.1	1.4	-1.9	-1.1	11.5	2.6
Comm. & Indust.	-8.6	-20.6	25.6	26.9	18.6	-10.6	-3.6	4.2	3.9
Average Rate (Cents/THM)	-14.7	2.5	-3.2	4.1	11.1	12.2	-5.6	5.2	6.5
Residential	-10.4	-4.6	7.0	7.1	9.2	10.3	-5.0	4.7	5.6
Comm. & Indust.	-18.9	10.2	-12.8	0.6	13.4	14.5	-6.4	5.9	7.5
Utility Revenues, Annual Percent Change									
Electricity	23.4	29.7	13.9	7.1	14.5	10.4	8.6	8.9	8.6
Residential	18.1	27.5	12.8	1.0	12.6	13.2	9.3	8.8	8.2
Comm. & Indust.	29.4	31.9	14.9	13.0	16.2	8.0	8.0	8.9	9.0
Natural Gas	-22.0	-6.5	8.3	16.6	20.6	5.5	-7.7	14.0	9.7
Residential	-19.3	-2.3	8.0	9.3	10.9	8.1	-6.0	16.7	8.3
Comm. & Indust.	-25.8	-13.0	8.9	29.1	34.5	2.3	-9.7	10.4	11.6
Electricity & Gas	4.9	18.7	12.5	9.3	16.0	9.1	4.6	10.0	8.9
Residential	1.9	17.3	11.4	3.3	12.1	11.7	5.0	10.8	8.2
Comm. & Indust.	8.5	20.3	13.8	15.9	19.9	6.7	4.2	9.2	9.5
Related Indicators -- Sacramento MSA									
Occupied Units (% Chg.)	2.8	4.7	3.6	3.6	3.4	3.3	3.1	3.0	3.0
Housing Starts (000)	70.1	68.7	75.6	84.6	66.8	49.1	51.0	55.0	60.2
Nonres. Bldg. Val. (M82\$)	746.1	717.9	841.0	712.9	662.8	793.9	869.3	971.1	1050.8

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

	1986	1987	1988	1989	1990	1991	1992	1993
----- Taxable Sales, Millions of Current \$ -----								
Total Taxable Sales	10240.4	10985.9	11891.5	13156.9	14423.0	14809.6	15518.4	16734.7
Retail Stores	7256.9	7753.1	8272.1	9126.8	9961.4	10444.9	10962.6	11824.8
Apparel Stores	284.3	315.1	322.0	355.0	386.5	410.7	429.8	465.0
Drug Stores	197.3	223.3	230.5	248.9	294.4	318.8	334.1	360.6
Food Stores	738.5	754.4	792.0	850.8	956.0	1058.6	1110.3	1197.8
Packaged Liquor Stores	70.7	74.2	74.3	78.1	84.6	92.5	93.3	96.3
General Merchandise	966.5	1058.5	1155.4	1265.3	1384.1	1395.3	1499.5	1597.7
Eating & Drinking Places	860.0	941.6	990.0	1060.2	1168.8	1292.2	1367.6	1491.1
Building Materials	678.5	731.5	847.6	1026.3	1089.4	1000.9	1016.5	1070.6
Furniture & Appliances	377.4	412.5	446.5	495.3	546.4	562.8	585.5	618.1
Motor Vehicles & Parts	1780.1	1781.8	1813.0	1972.9	2048.8	2064.7	2299.3	2502.7
Service Stations	544.1	605.4	635.9	700.9	811.5	943.1	830.9	898.1
Other Retail Stores	759.6	854.9	964.8	1073.1	1191.0	1305.2	1395.7	1526.8
All Other Outlets	2983.4	3232.8	3619.4	4030.1	4461.6	4364.7	4555.8	4910.0
Annual Percent Change								
Total Taxable Sales	5.6	7.3	8.2	10.6	9.6	2.7	4.8	7.8
Retail Stores	5.9	6.8	6.7	10.3	9.1	4.9	5.0	7.9
Apparel Stores	13.8	10.8	2.2	10.2	8.9	-6.3	-4.7	8.2
Drug Stores	6.7	13.2	3.3	8.0	18.3	8.3	4.8	8.0
Food Stores	6.4	2.2	5.0	7.4	12.4	10.7	4.9	7.9
Packaged Liquor Stores	2.2	5.0	0.1	5.2	8.3	9.4	0.9	3.1
General Merchandise	6.8	9.5	9.2	9.5	9.4	0.8	7.5	6.6
Eating & Drinking Places	6.9	9.5	5.1	7.1	10.2	10.6	5.8	9.0
Building Materials	9.2	7.8	15.9	21.1	6.1	-8.1	1.6	5.3
Furniture & Appliances	6.9	9.3	8.2	10.9	10.3	3.0	4.0	5.6
Motor Vehicles & Parts	10.8	0.1	1.8	8.8	3.8	0.8	11.4	8.8
Service Stations	-19.8	11.3	5.0	10.2	15.8	16.2	-11.9	8.1
Other Retail Stores	10.5	12.5	12.9	11.2	11.0	9.6	6.9	9.4
All Other Outlets	5.0	8.4	12.0	11.3	10.7	-2.2	4.4	7.8

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Real Taxable Sales, (Mil. 82 \$), Annual Percent Change									
Total Real Taxable Sales	6.2	4.6	6.2	7.6	6.3	-1.2	4.4	6.3	5.8
Retail Stores	7.6	2.6	4.0	6.1	4.3	0.1	4.4	5.2	4.9
Apparel Stores	14.1	6.1	-1.7	4.5	2.1	1.1	2.6	4.9	4.5
Drug Stores	6.9	8.4	-0.8	2.5	10.8	3.0	2.7	4.7	5.0
Food Stores	6.6	-2.3	1.0	1.9	5.3	5.4	2.8	4.6	5.4
Packaged Liquor Stores	2.4	0.4	-3.6	-0.2	1.4	4.1	-1.1	-0.0	0.8
General Merchandise	4.2	4.7	5.1	4.7	4.2	-4.0	4.2	3.2	1.7
Eating & Drinking Places	7.1	4.7	1.2	1.6	3.3	5.2	3.7	5.7	5.9
Building Materials	6.5	3.9	11.9	16.9	4.3	-10.2	-1.3	1.6	1.9
Furniture & Appliances	8.4	8.9	8.3	11.0	9.9	2.3	3.2	5.8	6.2
Motor Vehicles & Parts	8.3	-3.5	0.9	6.7	2.9	-1.0	9.5	7.5	6.5
Service Stations	5.5	10.2	10.6	0.8	1.1	1.1	-0.4	2.9	1.8
Other Retail Stores	10.8	7.6	8.6	5.6	4.0	4.3	4.8	6.0	6.1
All Other Outlets	3.4	8.7	10.5	10.3	9.8	-3.3	4.3	8.2	7.3

Related Indicators -- Sacramento MSA

Real Disp. Inc. (% Chg.)	6.5	4.2	5.2	4.0	3.7	1.7	4.8	5.1	4.9
Sales Elasticity	0.9	1.1	1.2	1.9	1.7	-0.7	0.9	1.2	1.2
Permit Starts (000)	70.1	68.7	75.6	84.6	66.8	49.1	51.0	55.0	60.2
Bldg. Val. (M82\$)	746.1	717.9	841.0	712.9	662.8	793.9	869.3	971.1	1050.8
Unemployment Rate	6.2	5.5	5.3	4.9	4.7	6.1	6.0	5.7	5.8
Taxable Prices (% Chg.)	-0.6	2.7	2.1	3.0	3.3	3.8	0.4	1.6	2.4

Related Indicators -- United States

Real GNP (% Chg.)	2.7	3.4	4.5	2.5	1.0	-0.2	3.2	2.6	2.7
Prime Interest Rate	8.3	8.2	9.3	10.9	10.0	9.2	10.0	9.5	9.2
Personal Savings Rate	4.2	2.9	4.2	4.6	4.4	4.0	4.3	4.3	4.1
New Car Sales (Mil.)	11.45	10.25	10.63	9.91	9.53	8.75	9.28	9.68	9.96
Consumer Prices (% Chg.)	1.9	3.7	4.1	4.8	5.5	5.0	3.1	3.4	3.5
Energy Prices (% Chg.)	-23.7	0.7	-5.0	9.2	14.1	15.4	-11.5	5.0	6.4

Source: DRI First Quarter 1991 Sacramento MSA Forecast

Table A-14 -- Sacramento City Taxable Sales -- Current Dollars

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Taxable Sales, Millions of Current \$									
Total Taxable Sales	2569.7	2803.1	3007.8	3195.8	3465.9	3572.1	3729.1	4002.8	4312.0
Retail Stores	1760.3	1875.2	1977.7	2177.9	2337.8	2454.7	2565.3	2760.4	2975.6
Apparel Stores	59.9	61.2	63.9	73.7	87.7	91.9	95.5	102.3	109.4
Drug Stores	39.8	45.9	47.1	49.0	56.0	61.0	64.2	69.8	76.3
Food Stores	183.9	168.1	174.4	183.5	206.4	229.4	241.1	260.9	285.1
Packaged Liquor Stores	19.2	17.4	19.0	18.4	19.5	20.2	20.3	20.7	21.3
General Merchandise	224.8	249.5	270.7	301.6	341.5	343.8	367.6	390.0	408.9
Eating & Drinking Places	240.3	265.5	273.4	293.4	319.5	352.5	372.1	404.3	441.0
Building Materials	179.2	192.3	206.0	240.2	255.2	231.3	235.5	250.1	267.5
Furniture & Appliances	75.3	79.3	81.9	97.7	93.5	96.3	100.0	105.2	111.6
Motor Vehicles & Parts	329.6	335.6	318.8	332.2	349.3	351.7	388.8	421.1	456.0
Service Stations	132.8	148.7	151.4	165.0	188.0	219.6	194.8	209.6	226.1
Other Retail Stores	275.6	311.7	371.2	423.1	421.1	456.9	485.3	526.4	572.6
All Other Outlets	809.4	927.9	1030.1	1017.9	1128.1	1117.4	1163.8	1242.4	1336.4
Annual Percent Change									
Total Taxable Sales	3.1	9.1	7.3	6.3	8.5	3.1	4.4	7.3	7.7
Retail Stores	3.9	6.5	5.5	10.1	7.3	5.0	4.5	7.6	7.8
Apparel Stores	1.0	2.1	4.4	15.3	19.0	4.8	4.0	7.0	7.0
Drug Stores	4.1	15.4	2.6	4.2	14.1	9.1	5.2	8.7	9.3
Food Stores	7.7	-8.6	3.7	5.2	12.5	11.2	5.1	8.2	9.3
Packaged Liquor Stores	3.1	-9.3	9.2	-3.1	6.2	3.5	0.5	1.9	2.6
General Merchandise	3.6	11.0	8.5	11.4	13.2	0.7	6.9	6.1	4.8
Eating & Drinking Places	8.2	10.5	3.0	7.3	8.9	10.3	5.6	8.6	9.1
Building Materials	9.1	7.3	7.1	16.6	6.3	-9.4	1.8	6.2	6.9
Furniture & Appliances	7.8	5.3	3.3	19.3	-4.3	3.0	3.8	5.2	6.1
Motor Vehicles & Parts	3.3	1.8	-5.0	4.2	5.1	0.7	10.6	8.3	8.3
Service Stations	-19.8	11.9	1.8	9.0	14.0	16.8	-11.3	7.6	7.8
Other Retail Stores	10.4	13.1	19.1	14.0	-0.5	8.5	6.2	8.5	8.8
All Other Outlets	1.3	14.6	11.0	-1.2	10.8	-0.9	4.2	6.8	7.6

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Sacramento City Assessed Values (Mil. \$)									
Total Assessed Values	9460.7	10497.4	11496.5	12588.5	13958.4	15773.4	17587.9	19579.2	21758.2
% ch	11.2	11.0	9.5	9.5	10.9	13.0	11.5	11.3	11.1
Current Secured	8845.3	9853.5	10749.4	11750.3	13064.7	14820.9	16580.1	18494.0	20579.3
Local Roll	8845.3	9853.5	10749.4	11750.3	13064.7	14820.9	16580.1	18494.0	20579.3
Current Unsecured	615.5	643.9	747.1	838.2	893.7	952.6	1007.9	1085.2	1178.9
Supplemental AV	345.0	384.3	419.2	458.3	509.5	578.0	646.6	721.3	802.6
Sacramento City Building Permit Valuations (Mil. \$)									
Total Valuations	379.1	270.1	361.9	325.3	403.2	447.7	480.7	534.0	592.3
Residential	208.9	195.8	128.8	179.5	217.0	291.7	311.2	347.0	388.9
Single Family	179.1	124.5	103.5	132.3	199.0	275.6	279.2	300.3	326.0
Multiple Family	29.8	71.4	25.3	47.3	18.0	16.1	32.0	46.7	62.9
Nonresidential	170.2	74.3	233.1	145.7	186.2	156.0	169.5	187.0	203.4
Related Sacramento MSA Indicators									
Housing Starts (000)	70.1	68.7	75.6	84.6	66.8	49.1	51.0	55.0	60.2
Numes. Const. (Mil. \$)	746.1	717.9	841.0	712.9	662.8	793.9	869.3	971.1	1050.8
New Home Price (% ch)	7.2	5.6	7.1	14.6	25.8	1.7	2.2	3.2	3.3
Home Sales (000)	7.6	7.2	7.8	9.2	9.5	8.9	9.0	9.1	8.9
Afford. Index (% ch)	9.8	8.1	-3.3	-15.9	-17.4	6.8	-2.4	2.6	5.8
Related United States Indicators									
Housing Starts (Mil.)	1.81	1.63	1.49	1.39	1.22	1.15	1.31	1.40	1.51
Mortgage Rate	10.3	9.3	9.3	10.1	10.0	9.6	10.2	10.1	9.5

Source: DRI First Quarter 1991 Sacramento MSA Forecast

Table A16 -- Sacramento City: Summary of Revenue Projections
(Amounts in Thousands)

REVENUES	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Property Taxes: *								
Current Roll	\$32,356	\$35,317	\$38,350	\$42,442	\$47,976	\$54,360	\$59,582	\$66,194
Supplemental	1,606	1,584	1,914	2,130	2,416	2,703	3,015	3,355
Prior-yr./other	2,623	2,242	2,652	2,886	3,165	3,543	4,010	4,465
Total	\$36,585	\$39,143	\$42,916	\$47,458	\$53,557	\$60,606	\$66,607	\$74,014
% ch	10.32	6.99	9.64	10.58	12.85	13.16	9.90	11.12
Sales and Use Taxes	\$32,562	\$35,809	\$37,844	\$40,892	\$41,616	\$44,048	\$47,438	\$49,952
% ch	7.67	9.97	5.68	8.05	1.77	5.84	7.70	5.30
Utility Users' Fees	\$25,076	\$25,007	\$28,630	\$32,630	\$34,264	\$36,984	\$40,195	\$41,341
% ch	7.53	-0.28	14.49	13.97	5.01	7.94	8.68	2.85
Business Oper. Fees	\$2,922	\$3,142	\$3,369	\$3,528	\$3,709	\$3,889	\$4,111	\$4,399
% ch	1.49	7.53	7.22	4.72	5.13	4.85	5.71	7.01
Property Trans. Tax	\$2,925	\$3,569	\$4,539	\$4,838	\$4,870	\$5,324	\$5,648	\$6,089
% ch	-18.61	22.02	27.18	6.59	0.66	9.32	6.09	7.81
Total, Major Revenues	\$100,070	\$106,670	\$117,298	\$129,346	\$138,016	\$150,851	\$163,999	\$175,795
% ch	7.37	6.60	9.96	10.27	6.70	9.30	8.72	7.19

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

Source: DRI First Quarter 1991 Sacramento MSA Forecast

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

ASSESSED VALUES *	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
(Millions)								
Current Secured								
Local Roll	9,854	10,749	11,750	13,065	14,821	16,850	18,494	20,579
Current Unsecured	644	747	838	894	953	1,008	1,085	1,179
Total, assessed value	10,497	11,497	12,589	13,958	15,774	17,858	19,579	21,758
Supplemental AV (SB 813)	384	419	458	510	578	647	721	803
PROPERTY TAXES (000)								
Current secured:								
Nonredevelopment	30,568	31,685	34,601	38,473	43,645	49,620	54,461	60,602
Development	890	890	890	890	890	890	890	890
Public Utility (unitary)		1,551	1,710	1,772	1,983	2,260	2,440	2,661
Subtotal	31,458	34,126	37,201	41,135	46,518	52,771	57,791	64,153
Less HOE	(1,451)	(1,517)	(1,548)	(1,561)	(1,591)	(1,629)	(1,666)	(1,704)
Net secured	30,007	32,609	35,653	39,574	44,927	51,141	56,125	62,449
Current unsecured:								
Nonredevelopment	2,229	2,589	2,577	2,748	2,929	3,099	3,337	3,625
Redevelopment	120	120	120	120	120	120	120	120
Net unsec.	2,349	2,709	2,697	2,868	3,049	3,219	3,457	3,745
Total, current taxes	32,356	35,318	38,350	42,442	47,976	54,361	59,582	66,195
Percent growth	8.6	9.2	8.6	10.7	13.0	13.3	9.6	11.1
Supplemental Taxes (SB813)	1,606	1,584	1,914	2,130	2,416	2,703	3,015	3,355

* Excludes assessed value in redevelopment tax rate areas

** Property tax revenues from all unitary public utility properties are collected and distributed by the county.

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.

1987-88												
Current sec.						15,000		1,471		13,537		
Current unsec.								2,024		325		
TOTAL						15,000		3,495		13,862		
1988-89												
Current sec.						16,800		268		13,440		2,101
Current unsec.									2,206			502
TOTAL						16,800		268	2,206	13,440		2,603
1989-90												
Current sec.						18,423			1,031	14,739		1,459
Current unsec.									2,384			314
TOTAL						18,423			3,415	14,739		1,773
-----FORECAST-----												
1990-91												
Current sec.						20,460			1,148	16,344		1,623
Current unsec.									2,535			333
TOTAL						20,460			3,683	16,344		1,955
1991-92												
Current sec.						23,227			1,303	18,555		1,842
Current unsec.									2,695			354
TOTAL						23,227			3,998	18,555		2,196
1992-93												
Current sec.						26,440			1,483	21,121		2,097
Current unsec.									2,846			373
TOTAL						26,440			4,329	21,121		2,470
1993-94												
Current sec.						29,017			1,628	23,180		2,301
Current unsec.									3,056			401
TOTAL						29,017			4,684	23,180		2,702

ANNUAL	-----CURRENT ROLL-----				-----SUPPLEMENTAL-----			-----ADJUSTMENTS-----			
	SECURED	UNSEC.	TOTAL	GROWTH	SUPP.	TOTAL	GROWTH	PRIOR	INT/PEN	TOTAL	GROWTH
1987-88	30,008	2,349	32,357	8.6	1,606	33,963	8.3	2,365	258	36,586	10.3
1988-89	32,609	2,708	35,317	9.1	1,584	36,901	8.7	2,202	40	39,143	7.0
1989-90	35,652	2,698	38,350	8.6	1,914	40,264	9.1	2,318	334	42,916	9.6
-----FORECAST-----											
1990-91	39,574	2,868	42,442	10.7	2,130	44,572	10.7	2,523	363	47,458	10.6
1991-92	44,927	3,049	47,976	13.0	2,416	50,392	13.1	2,767	398	53,558	12.9
1992-93	51,141	3,219	54,360	13.3	2,703	57,063	13.2	3,097	446	60,606	13.2
1993-94	56,125	3,457	59,582	9.6	3,015	62,597	9.7	3,505	505	66,607	9.9
1994-95	62,449	3,745	66,194	11.1	3,355	69,549	11.1	3,903	562	74,013	11.1

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

MONTHLY	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUN.
1982-83	1,593	1,820	1,687	1,425	1,663	2,135	1,305	1,740	2,171	1,260	1,680	2,228
1983-84	1,320	1,760	2,642	1,426	1,901	2,798	1,465	1,953	2,439	1,441	1,921	2,815
1984-85	1,561	2,081	2,889	1,711	2,281	2,787	1,681	2,241	3,100	1,740	2,320	2,424
1985-86	1,890	2,520	3,112	1,980	2,640	2,789	2,100	2,800	1,956	1,860	2,480	3,135
1986-87	2,160	2,880	2,286	2,130	2,840	3,015	2,130	2,840	2,178	2,056	2,501	3,261
1987-88	2,127	2,836	3,382	2,274	3,033	2,917	2,293	3,058	2,892	2,309	3,078	2,227
1988-89	2,263	3,198	3,376	2,312	3,258	3,716	2,399	3,199	3,386	2,262	3,017	3,194
1989-90	2,492	3,323	3,228	2,569	3,425	3,716	2,624	3,500	3,717	2,382	3,176	3,640
-----FORECAST-----												
1990-91	2,544	3,542	4,133	2,763	3,384	3,921	2,787	3,612	3,922	2,668	3,591	4,002
1991-92	2,567	3,593	4,107	2,787	3,509	4,025	2,809	3,642	3,954	2,735	3,682	4,103
1992-93	2,669	3,736	4,270	2,930	3,690	4,233	2,986	3,871	4,203	2,928	3,941	4,392
1993-94	2,868	4,015	4,588	3,155	3,974	4,558	3,219	4,173	4,531	3,155	4,247	4,732
1994-95	3,090	4,326	4,944	3,406	4,289	4,920						
-----ACCRUAL ADJUST.-----												
	CASH	JUL (-)	JUL (+)	NET ADJ	REVENUE	GROWTH						
1982-83	20,707	(1,593)	1,320	(273)	20,434	-0.1						
1983-84	23,881	(1,320)	1,561	241	24,122	18.0						
1984-85	26,816	(1,561)	1,890	329	27,145	12.5						
1985-86	29,262	(1,890)	2,160	270	29,532	8.8						
1986-87	30,276	(2,160)	2,127	(33)	30,243	2.4						
1987-88	32,426	(2,127)	2,263	136	32,562	7.7						
1988-89	35,580	(2,263)	2,492	229	35,809	10.0						
1989-90	37,792	(2,492)	2,544	52	37,844	5.7						
-----FORECAST-----												
1990-91	40,869	(2,544)	2,567	23	40,892	8.1						
1991-92	41,514	(2,567)	2,669	102	41,616	1.8						
1992-93	43,849	(2,669)	2,868	199	44,048	5.8						
1993-94	47,215	(2,868)	3,090	223	47,438	7.7						
1994-95	49,952				49,952	5.3						

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.

1988-89												
SMUD	1,096	1,171	1,153	1,266	1,071	882	992	1,288	999	1,023	951	1,036
PG&E	205	204	224	227	224	506	736	655	421	257	197	230
TEL.	684	726	727	782	683	665	532	586	622	632	661	681
TOTAL	1,985	2,101	2,104	2,275	1,978	2,053	2,260	2,529	2,042	1,912	1,809	1,947
1989-90												
SMUD	1,119	1,098	1,209	1,128	1,056	1,012	953	1,240	1,216	1,188	999	1,096
PG&E	198	217	228	217	432	530	767	705	538	322	254	262
TEL.	680	464	591	797	1,027	970	903	951	977	914	969	994
TOTAL	1,997	1,779	2,028	2,142	2,515	2,512	2,623	2,896	2,731	2,424	2,222	2,352

1990-91												
SMUD	1,199	1,211	1,439	1,354	1,276	1,237	1,098	1,411	1,411	1,439	1,199	1,359
PG&E	228	201	197	206	424	516	748	689	531	449	355	378
TEL.	979	1,055	1,077	974	1,003	974	943	1,002	1,002	945	975	1,034
TOTAL	2,406	2,467	2,713	2,533	2,703	2,727	2,788	3,102	2,945	2,833	2,528	2,771

1991-92												
SMUD	1,271	1,312	1,517	1,479	1,395	1,352	1,216	1,563	1,563	1,609	1,341	1,519
PG&E	327	300	282	206	423	515	692	638	492	414	327	348
TEL.	920	1,009	1,038	986	1,015	986	963	1,024	1,024	972	1,002	1,063
TOTAL	2,518	2,621	2,837	2,671	2,833	2,853	2,871	3,224	3,079	2,994	2,669	2,930

1992-93												
SMUD	1,426	1,472	1,701	1,657	1,562	1,515	1,364	1,753	1,753	1,802	1,501	1,702
PG&E	306	281	264	204	420	511	720	663	511	463	365	390
TEL.	949	1,041	1,072	1,020	1,051	1,020	998	1,060	1,060	1,007	1,039	1,101
TOTAL	2,681	2,794	3,037	2,881	3,033	3,046	3,081	3,477	3,325	3,271	2,905	3,193

1993-94												
SMUD	1,594	1,645	1,902	1,849	1,744	1,691	1,518	1,952	1,952	2,004	1,670	1,892
PG&E	363	333	313	232	478	581	770	709	547	504	398	424
TEL.	984	1,080	1,111	1,058	1,090	1,058	1,035	1,100	1,100	1,046	1,078	1,144
TOTAL	2,941	3,058	3,326	3,139	3,311	3,329	3,324	3,761	3,599	3,553	3,146	3,460

1994-95												
SMUD	1,771	1,828	2,114	2,053	1,935	1,877						
PG&E	395	362	340	246	506	615						
TEL.	1,023	1,121	1,154	1,099	1,132	1,099						
TOTAL	3,189	3,312	3,608	3,398	3,573	3,591						

-----ACCRUAL ADJUST.-----

ANNUAL	CASH	JUL (-)	JUL (+)	NET	ADJ	REVENUE	GROWTH
1988-89	24,994	(1,985)	1,997	12	25,007	(0.3)	
1989-90	28,221	(1,997)	2,406	409	28,630	14.5	

-----FORECAST-----

1990-91	32,518	(2,406)	2,518	112	32,630	14.0	
1991-92	34,100	(2,518)	2,681	163	34,264	5.0	
1992-93	36,724	(2,681)	2,941	260	36,984	7.9	
1993-94	39,948	(2,941)	3,189	247	40,195	8.7	
1994-95	41,341				41,341	2.9	

Note: Utility Users Tax rate has been fixed at 7.5%, effective October 1, 1988.
Utility Users Tax receipts now include interstate telephone service and cable TV revenues.