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DEPARTMENT OF
FINANCE

CITY OF SACRAMENTO
CALIFORNIA

REVENUE DIVISION

February 14, 1989
RA891003:MLM:ldm

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

916-449-5454

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: FIVE-YEAR REVENUE PROJECTION - ALL FUNDS

SUMMARY

This report transmits to the Budget and Finance Committee staff's five-year revenue projections for all City funds.

BACKGROUND

The five-year revenue projections provide data essential to long range planning as well as current fund balance projections. Together, these projections provide early indications of potential program expansions, the need for revenue increases and/or expenditure reductions.

Long range revenue projection is at best an art. The economic and policy assumptions are speculative, especially beyond one or two years. These projections should be viewed as an indication of the direction in which the various revenue sources will be moving rather than an exact prediction.

DISCUSSION

Staff assumes a status quo for tax, fee and charge rates structures, as well as continuance of current law for the five-year revenue projections. In addition, staff does not incorporate speculative or uncertain growth assumptions into the forecast.

This report does not include specific growth assumptions for the Natomas area due to the uncertainty of the growth schedule. The sales tax projections for the General Fund do not include an expected positive impact of the remodeling of Arden Fair or Downtown Plaza due to the speculative nature of the actual sales tax growth that may result. Staff does not know the actual retail outlets that will occupy these shopping centers or the amount of new City sales tax revenue that will result.

The five-year revenue projections for all City funds for FY 1989/90 through FY 1993/94 are summarized in Exhibit I. The City's General Fund growth rate ranges from 4.1% to 8.5% during the five-year forecast period. Although this growth range is modest compared to prior years, the growth range is respectable and indicates a healthy local economy.

The following schedule compares the 1988 and 1989 Midyear Review Five-Year Revenue Projections for the City General Fund. The negative adjustment of the New Revenue Impact column is shown to benchmark the 1989 midyear assumptions to the 1988 midyear assumptions. The 1988 midyear assumptions did not anticipate the significant new fee increases adopted during FY 1988/89 and the voter approved freeze on the annual .5% decrease of the utility users tax rate.

(\$ in thousands)

<u>FY</u>	<u>1988 Midyear</u>	<u>1989 Midyear</u>	<u>Increase <Decrease></u>	<u>New Revenue Impact</u>	<u>Actual Increase <Decrease></u>
1988/89	\$147,639	\$147,395	<\$ 244>	<\$ 617>	<\$ 861>
1989/90	159,498	157,124	< 2,374>	< 4,969>	< 7,343>
1990/91	172,116	168,365	< 3,751>	< 6,448>	< 10,199>
1991/92	185,463	182,613	< 2,850>	< 8,939>	< 11,789>
1992/93	199,761	194,891	< 4,870>	< 11,112>	< 15,982>
1993/94	NA	208,110	NA	NA	NA

The comparison clearly demonstrates that long-range forecasts should be viewed only as a planning tool. The forecasts are based upon fixed assumptions that may not be valid in future periods.

POLICY CONSIDERATIONS

The financial policy implications of the 1989 Five Year Revenue Projections are discussed in an accompanying report.

MBE/WBE EFFORTS

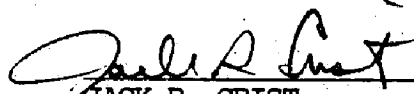
None.

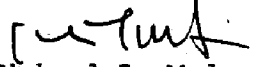
RECOMMENDATION

It is recommended that the Budget and Finance Committee direct staff to transmit the attached five-year revenue projections to the City Council for its information.

Respectfully submitted,

RECOMMENDATION APPROVED:


 JACK R. CRIST
 Deputy City Manager


 Michael L. Medema
 Revenue Manager

Attachment

CONTACT PERSON: Michael L. Medema, Revenue Manager, 449-5724

All Districts
 February 21, 1989

5year89 -- 2/15/89

City of Sacramento
5 - YEAR REVENUE FORECAST 1989/94
\$ in thousands

	1983/84	1984/85	ACTUAL		1987/88	1988/1989		FORECAST					
			1985/86	1986/87		APPROVED	MIDYEAR	1989/90	1990/91	1991/92	1992/93	1993/94	
GENERAL FUND													
Property Taxes	\$24,752	\$27,014	\$30,512	\$34,843	\$38,313	\$41,852	\$41,761	\$46,093	\$51,387	\$57,200	\$63,672	\$70,897	
		9.1%	12.9%	14.2%	10.0%	9.2%	9.0%	10.4%	11.5%	11.3%	11.3%	11.3%	
Sales and Use Taxes	24,125	27,149	29,532	30,243	32,565	33,373	34,058	35,354	37,918	41,401	44,044	46,856	
		12.5%	8.8%	2.4%	7.7%	2.5%	4.6%	3.8%	7.3%	9.2%	6.4%	6.4%	
Utility Users Taxes	16,298	19,531	21,916	23,564	25,287	28,477	25,631	24,759	24,905	25,362	23,910	22,332	
		19.8%	12.2%	7.5%	7.3%	12.6%	1.4%	-3.4%	0.6%	1.8%	-5.7%	-6.6%	
Utility Users Taxes - Public Safety	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,337	3,338	5,750	7,984	10,363	
		N/A	N/A	N/A	N/A	N/A	N/A	N/A	149.7%	72.3%	38.9%	29.8%	
Business Operations Taxes	2,280	2,587	2,824	2,824	2,933	3,268	3,083	3,249	3,451	3,696	3,992	4,311	
		13.5%	9.2%	0.0%	3.9%	11.4%	5.1%	5.4%	6.2%	7.1%	8.0%	8.0%	
Real Property Transfer Taxes	2,654	2,534	3,010	3,302	2,839	3,789	3,211	3,351	3,647	4,137	4,615	5,148	
		-4.5%	18.8%	9.7%	-14.0%	33.5%	13.1%	4.4%	8.8%	13.4%	11.6%	11.5%	
Residential Construc- tion Taxes	1,687	1,400	1,850	1,220	929	892	900	900	900	900	900	900	
		-17.0%	32.1%	-34.1%	-23.9%	-4.0%	-3.1%	0.0%	0.0%	0.0%	0.0%	0.0%	
Licenses and Permits		3,145	3,329	3,476	3,225	3,453	4,057	5,080	5,125	5,195	5,406	5,450	
		ERR	5.9%	4.4%	-7.2%	7.1%	25.8%	25.2%	0.9%	1.4%	4.1%	0.8%	
Fines and Forefeits	1,071	1,165	1,386	1,250	1,668	1,803	2,076	2,300	2,359	2,407	2,452	2,497	
		8.8%	19.0%	-9.8%	33.4%	8.1%	24.5%	10.8%	2.6%	2.0%	1.9%	1.8%	
Use of Money	5,013	3,916	4,051	5,119	2,742	2,555	1,984	1,580	1,603	1,624	1,635	1,649	
		-21.9%	3.4%	26.4%	-46.4%	-6.8%	-27.6%	-20.4%	1.5%	1.3%	0.7%	0.9%	
Intergovernmental	10,060	13,102	15,526	19,312	17,225	18,358	18,287	18,626	19,503	20,450	21,468	22,567	
		30.2%	18.5%	24.4%	-10.8%	6.6%	6.2%	1.9%	4.7%	4.9%	5.0%	5.1%	
Charges, Fees and Services	6,898	7,288	8,710	8,207	10,735	10,844	11,363	12,892	13,014	13,294	13,595	13,899	
		5.7%	19.5%	-5.8%	30.8%	1.0%	5.9%	13.5%	0.9%	2.2%	2.3%	2.2%	
Other Revenues	877	1,159	1,285	848	3,130	1,420	984	1,603	1,215	1,197	1,218	1,241	
		32.2%	10.9%	-34.0%	269.1%	-54.6%	-68.6%	62.9%	-24.2%	-1.5%	1.8%	1.9%	
Total: GENERAL FUND	\$95,715	\$109,990	\$123,931	\$134,208	\$141,591	\$150,084	\$147,395	\$157,124	\$168,365	\$182,613	\$194,891	\$208,110	
		14.9%	12.7%	8.3%	5.5%	6.0%	4.1%	6.6%	7.2%	8.5%	6.7%	6.8%	

	1983/84	ACTUAL				1988/1989		FORECAST				
		1984/85	1985/86	1986/87	1987/88	APPROVED	MIDYEAR	1989/90	1990/91	1991/92	1992/93	1993/94
OTHER GOVERNMENTAL FUNDS												
Gas Taxes	\$4,805	\$4,532 -5.7%	\$6,903 52.3%	\$5,849 -15.3%	\$4,950 -15.4%	\$4,947 -0.1%	\$4,933 -0.3%	\$4,943 0.2%	\$4,961 0.4%	\$4,980 0.4%	\$4,999 0.4%	\$5,020 0.4%
CDBG	1,690	2,403 42.2%	2,461 2.4%	196 -92.0%	142 -27.6%	926 552.1%	926 552.1%	0 -100.0%	0 N/A	0 N/A	0 N/A	0 N/A
SHRA	2,051	1,507 -26.5%	506 -66.4%	(194) -138.3%	2,084 -1174.2%	226 -89.2%	198 -90.5%	0 -100.0%	0 N/A	0 N/A	0 N/A	0 N/A
Traffic Safety	1,360	1,281 -5.8%	1,064 -16.9%	1,036 -2.6%	1,209 16.7%	1,053 -12.9%	1,224 1.2%	1,224 0.0%	1,224 0.0%	1,224 0.0%	1,224 0.0%	1,224 0.0%
Major Street Construction	2,644	2,985 12.9%	3,214 7.7%	2,900 -9.8%	2,284 -21.2%	2,137 -6.4%	3,000 31.3%	3,000 0.0%	3,075 2.5%	3,151 2.5%	3,230 2.5%	3,311 2.5%
Revenue Sharing	5,204	4,926 -5.3%	5,396 9.5%	1,058 -80.4%	0 N/A	0 N/A	0 N/A	0 N/A	0 N/A	0 N/A	0 N/A	0 N/A
Truxal Interchange	N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	5 N/A	0 N/A	0 N/A	0 N/A	0 N/A	0 N/A
Downtown District Maintenance	N/A	N/A N/A	47 N/A	49 4.3%	45 -8.2%	49 8.9%	49 8.9%	51 4.1%	53 3.9%	55 3.8%	57 3.6%	59 3.5%
Old Sacramento Dist. Maintenance	N/A	N/A N/A	47 N/A	64 36.2%	55 -14.1%	62 12.7%	62 12.7%	64 3.2%	67 4.7%	69 3.0%	72 4.3%	75 4.2%
Assessment Bond Registration	58	76 31.0%	52 -31.6%	27 -48.1%	59 118.5%	55 -6.8%	209 254.2%	54 -74.2%	54 0.0%	54 0.0%	54 0.0%	54 0.0%
Transportation Development	153	183 19.6%	180 -1.6%	208 15.6%	192 -7.7%	239 24.5%	195 1.6%	202 3.6%	206 2.0%	210 1.9%	213 1.4%	217 1.9%
Pocket Area Trunk Sewer	67	248 270.1%	115 -53.6%	85 -26.1%	87 2.4%	80 -8.0%	87 0.0%	87 0.0%	88 1.1%	88 0.0%	88 0.0%	88 0.0%
Capital Grants	926	938 1.3%	2,430 159.1%	1,203 -50.5%	105 N/A	1,591 N/A	1,591 1415.2%	0 N/A	0 N/A	0 N/A	0 N/A	0 N/A
Bridge Construction	123	53 -56.9%	135 154.7%	115 -14.8%	96 -16.5%	43 -55.2%	61 -36.5%	61 0.0%	52 -14.8%	32 -38.5%	32 0.0%	32 0.0%
Operating Grants	615	866 40.8%	965 11.4%	1,661 72.1%	0 N/A	2,821 N/A	2,821 N/A	0 -100.0%	0 N/A	0 N/A	0 N/A	0 N/A

	ACTUAL					1988/1989		FORECAST				
	1983/84	1984/85	1985/86	1986/87	1987/88	APPROVED	MIDYEAR	1989/90	1990/91	1991/92	1992/93	1993/94
OTHER GOVERNMENTAL FUNDS												
(Continued)												
Animal Acquisition	N/A	N/A	15	15	15	10	10	10	10	10	10	10
		N/A	N/A	0.0%	0.0%	-33.3%	-33.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Cable Fund	N/A	N/A	66	67	74	0	0	0	0	0	0	0
		N/A	N/A	1.5%	10.4%	-100.0%	N/A	N/A	N/A	N/A	N/A	N/A
SDIRS	N/A	N/A	N/A	N/A	N/A	N/A	258	54	54	54	54	54
		N/A	N/A	N/A	N/A	N/A	N/A	-79.1%	0.0%	0.0%	0.0%	0.0%
Citation I-5 Maintenance	N/A	N/A	N/A	40	15	73	116	56	53	53	0	0
		N/A	N/A	N/A	-62.5%	386.7%	673.3%	-51.7%	-5.4%	0.0%	-100.0%	N/A
Special Recreation	833	870	1,130	1,384	1,685	762	766	862	538	538	538	538
		4.4%	29.9%	22.5%	21.7%	-54.8%	-54.5%	12.5%	-37.6%	0.0%	0.0%	0.0%
Sports Complex	N/A	N/A	N/A	N/A	217	260	260	279	279	279	279	279
		N/A	N/A	N/A	N/A	N/A	19.8%	7.3%	0.0%	0.0%	0.0%	0.0%
Narcotics Task Force	N/A	N/A	N/A	9	259	100	367	318	319	319	319	319
		N/A	N/A	N/A	N/A	N/A	41.7%	-13.4%	0.3%	0.0%	0.0%	0.0%
Fariytale Town	178	205	237	377	403	471	471	646	683	723	766	811
		15.2%	15.6%	59.1%	6.9%	16.9%	16.9%	37.2%	5.7%	5.9%	5.9%	5.9%
Florin Road Storm and Sanitation	N/A	N/A	N/A	5	5	5	5	5	5	5	5	5
		N/A	N/A	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Quimby Act	1,307	1,199	1,279	935	364	1,169	1,010	630	1,156	1,558	1,858	2,158
		-8.3%	6.7%	-26.9%	-61.1%	221.2%	177.5%	-37.6%	83.5%	34.8%	19.3%	16.1%
Flood and Drainage	290	300	167	162	174	119	118	118	118	119	119	119
		3.4%	-44.3%	-3.0%	7.4%	-31.6%	-32.2%	0.0%	0.0%	0.8%	0.0%	0.0%
Citation I-5 Improvement	N/A	N/A	41	44	13	59	213	57	57	57	0	0
		N/A	N/A	7.3%	-70.5%	353.8%	1538.5%	-73.2%	0.0%	0.0%	-100.0%	N/A
S. Natomas Community Improvement	350	469	397	288	65	230	1,289	314	314	314	0	0
		34.0%	-15.4%	-27.5%	-77.4%	253.8%	1883.1%	-75.6%	0.0%	0.0%	-100.0%	N/A
South Natomas Facility Benefit	N/A	N/A	N/A	5	4	0	4	4	4	4	4	4
		N/A	N/A	N/A	N/A	-100.0%	N/A	N/A	0.0%	0.0%	0.0%	0.0%
Sacramento History Center	N/A	366	104	22	23	21	24	24	24	24	24	24
		N/A	-71.6%	-78.8%	4.5%	-8.7%	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%
S. Natomas I-5 Dev. Improvement	N/A	N/A	N/A	59	23	105	193	92	92	92	0	0
		N/A	N/A	N/A	-61.0%	356.5%	739.1%	-52.3%	0.0%	0.0%	-100.0%	N/A
Total: OTHER GOVERN-	\$22,654	\$23,407	\$26,951	\$17,669	\$14,647	\$17,613	\$20,465	\$13,155	\$13,486	\$14,012	\$13,945	\$14,401
MENTAL FUNDS		3.3%	15.1%	-34.4%	-17.1%	20.2%	39.7%	-35.7%	2.5%	3.9%	-0.1%	3.3%

	1983/84	ACTUAL				1988/1989		FORECAST				
		1984/85	1985/86	1986/87	1987/88	APPROVED	MIDYEAR	1989/90	1990/91	1991/92	1992/93	1993/94
ENTERPRISE FUNDS												
Parking	6,721	6,525 -2.9%	7,355 12.7%	7,984 8.6%	8,218 2.9%	9,739 18.5%	8,801 7.1%	8,746 -0.6%	8,971 2.6%	9,637 7.4%	10,046 4.2%	10,711 6.6%
Water	13,060	13,930 6.7%	15,278 9.7%	15,907 4.1%	16,041 0.8%	20,418 27.3%	19,659 22.6%	19,816 0.8%	20,011 1.0%	20,183 0.9%	20,374 0.9%	21,396 5.0%
Sewer	8,452	7,981 -5.6%	5,562 -30.3%	5,966 7.3%	6,233 4.5%	6,881 10.4%	6,774 8.7%	6,793 0.3%	6,803 0.1%	6,801 0.0%	6,806 0.1%	6,823 0.2%
Solid Waste	14,403	14,744 2.4%	18,593 26.1%	20,769 11.7%	21,690 4.4%	22,063 1.7%	23,056 6.3%	22,115 -4.1%	22,397 1.3%	22,681 1.3%	22,971 1.3%	23,262 1.3%
Boat Harbor	419	462 10.3%	506 9.5%	550 8.7%	643 16.9%	1,162 80.7%	1,204 87.2%	1,215 0.9%	1,227 1.0%	1,241 1.1%	1,255 1.1%	1,269 1.1%
Golf	2,245	2,383 6.1%	2,478 4.0%	2,994 20.8%	3,245 8.4%	3,230 -0.5%	3,230 -0.5%	3,215 -0.5%	3,219 0.1%	3,251 1.0%	3,272 0.6%	3,266 -0.2%
Community Center	5,073	5,518 8.8%	5,488 -0.5%	6,523 18.9%	7,420 13.8%	7,647 3.1%	7,588 2.3%	8,186 7.9%	8,895 8.7%	9,862 10.9%	11,067 12.2%	12,281 11.0%
Camp Sacramento	1,407	452 -67.9%	180 -60.2%	224 24.4%	222 -0.9%	0 -100.0%	0 N/A	0 N/A	0 N/A	0 N/A	0 N/A	0 N/A
Storm Drainage	N/A	N/A N/A	4,441 N/A	9,014 103.0%	10,612 17.7%	10,943 3.1%	12,021 13.3%	11,064 -8.0%	11,198 1.2%	11,333 1.2%	11,468 1.2%	11,605 1.2%
Total: ENTERPRISE FUNDS	\$51,780	\$51,995 0.4%	\$59,881 15.2%	\$69,931 16.8%	\$74,324 6.3%	\$82,083 10.4%	\$82,333 10.8%	\$81,150 -1.4%	\$82,721 1.9%	\$84,989 2.7%	\$87,259 2.7%	\$90,613 3.8%
INTERNAL SERVICE FUNDS												
Fleet Management	386	599 55.2%	1,196 99.7%	704 -41.1%	1,016 44.3%	608 -40.2%	963 -5.2%	935 -2.9%	961 2.8%	975 1.5%	992 1.7%	1,009 1.7%
Risk Management	787	2,495 217.0%	1,131 -54.7%	1,130 -0.1%	1,369 21.2%	1,897 38.6%	2,624 91.7%	1,733 -34.0%	1,746 0.8%	1,757 0.6%	1,755 -0.1%	1,755 0.0%
Total: INTERNAL SERVICE FUNDS	\$1,173	\$3,094 163.8%	\$2,327 -24.8%	\$1,834 -21.2%	\$2,385 30.0%	\$2,505 5.0%	\$3,587 50.4%	\$2,668 -25.6%	\$2,707 1.5%	\$2,732 0.9%	\$2,747 0.5%	\$2,764 0.6%
TOTAL: ALL CITY REVENUE	\$171,322	\$188,486 10.0%	\$213,090 13.1%	\$223,642 5.0%	\$232,947 4.2%	\$252,285 8.3%	\$253,780 8.9%	\$254,097 0.1%	\$267,279 5.2%	\$284,346 6.4%	\$298,842 5.1%	\$315,888 5.7%