



Meeting Date: 4/24/ 2007

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input checked="" type="checkbox"/> Study Session

Prepared By: Dennis L. Scala, City Manager's Office Agenda Item No. B-1
 Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other (Specify) _____

DATE: April 13, 2007
TO: City Council [Signature]
FROM: Dennis L. Scala, City Manager's Office

SUBJECT: FY 2007-08 – FY 2011-12 Six-Year General Fund Financial Forecast.

RECOMMENDATION

That City Council consider a report on the Six-Year General Fund Financial Forecast and provide direction to staff concerning the preparation of the FY 2007-08 and FY 2008-09 Operating Budget.

DISCUSSION

The current performance of the national, State and local economies has contributed greatly to the pattern of consistent growth in general fund revenues for the City of Oxnard. While the California economy has kept pace with the national economy of late, economic growth in Ventura County has been even more impressive. This underlying stability in the State and local economies has helped maintain growth in the City's property and sales tax receipts as well as strong increases in business license receipts.

Recent trends in California's real estate market have shown that while the commercial real estate has remained relatively strong with decreasing vacancies and increasing rental values, residential real estate has experienced a 20% to 40% decline in sales volume. The encouraging trend is that despite the declines in real estate sales volume, prices have stabilized, keeping in tact the increase in real estate valuations experienced in recent years. Assuming that real estate sales will eventually improve once the Federal Reserve Board (FED) rate increases come to an end, we should experience continued growth in our second largest source of revenue, property taxes.

THE FORECAST

A recent economic forecast prepared by the University of California, Santa Barbara (UCSB) estimates that California's economy will continue to experience moderate economic growth due to increasing productivity and its proximity to the Pacific Rim trading zone. More importantly, UCSB expects the Ventura County economy to continue to keep pace with the national and State economies in the next two years.

All of these factors point to relatively stable revenue trends for the City of Oxnard.

<i>Description</i>	<i>FY 2006-07</i>	<i>FY 2007-08</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>	<i>FY 2010-11</i>	<i>FY 2011-12</i>
Status Quo Revenues	111.1	115.3	119.5	124.6	130.2	136.4
Anticipated Revenue Impacts						
Sales Tax Adjustments	0.0	.5	.9	1.7	1.9	2.2
Property Tax Adjustments	0.0	1.5	2.3	3.2	4.1	5.1
Total Revenue Adjustments	0.0	2.0	3.2	4.9	6.1	7.3
Total Forecasted Revenues	111.1	117.3	122.7	129.5	136.3	143.7
Status Quo Appropriations	(111.0)	(115.6)	(117.8)	(121.2)	(124.7)	(128.3)
Anticipated Appropriation Impacts						
CPI Adjustment - Services & Supplies	0.0	(.8)	(1.7)	(2.6)	(3.6)	(4.5)
Total Appropriation Adjustments	0.0	(.8)	(1.7)	(2.6)	(3.6)	(4.5)
Total Forecasted Appropriations	(111.0)	(116.4)	(119.5)	(123.8)	(128.3)	(132.8)
Anticipated Surplus / (Deficit)	.1	.9	3.2	5.7	8.0	10.9

As indicated by the chart above, Oxnard's revenue picture should remain strong throughout the forecast period with an estimated surplus of less than \$1.0 million in fiscal year 2007-08. When compared to total revenues of more than \$115 million, a surplus of less than \$1 million is statistically insignificant.

FINANCIAL IMPACT

There is no fiscal impact directly related to this item.

(DLS, dls)