



Meeting Date: 05 /08 /07

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"/> Other Appt Item

Prepared By: Dennis L. Scala, City Manager's Office Agenda Item No. Q-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. In addition to a discussion of the General Fund Financial Forecast, staff will present the General Fund Operating Reserve Summary.

FINANCIAL IMPACT

There is no fiscal impact directly related to this item.

(DLS, dls)

Attachment 1 General Fund Operating Reserve Summary

CITY OF OXNARD
2006-2007 PROJECTED GENERAL FUND OPERATING RESERVE
ESTIMATED
05/01/2007

	Unreserved	Reserved
Fund Balance June 30, 2006		
Reserved for Development Services		5,284,472
Unreserved	18,238,984	
2006-2007 Estimated Revenues & Transfers	108,751,725	
 Est Revenue Adjustments		
General Plan Update-Air Pollution Buydown (3)	80,000	
Net Adjusted Revenues	80,000	
	108,831,725	
 2006-2007 Appropriations		
<i>Appropriations from Fund Balance</i>	(108,751,725)	
		(1,182,275)
 Appropriation Adjustments		
Rainbow House (1)	(18,000)	
SEIU & Mid-Managers (2)	(994,817)	
General Plan Update (3)	(80,000)	
Real Property at 3rd & D St. (4)	(410,000)	
Sports Park (5)	(3,134,314)	
Net Adjusted 2006-2007 Appropriations	(4,637,131)	
	(114,571,131)	
Net Change to Operating Reserve		(5,739,406)
Contribution to Fund Balance		1,100,000
 Estimated Operating Reserve 6-30-2007	13,599,578	5,284,472

(1) Council Action 07/25/06
(2) Council Action 08/01/06
(3) Council Action, 11/28/06

(4) Council Action 03/13/07
(5) Council Action 03/20/07

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