

City of Costa Mesa

FISCAL YEAR 2011-2012 PRELIMINARY GENERAL FUND REVENUE BUDGET

May 24, 2011



GENERAL FUND REVENUES – PRELIMINARY ESTIMATES

- Approximately 91% of all revenues comes to the City through the General Fund.
- Approximately 78% of all General Fund revenue comes from taxes and franchise fees.
- Unlike other cities, Costa Mesa is more heavily weighted to Sales Tax revenue – 44% of all General Fund revenue.

GENERAL FUND REVENUES – PRELIMINARY ESTIMATES

| | |
|--------------------------------------|-----------------------------------|
| FY 11-12 Preliminary Estimate | \$ 94,578,394 |
| FY 10-11 Revised Estimate | <u>91,681,653*</u> |
| Amount Increase | <u><u>\$ 2,896,741</u></u> |
| Percent Increase | <u><u>3.16 %</u></u> |

*** As revised at Mid Year**

Total General Fund Revenue Comparison – Other Cities

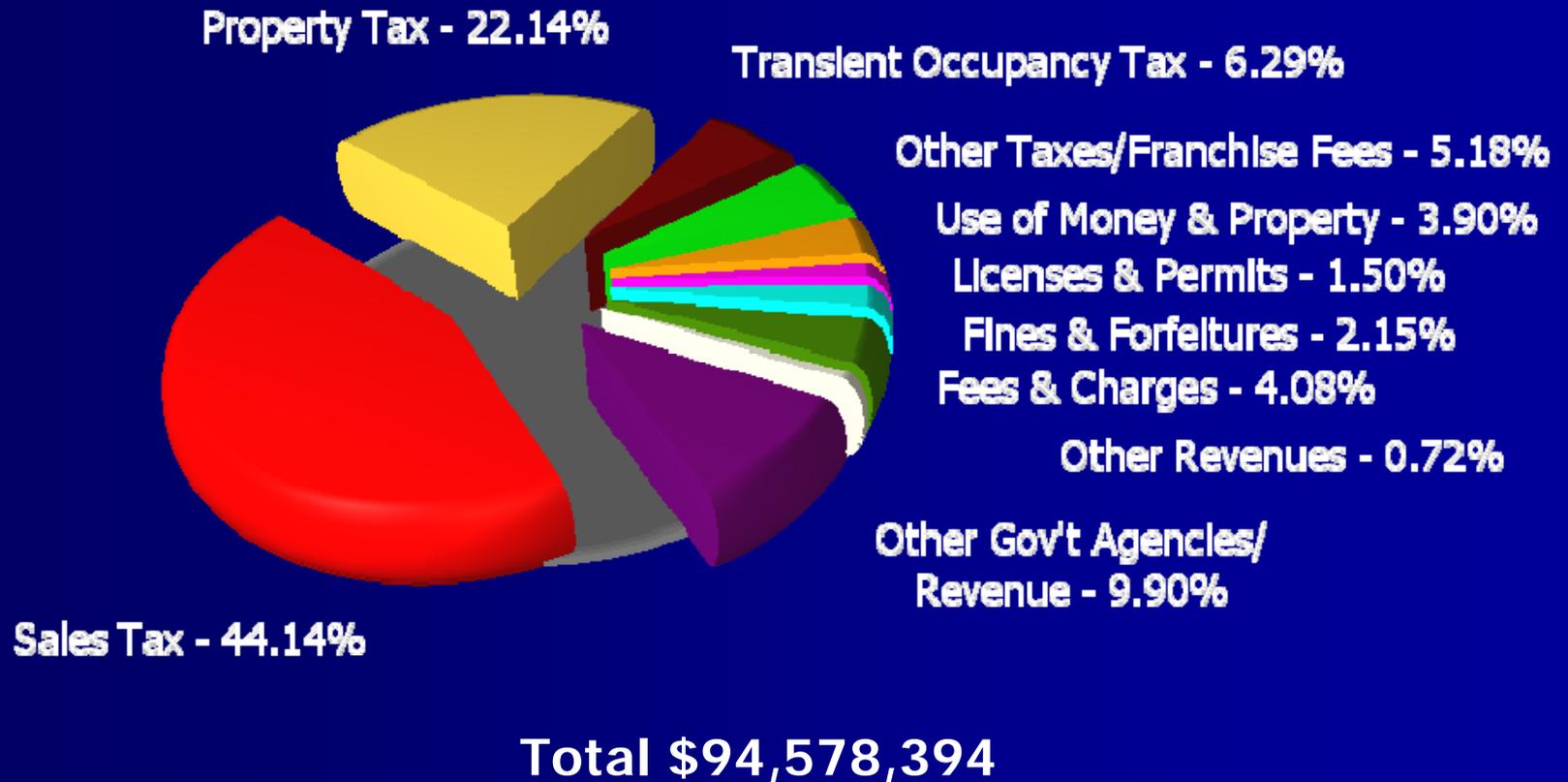
| | Total in millions |
|-----------------------------|----------------------|
| Costa Mesa | \$94.6 |
| Santa Ana (FY 10-11) | \$197.1 |
| Huntington Beach (FY 10-11) | \$177.9 |
| Newport Beach (FY 11-12) | \$149.2 |
| Irvine (FY 11-12) | \$135.8 |

Total General Fund Revenue Comparison – Other Cities

| | Total in millions |
|----------------------------|----------------------|
| Costa Mesa | \$94.6 |
| Garden Grove (FY 10-11) | \$76.4 |
| Buena Park (FY 11-12) | \$53.0 |
| Westminster (FY 10-11) | \$51.1* |
| Fountain Valley (FY 10-11) | \$33.6 |

The City of Westminster has a large Redevelopment Area which diverts Property Tax revenue from the General Fund. Total includes \$10.9 million from the RDA.

GENERAL FUND RESOURCES



***SALES TAX PRESENTATION
BY HdL COMPANIES***

SALES & USE TAX

General Fund – includes Sales Tax In-Lieu

| | |
|--------------------------------------|----------------------|
| FY 11-12 Preliminary Estimate | \$ 41,750,000 |
| FY 10-11 Revised Estimate | 39,040,000* |
| Amount Increase | \$ 2,710,000 |
| Percent Increase | 6.94 % |

- As revised at Mid Year

- Percentage increase from 09-10 to 10-11 Revised – 13.10%**

SALES & USE TAX - TIMING OF RECEIPTS

For each quarter, the State estimates the City receipts (based on past actuals and current trends) and then advances based on a 30%, 30%, 40% formula.

At the end of the advance period, the State reconciles actual sales with previous advances, and pays a "clean-up" if necessary.

SALES & USE TAX - TIMING OF RECEIPTS

Sales In

October

November

December

Revenue In

–

–

Dec – 30% Adv

Jan – 30% Adv

Feb – 40% Adv

March – Clean Up



SALES & USE TAX - TIMING OF ANALYSIS

HdL Analysis

October

November

December

March – Clean Up

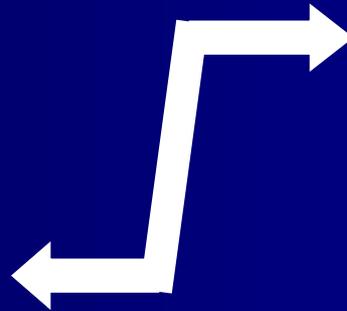
Accrued Rev

Dec – 30% Adv

Jan – 30% Adv

Feb – 40% Adv

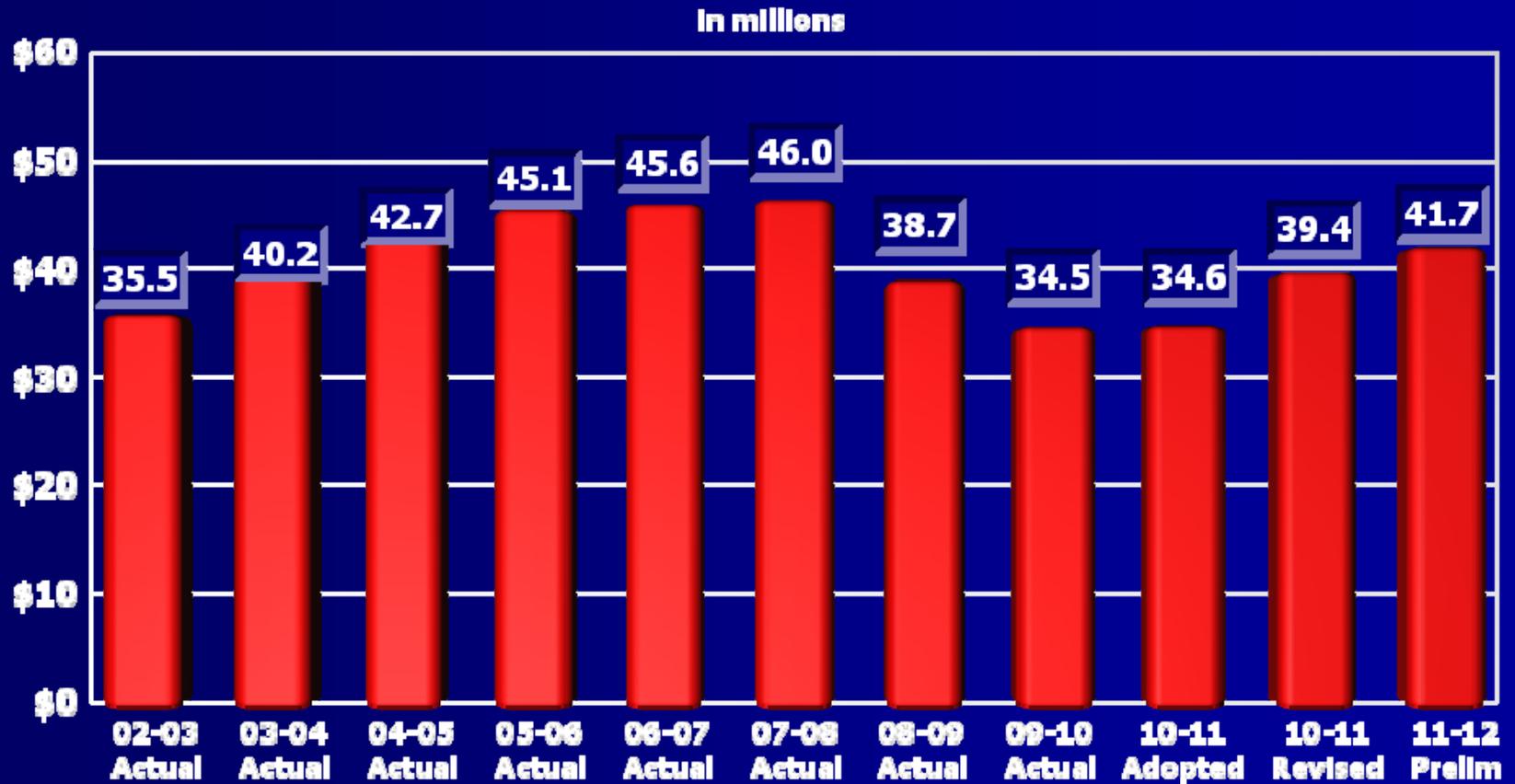
Dec – Clean Up from
previous qtr^{*}



* - Quarterly Clean Up is not accrued.

SALES & USE TAX HISTORY

General Fund



SALES TAX COMPARISON – Other Cities

| | Total in millions | % of GF |
|-----------------------------|----------------------|---------|
| Costa Mesa | \$41.8 | 44% |
| Irvine (FY 11-12) | \$46.3 | 34% |
| Santa Ana (FY 10-11) | \$32.8 | 16% |
| Newport Beach (FY 11-12) | \$25.1 | 17% |
| Huntington Beach (FY 10-11) | \$20.1 | 11% |

PROPERTY TAX

General Fund

| | |
|--------------------------------------|----------------------|
| FY 11-12 Preliminary Estimate | \$ 20,945,000 |
| FY 10-11 Revised Estimate | 20,670,000* |
| Amount Increase | \$ 275,000 |
| Percent Increase | 1.33 % |

*** As revised at Mid Year**

PROPERTY TAX

Assessed Values Changes

| | Citywide | |
|------------|-------------------|---------|
| | Assessed Values | % Chg |
| FY 2010-11 | \$ 14.119 billion | (2.21%) |
| FY 2009-10 | \$ 14.438 billion | 0.39% |
| FY 2008-09 | \$ 14.381 billion | 3.84% |
| FY 2007-08 | \$ 13.849 billion | 8.57% |
| FY 2006-07 | \$ 12.756 billion | - |

PROPERTY TAX

Property Assessments

Period of Prop 13

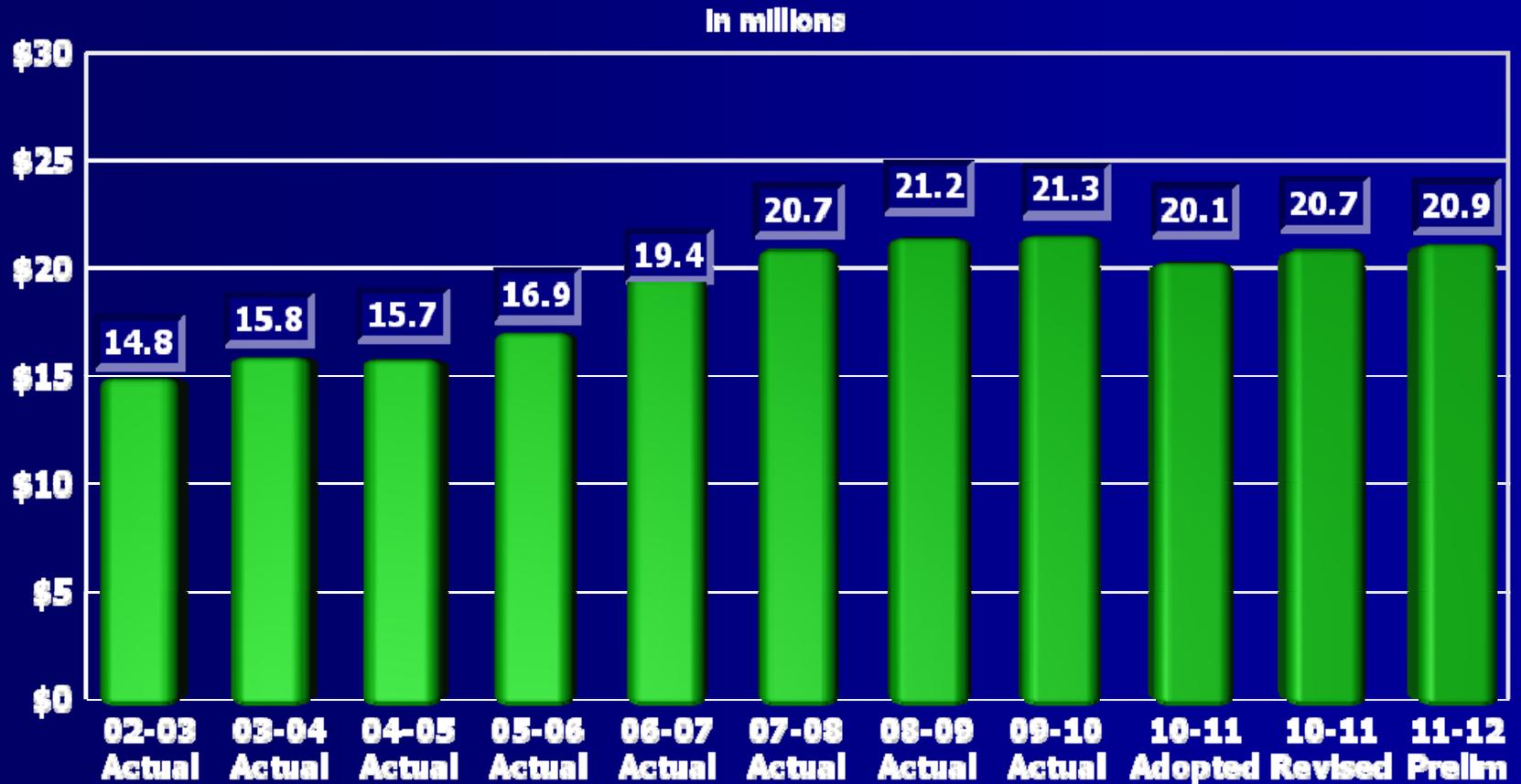
| <u>Assessment</u> | <u>Values</u> | <u>% of Total</u> |
|-------------------|--------------------------|-------------------|
| Post-2000 | \$ 8.572 billion | 60.71% |
| Pre -2000 | \$ 5.547 billion | 39.29% |
| Total | \$ 14.119 billion | |

CPI Adjustment Factor – **2011-12 = 0.752**

2010-11 = (0.237)

PROPERTY TAX HISTORY

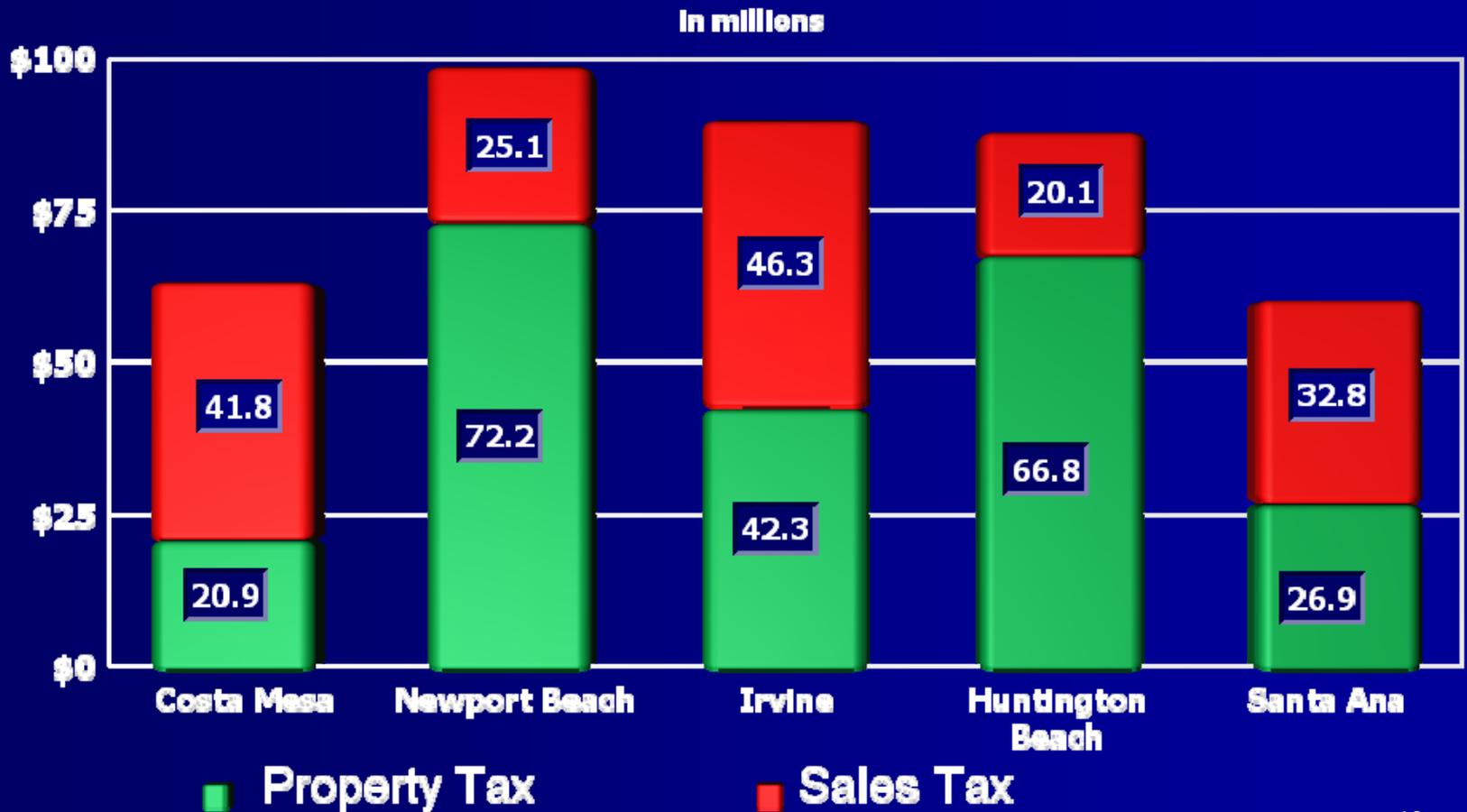
General Fund



Property Tax Comparison – Other Cities

| | Total in millions | % of GF |
|-----------------------------|----------------------|---------|
| Costa Mesa | \$20.9 | 22% |
| Newport Beach (FY 11-12) | \$72.2 | 48% |
| Huntington Beach (FY 10-11) | \$66.8 | 38% |
| Irvine (FY 11-12) | \$42.3 | 31% |
| Santa Ana (FY 10-11) | \$26.9 | 14% |

SALES TAX & PROPERTY TAX REVENUE COMPARISON – Other Cities



TRANSIENT OCCUPANCY TAX

General Fund

| | |
|--------------------------------------|----------------------|
| FY 11-12 Preliminary Estimate | \$ 5,950,000* |
| FY 10-11 Revised Estimate | 5,050,000 |
| Amount Increase | \$ 900,000 |
| Percent Increase | 17.82 % |

*** As revised at Mid Year**

TRANSIENT OCCUPANCY TAX

General Fund

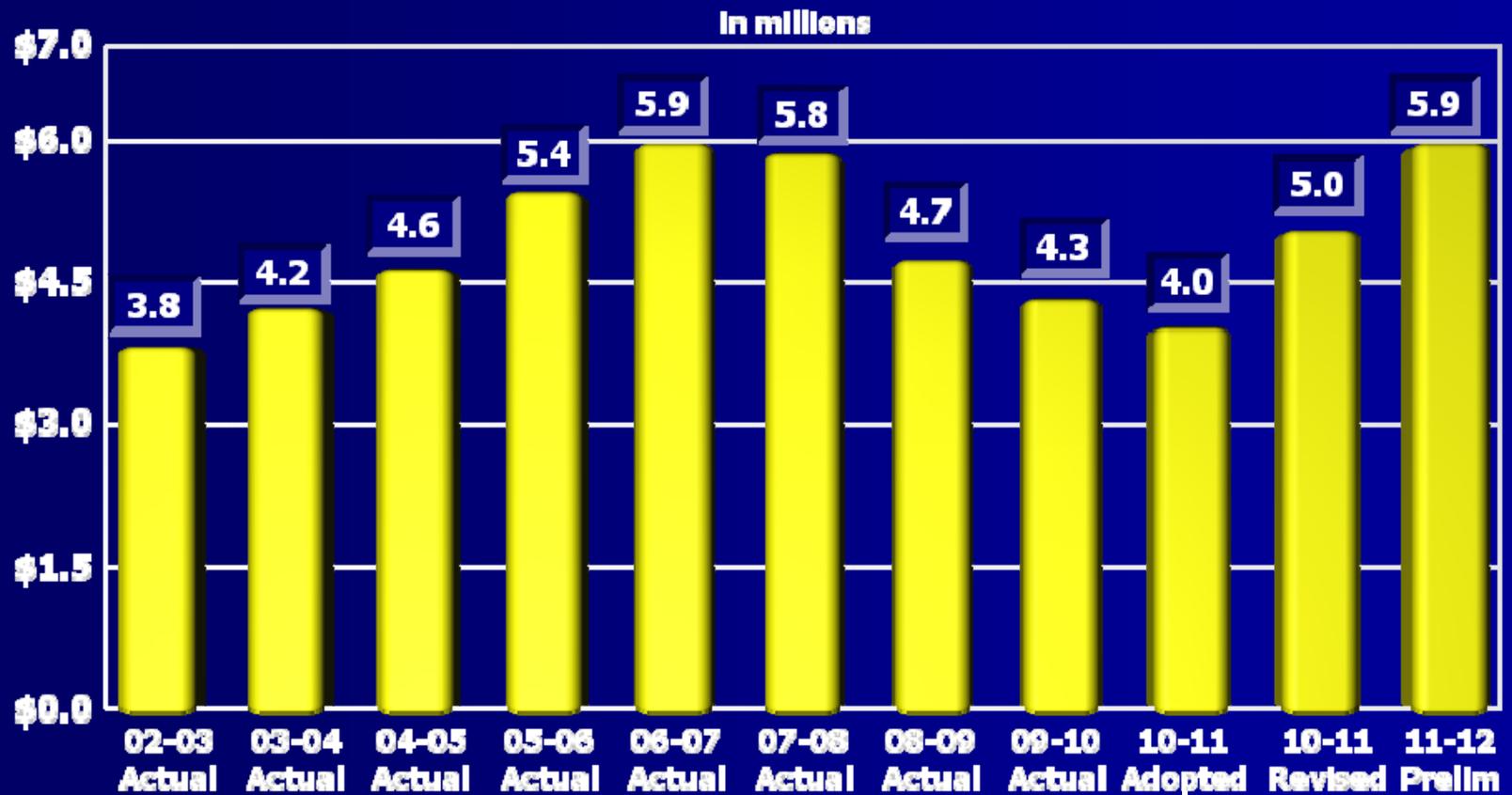
November 2010 voters approved to increase TOT rate from 6% to 8%.

When comparing fiscal years, the first six months of increase is in FY 10-11, the remaining six months in FY 11-12.

While the City has seen positive increases over the 12 months, estimates remain conservative at 1.5% for FY 11-12.

T.O.T. HISTORY

General Fund



TOT Comparison – Other Cities

| | Total in millions | TOT Rate |
|-----------------------------|----------------------|----------|
| Costa Mesa | \$ 5.9 | 8% |
| Newport Beach (FY 11-12) | \$15.6 | 10% |
| Irvine (FY 11-12) | \$ 8.1 | 8% |
| Huntington Beach (FY 10-11) | \$ 5.5 | 10% |
| Santa Ana (FY 10-11) | \$ 5.3 | 11% |

MOTOR VEHICLE LICENSE

General Fund

| | |
|--------------------------------------|---------------------|
| FY 11-12 Preliminary Estimate | \$ 9,050,000 |
| FY 10-11 Revised Estimate | 8,700,000* |
| Amount Increase | \$ 350,000 |
| Percent Increase | 4.02 % |

*** - As revised at Mid Year**

MOTOR VEHICLE LICENSE

General Fund

Was part of State's Budget Act of 2004 and swapped for a like amount of Property Tax.

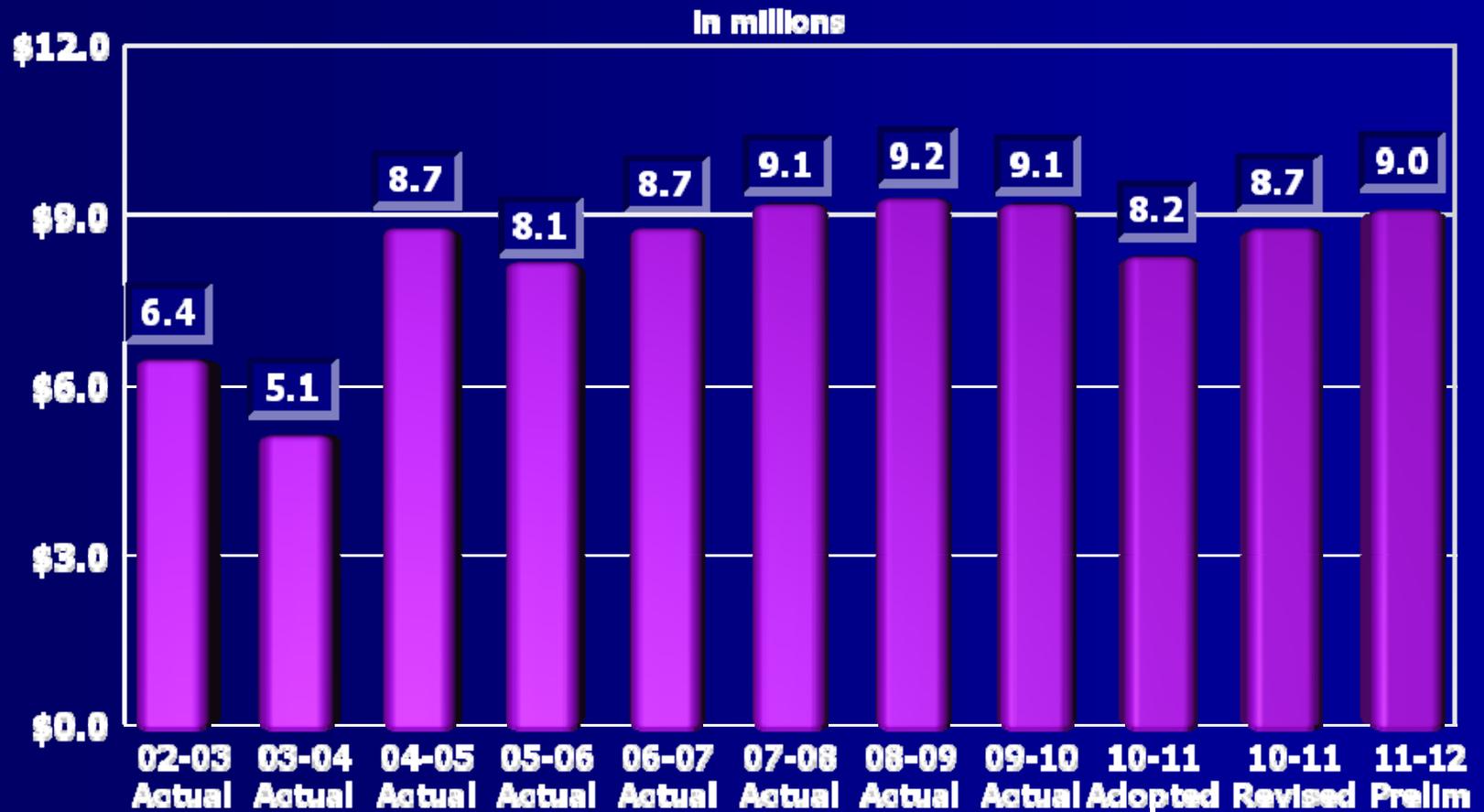
Original tax rate was 2%, 1.35% swapped for Property Tax, 0.65% still comes to City.

The Property Tax portion increases consistently with Property Tax Revenue.

**FY 11-12 - VLF (.65%) = \$300,000,
Prop Tax (1.35%) = \$8.75 mil**

VLF HISTORY

General Fund



VLF Comparison – Other Cities

| | Total In millions |
|-----------------------------|----------------------|
| Costa Mesa | \$ 9.0 |
| Santa Ana (FY 10-11) | \$26.2 |
| Huntington Beach (FY 10-11) | \$15.5 |
| Newport Beach (FY 11-12) | \$ 7.2 |
| Irvine (FY 11-12) | \$ - |

BUSINESS LICENSE TAX

General Fund

Same rate since April 1, 1985.

Consistently the same budget of
\$850,000.

Business License Comparison – Other Cities

| | Total In millions |
|-----------------------------|----------------------|
| Costa Mesa | \$ 0.8 |
| Santa Ana (FY 10-11) | \$10.0 |
| Huntington Beach (FY 10-11) | \$ 2.2 |
| Newport Beach (FY 11-12) | \$ 3.9 |
| Irvine (FY 11-12) | \$ - |

TOTAL REVENUE – Top Five Revenues

| | | <u>% of Total</u> |
|------------------|-----------------|-----------------------|
| Sales Tax | \$ 41.8m | 44.1 |
| Property Tax | \$ 20.9m | 22.1 |
| TOT | \$ 5.9m | 6.3 |
| VLF | \$ 9.1m | 9.6 |
| Business License | \$ 0.8m | 0.9 |
| All Other | \$ 16.1m | 17.0 |
| Total | <u>\$ 94.6m</u> | <u>100.0</u> |

City of Costa Mesa

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