



BUDGET AND FINANCE SUBCOMMITTEE

AGENDA

MAYOR BRIANNE ZORN & VICE MAYOR DEBBIE MCKILLOP

DATE: Monday, January 22, 2024
TIME: 4:00 PM
PLACE: Council Chamber – 525 Henrietta Street, Martinez, CA 94553; and via Zoo

INFORMATION FOR THE PUBLIC

Information regarding meetings, including agenda materials, schedules and more, please visit the City's Meetings & Agendas webpage: <https://www.cityofmartinez.org/government/meetings-and-agendas>.

REMOTE PARTICIPATION

This meeting will be conducted in-person in the City Hall Council Chamber and shall be aired in real time via Zoom. The City cannot guarantee the public's access to teleconferencing technology, nor guarantee uninterrupted access as technical difficulties may occur from time to time. If attending via Zoom, please join us by choosing any of the following options:

1. Via Mobile Phone or Desktop, using the Zoom App direct link: <https://cityofmartinez-org.zoom.us/j/96916261200?pwd=N1VlcDhhNEV4akN6cTI2NGtXR1J3dz09>
2. Via Web Browser, from <https://zoom.us/join>
 - a. Webinar ID: **969 1626 1200**
 - b. Passcode: **zxcvbn**
3. Via Phone by calling **(669) 900-6833** and enter the provided meeting details above.

PUBLIC COMMENTS

Public comments can be made in person at the meeting or submitted in writing. Written comments must be received by 12PM the day of the meeting. For information on how to submit written comments, please visit the City's Meetings & Agendas webpage linked above.

ADA ACCOMODATIONS

In accordance with the Americans with Disabilities Act and California law, the Council Chamber is wheelchair accessible and disabled parking is available at City Hall. If you are a person with a disability and require modifications or accommodation to attend and/or participate in this meeting, please contact the City Clerk's Office at (925) 372-3512. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility.

AGENDA CONTINUED TO PAGE 2

CALL TO ORDER

REGULAR ITEMS

1. Receive Water Utility Financial Plan and Rates Study, hold discussion and direct staff to forward a recommendation to the City Council to hold a Proposition 218 Public Hearing on the recommended water rates.
[Staff Report - Water Rate Study](#)
[Attachment A - Recommended Water Rates](#)
[Attachment B - Water Rate Study](#)
2. Sales Tax, and Measures D and X Overview.
[Presentation - Sales Tax, and Measures D and X Overview](#)

PUBLIC COMMENT - *Agendized Items Only*

ADJOURNMENT

On January 18, 2024, a true and correct copy of this agenda was posted on the City Hall Kiosk, located at 525 Henrietta Street, Martinez, CA 94553, and on the City website at www.cityofmartinez.org.

/s/ Kat Galileo, Assistant City Clerk

Recommended Water Five-Year Rate Plan for FY 2024-25 through FY 2028-29



**Budget and Finance Subcommittee Meeting
January 22, 2024
4:00PM**

Water Rate Development Methodology

- A “cost of service” Water Rate Study was conducted in 2007 and the Council adopted rate increases effective May 1, 2007, January 1, 2008 and January 1, 2009.
- Between 2009 and the present, the City has implemented annual “across-the-board” rate increases that increase each rate by the same percentage.
- The current Water Rate Study recommends “across-the-board” rate increases that increase each rate by the same percentage.

Rate Structure Concepts

■ Rate Structure

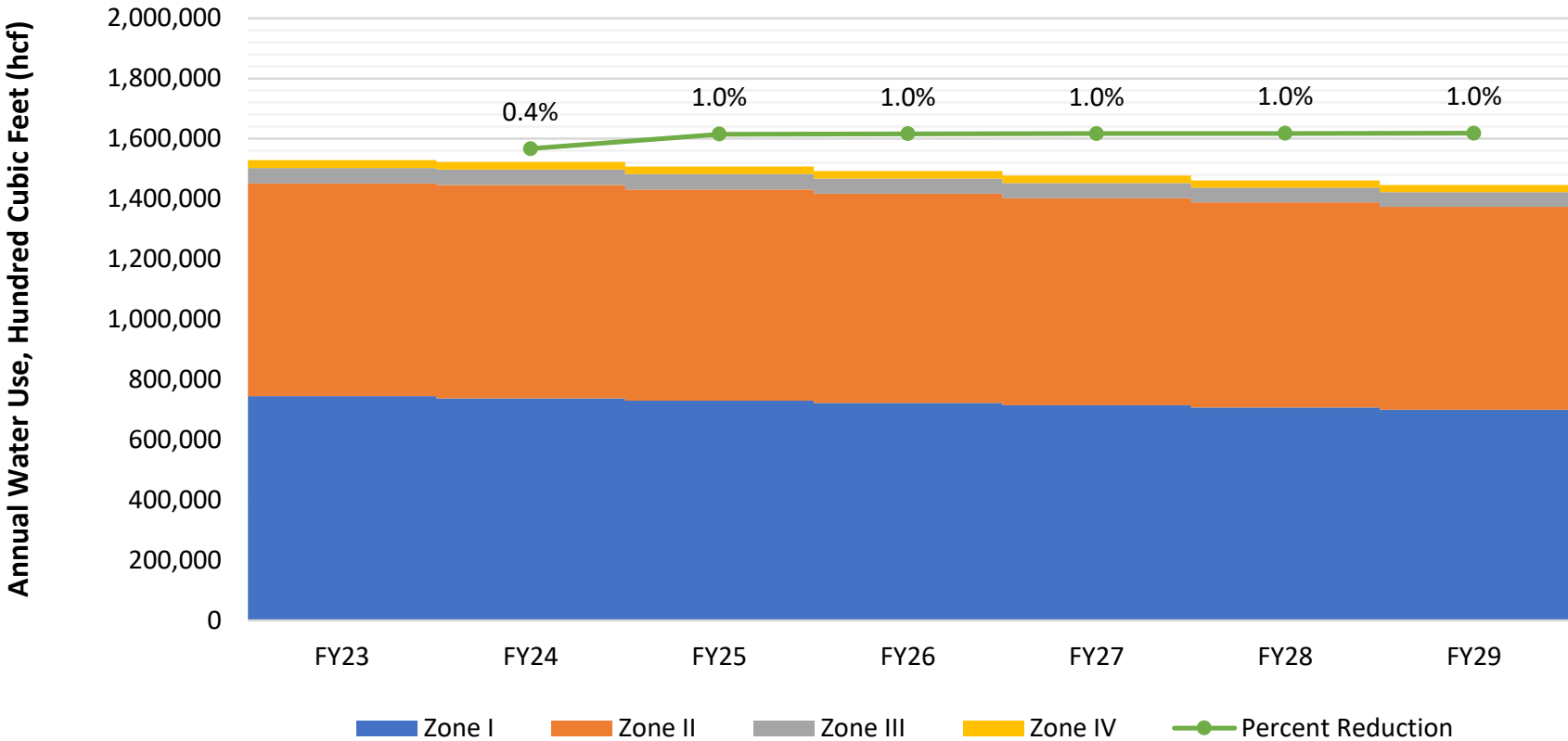
- Quantity charge for base costs and elevation zone costs for four different pressure zones
- Meter Charges which vary by meter size
- Private Fire Service Charges which vary by connection size

■ Methodology

- Calculate revenue required from rates (expenditures less miscellaneous revenues less use of fund balance)
- Develop rates increases which meet cash flow and debt service coverage requirements

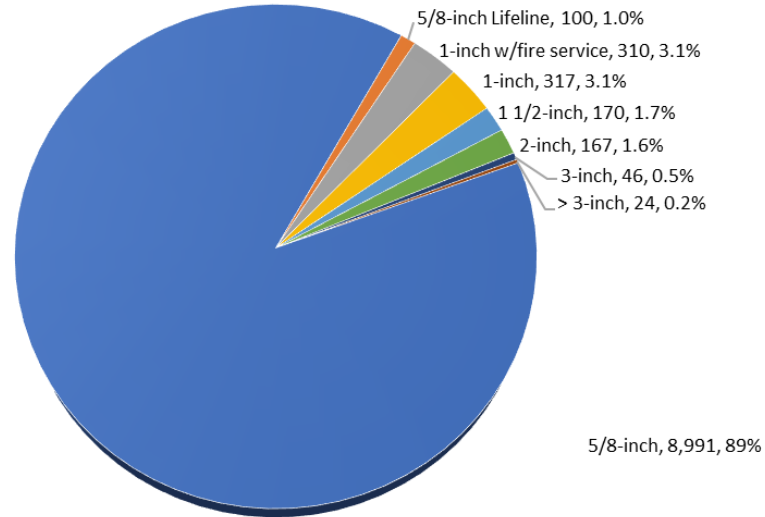
Projected Water Use

(hcf = Hundred Cubic Feet = ~748 gallons)

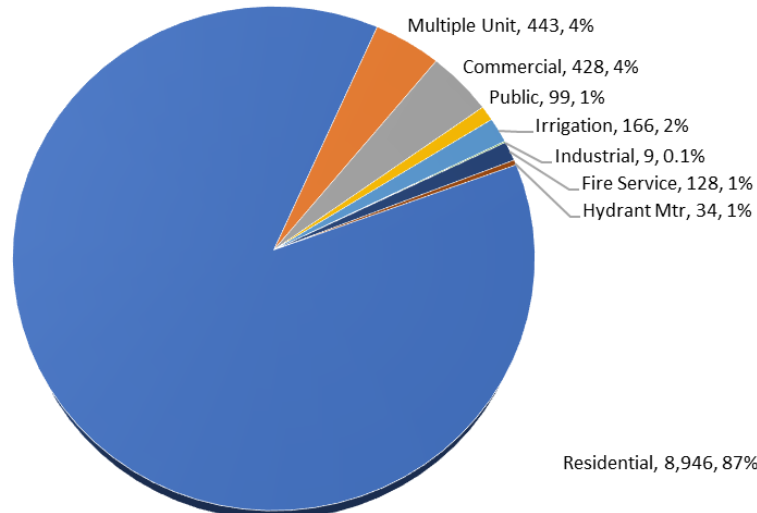


Water Meters, June 2023, ~10,100 Total

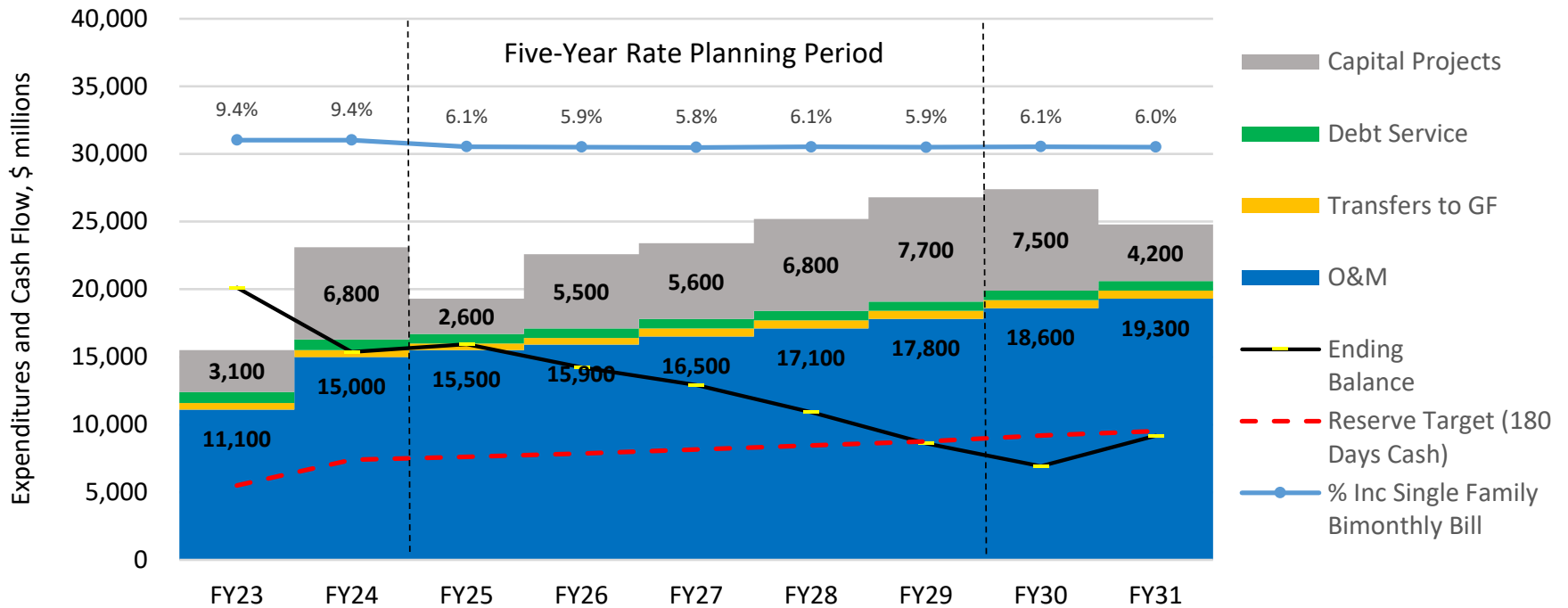
Meters by Size



Meters by Customer Class



Water Fund Cash Flow, Debt Service Coverage and Single Family Bill % Inc



Proposed Capital Improvement Program (CIP)

CIP Scenario 2	FY23	Projected						Future FY30	Future FY31	Total FY24-FY29
		FY24	FY25	FY26	FY27	FY28	FY29			
Annual Water Supply and Demand Assessment	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	180,000
Annual Water GIS Updates	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Water Main Replacement	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,200,000	2,400,000	2,600,000	2,800,000	12,600,000
Thomas Hill Reservoir Foundation Repair	300,000	2,000,000								2,000,000
Howe Road Pump Stations Improvements	300,000									0
St. Mary's Pump Station Modifications	400,000									0
Clearwell Seismic Retrofit		500,000								500,000
Arnold Drive Pump Station Replacement		2,000,000								2,000,000
Water Treatment Plant Master Plan		200,000								200,000
Zone 2 and Zone 3 Service Area Conversion Study		75,000								75,000
Water Treatment Plant Settled Water Contacts/Miscellaneous			250,000							250,000
AWIA RRA/ERP Update			200,000							200,000
Urban Water Management Plan			100,000					100,000		100,000
Reservoir Seismic Improvement and Renovations First Tier				3,400,000						3,400,000
Reservoir Seismic Improvement and Renovations Second Tier					3,500,000	3,500,000				7,000,000
Muir Oaks Tank and Hydropneumatics Replacement							3,500,000	3,500,000		3,500,000
Reservoir Seismic Improvements and Renovations Third Tier							600,000			600,000
Reserve for FY28 and Onward						1,000,000	1,100,000	1,200,000	1,300,000	2,100,000
Total	3,050,000	6,825,000	2,600,000	5,450,000	5,550,000	6,750,000	7,650,000	7,450,000	4,150,000	34,825,000

Note: Values for FY23 - FY27 are from the list of CIP projects in the current (FY24) budget. Values for FY28 and onward are estimated.

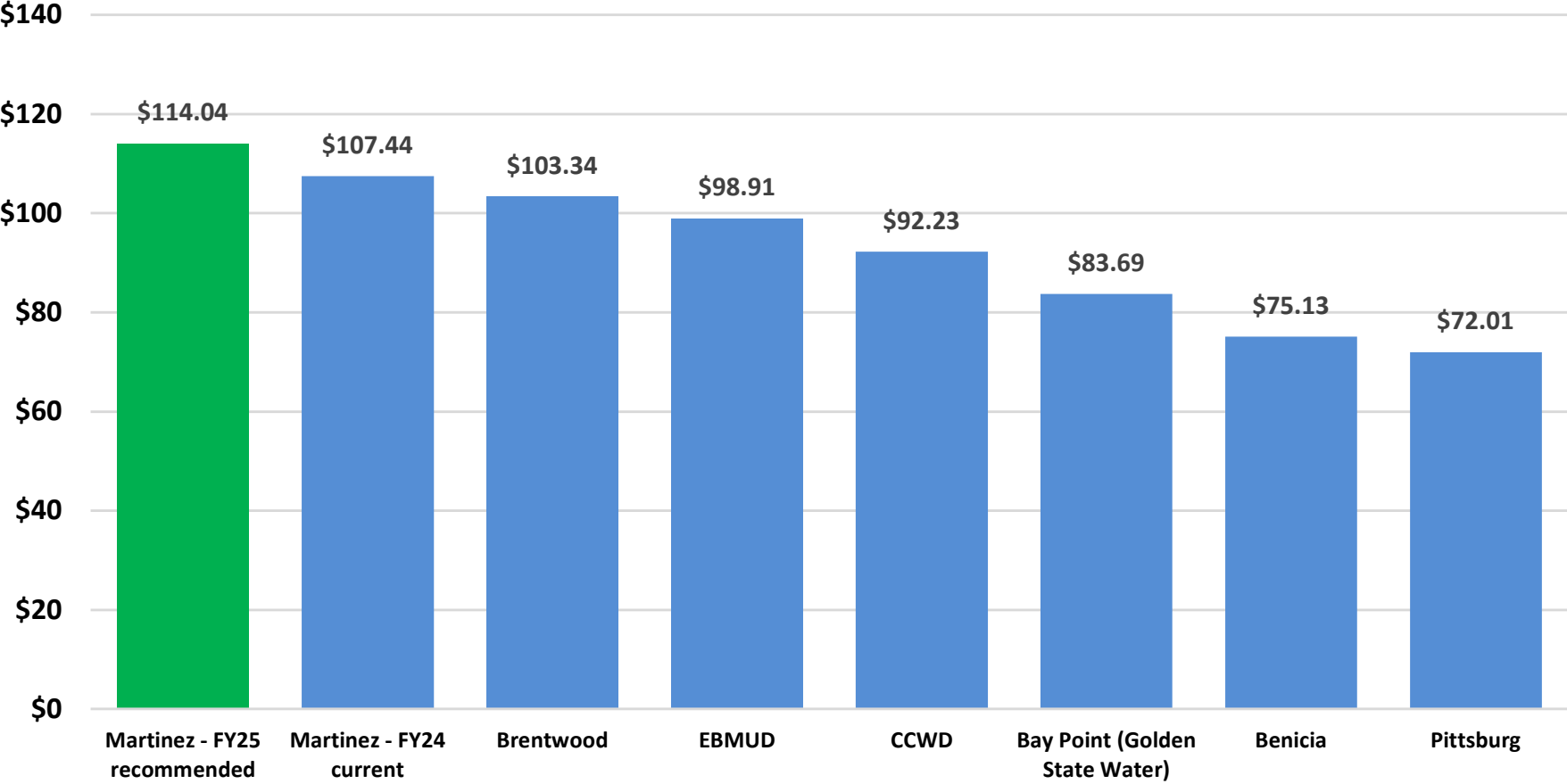
Prior, Current, and Recommended Quantity Rates

	Prior	Current	Recommended					Prior	Recommended					
	<i>Effective date ></i>	<i>1/1/2023</i>	<i>1/1/2024</i>	<i>1/1/2025</i>	<i>1/1/2026</i>	<i>1/1/2027</i>	<i>1/1/2028</i>	<i>1/1/2029</i>	<i>FY23-</i>	<i>FY24-</i>	<i>FY25-</i>	<i>FY26-</i>	<i>FY27-</i>	<i>FY28-</i>
	<i>Fiscal Years ></i>	<i>FY23</i>	<i>FY24</i>	<i>FY25</i>	<i>FY26</i>	<i>FY27</i>	<i>FY28</i>	<i>FY29</i>	<i>FY24</i>	<i>FY25</i>	<i>FY26</i>	<i>FY27</i>	<i>FY28</i>	<i>FY29</i>
	<i>% increase ></i>	<i>varies</i>	<i>6.0%</i>	<i>6.0%</i>	<i>6.0%</i>	<i>6.0%</i>	<i>6.0%</i>							
Quantity Rates by Zone, \$/hcf														
Zone I (0-150 ft.)	\$6.74	\$7.43	\$7.88	\$8.35	\$8.85	\$9.38	\$9.94	10.2%	6.1%	6.0%	6.0%	6.0%	6.0%	
Zone II (>150 -300 ft.)	\$6.97	\$7.66	\$8.12	\$8.60	\$9.12	\$9.67	\$10.25	9.9%	6.0%	5.9%	6.0%	6.0%	6.0%	
Zone III (>300 - 450 ft.)	\$7.13	\$7.83	\$8.30	\$8.80	\$9.33	\$9.89	\$10.48	9.8%	6.0%	6.0%	6.0%	6.0%	6.0%	
Zone IV (>450 ft.)	\$7.38	\$8.09	\$8.58	\$9.09	\$9.64	\$10.22	\$10.83	9.6%	6.1%	5.9%	6.1%	6.0%	6.0%	

Prior, Current, and Recommended Meter, Private Fire Protection, and Backflow Charges

	Prior	Current	Recommended					Prior FY23- FY24	Recommended						
	Effective date >	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028		1/1/2029	FY24-	FY24-	FY25-	FY26-	FY27-	FY28-
	Fiscal Years >	FY23	FY24	FY25	FY26	FY27	FY28		FY29	FY25	FY26	FY27	FY28	FY29	
	% increase >	varies		6.0%	6.0%	6.0%	6.0%	6.0%							
Meter Charges, \$/two months															
5/8-inch Lifeline	\$44.25	\$48.00	\$51.00	\$54.00	\$57.00	\$60.00	\$64.00	8.5%	6.3%	5.9%	5.6%	5.3%	6.7%		
5/8-inch Full Rate	\$88.50	\$96.00	\$102.00	\$108.00	\$114.00	\$121.00	\$128.00	8.5%	6.3%	5.9%	5.6%	6.1%	5.8%		
1-inch with fire service	\$115.50	\$125.00	\$133.00	\$141.00	\$149.00	\$158.00	\$167.00	8.2%	6.4%	6.0%	5.7%	6.0%	5.7%		
1-inch	\$152.50	\$165.00	\$175.00	\$186.00	\$197.00	\$209.00	\$222.00	8.2%	6.1%	6.3%	5.9%	6.1%	6.2%		
1 1/2-inch	\$259.00	\$281.00	\$298.00	\$316.00	\$335.00	\$355.00	\$376.00	8.5%	6.0%	6.0%	6.0%	6.0%	5.9%		
2-inch	\$388.00	\$420.00	\$450.00	\$480.00	\$510.00	\$540.00	\$570.00	8.2%	7.1%	6.7%	6.3%	5.9%	5.6%		
3-inch	\$730.00	\$790.00	\$840.00	\$890.00	\$940.00	\$1,000.00	\$1,060.00	8.2%	6.3%	6.0%	5.6%	6.4%	6.0%		
4-inch	\$1,114.00	\$1,206.00	\$1,280.00	\$1,360.00	\$1,440.00	\$1,530.00	\$1,620.00	8.3%	6.1%	6.3%	5.9%	6.3%	5.9%		
6-inch	\$2,180.00	\$2,360.00	\$2,500.00	\$2,650.00	\$2,810.00	\$2,980.00	\$3,160.00	8.3%	5.9%	6.0%	6.0%	6.0%	6.0%		
8-inch	\$3,890.00	\$4,210.00	\$4,460.00	\$4,730.00	\$5,010.00	\$5,310.00	\$5,630.00	8.2%	5.9%	6.1%	5.9%	6.0%	6.0%		
10-inch	\$6,240.00	\$6,760.00	\$7,170.00	\$7,600.00	\$8,060.00	\$8,540.00	\$9,050.00	8.3%	6.1%	6.0%	6.1%	6.0%	6.0%		
12-inch	\$9,230.00	\$9,990.00	\$10,590.00	\$11,230.00	\$11,900.00	\$12,610.00	\$13,370.00	8.2%	6.0%	6.0%	6.0%	6.0%	6.0%		
Private Fire Protection Service Charges, \$/two months															
2-inch or smaller	\$145.00	\$157.00	\$166.00	\$176.00	\$187.00	\$198.00	\$210.00	8.3%	5.7%	6.0%	6.3%	5.9%	6.1%		
3-inch	\$289.00	\$313.00	\$332.00	\$352.00	\$373.00	\$395.00	\$419.00	8.3%	6.1%	6.0%	6.0%	5.9%	6.1%		
4-inch	\$451.00	\$488.00	\$517.00	\$548.00	\$581.00	\$616.00	\$653.00	8.2%	5.9%	6.0%	6.0%	6.0%	6.0%		
6-inch	\$901.00	\$976.00	\$1,030.00	\$1,090.00	\$1,160.00	\$1,230.00	\$1,300.00	8.3%	5.5%	5.8%	6.4%	6.0%	5.7%		
8-inch	\$1,630.00	\$1,760.00	\$1,870.00	\$1,980.00	\$2,100.00	\$2,230.00	\$2,360.00	8.0%	6.3%	5.9%	6.1%	6.2%	5.8%		
10-inch	\$2,620.00	\$2,830.00	\$3,000.00	\$3,180.00	\$3,370.00	\$3,570.00	\$3,780.00	8.0%	6.0%	6.0%	6.0%	5.9%	5.9%		
12-inch	\$3,880.00	\$4,200.00	\$4,450.00	\$4,720.00	\$5,000.00	\$5,300.00	\$5,620.00	8.2%	6.0%	6.1%	5.9%	6.0%	6.0%		
Backflow Prevention Program Charges, \$/two months															
½ or ¾-inch	\$38.00	\$39.00	\$41.00	\$43.00	\$46.00	\$49.00	\$52.00	2.6%	5.1%	4.9%	7.0%	6.5%	6.1%		
1-inch	\$38.00	\$39.00	\$41.00	\$43.00	\$46.00	\$49.00	\$52.00	2.6%	5.1%	4.9%	7.0%	6.5%	6.1%		
1¼ and 1½-inch	\$60.00	\$62.00	\$66.00	\$70.00	\$74.00	\$78.00	\$83.00	3.3%	6.5%	6.1%	5.7%	5.4%	6.4%		
2-inch	\$60.00	\$62.00	\$66.00	\$70.00	\$74.00	\$78.00	\$83.00	3.3%	6.5%	6.1%	5.7%	5.4%	6.4%		
2½-inch	\$79.00	\$81.00	\$86.00	\$91.00	\$96.00	\$102.00	\$108.00	2.5%	6.2%	5.8%	5.5%	6.3%	5.9%		
3-inch	\$96.00	\$99.00	\$105.00	\$111.00	\$118.00	\$125.00	\$133.00	3.1%	6.1%	5.7%	6.3%	5.9%	6.4%		
4-inch	\$101.00	\$104.00	\$110.00	\$117.00	\$124.00	\$131.00	\$139.00	3.0%	5.8%	6.4%	6.0%	5.6%	6.1%		
6-inch	\$156.00	\$160.00	\$170.00	\$180.00	\$191.00	\$202.00	\$214.00	2.6%	6.3%	5.9%	6.1%	5.8%	5.9%		
8-inch	\$205.00	\$211.00	\$224.00	\$237.00	\$251.00	\$266.00	\$282.00	2.9%	6.2%	5.8%	5.9%	6.0%	6.0%		
10-inch	\$245.00	\$251.00	\$266.00	\$282.00	\$299.00	\$317.00	\$336.00	2.4%	6.0%	6.0%	6.0%	6.0%	6.0%		

Single Family Monthly Water Bills Survey



Monthly bills are for a 5/8 or 3/4-inch meter service - except Brentwood and EBMUD which are 1-inch - and 8 HCF water use in similar pressure zones

Completed and Scheduled Activities

- May 2023 - January 2024 (**completed**) – Perform evaluations and develop rate recommendations
- January 22, 2024 (**current**) – Study Session with Budget and Finance subcommittee
- February 7, 2024 (**scheduled**) – Council receives final report and authorizes mailing of the Proposition 218 Notice of Public Hearing
- April 17, 2024 (**planned**) – Council counts ballots and votes on adopting recommended rates
- January 1, 2025 (**planned**) – Implement new water rates for FY25

END OF PRESENTATION

QUESTIONS ???

Sales Tax, Measures D and X

City of Martinez

Budget & Finance Subcommittee

January 22, 2024

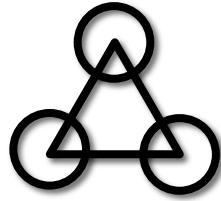
About HdL

**PROUD
TO SERVE**

CITIES, COUNTIES &
SPECIAL DISTRICTS
FOR

40+ YEARS

**100%
EMPLOYEE
OWNED**



TRIFECTA

Superior service
Increased revenue
Decreased costs



COMPLIANCE

HdL helps clients reduce risk
by keeping current with
ever-changing legislation



RESULTS

Average city growth
rates are ~3%,
HdL clients are 2x that!

500+

Municipal
Clients

\$3billion+

Recovered
revenue

99.6%

Avg. Client
Retention

What is Sales Tax...

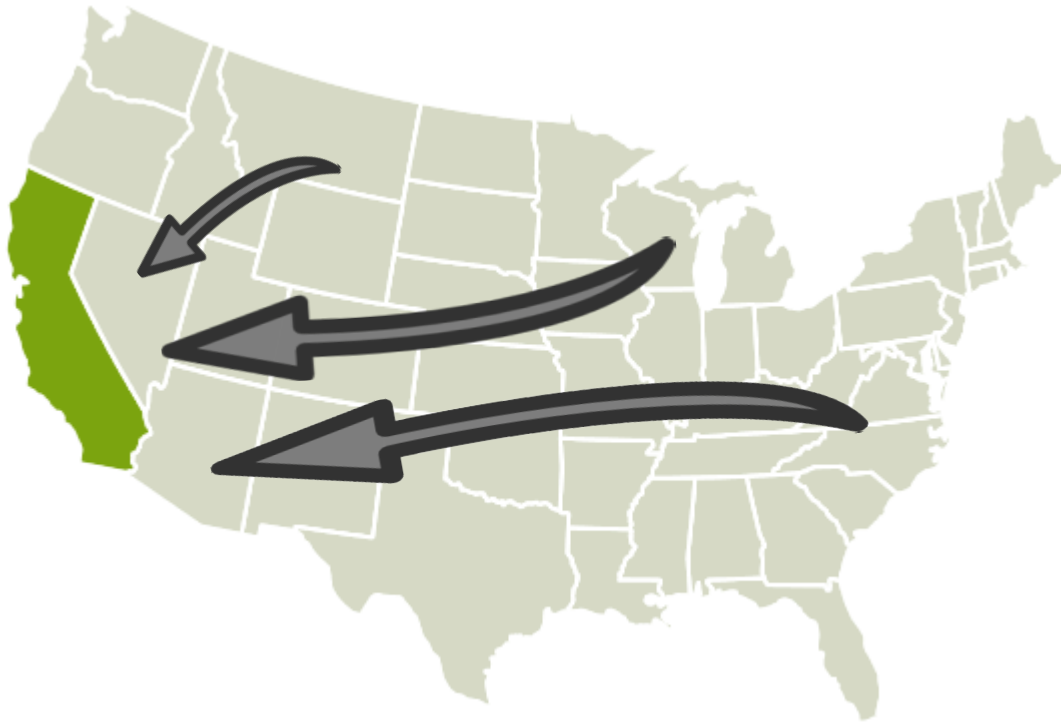


Sales tax is imposed on ALL sales of tangible personal property in CA

- Tax only levied once: when purchased or used by the ultimate consumer
- Retailer buys at wholesale and pays no tax
 - Files resale permit with supplier

What is 'Use Tax'...

- Charged on goods sold to California customers from out-of-state retailers
- Collected but a local place of sale could not be determined



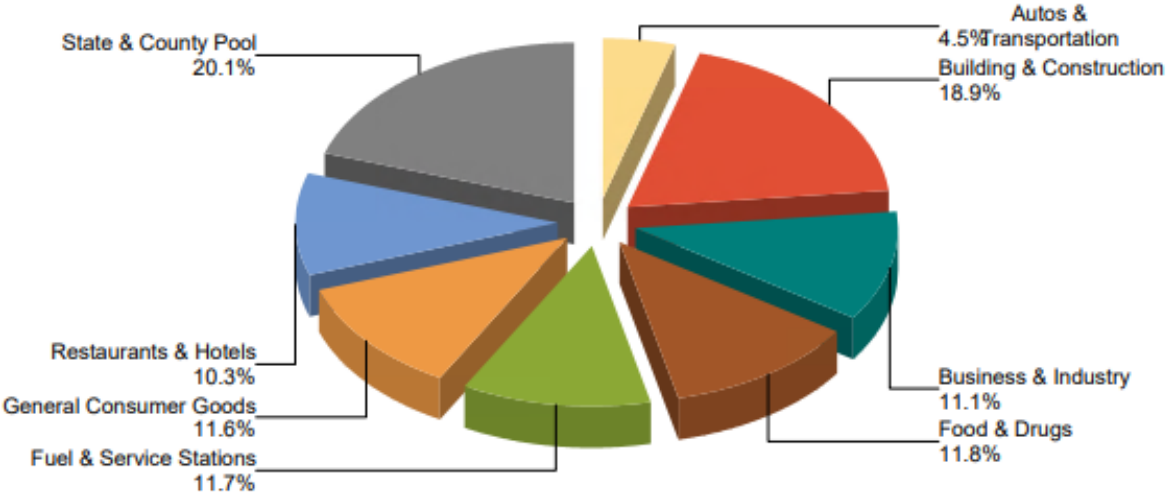
HOW IS USE TAX DISTRIBUTED?

First – allocated into the county pool where the goods were delivered

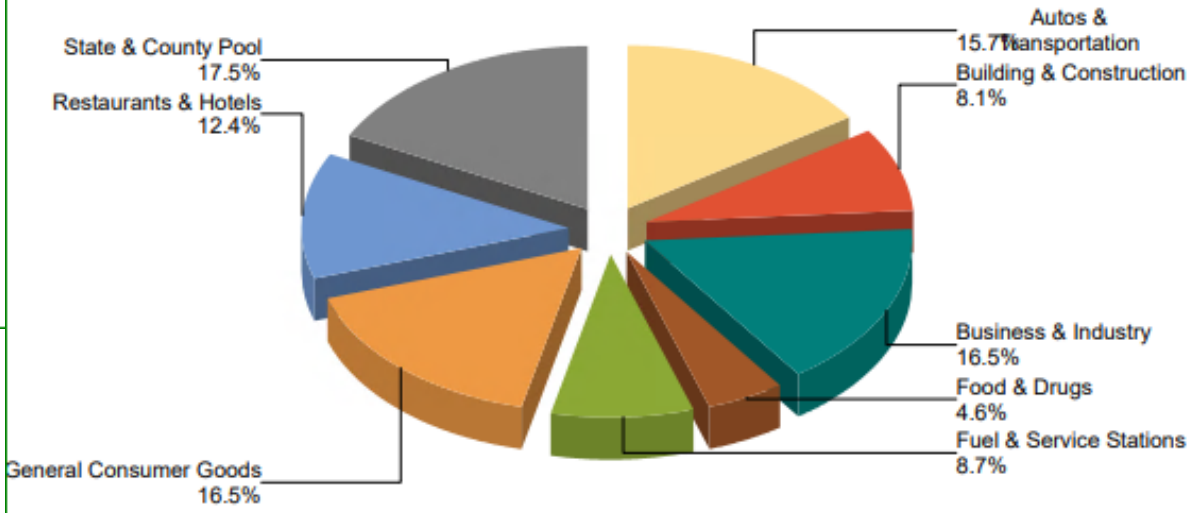
Second – distributed from the pool to all county agencies, based on their pro-rata share of sales tax for that quarter.

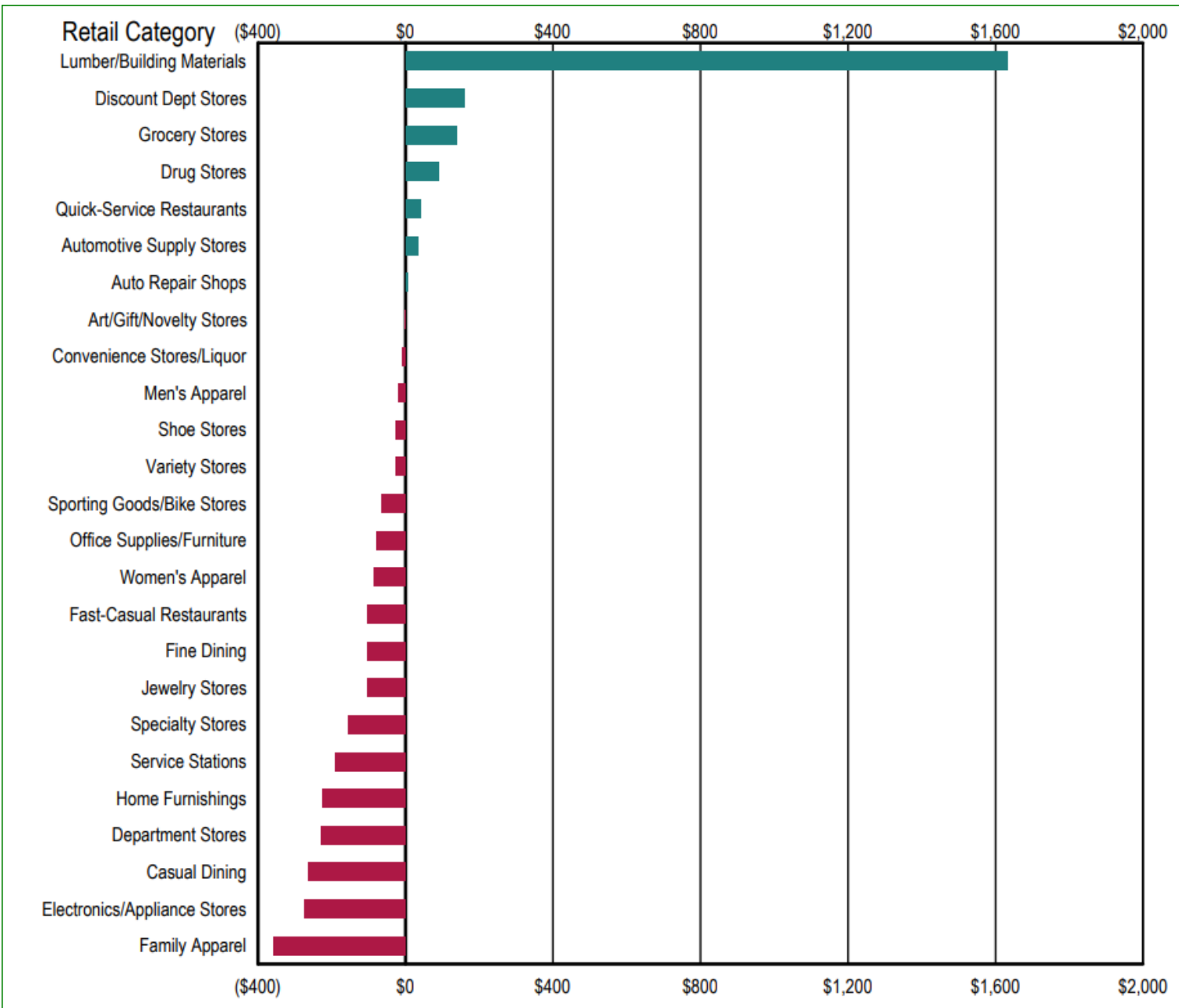
Industry Group Comparisons

City of Martinez



HdL Client Database Statewide Totals





Per Capita* Surplus and Leakage

- Nonresidents coming into City, spending:
 - Building materials
 - Walmart
 - Grocers, Drug Stores

- Residents fulfilling needs outside of Martinez, spending:
 - Apparel
 - Electronics/Appliances
 - Casual and Fine Dining
 - Home Furnishings
 - And other sectors noted in red

* Per capita computations comparing Martinez sales taxes to statewide data

Tax Rate Breakdown:



CITY OF MARTINEZ

Breakdown of 9.75% Sales Tax Rate Effective April 1, 2021

State General Fund	3.9375%	
City/County General Fund (Bradley-Burns)	1.0000%	Current Sales Tax received
Martinez Measure D (MRMS)	0.5000%	Measure "D" received
Martinez Measure X (MZGT)	0.5000%	Measure "X" received
County Public Safety (Prop 172)	0.5000%	
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%	
Countywide Transportation Fund	0.2500%	
Contra Costa Transportation Authority (CCTA) (CCTA)	0.5000%	Countywide and Regional TUTs total 1.50% of rate; 1.00% applied against statewide cap
Fractional Code - BART in Contra Costa County (BART)	0.5000%	
Contra Costa County Measure X (CCTU)	0.5000%	
Total Rate	9.7500%	Special legislation – BART not applied to cap*

No District Tax Cap Space left for MARTINEZ

*** Rate above 9.25% cap: AB 723 and SB 1349 (2020) - BART rate is recipient of special legislation that allowed their tax to not count against cap.**

Local (1%) Sales and Use Tax Allocation

DIRECT ALLOCATION (JURISDICTION)

- Generally, Sales Tax
- Retailers hold a sellers permit with registered places of business (sub-outlets)
- City receives full 1% value
 - Examples – auto dealers, general merchandise retailers, big box stores, restaurants, gas stations, grocers, drug stores, etc.

INDIRECT ALLOCATION (POOLS)

- Traditionally, Use Tax
- Allocated through countywide pools based on place of use
- Increased last 4 years due to growth in online sales & addition of marketplace facilitators
- Pool \$ distributed to all jurisdictions within each county based on their pro-rata share of 'place of sale' revenues



Martinez received 3 cents for each \$1 paid into Contra Costa Pool in FY 22-23

Martinez Recent Sales Tax Results

<u>Major Industry Group</u>	<u>Count</u>	<u>4 Qtrs Ending</u> <u>3Q23</u>	<u>4 Qtrs Ending</u> <u>3Q22</u>	<u>\$ Change</u>	<u>% Change</u>
State and County Pools	-	1,222,149	1,329,927	(107,778)	-8.1%
Building and Construction	52	1,156,199	1,166,963	(10,764)	-0.9%
General Consumer Goods	374	705,654	714,168	(8,514)	-1.2%
Food and Drugs	29	704,649	744,294	(39,645)	-5.3%
Fuel and Service Stations	21	697,857	795,713	(97,856)	-12.3%
Business and Industry	244	681,315	607,718	73,597	12.1%
Restaurants and Hotels	134	636,679	603,782	32,897	5.4%
Autos and Transportation	53	282,017	247,326	34,690	14.0%
Transfers & Unidentified	42	9,807	5,054	4,753	94.0%
Total	949	6,096,325	6,214,945	(118,620)	-1.9%

Pools Decrease: Ecommerce slowed, taxpayer reporting changes reduced out of state inventory fulfillment

Recent Sales Tax - Larger Sectors*

What contributed to 1.9% decline?

- Building materials: weakened demand, cost of lumber fell
- Service Stations: Fuel prices soared in 2022
- Inflation: baked into cost of many items
- Eating out: Dining in and drive through restaurant experiences
- Contractors busy, more projects
- Cyclical segments had good year
 - Medical Biotech., Light Industrial

Top Performing Sectors*:

	22Q4-23Q3	21Q4-22Q3	Change
<u>Business Type Description (Count)</u>			
Building Materials (8)	963,160	983,356	-2.1%
Service Stations (16)	521,161	618,763	-15.8%
Casual Dining (59)	310,832	278,748	11.5%
Grocery Stores (7)	261,295	245,571	6.4%
Quick-Service Restaurants (44)	255,857	249,707	2.5%
Contractors (40)	188,727	176,477	6.9%
Medical/Biotech (23)	155,204	121,182	28.1%
Light Industrial/Printers (43)	125,535	69,996	79.3%

* - omits sectors deemed confidential for reporting purposes

Transaction and Use Taxes

Transaction and Use Tax follows the goods to consumer/where goods are delivered, *no matter where they come from*

- **Assembly Bill 147 – Regulations on Out-of-State Online Retailers requiring them to collect and remit sales & use tax from all transactions.**
 - ✓ California’s implementation of Supreme Court’s decision in *South Dakota v. Wayfair*
 - ✓ Effective October 1, 2019
 - ✓ While many large internet retailers were already collecting, still a dramatic positive impact for agencies

Measure D: 0.50% rate, effective 4/1/2017, sunsets 3/31/3032, special tax designated for roads

Measure X: 0.50% rate, effective 4/1/2019, sunsets 3/31/3034, general tax for essential services

Measure D Results FY 22-23

<u>Major Industry Group</u>	<u>Count</u>	<u>4 Qtrs Ending 3Q23</u>	<u>4 Qtrs Ending 3Q22</u>	<u>\$ Change</u>	<u>% Change</u>
Business and Industry	4,051	1,109,795	992,270	117,526	11.8%
General Consumer Goods	2,890	975,293	967,134	8,158	0.8%
Autos and Transportation	708	783,923	761,942	21,981	2.9%
Building and Construction	542	766,348	625,559	140,789	22.5%
Food and Drugs	127	364,006	384,220	(20,214)	-5.3%
Restaurants and Hotels	151	340,939	317,768	23,171	7.3%
Fuel and Service Stations	74	339,719	403,553	(63,834)	-15.8%
Transfers & Unidentified	2,234	78,948	47,375	31,573	66.6%
State and County Pools	-	0	0	0	-N/A-
Total	10,777	4,758,970	4,499,821	259,149	5.8%

Separately, Measure X results are the same

Martinez Measure D Results FY 22-23

Explaining Measure D 5.8% growth

- Building materials: Goods shipped into City explains gain
- Dealerships – residents bought more new cars/trucks
- General merchandise – captures online sellers and marketplace facilitators (e.g. Amazon, Etsy)
- Cyclical segments varied
 - Medical Biotech down, Light Industrial up

Service Stations: prices soared in 2022
 Inflation: in cost of many items
 Eating out
 Contractors busy

Like Sales Tax

Top Performing Sectors

Business Type Description (Count)	AGENCY		
	22Q4-23Q3	21Q4-22Q3	Change
Building Materials (107)	467,644	459,623	1.7%
New Motor Vehicle Dealers (238)	458,849	422,154	8.7%
General Merchandise (78)	337,552	309,502	9.1%
Discount Dept Stores (6)	277,934	282,638	-1.7%
Service Stations (20)	265,815	314,087	-15.4%
Contractors (341)	226,886	119,680	89.6%
Drugs/Chemicals (281)	170,009	163,032	4.3%
Medical/Biotech (259)	160,276	166,408	-3.7%
Casual Dining (53)	156,511	139,992	11.8%
Light Industrial/Printers (963)	139,079	128,840	7.9%

Separately, Measure X results are the same

SUT vs. Measure D Comparisons

Major Industry Groups	Sales / Use Tax	Transactions Tax	Ratio
Autos And Transportation	282,017	783,923	278.0%
Building And Construction	1,156,199	766,348	66.3%
Business And Industry	681,315	1,109,795	162.9%
Food And Drugs	704,649	364,006	51.7%
Fuel And Service Stations	697,857	339,719	48.7%
General Consumer Goods	705,654	975,293	138.2%
Restaurants And Hotels	636,679	340,939	53.5%
Transfers & Unidentified	9,807	78,948	805.0%
Total All Businesses	4,874,176	4,758,970	97.6%
State and County Pools	1,222,149	0	
Gross Receipts	6,096,325	4,758,970	78.1%
Admin	-42,514	-33,860	
Total	6,053,811	4,725,110	78.1%

- 0.50% TUT rate
- No pool \$ for “D”
 - Some GCG pool sales add TUT \$ – captures ecommerce
- Full value of rate:
 - Food/drugs
 - Gas stations
 - Restaurants
- Greater values –
 - Residents buying vehicles from cities in the region
 - Delivery of B2B equipment and products into city

*Trends,
Considerations
and Outlook*



3rd Quarter 2023 Statewide Results

Major Industry Group	3Q 2023
Autos & Transportation	-2.6%
Building & Construction	-2.6%
Business & Industry	3.7%
Food & Drugs	-2.6%
Fuel & Service Stations	-7.8%
General Consumer Goods	-2.7%
Restaurants & Hotels	2.6%
Pools	-3.0%
Total	-1.5%

Region	3Q 2023
Far North	-3.1%
Bay Area	-3.0%
Southern California	-1.6%
Sacramento Region	-1.5%
San Joaquin Valley	-0.4%
Central Coast	0.0%
Sierras	2.8%

Forecast Considerations

Inflation
& Prices

Supply
Chain

Interest
Rates

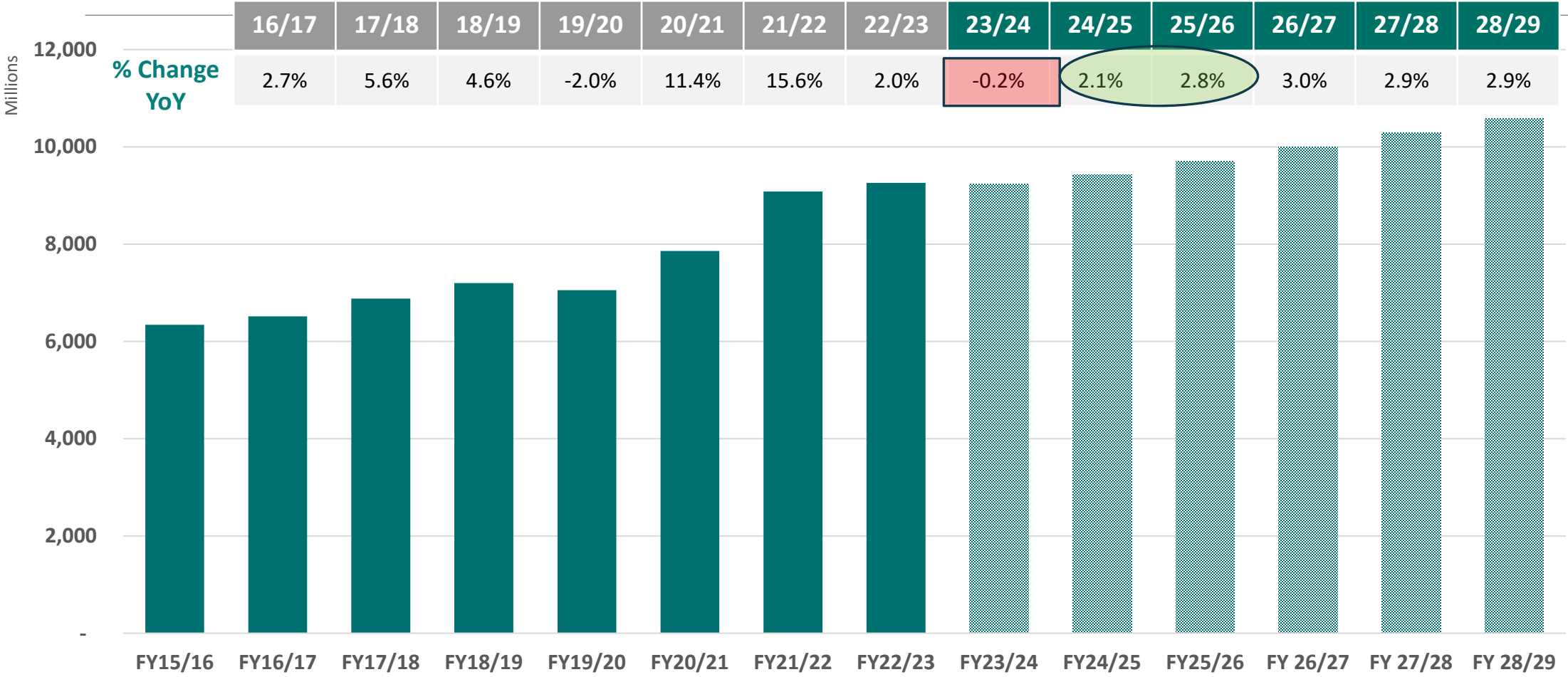
Mortgage
Rates

Gas Prices

Savings
Trends

Consumer
Spending

HdL Statewide Trend – Annual Outlook (FY)



Summary

Martinez: Recent four quarters were mixed results

- Sales Taxes down – price reductions some products , fewer taxes in pool (largest industry group)
- Measures D, X up – buoyed by residents vehicle acquisitions, online shopping

Statewide: Prior three years of growth cease

- FY 23-24 headline ‘economic uncertainty’ – sales taxes down slightly, slow expansion
 - Recession not expected
 - Inflation improving further – will price drops follow?
 - Possible Federal Reserve rate decreases latter part of 2024
 - World events influencing outlooks
 - Unemployment #s mostly strong; filling job openings still problem in several sectors
 - Cost pressures (e.g. new minimum wage laws for fast food eateries effective 4/1/2024)
 - Stock market, consumer confidence/outlook in flux

<u>HdL Forecasts:</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Sales Tax *	\$5.30 m	\$5.45 m
Measure D	\$4.64 m	\$4.76 m
Measure X	<u>\$4.64 m</u>	<u>\$4.76 m</u>
Combined Total	\$14.57 m	\$14.96 m
* Net of taxes paid through tax sharing agreement		

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Thank you!

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