



FEBRUARY 13, 2025

AGENDA ITEM # 15

RECEIVE AND FILE THE MEASURE A SALES TAX REVENUE FORECAST

Action Requested: Receive and File

Presenter: Dustin Purinton, Accounting Manager

Recommendation

Receive and file the Measure A sales tax revenue forecast.

Background

Authority staff work with our Sales Tax Audit and Recovery Services consultant (Avenu MuniServices, LLC) on a semi-annual basis, with expertise in retail sales tax revenue forecasts and the local economy to develop sales tax revenue forecasts. These revenue forecasts are used for annual budgeting and projections for the capital improvement program.

Discussion

Total future Measure A sales tax revenue for the program (2025-2039) is forecasted to be \$2.79 billion. This represented an average annual growth rate of 1.0% over the remaining term of the program. The prior forecast presented in January 2024 had an average annual growth rate of 1.5% over the remaining term of the program. With this updated revenue forecast, future program revenue (2025-2039) have been reduced by approximately 6%.

The Measure A sales tax revenue is used to fund both the Ongoing program and Capital program. The Ongoing program receives approximately 80% of the sales tax revenue through monthly formulaic allocations as prescribed in the Measure A Ordinance. The Capital program receives approximately 20% of the sales tax revenue. The Capital program funds capital projects through reimbursement agreements and pays for existing debt service. Most of the Capital program funds are used for payment of debt service.

The table below provides a 6-year summary of our current revenue forecasts. Staff will use this table for the development of the Fiscal Year 2025-2026 Annual Budget including the 5-Year Capital Improvement Program (CIP). The table has also been used to provide local jurisdictions with revenue forecasts for the various categories of funding under Measure A.

Table 1 - Measure A Sales Tax Revenue Forecast

Table with 7 columns: Measure A Allocations, 2024/25, 2025/26, 2026/27, 2027/28, 2028/29, 2029/30. Rows include Total Revenue (thousands) and Annual Growth Rates.