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**FORECAST OF GENERAL FUND  
REVENUES AND COMPARISON TO  
GENERAL FUND EXPENSES**

**Presented to**

**THE CITY OF BRENTWOOD**

**By**

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**OCTOBER 5, 2004**

**APPLYING KNOWLEDGE  
CREATING RESULTS  
ADDING VALUE**



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## CHAPTER I

### INTRODUCTION AND SUMMARY

#### REVENUE SOURCES

GG+A staff worked with the Brentwood Department of Finance to prepare 10-year forecasts of the following General Fund revenue sources:

- Residential and Non-residential Property Tax;
- Residential and Non-residential Property Transfer Tax;
- Sales Tax;
- Transient Occupancy Tax;
- Franchise Fees;
- Home Occupation Permit;
- Business License Tax;
- Fines and Forfeitures;
- Investment Income;
- Residential and Non-residential Building Fees;
- Residential and Non-residential Engineering Fees;
- Residential and Non-residential Planning Fees;
- Motor Vehicle In-Lieu Tax;
- Community Facilities District Revenue; and
- Administrative Fees/Other Revenue.

The forecasts of revenue sources cover all General Fund items other than revenue from the "Use of Money or Property" categories Rental Income and Royalties, both of which are relatively small revenue sources; relatively minor "Inter-Governmental Agencies" revenues (i.e., POST Reimbursement, Highway Maintenance, Police Grants, Civilian Grants, Police Activity League, SB-90 Reimbursement, Youth Diversion Grant, and Grant Projects); and several categories of "Current Services" (i.e., Reproduction Charges, Police Services, and Reimbursements for Services). Items such as grants, however, have been deducted from the relevant affected forecast expenditure items. The forecast revenue sources cover approximately 98 percent of General Fund Revenues. The key assumptions and results of the forecasts for the individual categories outlined above are summarized in the following pages of this document.

#### SPECIAL REVENUE FORECASTS AND TRANSFERS INTO GENERAL FUND

We also have forecast two special revenue sources: Measure C and Gas Tax. Measure C revenue is forecast to grow from approximately \$400,000 in 2004/05 to approximately \$600,000 in 2013/14.



This equates to an average annual growth rate of nearly four percent. As described below, a portion of Measure C revenue is transferred into the General Fund. Gas Tax revenue is forecast to grow at an average annual rate of nearly 4.4 percent, or nearly \$400,000, from about \$734,000 in 2004/05 to nearly \$1,127,800 in 2013/14. Gas Tax revenue is transferred into the General Fund for expenditures related to engineering and roadway maintenance and therefore is also included in the General Fund sources summarized above.

**FORECAST OF TOTAL ANNUAL GENERAL REVENUE**

The General Fund revenue sources outlined above are forecast to grow from approximately \$31.2 million in fiscal year 2004/05 to approximately \$46.8 million in 2013/14. This approximately \$15.6 million increase equates to an average annual rate of growth of 4.2 percent per year.

**Proportion Each Revenue Source Comprises of Total General Fund Revenue**

Table I-1 summarizes the forecasts in terms of the proportion each revenue category comprises of total General Fund revenues over the next ten years.

**TABLE I-1**  
**Proportion Of Forecast Total Revenue Summary**

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	%	%	%	%	%	%	%	%	%	%
Property Tax	16.1	17.9	19.4	21.0	22.0	22.7	23.5	24.2	25.0	25.9
Property Transfer Tax	1.9	1.9	1.8	1.6	1.6	1.5	1.6	1.6	1.7	1.6
Fines	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.7
Home Occupation Permit	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Franchise Fees	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Transient Occupancy Tax	0.4	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9
Motor Vehicle In-Lieu	6.5	6.7	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Investment Income	6.4	7.3	8.2	8.2	8.0	8.0	7.9	7.9	7.8	7.9
Building Fees	18.0	15.4	12.7	9.6	7.9	6.4	6.3	6.2	6.1	5.2
Engineering Fees	10.2	7.9	6.3	5.1	4.2	3.9	3.8	3.8	3.5	3.3
Planning Fees	4.1	2.9	2.3	1.9	1.8	1.7	1.7	1.4	1.4	1.3
Sales Tax	14.1	12.3	13.1	14.4	15.2	16.1	16.9	17.5	18.1	18.8
Business License	1.6	2.1	2.4	2.5	2.6	2.7	2.7	2.8	2.9	3.0
Administration Fee	16.8	15.8	15.2	15.1	14.3	13.8	13.2	12.6	12.1	12.2
CFD Revenue	1.4	3.5	5.4	7.4	8.9	9.2	9.2	8.8	8.3	7.5
Gas Tax	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Measure C	<u>0.7</u>	<u>0.6</u>	<u>0.6</u>	<u>0.7</u>	<u>1.3</u>	<u>1.3</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>
<b>TOTAL REVENUES<sup>1</sup></b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Figures may not sum to 100 percent due to rounding.

Source: City of Brentwood; Gruen Gruen + Associates

As reviewed below, property tax is forecast to increase from the second largest source of revenue at about 16 percent in 2004/05 to the largest source of revenue at nearly 26 percent in 2013/14.



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Sales tax is forecast to shift from the fourth largest source of General Fund revenue to the second largest source of revenue at nearly 19 percent of total revenue. Revenue attributable to building fees, currently the largest source of revenue at about 18 percent is forecast to decrease to about five percent of revenue in 2013/14. Other growth related service revenue sources, including engineering fees (at about 10 percent of current revenues) and planning fees (at 4.1 percent of current revenues) are forecast to decline from 14.4 percent to 4.6 percent in 2013/14. Administration fee revenue, currently the third largest source of revenue at 17 percent is forecast to decline but remain significant and the third largest source of revenues at 12.2 percent of total General Fund revenues in 2013/14. Community Facilities District revenue is forecast to grow in importance, from 1.4 percent of total General Fund revenue in 2004/05 to between seven percent and nine percent between 2008/09 through 2013/14. Investment income is estimated to range from about to seven to eight percent of total revenue throughout the forecast.

### **SOURCES OF EXPENDITURE**

Chapter II presents a forecast of General Fund expenses by department, including the following:

- Administration;
- Community Development;
- Engineering;
- Finance;
- Parks (Landscape);
- Public Works (Streets); and
- Police.

The expenditure forecast also includes the Department of Finance projections of retiree medical costs. General Fund expenditures are forecast to increase from approximately \$29.4 million in 2004/05 to about \$46.7 million in 2013/14. This \$17.3 million increase equates to an average annual escalation in expenditures of nearly 4.7 percent. The proportion each department makes up of total expenditures is forecast to be relatively stable. Police expenditures approximate 40 percent of total expenditures. Community Development and Public Works (Streets) represent the second and third largest components of expenditures at over 15 percent and 10 percent, respectively. Engineering, at nearly nine percent, Administration, at nearly eight percent, and Finance at five and half percent of total expenses represent the next largest components of expenditures.

### **COMPARISON OF FORECAST ANNUAL REVENUE TO ANNUAL EXPENDITURES**

The forecast of General Fund expenditures in Table I-2 suggests a cumulative surplus of about \$3.1 million from 2004/05 through 2008/09. The forecast surplus in 2013/14 is estimated to result in a cumulative balance between revenues and expenditures with a surplus of approximately \$4.3 million over the 10-year period.



**TABLE I-2  
SUMMARY OF FORECAST OF ANNUAL GENERAL FUND REVENUE AND GENERAL FUND EXPENDITURES**

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
TOTAL REVENUES	31,166,396	34,177,086	36,630,149	37,990,607	39,910,634	41,174,364	42,655,321	44,253,157	45,755,998	46,821,652
TOTAL EXPENDITURES	29,431,347	33,324,410	36,325,957	37,954,052	39,880,105	41,068,268	42,554,410	43,736,868	45,243,729	46,733,995
NET SURPLUS/DEFICIT	1,735,049	852,676	304,192	36,555	30,529	106,096	100,911	516,289	512,269	87,657

Source: City of Brentwood; Gruen Gruen + Associates



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## CONCLUSIONS

The forecast and analysis of General Fund Revenue and expenditures points to the shift in the make-up and nature of revenue and expenditure sources. Brentwood can expect to transition from a reliance on revenue sources related to the rapid build-out of the community and associated expenditures with providing pre-development and related services. Brentwood can expect to transition to a greater reliance on property taxes, sales taxes, business license taxes, and other revenues related to the expansion of the community's economic and commercial base and expenses of serving residents and businesses with ongoing municipal services.





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## CHAPTER II

### GENERAL FUND EXPENSE FORECAST BY DEPARTMENT FOR 2004/05 – 2013/14

This chapter first presents expenditure forecasts for the fiscal years 2004/05 through 2013/14 of the City's departments in the General Fund. We then compare the forecast expenditures to the City's forecast of General Fund expenses for fiscal year 2003/04 and fiscal year 2004/05.

#### GENERAL FUND EXPENDITURE FORECAST

Table II-1 presents a forecast of General Fund expenditures for 2004/05 to 2013/14. Based on the revised population forecast, we used regression equations to forecast future expenditures for the following departments:

- Administration;
- Community Development;
- Engineering;
- Finance (all divisions, except Non-Departmental);
- Parks (Landscape);
- Public Works (Streets); and
- Police.

For the City Attorney, Economic Development, and Non-Departmental forecasts, we drew on the department surveys to identify the factors most likely to influence expenses. For example, for the City Attorney department specific staffing additions were identified as needed in 2006/07 and 2008/09 based on the expected growth in Brentwood's population. City of Brentwood finance staff provided the retiree medical forecast contained in Table 1. We allocated the Finance department expenditures between finance and purchasing and the other divisions of Community Facilities, Dime-a-Ride Bus, and Non-Departmental expenditures based on the proportion each made up of total finance expenditures in 2003/04.

As shown on Table II-1, General Fund expenditures are forecast to total \$29.4 million in 2004/05. Expenses are forecast to grow at an annual average rate of 4.7 percent between 2004/05 and 2013/14. By 2013/14, expenditures are forecast to total approximately \$46.7 million. Total expenditures are forecast to grow at well above the average growth rate between 2004/05 and 2008/09 and less than the average growth rate after 2008/09. The following departments are forecast to have annual growth rates of between four and six percent: Police, Engineering, Non-Departmental, and Economic Development. The Community Development, Public Works (Streets), Administration, Parks (Landscape), and Finance departments are forecast to have average annual expenditure growth of over six percent. The City Attorney department's expenditures are forecast to grow at an average annual rate of approximately 8.5 percent. Retiree medical costs are forecast by the Finance Department to grow at an average annual rate of nearly 20 percent.



**TABLE II-1  
GENERAL FUND EXPENSE FORECAST 2003/04-2013/14**

Fund	Department	Divisions Included	City Budget	GG+A Forecast										
			2003/04 (\$)	2003/04 (\$)	2004/05 (\$)	2005/06 (\$)	2006/07 (\$)	2007/08 (\$)	2008/09 (\$)	2009/10 (\$)	2010/11 (\$)	2011/12 (\$)	2012/13 (\$)	2013/14 (\$)
	Administration	City Clerk, City Manager, HR, Legislative	1,889,288	1,957,370	2,267,315	2,573,976	2,800,109	2,924,991	3,061,650	3,185,111	3,299,075	3,413,039	3,527,003	3,640,973
	City Attorney		398,952	374,065	424,265	479,886	643,791	669,285	824,052	853,883	881,378	908,877	936,416	963,946
	Economic Dev.		435,500	435,500	493,944	558,700	601,832	625,664	651,754	675,348	697,094	718,843	740,624	762,379
	Community Development	Building, Planning Commission, Planning	3,916,079	3,949,169	4,528,785	5,102,259	5,525,140	5,758,678	6,014,238	6,245,117	6,458,236	6,671,355	6,884,475	7,097,605
	Engineering	Construction Insp., Development Engineering, Engineering Services (Traffic)	2,599,628	2,839,124	2,600,940	3,057,864	3,294,800	3,480,874	3,584,495	3,768,451	3,838,257	4,008,062	4,177,868	4,247,683
	Finance	Finance, Purchasing	1,327,910	1,407,104	1,610,025	1,818,961	1,967,589	2,049,684	2,139,534	2,220,733	2,295,647	2,370,567	2,445,522	2,520,449
	Non-Departmental	Non-Departmental, Community Facilities, Dime-A-Ride Bus	1,182,997	1,247,810	1,427,759	1,613,040	1,744,843	1,817,645	1,897,322	1,969,329	2,035,763	2,102,200	2,168,670	2,235,116
	Parks	Landscape	1,054,253	1,096,741	1,269,411	1,440,252	1,566,230	1,635,802	1,711,934	1,780,714	1,844,203	1,907,692	1,971,182	2,034,674
	Public Works	Streets	2,012,256	1,925,272	2,867,882	3,107,922	3,384,927	3,482,679	3,689,649	3,786,288	3,975,494	4,064,699	4,153,905	4,343,115
	Police Department <sup>2</sup>	Police	10,520,876	10,191,798	11,809,713	13,410,486	14,590,900	15,242,788	15,956,147	16,147,870	16,726,539	16,981,745	17,549,596	18,117,479
	Retiree Medical		113,172	113,172	131,308	160,754	205,796	265,962	349,330	435,424	502,724	589,789	688,468	770,576
<b>General Fund Total</b>			<b>25,450,911</b>	<b>25,537,125</b>	<b>29,431,347</b>	<b>33,324,410</b>	<b>36,325,957</b>	<b>37,954,052</b>	<b>39,880,105</b>	<b>41,068,268</b>	<b>42,554,410</b>	<b>43,736,868</b>	<b>45,243,729</b>	<b>46,733,995</b>

<sup>1</sup>The Development Services Fund, which included the Engineering Department's and Community Development Department's expenses was merged into the General Fund on July 1, 2002.

<sup>2</sup>Police Department expense includes assumption that expenses not correlated with population such as services funded by grants represent 10 percent of total expenses until 2009 and then seven percent for 2010 and 2011 and then five percent annually thereafter.

Sources: City of Brentwood; Gruen Gruen + Associates.



Table II-2 shows the forecast expenditures for City Attorney, Economic Development, and Non-Departmental expenditures. Expenditures for these three departments are based on the annual rate of the forecast population increase between 2004/05 and 2013/14. Expenses are forecast to increase proportionally with increases in population except for the City Attorney department in which added costs of needed personnel are included for fiscal year 2006/07 and fiscal year 2008/09.

<b>TABLE II-2 Forecast of Expenditures for City Attorney, Economic Development and Non-Departmental</b>					
Fiscal Year	Population #	Annual Increase %	City Attorney <sup>1</sup> \$	Non-Departmental <sup>2</sup> \$	Economic Development \$
2003/04	37,704	14.18	374,065	967,824	435,500
2004/05	42,763	13.42	424,265	1,097,706	493,944
2005/06	47,768	13.11	479,886	1,241,615	558,700
2006/07	51,458	7.72	643,791	1,337,468	601,832
2007/08	53,497	3.96	669,285	1,390,432	625,664
2008/09	55,727	4.17	824,052	1,448,413	651,754
2009/10	57,742	3.62	853,883	1,500,845	675,348
2010/11	59,602	3.22	881,378	1,549,172	697,094
2011/12	61,462	3.12	908,877	1,597,507	718,843
2012/13	63,322	3.03	936,416	1,645,911	740,624
2013/14	65,182	2.94	963,946	1,694,257	762,379
<sup>1</sup> Assumes increase of \$126,858 in 2006/07 and 2008/09 to account for the addition of an assistant attorney and other support staff. <sup>2</sup> Non-Departmental expenditures are grouped together with Community Facilities and Dime-a-Ride Bus expenditures on Table II-1.					
Source: City of Brentwood; Gruen Gruen + Associates					

Table II-3 presents a comparison of the GG+A forecast to the Brentwood Budget for 2003/04. The overall forecast is within one-half of one percent of the total Budget. Variances of between three and five percent apply to the Administrative and Legislative, Parks (Landscape), Public Works (Streets), and Police Departments. Variances between five percent and nine percent apply to the City Attorney, Engineering and Finance Departments, as well as Non-Departmental expenses.



<b>TABLE II-3</b>			
<b>Comparison of GG+A Forecast of Expenditures to Brentwood Budget for Fiscal Years 2003/04</b>			
	<b>GG+A Forecast</b>	<b>Brentwood Budget</b>	<b>Difference</b>
<b>Department</b>	<b>2003/04</b>	<b>2003/04</b>	<b>%</b>
Administration & Legislative	1,957,370	1,889,288	3.48
City Attorney	374,065	398,952	6.65
Economic Development	435,500	435,500	0.00
Community Development	3,949,169	3,916,079	0.83
Engineering	2,839,124	2,599,628	8.44
Finance	1,407,104	1,327,910	5.62
Parks (Landscape)	1,096,741	1,054,253	3.87
Public Works (Streets)	1,925,272	2,012,256	4.52
Police Department	10,191,798	10,520,876	3.23
Retiree Medical <sup>1</sup>	113,172	113,172	0.00
Non-Departmental	1,247,810	1,182,997	5.19
<b>Total</b>	<b>25,537,125</b>	<b>25,450,911</b>	<b>0.34</b>
<sup>1</sup> Estimate of retiree medical expenditure provided by Brentwood Finance Department.			
Sources: City of Brentwood; Gruen Gruen + Associates.			

Table II-4 presents a comparison of the GG+A forecast to the 2004/05 Budget. The overall forecast is within approximately five percent of the Budget. Variances of over ten percent exist for the Public Works (Streets), Finance, and Non-Departmental areas. Departments for which the GG+A forecast vary from the Budget by approximately nine percent include Administrative and Legislative and Community Development. The forecast for Economic Development is within approximately seven percent of the Budget.



<b>TABLE II-4</b>			
<b>Comparison of GG+A Forecast of Expenditures to Brentwood Budget for Fiscal Years 2004/05</b>			
	GG+A Forecast	Brentwood Budget	Difference
<b>Department</b>	2004/05	2004/05	%
Administration & Legislative	2,267,315	2,059,964	9.15
City Attorney	424,265	426,300	0.48
Economic Development	493,944	460,621	6.75
Community Development	4,528,785	4,117,754	9.08
Engineering	2,600,940	2,738,700	-4.09
Finance	1,610,025	1,445,949	11.35
Parks (Landscape)	1,269,411	1,225,071	3.49
Public Works (Streets)	2,867,882	2,441,551	14.90
Police Department	11,809,713	11,874,293	-0.55
Retiree Medical <sup>1</sup>	131,308	131,308	0.0
Non-Departmental	1,427,759	1,108,298	28.82
<b>General Fund Total</b>	<b>29,431,347</b>	<b>28,029,809</b>	<b>5.0</b>
<sup>1</sup> Estimate of retiree medical expenditure provided by Brentwood Finance Department.			
Sources: City of Brentwood; Gruen Gruen + Associates.			



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**APPENDIX A**

**FORECAST OF PROPERTY TAX REVENUE**

**ASSUMPTIONS**

**Residential**

- 13.4% property tax allocation factor of 1% property tax to Brentwood's General Fund.
- Annual increase of 2% for 90% of existing residential property tax.
- Annual increase of 4% for 10% of existing residential property tax to account for resale value increase.
- \$440,000 median home price in 2004 per Brentwood Finance Department; property price appreciation of 4% annually applied to new home construction.
- New home sales of

<b>Year</b>	<b>#</b>
2004/05	1,500
2005/06	1,400
2006/07	1,200
2007/08	900
2008/09	750
2009/10	600
2010/11	600
2011/12	600
2012/13	600
2013/14	500



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## Non-Residential Property Tax

- Estimated average per square foot office property value based on construction cost for building, engineering, and planning fees of \$94 and annual absorption of office space in square feet as follows:

Year	Square Feet
2004/05	12,096
2005/06	274,950
2006/07	147,659
2007/08	150,000
2008/09	154,500
2009/10	159,135
2010/11	163,909
2011/12	168,826
2012/13	173,891
2013/14	179,108

- Estimated average per square foot commercial property value based on construction cost for building, engineering, and planning fees of \$89 and annual absorption of commercial space in square feet as follows:

Year	Square Feet
2004/05	673,500
2005/06	221,300
2006/07	200,000
2007/08	200,000
2008/09	200,000
2009/10	200,000
2010/11	200,000
2011/12	200,000
2012/13	200,000
2013/14	200,000



- 
- Estimated average per square foot industrial property value based on construction cost for building, engineering, and planning fees of \$73 and annual absorption of industrial space as follows:

<b>Year</b>	<b>Square Feet</b>
2004/05	79,422
2005/06	109,500
2006/07	83,000
2007/08	83,000
2008/09	84,000
2009/10	90,000
2010/11	95,000
2011/12	98,000
2012/13	100,000
2013/14	110,000

- Annual increase for new space development costs/property value of 3%.
- Annual escalation in property value of 2%.





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## RESULTS OF PROPERTY TAX REVENUE FORECAST

Year	Existing Residential \$	New Residential \$	Office \$	Industrial \$	Commercial \$	Total \$
2004/05	4,023,922	884,400	1,641	8,026	82,978	5,000,967
2005/06	4,115,260	1,834,835	40,093	19,584	112,721	6,122,494
2006/07	4,208,860	2,689,368	62,147	28,874	132,372	7,121,623
2007/08	4,304,784	3,365,853	85,627	38,617	161,946	7,956,826
2008/09	4,403,096	3,945,241	110,930	48,943	192,918	8,701,129
2009/10	4,503,863	4,429,445	138,176	60,466	225,342	9,357,292
2010/11	4,607,154	4,921,826	167,491	73,138	259,271	10,028,881
2011/12	4,713,039	5,433,903	199,009	86,781	294,762	10,727,494
2012/13	4,821,591	5,966,462	232,873	101,318	331,872	11,454,116
2013/14	4,932,886	6,436,405	269,234	117,848	370,660	12,127,035



**APPENDIX B  
FORECAST OF TRANSFER TAX REVENUE**

**FORECAST OF RESIDENTIAL PROPERTY TRANSFER TAX REVENUE**

**ASSUMPTIONS**

- \$0.55 per \$1,000 of assessed valuation to Brentwood's General Fund.
- Assessed valuation based on property tax forecast.
- 15% of residential units turnover annually.

**RESULTS**

<b>Year</b>	<b>Existing Residential Assessed Valuation \$</b>	<b>Transfer Tax @ \$0.55 per \$1,000 of Existing Residential Assessed Valuation \$</b>	<b>New Residential Assessed Valuation \$</b>	<b>Transfer Tax @ \$0.55 per \$1,000 of New Residential Assessed Valuation \$</b>	<b>Total Residential Transfer Tax \$</b>
2004/05	404,033,147	222,218	660,000,000	363,000	585,218
2005/06	488,630,187	268,747	640,640,000	352,352	621,099
2006/07	571,866,233	314,526	571,084,800	314,097	628,623
2007/08	648,562,378	356,709	445,446,144	244,995	601,705
2008/09	712,930,194	392,112	386,053,325	212,329	604,441
2009/10	771,866,713	424,527	321,196,366	176,658	601,185
2010/11	824,834,441	453,659	334,044,221	183,724	737,383
2011/12	879,920,878	483,956	347,405,990	191,073	675,030
2012/13	937,210,773	515,466	361,302,229	198,716	714,182
2013/14	996,792,264	548,236	313,128,599	172,221	720,456



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## FORECAST OF NONRESIDENTIAL PROPERTY TRANSFER TAX REVENUE

### ASSUMPTIONS

- \$0.55 per \$1,000 of assessed valuation to Brentwood's General Fund.
- Assessed valuation for new non-residential construction based on construction cost-derived market value.
- 15% of assessed valuation of nonresidential facilities turnover annually.

### RESULTS

Year	New Non-Residential Turnover Assessed Valuation \$	Transfer Tax @ \$0.55 per \$1,000 of New Non- Residential Assessed Valuation \$
2004/05	10,339,868	5,687
2005/06	19,240,895	10,582
2006/07	24,932,347	13,713
2007/08	31,940,768	17,567
2008/09	39,374,031	21,656
2009/10	45,070,126	24,789
2010/11	55,792,465	30,686
2011/12	64,793,764	35,637
2012/13	74,337,371	40,886
2013/14	84,569,500	46,513



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**FORECAST OF RESIDENTIAL AND  
NONRESIDENTIAL PROPERTY TRANSFER TAX REVENUE**

<b>Year</b>	<b>Total Residential Transfer Tax \$</b>	<b>Total Non- Residential Transfer Tax \$</b>	<b>Total Transfer Tax \$</b>
2004/05	585,218	5,687	590,905
2005/06	621,099	10,582	631,681
2006/07	628,623	13,713	642,336
2007/08	601,705	17,567	619,272
2008/09	604,441	21,656	626,097
2009/10	601,185	24,789	625,973
2010/11	737,383	30,686	668,069
2011/12	675,030	35,637	710,666
2012/13	714,182	40,886	755,068
2013/14	720,456	46,513	766,970



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## APPENDIX C

### SALES AND USE TAX REVENUE FORECAST

#### ASSUMPTIONS

- 1% Sales Tax Rate.
- Annual Sales will increase following opening of retail developments identified to occur between 2004 and 2006 and the implementation of the Highway 4 Bypass, anticipated to be completed in 2007-2008. Assumes average annual growth rate of 9.7 percent resulting in per capita tax receipts increasing from \$82 in 2004/05 to \$135 in 2013/14.

#### Forecast of Future Retail Space (Square Feet)

Year	Square Feet
2004/05	673,500
2005/06	221,300
2006/07	133,100
2007/08	200,000
2008/09	200,000
2009/10	200,000
2010/11	200,000
2011/12	200,000
2012/13	200,000
2013/14	200,000

#### RESULTS

Year	Sales Tax Revenue \$
2004/05	3,500,000
2005/06	4,200,000
2006/07	4,800,000
2007/08	5,450,000
2008/09	6,050,000
2009/10	6,650,000
2010/11	7,200,000
2011/12	7,750,000
2012/13	8,300,000
2013/14	8,800,000



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## APPENDIX D

### TRANSIENT OCCUPANCY TAX REVENUE FORECAST

#### ASSUMPTIONS

- Tax Rate 10%.
- Based on estimates of rooms, occupancy and average daily room rates.
- Annual growth in hotel room revenue 3%.

#### RESULTS

Year	Transient Occupancy Tax Revenue \$
2004/05	125,003
2005/06	346,950
2006/07	357,359
2007/08	368,080
2008/09	379,122
2009/10	390,496
2010/11	402,211
2011/12	414,277
2012/13	426,705
2013/14	439,506



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## APPENDIX E

### FRANCHISE FEES FORECAST

#### ASSUMPTIONS

- Franchise fees for some utility services are based on a percentage of gross revenues (e.g., 5% for Comcast, and between 1% and 2% for PG&E).
- Franchise fee revenue correlates robustly with population.
- Used regression equation based on past 10 years population and franchisee fees revenue to forecast future franchise fees revenue based on forecast population.

#### RESULTS

Year	Franchise Fee Revenue \$
2004/05	533,991
2005/06	601,819
2006/07	651,835
2007/08	679,456
2008/09	709,683
2009/10	737,125
2010/11	762,196
2011/12	787,403
2012/13	812,609
2013/14	837,816



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**APPENDIX F**

**FORECAST HOME OCCUPATION PERMIT REVENUE**

**ASSUMPTIONS**

- Home occupation permit revenue strongly correlates with population.
- Used a regression equation based on past 10 years of home occupation permit revenue and population to forecast future home occupation revenue given population forecast.

**RESULTS**

<b>Year</b>	<b>Home Occupation Permit Revenue \$</b>
2004/05	22,327
2005/06	25,481
2006/07	27,806
2007/08	29,091
2008/09	30,496
2009/10	31,772
2010/11	32,937
2011/12	34,109
2012/13	35,281
2013/14	36,453





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**APPENDIX G**

**FORECAST OF BUSINESS LICENSE TAX REVENUE**

**ASSUMPTIONS**

- Based on staff study for new ordinance passed by voters in November 2002 and effective January 2003. Ordinance included a phase-in provision for some businesses to pay 40 percent of the tax the first year, 70 percent the second year, and 100 percent the third year.
- Estimated average annual growth rate in business license revenues of 10.79 percent.

**RESULTS**

<b>Year</b>	<b>Business License Tax Revenue \$</b>
2004/05	500,000
2005/06	700,000
2006/07	875,000
2007/08	952,875
2008/09	1,024,341
2009/10	1,092,971
2010/11	1,162,922
2011/12	1,236,922
2012/13	1,312,829
2013/14	1,392,912



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## APPENDIX H

### FORECAST OF FINES & FORFEITURES REVENUE

#### ASSUMPTIONS

- 2003/04 per capita Budget figures are best approximation of future fines and forfeiture revenue.
- Future fines and forfeitures revenue based on per capita figure of \$4.64 multiplied by forecast population.

#### RESULTS

Year	Fines & Forfeitures Revenue \$
2004/05	198,418
2005/06	221,642
2006/07	238,767
2007/08	248,224
2008/09	258,573
2009/10	267,969
2010/11	276,553
2011/12	285,183
2012/13	293,814
2013/14	302,444



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APPENDIX I

INVESTMENT INCOME

ASSUMPTIONS

- Local Agency Investment Fund is currently yielding 1.6 percent, but historically has yielded a much higher rate. Investment returns are expected to rise in concert with interest rate increases. Forecast provided by the Department of Finance.

RESULTS

Year	Investment Income \$
2004/05	2,000,000
2005/06	2,480,000
2006/07	3,000,800
2007/08	3,090,824
2008/09	3,183,549
2009/10	3,279,055
2010/11	3,377,427
2011/12	3,478,750
2012/13	3,583,112
2013/14	3,690,605



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**APPENDIX J  
FORECAST OF BUILDING FEES**

**FORECAST OF RESIDENTIAL BUILDING FEES**

**ASSUMPTIONS**

- Typical dwelling unit of 2,200 square feet, garage of 625 square feet, and 200 lineal feet of fence.
- Wood frame dwelling construction cost of \$67.60 per square foot, air conditioning of \$3 per square foot and sprinklers at \$1.90 per square foot for total cost for dwelling of \$72.50 per square foot. Cost of garage of \$19.90 per square foot and cost of fence of \$6.50 per lineal foot. Total per unit construction cost of \$173,237.50.
- Building permit fee of \$1,471.59 based on construction cost.
- 3% annual escalation in construction cost.
- Plan check fees at 50% of building permit fees.
- Office automation at 1% of building permit and plan check fees.
- Electrical, plumbing, mechanical, and construction water fees at \$291.44 each per unit for a total of \$924 per unit.
- Total residential building fees per unit of \$3,543 in 2004/05 including 10% for fees for items/sources not explicitly estimated.
- Residential units processed:

<b>Year</b>	<b>#</b>
2004/2005	1,500
2005/2006	1,400
2006/2007	1,200
2007/2008	900
2008/2009	750
2009/2010	600
2010/2011	600
2011/2012	600
2012/2013	600
2013/2014	500



**RESULTS OF RESIDENTIAL BUILDING FEES REVENUE FORECAST**

<b>Year</b>	<b>Building Permit Fee Revenue \$</b>	<b>Plan Check Revenue \$</b>	<b>Subtotal Building Fees \$</b>	<b>Office Automation \$</b>	<b>Electrical, Plumbing, Mechanical, Construction Water Fees \$</b>	<b>Total Fees<sup>1</sup> \$</b>
2004/05	2,273,607	1,136,803	3,410,410	34,104	1,386,435	5,314,044
2005/06	2,185,694	1,092,847	3,278,541	32,785	1,294,006	5,065,865
2006/07	1,929,655	964,828	2,894,483	28,945	1,109,148	4,435,833
2007/08	1,490,659	745,329	2,235,988	22,360	831,861	3,399,230
2008/09	1,279,482	639,741	1,919,223	19,192	693,218	2,894,796
2009/10	1,054,293	527,147	1,581,440	15,814	554,574	2,367,011
2010/11	1,085,922	542,961	1,628,883	16,289	554,574	2,419,720
2011/12	1,118,500	559,250	1,677,750	16,777	554,574	2,474,011
2012/13	1,152,055	576,027	1,728,082	17,281	554,574	2,529,931
2013/14	988,847	494,423	1,483,270	14833	462,145	2,156,273

<sup>1</sup> Total includes additional 10% building revenue from other sources.

