



CITY OF VALLEJO

# QUARTERLY REVENUE REPORT

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QUARTER 3 // JULY 2020 - MARCH 2021

# OVERVIEW

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This revenue report summarizes the City's General Fund revenue for the quarter ending March 31, 2021. The purpose of this report is to provide City Council, City Management, and the Vallejo community an update on the City's revenue status based on the most recent financial information available.

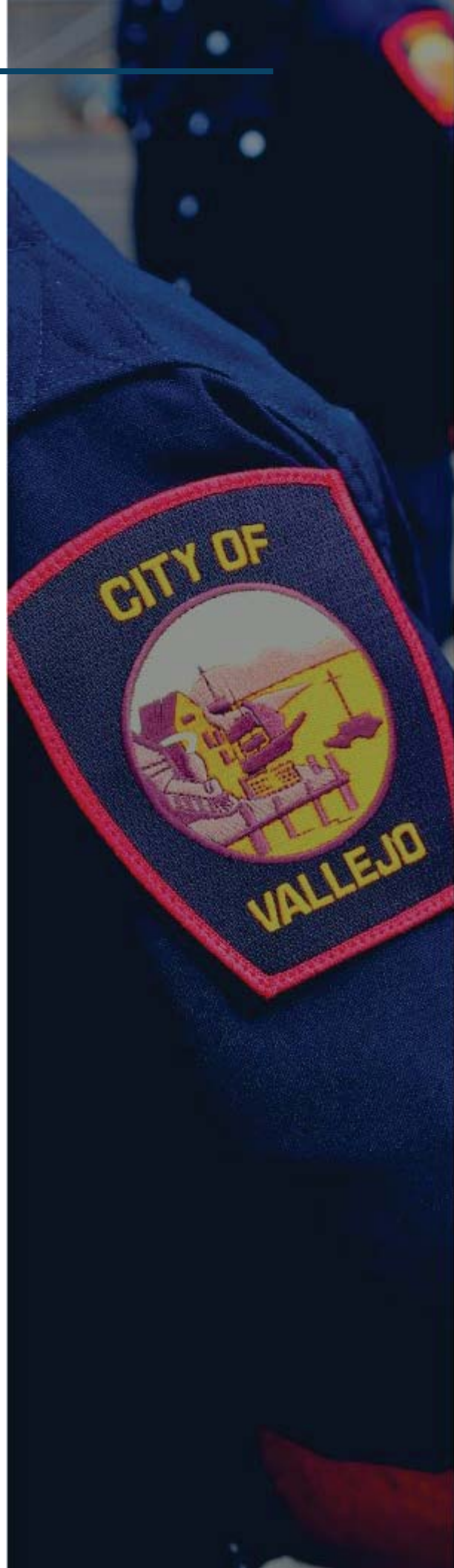
The General Fund is the chief operating fund of the City, accounting for about 50% of the City's total budget. The General Fund is used to account for all financial resources except those required to be accounted for in other funds. These other funds consist of various Special Funds, and Enterprise Funds. Special Funds are restricted in purpose and Enterprise Funds are comprised of user fees.

General Fund is distinct from other funds since it is the only source of unrestricted funds that can be allocated, at the direction of the City Council, for any municipal purpose.

The charts presented in this report include year-over-year comparisons between the current fiscal year and the previous two fiscal years to show results of the third quarter of each year.

This report contains information available at the time of publication; however, this report is not an audited financial statement and the numbers provided herein are preliminary and subject to change as the year progresses.

This report is broken into three major parts. First is the overview of General Fund Revenue. The second section details the City's taxes and other revenue. The final section covers the Program Revenues with its three major revenue categories of note.



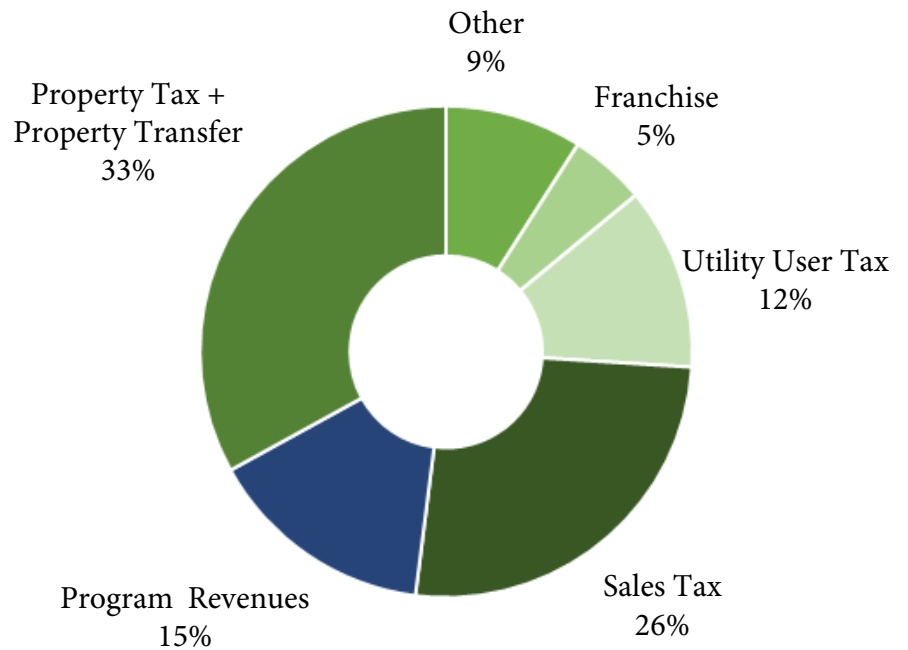


# GENERAL FUND REVENUE

General Fund revenue comprises of taxes and program revenue. Program Revenue is derived from various fees and grants received by the city.

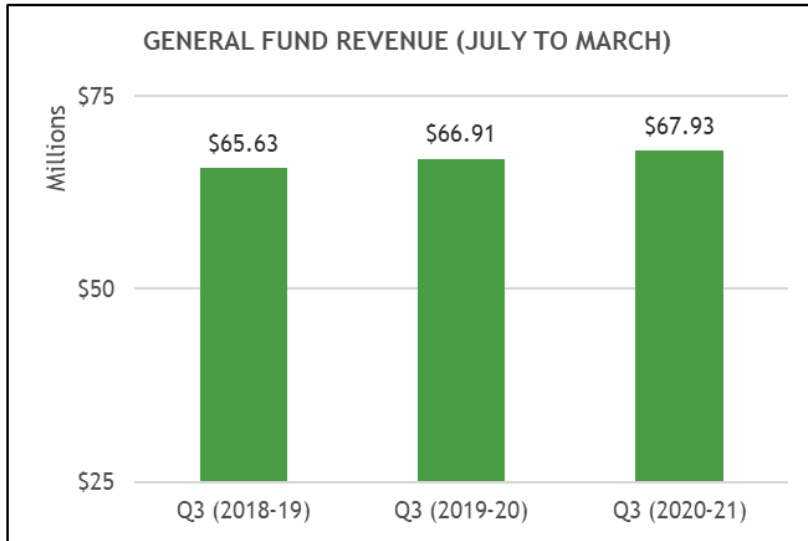
The City categorizes the revenue into two big buckets. The first is the combination of taxes and other revenue, which make up 85% of the budget. The second is the program revenue, which makes up 15% of the budget.

Major sources of General Fund revenue are shown below:



Where we are  
**TODAY**

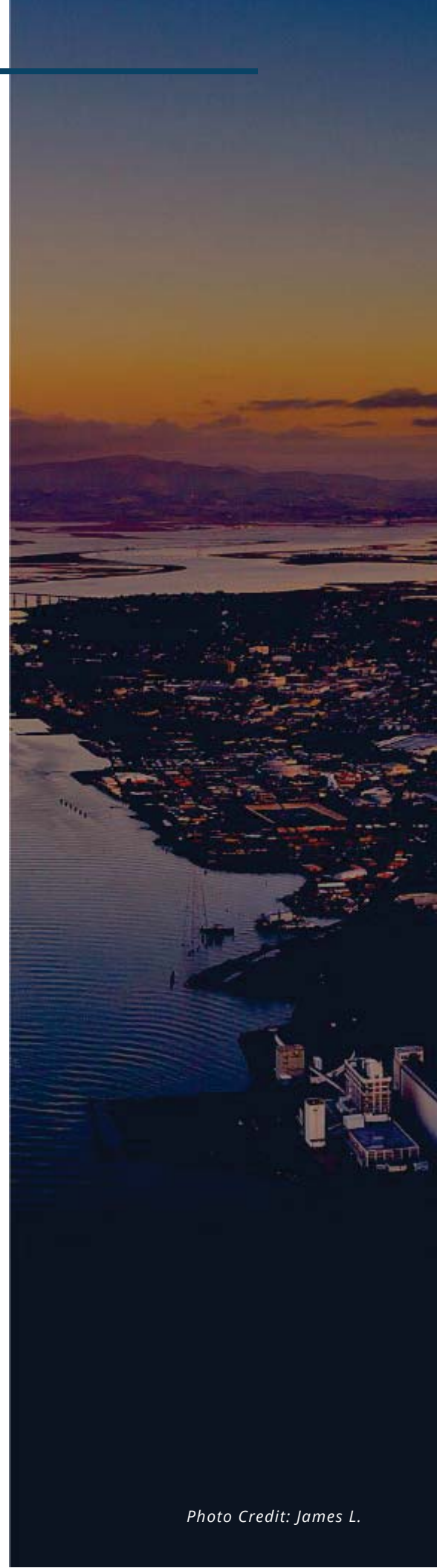
Overall, the City's general revenue held steady due to a strong real estate economy, particularly with regard to our property values, and property tax revenue.



85% of the total General Fund revenue budget comprises of the following major tax revenue sources (unrestricted revenues):

- Property Tax + Property Transfer
- Sales Tax
- Franchise
- Utility User Tax
- Other

Sales tax and property tax are the largest individual sources of General Fund revenues, representing a combined 59% of the total. These and other major sources of revenues are described on the following pages.



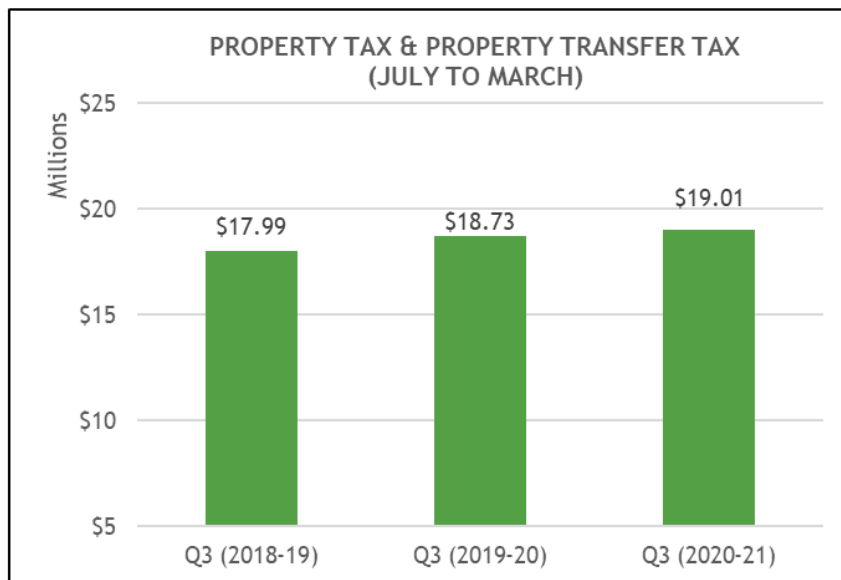
# TAX AND OTHER UNRESTRICTED REVENUE

## Property Tax + Property Transfer Tax

Property tax is based on the assessed value of property. Due to Prop. 13, assessments may increase up to two percent each year, without change of ownership. The City receives property tax payments from Solano County three times per year: December, April, and June.

Property Transfer Tax is applied to recorded documents with a change in ownership, for example; purchases; parent to child transfer; gift on outstanding loan, etc.

Property tax revenue continues to see a strong growth year after year, due to the steady growth of the property value.



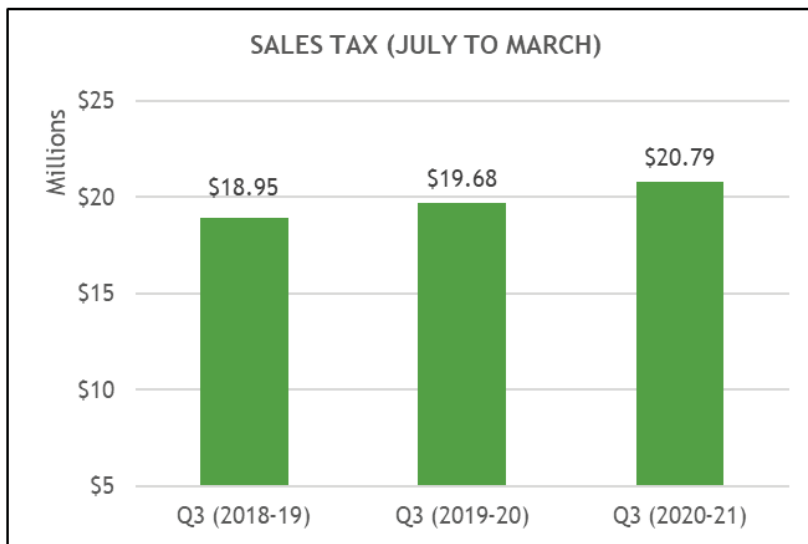
Tax increased by \$285,000, or 2%, as a result of buyers taking advantage of increased purchasing power, and low mortgage rates. Vallejo's median sale prices for single-family, residential homes, increased by 10.8%, from \$406,250 in 2019, to \$455,000 in 2020.



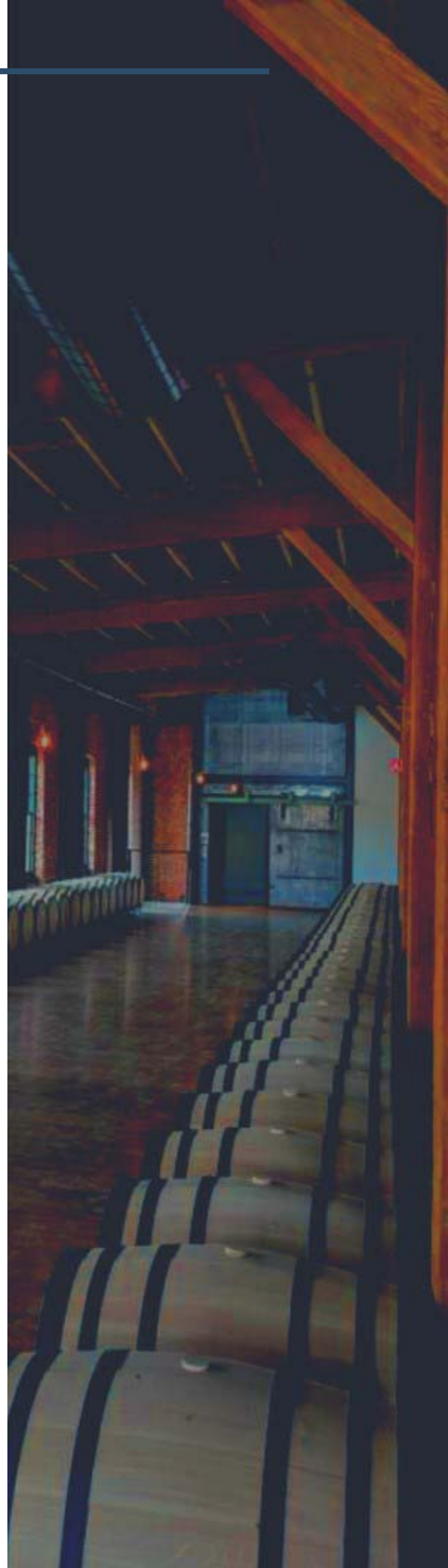
### Sales Tax

The pandemic has accelerated the shift towards a more digital world and triggered changes in online shopping behaviors that are likely to have lasting effects.

General Consumer Goods sales revenue increased as a result of California's new online sales tax collection law, [AB 147](#), which addresses a longstanding issue with the rapid growth of online sales, and the under collection of local sales and use tax.

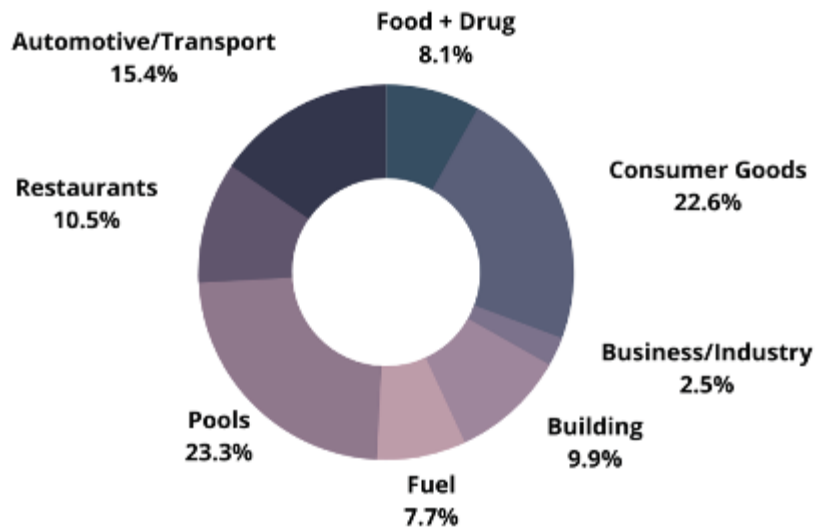


Due to a combination of an increase in building & construction and sales of general consumer good, the City had Sales Tax increase by \$1.10M or 6% versus prior year.





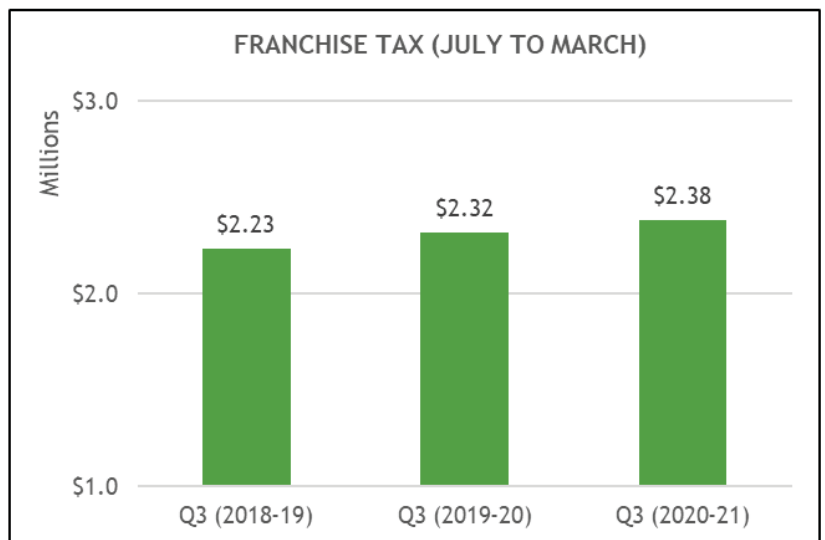
REVENUE BY BUSINESS GROUP



Franchise Tax

Franchise charges are imposed on cable television, fuel, and garbage services for “rental” of City streets, and rights-of-way. These taxes are collected by the franchise holders based on revenues, and then remitted to the City.

Franchise Tax increase by \$66,000, or 3% from previous fiscal year. This revenue fluctuates year over year based on customer base expansion, additional services used, consumer rate change and current contract in place.



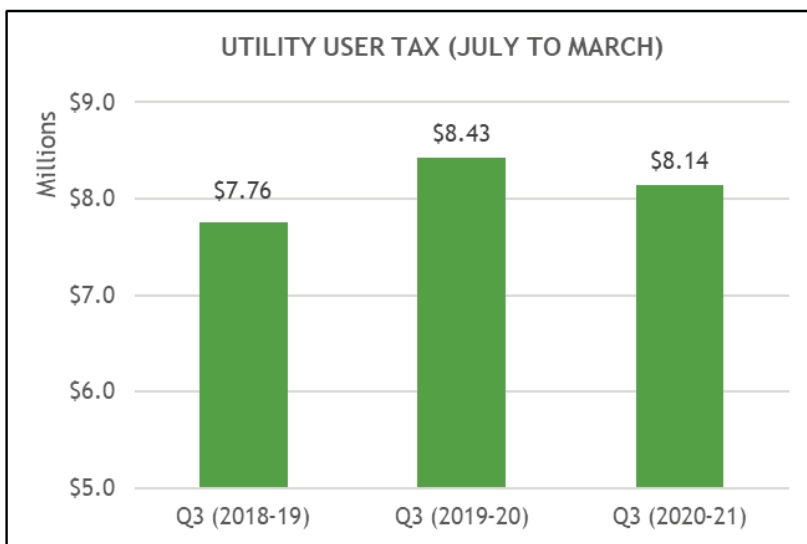
### Utility User Tax

Overall, the city had a dip in Utility User Tax by \$290,000, or 3%, compared to last fiscal year.

Gas and Electric Utility User Tax revenue decreased by \$18,000, which is attributed to the COVID-19 Pandemic, and related business closures.

Cable Utility User Tax revenue decreased by \$66,000, as many subscribers opted for free or reduced rate online streaming platforms, over traditional cable service providers.

Telephone Utility User Tax revenue decreased by \$206,000, as a result of several factors, including: market competition, fewer residents utilizing landlines, and the reallocation of bundled voice, text, and data packages from providers. These trends created a shift towards data which is not taxable.





## OTHER REVENUE

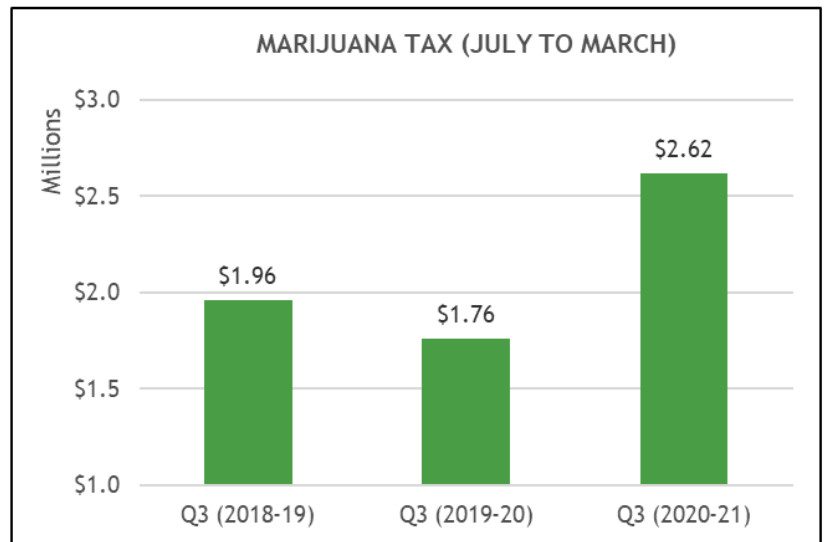
Other revenue when combined, make up 9% of the total General Fund revenue. Some sources of note are marijuana and transient occupancy tax.

### Marijuana Tax

Marijuana Tax has seen growth almost every year since inception, except for last year.

Marijuana Tax increased by \$856,000, or 49%, from the previous fiscal year.

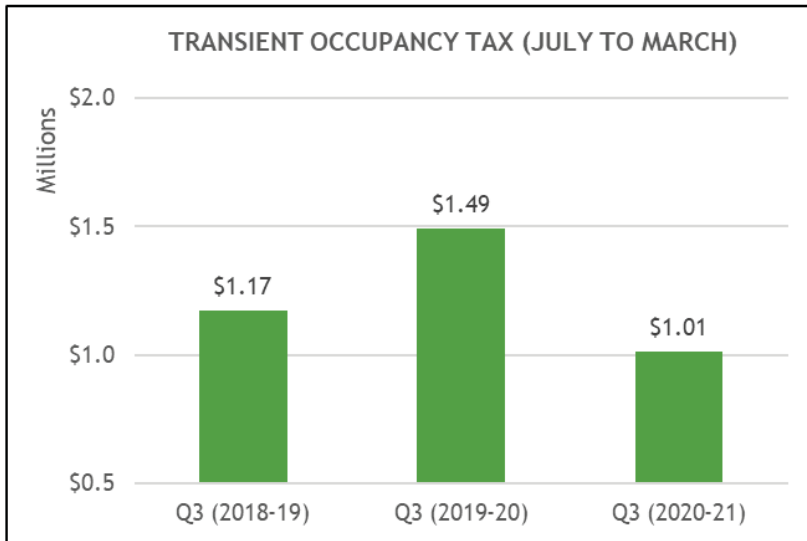
An increase of \$321,000 was the result of audit findings conducted by HdL, and dispensary payment of prior year taxes.



### Transient Occupancy Tax (TOT)

As a direct result of COVID-19, Transient Occupancy Tax decreased by \$479,000, or 32%, compared to Fiscal Year 19/20.

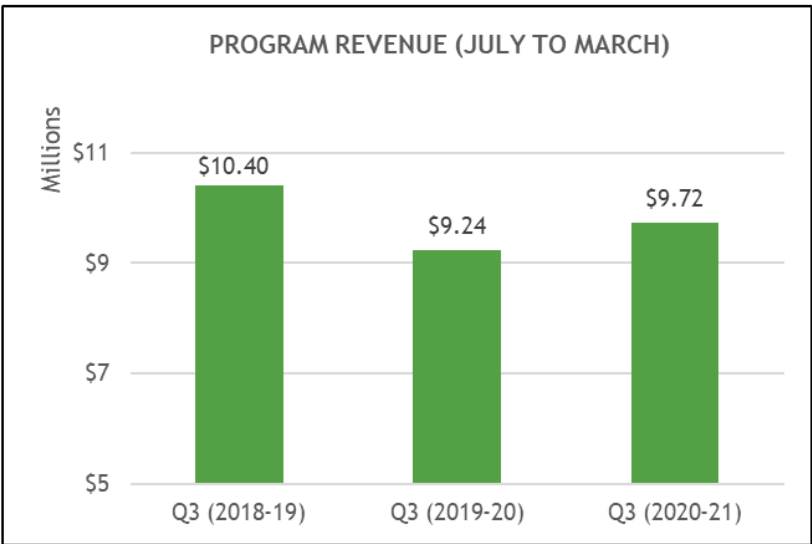
While hotels did not see regular tourism rates, some participated in Project Room Key, assisting with housing for homeless populations.



# PROGRAM REVENUE

Program revenue is primarily comprised of fees collected by Police, Fire, Building, Planning, and Public Works departments for specific services performed. Departments also apply and receive various grants to carry out tasks specific to their needs.

The city received two major grants in FY 2020-21: COPS grant (Citizens Option for Public Safety) awarded to the Police Department and the SAFER grant (Staffing for Adequate Fire and Emergency Response) to the Fire Department which compensated for the declining program revenue during COVID-19.

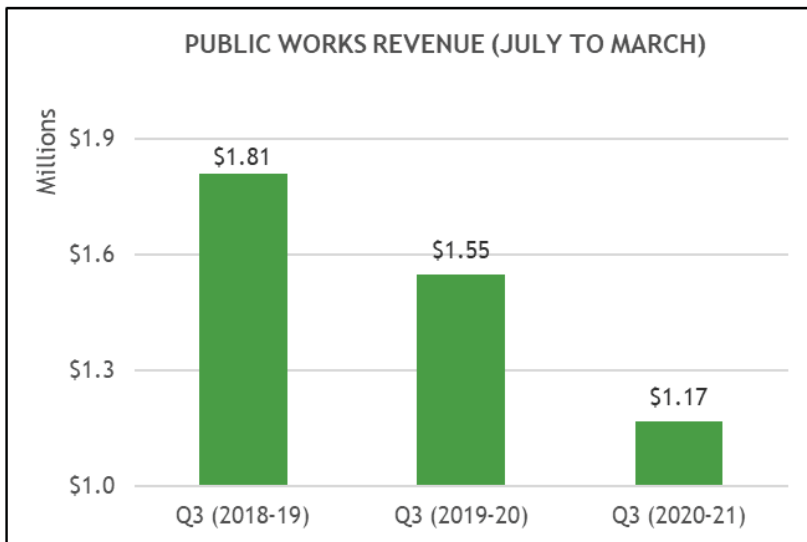


Program revenue of note, includes revenues from Public Works, Building, and Planning described in the next following pages.

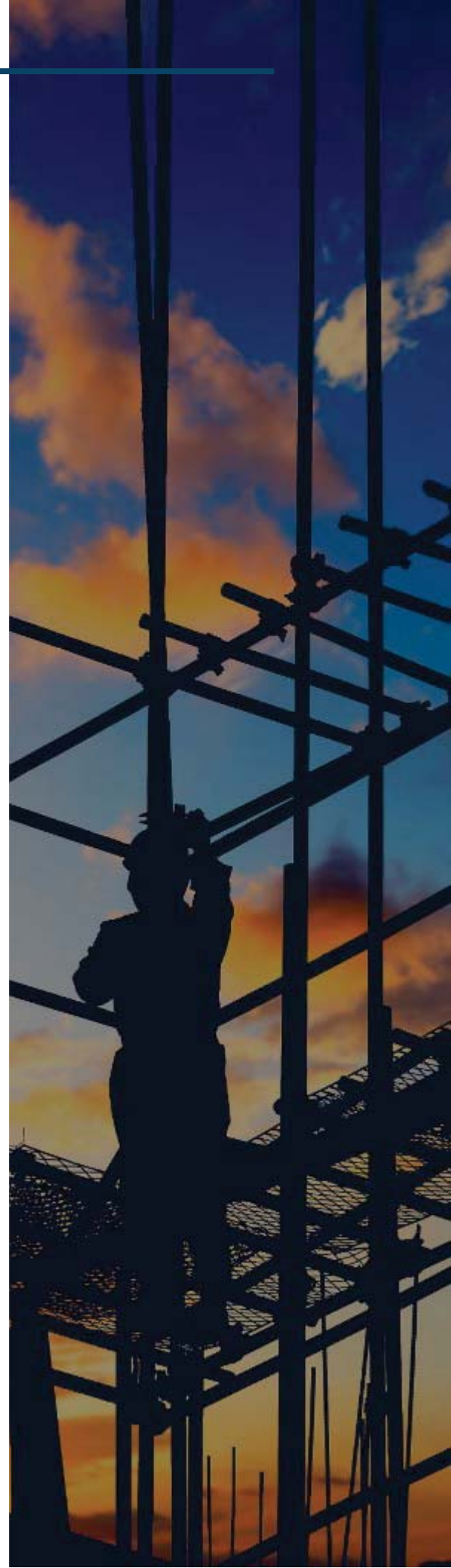


### Public Works

The majority of revenue received by the Public Works Department consists of fees from [Recology](#), as well as various Engineering fees. The City collects various fees from Recology to support recycling and illegal dumping. Engineering fees are charges for plan reviews, and inspection of permitted construction activity, as well as private development.



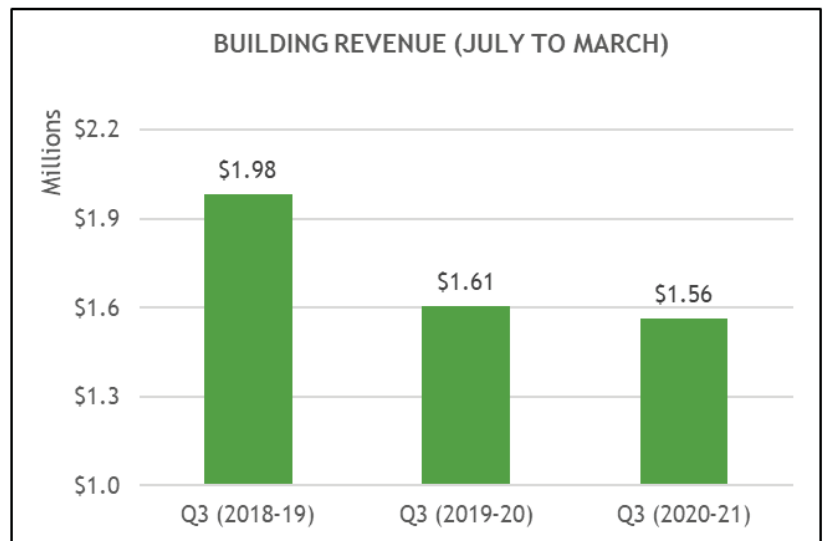
Engineering revenues have decreased by \$380,000, or 25%, versus the prior year, due to the pandemic, and fewer larger projects started within the City which required Engineering review or inspection.



## Building

The Building Division, a division of the Planning and Development Services Department, receives fees to administer, process, plan check, grant permits, and perform inspections, in order to enforce building compliance.

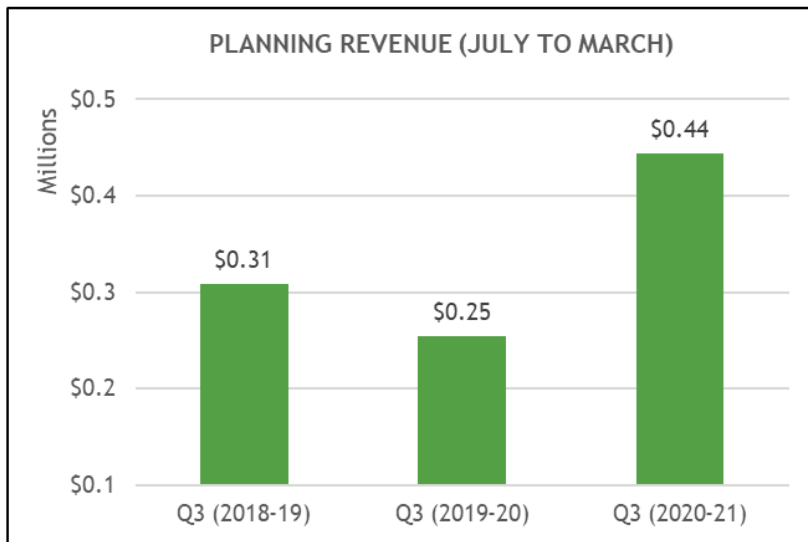
In an effort to ease the financial burden placed on the public due to the COVID-19 pandemic, permit fees for roofing, water heaters, furnaces, patio covers, decks, miscellaneous electrical, and miscellaneous plumbing permits, were reduced, or subsidized, which accounts for the \$42,000, or 3% decline in revenue from previous years.



## Planning

The Planning Division, a division of the Planning and Development Services Department, receives fees to both update the General Plan\*, and to partially offset the cost of processing planning applications.

The Planning Division guides development through the Zoning Code, which requires various planning entitlements for development.



Planning revenue increased by \$189,000, or 75% versus the prior year due to an increase in the number of entitlement applications; the greatest increase was in the number of Accessory Dwelling Unit applications.

\*The City of Vallejo's General Plan is a description of how the City intends to develop. It establishes the goals and policies related to the Vallejo planning area. It is used as a point of reference by public officials when making decisions on subdivisions, capital improvements, neighborhood rehabilitation and public acquisition. The Plan serves primarily as a policy document, with each goal area within the Plan having several policies that aim toward achieving the goal.





# CONCLUSION

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This is a summary of the city's quarterly revenue from July 1, 2020 through March 31, 2021.

For additional details and questions please feel free to email city's finance department

CITY OF VALLEJO // FINANCE DEPARTMENT

555 Santa Clara Street, Vallejo, CA, 94590

[cityofvallejo.net](http://cityofvallejo.net) // (707) 648-4592

[finance.dept@cityofvallejo.net](mailto:finance.dept@cityofvallejo.net)

