



CITY OF VALLEJO

# FY 2021-22 REVENUE REPORT

---

FIRST & SECOND QUARTER // JULY 2021 - DECEMBER 2021

*THIS PAGE INTENTIONALLY LEFT BLANK*

# OVERVIEW

This revenue report summarizes the City's General Fund revenue for the quarter ending December 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. Other funds consist of various Special Funds and Enterprise Funds. Special Funds are restricted in purpose and Enterprise Funds are comprised of user fees.

The General Fund is distinct from other funds because 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 combined first and second 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 divided 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.

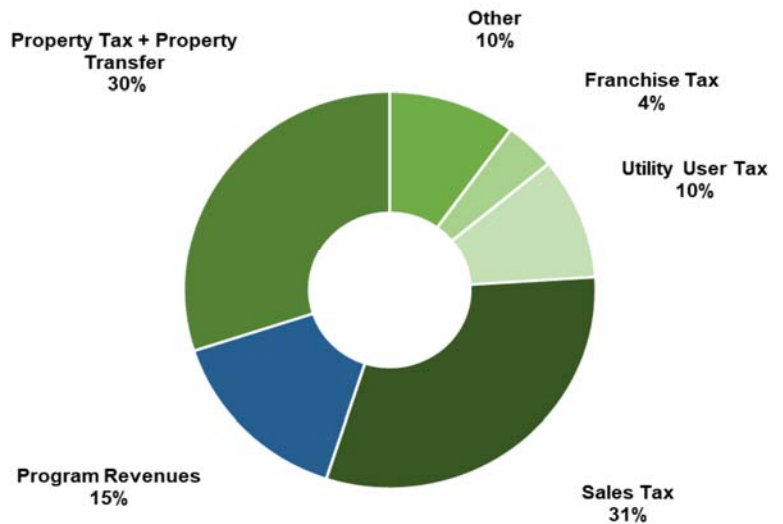


# GENERAL FUND REVENUE

General Fund revenue primarily consists of taxes and program revenue. Program Revenue is comprised of various fees and grants received by the city.

The City categorizes the General Fund 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:

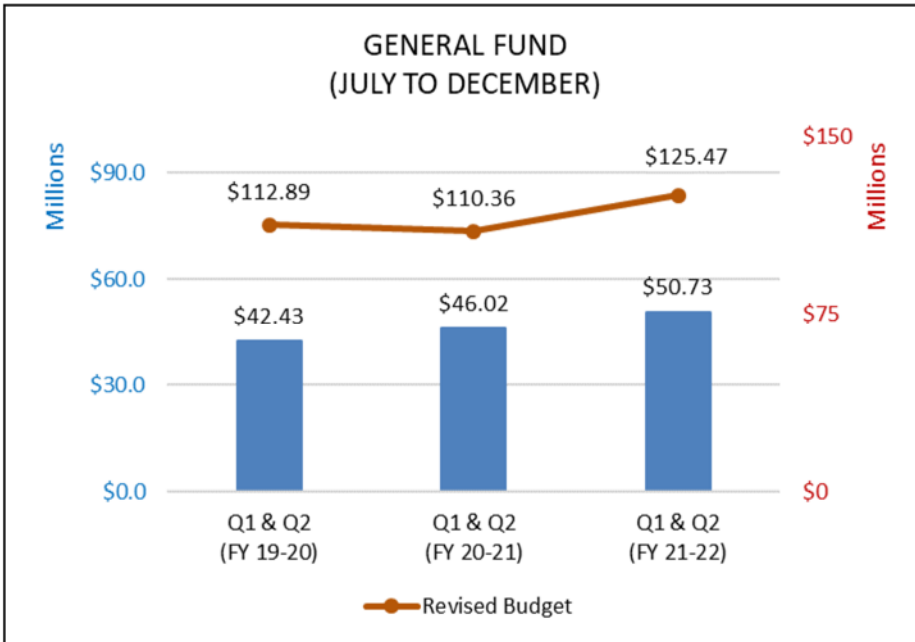


85% of the total General Fund revenue budget is comprised of the following major tax revenue sources (unrestricted revenues):

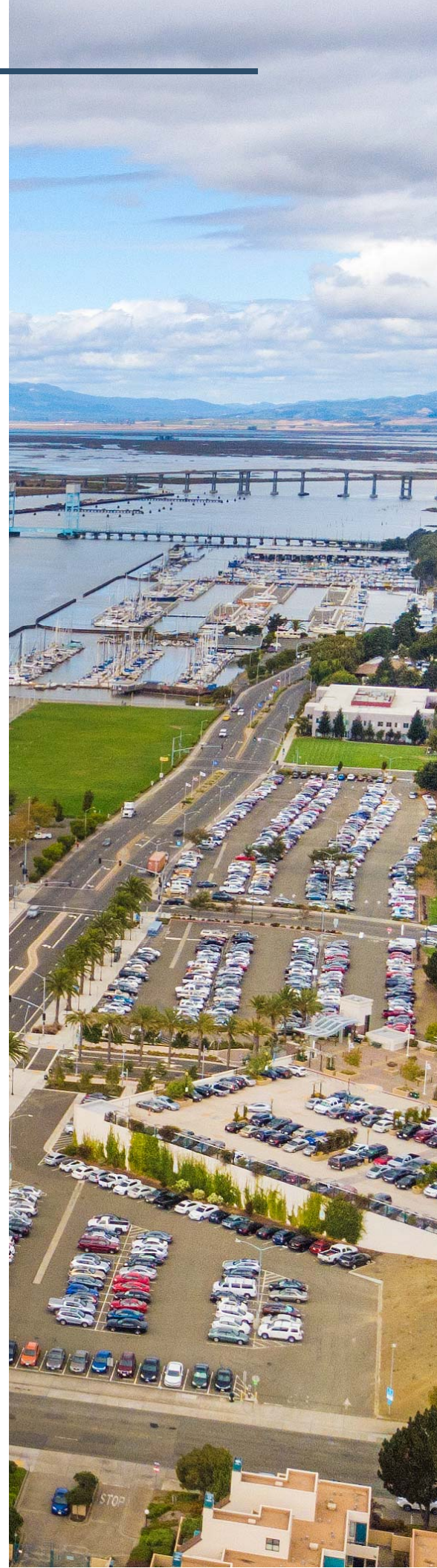
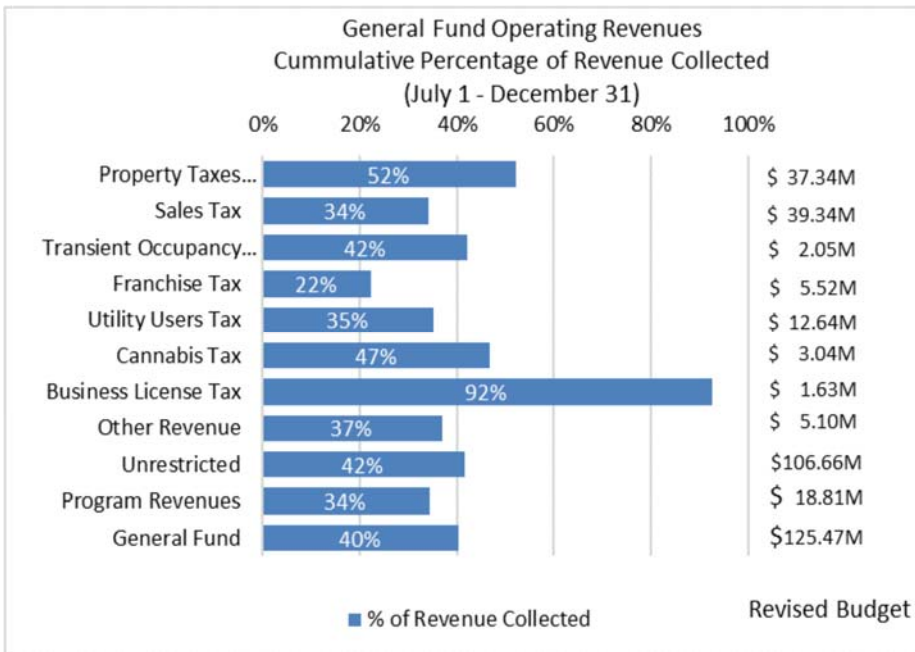
- Sales Tax
- Property Tax
- Franchise Tax
- Utility User Tax
- Other

Where we are  
**TODAY**

Overall, the City’s general fund revenue generated \$50.73M, or 40%, of the revised budget; an increase by \$4.71M, or 10%, compared to Q1 & Q2 (2020-21). The main contributors are property tax and sales tax.



The General Fund revenues has received 40% of the revised budget for 2021-22 fiscal year. Business License Fees are primarily received in the first quarter, and taper off as the year progresses.



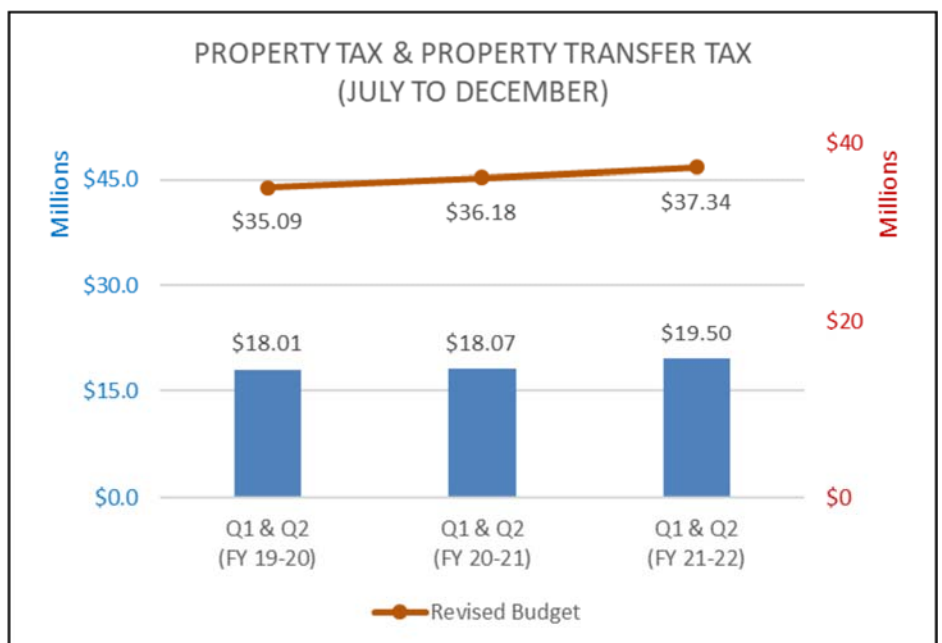
# TAX AND OTHER UNRESTRICTED REVENUE

Sales Tax and Property Tax are the largest individual sources of General Fund revenues, representing a combined 60% of the total. These and other major sources of revenues are described on the following pages.

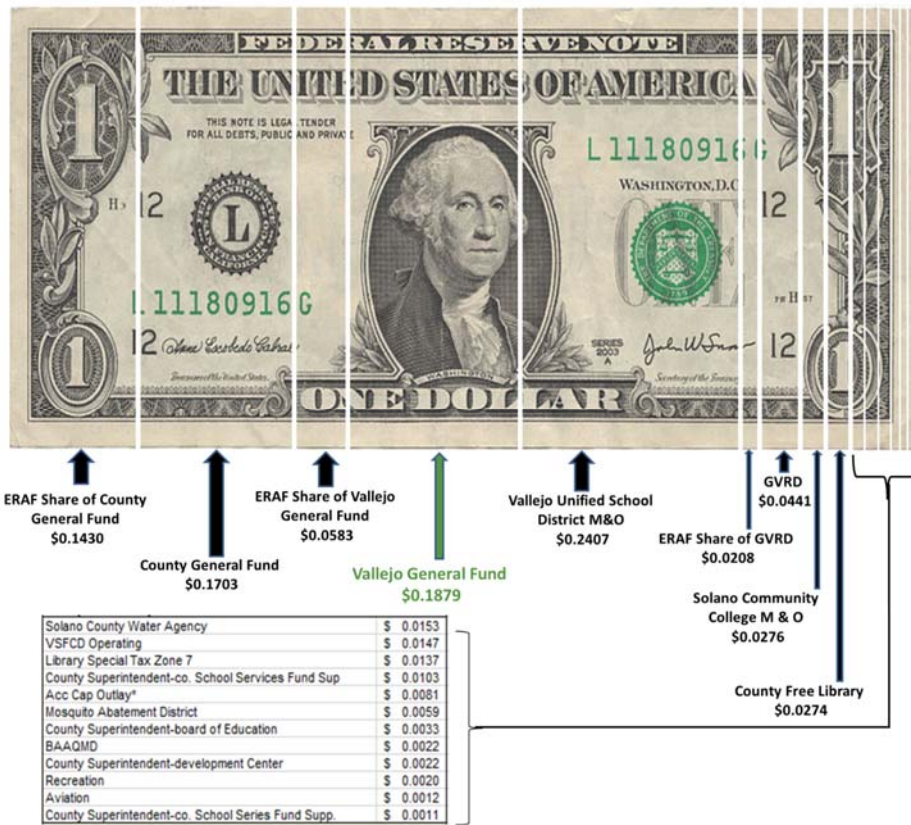
## Property Tax + Property Transfer Tax

Property transfer tax are received monthly and property transfer tax are received in three installments. The first 50% distribution is received in December, second 40% in April and the final 10% in June. Property tax generated \$19.50M, or 52%, of the revised budget; an increase by \$1.43M, or 8%, versus the previous year due to the Prop. 13, 1.036% inflation adjustment, and the rise in property value. Included in the property tax line is Property Taxes in Lieu of VLF (vehicle license fee) in the amount of \$5.98M.

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 Dollar at Work and where it goes...**



**Top 10 Property Owners**

(alphabetical order)

- Centro Watt Property Owner II
- Colony Starwood Homes
- Invitation Homes Inc
- MG Sterling Vill Apartments GWP LP
- Park Management Corporation
- Prime Ascot LP
- Seabridge LLC
- Sundance-Vallejo
- The Nimitz Group
- WRPV IXX BV Vallejo LLC

**Sales Value History by Calendar Year**

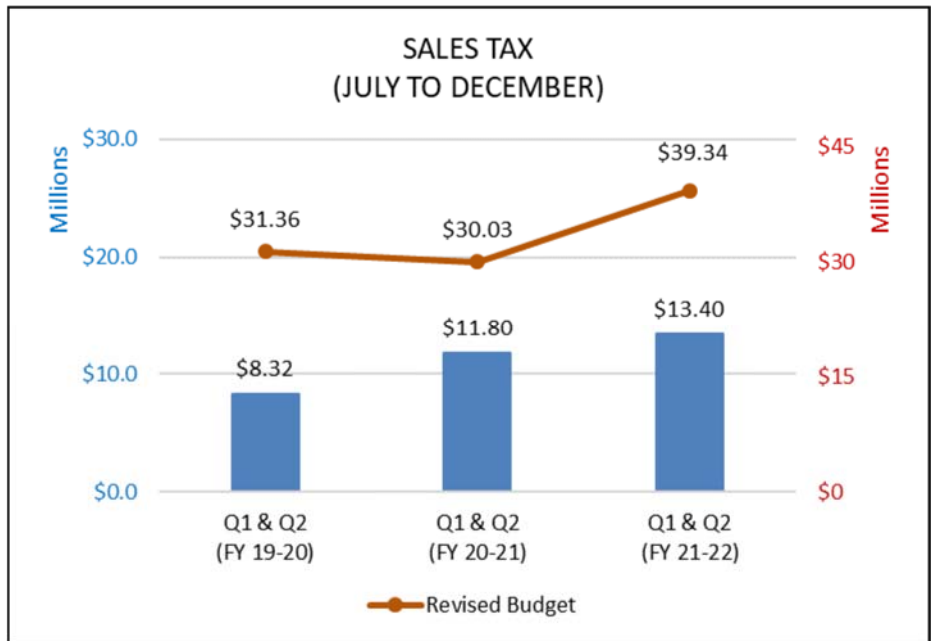
**Detached Single Family Residential Full Value Sales (01/01/2015 - 12/31/2021)**

Year	Full Value Sales	Average Price	Median Price	Median % Change
2015	1,453	\$299,854	\$282,500	
2016	1,617	\$335,192	\$320,000	13.27%
2017	1,513	\$376,894	\$365,000	14.06%
2018	1,344	\$412,965	\$400,000	9.59%
2019	1,306	\$428,442	\$410,000	2.50%
2020	1,189	\$465,311	\$452,500	10.37%
2021	1,462	\$537,543	\$520,000	14.92%

**Sales Tax**

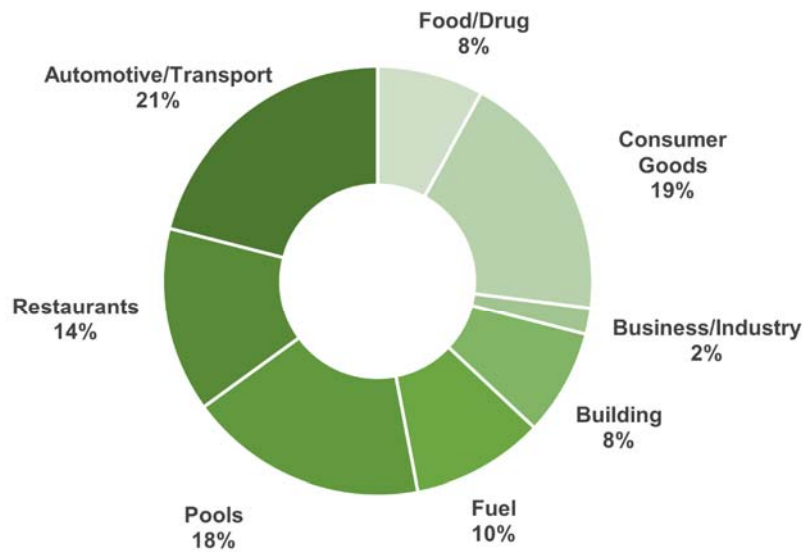
The local economy continues to emerge from COVID-19 challenges and is expected to hold strong through the 2021-22 fiscal year. As the uncertainty of the Omicron variant rises, city staff forecasts slow growth beginning FY 2022-23 and will continue to monitor sales.

Sales tax revenue generated \$13.40M, or 34%, of the revised budget; an increase by \$1.60M, or 14%, versus previous year as a result of many factors. Car sales are up, despite inventory and parts shortages, and local businesses have reopened.



Per our consultant HdL Companies, gas prices and consumption are up as people are traveling the roads for business and pleasure. General consumer goods was aided by greater numbers of shoppers in apparel. California's new online sales tax collection law, [AB 147](#), was also a factor, as it addressed the under collection of sales tax from online purchases.





Revenue by Business Group

**Top 25 Sales Tax Remitters**

(alphabetical order)

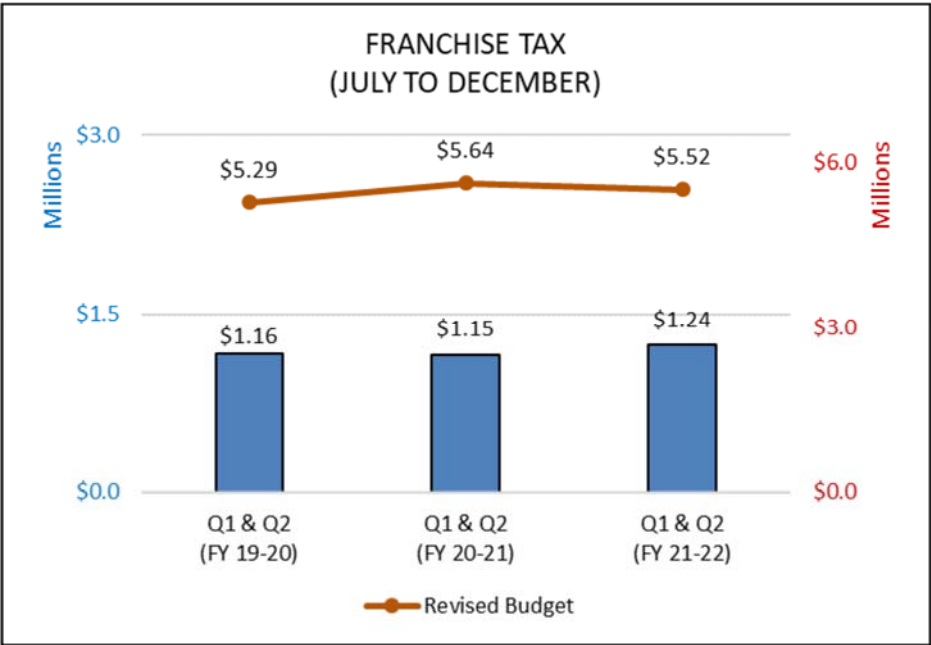
- Arco AM PM
- Au Energy Shell Station
- Autolinx
- Avery Greene Honda
- Best Buy
- Chick Fil A
- Costco
- Foster Lumber Yard
- Home Depot
- Lowe's
- Marshalls
- McDonalds
- Ross
- Safeway
- Safeway Fuel
- Six Flags Discovery Kingdom
- Target
- Team Chevrolet Cadillac Mazda Hyundai
- Tesla Motors
- Texaco Power Market
- Toyota Vallejo
- Tributary Point Arco
- Vallejo Holistic Health Center
- Vallejo Nissan

Businesses Generating Sales Tax				
By Count	FY 18/19	FY 19/20	FY 20/21	FY 21/22
General Consumer Goods	1235	1252	1445	1460
Autos & Transportation	253	259	273	265
Restaurants & Hotels	322	319	362	375
Fuel & Service Stations	44	45	43	43
Building & Construction	58	58	60	62
Food & Drugs	120	114	115	117
Business & Industry	587	654	766	767
Transfers & Unidentified	74	68	64	70
<b>Total Count</b>	<b>2693</b>	<b>2769</b>	<b>3128</b>	<b>3159</b>

**Franchise Tax**

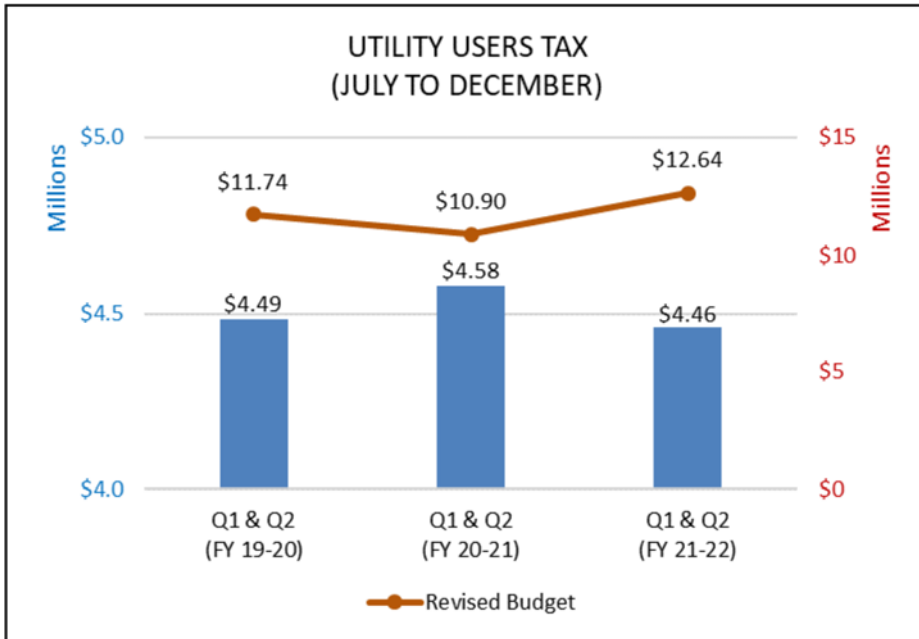
Franchise Tax charges are imposed on cable television, fuel, and garbage services for “rental” of City streets and right-of-way. These taxes are collected by the franchise holders based on revenues, and then remitted to the City. The city generated 1.24M, or 22%, of the revised budget; an increase of \$80,000, or 7%, versus last fiscal year.

Cable and Garbage franchise payments are received on a quarterly basis (October, January, April & June) and Gas & Electric annually. This revenue fluctuates year over year based on customer base expansion, additional services used, consumer rate changes and current contracts in place.



**Utility User Tax**

Utility User Tax generated \$4.46M, or 35%, of the adopted budget; a decrease of \$122,000, or 3%, compared to last fiscal year.



Gas and Electric Utility User Tax revenue decreased by \$41,000 due to a [climate credit](#) issued to customers in October. This credit is intended to mitigate the effects of increased residential electrical bills.

Cable Utility User Tax revenue increased by \$52,829, or 7% compared to the prior fiscal year, however, City staff predicts revenue decreases in the coming years due to subscribers opting for free or reduced rate online streaming platforms over traditional cable service providers.

Telephone Utility User Tax revenue decreased by \$134,000, 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.

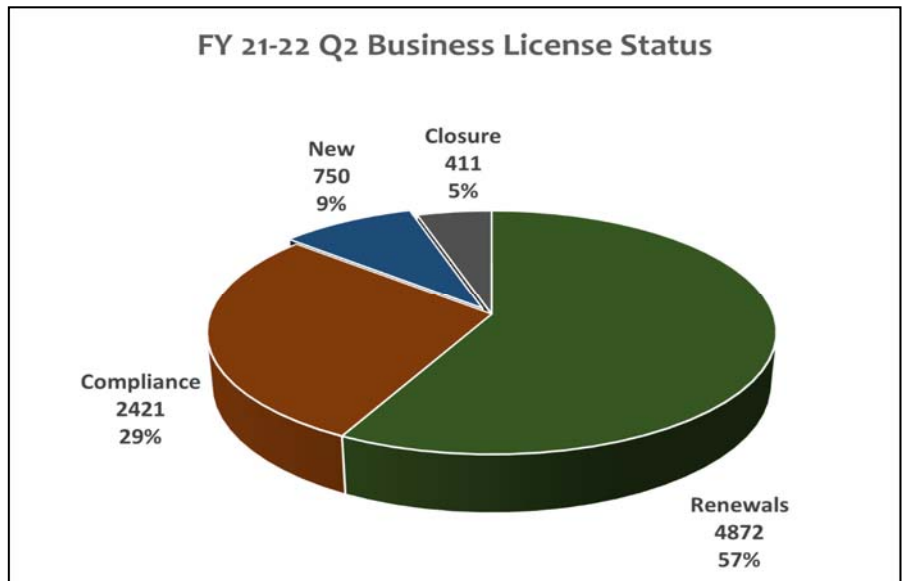
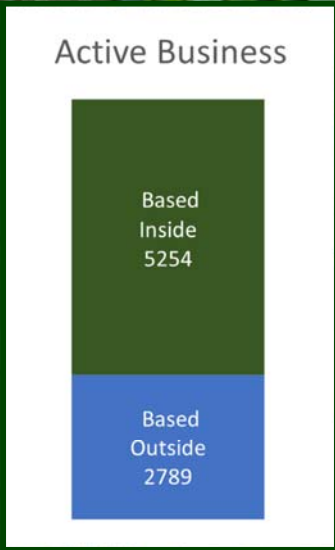


## OTHER REVENUE

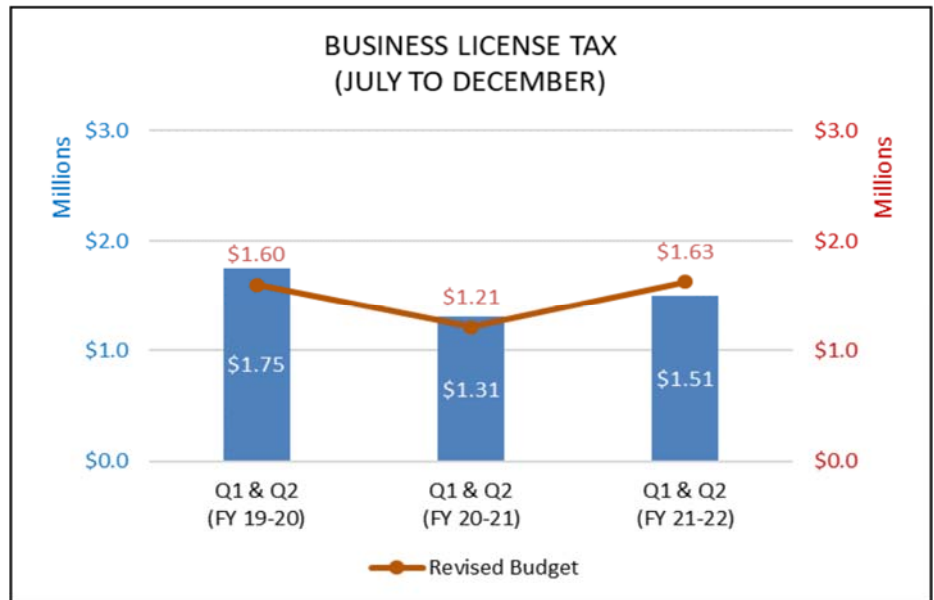
Some additional revenue sources of note are Business License, Cannabis and Transient Occupancy Tax.

### Business License

The city imposes a business license tax for all companies conducting business in City of Vallejo. The majority of this revenue is collected in Q1 and consists primarily of renewals. Revenue collected in quarters 2-4 is generated by new business applicants.

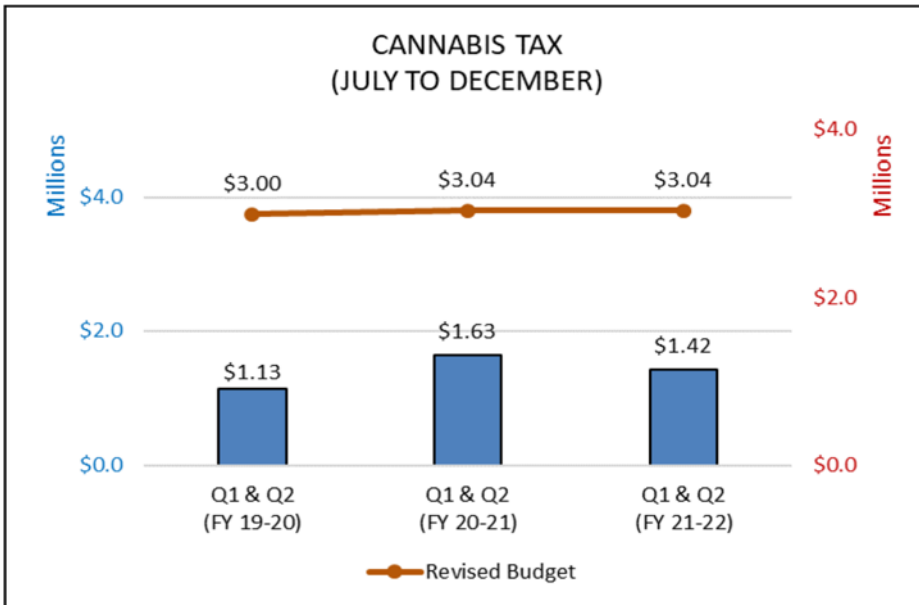


The City received \$1.51M, or 92%, of the revised budget; an increase of \$197,000, or 15%, in business license revenue, versus prior year as a result of compliance collection from our third party vendor.



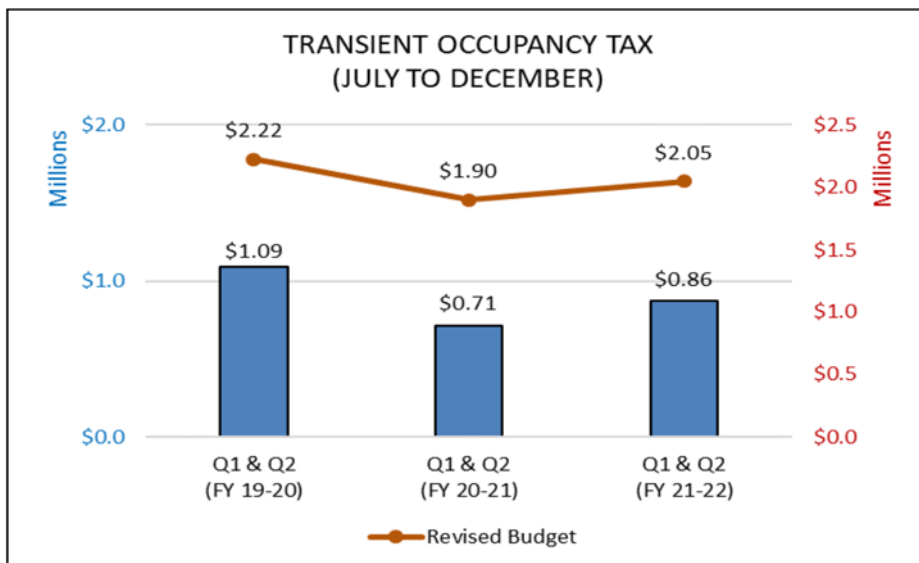
**Cannabis Tax**

Cannabis tax generated \$1.42M, or 47%, of the revised budget; a decrease by \$210,000, or 13%, compared to prior fiscal year as neighboring cities begin to open competing dispensaries.



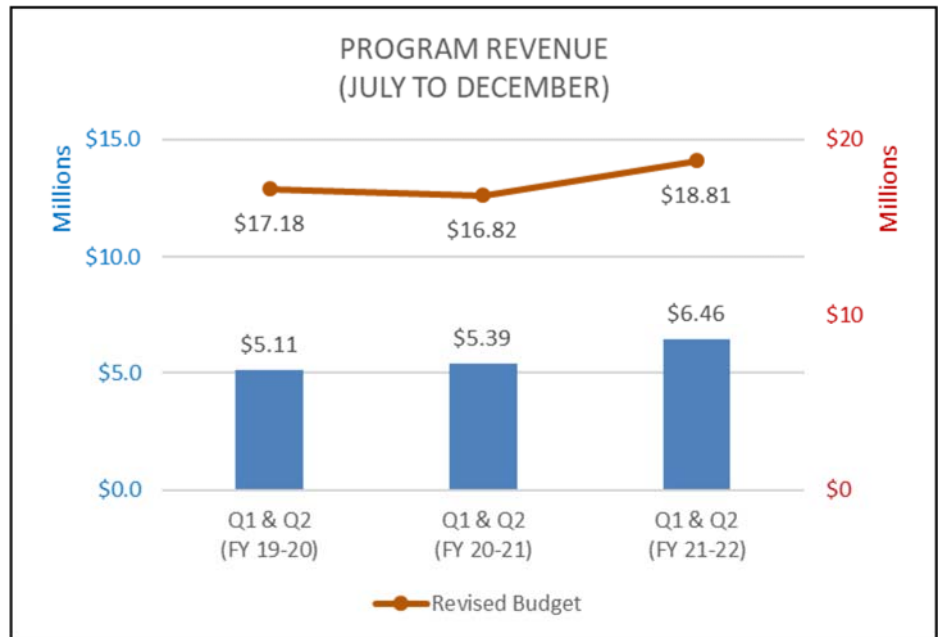
**Transient Occupancy Tax (TOT)**

Transient Occupancy Tax generated \$865,000, or 42%, of the revised budget; an increased by \$156,000, or 22%, compared to fiscal year 20-21. Steady growth is anticipated in FY 21-22 as hotels slowly recover from COVID-19 restrictions. TOT revenue will continue to be closely monitored as many factors contribute to the fluctuations in tourism activity.



# PROGRAM REVENUE

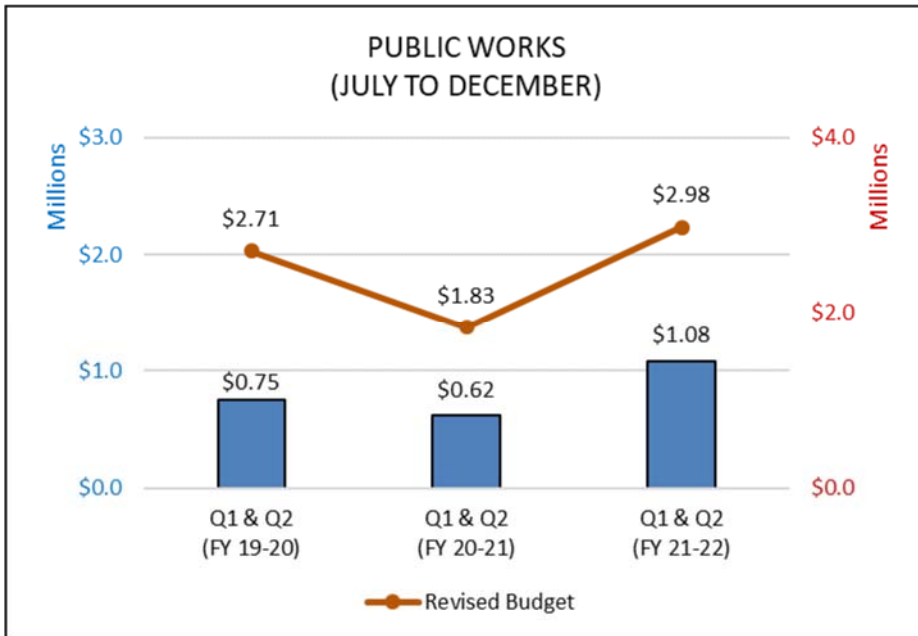
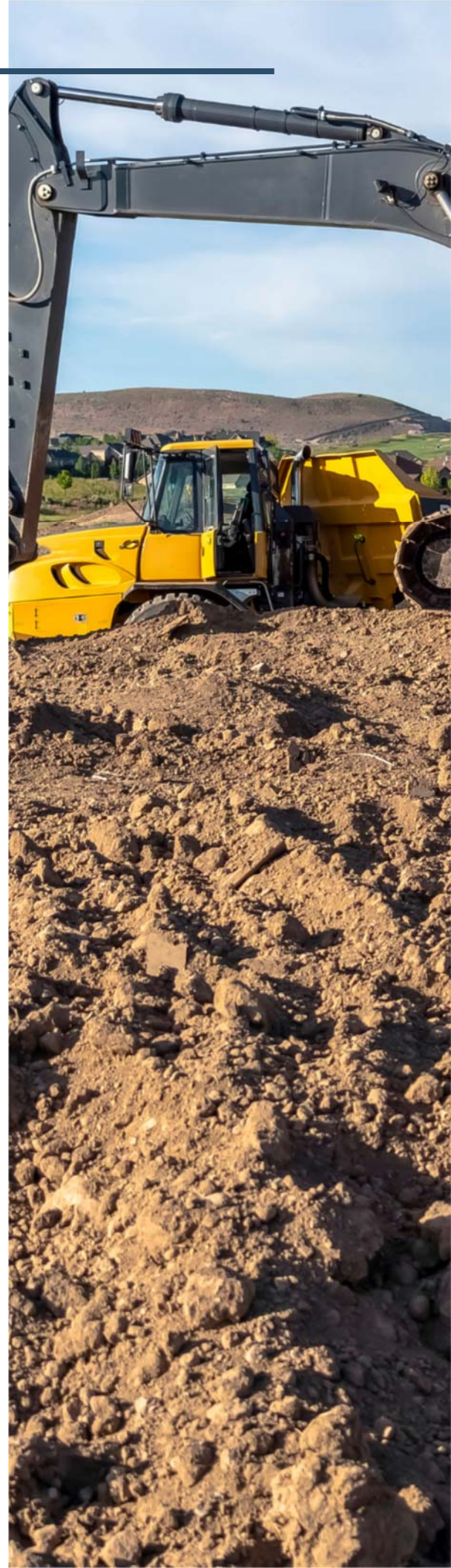
Program revenue is primarily comprised of fees collected by the Police, Fire, Planning & Development Services, and Public Works departments for specific services performed. Departments also apply for, and receive various grants to carry out tasks specific to their needs. The Citizens Option for Public Safety (COPS) grant awarded to the Police Department contributed to the revenue received of \$6.46M, or 34%, of the revised budget; an increase by \$1.08M, or 20%, versus the prior year.



Program revenue of note includes revenue from Public Works and Planning and Development Services described in the 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 mitigation. Engineering fees are charges for plan review and inspection of permitted construction activity, as well as for private development.



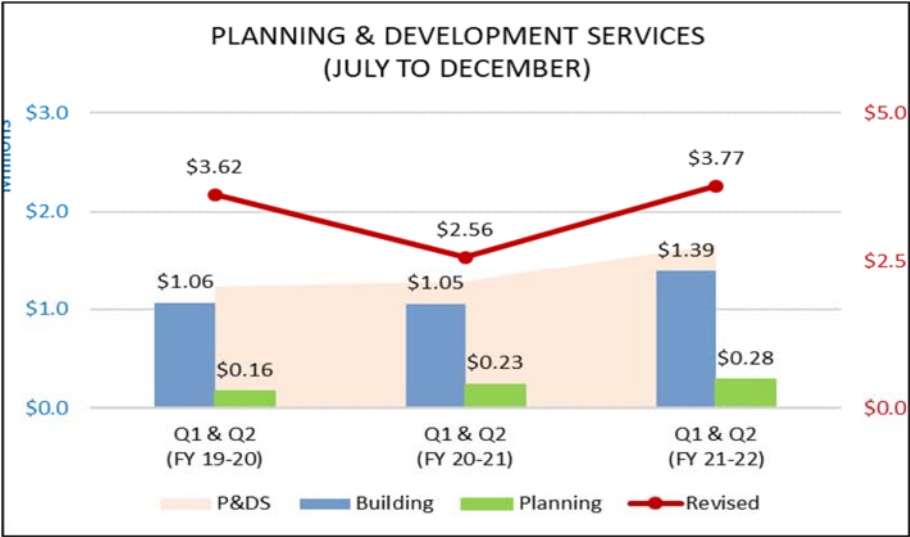
Engineering revenues generated \$1.08M, or 36%, of the revised budget; an increase by \$463,000, or 75%, versus the prior year. The majority of the increase is due to grading and improvement permits for various projects, including Waterstone 2, Sacramento Street PSH-Eden Housing project and dredging at the Ferry Terminal. Many construction projects have resumed as pandemic restrictions have eased and developers are taking advantage of the dry weather.

**Planning & Development Services**

The Planning & Development Services (P&DS) Department consists of Economic Development, Building and Planning Division.

The Building Division receives fees to administer, process, plan check, grant permits, and perform inspections, in order to enforce building codes to preserve and protect the public health and safety.

The Planning Division receives fees to update the General Plan\* which partially offsets the cost of processing planning applications and the cost of guiding development through the Zoning Code, which requires various planning entitlements for development.



P&DS revenue generated \$1.67M, or 44%, versus the revised budget; an increase of \$386,000, or 30%, versus prior year. The timely rate fee increase, start-up of construction on hold from the pandemic and a dedicated building inspector for Building Code Enforcement accounts for the increase in revenue.

The Economic Development Division (EDD) was moved to P&DS this fiscal year. Property taxes from Downtown Improvement District and Tourism Business Improvement District is received by EDD but immediately disbursed back to those districts.

\*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

---

Overall, the City's general fund revenue increased by \$4.71M, or 10%, compared to the previous two quarter but received only 42% of the total projected revenue budgeted this fiscal year. This is primarily due to revenue received with a month delay. The City is trending on par with the adopted budget projections. .

This is a summary of the City's Quarter 1 and 2 revenue from July 1, 2021 through December 31, 2021.

For additional details and questions, please feel free to email City's Finance Department at [finance.dept@cityofvallejo.net](mailto:finance.dept@cityofvallejo.net)





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)