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TO: Mayor & City Council  
FROM: Steven Jepsen, City Manager  
DATE: May 4, 2007  
SUBJ: **City Manager's Weekly Report**

cc: Department Heads  
Timothy Hayes

### **Plumas Street Bid Opening**

- The Plumas Streetscape project bid opening occurred Wednesday. The bids were favorable and should allow award next Tuesday—barring any unforeseen circumstances. The apparent low bidder was McGuire and Hester from Oakland with a bid of \$10.8 million. This bid is approximately \$420,000 below engineering estimates for this work. The City Council will be considering the bid award next Tuesday, along with any options for project enhancements at that time.

### **Impact Fee Ad-Hoc Committee**

- The meeting for Thursday, May 3, was canceled to allow staff more time to respond to comments and develop alternatives. The next meeting is scheduled for Wednesday, May 9<sup>th</sup>, at 2:00 p.m.

### **Human Resources**

- The Human Resources and Information Services Departments held the 6<sup>th</sup> Annual Cinco de Mayo Celebration with a morning brunch for City employees. The two departments prepared authentic dishes ranging from Chile Verde to homemade tortillas. Having the opportunity to experience cultural differences helps promote awareness and a better understanding of our diverse community today. Thank you to everyone who participated in the kitchen and helped make this another successful Cinco de Mayo Celebration!
- Human Resources staff participated in the annual Yuba College Job Fair, on Thursday May 3, 2007. Our staff was successful in promoting the current employment opportunities with over 350 job fair attendees. To date, we have attended three job fairs and have plans to attend four more community events/job fairs to promote the City's employment opportunities. Our current openings can also be found online at [www.yubacity.net](http://www.yubacity.net).

- An updated Employee's Claim for Workers' Compensation Benefits form DCW-1 is available on CityNet. The newest version of the DCW-1 allows for inputting injury/claim information directly onto the form, saving the form, printing the form, and clearing the form. This will be a big help to Managers and Supervisors whose responsibility it is to complete the DCW-1. You will still need to forward it to Human Resources along with the Supervisor's Report and Acknowledgement. The interactive form is located on CityNet on the Human Resources' webpage under Workers' Compensation.

### **Administrative Services**

- Staff received adjusted fourth quarter 2006 sales tax data this week (Oct-Dec period). While actual receipts declined over 8% (as previously reported to the Council in the March 23rd City Manager's weekly report), the adjusted data shows that actual sales were generally flat. The attached report provides additional information regarding anomalies as well as sector specific data. This information is consistent with the Quarterly Financial Report presented to the Council earlier this week and staff continues to project that year-end sales taxes will be \$650,000 below budget projections.

# Q4 2006



# Yuba City Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2006)

## Yuba City In Brief

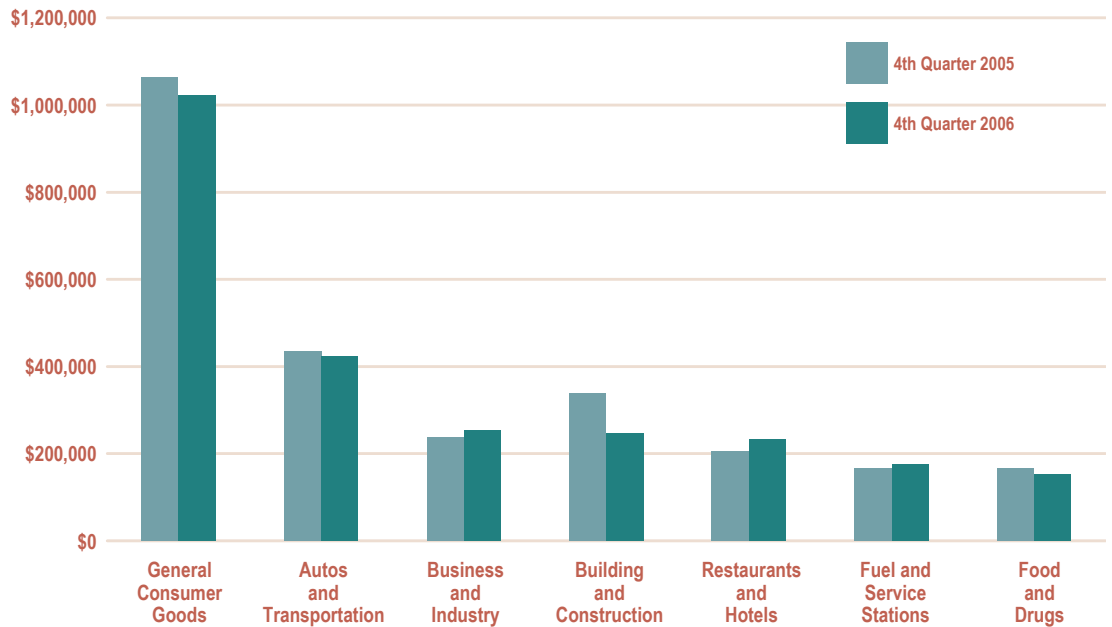
Receipts for sales occurring October to December declined 8.8% compared to a year ago but aberrations skewed results. With anomalies removed, actual sales dipped 0.3%.

A temporary payment deviation exaggerated the loss in lumber/building materials. Receipts declined 12.7% once adjusted for this aberration. Sales activity slowed in the discount department store, new auto, department store and boat/motorcycle categories. The loss in food/drugs was inflated by a onetime correction.

New outlets boosted numerous sectors including service stations, restaurants with no alcohol, family apparel, home furnishings, restaurants with liquor, office supplies/furniture and plumbing/electrical supplies. Sales increased in the heavy industry group.

During the same period, Sutter County as a whole declined 6.2% while the Sacramento region was down 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

AM PM Mini Mart	Quik Stop
Dawson Oil	Sams Club
Dow Lewis Motors	Sears
Gottschalks	Staples
Holt of California	Target
Home Depot	Thats No Bull
JC Penney	Toys R Us
K Mart	Wal Mart
Kohls	Wheeler Chevrolet
Larry Geweke Ford	Cadillac Mazda
Matthews	Jeep
Readymix	Winco Foods
Meeks Building Center	Yuba City Toyota
Orchard Machinery	Lincoln Mercury
Orchard Supply Hardware	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2005-06	2006-07
Point-of-Sale	\$7,887,138	\$7,552,863
County Pool	961,606	733,937
State Pool	11,726	11,085
<b>Gross Receipts</b>	<b>\$8,860,470</b>	<b>\$8,297,885</b>
Less Triple Flip*	\$(2,215,118)	\$(2,074,471)

\*Reimbursed from county compensation fund

**Statewide Sales Flatten**

Fourth quarter sales were unchanged from the same period in 2005 with payment aberrations excluded. This represented the weakest holiday performance since 2001.

As indicated below, the slump impacted all business groups with growth weaker in 2006 than in 2005 in all but Autos & Transportation.

**Fourth Quarter Sales Tax Comparison**

Business Group	Q4 '06	Q4 '05
	v. Q4 '05	v. Q4 '04
Autos & Transportation	0.1%	-3.5%
Building & Construction	-5.7%	15.5%
Business & Industry	-0.5%	4.5%
Food & Drugs	2.9%	5.4%
Fuel & Service Stations	-1.6%	14.1%
General Consumer Goods	1.2%	5.0%
Restaurants & Hotels	4.1%	6.8%
HdL State	0.0%	5.3%

All figures adjusted for economic data.

The lackluster quarter was largely due to a 5.7% drop in Building & Construction receipts. The shift was a reflection of the slowdown in residential construction with the previously highest growth areas (Riverside/San Bernardino, San Joaquin Valley and the Sacramento region) experiencing the severest declines.

The dip in Business & Industry receipts was exaggerated by a \$ 1.9 M refund for taxes paid on financed purchases that later became uncollectible. Over 200 local jurisdictions in California had related negative adjustments to their fourth quarter allocations. Another factor in the decrease was a \$1M delayed return for a large business services outlet.

A temporary drop in the average price of gasoline and diesel fuel led to a 1.6% decline in receipts from Fuel & Service Stations. Pump prices have since rebounded significantly.

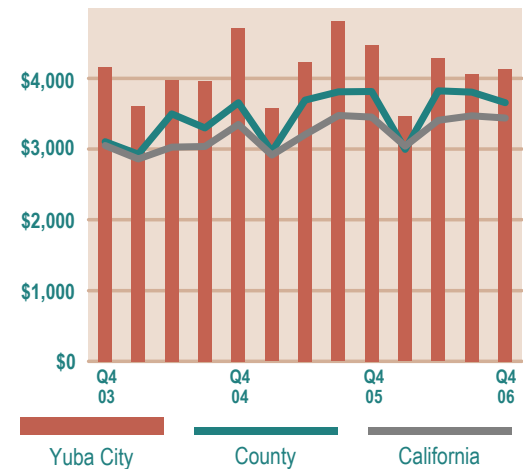
Revenues from restaurants & hotels, the quarter's bright spot, were up in nearly all areas of the state with the Bay Area and the Central Coast regions feasting best.

General Consumer Goods sales exceeded last year's by just 1.2% after a 5% gain the year before. One likely factor: an upsurge in gift card use. Since gift card sales are not taxed until the card is redeemed, more holiday related receipts are being delayed to the following quarter. Reports are that the dollar value of gift cards was up 35% compared to 2005 resulting in a surge in January 2007 sales that was 10.5% above the prior year.

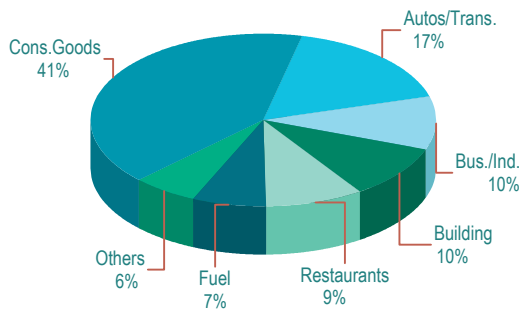
Fourth quarter Autos & Transportation results were virtually unchanged, an improvement from last year's 3.5% decline. Foreign brands continued to outperform domestics.

Economists are expressing concern about the impact of volatile energy prices, cutbacks in capital investment, and sub-prime lending on sales revenues through the remainder of calendar year 2007. However, the current consensus overall, is that statewide growth will be weaker than recent years but actual declines are not expected.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Yuba City This Quarter



**YUBA CITY TOP 15 BUSINESS TYPES**

Business Type	Yuba City		County	HdL State
	Q4 '06*	Change	Change	Change
Discount Dept Stores	\$452.8	-13.3%	-13.3%	4.9%
New Motor Vehicle Dealers	271.7	-1.5%	0.7%	0.9%
Service Stations	139.4	11.7%	42.4%	2.9%
Department Stores	137.9	-9.4%	-9.4%	-3.3%
Restaurants No Alcohol	133.7	16.9%	16.3%	4.0%
Contractors	95.1	2.3%	-7.7%	5.0%
Family Apparel	94.5	89.4%	87.6%	9.4%
Farm/Construction Equip.	88.9	-4.5%	11.3%	1.5%
Lumber/Building Materials	88.7	-53.1%	-47.0%	-31.8%
Grocery Stores Liquor	87.4	-4.0%	1.5%	2.7%
Specialty Stores	87.2	2.0%	4.7%	1.2%
Home Furnishings	72.2	3.3%	2.0%	-2.0%
Restaurants Liquor	51.7	26.4%	23.8%	11.1%
Heavy Industrial	47.8	48.8%	36.5%	4.1%
Restaurants Beer And Wine	45.2	-8.0%	-7.4%	4.4%
<b>Total All Accounts</b>	<b>\$2,503.2</b>	<b>-4.2%</b>	<b>-1.5%</b>	<b>0.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>234.5</b>	<b>-39.9%</b>		
<b>Gross Receipts</b>	<b>\$2,737.7</b>	<b>-8.8%</b>		<i>*In thousands</i>