




COMMITTEE TRANSMITTAL

November 14, 2016

To: Members of the Board of Directors
From:  Laurena Weinert, Clerk of the Board
Subject: Measure M2 Sales Tax Forecast

Finance and Administration Committee Meeting of November 9, 2016

Present: Directors Hennessey, Jones, Katapodis, Miller, Pulido, Spitzer,
and Steel
Absent: Director Do

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Receive and file as an information item.



ORANGE COUNTY TRANSPORTATION AUTHORITY

Measure M2 Sales Tax Forecast

Staff Report



November 9, 2016

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Measure M2 Sales Tax Forecast

Overview

The Orange County Transportation Authority contracts with MuniServices, LLC and three universities to forecast Measure M2 taxable sales. MuniServices, LLC and the three universities have provided updated forecasts, and staff has incorporated the new information into the annual update for the long-range forecast of Measure M2 taxable sales.

Recommendation

Receive and file as an information item.

Background

In 2005, the Orange County Transportation Authority (OCTA) Board of Directors (Board) directed staff to forecast taxable sales in Orange County by averaging forecasted growth rates from three universities; Chapman University, University of California, Los Angeles, and California State University, Fullerton. On March 28, 2016, the Board directed staff to modify the forecasting methodology to utilize forecasted taxable sales growth rates from MuniServices, LLC (MuniServices) for the first five years of the forecast period, and an average of the three universities for the remaining years. In addition, OCTA has received final sales tax receipts for fiscal year (FY) 2016.

Discussion

OCTA has received updated taxable sales forecasts from MuniServices and the three universities. The MuniServices forecast includes five fiscal years from FY 2017 through FY 2021. The average annual taxable sales growth rate over that period based on MuniServices forecast is 3.6 percent. The three university average annual growth rate for the remaining years (FY 2022 through FY 2041) is 4.1 percent. The average annual growth rate over the entire forecast period

is 4 percent. Based on the updated taxable sales forecasts it is anticipated that total taxable sales available to support the Measure M2 (M2) Program will be 14.2 billion over the 30-year period.

The forecasted amount of sales tax of \$14.2 billion represents a \$1.4 billion (9 percent) decrease in forecasted taxable sales when compared to the FY 2015 forecast. The decrease is based on a combination of factors including, implementation of the new sales tax forecasting methodology, less than forecasted sales tax receipts in FY 2016, and reductions in the average long-term growth rates from the three university forecasts. Staff has incorporated the impacts of the decrease in revenue into the M2020 Update and Next 10 Plan, scheduled for Board presentation in November.

Summary

OCTA has received updated taxable sales forecasts from MuniServices and the three universities. Based on the implementation of the new sales tax forecasting methodology, less than forecasted sales tax receipts in FY 2016, and lower long-term average growth rates from the three university forecasts, it is anticipated that total taxable sales available for the M2 Program will be 14.2 billion. This represents a year-over-year decrease of \$1.4 billion (9 percent) in forecasted taxable sales when compared to last year's forecast. Staff has incorporated the impacts of the decrease in revenue into the M2020 Update and Next 10 Plan, scheduled for Board presentation in November.

Attachment

- A. Orange County Transportation Authority M2 Sales Tax Revenue Forecast - 2016

Prepared by:



Sean Murdock
Director,
Finance and Administration
714-560-5685

Approved by:



Andrew Oftelie
Executive Director,
Finance and Administration
714-560-5649



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ORANGE COUNTY TRANSPORTATION AUTHORITY

Measure M2 Sales Tax Forecast

Attachment A



Orange County Transportation Authority
M2 Sales Tax Revenue Forecast - 2016

Fiscal Year	Chapman Forecast	Growth Rate	UCLA Forecast	Growth Rate	CSUF Forecast	Growth Rate	MuniServices Forecast	Growth Rate	Board Approved Forecast	Blended Growth Rate
2010-11 **	61,756,868	*	61,756,868	*	61,756,868	*	61,756,868	*	61,756,868	*
2011-12	250,892,931	*	250,892,931	*	250,892,931	*	250,892,931	*	250,892,931	*
2012-13	266,384,076	*	266,384,076	*	266,384,076	*	266,384,076	*	266,384,076	*
2013-14	279,599,946	*	279,599,946	*	279,599,946	*	279,599,946	*	279,599,946	*
2014-15	291,615,675	*	291,615,675	*	291,615,675	*	291,615,675	*	291,615,675	*
2015-16	300,944,523	*	300,944,523	*	300,944,523	*	300,944,523	*	300,944,523	*
2016-17	317,427,924	4.53%	324,844,738	4.40%	329,144,718	6.55%	311,778,526	3.60%	311,778,526	3.60%
2017-18	331,281,368	4.36%	340,744,801	4.89%	349,877,516	6.30%	322,067,217	3.30%	322,067,217	3.30%
2018-19	345,379,796	4.26%	353,009,592	3.60%	369,130,659	5.50%	333,017,503	3.40%	333,017,503	3.40%
2019-20	359,732,826	4.16%	365,993,501	3.68%	387,574,204	5.00%	345,339,150	3.70%	345,339,150	3.70%
2020-21	374,104,807	4.00%	380,102,010	3.85%	404,702,114	4.42%	359,152,716	4.00%	359,152,716	4.00%
2021-22	388,682,544	3.90%	395,217,273	3.98%	422,497,715	4.40%	373,842,711	4.09%	373,842,711	4.09%
2022-23	402,732,838	3.61%	411,361,519	4.08%	441,226,180	4.43%	388,961,597	4.04%	388,961,597	4.04%
2023-24	417,114,389	3.57%	428,602,952	4.19%	460,901,675	4.46%	404,807,343	4.07%	404,807,343	4.07%
2024-25	431,855,623	3.53%	447,017,887	4.30%	480,954,475	4.35%	421,244,379	4.06%	421,244,379	4.06%
2025-26	446,917,218	3.49%	462,645,043	3.50%	502,378,243	4.45%	437,304,941	3.81%	437,304,941	3.81%
2026-27	462,252,271	3.43%	481,033,816	3.97%	524,520,793	4.41%	454,525,348	3.94%	454,525,348	3.94%
2027-28	477,972,258	3.40%	504,969,316	4.98%	546,248,479	4.14%	473,492,648	4.17%	473,492,648	4.17%
2028-29	494,160,374	3.39%	530,600,190	5.08%	570,485,766	4.44%	493,852,208	4.30%	493,852,208	4.30%
2029-30	510,838,838	3.38%	558,682,047	5.29%	596,135,457	4.50%	515,521,942	4.39%	515,521,942	4.39%
2030-31	527,992,016	3.36%	589,831,405	5.58%	622,395,027	4.40%	538,442,596	4.45%	538,442,596	4.45%
2031-32	545,627,014	3.34%	617,266,447	4.65%	648,861,744	4.25%	560,417,780	4.08%	560,417,780	4.08%
2032-33	563,792,630	3.33%	645,478,910	4.57%	676,139,591	4.20%	583,028,419	4.03%	583,028,419	4.03%
2033-34	582,513,026	3.32%	674,980,836	4.57%	705,539,974	4.35%	606,814,539	4.08%	606,814,539	4.08%
2034-35	601,790,097	3.31%	705,831,163	4.57%	736,901,431	4.45%	631,744,245	4.11%	631,744,245	4.11%
2035-36	621,617,685	3.29%	738,091,518	4.57%	769,124,200	4.37%	657,515,313	4.08%	657,515,313	4.08%
2036-37	642,010,002	3.28%	771,826,349	4.57%	801,202,663	4.17%	683,863,815	4.01%	683,863,815	4.01%
2037-38	662,621,199	3.21%	807,103,046	4.57%	834,692,558	4.18%	711,129,279	3.99%	711,129,279	3.99%
2038-39	683,414,795	3.14%	843,992,082	4.57%	869,292,880	4.15%	739,228,149	3.95%	739,228,149	3.95%
2039-40	704,756,066	3.12%	882,567,149	4.57%	904,952,155	4.10%	768,293,098	3.93%	768,293,098	3.93%
2040-41 **	544,968,479	3.10%	692,178,982	4.57%	705,451,447	3.94%	598,525,210	3.87%	598,525,210	3.87%
Total	\$ 13,892,750,101	3.55%	\$ 15,405,166,590	4.45%	\$ 16,111,525,684	4.56%	\$ 14,165,104,693	3.60%	\$ 14,165,104,693	3.98%

* Fiscal years 2011 through 2016 represent actual sales tax receipts. Forecasted revenue figures in nominal dollars.

** Fiscal year 2011 includes sales tax receipts for one quarter and fiscal year 2041 represents forecasted sales tax receipts for three quarters.



ORANGE COUNTY TRANSPORTATION AUTHORITY

Measure M2 Sales Tax Forecast

Attachment A



Orange County Transportation Authority
M2 Sales Tax Revenue Forecast - 2016

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