



City Manager's Report
August 28, 2018, City Council Meeting
Prepared by: Dave Warren, Director of Finance
Item #: 8.6

Subject: Acknowledge and file the Measure J Fund financial report for the quarter ended March 31, 2018.

Purpose:

Provide the City Council with a quarterly financial status update on the Measure J Fund in accordance with Ordinance No. 1548.

Background:

In November 1998, Placerville voters approved Measure J which is a 0.25% add-on sales tax in addition to the 7.25% Bradley-Burns sales tax. The use of Measure J revenue is restricted to "Peace Officer Safety Services" such as the augmentation of base wages, any resulting increase in the cost of fringe benefits, and additional Police Officer programs that exceed the Fiscal Year 1997/1998 level. Section 6.A of City Ordinance number 1548 states, "Commencing the first Wednesday in November 1998, and then continuing every three months thereafter, a report detailing the use of all funds collected pursuant to this Ordinance shall be presented for review to the City Council." Accordingly, staff has prepared a financial report that encompasses the period from of July 1, 2017 to March 31, 2018, for the Council's review tonight.

Analysis:

Between July 1, 2016 to March 31, 2017, the City received \$777,770 in Measure J sales tax revenues. From July 1, 2017 to March 31, 2018, the City received \$785,497 which was \$7,727 or 0.99% more than what the City received during the same period last fiscal year. The 0.99% increase is a sign of a softening local economy during the past nine months. Measure J dollars are invested in the Local Agency Investment Fund or LAIF. As of March 31, 2018, Measure J dollars earned a 1.51% rate of return.

Currently, Measure J revenues are being used to primarily elevate sworn officer salaries to a more competitive level. For example, nineteen full-time sworn officer positions are partially funded by Measure J including twelve Police Officers, four Sergeants, two Commanders, and the Chief of Police. Three part-time Reserve Officer positions are partially funded by the Measure J Fund. The Canine officer stipend and veterinary and training costs for the canine have historically been paid for by Measure J as well.

For the period of July 1, 2017 to March 31, 2018, Measure J operating expenditures totaled \$857,497 or \$71,119 more than operating revenues. The \$71,119 deficit is due to the growth in personnel costs exceeding growth in revenues. The Operating Account had an ending balance of \$133,555, and the Reserves and Set-Asides Account had an ending balance of \$0 as of March 31,

2018. Attached are the revenue and expenditure reports for both the Operating Account and Reserves and Set-Asides account.

Staff is cautiously optimistic the Measure J Fund will continue to operate within its means through June 30, 2018, based on the State Board of Equalization's latest statewide sales tax forecasts and local trends overall. The City secured a \$125,000 2014 CHP COPS Grant for a Restorative Policing Program and funding from the El Dorado Union High School District to provide a part-time School Resource Officer assignment at El Dorado High School. These factors will help the City avoid having to dip into other reserves through June 30, 2018.

Options:

1. Acknowledge and file the report.
2. Do nothing.

Cost:

This is an informational item only, and there are no costs associated with the recommended action.

Budget Impact:

There are no budget impacts associated with the recommended action.

Recommendation:

Acknowledge and file the Measure J Fund quarterly financial report for the period ended March 31, 2018.



M. Cleve Morris, City Manager



Dave Warren, Director of Finance

City of Placerville
Public Safety Augmentation (Measure J) Fund
Accounting of Revenues and Expenditures
Operating Account - Cash Basis
For all Measurable Transactions through March 31, 2018

Revenues:

Sales Tax	\$ 785,497
Interest	881
Other	-
Total Revenues	<u>786,378</u>

Expenditures:

Personnel	845,627
Materials and Services	4,015
1% Administrative Charge	7,855
Total Expenditures	<u>857,497</u>

Excess of revenues over (under) expenditures	<u>(71,119)</u>
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Other Financing Sources (Uses):

Transfers in	-
Transfers out	-
Total Other Financing Sources (Uses)	<u>-</u>

Excess of revenues and other financing sources over (under) expenditures and other financing uses	(71,119)
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Fund Balances:

Beginning	<u>\$ 204,674</u>
Ending	<u>\$ 133,555</u>

City of Placerville
Public Safety Augmentation (Measure J) Fund
Accounting of Revenues and Expenditures
Reserves and Set-Asides - Cash Basis
For all Measurable Transactions through March 31, 2018

Revenues:

Interest	\$ -
Total Revenues	<u>-</u>

Expenditures:

-

Other Financing Sources (Uses):

Transfer in 10% Reserve	-
Transfer in New Hire Set-Asides	-
Transfer in 4% PERS Reserve	-
Transfer Out to Operating Account	-
Total Other Financing Sources (Uses)	<u>-</u>

Excess of revenues and other financing sources over
(under) expenditures and other financing uses

-

Reserve Balance:

Beginning	<u>-</u>
Ending	<u><u>\$ -</u></u>

Components of Ending Reserve Balance

10% Cash Reserve	\$ -
New Hire Set Aside Reserve	-
4% PERS Reserve	-
Total Reserves	<u><u>\$ -</u></u>