



**City Manager's Report**  
**November 27, 2018, City Council Meeting**  
**Prepared by: Dave Warren, Director of Finance**  
**Item #: 12.5**

**Subject:** Acknowledge and file the Measure J Fund financial report for the quarter ended September 30, 2018.

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**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 to September 30, 2018, for the Council's review tonight.

**Analysis:**

Between July 1 to September 30, 2017, the City received \$260,323 in Measure J sales tax revenues. From July 1 to September 30, 2018, the City received \$253,360 which was \$6,963 or 2.68% less than what the City received during the same period last fiscal year. The 2.68% decrease is primarily attributable to four of the City's larger sales tax generating businesses reporting their sales tax returns late for the quarter ended June 30, 2018. The reporting delay was partially due to issues associated with a software conversion that occurred this past August at the State Department of Tax and Fee Administration. We anticipate receiving those revenues later this year. Measure J dollars are invested in the Local Agency Investment Fund or LAIF. As of September 30, 2018, Measure J dollars earned a 2.16% 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, food, veterinary services, and training costs for the canine have historically been paid for by Measure J as well.

For the period of July 1 to September 30, 2018, Measure J operating expenditures totaled \$345,206 or \$91,750 more than operating revenues. The \$91,750 deficit is primarily due to the

growth in personnel costs exceeding growth in revenues. The Operating Account had an ending balance of \$41,487, and the Reserves and Set-Asides Account had an ending balance of \$0 as of September 30, 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, 2019, 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 and the Placerville Union 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, 2019.

**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 September 30, 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 September 30, 2018**

**Revenues:**

Sales Tax	\$ 253,360
Interest	96
Other	-
Total Revenues	<u>253,456</u>

**Expenditures:**

Personnel	339,794
Materials and Services	2,878
1% Administrative Charge	2,534
Total Expenditures	<u>345,206</u>

Excess of revenues over (under) expenditures	<u>(91,750)</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	(91,750)
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**Fund Balances:**

Beginning	<u>\$ 133,237</u>
Ending	<u><u>\$ 41,487</u></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 September 30, 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>