

"Placerville, a Unique Historical Past Forging into a Golden Future "



City Manager's Report
February 11, 2014, City Council Meeting
Prepared by: Dave Warren, Director of Finance
Item #: 8.6

Subject: Acknowledge and file the Measure J financial report for the quarter ended December 31, 2013.

Background:

In November 1998, Placerville voters approved Measure J which is a 0.25% add-on sales tax in addition to the 7.50% 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 of July 1 to December 31, 2013, for the Council's review tonight.

Analysis:

Between July 1 and December 31, 2012, the City received \$458,771 in Measure J sales tax revenues. From July 1 to December 31, 2013, the City received \$488,131 which was \$29,360 or 6.40% more than what the City received during the same period last fiscal year. The \$29,360 increase is a further indication the local economy has continued to recover from the Great Recession. Measure J dollars are invested in the Local Agency Investment Fund or LAIF. As of September 30, 2013, Measure J dollars earned a 0.26% rate of return.

Currently, Measure J revenues are being used to primarily elevate sworn officer salaries to a more competitive level. For example, seventeen full-time sworn officer positions are partially funded by Measure J including eleven Police Officers, four Sergeants, one Lieutenant, and the Chief of Police. The Canine officer stipend and veterinary costs for "Sem" have historically been paid for by Measure J as well.

For the period of July 1 to December 31, 2013, Measure J operating expenditures totaled \$395,878 or \$97,289 less than operating revenues. The \$97,289 surplus is primarily due to the receipt of a \$5,000 K-9 Grant, greater than forecasted growth in Measure J sales tax revenues, and cost savings from two vacant Police Officer positions. The Operating Account had an ending balance of \$144,398 and the Reserves and Set-Asides Account had an ending balance of \$0 as of December 31, 2013. Attached are the revenue and expenditure reports for both the Operating Account and Reserves and Set-Asides account.

It's important to note that the City Council approved an inter-fund loan from the Reserve for Economic Uncertainties to the Measure J Fund at its regularly scheduled meeting held on October 25, 2011, to ensure the Measure J Fund was able to meet its cash flow obligations during Fiscal 2011/2012. The \$137,318 inter-fund loan is due and payable at a later date. The City and the

Placerville Police Officers Association reached a tentative agreement last June that includes \$18,000 in planned payments from the Measure J Fund toward the inter-fund loan Between July 1, 2013 and June 30, 2015.

Staff is cautiously optimistic Measure J revenues will continue to grow at a modest rate through Fiscal Year 2013/2014 based on the State Board of Equalization's latest statewide sales tax forecasts and local trends. It's important to note that the PPOA agreed to continue a 5% salary reduction and implement new employee benefit concessions in order for the City to balance the Fiscal Year 2013/2014 Measure J Fund Budget. Additionally, the City was awarded a 2012 COPS CHP Grant, which will pay 75% of the cost of a Police Officer position for three years. All these measures will help the City avoid having to dip into reserves to maintain a balanced Measure J Fund Budget through June 30, 2014.

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 quarterly financial report for the period ended December 31, 2013.


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 December 31, 2013

Revenues:

Sales Tax	\$ 488,131
Interest	36
Other	5,000
Total Revenues	493,167

Expenditures:

Payroll	389,135
Materials and Services	1,862
1% Administrative Charge	4,881
Total Expenditures	395,878

Excess of revenues over (under) expenditures	97,289
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Other Financing Sources (Uses):

Transfers in	-
Transfers out	-
Total Other Financing Sources (Uses)	-

Excess of revenues and other financing sources over (under) expenditures and other financing uses	97,289
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Fund Balances:

Beginning	\$ 47,109
Ending	\$ 144,398

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 December 31, 2013

Revenues:

Interest	\$ -
Total Revenues	-

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)	-

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

-

Reserve Balance:

Beginning	-
Ending	\$ -

Components of Ending Reserve Balance

10% Cash Reserve	\$ -
New Hire Set Aside Reserve	-
4% PERS Reserve	-
Total Reserves	\$ -