

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



**City Manager's Report**  
**May 26, 2015, City Council Meeting**  
**Prepared by: Dave Warren, Director of Finance**  
**Item #: 8.4**

**Subject:** Acknowledge and file the Measure J financial report for the quarter ended December 31, 2014.

### **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, 2014, for the Council's review tonight.

### **Analysis:**

Between July 1 and December 31, 2013, the City received \$488,131 in Measure J sales tax revenues. From July 1 to December 31, 2014, the City received \$493,472 which was \$5,341 or 1.09% more than what the City received during the same period last fiscal year. The \$5,341 nominal increase is another indication the local economy may have cooled down from a relatively warm recovering from the Great Recession. Measure J dollars are invested in the Local Agency Investment Fund or LAIF. As of December 31, 2014, Measure J dollars earned a 0.25% 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. 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, 2014, Measure J operating expenditures and net transfers out totaled \$409,039 or \$84,542 less than operating revenues. The \$84,542 surplus is primarily due to cost savings from two vacant Police Officer positions. The Operating Account had an ending balance of \$319,229 and the Reserves and Set-Asides Account had an ending balance of \$0 as of December 31, 2014. 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 a \$137,318 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 Measure J Fund made an initial \$8,000 payment towards the inter-fund loan in Fiscal Year 2013/2014. A \$10,000 payment is planned to be made by the end of Fiscal Year

2014/2015. The remaining \$119,318 balance is planned to be paid off between Fiscal Years 2015/2016 and 2016/2017.

Staff is cautiously optimistic Measure J revenues will continue to grow at a modest rate through June 30, 2015, based on the State Board of Equalization's latest statewide sales tax forecasts and local trends overall. The City was awarded a 2012 COPS CHP Grant, which will pay 75% of the cost of a Police Officer position for a three year period. Additionally, the City secured funding from the Placerville Union School District and the El Dorado Union High School District to provide part-time School Resource Officer assignments at Schnell Elementary School, Sierra Elementary School, Markham Junior High School, and El Dorado High School for an eighteen month period. All these measures will help the City avoid having to dip into reserves to maintain a balanced Measure J Fund Budget through June 30, 2015.

**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, 2014.

  
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M. Cleve Morris, City Manager

  
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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, 2014

**Revenues:**

Sales Tax	\$ 493,472
Interest	109
Other	-
Total Revenues	493,581

**Expenditures:**

Payroll	396,249
Materials and Services	7,855
1% Administrative Charge	4,935
Total Expenditures	409,039

Excess of revenues over (under) expenditures	84,542
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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	84,542
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**Fund Balances:**

Beginning	\$ 234,687
Ending	\$ 319,229

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, 2014

**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	-
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**Reserve Balance:**

Beginning	-
Ending	\$ -

*Components of Ending Reserve Balance*

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