REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

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TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: December 4, 2012

SUBJECT: Approve Annual Measure V Report for Fiscal Year Ending June 30,

2012

Recommendation for Action

Staff recommends that the City Council approve the Annual Measure V (MSV) Report for Fiscal Year Ending June 30, 2012 and direct staff to publish the required excerpts of the report in the Daily Democrat and on the City's website.

Fiscal Impact

The proceeds from MSV funded all or part of the activities identified in the companion advisory measures approved June 2010. Although the percentage allocation is not identical to the approved ballot initiatives, the overarching intent to fund the identified service areas was met with the additional MSV revenue.

Based on the most recent data from our sales tax consultant, Muni Services, we hope to receive approximately \$2.08 million for FY 2013, which is slightly more than the projections used in developing the FY2013 General Fund budget.

Background

On December 15, 2009 the City Council received an update on major fiscal issues facing the community. That update included the unfortunate news that the City was facing an FY 2010 General Fund deficit of approximately \$2 million and needed to consider total reductions for FY 2011 of up to \$3 million. The December 15 report summarized potential funding mechanisms such as revenue measures that could be considered by the voters in order to mitigate the revenue loss and further reduction of programs and services. On May 4, 2010, based on the proposed reductions to the City's Library, parks & recreation and public safety programs, Council approved an ordinance allowing a ¼ cent supplemental transactions and use tax subject to a June 8, 2010 election. On June 8, 2010, MSV was approved with 55% of the Woodland vote. Companion advisory measures S, T and U were also approved by overwhelming margins. The companion measures were intended to guide the City Council in the

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allocation of the resources generated by Measure V for the Library, Public Safety and Parks & Recreation as follows:

- Measure S, approved by 65.5% of voters, provides 30% of the additional sales tax received for the Woodland Public Library to restore educational and literacy programs and maintain operating hours at 54 hours per week;
- Measure T, approved by 64.3% of voters, provides 30% of the additional sales tax for the Woodland Parks & Recreation Department to maintain current levels of park and public landscape maintenance and senior citizen programs;
- Measure U, approved by 66.4% of voters, provides 40% of the additional sales tax for Public Safety services within the Woodland Police Department and Woodland Fire Department to maintain the current number of sworn police officers and firefighters.

Discussion

Fiscal year 2012 revenue estimates for MSV were \$1,850,000. Our actual revenue was \$1,969,691. This is within the original estimates of \$1.75- \$2 million per year when the advisory measure was approved. Actual revenue realized for fiscal year 2011 (¾ of a year) was \$1,381,355 for total revenue since inception of \$3,197,546. The ¼ cent supplemental transactions and use tax will expire in 2014.

According to the advisory measures, the additional annual income generated by the sales tax measure was to be allocated as follows assuming \$1.85 million in revenue:

- 30% to the Library or \$555,000
- 40% to public safety (Police and Fire) or \$740,000
- 30% to Parks & Recreation or \$555,000

It is important to remember that the original expenditure reductions associated with the Library, Parks & Recreation, and Police and Fire (for FY11) totaled approximately \$4.9 million. The sales tax measure by itself could not make up the difference. Because of this gap and other changes that were made to revenue estimates and expenditures, and the use of one-time funds, it is difficult to determine the exact amount of MSV used in the three categories. This issue was discussed with Council June 22, 2010 when the FY2011 Operations & Maintenance budget was approved and is still the case for FY2012. Since the Library was originally proposed for closure, the full general fund amount needed to remain open has to come from MSV. After the full Library allocation, the remaining allocations follow the general intent of the advisory measures including funding the position for the Senior Center program, keeping Brooks Pool open during the winter, and funding the administrative support position for the Community and Senior Center. With the increased revenue this year, we were able to provide public safety with 40% of the allocation which is consistent with Measure U. The table below shows the planned and actual allocation for MSV for FY2012.

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Department	Approved MSV Spending for FY12	% of Total Revenue Estimate	Actual MSV Revenue for FY12	% of Actual Revenue
Library	\$ 946,290	51%	\$ 922,284	47%
Parks and Recreation	\$ 260,500	14%	\$ 260,500	13%
Police & Fire	\$ 643,210	35%	\$ 786,907	40%
Total	\$ 1,850,000		\$ 1,969,691	

Conclusion

Staff recommends that the City Council approve the Annual Measure V Report for Fiscal Year Ending June 30, 2012 and direct staff to publish the required excerpts of the report in the Daily Democrat and on the City's website.

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