



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR AND
CITY COUNCIL

DATE: December 6, 2011

SUBJECT: ANNUAL MEASURE "V" REPORT

Report in

Brief:

On June 8, 2010, the Woodland voters approved Measure V (MSV) which added a ¼ cent local sales tax for a four-year period. This additional sales tax was proposed in response to anticipated reductions in public safety and parks & recreation as well as possible closure of the City's Library. This is the first Annual Report as required by the adopted MSV ordinance.

Staff recommends that the City Council approve the Annual Measure V Report for Fiscal Year Ending June 30, 2011 and direct staff to publish the required excerpts of the report in the Daily Democrat and on the City's website.

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 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:

Original revenue estimates for MSV were anticipated to be \$1,500,000 for the first year with \$1.75-\$2 million in the succeeding years for a total of \$7.5 million. Although the tax was authorized by the June 2010 vote, the tax did not go into effect with the State Board of Equalization (BOE) until October 2010 providing only $\frac{3}{4}$ of the revenue for FY2011. Actual revenue realized for fiscal year 2011 was \$1,381,355.

According to the advisory measures, the additional income estimate of \$1.5 million generated by the sales tax measure was to be allocated as follows:

- 30% to the Library or \$450,000
- 40% to public safety (Police and Fire) or \$600,000
- 30% to Parks & Recreation or \$450,000

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. Since the Library was originally proposed for closure, the full general fund amount needed to remain open had to come from MSV. After the full Library allocation, the options proposed to the Council followed the general intent of the advisory measures. Council adopted Allocation Option A as shown below. Although the actual revenue received was less than anticipated, the Library came in under budget which allowed for full funding of the other program areas.

Department	Approved MSV Spending for FY11-6/22/10	% of Total Revenue Estimate	Actual MSV Revenue for FY11	% of Actual Revenue
Library	\$ 946,000	63%	\$ 826,673	60%
Parks and Recreation	\$ 247,000	16.5%	\$ 247,000	18%
Police & Fire	\$ 307,000	20.5%	\$ 307,682	22%
Total	\$ 1,500,000		\$ 1,381,355	

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 through a combination of the additional MSV revenue, revenue assumption changes, expenditure reductions, and the use of one-time funds.

Based on the most recent data from our sales tax consultant, Muni Services, we hope to receive approximately \$1.9 million for FY 2012, which is consistent with the projections used in developing the FY12 General Fund budget.

Public Contact:

Posting of the City Council Agenda.

Recommendation for Action

Staff recommends that the City Council approve the Annual Measure V Report for Fiscal Year Ending June 30, 2011 and direct staff to publish the required excerpts of the report in the Daily Democrat and on the City’s website.

Prepared by: Lynn Johnson
Title: Senior Management Analyst

Reviewed by: Kim McKinney
Title: Finance Officer

Kevin O’Rourke
Interim City Manager