

Agenda

City of Visalia Measure N Oversight Committee

Don Sharp – Board of Realtors/Building Industry
Anil Chagan – Downtown Visalians/Property Owners
Vincent Salinas – Hispanic/Visalia Chamber
Rick Feder – Visalia Economic Development Council
Joel Rosales – Citizens Advisory Committee
Lois Sheffield – Citizens Advisory Committee

Janice Avila – Council appointee
Berkley Johnson – Council appointee
Basil Perch – Council appointee
Erica Tootle – Council appointee
Brad Maaske – Council appointee

Wednesday, May 13, 2020
5:30 p.m.

Via Zoom Conference

<https://visalia.zoom.us/j/95209480021?pwd=MEVVTXJxVFdlNjZldm5ReElvcEpOZz09>

Meeting ID: 952 0948 0021

Password: 026641

1. **Welcome and Public Comment.**

This is a time set aside for the Committee to receive public comment on issues which are not already included on the agenda. Public comment regarding items on the agenda may be open to public comment prior to the committee's discussion of the agenda item and before any action is taken on the agenda item. Members ask that comments are kept brief and positive. In fairness to all who wish to speak, each speaker will be allowed three minutes. Please begin your comments by stating your name and the street you live on.

2. **Review and consider the proposed 20/21 and 21/22 Measure N Budget.**

3. **Future meetings and items for discussion.**

4. **Good of the Order.**

5. **Adjourn.**

Next meeting: To be determined.

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Any written materials relating to an item on this agenda submitted to the Measure N Oversight Committee after distribution of the agenda are available for public inspection in the Office of the City Clerk, 220 N. Santa Fe Street, Visalia CA 93292, during normal business hours.

**City of Visalia
Agenda Item Transmittal**

Meeting Date: 5/4/2020

Agenda Item Number (Assigned by City Clerk): 2.

Agenda Item Wording: Review and discuss the proposed Fiscal Years 2020/21 & 2021/22 Measure N budget and continue with the amended expenditure plan previously approved.

Deadline for Action: 6/30/2020

Submitting Department: Finance

Contact Name and Phone Number:
Amee Swearingen, 4170

Department Recommendation: City Council review and revise the City Manager's recommended Measure N budgets for FY 2020/21 and 2021/22 and continue with the amended expenditure plan previously approved.

Summary: The Measure N Budget has to be adopted by June 30, 2020 to be able to spend in FY 2020/21. The City adopts a biannual budget and is currently in the process of preparing the upcoming two-year budget to bring forward to Council In June for adoption. In order for staff to incorporate the Measure N budget in with the full City's budget, staff has prepared a recommended Measure N budget for FY 2020/21 and FY 2021/22 for Council review. If approved, staff will continue with the Measure N budget process as outlined in the report.

Background Discussion:

In November of 2016, the voters of Visalia passed a ½ cent Sales Tax Override, Measure N – The Visalia Essential City Services Measure. Sales Tax from Measure N will provide for essential city services such as police and fire, as well as maintenance of parks and roads. The measure uses a detailed, 10 year plan which includes hiring of personnel, construction of capital projects and equipment purchases.

As part of the measure, Council adopted an Accountability Ordinance (Ordinance 16-21) to establish accountability measures as outlined:

Revenues:

- 10% of budgeted revenues must be deposited in an Uncertainty Fund. Money can only be accessed during a fiscal emergency;
- 10% of budgeted revenues must be deposited into the following categories:
 - 2% Youth Programs
 - 8% Maintenance and Emerging Needs

Expenditures:

- Money shall not be used for debt service payments;
- Annual expenditure plan must be approved by Council after the following has occurred:
 - City Manager makes a recommendation to City Council and makes changes as requested (tonight's discussion);
 - Comments and recommendation received by Sales Tax Oversight Board;
 - Two public Hearings are held at regular Council Meetings to consider expenditure plan

To ensure that the Measure N budget will be adopted with the rest of the City funds in June; staff is presenting the recommended fiscal year 2020/21 & 2021/22 budgets to start the approval process.

2020/21 & 21/22 Proposed Budget

The amended plan is shown in Table 1. 2020/21 Proposed Measure N Amended Plan (Year 4). The recommended budget for the 2020/21 budget, including the Economic Uncertainty Fund, is \$11.4 million. The budget includes \$0.26M in the Remaining Emerging Needs category which will be brought back to Council and the Oversight Committee once a policy and/or plan has been established.

Table 1
2020/21 Proposed Measure N Amended Plan (Year 4)

Police	23	Police Officers	2,862,500	2% Youth Programs		
	7	Professional Staff	540,300	Youth Programs		257,100
	2	Police Cars & Equipment	126,600			
		Operating Expenses	437,700	8% Maintenance & Emerging Needs		
		Body Cameras	192,000	Building Maintenance		670,000
			4,159,100	Remaining Emerging Needs*		257,100
					Total	927,100
Roads		Street Maintenance	3,900,000			
				Economic Uncertainty Fund		(158,130)
Parks & Rec	2	Park Maintenance Emp.	159,000	@ 10% of annual revenues		
	1	Urban Forest Emp.	82,700			
	1	Recreation Coordinator	91,100		Grand Total	11,395,570
		Trailsway Maintenance	53,000			
		Tree Maintenance	53,000	*Note: The Remaining Emerging Needs money will		
		Building Maintenance	53,000	not be spent until staff returns to Council with a		
		New Park Maintenance	53,000	recommended policy/plan.		
		Operating Expenses	52,300			
			597,100			
Fire	6	BC, Admin Capt, & Squad Staffing	781,400			
		Operating Expenses	290,800			
		Station 51 - Design	400,000			
			1,472,200			
Other		State Fees, Audits, Accounting	241,100			
			241,100			
		Essential Services Total	10,369,500			

The recommended budget for FY 2021/22 is \$15.5 million as shown in Table 2, 2021/22 Proposed Measure N Amended Plan (Year 5). The budget increase from FY 2020/21 is due to the capital project to construct Fire Station 51.

**Table 2
2021/22 Proposed Measure N Amended Plan (Year 5)**

Police	24	Police Officers	3,081,500	2% Youth Programs		
	8	Professional Staff	615,000	Youth Programs		262,800
	1	Police Cars & Equipment	71,000			
		Operating Expenses	449,700	8% Maintenance & Emerging Needs		
		Body Cameras	195,000	Building Maintenance		670,000
			4,412,200	Remaining Emerging Needs*		266,400
				Total		936,400
Roads		Street Maintenance	4,100,000			
				Economic Uncertainty Fund		11,590
				@ 10% of annual revenues		
Parks & Rec	2	Park Maintenance Emp.	159,600			
	1	Urban Forest Emp.	84,400			
	1	Recreation Coordinator	92,800			
		Trailway Maintenance	54,000			
		Tree Maintenance	54,000			
		Building Maintenance	54,000			
		New Park Maintenance	54,000			
		Operating Expenses	52,300			
			605,100			
Fire	6	BC, Admin Capt, & Squad Staffing	794,700			
		Operating Expenses	290,800			
		Station 51 - Construction	4,000,000			
			5,085,500			
Other						
		State Fees, Audits, Accounting	246,100			
			246,100			
		Essential Services Total	14,448,900			

*Note: The Remaining Emerging Needs money will not be spent until staff returns to Council with a recommended policy/plan.

The original Measure N plan was established in FY 15/16 which used a lower base line and a conservative number to offset rising cost. Prior to the recent COVID-19, Sales tax was coming in higher than the plan, as shown in Table 3 Measure N Sales Tax Projection. The projection for FY 19/20 assumes a 15% decrease from FY 18/19. The decrease is due to the economic shutdown and the Governors executive orders on deferring sales tax paid by businesses. In order to defer sales tax, up to 12 months, you must meet certain criteria that are outlined by the State. The deferred payments will result in an increase in FY 2020/21. The projected growth for FY 2020/21 & 2021/22 is 1% annually. At this time these numbers are a best case estimate

and could be worse if we slip into a recession. Staff is anticipating to have January-March sales tax information by June when the City budget is presented.

Table 3
Measure N Funding Sales Tax Projection
(in millions)

	17/18 Original Plan	17/18 Actuals	18/19 Original Plan	18/19 Actuals	19/20 Original Plan	19/20 Projection	20/21 Original Plan	20/21 Proposed	21/22 Original Plan	21/22 Proposed
Sales Tax	11.0	12.9	11.0	13.5	11.2	11.5	11.5	11.6	11.7	11.7
Difference		1.90		2.5		0.3		0.1		-

Any additional revenue that is received is split among 4 categories as outlined in the Measure N ordinance. In order to meet the requirements and to be able to track revenues and expenditures, per these categories, Measure N is tracked in 4 separate funds. This also allows each category to earn its own interest. It is important to have cash available in each category to be able to advance projects in the plan (if needed) and/or cover higher costs than what was outlined in the plan. Table 4 Measure N Fund Balance Summary, shows each funds ending cash for both years based on the proposed 2 year budget.

Table 4
Measure N Fund Balance Summary

2020/21 - Year 4	Beginning Cash	Projected Revenues	Transfer	Expenditures	Ending Cash
Essential Services	\$ 3,673,650	\$ 10,538,900		\$ 10,211,370	\$ 4,001,180
2 % Youth Programs	\$ 349,012	\$ 237,000		\$ 257,100	\$ 328,912
8% Maint & Emerging Needs	\$ 495,678	\$ 932,100		\$ 927,100	\$ 500,678
Economic Uncertainty	\$ 1,317,010		\$ (158,130)	\$ -	\$ 1,158,880
Total	\$ 5,835,350	\$ 11,708,000	\$ (158,130)	\$ 11,395,570	\$ 5,989,650
2021/22 - Year 5	Beginning Cash	Revenues	Transfer	Expenditures	Ending Cash
Essential Services	\$ 4,001,180	\$ 10,643,200		\$ 14,460,490	\$ 183,890
2 % Youth Programs	\$ 328,912	\$ 239,000		\$ 262,800	\$ 305,112
8% Maint & Emerging Needs	\$ 500,678	\$ 941,400		\$ 936,400	\$ 505,678
Economic Uncertainty	\$ 1,158,880		\$ 11,590	\$ -	\$ 1,170,470
Total	\$ 5,989,650	\$ 11,823,600	\$ 11,590	\$ 15,659,690	\$ 2,165,150

Once the recommended budget is approved by Council, staff will present the 2 year budget to the Measure N Oversight Committee. Staff will then return to Council with comments and will hold two public hearings.

Recommended Motion (and Alternative Motions if expected):

City Council review and revise the City Manager's recommended Measure N budgets for FY 2020/21 and 2021/22 and continue with the amended expenditure plan previously approved.

Copies of this report have been provided to:

Environmental Assessment Status

CEQA Review: [Click here to enter text.](#)