



Supplemental Sales Tax Oversight Commission Staff Report

Agenda Item:	<u>G.2</u>
Date:	<u>October 11, 2023</u>
Department:	<u>Finance</u>

AGENDA TITLE: Quarter 4 FY 2023 Measure R Revenue And Expense-Unaudited

RECOMMENDATION:

Receive Report

BACKGROUND:

This Quarterly Report reflects the Revenue collected and Expenditures incurred from the Measure R Add-On Sales Tax for the fourth quarter of Fiscal Year 2022-23 (Attachment A). This report covers the months of April 2023 - June 2023. It should be noted that neither revenue nor expenses are distributed evenly throughout the year. The report format shows the current Period (Quarter 4) and the Fiscal Year to Date. The report also provides the Budgeted amount and the remaining budget. Now that the City has a full year of Measure R data it will be possible to also share a comparison of the Actual Year to Date results from the previous year (Attachment B).

Revenue

The collection of the sales tax approved by the voters with Measure R began being collected as of April 1, 2021. Sales Tax processing and remittance from the State of California has a long lead time with revenue received each July and August being accrued to the year previous fiscal years.

As shown in Attachment A the City has recorded \$1,573,589 in revenue for the fourth quarter and \$3,803,247 year to date. The City received revenue in July and August from associated retail sales tax returns filed for the period ending June 30th. As mentioned earlier, this type of time lag is typical. Sales Tax revenue is coming in stronger than anticipated when the budget was being developed in June of 2021. Preliminary results indicate that Measure R revenue exceeded the original budget projections by \$464,407 in FY2022-23.

Although the majority of revenue in Fund #106 is add-on sales tax, interest revenue of \$35,026 was also allocated for the third quarter and a total of \$60,209 year to date. The posting of interest revenue also lags slightly behind the reporting period. The City portfolio is mainly invested in the State Local Agency Investment Fund (LAIF), which posts interest quarterly on the 15th of the month following the end of each quarter.

Operating Expenditures

The expenditures recorded for the quarter ended June 30, 2023 totaled \$987,411 with a year to date total of \$2,567,276. As of June 30, 2023 with 100% of the Fiscal Year complete only 59% of the operating budget has been spent.

The largest operational expenditure variance against budget results from the Fire Fuels Reduction Incentive pilot program, where \$400,000 was allocated, but only \$7,752 was awarded.

Major Projects

Project #4166, Annual Pavement Rehab 2022 makes up almost the entirety of the capital project expenditures from Measure R with a spend of \$1,673,253. Brookwood Right of Way Mitigation is the other capital project with expenditures of \$10,645.

Multi-Year Budgetary Planning

The Fund #106 Multi-Year Estimated Cash Flow, as amended by City Council at the March 1, 2022 meeting, has also been provided (See Attachment B). This schedule is prepared for multi-year budgetary planning purposes and is an essential tool in the development of the City's Capital Improvement Plan. Although it is prepared as a long-range forecasting tool for capital project planning it also contains estimates of the operating budget programs. This is a useful tool to highlight significant capital projects that are planned and will need to draw on this source of funding in future years.

Year-End Balances

The Year-End Balances will be reported as part of the City's Annual Financial Report and Audit. The independent auditors are conducting their review and testing of the City financial reporting. Measure R is just one of approximately 40 funds that are reported in the City Annual Comprehensive Financial Reports (ACFR). The ACFR is typically presented to the City Council in December. Unspent active Capital Project budgets are carried over to the next year. The remainder of the budgetary savings is from operating accounts. As of June 30th all unspent operating budgets lapse, unless an authorization to budget the funds has been made by the City Council. To the extent that revenue for the Fiscal Year exceeds the expenditures the balance remains in the fund available to be budgeted for future programs and services.

Respectfully Submitted by:
Doug Alessio
Administrative Services Director

Prepared By: Doug Alessio, Administrative Services Director

Approved by:

David Biggs

David Biggs, City Manager

10/5/2023

**FISCAL YEAR 2022-2023 MEASURE R (FUND #106)
 QUARTERLY REPORT OF REVENUE & EXPENSE
 (Quarter 4 April - June 2023)**

		Q4 Actual (Apr-Jun)	Current Year To Date Actual (Jul-	Annual Budget	YTD Budget Variance	% Budget
REVENUE						
Sales Tax	4105	\$ 1,573,589	\$ 3,803,247	\$ 3,392,750	\$ 410,497	
Interest Revenue	4110	35,026	60,209	6,300	53,909	
TOTAL REVENUE		1,608,615	3,863,457	3,399,050	464,407	14%

EXPENDITURES BY ACTIVITY

OPERATIONS:

City Manager

Salaries & Benefits	70xx	65,261	191,956	281,805	89,849	
Minutes Contractor	7178	1,463	4,983	9,300	4,317	
Professional Services- Incl Grants	7180	15,000	117,826	80,000	(37,826)	
Supplies	7313	1,697	3,054	3,820	766	
Communications - Services	7545	31,343	98,676	100,000	1,324	
Fire Fuel Reduction Incentives	7710	6,603	7,752	400,000	392,248	
Mileage	7411	-	-	-	-	
Indirect Allocations / Mileage	7897/7898	275	12,649	12,555	(94)	
Total City Mgr		121,642	436,896	887,480	450,584	49%

Legal Counsel

Legal Counsel	7131	531	4,953	5,000	47	
Total Legal Counsel		531	4,953	5,000	47	99%

Administrative Services - Finance

Sales Tax Services	7180	3,051	3,051	4,000	949	
Total Administrative Services		3,051	3,051	4,000	949	76%

Police

Disaster Preparedness	7180	-	24,410	45,000	20,590	-
Total Police		-	24,410	45,000	20,590	54%

Public Works

Hazrd Reduction - Chipper Svcs	7186	41,760	138,531	206,000	67,469	
Landfill	7309	12,019	22,668	10,000	(12,668)	
Tree Trimming / Clearing	7196	7,000	21,920	100,000	78,080	
Fleet Replacement ISF	7895	-	24,710	24,710	-	
Vehicle Maintenance & Fuel	7400/7401	5,725	13,141	15,500	2,359	
Total Public Works		66,504	220,970	356,210	135,240	62%

Parks & Recreation

Hazrd Reduction - Fire Breaks	7186	72,200	168,350	150,000	(18,350)	
Tree Trimming	7196	-	24,748	51,500	26,752	
Total Parks & Recreation		72,200	193,098	201,500	8,402	96%

TOTAL OPERATING BUDGET EXPENSES

\$ 263,928	\$ 883,378	\$ 1,499,190	\$ 615,812	59%
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MAJOR PROJECTS:

#4166- Annual Pavement Rehab 2022	7997	\$ 721,925	\$ 1,673,253	\$ 2,450,109	\$ 776,856	
#4186 - Brookwood ROW Mitigation		1,558	10,645	90,000	79,355	
TOTAL MAJOR PROJECTS		\$ 723,483	\$ 1,683,898	\$ 2,540,109	\$ 856,211	66%

GRAND TOTAL EXPENSES

\$ 987,411	\$ 2,567,276	\$ 4,039,299	\$ 1,472,023	64%
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REVENUE (OVER) / UNDER EXPENSES

\$ 621,204	\$ 1,296,181	\$ (640,249)	\$ (1,007,617)
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MAJOR PROJECTS DETAIL

#4166- Annual Pavement Rehab 2022

Fund 100 (General Fund)	\$ -	\$ 4,260	\$ -	\$ (4,260)		
Fund 105 (Measure L Sales Tax)	66,230	66,230	420,144	353,914		
Fund 106 (Measure R Sales Tax)	1,671,293	1,671,293	2,450,109	778,816		
Fund 200 (Gas Tax)	58,870	58,870	600,000	541,130		
Fund 330 (CCTA Return to Source)	53,681	53,681	70,000	16,319		
Fund 335 Road Maintenance Fund	283,886	283,886	284,988	1,102		
Total CIP #4166		\$ 2,133,961	\$ 2,138,221	\$ 3,825,241	\$ 1,687,020	56%

#4186 - Brookwood ROW Mitigation

Fund 106 (Measure R Sales Tax)	\$ 10,645	\$ 10,645	\$ 90,000	\$ 79,355		
Total CIP #4186		\$ 10,645	\$ 10,645	\$ 90,000	\$ 79,355	12%

TOTAL MAJOR PROJECTS

\$ 2,144,606	\$ 2,148,866	\$ 3,915,241	\$ 1,766,375	55%
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Attachment: Fiscal Year 2022-23 4th Qtr Measure R Revenue & Expenditures (3227 : Quarter 4 FY 2023 Measure R Revenue And Expense-

CIP (Estimated Cash Flow)

106 - Add-On Sales Tax 2021-2041 (Measure R, passed Nov. 2020)

	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28
	Unaudited Actual	Adopted Budget Amount	Adopted Budget Amount	Projection	Projection	Projection
Beginning Balance	\$ 3,347,112	\$ 4,643,292	\$ 3,528,150	\$ 3,585,132	\$ 2,281,002	\$ 4,581,072
Revenue and other Fund Sources						
<i>Revenue</i>						
Sales Tax Add-On	3,803,247	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Interest	60,209	36,000	36,000	25,000	25,000	25,000
Total Revenue	3,863,457	3,736,000	3,736,000	3,725,000	3,725,000	3,725,000
Total Revenues and Other Fund Sources	3,863,457	3,736,000	3,736,000	3,725,000	3,725,000	3,725,000
Total Funds Available	7,210,569	8,379,292	7,264,150	7,310,132	6,006,002	8,306,072
Expenditures and Uses						
Capital Projects & Equipment						
Canon SD Repairs PL-1765, -1766 &-1775 3103	-	-	(300,000)	(1,300,000)	-	-
Ranch SD Repairs PL-1074; PL-1089, PL-1809 3104	-	-	(200,000)	(900,000)	-	-
Brookside SD Repair PL-751, PL-867 3105	-	-	(200,000)	(900,000)	-	-
2022 Annual Pavement Project 4166	(1,673,253)	-	-	-	-	-
2023 Annual Paving Project 4171	-	(1,429,000)	-	-	-	-
Mitigation - Brookwood Rd. Mitigation Planting 4186	(10,645)	-	-	-	-	-
San Pablo Creek Culvert Repair 4187	-	(1,750,000)	(1,620,000)	(540,000)	-	-
Red Flag Day No Parking Signs Program (Phase 4197	-	(295,000)	-	-	-	-
2024 Annual Stormdrain Repair (Cat. B) 5008	-	(35,000)	(315,000)	-	-	-
2025 Annual Stormdrain Repair (Cat. B) 5009	-	-	(35,000)	(315,000)	-	-
2026 Annual Stormdrain Project (Cat. B) 5010	-	-	-	(35,000)	(315,000)	-
2027 Annual Stormdrain Repair (Cat. B) 5011	-	-	-	-	(35,000)	(315,000)
Total Project Expense	(1,683,898)	(3,509,000)	(2,670,000)	(3,990,000)	(350,000)	(315,000)
Operating Budget Programs and Services						
General Government						
Program Administration & Support	(220,647)	(296,192)	(329,288)	(342,500)	(356,200)	(370,400)
Professional Services including Grant Writing	(117,826)	(80,000)	(60,000)	(60,000)	(60,000)	(60,000)
Public Outreach/Education Materials	(98,676)	(100,000)	(103,000)	(106,100)	(109,300)	(112,600)
Fire Fuels Mitigation Incentive	(7,752)	(390,000)	-	-	-	-
Police						
Disaster Preparedness Program	(24,410)	(45,000)	(45,000)	(46,400)	(47,800)	(49,200)
Public Works						
Tree Trimming (Public Right-of-Way)	(21,920)	(40,000)	(50,000)	(55,000)	(65,000)	(75,000)
Hazard Reduction Chipper Crew Labor	(138,531)	(125,000)	(150,000)	(154,500)	(159,100)	(163,900)
Chipper Equipment Op Costs	(13,141)	(25,000)	(25,000)	(25,800)	(26,600)	(27,400)
Vegetation Dump Fee Allowance	(22,668)	(15,000)	(20,000)	(20,600)	(21,200)	(21,800)
Vehicle Fleet Replacements (7 yr life)	(24,710)	(25,950)	(26,730)	(26,730)	(26,730)	(26,730)
Parks						
Tree Trimming (Parks)	(24,748)	(50,000)	(50,000)	(51,500)	(53,000)	(54,600)
Hazard Reduction (Fire Breaks)	(168,350)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Total Operating Budget Programs and Services	(883,378)	(1,342,142)	(1,009,018)	(1,039,130)	(1,074,930)	(1,111,630)
Total Expenditures and Uses	(2,567,276)	(4,851,142)	(3,679,018)	(5,029,130)	(1,424,930)	(1,426,630)
Change in Fund Balance	1,296,180	(1,115,142)	56,982	(1,304,130)	2,300,070	2,298,370
Ending Balance	\$ 4,643,292	\$ 3,528,150	\$ 3,585,132	\$ 2,281,002	\$ 4,581,072	\$ 6,879,442

Attachment: Measure R Long-range Projections (3227 : Quarter 4 FY 2023 Measure R Revenue And Expense-Unaudited)