

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
Mike Lane – Citizens Advisory Committee
Suzanne Monroe – Citizens Advisory Committee

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

Tuesday, May 15, 2018
5:30 p.m.
Admin. Board Room
220 N. Santa Fe, Visalia CA

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 2018-20 Proposed General Fund Budget**

3. **Review of Proposed 2018-20 Street Capital Improvement Project Budget**

4. **Review of Proposed Measure N Budget**

5. **Discuss Measure N Process**

6. **Good of the Order**

7. **Adjourn**

Next meeting: Wednesday, May 30, 2018

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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.

TO: MEASURE N COMMITTEE

FROM: RANDY GROOM, CITY MANAGER
RENEE NAGEL, CITY FINANCE DIRECTOR

SUBJECT: PROPOSED MEASURE N 18/19 & 19/20 BUDGET

DATE: 5/15/2018

Department Recommendation: Review and comment on the recommended Measure N budgets for FY 2018/19 and 2019/20.

Summary: The Measure N Budget has to be adopted by June 30, 2018 to be able to spend in FY 2018/19. The City does a biannual budget and is currently in the process of preparing a two-year budget to bring forward to Council for adoption. In order for staff to incorporate the Measure N budget in with the rest of the City's budget, staff has prepared a recommended budget for FY 2018/19 and FY 2019/20 for Council and Measure N Oversight Committee review.

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 2018/19 & 2019/20 budgets to start the approval process. Staff is recommending a couple changes to the original plan which are listed below:

Proposed changes to projects included in the original plan:

1. Advance relocating Fire Station 56 which is currently located in a leased State facility on Lovers Lane. The Measure N plan has Station 56 relocation spread over 3 years in 7, 8, and 9. The Fire Department has been told by the State that they will not be able to use the Cal Fire station on Lovers Lane after 2019. A site has been approved by Council to purchase once a budget has been established. Staff is recommending \$4 million be appropriated in FY 2018/19 for the land purchase, design and construction of the new station that will replace the Cal Fire Station.
2. Delay Station 51 refurbishment due to advancing Station 56. The Measure N plan has Station 51 being completely refurbished or relocated in year 3, 4, and 5. Staff is recommending delaying the refurbishment or relocation until funding is available and an evaluation has been completed on the best location for Station 51. For planning purposes staff is recommending funding in year 4 and 5.
3. Combine the various street maintenance categories to one category. Measure N has 4 street maintenance categories (Road Rehabilitation, Cape Seal, Reclamite, Crack Seal) listed in the plan for each year with a specific dollar amount assigned to each category. Staff is recommending combining the categories to one street maintenance category to allow staff to perform maintenance required to fix the road versus fixing based on funding available in a category. This adjustment will not change the funding outlined in each year or its purpose.

Proposed new projects/programs not included in the original plan:

1. Continue to fund the Police body camera program from Measure N. In December 2017, Council authorized using Measure N to match a grant for Police body cameras. The body camera program will cost approximately \$157,000 annually and the grant will reimburse the City the first year. This includes the maintenance and replacement of the body cameras. The grant required a formal Request for Proposal (RFP) be issued, which closed on April 13th. Six proposals were received and will be evaluated before a recommendation is made to Council.
2. Purchase a Community Service Officer (CSO) Vehicle in FY 2019/20. The Measure N plan adds professional staff each year to the Police Department. The professional staff which includes records, dispatch, administrative, and CSO positions, will vary and will be based on the needs of the department. The plan adds 2 professional staff in 2018/19 and 1 in 2019/20. Staff is recommending adding a CSO as the professional staff in FY 2019/20. CSO's duties require a vehicle which allows them to perform routine non-hazardous police duties in field operations, traffic investigations, and criminal investigations. In addition

CSO's complete police reports, collect evidence, perform traffic control duties, and handle non-emergency calls for service providing essential community services. Staff is recommending to appropriate \$40,000 in 2019/20 for a vehicle for the new Measure N CSO.

3. Replace the downtown street lighting system over the next two years. In 2006, a study was performed by Rose Sing and Associates for the Downtown Visalians due to issues with the Downtown street lighting. The majority of those issues were with the 1930's installed series circuit street light system, which requires 4,000 to 5,000 volts to operate and includes approximately 225 lights. This series circuit system was the first street light system powered by Southern California Edison and due primarily to it's age is significantly deteriorated. Much of the conduits have completely deteriorated leaving wires carrying over 4,000 volts un-encased in the ground and in several instances wires have been found completely burnt. In addition many of the streetlight bases have significantly rusted and deteriorated. Even with the appropriate safety equipment the City street light maintenance staff have had some potentially dangerous interactions with the series system while attempting to perform repairs and maintenance. Replacement parts have become extremely hard to find, sometimes taking months, and having them shipped in from all over the world. At the time the study was prepared the anticipated project was estimated to cost \$4.5 million which encompassed additional street lights beyond the series system and additional amenities. Staff has reduced the scope of the project; however, anticipates the project will still cost approximately \$4.5 million due to inflation and prevailing wages. The project will include complete replacement of the series system street lights only to meet current standards. Staff recommends appropriating \$2.25 million in FY 18/19 and \$2.25 million in FY 19/20 to design and replace the lighting system on Center, Main & Acequia from Conyer to Burke.

Council has directed staff to look at other funding options. Based on this direction the only other funds that can pay for this project is the General Fund and Street Maintenance Funds which is not recommended due to limited funds.

4. Operating Expenses for Fire, Parks and Recreation have been added to the plan in both years to cover employee related expenses. As employees are added, operating expenditures are incurred for certifications, training, uniforms, vehicle maintenance, fuel, and vehicle replacement set-aside which is based on the annual depreciation. Council and the Measure N Oversight Committee authorized this change in the plan with the 2017/18 budget.

These expenditures were included in the original plan for Police; however these costs were not included for the other departments as employees are added per the plan.

5. Other expenses such as State Administration Fees for tracking and collecting Sales Tax, audits, and other accounting expenditures are incurred. To be consistent with all City Funds, including Measure T; these expenses should be charged to the fund that incurs the expense.

Policy Change – Effective FY 2017/18

1. Extend existing capital project roll-over policy to include Measure N projects. The City has a policy that all capital projects budgets can be rolled into the next fiscal year if the project is not completed. Once the project is completed, the remaining funds are released back to the fund. This policy currently is not allowed with Measure N because it specifically states that expenditures are approved annually with the budget. This poses a problem with capital projects. Capital projects are typically over \$10,000 and may take more than a year to complete. Capital projects are not included in operating budgets and are reviewed and approved as individual projects by Council. Majority of capital projects have constraints that cause them to take longer than a year to complete which results in the project crossing fiscal years. For example: Fire Trucks take a year to be constructed and then need to be equipped once received. The project budget cannot be split into multiple years because a purchase order is issued for the full amount to encumber the funds as approved in the contract. This policy will bring consistency across all City projects and funds. Since there are capital projects being funded in this fiscal year, staff is requesting that this policy be effective for FY 2017/18.

2018/19 & 2019/20 Proposed Budget

The initial plan along with the recommended changes are shown in Table 1, 2018/19 Proposed Measure N Amended Plan (Year 2). The recommended budget for the 2018/19 budget, including the Economic Uncertainty Fund, is \$16.62 million. The budget includes \$0.37 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. At that time Staff will bring additional recommendations which were discussed at Council's 2018 Planning Session.

Table 1
2018/19 Proposed Measure N Amended Plan (Year 2)

	Police		2% Youth Programs	
18	Police Officers	2,174,200	Youth Programs	260,800
5	Professional Staff	371,000		
5	Police Cars & Equipment	254,000	8% Maintenance & Emerging Needs	
	Operating Expenses	297,400	Building Maintenance	670,000
	Body Cameras	157,100	Remaining Emerging Needs*	373,200
		3,253,700	Total	1,043,200
	Roads			
	Street Maintenance	4,000,000	Economic Uncertainty Fund	203,970
			@ 10% of annual revenues	
	Parks and Rec			
2	Park Maintenance Emp.	130,300	Grand Total	16,618,670
1	Urban Forest Emp.	76,000		
1	Recreation Coordinator	80,000	*Note: The Remaining Emerging Needs money will not be spent until staff returns to Council with a recommended policy/plan.	
	Operating Expenses	24,500		
	Trailway Maintenance	51,000		
	Tree Maintenance	51,000		
	Building Maintenance	51,000		
	New Park Maintenance	51,000		
		514,800		
	Fire			
4	Squad Staffing	425,100		
	Operating Expenses	198,800		
	Squad Vehicle	300,000		
	Lovers Lane Station	4,000,000		
		4,923,900		
	Other			
	Downtown Street Lights	2,250,000		
	State Fees, Audits, Accounting	168,300		
		2,418,300		
	Essential Services Total	15,110,700		

The recommended budget for FY 2019/20, including the Economic Uncertainty Fund and Remaining Emerging Needs, is \$12.48 million. The budget decrease is due to more capital projects being proposed in FY 2018/19.

Table 2
2019/20 Proposed Measure N Amended Plan (Year 3)

	Police		2% Youth Programs	
21	Police Officers	2,570,900	Youth Programs	263,400
6	Professional Staff	464,000		
4	Police Cars & Equipment	192,400	8% Maintenance & Emerging Needs	
	Operating Expenses	324,300	Building Maintenance	670,000
	Body Cameras	157,100	Remaining Emerging Needs*	383,600
		3,708,700	Total	1,053,600
	Roads			
	Street Maintenance	3,800,000	Economic Uncertainty Fund	13,040
			@ 10% of annual revenues	
	Parks and Rec			
2	Park Maintenance Emp.	134,100	Grand Total	12,478,340
1	Urban Forest Emp.	79,000		
1	Recreation Coordinator	83,000		
	Trailsway Maintenance	52,000	*Note: The Remaining Emerging Needs money will	
	Tree Maintenance	52,000	not be spent until staff returns to Council with a	
	Building Maintenance	52,000	recommended policy/plan.	
	New Park Maintenance	52,000		
	Operating Expenses	24,500		
		528,600		
	Fire			
4	Squad Staffing	491,700		
	Operating Expenses	196,000		
		687,700		
	Other			
	Downtown Street Lights	2,250,000		
	State Fees, Audits, Accounting	173,300		
		2,423,300		
	Essential Services Total	11,148,300		

The recommended changes in the plan will be offset by higher revenues and savings from the lag in the start date of new employees versus budget year. As shown in Table 3 - Measure N Revenue Projection, actual revenues are projected to be better than originally estimated. The plan was established in FY 15/16 which used a lower base line and a conservative number to offset rising cost. The budget growth projection for FY 2018/19 & 2019/20 is 1% annually.

Table 3
Measure N Funding Revenue Projection
(in millions)

	17/18 Original Plan	17/18 Projection	18/19 Original Plan	18/19 Proposed	19/20 Original Plan	19/20 Proposed
Sales Tax	11.0	12.9	11.0	13.0	11.2	13.2
Plan vs Proejction Difference		1.90		2.0		2.0

The additional revenue 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

2018/19 - Year 2	Beginning Cash	Projected Revenues	Transfer	Expenditures	Ending Cash
Essential Services	\$ 5,230,020	\$ 11,814,200		\$ 15,314,670	\$ 1,729,550
2 % Youth Programs	\$ 341,000	\$ 265,900		\$ 260,800	\$ 346,100
8% Maint & Emerging Needs	\$ 638,000	\$ 1,052,800		\$ 1,043,200	\$ 647,600
Economic Uncertainty	\$ 1,100,000		\$ 203,970	\$ -	\$ 1,303,970
Total	\$ 7,309,020	\$ 13,132,900	\$ 203,970	\$ 16,618,670	\$ 4,027,220
2019/20 - Year 3	Beginning Cash	Revenues	Transfer	Expenditures	Ending Cash
Essential Services	\$ 1,729,550	\$ 11,879,000		\$ 11,161,340	\$ 2,447,210
2 % Youth Programs	\$ 346,100	\$ 268,600		\$ 263,400	\$ 351,300
8% Maint & Emerging Needs	\$ 647,600	\$ 1,063,300		\$ 1,053,600	\$ 657,300
Economic Uncertainty	\$ 1,303,970		\$ 13,040	\$ -	\$ 1,317,010
Total	\$ 4,027,220	\$ 13,210,900	\$ 13,040	\$ 12,478,340	\$ 4,772,820

Staff presented the Measure N proposed budget to Council on May 7th and was directed to get comments from the Measure N Oversight Committee. Staff will then return to Council with comments and will hold two public hearings.