



Agenda Report

MEETING DATE: Wednesday, May 26, 2021

TO: Oversight Committee Measure Y

FROM: ADMINISTRATIVE SERVICES DIRECTOR CZERWIN

SUBJECT: PROPOSED FY 2021-22 AND FY 2022-23 MEASURE Y BUDGET

STATEMENT OF ISSUES:

Summary of the proposed budget for Fiscal Years 2021-22 and 2022-23 for the Measure Y fund for the Police, Fire, and Parks and Community Services Departments

RECOMMENDED ACTION:

Motion Verifying Public Safety Sales Tax Measure Annual Budget Revenues Comply with Subdivision (c) of Section 3-6.1102 of the Watsonville Municipal Code & Directing Staff to Present Proposed Measure Y FY 2021-23 Budget to the City Council for Approval.

DISCUSSION:

On March 3, 2020 Watsonville voters renewed the existing half cent sales tax formerly known as Measure G. The renewal ordinance, Measure Y directs the funds 54% to Police; 38% to Fire and 8% to Parks and Community Services to fund police, fire and youth violence prevention services. In accordance with Measure's requirements the City has established separate funds into which specific monies are deposited.

The renewed Measure requires that an annual maintenance of effort (MOE) is met. Starting in FY 2020-21 the maintenance of effort of the Police and Fire services is defined as the Fiscal Year 2013-14 adopted General Fund operating budget for each department inflated by change in the April to April San Francisco Bay Area Consumer Price Index (CPI). The April to April CPI has increased by 3.8% and therefore the MOE requirements are \$12,972,041 and \$5,953,216 for the Police and Fire departments respectively. Both of these amounts are projected to be met and exceeded during the upcoming fiscal year.

The Measure also requires a 10% contingency / reserve fund to be established or maintained. Police and Fire have reserve funds exceeding the 10% requirement and a reserve fund is being established for the Parks department as this is their first Fiscal Year receiving these funds. The reserve is also projected to be met by the end of the year.

Coming out of the Covid-19 Pandemic sales tax has been stronger than anticipated and we are expecting this revenue stream to increase 3.8% over Fiscal Year 2020-21. This will allow all departments to increase their expenditure budgets. The Fire department is requesting to add 2 firefighter positions. The Police department is requesting a community engagement and records clerk position along with increases to the mental health/CARE program and restoring salaries and contracts for the Caminos program. The Parks and Community Services department is increasing salaries for the operation of the youth center and for maintenance of the parks. Fire and Police are also proposing to use their accumulated balances to purchase specialized equipment for their departments and invest in some building maintenance and repairs. A summary of each department's proposed budget is included in table 1 below and details of are included in the attachments.

Table 1 Measure Y Proposed Budget FY 2021-22 and FY 2022-23

		FY 21-22	FY 22-23
		PROPOSED BUDGET	PROPOSED BUDGET
Police	Tax Revenue	2,378,393	2,451,464
	Interest	35,000	35,000
	Other Revenue	100	100
Fire	Tax Revenue	1,673,684	1,725,104
	Interest	15,000	15,000
PCS	Tax Revenue	338,400	345,168
	Interest		
Total Revenues		4,440,577	4,571,836
Police	Operations	2,410,385	2,473,217
	Equipment / Facilities (police)	890,447	235,000
Fire	Operations	1,704,419	1,704,147
	Equipment / Facilities	479,000	209,000
PCS	Operations	338,400	345,168
	Equipment / Facilities	-	-
Totals Expenses		5,822,651	4,966,532
Change in Fund Balance		(1,382,074)	(394,696)
Reserve Police as of July 1		2,053,341	1,166,002
Reserve Fire as of July 1		1,372,781	878,046
Reserve PCS as of July 1		130,656	130,656
Reserve Police as of June 30		1,166,002	944,349
Reserve Fire as of June 30		878,046	705,003
Reserve PCS as of June 30		130,656	130,656

This budget will be submitted to the City Council for review and approval at the June 8, 2021 meeting as part of the annual appropriations ordinance.

STRATEGIC PLAN:

02-Fiscal Health

05-Community Engagement & Well-Being

06-Public Safety

FINANCIAL IMPACT:

Approval of the budget by City Council is necessary in order to deliver services to the community. The direction of the Oversight Committee to staff helps accomplish the adoption of the budget.

ALTERNATIVE ACTION:

The Oversight Committee can choose not to recommend this budget proposal to the City Council

ATTACHMENTS AND/OR REFERENCES (If any):

- Police FY 2021-23 Recommended Budget
- Fire FY 2021-23 Recommended Budget
- Parks and Community Services FY 21-23 Recommended Budget
- FY 21-23 Recommended Capital and Carryforward Budget