

**MEASURE C OVERSIGHT COMMITTEE  
JANUARY 23, 2024**

**ITEM: 7.3                      MEASURE C YEAR TO DATE FINANCIAL UPDATE AS OF  
DECEMBER 31, 2023**

**RECOMMENDATION:      Receive Financial Status Report on Lathrop Public  
Safety and Essential City Services Transaction and Use  
Tax (Measure C) as of December 31, 2023 and Find  
Proposed Expense in Compliance with the Intent of  
Measure C**

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**DISCUSSION:**

The Measure C Oversight Committee was established in association with the adoption of the Lathrop Public Safety and Essential City Services Transaction and Use Tax (Measure C). The primary responsibility of this committee is to review the expenditure of revenues collected to determine that the funds have been expended in accordance with the general purpose defined in the Measure.

Measure C Language:

To preserve the City's long-term financial stability and maintain City and public safety services, including police patrols and fire protection; 9-1-1 emergency response; rapid response to gang violence, robberies and burglaries; park safety; youth/senior services; job creation and other City services, shall the City of Lathrop enact a 1 cent sales tax...

**Fiscal Year 23/24 Budget**

Currently, the City has received Sales Tax from the California Department of Tax and Fee Administration (CDTFA) through October 2023. To date, Measure C has generated approximately \$3.44 million or 34% of FY 23/24 projected revenue. Of the \$3.44 million received to date, 40% (or \$1.4 million) will be transferred to the Lathrop Manteca Fire District (LMFD).

**Essential City Services**

To date, for FY 23/24, the Measure C: Essential City Services Fund has expended \$1.57 million or 16% of projected expenditures.

On June 20, 2023, the Measure C Oversight Committee found the following FY 23/24 Measure C proposed programs/projects in conformance with the intent of the Measure:

- Public Safety
  - 7.5 Police Positions
    - 2.5 Sworn Officers
    - 1 Sergeant
    - 2 School Resource Officer
    - 1 Detective
    - 1 Lieutenant

- Other Essential City Services
  - Parks and Recreation
    - Operation and Maintenance/ Staffing of the Generations Center
  - Capital Projects
    - Automated License Plate Readers (ALPR) and surveillance cameras
    - Citywide Fiber
    - Surveillance Systems at Major City Parks
    - Thomsen Park Improvements
    - Green Park Improvements
    - Shilling Avenue Park Improvements
    - Marquees at Community and Generations Centers
    - Design 7<sup>th</sup> Street Park
    - Revitalization of 7 City Parks

### **Lathrop Manteca Fire District**

The Lathrop-Manteca Fire District Fiscal Year 2023/24 budget projects Measure C expenditures for the purpose of funding 9 Firefighters, 1.98 Battalion Chiefs, 1 Deputy Fire Marshal, operationally related overtime within the City, and expenditures for firefighting equipment and training related to the Advanced Life Support program in the City of Lathrop.

Measure C expenditures for the funding of 9 full-time equivalent (FTE) positions in the Firefighter rank and 1.98 Battalion Chiefs is essential in providing the necessary personnel to establish an Effective Response Force (ERF) within the City of Lathrop. An ERF means when a significant incident occurs within the City (e.g. structure fire), the District is able to provide the staffing necessary to perform required tasks to mitigate the emergency. In the absence of this essential funding, the District would need to rely on outside agencies to assist in assembling an ERF, at extended response times.

The Deputy Fire Marshal classification is necessary to facilitate the timely review of new applications, plan review, code compliance, and the distribution of work to fire inspectors. The District began funding this position with Measure C revenue in mid-year of Fiscal Year 2022/23. With the rapid growth within the City, we have experienced a significant increase in fire prevention related activity associated with new commercial/industrial business. The Deputy Fire Marshal continues to commit their time to projects within the City of Lathrop, while activities outside of the City, are typically handled by other District staff.

The District provides staffing to fire stations through a constant staffing model. Constant staffing means the District employs the exact number of full-time equivalent (FTE) positions necessary to staff fire stations. Any absence due to scheduled or unscheduled leaves results in a vacancy. To maintain service levels at fire stations throughout the City of Lathrop, it is necessary to backfill daily vacant positions

through the paying of overtime. The District intends to allocate overtime expenses incurred at City fire stations to Measure C.

In addition to staffing and related overtime expenditures, Measure C continues to be essential in funding the District’s efforts to establish and maintain an Advanced Life Support (ALS) program. Measure C funding has provided essential ALS equipment and skills maintenance training for District paramedics. The District currently has 5 licensed paramedics with two additional personnel completing the licensing process. It is anticipated that the District will be in a position to begin providing ALS service during Fiscal Year 2023/24.

Projected District Measure C Expenditures – Fiscal Year 2023/24	
Salaries & Related Overtime	\$3,615,000
ALS Software	7,000
Paramedic Training	4,000
EMT Supplies	7,500
Firefighting Supplies	2,000
<b>Total</b>	<b>\$3,633,500</b>

- Estimated FY 2022/23 Expenditures is \$3.6 million.
  - 9 Firefighter Engineers
  - 1.98 Line Battalion Chiefs
  - 1 Deputy Fire Marshal
  - Overtime to provide for constant staffing at stations in the City of Lathrop

**New Request Essential City Services**

➤ **Parks, Recreation and Maintenance Services**

- **Generation Center Gates - \$12,000 – Pending Council Approval**  
Purchase and Installation of two pipe swing gates at the Lathrop Generation Center. The Generation Center has a horseshoe shaped parking lot with separate entry and exit points. In an effort to enhance safety measures during special events, staff is seeking to install a pipe swing gate at both the point of entry and exit. The pipe swing gates will make a lockable barricade during special events, when vehicle access is not permitted.

➤ **Public Works**

- **Pedestrian Safety Upgrades -\$200,000– Pending Council Approval**  
This CIP will upgrade existing facilities as well as construct new facilities to increase pedestrian safety and access throughout the City. These upgrades include new pedestrian push buttons at traffic signals, resigning of high risk crosswalks, establishment of new crosswalks, and safety enhancements within school zones.

➤ **Information Systems**

○ **Additional Surveillance Cameras - \$100,000**

On January 8, 2024 Council approved the addition of \$100,000 from Measure C to fund the purchase of additional surveillance cameras at four (4) City intersections. These cameras are used to proactively identify crime as it occurs in the City, enhancing citizen safety as well as acting as deterrents to crime. Having this infrastructure in place gives officers an immediate tool to investigate and solve the crimes they respond to, making it an invaluable tool.

**Reserve**

As the economic implications associated with the Coronavirus pandemic remain unpredictable, an adequate fund balance will become more important than ever to weather the current fiscal environment. In October 2010, the City Council adopted a Fund Balance Reserve Policy that applies to all City funds. Establishing a Fund Balance Reserve Policy demonstrates sound fiscal awareness and responsibility. Both the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) recommend the establishment of a formal policy regarding fund balances as a method to manage the fiscal risk associated with a local public agency. The City's Reserve Policy states that the acceptable reserve balance range is 10% to 50% of expenditures, with a primary goal of 50%.

To stay consistent with the City's current Reserve Policy, a 25% Reserve Fund and Equipment Replacement Reserve Fund has been established and authorized for Measure C by the Committee. The Reserve Fund balances for Fiscal Year 23/24 are estimated to be:

Reserve Fund (25% of Expenditures)	\$	620,801
Equipment Reserve	\$	205,000

Measure C revenue is based entirely on sales tax collected via taxable sales within the City. Sales Tax can fluctuate drastically depending on the local economy. At any time, a new business may come into the City or a business may close. Because of this volatility, the City has been conservative with its budget projections.

Year to date income statements have been prepared for the period ending December 31, 2023 (Attachment A) and is attached to this report. Further detail regarding the revenues and expenditures can be provided if requested.

Estimated Measure C Fund Balance less the proposed projects above as of 12/31/2023 are as follows:

<b>Estimated Measure C Fund FY 2023/24</b>	
<b>25% Reserve</b>	\$620,801
<b>Equipment Reserve</b>	\$205,000
<b>Transit Reserve</b>	\$411,100
<b>Operations Reserve</b>	\$205,500
<b>Funds not Programmed</b>	\$4,736,579
<b>Ending Fund Balance</b>	<b>\$6,178,980</b>
<b>Mid Year Requests</b>	\$312,000
<b>Fund Balance after Mid-Year Requests</b>	<b>\$5,866,980</b>

**REASON FOR RECOMMENDATION:**

In association with the Adoption of the Lathrop Public Safety and Essential City Services Transaction and Use Tax Measure (Measure C), the Measure C Oversight Committee will meet semi-annually to review the expenditure of revenue collected pursuant to the Measure.

**ATTACHMENTS:**

- A. Measure C: Essential City Services, Income Statement as of December 31, 2023

**APPROVALS:**



Cari James  
Director of Finance

1/18/2024

Date



Thomas Hedegard  
Deputy City Manager

1/18/2024

Date



Salvador V. Navarrete  
City Attorney

1-18-2024

Date

 FOR

Stephen J. Salvatore  
City Manager

1/18/2024

Date

Income Statement  
City of Lathrop  
Essential City Services  
Lathrop Public Safety and Essential City Services Transaction and Use Tax  
As of 12/31/2023  
ATTACHMENT "A"

	<u>23/24 Adjusted</u> <u>Budget</u>	<u>Year to Date</u>	<u>% of</u> <u>Budget</u>
<b>Revenue</b>			
Essential City Services	6,000,000	2,063,764	34%
Interest Essential City Services	50,000	52,345	
Lathrop Manteca Fire District	4,000,000	1,375,842	34%
Pending payment		(284,335)	
Interest LMFD		7,443	
<b>Total Revenue</b>	<b>10,050,000</b>	<b>3,215,059</b>	<b>32%</b>
<b>Operating Expenditures</b>			
Essential City Services			
Salaries (Generations Center)	552,761	261,915	47%
Operation & Maint (Generations Center)	314,062	92,173	29%
Capital Improvements	3,500,000	120,593	3%
Intergov Contract Service (Police)	1,449,400	-	0%
Indirect Costs	166,980	-	0%
<b>Total Essential City Services Expenditures</b>	<b>5,983,203</b>	<b>474,681</b>	<b>8%</b>
40% Transferred to LMFD	4,000,000	1,091,507	
Prior Yr Transfer		1,006,439	
HDL		132	
<b>Total Lathrop Manteca Fire District</b>	<b>4,000,000</b>	<b>2,098,078</b>	<b>52%</b>
<b>Net Changes in Fund Balance</b>			
Essential City Services	66,797	1,641,428	
LMFD	-	(999,128)	
<b>Total Net Changes in Fund Balance</b>	<b>66,797</b>	<b>642,301</b>	
<b>Beginning Fund Balance</b>			
Essential City Services	6,112,183	6,112,183	
LMFD	1,020,937	1,020,937	
<b>Total Net Changes in Fund Balance</b>	<b>7,133,120</b>	<b>7,133,120</b>	
<b>Reserve Funds</b>			
Essential City Services Fund Balance Reserve	(620,801)	(620,801)	
Essential City Services Equip Replace Reserve	(205,000)	(205,000)	
<b>Total Reserve Fund Balance</b>	<b>(825,801)</b>	<b>(825,801)</b>	
<b>Ending Fund Balance</b>			
Essential City Services	5,353,179	6,927,811	
LMFD	1,020,937	21,809	
<b>Net Surplus (Loss)</b>	<b>6,374,116</b>	<b>6,949,620</b>	

Prepared By: Cari James

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