

MEASURE C OVERSIGHT COMMITTEE
JANUARY 27, 2026**ITEM: 7.2****MEASURE C YEAR TO DATE FINANCIAL UPDATE AS OF
DECEMBER 31, 2025**

RECOMMENDATION: **Receive Financial Status Report on Lathrop Public Safety and Essential City Services Transaction and Use Tax (Measure C) as of December 31, 2025 and Find Proposed Expense in Compliance with the Intent of Measure C**

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 25/26 Budget

Currently, the City has received Sales Tax from the California Department of Tax and Fee Administration (CDTFA) through October 2025. To date, Measure C has generated approximately \$3.18 million or 33% of FY 25/2 projected revenue. Of the \$3.18 million received to date, 40% (or \$1.27 million) will be transferred to the Lathrop Manteca Fire District (LMFD).

Essential City Services

To date, for FY 25/26, Measure C: Essential City Services Fund has expended \$1.7 million or 20% of projected expenditures.

On July 29, 2025, the Measure C Oversight Committee found the following FY 25/26 Measure C proposed programs/projects in conformance with the intent of the Measure:

- Public Safety
 - 9.5 Police Positions
 - 3.5 Sworn Officers
 - 1 Sergeant
 - 2 School Resource Officer
 - 1 Detective
 - 1 Lieutenant

- 1 Crime and Intelligence Analyst
- Overtime at community events
- Housing Assistance Program for Sworn LPD Staff

- Other Essential City Services
 - Parks and Recreation
 - Operation and Maintenance/Staffing of the Generations Center
 - Capital Projects
 - Mossdale Community Park Renovations
 - Valverde Park Revitalization
 - Citywide Fiber Improvements

Lathrop Manteca Fire District

The Lathrop-Manteca Fire District Fiscal Year 2025/26 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 (ALS) 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 are 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 can 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 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 ALS program. Measure C funding has provided essential ALS equipment and skills maintenance training for District paramedics. On January 13, 2025, the District began providing ALS services to the citizens of Lathrop, from Station 34. Currently, the District has 8 licensed paramedics and is working to continue to grow the ALS program at additional fire stations in the City. As additional personnel become licensed as paramedics, the District intends to expand ALS service next to Station 35.

- Estimated FY 2025/26 Budget includes:

- 9 Firefighters
- 1.98 Line Battalion Chiefs
- 1 Deputy Fire Marshal
- Overtime to provide for constant staffing at stations in the City of Lathrop
- Personnel expenses related to incentives and licensing maintenance to provide ALS paramedic services
- Continued funding of ALS program
- Housing Assistance Program for Sworn LMFD Staff

New Request Essential City Services

➤ **Capital Improvements**

- **Fund Pre-Approved ADU Plans – \$70,000 – Approved by Council September 8, 2025**

In 2023, the City contracted for architectural services to prepare a pre-approved ADU plan. Three pre-engineered ADU plans were created ranging in size from 496 square feet to 748 square feet. These plans can be used by all Lathrop homeowners wishing to construct an ADU. The advantage for homeowners selecting one of the City's three ADU options is that it streamlines the City's Building Permit application process significantly. In 2023, this contract was funded by Senate Bill 2 Planning Grant Funds and Local Early Action Planning (LEAP) Grants.

In July 2025, staff became aware that the City's current pre-engineered approved ADU plans need to be updated to comply with the upcoming 2025 California Building Code, which took effect on January 1, 2026. The cost to update the plan is estimated to be \$70,000. Currently grant funds are not available to fund this update.

- **Fund restrooms at Missionary Minnie Lee Cotton Park PK26-21 – \$500,000 – Approved by Council October 13, 2025**

On May 2, 2025, the City Council formally accepted Missionary Minnie Lee Cotton Park. On September 11, 2025, the San Joaquin County Environmental Health Department conducted a site inspection of the newly installed splashpad at the park. During the inspection, it was noted that restroom facilities had not been included in the project's scope.

According to the California Health and Safety Code and the California Building Code, public spray grounds are required to provide accessible restroom and shower facilities for public use. These requirements were not known to the City during the original planning and construction phases, and as a result, the necessary amenities were not included.

To bring the park into full regulatory compliance and ensure that the facility meets the needs and expectations of the community a shower and restroom facility needs to be constructed.

- **Fund Traffic Safety Enhancements on Spartan Way PS26-20 – \$850,000 - Approved by Council October 13, 2025 & January 12, 2026**

Staff completed a traffic study on Spartan Way between Golden Valley Parkway and Stanford Crossing. The results of the traffic study identified safety concerns including high vehicle speeds, mid-block pedestrian crossing, and high-speed motorized bicycles and scooters using the sidewalks with pedestrians present.

To enhance safety on Spartan Way, staff propose the following traffic safety improvements:

- Raised crosswalk with pedestrian activated flashing lights.
- 4-foot-high wrought iron median fence.
- Restriping
- Bike lane physical barrier

- **Fund Streetlight LED Conversion CIP GG26-27 - \$1,000,000 – Approved by Council December 8, 2025**

The City's existing High-Pressure Sodium (HPS) streetlights are nearing the end of their service life, resulting in frequent outages, resident complaints, and public safety concerns. Currently, replacements are made reactively as light failures occur, which can take up to three months due to the long lead time for replacement fixtures.

To address these issues proactively, staff proposes converting 1,650 HPS streetlights to long-lasting, energy-efficient light emitting diode (LED) fixtures. Compared to HPS light fixtures, LED fixtures offer longer lifespans, lower energy use, reduced maintenance costs, and lower PG&E rates, providing both operational and energy cost savings.

➤ **LMFD**

- **Fund Training for Licensing Additional Paramedics (Paramedic School) - \$270,000**

To expand ALS services to all City of Lathrop fire stations, the District will need to acquire additional licensed paramedics. The District will need to send additional personnel to Paramedic school, which includes full program costs, applicable fees, equipment and overtime staffing. The high-end estimate to send 3 personnel to school and cover all program and staffing expenses, is estimated at \$270,000. To minimize costs and reduce time, the District also endeavors to acquire paramedics through the entry-level recruitment process.

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 25/26 are estimated to be:

Reserve Fund (25% of Expenditures)	\$	1,108,101
Equipment Reserve	\$	265,000

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, 2025 (Attachment A) and are attached to this report. Further details regarding the revenues and expenditures can be provided if requested.

Estimated Measure C Fund Balance less the proposed projects above as of 12/31/2025 are as follows:

Estimated Measure C Fund FY 2025/26

25% Reserve	\$1,108,101
Equipment Reserve	\$265,000
Transit Reserve	\$411,100
Operations Reserve	\$205,500
Funds not Programmed	\$765,556
Fund Balance including Mid-Year Requests	\$2,755,257

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, 2025

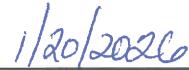
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JANUARY 27, 2026

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APPROVALS:



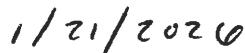
Cari James
Director of Finance



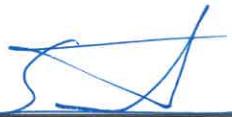
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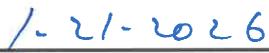
Thomas Hedegard
Deputy City Manager



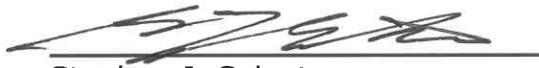
Date



Salvador V. Navarrete
City Attorney



Date



Stephen J. Salvatore
City Manager



Date

Income Statement
City of Lathrop
Essential City Services
Lathrop Public Safety and Essential City Services Transaction and Use Tax
As of 12/31/2025
ATTACHMENT "A"

	<u>25/26 Adjusted</u>		<u>% of</u>
	<u>Budget</u>	<u>Year to Date</u>	<u>Budget</u>
Revenue			
Essential City Services	5,700,000	1,863,197	33%
Interest Essential City Services	200,000	64,076	
Lathrop Manteca Fire District	3,800,000	1,242,131	33%
Interest LMFD	12,161		
Total Revenue	9,700,000	3,181,565	33%
Operating Expenditures			
Essential City Services			
Salaries (Generations Center)	865,230	371,520	43%
Operation & Maint (Generations Center)	709,655	128,021	18%
Capital Improvements	4,028,000	1,220,000	30%
Intergov Contract Service (Police)	2,691,620	-	0%
Indirect Costs	165,900	-	0%
Total Essential City Services Expenditures	8,460,405	1,719,541	20%
40% Transferred to LMFD	3,800,000	1,045,097	
Not Yet Transferred		1,242,132	
HDL		120	
Total Lathrop Manteca Fire District	3,800,000	2,287,348	60%
Net Changes in Fund Balance			
Essential City Services	(2,560,405)	207,732	
LMFD	-	(1,033,056)	
Total Net Changes in Fund Balance	(2,560,405)	(825,325)	
Beginning Fund Balance			
Essential City Services	6,515,660	6,515,660	
LMFD	1,088,923	1,088,923	
Total Net Changes in Fund Balance	7,604,583	7,604,583	
Reserve Funds			
Essential City Services Fund Balance Reserve	(1,108,101)	(1,108,101)	
Essential City Services Equip Replace Reserve	(265,000)	(265,000)	
Total Reserve Fund Balance	(1,373,101)	(1,373,101)	
Ending Fund Balance			
Essential City Services	2,582,154	5,350,291	
LMFD	1,088,923	55,866	
Net Surplus (Loss)	3,671,077	5,406,157	

Prepared By: Cari James

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