



Legislation Text

File #: 24-15  
Version: 1

Agenda Date: 2/7/2024  
Item #: 4.

Informational Report on Measure W FY 2023-24 financials and project update for Measure W funded projects.  
(Karen Chang, Finance Director)

**RECOMMENDATION**

**This report is informational and requires no formal action from the Committee.**

**BACKGROUND/DISCUSSION**

On November 3, 2015, South San Francisco residents approved a half-cent sales tax by an overwhelming majority. The adoption of Measure W ensures that the City of South San Francisco will be able to maintain and enhance locally-controlled City services that the community cares about and has come to expect - including neighborhood police patrols, 911 response times, crime and gang suppression programs, street maintenance and pothole repair, maintaining youth/teen educational/recreational programs, providing a police operations center that meets earthquake safety codes, and other essential services.

The voter-approved half-cent sales tax (Measure W) went into effect on April 1, 2016. Since that time, the sales tax proceeds have been accounted for separately from the City's General Fund to track the commensurate revenues and expenditures.

Major projects currently funded by Measure W are:

1. Community Civic Campus Program
  - a. Police Operations & 911 Dispatch Center (pf1707)
  - b. Library, Parks and Recreation and Community Theater/Council Chamber (pf2103)
2. Orange Memorial Park Project
  - a. Multi-Use Sports Fields
  - b. Aquatic Center
  - c. Park Playground
  - d. Park Bridges
3. Paving Program  
Use to augment City efforts towards street maintenance and pothole repairs

**A. MEASURE W FUND BALANCE THROUGH DECEMBER 31, 2023**

The following is a summary of Measure W revenues and expenditures since its inception through December 31, 2023:

**Table 1: Measure W Fund Balance Summary**

	Cumulative Total as of June 30, 2021	FY 21/22	FY 22/23	FY 23/24 7/1/23 - 12/31/23	Inception Total as of December 31, 2023
<b>TOTAL REVENUES</b>	59,270,645	15,399,766	15,618,697	5,366,441	95,655,549
					-
<b>Expenditures</b>					-
Salaries & Benefits	267,867	279,785	287,295	76,059	911,006
Services & Supplies	275,622				275,622
Transfers Out to Capital Improvement Fund					-
- Civic Campus	40,907,394	2,755,016	2,088,941		45,751,351
- Street Paving Program	6,711,687	159,012	44,071		6,914,770
Debt Services	3,174,355	8,287,833	8,289,450	2,483,375	22,235,013
<b>TOTAL EXPENDITURES</b>	51,336,925	11,481,646	10,709,757	2,559,434	76,087,762
Revenue Less Expenditures	7,933,720	3,918,120	4,908,940	2,807,007	19,567,787
<b>FUND BALANCE</b>	<b>7,933,720</b>	<b>11,851,840</b>	<b>16,760,780</b>	<b>19,567,787</b>	<b>19,567,787</b>

As shown above, the preliminary fund balance for Measure W as of June 30, 2023, was \$16,760,780. The fund balance as of December 31, 2023, was \$19,567,787.

**B. FY 2023-24 Q1 REVENUES**

The City has recorded approximately \$5.4 million in Measure W sales tax revenues. The amount represents receipts of sales tax collection up to October 2023. There is usually a 2-month lag from when businesses remit sales tax to the California Department of Tax and Fee Administration (CDTFA) and when the CDTFA remits the sales tax to the City.

**C. FY 2023-24 EXPENDITURES**

The following is a summary of expenditures as of December 31, 2023:

**Table 2: Expenditures**

	Budget	Actual	Remaining Balance
Salaries and Benefits	475,635	76,059	399,576
Civic Campus Construction (pf1707, pf2103)	12,111,127	-	12,111,127
Paving Program (st2104, st1903)	1,086,231	-	1,086,231
Debt Service	8,286,750	2,483,375	5,803,375
<b>TOTAL Expenditures</b>	<b>21,959,743</b>	<b>2,559,434</b>	<b>19,400,309</b>

Ongoing Capital Project Funds appropriated in prior years by Council but unspent has been carried over as appropriated funds to be spent in FY 2023-24 or future years.

**D. DEBT OVERVIEW**

City Council approved three bond financings to accelerate project delivery and lock-in low borrowing costs. The City used Measure W half-cent sales tax to pay for the debt service on the bonds.

In February 2020, the City issued lease revenue bonds to finance the first phase of the Community Civic Campus consisting of a new 43,000 square foot Police Operations Center for \$53.8 million. The interest cost was 2.30%. The City received a triple A (AAA) rating from Standard & Poor's (S&P); the highest possible rating. AAA rating has a high degree of creditworthiness where the City is able to meet its financial commitments and has the lowest risk of default.

In May 2021, the City issued lease revenue bonds to finance the second phase of the City's new Community Civic Campus consisting of a new civic center building for a community library, the City's Park and Recreation department, the City Council chambers, and approximately 1.3 acres community park. A portion of the \$104 million in bond proceeds were used for the \$24 million Street Paving Program (25 miles) and \$4 million in solar panels. The interest cost was 2.32%.

The third bond financing was originally scheduled for September 2022. However, due to rising interest rates, staff recommended accelerating the issuance of the Series 2022 Bonds. In May 2022, the City issued \$65.4 million in lease revenue bonds to finance several capital projects at Orange Memorial Park, including the aquatic center with two swimming pools, multi-use sports fields, playground, and two pedestrian bridges. The interest cost was 4.07%. If the financing was issued in September 2022, staff estimated a borrowing cost of over 5.00%. Staff's recommendation to move up the financing four months saved the City over \$8.0 million in interest cost over the life of the loan.

In total, the City issued \$195.7 million in bonds with \$188.4 million currently outstanding. The average annual debt service is \$13.2 million from 2025 to 2046. Additional information can be found in ACFR Note 5 - Long Term Debt Session on P. 75.

### CONCLUSION

In FY 2023-24, the City collected \$5.4 million in Measure W sales tax revenues and expended \$2.6 million in the 2nd Quarter.

### Attachments:

1. Revenue Detail report -Q2 FY 2023-24
2. Expenditure Detail report -Q2 FY 2023-24
3. Power Point Presentations



# Presentation to Measure W Citizens' Oversight Committee

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Karen Chang, Director of Finance

February 7, 2024



# Financial Update

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Fiscal Year Ended	Culmulative Total as of June 30, 2021	FY 21/22	FY 22/23	FY 23/24 -YTD as of 12/31/23	Total as of December 31, 2023
<b>Total Revenues</b>	<b>59,270,645</b>	<b>15,399,766</b>	<b>15,618,697</b>	<b>5,366,441</b>	<b>95,655,549</b>
<b>Expenditures</b>					
Salaries & Benefits	267,867	279,785	287,295	76,059	911,006
Services & Supplies	275,622				275,622
Transfers Out to Capital Improvement Fund					-
Civic Campus	40,907,394	2,755,016	2,088,941		45,751,351
Street Paving Program	6,711,687	159,012	44,071	-	6,914,770
Debt Service	3,174,355	8,287,833	8,289,450	2,483,375	22,235,013
<b>Total Expenditures</b>	<b>51,336,925</b>	<b>11,481,646</b>	<b>10,709,757</b>	<b>2,559,434</b>	<b>76,087,762</b>
<b>Revenue Less Expenditures</b>	<b>7,933,720</b>	<b>3,918,120</b>	<b>4,908,940</b>	<b>2,807,007</b>	<b>19,567,787</b>
<b>FUND BALANCE</b>	<b>7,933,720</b>	<b>11,851,840</b>	<b>16,760,780</b>	<b>19,567,787</b>	<b>19,567,787</b>



# Series 2020 Bond Debt Service



Date	Principal	Interest	Debt Service
6/1/2020	0	407,156	407,156
6/1/2021	935,000	1,832,200	2,767,200
6/1/2022	980,000	1,785,450	2,765,450
6/1/2023	1,030,000	1,736,450	2,766,450
6/1/2024	1,080,000	1,684,950	2,764,950
6/1/2025	1,135,000	1,630,950	2,765,950
6/1/2026	1,190,000	1,574,200	2,764,200
6/1/2027	1,250,000	1,514,700	2,764,700
6/1/2028	1,310,000	1,452,200	2,762,200
6/1/2029	1,365,000	1,399,800	2,764,800
6/1/2030	1,420,000	1,345,200	2,765,200
6/1/2031	1,475,000	1,288,400	2,763,400
6/1/2032	1,535,000	1,229,400	2,764,400
6/1/2033	1,595,000	1,168,000	2,763,000
6/1/2034	1,660,000	1,104,200	2,764,200
6/1/2035	1,725,000	1,037,800	2,762,800
6/1/2036	1,795,000	968,800	2,763,800
6/1/2037	1,870,000	897,000	2,767,000
6/1/2038	1,940,000	822,200	2,762,200
6/1/2039	2,020,000	744,600	2,764,600
6/1/2040	2,100,000	663,800	2,763,800
6/1/2041	2,185,000	579,800	2,764,800
6/1/2042	2,270,000	492,400	2,762,400
6/1/2043	2,365,000	401,600	2,766,600
6/1/2044	2,460,000	307,000	2,767,000
6/1/2045	2,555,000	208,600	2,763,600
6/1/2046	2,660,000	106,400	2,766,400
<b>Total</b>	<b>43,905,000</b>	<b>28,383,256</b>	<b>72,288,256</b>
<b>Outstanding</b>	<b>40,960,000</b>	<b>22,622,000</b>	<b>63,582,000</b>

# Series 2021 Bond Debt Service



Date	Principal	Interest	Debt Service
6/1/2020	0	0	0
6/1/2021	0	0	0
6/1/2022	2,210,000	3,312,383	5,522,383
6/1/2023	2,155,000	3,368,000	5,523,000
6/1/2024	2,240,000	3,281,800	5,521,800
6/1/2025	2,330,000	3,192,200	5,522,200
6/1/2026	2,425,000	3,099,000	5,524,000
6/1/2027	2,520,000	3,002,000	5,522,000
6/1/2028	2,625,000	2,901,200	5,526,200
6/1/2029	2,725,000	2,796,200	5,521,200
6/1/2030	2,835,000	2,687,200	5,522,200
6/1/2031	2,950,000	2,573,800	5,523,800
6/1/2032	3,065,000	2,455,800	5,520,800
6/1/2033	3,190,000	2,333,200	5,523,200
6/1/2034	3,315,000	2,205,600	5,520,600
6/1/2035	3,450,000	2,073,000	5,523,000
6/1/2036	3,590,000	1,935,000	5,525,000
6/1/2037	3,730,000	1,791,400	5,521,400
6/1/2038	3,880,000	1,642,200	5,522,200
6/1/2039	4,035,000	1,487,000	5,522,000
6/1/2040	4,195,000	1,325,600	5,520,600
6/1/2041	4,365,000	1,157,800	5,522,800
6/1/2042	4,540,000	983,200	5,523,200
6/1/2043	4,720,000	801,600	5,521,600
6/1/2044	4,905,000	612,800	5,517,800
6/1/2045	5,105,000	416,600	5,521,600
6/1/2046	5,310,000	212,400	5,522,400
<b>Total</b>	<b>86,410,000</b>	<b>51,646,983</b>	<b>138,056,983</b>
<b>Outstanding</b>	<b>82,045,000</b>	<b>44,966,600</b>	<b>127,011,600</b>

# Series 2022 Bond Debt Service



Date	Principal	Interest	Debt Service
6/1/2020	0	0	0
6/1/2021	0	0	0
6/1/2022	0	0	0
6/1/2023	0	3,175,615	3,175,615
6/1/2024	0	3,238,588	3,238,588
6/1/2025	1,705,000	3,238,588	4,943,588
6/1/2026	1,795,000	3,153,338	4,948,338
6/1/2027	1,880,000	3,063,588	4,943,588
6/1/2028	1,975,000	2,969,588	4,944,588
6/1/2029	2,075,000	2,870,838	4,945,838
6/1/2030	2,180,000	2,767,088	4,947,088
6/1/2031	2,290,000	2,658,088	4,948,088
6/1/2032	2,400,000	2,543,588	4,943,588
6/1/2033	2,520,000	2,423,588	4,943,588
6/1/2034	2,650,000	2,297,588	4,947,588
6/1/2035	2,780,000	2,165,088	4,945,088
6/1/2036	2,920,000	2,026,088	4,946,088
6/1/2037	3,065,000	1,880,088	4,945,088
6/1/2038	3,220,000	1,726,838	4,946,838
6/1/2039	3,380,000	1,565,838	4,945,838
6/1/2040	3,550,000	1,396,838	4,946,838
6/1/2041	3,725,000	1,219,338	4,944,338
6/1/2042	3,875,000	1,070,338	4,945,338
6/1/2043	4,030,000	915,338	4,945,338
6/1/2044	4,240,000	703,763	4,943,763
6/1/2045	4,465,000	481,163	4,946,163
6/1/2046	4,700,000	246,750	4,946,750
<b>Total</b>	<b>65,420,000</b>	<b>49,797,540</b>	<b>115,217,540</b>
<b>Outstanding</b>	<b>65,420,000</b>	<b>46,621,925</b>	<b>112,041,925</b>

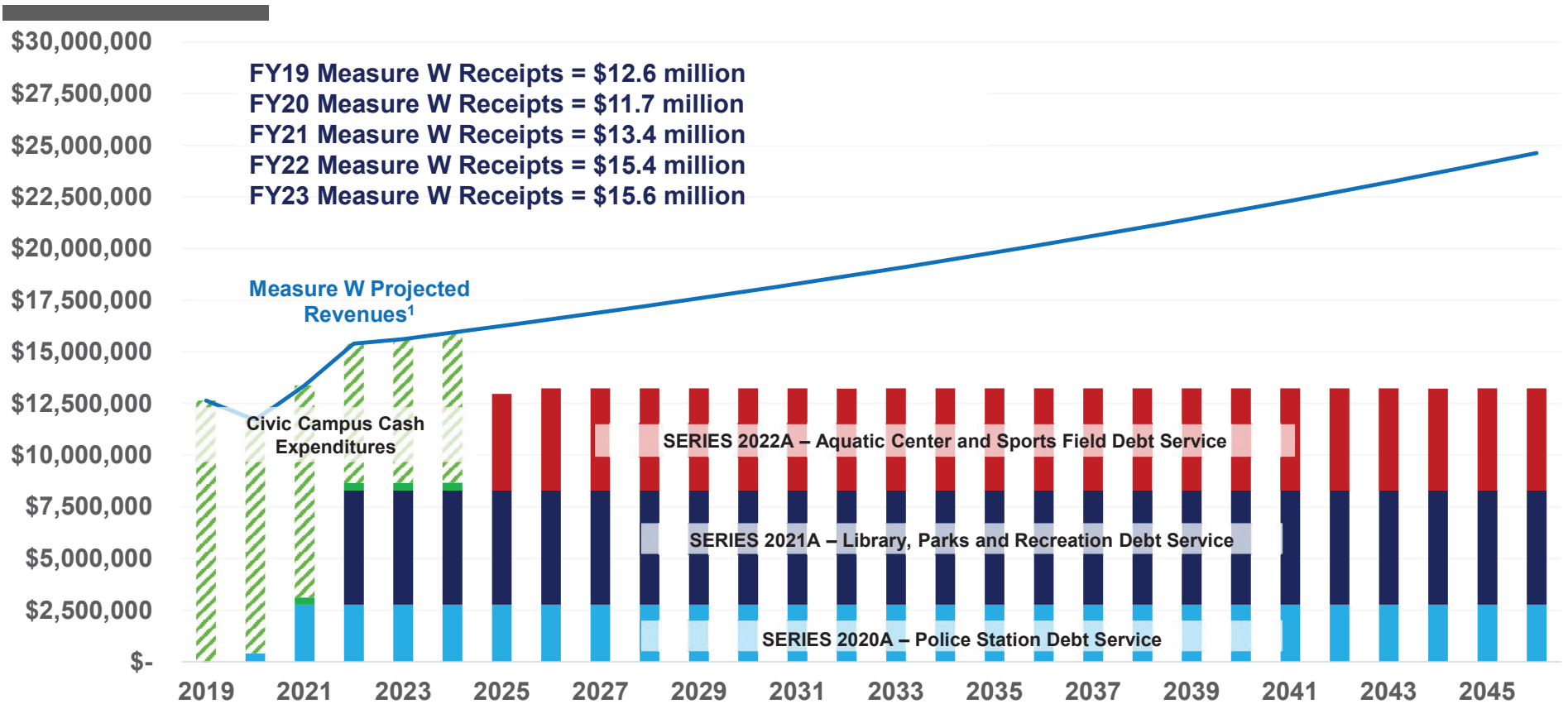


# Aggregate Bond Debt Service



Date	Principal	Interest	Debt Service
6/1/2020	0	407,156	407,156
6/1/2021	935,000	1,832,200	2,767,200
6/1/2022	3,190,000	5,097,833	8,287,833
6/1/2023	3,185,000	8,280,065	11,465,065
6/1/2024	3,320,000	8,205,338	11,525,338
6/1/2025	5,170,000	8,061,738	13,231,738
6/1/2026	5,410,000	7,826,538	13,236,538
6/1/2027	5,650,000	7,580,288	13,230,288
6/1/2028	5,910,000	7,322,988	13,232,988
6/1/2029	6,165,000	7,066,838	13,231,838
6/1/2030	6,435,000	6,799,488	13,234,488
6/1/2031	6,715,000	6,520,288	13,235,288
6/1/2032	7,000,000	6,228,788	13,228,788
6/1/2033	7,305,000	5,924,788	13,229,788
6/1/2034	7,625,000	5,607,388	13,232,388
6/1/2035	7,955,000	5,275,888	13,230,888
6/1/2036	8,305,000	4,929,888	13,234,888
6/1/2037	8,665,000	4,568,488	13,233,488
6/1/2038	9,040,000	4,191,238	13,231,238
6/1/2039	9,435,000	3,797,438	13,232,438
6/1/2040	9,845,000	3,386,238	13,231,238
6/1/2041	10,275,000	2,956,938	13,231,938
6/1/2042	10,685,000	2,545,938	13,230,938
6/1/2043	11,115,000	2,118,538	13,233,538
6/1/2044	11,605,000	1,623,563	13,228,563
6/1/2045	12,125,000	1,106,363	13,231,363
6/1/2046	12,670,000	565,550	13,235,550
<b>Total</b>	<b>195,735,000</b>	<b>129,827,779</b>	<b>325,562,779</b>
<b>Outstanding</b>	<b>188,425,000</b>	<b>114,210,525</b>	<b>302,635,525</b>

# Measure W Cashflow



<sup>1</sup> Assumes 2.00% growth in sales tax receipts from FY 2023 – 2046

# Bond Sale Statistics

Description	Series 2020 (Police Station)	Series 2021 (LPR + Streets)	Series 2022 (Pool + Sports Field)
Delivery Date	3/11/2020	6/16/2021	6/8/2022
<b>Bond Proceeds</b>	<b>\$ 53,800,000</b>	<b>\$ 104,000,000</b>	<b>\$ 65,000,000</b>
Total Interest Cost	2.27%	2.29%	4.03%
Average Annual Debt Service	\$ 2,756,755	\$ 5,531,499	\$ 4,804,623
Total Debt Service	\$ 72,288,256	\$ 138,056,983	\$ 115,217,540

LPR Project	\$76 M	Sports Field	\$12.3 M
Streets Project	\$24 M	Aquatic Center	\$49.0 M
Solar Project	\$ 4 M	Bridges	\$1.5 M
		Playground	\$2.2 M

# QUESTIONS

