



Legislation Text

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Item #: 3.

Informational report on Measure W fund balance and expenditures for FY 2020-21. (Janet Salisbury, Finance Director)

RECOMMENDATION

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

BACKGROUND/DISCUSSION

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. FY

A. MEASURE W FUND BALANCE THROUGH JUNE 30, 2020

The following is a summary of audited Measure W revenues and expenditures since its inception through June 30, 2020:

Table 1: Measure W Fund Balance Summary

Table with 6 columns: Fiscal Year (FY) Ended, 6/30/2016, 6/30/2017, 6/30/2018, 6/30/2019, 6/30/2020. Rows include TOTAL REVENUES, Expenditures (Civic Campus, Street Paving Program, Debt Service), TOTAL EXPENDITURES, Revenues Less Expenditures, and FUND BALANCE.

As shown above, the fund (cash) balance for Measure W as of June 30, 2020 was \$14,979,381. Attached to this report as Attachment 1 are pages 105-107 of the City's Comprehensive Annual Financial Report for year ended June 30, 2020, which reflects the above fund balance.

The complete financial report can be found on the City's website:

<https://www.ssf.net/departments/finance/financial-reports/comprehensive-annual-financial-reports-cafr>

B. FISCAL YEAR (FY) 2020-21 REVENUES

The City receives its sales tax revenues approximately two months after the actual collection date. To date, the City has received \$12.0 million in Measure W revenues for FY 2020-21; that figure includes monthly collections through May 2021. It is the current expectation that revenues for FY2020-21 will be near pre-COVID levels; the Finance Department is projecting that Measure W collections for the current fiscal year will be near the FY 2018-19 peak of \$12.6 million.

The following table shows a comparison by month the Measure W sales tax collection for FY 2020-21 versus the prior year:

Table 2: Monthly Revenue Comparison (FY2019-20 vs. FY2020-21)*

Month	FY 2019 -2020	FY 2020 -2021	Difference
July	\$ 930,148	\$ 1,025,771	\$ 95,623
August	1,450,260	1,527,732	77,472
September	821,445	498,476	(322,969)
October	958,425	1,017,094	58,669
November	1,056,673	1,389,937	333,264
December	1,239,905	932,921	(306 ,984)
January	790,642	885,528	94,886
February	1,186,204	1,424,181	237,977
March	713,987	870,466	156,479
April	714,606	924,602	209,996
May	1,397,081	1,507,996	110,915
June	444,714	-	-
TOTAL	\$ 11,704,090	\$ 12,004,704	\$ 745,328

**Data as of August 26, 2021*

As shown above, sales tax revenue collections in South San Francisco continue to be strong and relatively resilient to the impacts of the worldwide pandemic. For the first 11 months of this fiscal year, sales tax collections are higher by approximately \$68,000 than the same period the prior year. That is notable as all of FY 2020-21 were impacted by the pandemic whereas the first eight months of FY 2019-20 were pre-COVID.

C. FY2020-21 EXPENDITURES

The following numbers are preliminary and subject to change based on the FY 2020-21 audit. With that said, Measure W expenditures for FY2020-21 are as follows:

Payroll:	\$ 267,867
Debt Service:	\$ 2,767,200
Civic Campus Construction:	\$ 16,440,209
Streets Program:	\$ 949,678
TOTAL FY2020-21 Expenditures	\$ 20,424,954

Funds appropriated in prior years by Council but unspent have been carried over as appropriated funds to be spent in FY2020-21 as part of the ongoing capital projects.

D. LEASE REVENUE BONDS, SERIES 2021A

On May 12, 2021, the Council adopted the resolution approving the execution and delivery of various bond documents that allowed for the sale of the Lease Revenue Bonds, Series 2021A (“2021A Bonds”) via the joint powers authority, City of South San Francisco Public Facilities Financing Authority.

The 2021A Bonds were sold on June 16, 2021. The following are some statistics related to the 2021A Bonds:

Delivery Date (Date Proceeds Received):	6/16/2021
Last Maturity:	6/1/2046
Total Proceeds:	\$104,000,000
• Civic Campus Phase II:	\$ 76,000,000
• Streets Program:	\$ 24,000,000
• Solar Project:	\$ 4,000,000
True Interest Cost:	2.30%
Average Annual Debt Service:	\$ 5,531,498
Total Debt Service:	\$138,056,983

As the Committee is aware, the 2021A Bonds is the second issuance of Lease Revenue Bonds backed by Measure W revenues. In March 2020, the City issued its first Lease Revenue Bonds, Series 2020A (“2020A Bonds”). The combined average annual debt service for both 2020A Bonds and 2021A Bonds is \$8.287 million.

CONCLUSION

Despite the effects of COVID-19, Measure W remains healthy, with expenditures remaining well below revenue projections.



Presentation to Measure W Citizens' Oversight Committee

Janet Salisbury

01 SEPTEMBER 2021



AGENDA

- 1 Measure W Fund Balance
- 2 FY 2020-21 Revenues
- 3 FY 2020-21 Expenditures
- 4 Lease Revenue Bonds, Series 2021A
- 5 Q & A



Overview of Measure W

- Voters approved Measure W ½ cent Sales Tax in 2015
- Measure W revenues and expenditures outside of General Fund

Fiscal Year Ended	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
REVENUES	\$1,493,425	\$8,886,653	\$11,162,238	\$12,644,947	\$11,704,090
EXPENDITURES					
Civic Campus	211,992	382,776	4,925,872	8,793,377	10,255,536
Street Paving Program	-	495,162	4,122,270	1,189,851	127,882
Debt Service	-	-	-	-	407,156
TOTAL EXPENDITURES	\$211,992	\$877,938	\$9,048,241	\$9,983,229	\$10,790,573
Revenues Less Expenditures	\$1,281,433	\$8,008,716	\$2,113,996	\$2,661,719	\$913,518
FUND BALANCE	\$1,281,433	\$9,290,149	\$11,404,145	\$14,065,864	\$14,979,381

Measure W Fund Monthly Revenue Comparison

Month	FY 2019-2020	FY 2020-2021	Difference
July	\$ 930,148	\$ 1,025,771	\$ 95,623
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TOTAL	\$ 11,704,090	\$ 12,004,704	\$ 745,328

FY 2020-21 Expenditures

Appropriated funds in prior years transferred to CIP

Expenditures:

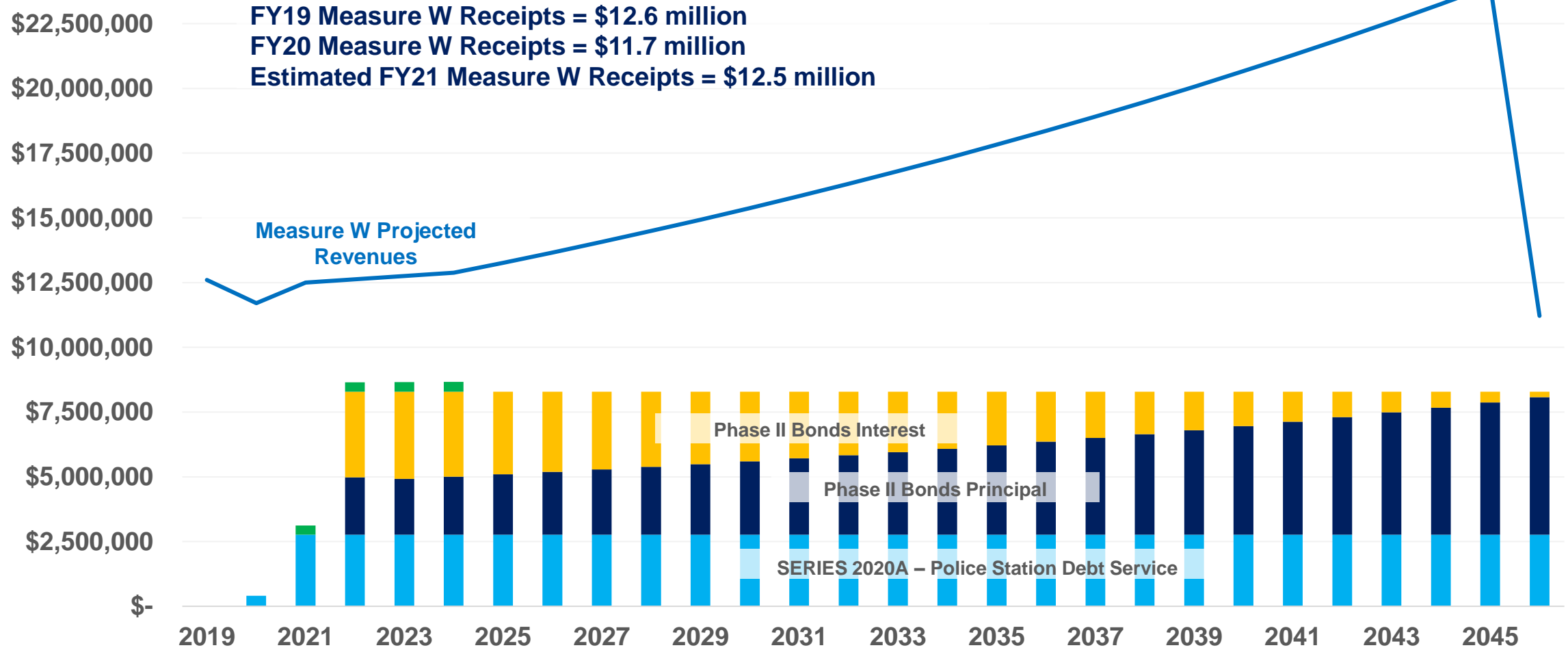
▪ Payroll	\$ 267,867
▪ Debt Service	\$ 2,767,200
▪ Civic Campus	\$ 16,440,209
▪ <u>Streets Program</u>	<u>\$ 949,678</u>
▪ TOTAL	\$ 20,424,954

Bond Sale Statistics

Description	Phase I (Police Station)	Phase II (LPR + Streets)
Delivery Date	3/11/2020	6/16/2021
Bond Proceeds	\$ 53,800,000	\$ 104,000,000
Total Interest Cost	2.27%	2.29%
Average Annual Debt Service	\$ 2,756,755	\$ 5,531,499
Total Debt Service	\$ 72,288,256	\$ 138,056,983

LPR Project \$76 M
Streets Project \$24 M
Solar Project \$ 4 M

Measure W Cashflow (Revenue less Expenditure)



QUESTIONS
