



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.

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, which is reflected in pages 105-107 of the City's Comprehensive Annual Financial Report for year ended June 30, 2020.

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. While unaudited, the City received \$13.4 million in Measure W revenues in FY 2020-21. That reflects a peak year for

Measure W collections - surpassing the \$12.6 million in FY 2018-19, which was a pre-COVID year.

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	1,374,588	929,874
TOTAL	\$ 11,704,090	\$ 13,379,292	\$ 1,675,202

**Unaudited; subject to change.*

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.

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
<u>Streets Program:</u>	<u>\$ 949,678</u>
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. CONTEMPLATED LEASE REVENUE BONDS ISSUANCE IN 2022

On October 26, 2021, City Council approved moving forward with two Capital Improvement Program (CIP) projects at Orange Memorial Park - namely, (1) an estimated \$14 million Sports Field project and (2) an estimated \$34 million project to replace the Orange Pool.

The above direction follows an April 2021 Council study session on the projects as well as consideration by the Budget Subcommittee in September 2021.

The expected total cost for both the Aquatic Center and Field Projects (“Projects”) is \$48 million:

Sports Field Project:	\$ 14,000,000
Orange Pool Project:	\$ 34,000,000
Total Capital Need:	\$ 48,000,000

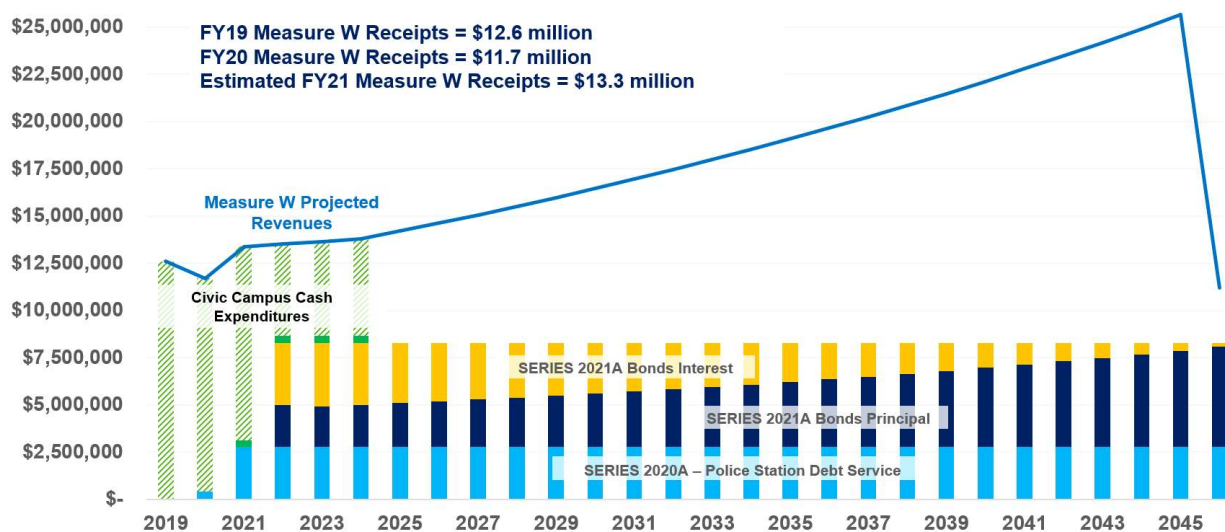
Given the \$48 million cost for both Projects, the following is the current funding recommendation that was accepted by Council:

Lease Revenue Bond Proceeds (Series 2022A - 3 rd Tranche)	\$ 41,000,000
Parks Impact Fee	\$ 5,300,000
Caltrans Grant	\$ 1,700,000
Total Capital Need for Projects:	\$ 48,000,000

As some of the Committee members are already aware, the City issued the first tranche of Lease Revenue Bonds in March 2020 to finance the Police Station. The City issued the second tranche of Lease Revenue Bonds in June 2021 to finance the (a) Library, Parks and Recreation (LPR) Building; (b) Streets Program, and (c) solar roofs for LPR and the Corp Yard. With Council approval of the funding strategy for the Sports Field and Pool Projects, staff will be moving forward with a third tranche of Lease Revenue Bonds to be issued in Summer 2022.

The chart below shows a projection of Measure W revenues against all known existing expenditure obligations.

Chart 1: Measure W Revenues vs. Current Debt Service



Through FY 2023-24, the difference between Measure W revenues and expenditures (represented by the striped green bar) is reserved and will be used towards the Civic Campus project. However, after FY 2023-24, the City

does have the financial capacity to absorb the debt service of a third bond financing.

CONCLUSION

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

Attachment:

1. Presentation to Committee



Presentation to Measure W COC

Janet Salisbury

03 NOVEMBER 2021



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	6/30/2021
REVENUES	\$1,493,425	\$8,886,653	\$11,162,238	\$12,644,947	\$11,704,090	\$13,379,292
EXPENDITURES						
Civic Campus	211,992	382,776	4,925,872	8,793,377	10,255,536	16,440,209
Street Paving Program	-	495,162	4,122,270	1,189,851	127,882	949,678
Debt Service	-	-	-	-	407,156	2,767,200
Payroll	-	-	-	-	-	267,867
TOTAL EXPENDITURES	\$211,992	\$877,938	\$9,048,241	\$9,983,229	\$10,790,573	\$20,424,954
Revenues Less Expenditures	\$1,281,433	\$8,008,716	\$2,113,996	\$2,661,719	\$913,518	-\$7,045,662
FUND BALANCE	\$1,281,433	\$9,290,149	\$11,404,145	\$14,065,864	\$14,979,381	\$7,933,719

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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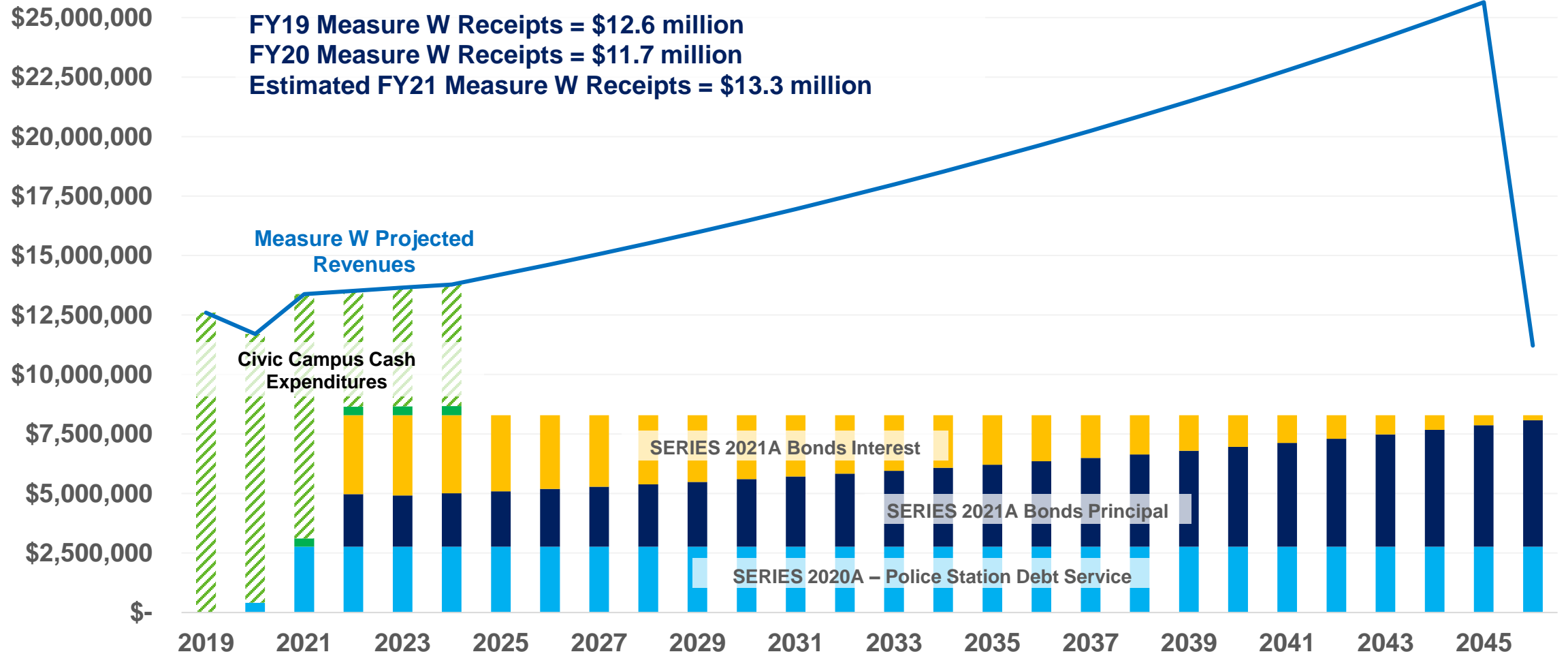
Council Approved Capital Projects

- **Sports Field Project**
 - Considerations
 - Projected Cost = \$14 million
 - Timing = Project Completion by Summer/Fall 2023

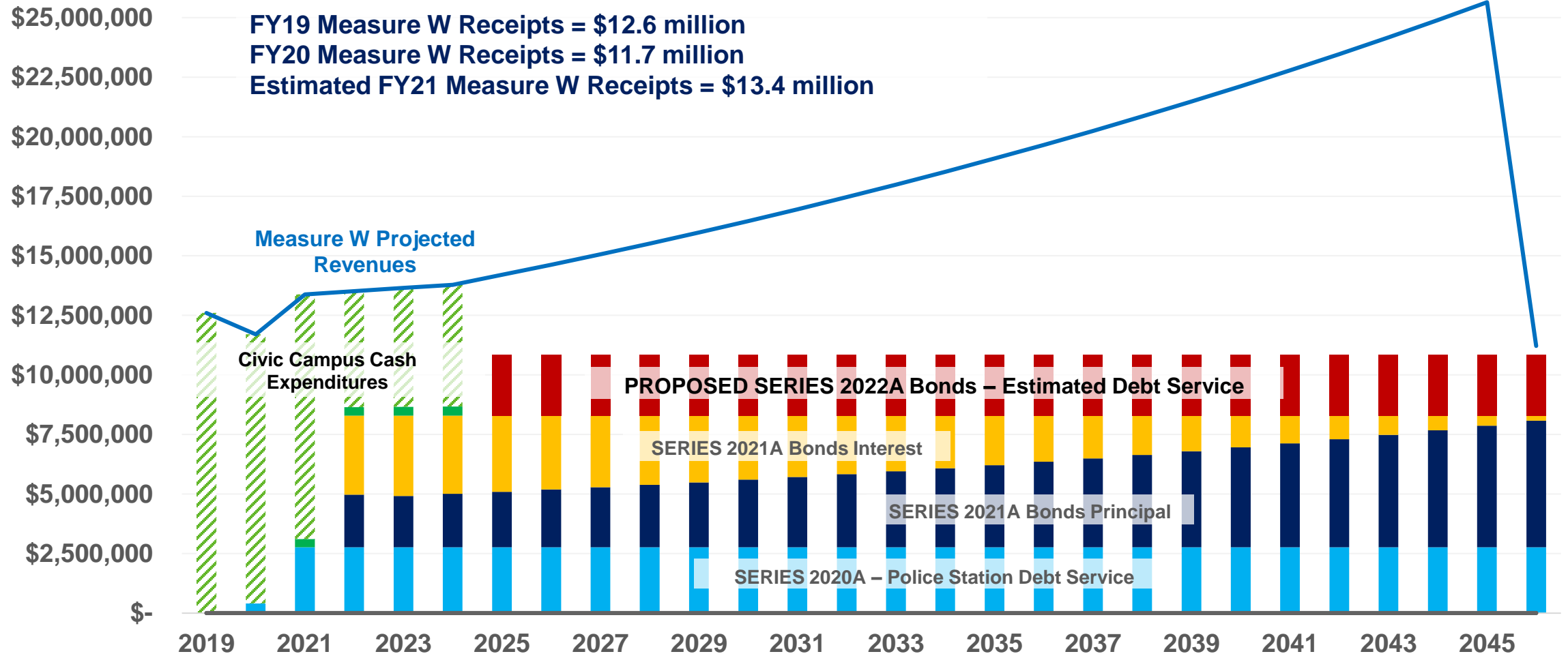
- **Orange Memorial Aquatic Center**
 - Considerations
 - Projected Cost = \$34 million
 - Timing = Project Completion by Fall/Winter 2024

- **Sports Field + Aquatic Center**
 - Total Cost = \$48 Million
 - Current Funding Plan
 - Measure W Lease Revenue Bonds (\$41 million)
 - Parks Impact Fee (\$5.3 million)
 - Caltrans Grant (\$1.7 million)

Measure W Cashflow (Revenue less Expenditure)



Measure W Cashflow (Revenue less Expenditure)



Projected Cashflow Detail

Date	Estimated Sales Tax Receipts (Measure W) ¹	Series 2020A: Debt Service (Police Station)	Series 2021A: Debt Service (LPR, Street Paving, Solar Roofs)	PROPOSED Series 2022A: Debt Service (Ballfield and Pool) ²	Remaining Measure W Funds	Debt Service Coverage Ratio
6/30/22	\$ 13,513,085	\$ 2,765,450	\$ 5,522,383	-	\$ 5,225,252	1.63x
6/30/23	13,648,216	2,766,450	5,523,000	-	5,358,766	1.65x
6/30/24	13,784,698	2,764,950	5,521,800	-	5,497,948	1.66x
6/30/25	14,198,239	2,765,950	5,522,200	2,544,700	3,365,389	1.31x
6/30/26	14,624,187	2,764,200	5,524,000	2,543,100	3,792,887	1.35x
6/30/27	15,062,912	2,764,700	5,522,000	2,543,500	4,232,712	1.39x
6/30/28	15,514,799	2,762,200	5,526,200	2,541,200	4,685,199	1.43x
6/30/29	15,980,243	2,764,800	5,521,200	2,543,600	5,150,643	1.48x
6/30/30	16,459,651	2,765,200	5,519,200	2,544,000	5,631,251	1.52x
6/30/31	16,953,440	2,763,400	5,523,800	2,542,300	6,123,940	1.56x

¹ Assumes no growth in sales tax receipts from FY 2021 – 2024 and 3.00% CAGR thereafter

² Assumes all-in true interest cost of 3.00%.