

The logo for Vacaville is a semi-circular emblem. At the top, a sun with orange rays and a white center is positioned behind a stylized American flag with orange and white stripes. Below the sun are rolling hills in shades of yellow and green, with a white road winding through them. The background of the hills is a light blue sky with white clouds. At the bottom of the emblem, the word "VACAVILLE" is written in a bold, white, sans-serif font with a grey outline, set against a green background.

Potential Sales Tax Measure

June 26, 2012

General Fund Forecast

	<i>Projected 2011/12</i>	<i>Projected 2012/13</i>	<i>Projected 2013/14</i>	<i>Projected 2014/15</i>	<i>Projected 2015/16</i>
Operating revenue	\$ 55,966,161	\$ 58,539,869	\$ 60,446,899	\$ 60,673,002	\$ 62,554,846
Operating expenditures	(59,259,956)	(63,811,271)	(63,251,296)	(64,537,085)	(65,898,120)
Net operating	(3,293,795)	(5,271,402)	(2,804,397)	(3,864,084)	(3,343,274)
Net transfers in(out)	2,134,164	245,761	93,649	208,278	328,483
One-time revenues & adjustments	856,598	750,000	350,000	0	0
One-time RDA Revenue	1,469,787	2,900,000			
Increase (decrease) for the year	1,166,754	(1,375,641)	(2,360,748)	(3,655,805)	(3,014,791)
Beginning emergency reserve	4,368,012	5,534,766	4,159,124	1,798,377	(1,857,429)
Ending emergency reserve	\$ 5,534,766	\$ 4,159,124	\$ 1,798,377	\$ (1,857,429)	\$ (4,872,220)
Balance as % of operating expenditures	9.3%	6.5%	2.8%	-2.9%	-7.4%

Measure I If Extended

	<i>Projected 2011/12</i>	<i>Projected 2012/13</i>	<i>Projected 2013/14</i>	<i>Projected 2014/15</i>	<i>Projected 2015/16</i>
Operating revenue	\$ 55,966,161	\$ 58,539,869	\$ 61,658,451	\$ 62,952,018	\$ 64,856,652
Operating expenditures	(59,259,956)	(63,811,271)	(63,251,296)	(64,537,085)	(65,898,120)
Net operating	(3,293,795)	(5,271,402)	(1,592,845)	(1,585,067)	(1,041,467)
Net transfers in(out)	2,134,164	245,761	93,649	208,278	328,483
One-time revenues & adjustments	856,598	750,000	350,000	0	0
One-time RDA Revenue	1,469,787	2,900,000			
Increase (decrease) for the year	1,166,754	(1,375,641)	(1,149,195)	(1,376,789)	(712,985)
Beginning emergency reserve	4,368,012	5,534,766	4,159,124	3,009,929	1,633,140
Ending emergency reserve	<u>\$ 5,534,766</u>	<u>\$ 4,159,124</u>	<u>\$ 3,009,929</u>	<u>\$ 1,633,140</u>	<u>\$ 920,155</u>
Balance as % of operating expenditures	<u>9.3%</u>	<u>6.5%</u>	<u>4.8%</u>	<u>2.5%</u>	<u>1.4%</u>

History

- Economic climate remains uncertain, unemployment remains high, global economic issues are not resolved
- State budget crisis remains, projected deficit for 2012/13 fiscal year is over \$15 billion
- State dissolved redevelopment agencies, shifting certain costs to the City's General Fund
- City has lost all means to promote job and economic growth

What has happened in Vacaville

- City has cut budget continually for last five years
- City employees have helped the City by taking pay cuts and other concessions
- Staffing levels are 25% lower overall, with some departments having as much as 40% less staff than compared to 2008
- The City has eliminated investment in our facilities, and few vehicles have been replaced, the wear and tear is taking its toll
- Future cuts will require cuts in services and programs

How would the tax work?

- Sales Tax revenues would be based on local sales and would be retained for local use
- Tax would be collected starting April 2013, for five years (through 2018)
- If state somehow takes Sales Tax funding, proposed ordinance would allow City to stop collecting the tax
- Council has option to consider a $\frac{1}{4}$ or $\frac{1}{2}$ cent sales tax

¼ Cent Sales Tax Increase

	<i>Projected 2011/12</i>	<i>Projected 2012/13</i>	<i>Projected 2013/14</i>	<i>Projected 2014/15</i>	<i>Projected 2015/16</i>
Operating revenue	\$ 55,966,161	\$ 59,564,869	\$ 64,577,649	\$ 64,927,674	\$ 66,937,158
Operating expenditures	(59,259,956)	(63,811,271)	(63,251,296)	(64,537,085)	(65,898,120)
Net operating	(3,293,795)	(4,246,402)	1,326,353	390,589	1,039,039
Net transfers in(out)	2,134,164	245,761	93,649	208,278	328,483
One-time revenues & adjustments	856,598	750,000	350,000	0	0
One-time RDA Revenue	1,469,787	2,900,000			
Increase (decrease) for the year	1,166,754	(350,641)	1,770,002	598,867	1,367,521
Beginning emergency reserve	4,368,012	5,534,766	5,184,124	6,954,127	7,552,994
Ending emergency reserve	\$ 5,534,766	\$ 5,184,124	\$ 6,954,127	\$ 7,552,994	\$ 8,920,515
Balance as % of operating expenditures	9.3%	8.1%	11.0%	11.7%	13.5%

Measure I + ¼ Cent Sales Tax

	<i>Projected</i> <u>2011/12</u>	<i>Projected</i> <u>2012/13</u>	<i>Projected</i> <u>2013/14</u>	<i>Projected</i> <u>2014/15</u>	<i>Projected</i> <u>2015/16</u>
Operating revenue	\$ 55,966,161	\$ 59,564,869	\$ 65,789,201	\$ 67,206,691	\$ 69,238,965
Operating expenditures	(59,259,956)	(63,811,271)	(63,251,296)	(64,537,085)	(65,898,120)
Net operating	(3,293,795)	(4,246,402)	2,537,905	2,669,605	3,340,845
Net transfers in(out)	2,134,164	245,761	93,649	208,278	328,483
One-time revenues & adjustments	856,598	750,000	350,000	0	0
One-time RDA Revenue	1,469,787	2,900,000			
Increase (decrease) for the year	1,166,754	(350,641)	2,981,555	2,877,884	3,669,328
Beginning emergency reserve	4,368,012	5,534,766	5,184,124	8,165,679	11,043,562
Ending emergency reserve	<u>\$ 5,534,766</u>	<u>\$ 5,184,124</u>	<u>\$ 8,165,679</u>	<u>\$ 11,043,562</u>	<u>\$ 14,712,891</u>
Balance as % of operating expenditures	<u>9.3%</u>	<u>8.1%</u>	<u>12.9%</u>	<u>17.1%</u>	<u>22.3%</u>

½ Cent Sales Tax Increase

	<i>Projected 2011/12</i>	<i>Projected 2012/13</i>	<i>Projected 2013/14</i>	<i>Projected 2014/15</i>	<i>Projected 2015/16</i>
Operating revenue	\$ 55,966,161	\$ 60,589,869	\$ 68,708,399	\$ 69,182,347	\$ 71,319,471
Operating expenditures	(59,259,956)	(63,811,271)	(63,251,296)	(64,537,085)	(65,898,120)
Net operating	(3,293,795)	(3,221,402)	5,457,103	4,645,261	5,421,351
Net transfers in(out)	2,134,164	245,761	93,649	208,278	328,483
One-time revenues & adjustments	856,598	750,000	350,000	0	0
One-time RDA Revenue	1,469,787	2,900,000			
Increase (decrease) for the year	1,166,754	674,359	5,900,752	4,853,540	5,749,834
Beginning emergency reserve	4,368,012	5,534,766	6,209,124	12,109,877	16,963,416
Ending emergency reserve	<u>\$ 5,534,766</u>	<u>\$ 6,209,124</u>	<u>\$ 12,109,877</u>	<u>\$ 16,963,416</u>	<u>\$ 22,713,250</u>
Balance as % of operating expenditures	<u>9.3%</u>	<u>9.7%</u>	<u>19.1%</u>	<u>26.3%</u>	<u>34.5%</u>

Measure I + Half Cent Sales Tax

	<i>Projected 2011/12</i>	<i>Projected 2012/13</i>	<i>Projected 2013/14</i>	<i>Projected 2014/15</i>	<i>Projected 2015/16</i>
Operating revenue	\$ 55,966,161	\$ 60,589,869	\$ 69,919,951	\$ 71,461,363	\$ 73,621,278
Operating expenditures	(59,259,956)	(63,811,271)	(63,251,296)	(64,537,085)	(65,898,120)
Net operating	(3,293,795)	(3,221,402)	6,668,655	6,924,278	7,723,158
Net transfers in(out)	2,134,164	245,761	93,649	208,278	328,483
One-time revenues & adjustments	856,598	750,000	350,000	0	0
One-time RDA Revenue	1,469,787	2,900,000			
Increase (decrease) for the year	1,166,754	674,359	7,112,305	7,132,556	8,051,641
Beginning emergency reserve	4,368,012	5,534,766	6,209,124	13,321,429	20,453,985
Ending emergency reserve	\$ 5,534,766	\$ 6,209,124	\$ 13,321,429	\$ 20,453,985	\$ 28,505,626
Balance as % of operating expenditures	9.3%	9.7%	21.1%	31.7%	43.3%

What if a Sales Tax Measure Fails?

- If Measure I passes, the City shows a continued structural deficit of about \$1 million
- If Measure I does not pass, the structural deficit increases to \$1.4 million in 2012/13 to over \$3 million in 2014/15
- City will need to make additional cuts to essential services and programs to make up the difference

What if Measure Passes?

- As a general tax, the funds would be placed into the general fund
- City Council would determine funding priorities and address issues such as:
 - City Reserve Levels
 - Facilities and Capital Needs
 - Staffing Levels/Restore Essential Services

Recommendation:

- Determine the rate of the proposed tax
 - $\frac{1}{4}$ or $\frac{1}{2}$ cent
- By title only, to introduce the subject ordinance (first reading)

Questions?