



# *City of Grover Beach*

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## **Sales Tax Progress Report**

*By City Manager Bob Perrault*

It has been a year since Measure X was passed by Grover Beach voters in November 2006. This measure, which adjusted the City's sales tax rate by half of a percent, was expected to generate \$480,000 in revenue to the City's General Fund. It is appropriate to provide the community with a progress report on how we are doing.

Although the adjustment in the tax rate was implemented April 1, 2007, the resulting revenues were not received by the City of Grover Beach from the State until just before the beginning of our new fiscal year, July 1, 2007. The City has now received revenue for two consecutive fiscal quarters. Based on these initial receipts, it appears that our estimates were solid and we should be very close to realizing the full \$480,000 we anticipated.

In April of this year, a plan was adopted by the City Council for the expenditure of these funds. In developing the plan, the Council was very mindful of the commitments made to the voters during the Measure X campaign. As a result, the Council decided to dedicate:

- **50% of the revenue (estimated at \$240,000) for *Street Repairs*;**
- **24% of the revenue (or an estimated \$116,000) for *Emergency Vehicles and Equipment*;**
- **20% of the revenue (or \$96,000) to *Eliminate the Use of Reserve Funds for operational expenditures*; and**
- **6% of the revenue (or \$28,000) to *Purchase a Public Works Utility Vehicle*.**

I am pleased to report that significant progress has been made in meeting this expenditure plan:

### ***Street Repairs or "Street Rehabilitation"***

The addition of the \$240,000 from sales tax revenue has enabled the City to increase the allocation to street rehabilitation from approximately \$541,000 in FY 07 to \$800,000 in the current fiscal year. Street work will be done in three phases:

1. South 7<sup>th</sup> Street (from Rockaway Avenue to Longbranch Avenue) and Longbranch Avenue (from South 10<sup>th</sup> Street to South 11<sup>th</sup> Street) is scheduled for completion in mid-March 2008, with an estimated cost of \$233,200;

2. Ramona Avenue (from North 14<sup>th</sup> to North 16<sup>th</sup> Street) is scheduled for completion in mid-April 2008, with an estimated cost of \$220,500; and
3. A third phase, of selecting additional streets for rehabilitation, is scheduled to occur in December 2007, with completion scheduled in July 2008 at an estimated cost of \$346,300.

### **Emergency Vehicles and Equipment**

The City has been actively completing its emergency equipment commitments. The lease on the City's Hi Tech Fire Engine has been retired at a cost of \$70,527. This action will mean the engine is ready and available to participate as a part of the equipment-sharing program between the City of Grover Beach and the City of Arroyo Grande. The Police Department replacement vehicle has been ordered at a cost of slightly less than the budgeted \$35,000, and should arrive within the next month. The Fire Department's purchase of confined space rescue equipment is expected to be completed within the next two weeks at an estimated cost of \$9,000. The total cost for emergency equipment purchases is expected to be \$114,527 by January 2, 2008.

### **General Fund Shortfall Elimination**

As noted, \$96,000 of anticipated sales tax revenue is to be pledged to the General Fund to eliminate the use of Reserve Funds for General Fund Operational Expenditures. These funds are being allocated to the General Fund quarterly. In part due to this allocation and proper budget management, the use of Reserve Funds is being avoided.

### **Purchase of Utility Truck for Public Works**

The purchase of a Utility Truck for the Public Works Division is planned for completion after the first of the year, and will probably cost less than the budgeted amount of \$28,000.

As you can see, the resulting revenues from the sales tax adjustment are being put to the beneficial uses originally intended by the Grover Beach voters. As an additional double check mechanism, the Council will also appoint citizen members to a Sales Tax Oversight Committee during the next month. This Committee will review these purchases and expenditures to ensure they remain in line with the intent of Measure X.

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