

# The County of Yuba

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**TO:** Yuba County Board of Supervisors

**FROM:** Kevin Mallen, County Administrator

**SUBJECT:** Receive presentation on recommended Measure K revenues and appropriations, for Fiscal Year 2021/22 and one-time expenses, and provide direction as appropriate. (20 minute estimate)

**DATE:** October 12, 2021

**NUMBER:** 536/2021

## **Recommendation**

Receive information on Measure K, including revenue and recommended appropriations for Fiscal Year 2021/22 and one-time expenses, and take action as appropriate.

## **Background/Discussion**

Measure K is a 1-cent sales tax in the unincorporated portions of Yuba County approved by the voters on November 6, 2018. The 1-cent sales tax is a general tax and not a special tax, as was proven through the courts with the recent decision of the Third District Court of Appeals. Measure K has a ten year term and expires November 6, 2028. Measure K established Chapter 5.60 of the Yuba County Ordinance Code (attached for reference) that outlines the establishment of the tax, its purpose and use.

Collection of the 1-cent sales tax began on April 1, 2019. From start of collection through June 30, 2021 there was approximately \$14 million collected. None of the Measure K revenue collected has been spent and it is held in a separate fund (Fund 826). For Fiscal Year 2021/22 (July 1, 2021 – June 30, 2021) the anticipated revenue generated by Measure K is \$6 million.

Use of the Measure K revenues are outlined in Section 5.60.160 of the Yuba County Ordinance Code, which reads as follows:

*The Public Safety/Essential Services Protection Ordinance will provide a secure, local revenue stream to the County that shall be used entirely to maintain and improve public safety services and essential*

*services for the benefit of the unincorporated areas of the County. All proceeds of the tax levied and imposed hereunder shall be accounted for and paid into a public safety/essential services trust fund or account designated for use by the County for such specified purposes.*

In September 2018, staff presented to the Board potential uses of the revenue, if the voters were to approve the Measure in November 2018. The 2018 presentation outlined a focused investment in key County departments to enhance public safety and essential services provided by the County as well as a percentage of the revenue to be dedicated to enhancing fire services provided by fire districts serving the unincorporated areas of the County. While helpful in providing background, it is important to note that the 2018 presentation to the Board was simply an example as to how the Board could distribute the revenue, but in no way has set a funding distribution formula as Measure K is a general tax and not a special tax. Due to being a general tax, it is the Board's responsibility to determine the most appropriate distribution to meet the codified (Section 5.60.160) intended use of the Measure's proceeds.

The County Administrator has discussed use of the Measure K revenue with County Department Heads, including the Sheriff, District Attorney, and Chief Probation Officer, and below is the staff recommendation to the Board on how to distribute the Fiscal Year 2021/22 Measure K revenue, currently estimated at \$6 million. With the Board's approval of the distribution as outlined below, staff will return with the appropriate adjustments to department budgets and position allocations.

It should be noted that staff is recommending the same percentage to the fire districts, twenty percent, as was outlined in the September 2018 staff presentation to the Board. The amount each fire district receives from the twenty percent set aside will need to be agreed to amongst the districts. When the districts have reached agreement, the County will enter into a separate agreement with each district outlining the district's use and reporting obligations in order to receive Measure K revenues. This will apply to revenue distribution for the current fiscal year, as well as the one-time funds that are discussed later in this staff report.

#### **Measure K Revenue Distribution Percentages for Fiscal Year 2021/22:**

		Estimated Amount
FY 21/22 Estimated Measure K Revenue	100%	<b>\$ 6,000,000</b>
Fire Districts (split amongst 9 Districts TBD)	20%	<b>\$ 1,200,000</b>
Remaining Revenue for County services	80%	\$ 4,800,000
75% of revenue to DA, Probation, and Sheriff		\$ 3,600,000
71% (FY 21/22 Share) of 75% to Sheriff		<b>\$ 2,556,000</b>

18% (FY 21/22 Share) of 75% to <b>Probation</b>		<b>\$ 648,000</b>
11% (FY 21/22 Share) of 75% to <b>DA</b>		<b>\$ 396,000</b>
25% of revenue for County Essential Services		<b>\$ 1,200,000</b>

### County Department budget adjustments, Measure K 2021/22 Revenues:

#### Public Safety (75%):

- District Attorney: add Senior Deputy District Attorney, Deputy District Attorney, and extra help analyst position
- Probation: add Deputy Probation Officer, Substance Abuse Counselor, Intervention Counselor, Probation Aid, and funding for expanded programs
- Sheriff: add thirteen Deputies, six Correctional Officers, and six support positions

#### Essential Services (25%):

- Code Enforcement: fund two Sheriff Deputies to partner with Code Enforcement and fund additional abatement activities
- Building Department: fund a Fire Prevention Officer position
- Public Works: fund enhanced roadside vegetation management program
- Human Resources: add a position to support additional Public Safety and Essential Services personnel, hiring, and onboarding
- County Counsel: add a position to support additional Public Safety and Essential Services personnel and Department requests
- County Administrator: fund Director of Business Development and additional economic development outreach
- Office of Emergency Services: fund additional OES Planner

In addition to taking action on appropriating Measure K revenue for the current fiscal year, the Board will also need to take action on how to appropriate the Measure K revenue collected from April 1, 2019 – June 30, 2021 totaling approximately \$14 million. Since this previously collected amount is a one-time funding source, staff recommends that the Board appropriate the funds to one-time expenses. In addition, staff recommends that the Board set aside twenty percent of these funds to the fire districts, approximately \$2.8 million. The same percentage as proposed for the current fiscal year.

Evaluating one-time public safety and essential services expenses during the April 1, 2019 – June 30, 2021 time period revealed that there were approximately \$5 million in expenses that had to be paid from other sources while Measure K funds were tied up due to the ongoing court case. In addition, there is approximately \$1 million in one-time public safety expenses already budgeted in the current fiscal year (budget created prior to court ruling) that are recommended to be switched to Measure K funds. Finally, due to the Measure K funds being unavailable, the County had to borrow \$3.5 million from the Yuba Water Agency to complete the Sheriff’s facility on Yuba Street (which is needed to accommodate the expansion of the Sheriff’s Department). It is recommended that this loan be paid off with these one-time funds, which avoids paying interest as well as eliminates an annual debt obligation in the Sheriff’s budget. With the Board’s approval of the distribution summary for one-time revenue as outlined below, staff will return with the adjustments that will be in exact dollar amounts with additional line item detail for expenses.

**Measure K One-Time Revenue Distribution Summary:**

- Fire Districts set aside \$2.8 million (20% of total)
- One-time County expenses, 4-1-19 to 6-30-21 \$5 million
- One-time Fiscal Year 2021/22 budgeted expenses \$1 million
- Yuba Water Agency loan payoff \$3.5 million
- Amount remaining for County one-time expenses \$1.7 million

Contained in Chapter 5.60 is Section 5.60.170; which establishes a Citizens’ Oversight Committee, consisting of five residents of the unincorporated County appointed by the Board of Supervisors. The purpose of the Oversight Committee is ensure that the revenues are used in a manner consistent with Measure K. The Oversight Committee is tasked with presenting an annual audit report to the Board of Supervisors on the use of the Measure K revenues no later than 90 days following the end of a fiscal year. Considering this will be the first fiscal year Measure K revenues will be expended, the Oversight Committee will need to produce an audit report of expenditures by September 30, 2022 for the fiscal year ending June 30, 2022. It is recommended that the Board solicit for the five open positions on the Oversight Committee and make selections before the end of the calendar year so that there is adequate time for the Committee to get situated and prepared to complete their first audit report. Staff has reviewed other counties that have similar Oversight Committees and prepared a sample audit report (attached), to provide an example of the work product the Committee appointees would be involved in preparing.

**Committee Action**

This item is being presented directly to the full Board for discussion.

**Fiscal Impact**

- General Fund - none
- Non-General Fund - \$6 million for Fiscal Year 2021/22, \$14 million one-time

**Attachments**

Chapter 5.60 of the Yuba County Ordinance Code  
Sample Citizens' Oversight Committee Audit Report