



Public Safety Sales Tax Measure Program Guidelines

This Public Safety Sales Tax Measure will provide a secure, local revenue stream to the City of Watsonville that will be used entirely to provide additional police and fire personnel, update public safety equipment, facilities and services and enhance youth violence prevention programs to protect our community. Detailed spending plans have been developed so voters can have a clear understanding of how the funds will be spent if the ½ cent sales tax is approved. These Program Guidelines have been established to govern how the money can be spent, to specify the accounting, audit and oversight methods that will be implemented to make certain that the funds are spent according to the voter's direction, and to ensure the public is well-informed of the progress and process.

Fiscal Accountability Protections

An Independent Auditor will annually review and audit expenditures of funds specifically derived from the Public Safety Sales Tax Measure, to ensure compliance with the expenditure plans and to ensure that revenues are spent within prudent, established accounting regulations and practices. The results will be part of the City's annual audit.

The City will utilize the existing Citizen's Oversight Committee to serve in an oversight capacity to at least bi-annually review revenues and expenditures and provide a second independent verification that all expenditures are being made as promised to Watsonville residents. The findings of both the Citizen's Oversight Committee and the Independent Auditor will be reviewed by the City Council and made available to the public.

The Public Safety Sales Tax Measure will expire after seven years at which time Watsonville voters can choose to either renew the tax or let it expire.

Dedicated Accounting Structure

The Expenditure Plans specify that all revenues from the Public Safety Sales Tax Measure are to be utilized for the sole purpose of improving our community's public safety, with the revenue to be directed in support of the Police and Fire departments, in the proportions of 60% to Police and 40% to Fire. These proportions are based upon the historical General Fund budgetary funding proportions of the two departments.

The City will establish separate funds into which these specific monies shall be deposited. These funds shall be separate for Police and for Fire and shall be the source of their respective expenditures as established in the approved Expenditure Plans.

Maintenance of Effort

The City Council will not use Public Safety Sales Tax Measure funds to replace General Fund dollars budgeted for the Police and Fire departments. The baseline maintenance of effort budgets for this purpose will be the Fiscal Year 2013-2014 Adopted General Fund operating budget amounts for the Police and Fire departments.

Administrative Costs

Administrative overhead costs for accounting, payroll and personnel shall not exceed 2 percent of the annually budgeted revenues.

Contingency / Reserve Fund

Because the 1/2 cent sales tax is used for essential services that are needed during both good and bad economic times, the City Council will establish a Contingency / Reserve Fund adequate to ensure that services are maintained in the event sales tax revenues decline. There will be a separate Contingency / Reserve Fund for the Police Department and the Fire Department.

A Contingency / Reserve Fund will be established as follows: A Contingency / Reserve Fund containing ten (10) percent of the annually budgeted revenues will be established. In any given year when the Contingency / Reserve Fund holds less than the required ten (10) percent of annual revenues, the first use of funds will be to implement the plan's current year program and then to establish or re-establish the Contingency / Reserve fund.

In the event that actual revenues in any given year are less than budgeted revenues, the City Council may use the Contingency / Reserve Fund to make up the difference between budgeted revenues and actual revenues for the approved Expenditure Plan.

Priorities if additional revenues are available

In the event that the Contingency / Reserve Fund is fully funded and all annual planned expenditures have been implemented, the use of the additional unanticipated sales tax revenues will be used first to accelerate the implementation of the Expenditure Plans and then to provide additional public safety facilities, personnel, and equipment and youth violence prevention based upon the specific needs of the community with the review and recommendation of the Citizen's Oversight Committee and approval of the City Council.