

**City of Santa Ana Measure X
Annual Report of Revenue & Expenditures
Fiscal Year Ended June 30, 2021**

Measure X Background

On November 6, 2018, Santa Ana’s voters approved Measure X Santa Ana Neighborhood Safety, Homeless Prevention, and Essential City Services Enhancement Measure. Measure X is a local sales tax of 1.5% *“To maintain effective 9-1-1 response; retaining firefighters and police officers; addressing homelessness; fixing streets; maintaining parks, youth and senior services, and unrestricted general revenue purposes”*.

Like most cities in California, Santa Ana was facing a budget deficit from the increasing cost of services outpacing the City’s revenue sources. Prior to passage of Measure X, the City Council adopted the fiscal year 2018-19 General Fund budget to spend \$10.2 million more than revenue collected, drawing down the City’s reserve balance to maintain the level of service to the public. The budget forecast indicated the structural deficit would continue to grow each year, predicting that by 2020, the City’s General Fund would spend \$31.9 million more than it collects each year.

Measure X became effective on April 1, 2019, and the City expected it would generate \$60 million of annual General Fund revenue. After 10 years, the tax will decrease to 1.0%; and on March 31, 2039 the tax will sunset.

Citizen Oversight Committee

Ordinance NS-2952 enacted with approval of the ballot measure requires annual audits and citizens oversight. Specifically Section 35-215 states: *“An annual audit of the revenue generated by the sales and use tax and the expenditure made will be conducted by an independent certified public accountant.”* Section 35-214 states the Committee will *“act in an advisory role to the City Council in reviewing the annual revenue and expenditures of funds from the tax authorized by this article.”*

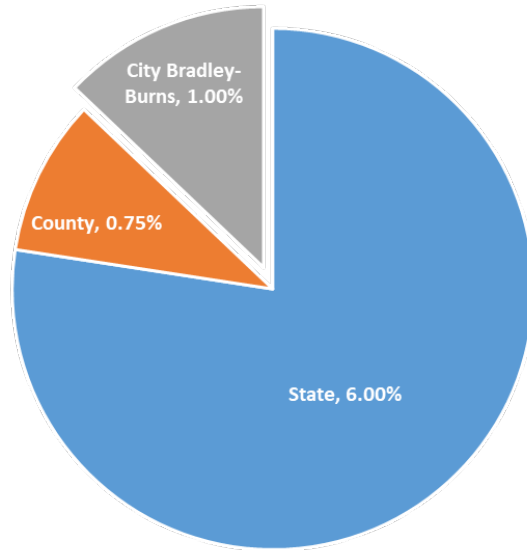
On February 5, 2019, the City Council established the Measure X Citizen Oversight Committee via Resolution No. 2019-008. Each City Council Member recommends appointment of an Oversight Committee Member residing in their ward, with ratification by the entire City Council. The Mayor appoints a member at large with financial expertise. Section 6 of the establishing resolution identifies the Committee’s duties as follows.

- A. *“Pursuant to Santa Ana Municipal Code Section 35-214, the Committee shall act in an advisory role to the City Council.*
- B. *The Committee shall review summaries of quarterly and year-to-date revenue generated by Measure X, as detailed sales tax data for each business is confidential pursuant to state law.*
- C. *The Committee shall review budgeted and actual expenditures appropriated from the Measure X revenue source.*
- D. *During its December meeting, the Committee shall receive annual presentations from the City’s sales and use tax consultant and the City’s independent financial statement auditor.*
- E. *During its March meeting, the Committee shall prepare an annual report to City Council, including recommendations, in time for City Council consideration during the budget process for the upcoming fiscal year.”*

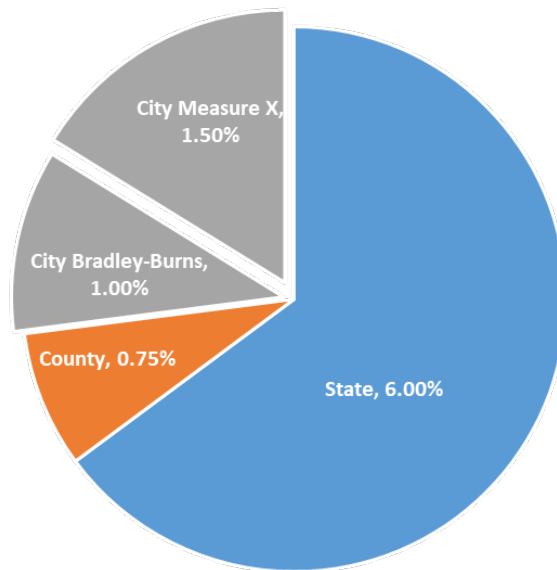
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Sales Tax Rates

The public is accustomed to paying sales tax when purchasing goods in California. The base sales tax rate in Orange County is 7.75%, with 1.00% distributed to cities (the Bradley-Burns allocation). Sellers collect the tax and remit to the California Department of Tax and Fee Administration (CDTFA), which distributes the tax as follows.



For most transactions, Measure X adds 1.5% to the sales tax rate, effectively setting the local tax rate to 9.25%.



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Sales Tax Rates - Continued

Measure X is a local transactions and use tax, with slightly different rules for collection. For most local sales transactions, there is no difference. However, when a Santa Ana seller ships product out of the city, no Measure X tax is collected. When an outside seller ships product into the city, the seller must collect Measure X tax. When a non-resident purchases a vehicle in the City, no Measure X tax is collected.

Measure X Revenue

This annual report covers the fiscal year ended June 30, 2021, for the period as follows: July 2020 through June 2021.

Reporting Period - Month	Amount Collected
July	5,601,898
August	6,202,769
September	6,534,067
October	5,456,277
Novmeber	5,429,911
December	6,838,766
January	5,261,676
February	5,285,860
March	7,082,727
April	6,201,273
May	7,482,901
June	7,716,212
Total Collected - FY2020-21	\$ 75,094,336

The City received \$75.1 million in Measure X receipts during fiscal year 2020-21 which represents a full twelve (12) months of remittances. Measure X receipts exceeded revised budget projections of \$61.4 by \$13.7 million. The year over year revenue increase was 22% compared to FY 19-20. The increase in revenue was largely as a result of the Wayfair Decision and strong e-commerce sales and General Retail Sector (Department and drug stores).

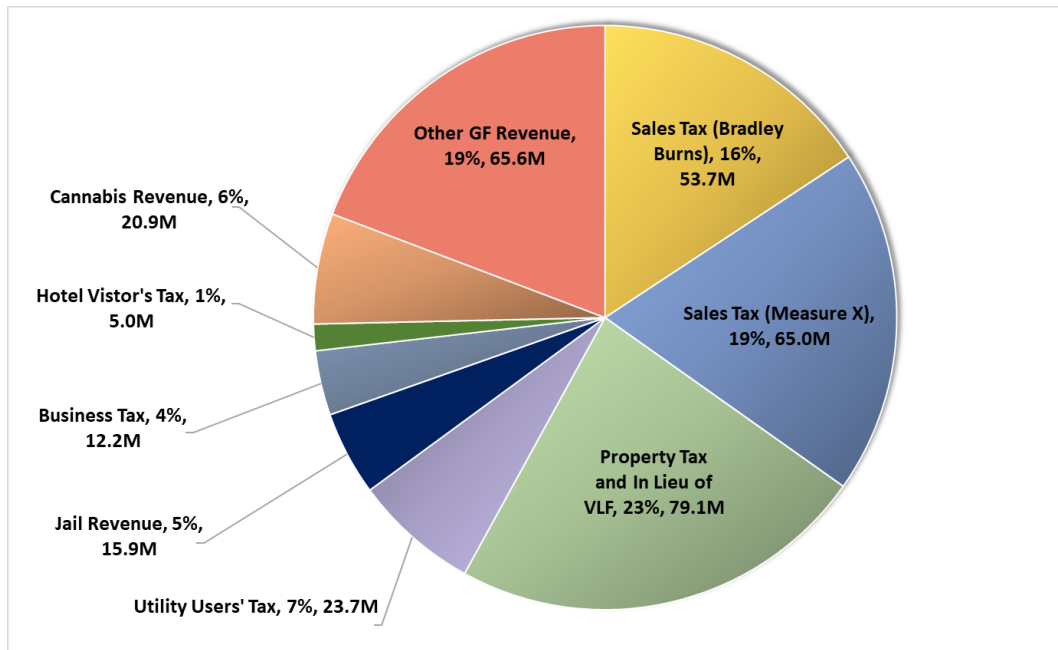
The Adopted Estimated Budget for Fiscal Year 2021-22 is \$65 million. In June 2021 The City’s consultant provided “Most Likely projections” based on the most recent economic data available. On December 21, 2021 staff expects to report Revised Estimate to City Council.

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Fiscal Year 2021 -22 General Fund Revenue Budget

A summary of the total Fiscal Year 2021-22 General Fund budget is as follows.

FY 21-22 General Fund Revenue: \$340.9M



Measure X Revenue during Fiscal Year 2021-22 represents nineteen percent (19%) of the total General Fund revenue.

Fiscal Year 2020-21 Expenditures

The City utilized Measure X funding of \$61.4 in program expenses while adding \$13.7 million to its General Fund reserve accounts (Exhibit 1). Program expenses include maintaining effective 9-1-1 response times; retaining firefighters and police officers; addressing homelessness; fixing streets, maintaining parks; youth services; and Unrestricted General Revenue Purposes.

The Unrestricted General Revenue Purposes program expense was \$23.7 million, which included the following:

- Addressing prior year deficits and employee compensation increases for non-Safety employees totaling \$18.9 million
- Santa Ana Regional Transportation Center Subsidy and Maintenance - \$1.3 million
- Vehicle Incentive Program - \$0.9 million
- Streetlights retrofit Debt Service - \$0.8 million
- Street Tree Maintenance - \$0.4 million
- Other Programs (various) - \$1.4 million

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Fiscal Year Ended June 30, 2021**

Fiscal Year 2020-21 Expenditures- Continued:

Category	Actuals FY 20-21
Maintain Effective 9-1-1 Response	9,117,912
Retaining Firefighters	1,967,002
Retaining Police Officers	6,661,169
Addressing Homelessness	9,006,346
Fixing Streets	2,150,394
Maintaining Parks	7,515,887
Youth Services	1,206,897
Unrestricted General Revenue Purpose	23,795,336
subtotal	61,420,943
Additions to Reserves	13,673,393
Total	75,094,336

Exhibit 1 to this report includes details for each spending category in fiscal year 2020-21.

Fiscal Year 2018-19 thru 2020-21 Revenue and Expenditures:

Since the passage of Measure X, the City has received \$150.6 million in revenue while expending \$124.1 million and adding \$26.5 million to its reserves (Exhibit 2). A summary of Expenditures by ballot-categories noted below:

	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Actuals	All Fiscal Years Totals
Measure X Revenue - by Fiscal Year	13,594,649	61,796,957	75,094,336	150,485,942
Expenditures by Category				
Maintain Effective 9-1-1 Response	-	11,456,116	9,117,912	20,574,028
Retaining Firefighters	-	3,096,098	1,967,002	5,063,100
Retaining Police Officers	-	2,747,648	6,661,169	9,408,817
Addressing Homelessness	-	732,050	9,006,346	9,738,396
Fixing Streets	-	238,163	2,150,394	2,388,557
Maintaining Parks	-	2,540,408	7,515,887	10,056,295
Youth Services	-	-	1,206,897	1,206,897
Unrestricted General Revenue Purpose	13,680,805	28,201,426	23,795,336	65,677,567
Subtotals - Program Expenditure by Ballot Category	13,680,805	49,011,909	61,420,943	124,113,657
Addition to Reserves*	-	12,785,048	13,673,393	26,458,441
Totals Actual Expenditures, and Additions to Reserves by Fiscal Year	13,680,805	61,796,957	75,094,336	150,572,098
*Includes Carryovers from FY 2019-20 (\$7,039,761) and FY 2020-21 (\$3,751,500)				

City of Santa Ana Measure X - Annual Expenditure Report
Fiscal Year Ended June 30, 2021

EXHIBIT 1

Category	Description	Actuals as of 6/30/21
1 Maintain Effective 9-1-1 Response	Human Resources Technician dedicated to Police Recruiting	79,711
2 Maintain Effective 9-1-1 Response	Park Security Contract	615,768
3 Maintain Effective 9-1-1 Response	Ambulance Service Contract increase to maintain service level	1,079,075
4 Maintain Effective 9-1-1 Response	Police Department Overtime	1,440,024
5 Maintain Effective 9-1-1 Response	Funding for additional police officers, traffic collision investigators; office assistants to relieve police officers stand-by pay, cash-outs and related benefits	3,660,365
6 Maintain Effective 9-1-1 Response	Public Safety Salary & Related Benefits	1,448,656
7 Maintain Effective 9-1-1 Response	Public Safety Specialized Units: Criminal Investigations; Metro Division; Communications; Vice; and Investigations and Support Service	794,313
8 Retaining Firefighters	Orange County Fire contract increase to maintain service level	1,967,002
9 Retaining Police Officers	Employee Pension Contribution Increase (Safety)	6,661,169
10 Addressing Homelessness	Code Enforcement Officers (2)	118,119
11 Addressing Homelessness	Public Safety Response - Homelessness (Labor)	6,676,636
12 Addressing Homelessness	Public Safety Response - Homelessness (Contractual and Other)	1,264,904
13 Addressing Homelessness	QOLT Clean-Up Staffing (2 Maint Workers II + Sanitation Inspect II)	-
14 Addressing Homelessness	QOLT Clean-Up Contract Homeless Services	453,257
15 Addressing Homelessness	Homeless Outreach & Engagement	493,430
16 Fixing Streets	Sidewalk and/or Street Repair	1,000,000
17 Fixing Streets	Streetlight Pole work - Under lit Areas	1,150,394
18 Maintaining Parks	Park Maintenance and Repairs / Master Plan	52,448
19 Maintaining Parks	Park Facilities - Personnel & Recreation Volunteers	7,463,439
20 Youth Services	Zoo and Recreation Personnel	376,307
21 Youth Services	Librarians and administrative Support (Personnel)	830,590
<i>Subtotal Before Unrestricted Purposes</i>		<u>37,625,607</u>

City of Santa Ana Measure X - Annual Expenditure Report, continued
Fiscal Year Ended June 30, 2021

EXHIBIT 1

Category	Description	Actuals as of 6/30/21
22 Unrestricted General Revenue Purpose	FY18-19 Budget Deficit - Planned Staff Savings not implemented	1,500,000
23 Unrestricted General Revenue Purpose	FY18-19 Budget Deficit - Planned Use of General Fund Reserve	10,200,000
24 Unrestricted General Revenue Purpose	Vehicle Incentive Program (VIP)	910,916
25 Unrestricted General Revenue Purpose	Employee Pension Contribution Increase (Misc)	3,746,535
26 Unrestricted General Revenue Purpose	New Debt Payments for Purchase of Streetlights	782,550
27 Unrestricted General Revenue Purpose	Street Tree Maintenance	388,507
28 Unrestricted General Revenue Purpose	Increase budget for Labor Negotiations	3,533,757
29 Unrestricted General Revenue Purpose	Universal Legal Defense Fund for Dreamers & Parents	100,000
30 Unrestricted General Revenue Purpose	Communications Consultant	-
31 Unrestricted General Revenue Purpose	Public Meeting Software & ADA Captioning	50,000
32 Unrestricted General Revenue Purpose	Bus Shelter Program (replacement and repairs)	-
33 Unrestricted General Revenue Purpose	Zoo Contract & Supply Enhancements	343,000
34 Unrestricted General Revenue Purpose	Volunteer Background Checks	-
35 Unrestricted General Revenue Purpose	Sales Tax Rebate - Volvo & Tac Energy	713,303
36 Unrestricted General Revenue Purpose	Santa Ana Regional Transportation Center Subsidy and Maintenance	1,295,889
37 Unrestricted General Revenue Purpose	Support for Utility Billing, Business Retention and HR - Administrative	230,880
<i>Subtotal Unrestricted Purposes</i>		<u>23,795,336</u>
Sub-total - Expenditures		<u>61,420,943</u>
	Additions to Reserves	13,673,393
Grand Total Expenditures and Additions to Reserves - FY 2020-21		75,094,336

City of Santa Ana Measure X - Annual Expenditure Report, continued
Fiscal Year Ended June 30, 2021

EXHIBIT 1

AUP Report - Summary

Total Measure X Revenue	75,094,336
	Actuals as of
Category	<u>6/30/21</u>
Maintain Effective 9-1-1 Response	9,117,912
Retaining Firefighters	1,967,002
Retaining Police Officers	6,661,169
Addressing Homelessness	9,006,346
Fixing Streets	2,150,394
Maintaining Parks	7,515,887
Youth Services	1,206,897
Unrestricted General Revenue Purpose	<u>23,795,336</u>
Totals	61,420,943
Additions to Reserves	13,673,393
Total Measure X Uses/Expenditures / Additions to Reserves	75,094,336

City of Santa Ana Measure X - Annual Expenditure Report
Fiscal Year Ended June 30, 2019 thru June 30, 2021

EXHIBIT 2

Category	Description	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Actuals	All Fiscal Years Totals
Maintain Effective 9-1-1 Response	Human Resources Technician dedicated to Police Recruiting	-	52,485	79,711	132,196
Maintain Effective 9-1-1 Response	Park Security Contract	-	446,018	615,768	1,061,786
Maintain Effective 9-1-1 Response	Public Safety Specialized Units: Criminal Investigations; Metro Division; Communications; Vice; and Investigations and Support Service	-	-	794,313	794,313
Maintain Effective 9-1-1 Response	Ambulance Service Contract increase to maintain service level	-	923,818	1,079,075	2,002,893
Maintain Effective 9-1-1 Response	Police Department Overtime	-	2,971,751	1,440,024	4,411,775
Maintain Effective 9-1-1 Response	Funding for additional police officers, traffic collision investigators; office assistants to relieve police officers stand-by pay, cash-outs and related benefits	-	101,751	3,660,365	3,762,116
Maintain Effective 9-1-1 Response	Public Safety Salary & Related Benefits	-	-	1,448,656	1,448,656
Maintain Effective 9-1-1 Response	Cost of POA Contract Increase	-	6,591,778	-	6,591,778
Maintain Effective 9-1-1 Response	Increase to actual for Police Cash-Outs, Standby & Court Pay	-	368,515	-	368,515
Retaining Firefighters	Orange County Fire contract increase to maintain service level	-	3,096,098	1,967,002	5,063,100
Retaining Police Officers	Employee Pension Contribution Increase (Safety)	-	2,747,648	6,661,169	9,408,817
Addressing Homelessness	Code Enforcement Officers (2)	-	52,985	118,119	171,104
Addressing Homelessness	Public Safety Response - Homelessness (Labor)	-	-	6,676,636	6,676,636
Addressing Homelessness	Public Safety Response - Homelessness (Contractual and Other)	-	-	1,264,904	1,264,904
Addressing Homelessness	QOLT Clean-Up Vehicle	-	85,200	-	85,200
Addressing Homelessness	QOLT Clean-Up Staffing (2 Maint Workers II + Sanitation Inspect II)	-	98,890	-	98,890
Addressing Homelessness	QOLT Clean-Up Contract Homeless Services	-	494,975	453,257	948,232
Addressing Homelessness	Homeless Outreach & Engagement	-	-	493,430	493,430
Fixing Streets	Sidewalk and/or Street Repair	-	238,163	1,000,000	1,238,163
Fixing Streets	Streetlight Pole work - Under lit Areas	-	-	1,150,394	1,150,394
Maintaining Parks	Park Maintenance and Repairs / Master Plan	-	1,849,103	52,448	1,901,551
Maintaining Parks	Park Facilities - Personnel & Recreation Volunteers	-	691,305	7,463,439	8,154,744
Youth Services	Zoo and Recreation Personnel	-	-	376,307	376,307
Youth Services	Librarians and administrative Support (Personnel)	-	-	830,590	830,590
Subtotal Before Unrestricted Purposes		-	20,810,483	37,625,607	58,436,090

City of Santa Ana Measure X - Annual Expenditure Report, continued
 Fiscal Year Ended June 30, 2019 thru June 30, 2021

EXHIBIT 2

Category	Description	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Actuals	All Fiscal Years Totals
Unrestricted General Revenue Purpose	FY18-19 Budget Deficit - Planned Staff Savings not implemented	1,500,000	1,500,000	1,500,000	4,500,000
Unrestricted General Revenue Purpose	FY18-19 Budget Deficit - Planned Use of General Fund Reserve	10,200,000	10,200,000	10,200,000	30,600,000
Unrestricted General Revenue Purpose	Cannabis revenue shortfall	1,980,805	-	-	1,980,805
Unrestricted General Revenue Purpose	Vehicle Incentive Program (VIP)	-	758,000	910,916	1,668,916
Unrestricted General Revenue Purpose	Employee Pension Contribution Increase (Misc)	-	7,702,357	3,746,535	11,448,892
Unrestricted General Revenue Purpose	Animal Care Contract Increase	-	137,448	-	137,448
Unrestricted General Revenue Purpose	New Debt Payments for Purchase of Streetlights	-	782,550	782,550	1,565,100
Unrestricted General Revenue Purpose	Street Tree Maintenance	-	3,753,219	388,507	4,141,726
Unrestricted General Revenue Purpose	Add 12 General Purpose Full-Time Positions to Police Dept	-	371,965	-	371,965
Unrestricted General Revenue Purpose	Police Body Armor, Special Enforcement Vehicles & Bldg. Repairs	-	46,726	-	46,726
Unrestricted General Revenue Purpose	Increase budget for Labor Negotiations	-	1,565,024	3,533,757	5,098,781
Unrestricted General Revenue Purpose	Universal Legal Defense Fund for Dreamers & Parents	-	100,000	100,000	200,000
Unrestricted General Revenue Purpose	Communications Consultant	-	49,052	-	49,052
Unrestricted General Revenue Purpose	Public Meeting Software & ADA Captioning	-	-	50,000	50,000
Unrestricted General Revenue Purpose	Establish Tourism District	-	35,200	-	35,200
Unrestricted General Revenue Purpose	Bus Shelter Program (replacement and repairs)	-	-	-	-
Unrestricted General Revenue Purpose	Emergency Repairs to Bridges & Drainage Structures, Bldg. Roof Repair	-	799,495	-	799,495
Unrestricted General Revenue Purpose	Zoo Contract & Supply Enhancements	-	247,395	343,000	590,395
Unrestricted General Revenue Purpose	Volunteer Background Checks	-	6,110	-	6,110
Unrestricted General Revenue Purpose	Rental Assistance & Funding for CDBG Eligible Programs	-	131,874	-	131,874
Unrestricted General Revenue Purpose	Census 2020 Outreach	-	15,011	-	15,011
Unrestricted General Revenue Purpose	Sales Tax Rebate - Volvo & Tac Energy	-	-	713,303	713,303
Unrestricted General Revenue Purpose	Santa Ana Regional Transportation Center Subsidy and Maintenance	-	-	1,295,889	1,295,889
Unrestricted General Revenue Purpose	Support for Utility Billing, Business Retention and HR - Administrative	-	-	230,880	230,880
Subtotal Unrestricted Purposes		13,680,805	28,201,426	23,795,336	65,677,567
Sub-total - Expenditures - All Fiscal Years		13,680,805	49,011,909	61,420,943	124,113,658
	Addition to Reserves*	-	12,785,048	13,673,393	26,458,441
Grand Total - Expenditures all Fiscal Years including Addition to Reserves		13,680,805	61,796,957	75,094,336	150,572,098

**City of Santa Ana Measure X - Annual Expenditure Report
Fiscal Year Ended June 30, 2019 thru June 30, 2021**

EXHIBIT 2

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