

Transactions and Use Tax Measure A Citizens' Advisory Committee

Annual Report for Fiscal Year 2015-16
Prepared for City Council of Stockton, California

September 20, 2017



2015-16 Committee Members

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STOCKTON, CALIFORNIA
Citizens' Advisory Committee, Measures A & B
Annual Report for Fiscal Year 2015-16

Pursuant to City of Stockton Transactions and Use Tax Ordinance, the Citizen's Advisory Committee respectfully submits this Annual Report to City Council for review.

Background

On July 9, 2013, the Stockton City Council adopted Resolution 2013-07-09-1601 calling for a special election establishing the $\frac{3}{4}$ cent sales tax contingent upon voter consideration and approval at the November 5, 2013 election.

On October 8, 2013, the Stockton City Council adopted Resolution 2013-10-08-1505 to clarify the intent of authorizing the formation of a Citizen's Oversight Committee. The Measure A Citizens' Advisory Committee is comprised of seven City Council appointees tasked with the oversight of Measure A's revenues and expenditures. Responsibilities include a review of annual audits conducted by an independent accounting firm, measuring economic recovery to determine when the tax should end, producing annual reports, holding public meetings and making recommendations to the City Council.

On November 5, 2013 Stockton voters approved both Measures A & B, authorized under Ordinance 2013-07-09-1601.

Measure A is a transaction and use (sales) tax initiative introduced by the City of Stockton and passed by 51.85% voter approval, an affirmative vote of 11% of the city's population. A key component in the campaign leading up to the ballot measure was the promise of an effective citizen's oversight committee.

The tax became effective on April 1, 2014 and it is anticipated to bring \$28 million annually into the city's General Fund. With an additional three-quarter ($\frac{3}{4}$) cent sales tax, the sales tax within the City of Stockton will be nine percent (9%). The tax is set to expire by its own terms in ten years, unless extended by the City Council. However, the measure includes a 'sunset provision' and, by order of the Council or by voter approval, the tax can be reduced or eliminated when the peak revenues of 2008 are again reached, adjusted for inflation.

The implementation plan (Resolution 2014-02-25-1501) included assurances that for the period beginning April 1, 2014 through June 30, 2017, 40 additional sworn police officer positions would be authorized each year.

*Law Enforcement, Crime Prevention, and Other Essential City Services Measure
To pay for law enforcement and crime prevention services such as those described in Stockton's Marshall Plan on Crime, to help end the bankruptcy and restore other City services; and provided it shall sunset in ten years or when economic recovery occurs, a Citizen's Oversight Committee reports on the use of proceeds, and independent audits are*

done annually; shall Ordinance 2013-07-09-1601 be adopted to impose a 3/4-cent transaction and use (sales) tax?

Measure A was accompanied by Measure B, a non-binding advisory measure to communicate the priorities and will of the people. The voter-approved Measure B calls for 65 percent of the new revenues to be used for law enforcement and crime prevention services such as those described in the City's Marshall Plan on Crime which funds three components; it hires 120 sworn officers as well as civilian staff, it creates an Office of Violence Prevention and it implements Neighborhood Blitz Teams. The remaining 35 percent of the proceeds is to be used only to pay for the City's efforts to end the bankruptcy and for services to residents, businesses and property owners.

Measure B as it appeared on the November 5, 2013 Ballot:

Advisory Measure

If Measure A is approved by the voters, shall (i) 65% of its proceeds be used only to pay for law enforcement and crime prevention services in the City such as those described in the City's Marshall Plan on Crime and (ii) 35% of its proceeds be used only to pay for the City's efforts to end the bankruptcy and for services to residents, businesses, and property owners?

Measure A Citizens' Advisory Committee Charter 2.2.3 Annual Reports.

The charter provides that the Committee meet at least annually and make recommendations to the City Council regarding Measure A revenues and expenditures; which report shall include the following:

- a) A statement indicating whether the City is in compliance with the purposes set forth in the applicable ballot measures with respect to the tax proceeds;
- b) A review of tax revenues and expenditures to verify that amounts collected were expended for the purposes set forth in the applicable ballot measure with respect to the tax proceeds;
- c) A review of the City's progress in implementing the recommendation of the Marshall Plan on Crime, including the hiring of 120 additional police officers and other investments; and
- d) A summary of the Committee's proceedings and activities for the preceding year.

The Committee met in public forum six times during Fiscal Year 2015-16. Agendas and Minutes are posted on the city's web site:

www.stocktongov.com/government/departments/manager/pubMeasureA.html
www.stocktongov.com/government/oMeetings/boardComMeetings.html

Police Staffing

The assurances set forth in the Implementation Plan for a quantified level of police staffing has not been met. The residents of Stockton were told that, with Measure A revenues, at least 80 additional sworn officers would be employed by the end of Fiscal Year 2015-16. It did not happen.

Prior to Measure A, Stockton had 365 budgeted authorized positions for sworn officers. This is the benchmark from which to measure the Implementation Plan of 80 additional officers funded by Measure A officers in the two years. And, while the hiring of new sworn officers in Stockton during fiscal year 2015-16 was indeed historic and unprecedented, on June 30, 2016, the Police Department employed a total of 409 police officers, 94 of those were on probation (including 33 in the Field Training Officer program and 37 at a police academy). This is far short of the established goal of 445.

Police Department Patrol Services

Category	Total Authorized/Budgeted as of June 30, 2014	Total Authorized/Budgeted as of June 30, 2015	Total Filled as of June 30, 2015	Total Authorized/Budgeted as of June 30, 2016	Total Filled as of June 30, 2016
Police Sworn	365	405	387	445	409

This represents an additional 44 officers since the implementation of Measure A. It should be noted that there has been a certain amount of turnover from the departure of officers for retirement, other departments, and general attrition.

Recommendation:

The City must continue to find ways to recruit, hire and retain qualified individuals to increase the level of police staffing.

Office of Violence Prevention

The Office of Violence Prevention, in collaboration with a multitude of stakeholders, is established as part of Stockton's Marshall Plan. The OVP currently functions within the City Manager's Department. The OVP manages the Peacekeeper Program, Operation Ceasefire and community outreach; working as a liaison between City Hall and community partners for crime prevention.

On June 30, 2016, the OVP employed:

- OVP Manager
- Administrative Aide
- Ceasefire Supervisor
- Peacekeepers (4)
- Community Engagement Coordinator

The OVP served 130 clients during FY 2015-16. The OVP's budget was slightly over \$1,000,000, with expenditures of \$612,000 for salaries, services, equipment and other expense. Just \$1,745 was spent on client services.

Recommendations:

It is imperative that the OVP (a) place a greater emphasis and additional resources on community outreach and prevention efforts; and (b) establish meaningful ways to measure its success.

Financial Reporting

The Measure A committee has been provided quarterly financial reports.

Independent Audit

Pursuant to the committee's request for an independent audit, the City hired Eadie & Payne to perform an Independent Accountant's Reports on Applying Agreed-Upon Procedures. On March 29, 2017, the committee was presented with the audits known as Independent Accountant's Report on Applying Agreed-Upon Procedures for the 2014-2015 fiscal year as well as the 2015-2016 fiscal year. In addition, the independent audit report for the entire City operations (CAFR) for these years was presented to the committee on February 15, 2016 and March 29, 2017.

Recommendation:

The committee continues to recommend that a full audit be made of the Measure A funds on an annual basis pursuant to the ordinance and the expectation of the voters.

Economic Recovery Review

CPI calculations for peak revenue evaluation, peak revenue calculation with CPI adjustment and peak revenue calculation with all adjusted for FY 2015-2016 revenues was \$41.1 million below peak revenues.

Mission Critical Expenditures

The amount budgeted for the "Mission Critical" items appeared on the June 30, 2016 report to the Committee.

Mission Critical Projects:	Final Budget	Year End Actual	Variance with Final Budget
LED Lighting Project Phase 1 & III	\$1,576,000	\$1,576,000	0
Information Technology Projects	\$385,000	\$385,000	0
Purchasing Improvements	\$30,781	\$30,781	0
SEB 4th Floor Build Out	\$1,500,000	\$1,500,000	0
Police Communications System Upgrade	\$650,000	\$650,000	0
Citywide Training	\$130,000	\$36,400	\$93,600

Parks Irrigation Controller Upgrade	\$588,000	\$588,000	0
Street Resurfacing	\$500,000	\$226,199	\$273,801
Sidewalks	\$300,000	\$300,000	0

This committee is unable to report on the details of the actual expenditures as we have not been provided adequate information on these funds and we do not have the ability to track these funds.

Recommendation:

On Mission Critical expenditures, the City should continue to provide financial data in greater detail.

Conclusion

While we acknowledge the extraordinary efforts of the City staff to hire additional sworn officers, it should be noted that the true gauge of this Measure's success is the improvement of the quality of life for residents and reduction of crime.

Respectfully submitted,
Stockton Measure A Citizen's Advisory Committee