

# DRAFT



**Transactions and Use Tax  
Measure A Citizens' Advisory Committee**  
Annual Report for Fiscal Year 2018-19

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Stockton, California  
Citizen's Advisory Committee, Measures A & B  
Annual Report for Fiscal Year 2018-19

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Measure A:

Measure A was a general transaction and use (sales) tax ballot initiative introduced by the City of Stockton and passed by 51.85% voter approval. The three-quarter (3/4) cent tax increase became effective on April 1, 2014. A citizen's oversight committee was established to review the use of tax proceeds.

The Ordinance states that the proceeds of the taxes imposed by this ordinance may be used for any lawful purpose of the City, as authorized by ordinance, resolution, or action of the City Council. All proceeds of the tax are collected to the City's General Fund.

Measure B:

Measure A was accompanied by Measure B, a non-binding advisory measure to communicate the priorities and opinion of the voters. The voter-approved Measure B advises that 65% of the new revenues should be cumulatively prioritized for law enforcement and crime prevention services over 10 years, such as those described in the City's Marshall Plan on Crime. This 65% portion funds three initiatives: 120 approved sworn positions, an expanded Office of Violence Prevention, and Neighborhood Betterment Teams. The remaining 35% is advised to prioritize funding the City's efforts to end the bankruptcy and improve services for residents, businesses, and property owners.

The Measures A and B Implementation Plan approved by Council on February 25, 2014 introduced an expenditure plan for law enforcement and crime prevention authorizing 163 new staff positions including 120 police sworn, 31 Police civilian, 7 Office of Violence Prevention, and 5 administrative positions to be phased in over four fiscal years.

Measure A Citizen's Advisory Committee Charter 2.2.3 Annual Reports

The Charter tasks the Committee with preparing an annual written report to include the following:

- 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.
- 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.
- 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.
- A summary of the Committee's Proceedings and activities for the Preceding Year.



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Summary of Committee's Proceedings and Activities for the Preceding Year:

The Committee met in public forum four (4) times during Fiscal Year 2018-19. Agendas and minutes are available on the City's website:

[www.stocktonca.gov/MeasureA](http://www.stocktonca.gov/MeasureA)

[www.stocktonca.gov/bconlinemeetings](http://www.stocktonca.gov/bconlinemeetings)

Measure A Tax Revenue Collected in Fiscal Year 2018-19

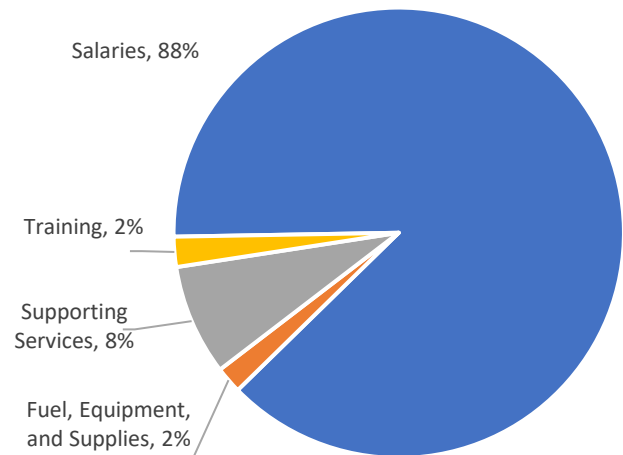
The amount of General Fund revenue collected by the City of Stockton from the Measure A 3/4 cent transaction and use tax for Fiscal Year 2018-19 was \$34,570,561.

Measure A Funded Police & OVP Expenditures

Police	23,347,964
Office of Violence Prevention (OVP)	875,362
<b>Total Measure B Expenditures</b>	<b>24,223,326</b>
Measure B portion of total receipts	70%

Law enforcement and crime prevention services were funded by 70% of Measure A revenue, exceeding Measure B advisement by 5%. The remaining 30%, in the amount of \$10,347,235, was made available to improve the other general service areas recommended by Measure B.

Measure A Funded Police & OVP  
Expenditures by Type



Measure A tax funds uses include the City's bankruptcy exit plan, restoring reserves, replacing failing assets, and preparing for the next economic downturn. The \$10.3 million not spent on the Law Enforcement and Crime Prevention Expenditure plan was 4% of FY 2018-19 General Fund Revenue and contributed toward restoring the General Fund reserves and funding the following expenditures:

- Bankruptcy Settlement
- Administrative Personnel Supporting Public Safety
- Cost of collecting the Measure A tax
- Cost increases on existing services
- Restored Public Safety Programs
- Council Priority Projects
- New projects and services approved in FY 2018-19. Some examples include Hire Stockton, emergency tree removal, maintenance on a new fire engine and fire truck, back-up generators, fire equipment and training, and animal shelter medical services.

In FY 2018-19, the Police Department made up 56% or \$123 million of the City's General Fund budgeted expenditures.

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The table below, which was reviewed by the committee, reflects the updated actual revenue and expenditures for the past seven (7) fiscal years.

Actual and Projected Use of Measure A Sales Tax Revenues Over Ten Years											
(\$ in Millions)	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Projected			
	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
<b>Sales Tax Revenue</b>	\$6.6	\$27.8	\$29.3	\$30.0	\$31.7	\$34.6	\$32.5	\$31.5	\$32.7	\$33.8	\$35.0
<b>Marshall Plan</b>	\$0.0	\$5.1	\$12.9	\$18.3	\$22.5	\$24.2	\$27.6	\$29.1	\$29.3	\$29.8	\$30.7
% of Annual Use of Tax	0%	18%	44%	61%	71%	70%	85%	92%	90%	88%	88%
% of Cumulative Use	0%	15%	28%	39%	47%	52%	57%	62%	66%	68%	70%
<b>Bankruptcy Recovery</b>	\$6.6	\$22.7	\$16.4	\$11.8	\$9.3	\$10.3	\$5.0	\$2.5	\$3.4	\$4.0	\$4.3
% of Annual Use of Tax	100%	82%	56%	39%	29%	30%	15%	8%	10%	12%	12%
% of Cumulative Use	100%	85%	72%	61%	53%	48%	43%	38%	34%	32%	30%

Measure A is a general tax and the obligations set forth in Measure B are advisory. After the crime prevention and law enforcement expenditure plan has been funded, any remaining funds are made available for other general service delivery areas as recommended by the Measure B voter opinion.

#### Progress Report on Implementing the Marshall Plan on Crime

#### **Police Department**

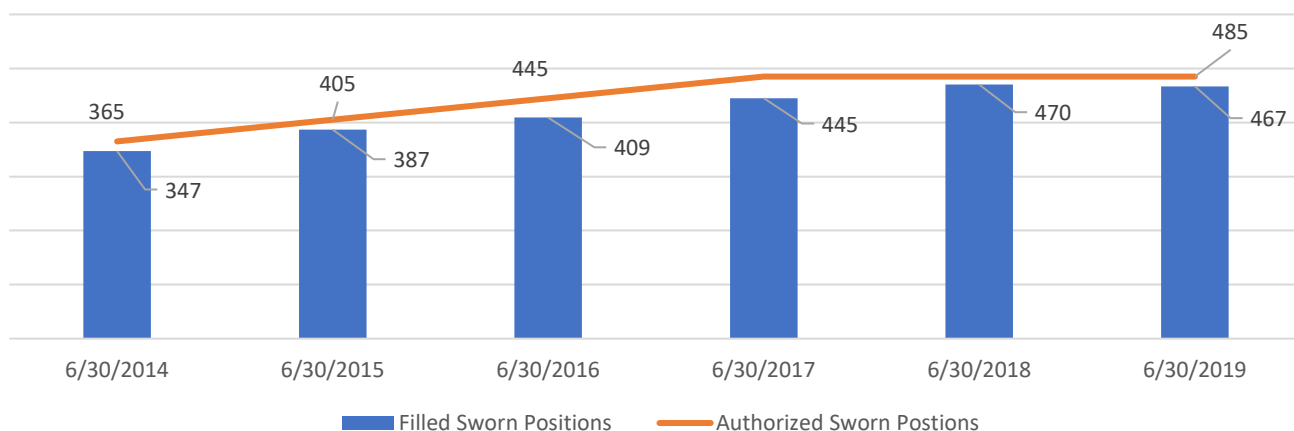
##### *Neighborhood Betterment Teams*

During the Fiscal Year, Neighborhood Betterment Teams completed three missions, resulting in 2,335 inspections, 672 enforcement actions, 6 property clean-ups or abatements, 20,755 square feet of graffiti removal and 136 Abandoned Vehicle Abatement (AVA) Citations.

##### *Police Staffing*

Prior to Measure A, Stockton had 365 authorized positions for sworn officers with 347 positions filled. The Marshall Plan authorized an additional 120 sworn officer positions for a total of 485 sworn officer positions. The additional positions have been authorized and allocated for in each budget year since then, and 96% of the positions were filled as of June 30, 2019.

#### Authorized and Filled Sworn Police Officer Positions

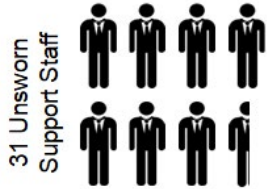


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During FY 2018-19, 61 Police Officers were hired. At the end of the FY 2018-19, filled positions for sworn officers was at 467. Measure A funded staffing had a net loss of five (5) sworn officers, hiring 64 officers and experiencing 69 departures. There were 18 open and available sworn officer positions as of June 30, 2019.





In addition to providing funding for 120 sworn officers, Measure A also provided funding for 31 unsworn civilian law enforcement support and crime prevention personnel. At the close of the fiscal year, three (3) of these positions were open.

*Police Equipment and Systems*

Additionally, Measure A funds were used during the year to improve facilities and equipment for Police Officers. As of June 2019, a total of 342 portable and 70 mobile radios

were put into service; the Police Department office space was renovated to make more room for operations; the police records and dispatch systems were upgraded; and an additional upgrade was programmed to link the police records and dispatch systems to the Fire Department's system.

EQUIPMENT		
114 Cars		412 Radios
		

Mission Critical Project Expenditures

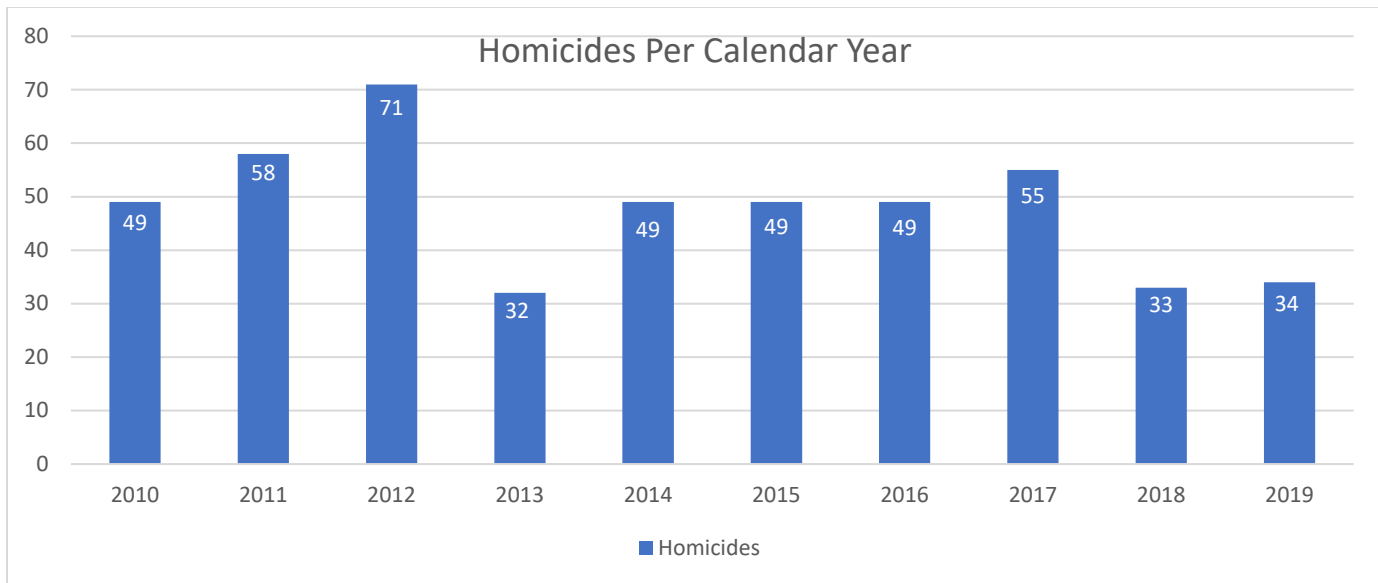
At the inception of Measure A, the City Council identified mission critical improvement areas that the City would need to focus on in order to recover from bankruptcy and bring City services to pre-bankruptcy levels. Since the start of Measure A, 19 projects were partially or fully funded with Measure A funds totaling \$16,000,000. These funds were leveraged with other resources for total appropriations of \$33,162,137. As of June 30, 2019, \$21,783,444 of these funds have been expended and \$2,489,661 remains to be spent on active projects. There will also be a de-obligation of \$228,715 in unspent Measure A funds from a completed community safety LED Lighting Project. The table below shows the 6 active Mission Critical projects in FY 2018-19, their Measure A funding and project-to-date expenditures.

	Measure A Funding	Expenditures to- Date	Remaining Funding
Police Offices Build-Out	\$ 1,500,000	1,500,000	-
Police Communications System Upgrade	650,000	650,000	-
Finance/Personnel Computer System	5,000,000	2,510,339	2,489,661
Backup to IT Infrastructure	385,000	385,000	-
LED Street Lights	1,576,000	1,347,285	228,715
Parks Irrigation Controller Upgrade	588,000	588,000	-
<b>TOTAL</b>	<b>9,699,000</b>	<b>6,751,909</b>	<b>2,718,376</b>

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Effects of Measure A on Crime

In 2013, the Mashall Plan was initiated and the OVP was formed in response to one of the City's worse years of violent crime. Since that year, violent crime in Stockton has not returned to pre-2013 levels. Homicides in Stockton have significantly decreased over the past decade, with 2019 seeing a 52% reduction compared to 2012, thanks to initiatives like Measure A, which supports the Police Department, violence prevention, and bankruptcy recovery. While these efforts have improved community safety, ongoing investment is essential to ensure Stockton's continued progress toward a safer and thriving city.

Independent Audit and Attestation

The Ordinance requires that the proceeds of the tax imposed, as well as the expenditure thereof, shall be audited by an independent accounting firm. The City submits to a months-long audit of all General Fund Revenues and Expenditures according to Generally Accepted Accounting Principles using Generally Accepted Auditing Standards, performed by a team of independent Certified Public Accountants as part of its annual processes. This audit satisfies the requirements of the Ordinance and the ballot measure. At the Committee's recommendation and the Council's direction, a second auditing firm has been engaged to attest to the City's compliance with the Agreed Upon Procedures (AUP) concerning Measure A, performed to the American Institute of Certified Public Accountants' (AICPA) attestation standards.

The revenues collected under Measure A and the expenditures these revenues contributed toward are accounted for as an item in the audited financial statements found in the Annual Financial Report under "Sales – Levied by City" and "Expenditures, Current" on page 24 of the FY 2018-19 Annual Comprehensive Financial Report (ACFR). In addition, specific audited Measure A and B financial statements are found on page 150 of the ACFR.

The Independently Audited Financial Statements may be found at the following web address:

<http://www.stocktonca.gov/government/departments/adminServices/finRep.html>

The Independent Attestation that the City complied with Agreed Upon Procedures may be found at the following web address: [www.stocktonca.gov/MeasureA](http://www.stocktonca.gov/MeasureA)