

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF STOCKTON EXTENDING FOR 10 YEARS THE TERM OF THE CITY OF STOCKTON TRANSACTIONS AND USE TAX ORDINANCE ("MEASURE A") APPROVED BY VOTERS AT THE NOVEMBER 5, 2013, ELECTION

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

Section I. Background and Purpose

On July 9, 2013, the City Council of the City of Stockton (the "Council") adopted Ordinance No. 2013-07-09-1601, enacting a general transaction and use tax (Measure A) upon adoption by the voters. On November 5, 2013, voters approved Measure A, and the taxes imposed were first collected on April 1, 2014. Ordinance No. 2013-07-09-1601 Section 17 reads:

Sunset of Tax. (a) The taxes imposed by this Ordinance shall remain effective until the soonest to occur of the following: (1) the City Council repeals, or the voters repeal, this Ordinance; (ii) the City Council determines that the City has experienced economic recovery as defined in Section 18 of this ordinance, or (iii) ten (10) years from the date the taxes imposed by this Ordinance are first collected. However, the voters hereby authorize the Council to extend the sunset of the taxes pursuant to paragraph (b) of this Section 17.

(b) The City Council may extend the sunset of the taxes imposed by this ordinance as follows. The Council shall hold two publicly noticed meetings at least 14 days apart and shall adopt findings based on evidence before it that: (i) the revenues provided by the taxes imposed by this Ordinance continue to be necessary to accomplish the purposes stated in Section 21 of this Ordinance and (ii) the total compensation paid to City employees is not excessive when compared to those of other similarly situated public-sector employees.

The above-referenced Section 21 reads:

Declaration. 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. These taxes are not special taxes within the meaning of Section 1, subdivision (d) of Article XIII C of the California Constitution, but are general taxes imposed for general governmental purposes.

Section II. Findings

Finding I: The revenues provided by the taxes imposed by Measure A continue to be necessary to accomplish the purposes stated in Section 21 of this Ordinance. (Any

lawful purpose of the city, as authorized by ordinance, resolution, or action of the City Council.)

Evidence Supporting this Finding:

Exhibit 1: The Long-Range Financial Plan With and Without Measure A

Attached as Exhibit 1 are two Long-Range Financial Plan scenarios, one that assumes the revenues from Measure A continue for the foreseeable future, and one that assumes that the revenues sunset on March 31, 2024. It is clear from the evidence that while the General Fund remains positive in a scenario with Measure A, at the current expenditure level, the City will likely become insolvent by FY 2027-28 if Measure A is sunset.

Exhibit 2: City Services Restored from Bankruptcy Levels Using General Fund. Measure

A has helped the City's General Fund to partially recover from the "Great Recession," prepare for the next economic downturn, and provide for the restoration of services. The attached service areas were identified as experiencing significant cuts in the staff report accompanying Motion 2013-06-25-1502 that proposed Measure A. The City has demonstrated that Measure A has significantly contributed to the General fund, indirectly improving recovery in these service areas. Attached as Exhibit 2 is a list of these restored services which would likely be unsustainable without continued Measure A funding.

Exhibit 3: City Services that would be existentially threatened by the sunset of Measure A

Currently Measure A accounts for 17% of Budgeted General Fund Revenues. City departments were required to provide a likely scenario for the case where 17% of their General Fund usage were to be eliminated, with the results included as Exhibit 3. The list at Exhibit 3 does not represent an action plan but does illustrate the difficult decisions that City Council would be forced to make, and the subsequent service impact that Citizens may feel as City services are impaired.

Finding II: The total compensation paid to City employees is not excessive when compared to those of other similarly situated public-sector employees.

Exhibit 4: Methodology Used when Preparing Compensation Studies and Negotiating Employee Salaries

The City regularly undergoes a process facilitated by an external consultant to ensure that employee remuneration is at the median or middle of market. Attached as Exhibit 4 is a detailed write-up of the methodology used to do so.

Exhibit 5: Memorandum of Understanding Appendices

Attached at Exhibit 5 are the appendices from the Memorandums of Understanding (MOUs) between the City and the bargaining groups outlining the COLAs and Market Adjustments made during this year's labor negotiations demonstrating the effort to bring these classifications to the median of market.

Section III. Extension of Sunset

The sunset date of the taxes imposed by Measure A is hereby extended for a period of 10 years, through March 31, 2034.

Adoption of this ordinance does not modify the other means by which Measure A may be repealed or expire.

Adoption of this ordinance does not impair the ability of the Council to further extend the sunset of Measure A pursuant to paragraph (b) of Section 17 of Measure A.

Section IV. Severability

If any section of this ordinance or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given without the invalid provisions or application, and to this end the provisions of this act are severable.

Section V. Effective Date

This ordinance shall take effect and be in full force thirty (30) days after its passage.

ADOPTED: _____

EFFECTIVE: _____

KEVIN J. LINCOLN II
Mayor of the City of Stockton

ATTEST:

ELIZA R. GARZA, CMC
City Clerk of the City of Stockton