

DRAFT



**Transactions and Use Tax
Measure A Citizens' Advisory Committee**
Annual Report for Fiscal Year 2019-20

Stockton, California
Citizen's Advisory Committee, Measures A & B
Annual Report for Fiscal Year 2019-20

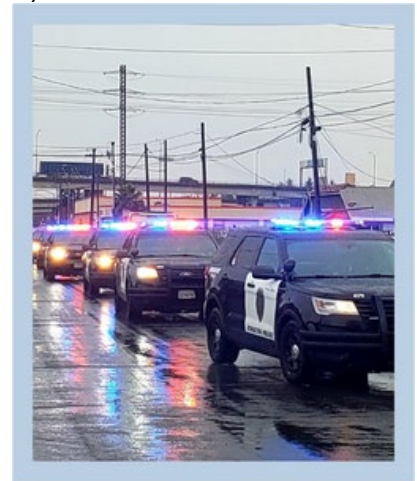
Measure A:

Measure A was a general transaction and use (sales) 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 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 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 summary of the Committee's Proceedings and activities for the Preceding Year.

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

The Committee met in public forum four (4) times during Fiscal Year 2019-20. Agendas and minutes are available on the City’s website:

- www.stocktonca.gov/MeasureA
- www.stocktonca.gov/bconlinemeetings

Measure A Tax Revenue Collected in Fiscal Year 2019-20

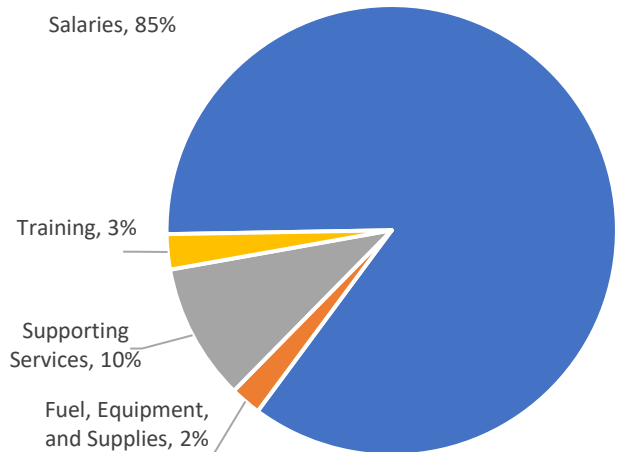
The amount of General Fund revenue collected by the City of Stockton from the Measure A 3/4 cent transaction and use tax for Fiscal Year 2019-20 was \$34,329,713.

Measure A Funded Police & OVP Expenditures

Police	24,925,978
Office of Violence Prevention (OVP)	1,011,503
Total Measure B Expenditures	<u>25,937,481</u>
Measure B portion of total receipts	76%

Law enforcement and crime prevention services were funded by 76% of Measure A revenue, exceeding Measure B advisement by 11%. The remaining 24%, in the amount of \$8,392,232, 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 \$8.4 million not spent on the Law Enforcement and Crime Prevention Expenditure plan was 3% of FY 2019-20 General Fund Revenue and contributed toward restoring the General Fund reserves, which are used for 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 2019-20. Some examples include ADA translation services, Police helicopter operating expenses, and the public safety radio infrastructure project

In FY 2019-20, the Police Department made up 56% or \$129 million of the City’s General Fund budgeted expenditures.

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 Year Period											
(\$ in Millions)	Actual	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
Sales Tax Revenue	\$6.6	\$27.8	\$29.3	\$30.0	\$31.7	\$34.6	\$34.3	\$28.5	\$32.7	\$33.8	\$35.0
Marshall Plan	\$0.0	\$5.1	\$12.9	\$18.3	\$22.5	\$24.2	\$25.9	\$29.6	\$29.9	\$30.4	\$31.3
% Annual Use of Tax	0%	18%	44%	61%	71%	70%	76%	104%	91%	90%	89%
% Cumulative Use	0%	15%	28%	39%	47%	52%	56%	62%	66%	69%	71%
Bankruptcy Recovery	\$6.6	\$22.7	\$16.4	\$11.8	\$9.3	\$10.3	\$8.4	(\$1.2)	\$2.8	\$3.4	\$3.7
% Annual Use of Tax	100%	82%	56%	39%	29%	30%	24%	-4%	9%	10%	11%
% Cumulative Use	100%	85%	72%	61%	53%	48%	44%	38%	34%	31%	29%

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

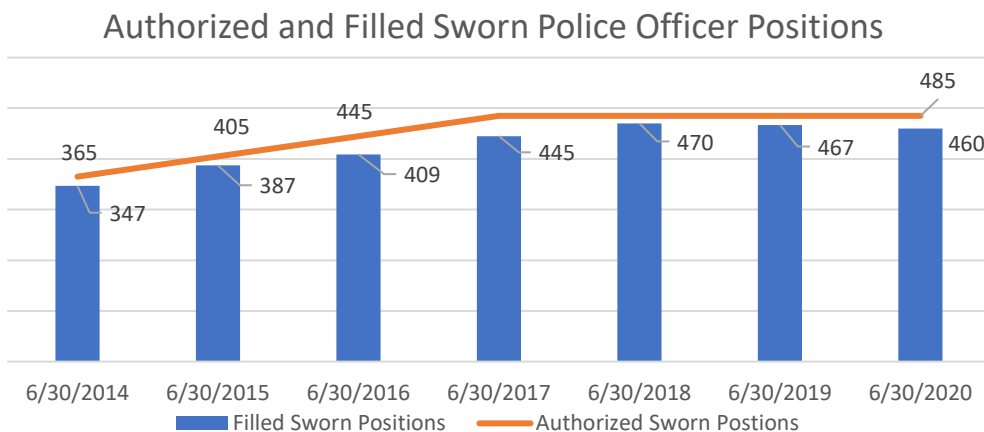
Neighborhood Betterment Teams

During the Fiscal Year, Neighborhood Betterment Teams completed two missions, resulting in 3,010 inspections, 882 enforcement actions, 12 property clean-ups or abatements, 5,465 square feet of graffiti removal and 90 Abandoned Vehicle Abatement (AVA) Citations.

Police Staffing

Prior to Measure A, Stockton had 365 authorized positions for sworn officers with 347 positions filled.

The Mashall 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 95% of the positions were filled as of June 30, 2020.



During FY 2019-20, 54 Police Officers were hired. At the end of the FY 2019-20, filled positions for sworn officers was at 460. Measure A funded staffing had a net loss of seven (7) sworn officers, experiencing 61 departures. There were 25 open and available sworn officer positions as of June 30, 2020.

In addition to providing funding for 120 sworn officers, Measure A also provided funding for 33 unsworn civilian law enforcement support and crime prevention personnel. At the close of the fiscal year, four (4) of these positions were open.

120 Sworn Police Officers



33 Unsworn Support Staff



Police Equipment and Infrastructure

Additionally, Measure A funds were used during the year to improve facilities and equipment for Police Officers. As of June 2020, 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



Office Of Violence Prevention

A critical component of the Marshall Plan, the Office of Violence Prevention (OVP), manages several initiatives to prevent and reduce violent crime in the City. In Fiscal Year 2019-20, the OVP had 14 authorized positions, with two (2) vacancies. Seven of these authorized positions are funded through Measure A. The OVP works strategically and directly with high-risk community members to prevent violence before it occurs.

During 2020, the OVP highlighted the following services that were provided to the community:

- 61 Employment Placements
- 26 Social Services
- 11 Educational Advancements
- 48 Housing Assists
- 33 ID/DMV Issues Solved
- 9 Family Relocations

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 \$32,488,336. As of June 30, 2020, no additional Measure A funding remains to be spent.

The table below shows the 3 active Mission Critical projects in FY 2019-20, their Measure A funding and project-to-date expenditures.

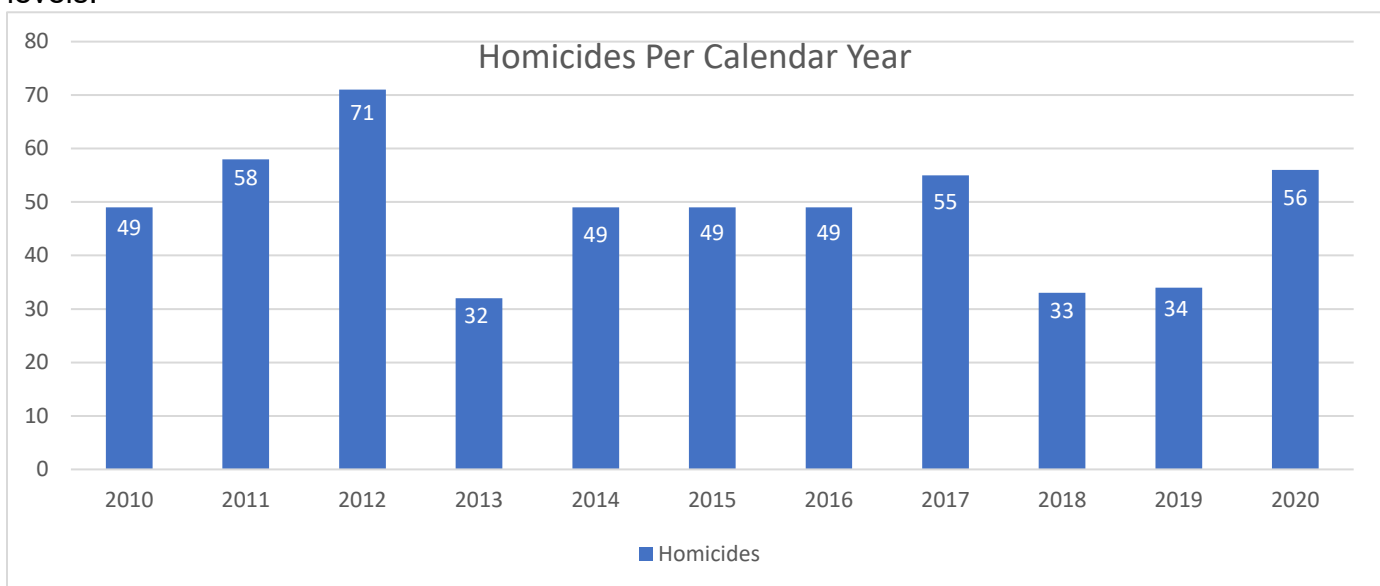
	Measure A Funding	Expenditures to-Date	Remaining Funding
Police Communications System Upgrade	650,000	650,000	-
Finance/Personnel Computer System	5,000,000	5,000,000	-
Parks Irrigation Controller Upgrade	588,000	588,000	-
TOTAL	6,238,000	6,238,000	-

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 2020 seeing a 21% 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.

The COVID-19 pandemic brought about significant changes in daily life, leading to unforeseen statistical outcomes, including increased domestic violence. While the pandemic reduced staffing, essential city employees, such as Police and OVP, continued to serve and protect the community. Despite pandemic-related hiring challenges, the city’s recruitment efforts continued. Furthermore, OVP engaged in community outreach throughout the pandemic, responding to acts of violence and providing essential household supplies, such as Personal Protective Equipment (Such as masks and hand sanitizer), COVID tests, masks, gloves, hand sanitizer, and necessities like toilet paper and food.

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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 fully 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 22 of the FY 2019-20 Annual Comprehensive Financial Report (ACFR). In addition, specific audited Measure A and B financial statements are found on page 148 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