

Transactions and Use Tax Measure A Citizens' Advisory Committee

Annual Report for Fiscal Year 2016-17
Prepared for City Council of Stockton, California

February 28, 2018



2016-17 Committee Members

Dwight Williams, Chair
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(Joni Anderson Replacing Marcie Bayne in August 2017)

STOCKTON, CALIFORNIA
Citizens' Advisory Committee, Measures A & B
Annual Report for Fiscal Year 2016-17

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 four times during Fiscal Year 2016-17. 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 120 additional sworn officers would be employed by the end of Fiscal Year 2016-17. 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 120 additional officers funded by Measure A officers in the three years. The Police Department is working diligently to hire (and retain) officers. As of June 30, 2017, there were a total of 447 positions filled (pursuant to the Eadie and Payne Audit). Of those 447 positions, 275 were assigned to Patrol (which includes 33 in a Police Academy, and 121 on probation in patrol assignments). This is far short of the established goal of 485.

It should be noted that the average cost to hire is \$45,000 per officer. This includes background check, medical/psych clearance, initial duty equipment purchases, and average cost of the academy.

Police Department Patrol Services

SWORN OFFICERS	Total Authorized/Budgeted	Total Filled
As of June 30, 2014	365	
As of June 30, 2015	405	387
As of June 30, 2016	445	409*
As of June 30, 2017	485	447

*It should be noted that the Eadie and Payne audit for year ending June 30, 2016 listed the total filled positions as 413.

This represents an additional 82 officers since the implementation of Measure A. At June 30, 2014, the City had 347 filled positions and 18 vacancies (5%). During the three years, the City has increased filled positions to 447 which is an increase of 100 filled positions. For Fiscal Year 2016-17, the net filled positions was 34 with a goal of 40. At June 30, 2017, the City had 38 vacancies (8%).

Additionally, Measure A funds have been used for upgrades and purchases in an effort to retain officers (including upgraded firearms and new driving simulator, completion of 4th floor office space, which allows for more room at PD Main for operations, new and upgraded radios and vehicles).

Recommendation:

The City must continue to find ways to recruit, hire and retain qualified individuals to increase the level of police staffing. We believe that retention is key for the department.

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. More specifically, the OVP provides:

- Operation Ceasefire Group Gun Violence Intervention:
 - Outreach to gang involved individuals
 - Outreach to victims of gun violence
 - Hospital interventions for victims of gun violence
 - Gang awareness trainings and assemblies
 - Facilitation of Ceasefire Leadership Council
 - Group conflict mediation
 - Intensive case management for Ceasefire clients:
 - Daily contact
 - Safety planning
 - Work readiness: pay for government documents, driver's license, work clothes, work tools
 - Education: pay for GEDs, certifications, union apprenticeships
 - Therapy: Provide behavioral therapy, trauma informed care for clients and victims of gun violence
 - Other client services: addiction recovery, tattoo removal, transportation, housing assistance
- Community Engagement and Prevention
 - Convene Community Engagement Coalition
 - Convene Marshall Plan Stakeholder Committee
 - Develop community partnerships in support of violence reduction, including social factors related to housing, education, employment, health and safety
 - South Stockton Promise Zone Safety Committee Lead Agency
 - Attend community events
 - Conduct monthly outreach canvassing in hot zones areas
 - Partner on violence prevention and client services events with community based organizations

On June 30, 2017, the OVP employed:

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

The OVP served 258 clients during FY 2016-17. The OVP's budget was slightly under \$1,000,000. Actual expenditures for FY 2016-2017 was \$627,914 for salaries and benefits, \$252,850 for other services, \$11,289 for materials and supplies, \$20,928 for office equipment, \$23,746 on vehicles and \$7,712 on Other Expenses.

The OVP will be implementing a "Dashboard" program which will give them a means to track client's served and services rendered. Total cost was \$10,000 in professional services to develop the dashboard.

The OVP continues to fine tune its operation in an effort to offer more services to its clients and better coordinate broader community mobilization and violence prevention strategies.

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. We would like to see more reporting from OVP including how they intend to move forward and progress regarding clients they are serving.

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 February 28, 2018, the committee was presented with the audits known as Independent Accountant's Report on Applying Agreed-Upon Procedures for the 2016-2017 fiscal year. In addition, the independent audit report for the entire City operations (CAFR) for these years was presented to the committee on February 28, 2018.

It should be noted that 61% of the Measure A revenues were spent on Measure B expenditures.

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 2016-2017 revenues was \$41.6 million below peak revenues.

Mission Critical Expenditures

The amount budgeted for the “Mission Critical” items as reported in Eadie & Payne report dated January 16, 2018.

Mission Critical Projects:			
	Final Budget	Year End Actual	Variance with Final Budget
LED Lighting Project Phase III	\$1,576,000	\$1,287,945	\$288,055
Information Technology Projects	\$385,000	0	\$385,000
SEB 4th Floor Build Out	\$1,500,000	\$1,141,836	\$358,164
Parks Irrigation Controller Upgrade	\$588,000	\$294,340	\$293,660
Street Resurfacing	\$500,000	\$500,000	0
Information Technology - ERP System	\$5,000,000	\$104,497	\$4,895,503

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