

August 3, 2004

TO: MAYOR and CITY COUNCIL

FROM: MARK LEWIS, CITY MANAGER

SUBJECT: **THE SAFE NEIGHBORHOOD GANG AND DRUG PREVENTION
POLICE/ FIRE RESPONSE MEASURE**

RECOMMENDATION

Adopt a resolution submitting to the City of Stockton qualified voters a ballot measure seeking voter approval of a special transactions and use tax of one-quarter of one percent for the provision of safe neighborhood gang and drug prevention police/fire response; establish policies and procedures in connection with such an election; requesting the San Joaquin County Board of Supervisors to direct the County Registrar of Voters to conduct the election, which shall be consolidated with the general municipal election on November 2, 2004; directing the City Attorney to prepare an impartial analysis of the measure; authorizing arguments and the filing of rebuttal arguments for or against the measure; authorizing the City Manager to appropriate the funds necessary to pay the cost of placing the measure on the election ballot; and directing the City Clerk to take steps necessary to place the measure on the ballot and to cause the measure or ordinance to be printed.

DISCUSSION

Background

In 2003, the governor signed Senate Bill 566 which allows local government to increase the cap on total allowable countywide transaction and use tax rates to two percent and authorizes cities to levy transactions and use taxes at rates of 0.25 percent or 0.5 percent, subject to voter approval. There is currently .50% tax imposed in San Joaquin County so there remains 1.50% available under the cap.

Under Section 7285.91 of the Revenue and Taxation code, cities may levy, increase, or extend a transaction and use tax for specific reasons. The code reads as follows:

7285.91 As an alternative to the procedure set forth in Section 7285.9, the governing body of any city may levy, increase or extend a transaction and use tax for a specific purpose. The tax may be levied, increased, or extended at a rate of 0.25 percent or a multiple thereof, for the purpose for which it is established, if all of the following requirements are met:

- (a) The ordinance proposing the tax is approved by a two-thirds vote of all members of the governing body and is subsequently approved by a two-thirds vote of the qualified voters of the city voting in an election on the issue.
- (b) The transaction and use tax conforms to the Transaction and Use Tax Law Part 1.6 (commencing with Section 7251)
- (c) The ordinance includes an expenditure plan describing the specific projects for which the revenues from the tax may be expended.

Honorable Mayor and City Council
Page 2 of 3

ADOPT A RESOLUTION SUBMITTING TO THE CITY OF STOCKTON QUALIFIED VOTERS A BALLOT SEEKING VOTER APPROVAL OF A SPECIAL TRANSACTION AND USE TAX OF ONE-QUARTER OF ONE PERCENT FOR THE PROVISION OF SAFE NEIGHBORHOOD GANG AND DRUG PREVENTION POLICE AND FIRE RESPONSE

Within the last five years, the population in the City of Stockton has increased by 12 percent. However, City of Stockton's Police and Fire Department personnel have not increased accordingly. Currently, there are 1.4 police officers per thousand residents in the City of Stockton. When we compare Stockton's police officer staffing level with other cities' police staffing level, Stockton operates at fewer officers per thousand residents. For example, the City of Sacramento has 1.6 officers per thousand and Fresno maintains 1.7 officers per thousand. Stockton's optimal officer per thousand residents is 1.5. As our population increases so will our need for additional officers.

The Fire Department has not increased the number of fire stations since 1986. Stockton has moved and reopened several stations but has not added any new stations. For example, Station # 8, located at Main & Laurel was closed in 1988 and reopened in 1991 at McNabb and Thornton Road as Station #14. As our population has increased, one of the challenges faced by the Fire department is to meet minimum response times. Often times, the engine responding to an emergency may not be the station closest to the incident because that engine is responding to another call. In order to continue the high standard set by our fire department, additional fire stations and fire fighters will need to be established within the next few years.

Sales Tax Measure

The City of Stockton is proposing a sales tax measure to increase the current tax rate by one-quarter percent (.25%). This sales tax measure will provide a secure, local revenue stream to the City of Stockton that will be used entirely to provide additional police and fire personnel and services to protect our community. Unlike other funding mechanisms, this sales tax measure allows visitors, tourists, and all those who might need to rely on services, to contribute to the costs of protection of our city, our neighborhoods and our residents.

The revenue generated from the additional ¼ cent sales tax is to fund additional police officers and fire fighters. A detailed spending plan has been developed so voters can have a clear understanding of how the monies will be spent if the ¼ cent sales tax is approved.

Program guidelines have also been established to govern how the money can be spent, to specify the accounting, audit and oversight guidelines that will be implemented to make certain that the funds are spent according to the voter's direction, and to ensure the public is well-informed of the progress and process.

The City of Stockton will establish and utilize a citizen's committee to provide oversight function to at least annually review revenues and expenditures, and provide a second independent verification that all expenditures are being made as promised to Stockton residents. The findings of both the citizen's committee and the independent auditor will be reviewed by the City Council and made available to the public.

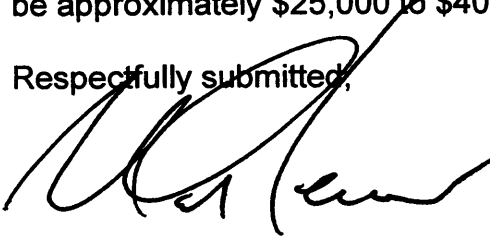
Honorable Mayor and City Council
Page 3 of 3

ADOPT A RESOLUTION SUBMITTING TO THE CITY OF STOCKTON QUALIFIED VOTERS A BALLOT SEEKING VOTER APPROVAL OF A SPECIAL TRANSACTION AND USE TAX OF ONE-QUARTER OF ONE PERCENT FOR THE PROVISION OF SAFE NEIGHBORHOOD GANG AND DRUG PREVENTION POLICE AND FIRE RESPONSE

FINANCIAL SUMMARY

The City Clerk has estimated the cost of adding the measure to the November 2004 ballot to be approximately \$25,000 to \$40,000.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark Lewis', is written over the 'Respectfully submitted,' text.

MARK LEWIS
CITY MANAGER

Stockton, Safe Neighborhood Gang and Drug Prevention Police/Fire Response Measure Program Guidelines

This Stockton, Safe Neighborhood Gang and Drug Prevention Police/Fire Response measure will provide a secure, local revenue stream to the City of Stockton that will be used entirely to provide additional police and fire personnel and services to protect our community. Stockton residents deserve to know how the funds will be spent. Detailed spending plans have been developed so voters can have a clear understanding of how the monies will be spent if the ¼ cent sales tax is approved. Program guidelines have also been established to govern how the money can be spent, to specify the accounting, audit and oversight guidelines that will be implemented to make certain that the funds are spent according to the voter's direction, and to ensure the public is well-informed of the progress and process.

Fiscal Accountability Protections

An Independent Auditor will annually review and audit expenditures of funds specifically derived from the Public Safety Measure, to ensure compliance with the expenditure plans and with prudent, established accounting regulations and practices.

The City will establish an Independent Citizen's Oversight Committee to annually review revenues and expenditures, providing a second independent verification that all expenditures are being made as promised to Stockton residents. The findings of both the Independent Citizens Oversight Committee and the Independent Auditor will be reviewed by the City Council and made available to the public.

Each May or June, as the City's budget is adopted following public hearings, the City Manager will recertify the plan to the City Council, stating what monies have been received, what monies have been spent and what monies are available. The financial consequences of these changes will be reflected in the recertified plan.

Dedicated Accounting Structure

The Expenditure Plan specifies that all revenues from the Measure are to be utilized for the sole purpose of improving our community's public safety, with the revenue to be directed to the police and fire departments respectively, in the proportions of 50% to Fire and 50% to Police. These proportions have been mutually agreed upon by the Stockton Police Officers Association and Stockton Professional Firefighters, IAFF Local 456.

The City will establish separate funds into which these specific monies shall be deposited. These accounts shall be separate for police and fire and shall be the source of their respective expenditures as established in the approved expenditure plans. Any balances in these funds, positive or negative, shall earn or pay interest accordingly.

Based on public safety needs, the City may opt to advance funds from the City's General Fund into the individual police and fire accounts in order to most effectively accomplish the objectives of the program.

The City Council will not use public safety revenue measure funds to replace General Fund dollars budgeted for normal operations at the previous year's service levels. In the event of an economic emergency, the City Council may only alter this provision by a supermajority (4/5th) vote.

Economic Uncertainty Fund

Because the ¼ cent sales tax is used for essential public safety services that are needed during both good and bad economic times, the City Council will establish a contingency/reserve fund adequate to assure that services are maintained in the event sales tax revenues decline.

A contingency/reserve account will be established as follows: A contingency/reserve fund containing twenty-five (25) percent of the annually budgeted revenues will be established. In any given year when the reserve fund holds less than the required twenty-five (25) percent of annual revenues, the first use of funds will be to implement the plan's current year program and then establish the contingency/reserve fund in the first year and add to it in the following years.

In the event that actual revenues in any given year are less than budgeted revenues, the City Council may use the reserve fund to make up the difference between budgeted revenues and actual revenues.

Priorities if additional revenues are available

In the event that the contingency/reserve fund is fully funded and all annual planned expenditures have been implemented, the use of the additional unanticipated sales tax revenues will be used first to accelerate the implementation of the plan and then to provide additional public safety facilities, personnel, and new equipment to support the new personnel based on specific needs of the community.

Planned Review

Five (5) years from the date this Public Safety Tax is passed by the voters, and every five (5) years thereafter, the City will review the success of the Measure and report on the impact it has made towards advancing the safety of the Citizens of Stockton. During this review the City Council may alter the revenue proportions that are given to police and fire (currently 50% to police and 50% to fire) with a majority vote of the Council; however, at no time shall the revenue proportions shift to greater than a 60% to 40% shift in either direction to police or fire.

Public Safety ¼ Cent Sales Tax Expenditure Plan

YEAR 1 Sales Tax Revenue		\$8,000,000
	Expenditure	
POLICE		
Hire 12 new sworn for districts (10 officers, 2 sgts.)	740,000	
Purchase 8 marked patrol vehicles	448,000	
Purchase 10 portable radios for new officers	40,000	
Purchase officer safety equipment (gun/vest/etc) (12 @ \$2,500)	30,000	
Additional Gang/Drug/Youth Violence Suppression	180,000	
Purchase 4 vehicles for Gang/Drug/Youth Violence Suppression	224,000	
Purchase - vehicle/officer equip (car video systems/taser/etc)	500,000	
Total Police Year 1 Expenditures	2,162,000	
FIRE		
Hire 15 new Firefighter/Paramedics for new Northeast Fire Station	\$1,225,000	
Hire 1 new Fire Engineer for Training Division	\$166,000	
Purchase Safety Clothing (15 Firefighters @ \$1,200 each)	\$18,000	
Purchase of New Fire Engine for New Northeast Station	\$390,000	
Purchase of Safety Equipment for New Fire Engine **	\$100,000	
Total Fire Year 1 Expenditures	\$1,899,000	
Total Year 1 Expenditure		\$4,061,000
Ending Balance Year 1		\$3,939,000

YEAR 2 Sales Tax Revenue		\$8,360,000
Interest Earnings		\$70,350
Available Resources		\$12,369,350
POLICE		
Previous Years Additions (12 sworn)	1,250,000	
Previous Years Equipment Additions (ISF Rent)	255,000	
Hire 10 new sworn for districts (8 officers, 2 sgts.)	1,030,000	
Hire 2 new gang/youth crime investigators	220,000	
Purchase 10 marked patrol vehicles	560,000	
Purchase 2 unmarked vehicles for investigators	50,000	
Purchase 8 portable radios for new officers	32,000	
Purchase officer safety equipment (gun/vest/etc) (12 @ \$2,500)	30,000	
Additional Gang/Drug/Youth Violence Suppression	180,000	
Purchase 4 vehicles for Gang/Drug/Youth Violence Suppression	224,000	
Purchase 4 portable radios for Gang/Drug Suppression	16,000	
Total Police Year 2 Expenditures	3,847,000	
FIRE		
Previous year's additions (16 sworn positions)	\$1,550,000	
Hire 15 new Firefighter/Paramedics for new Northwest Fire Station	\$1,259,000	
Hire 3 new Firefighters for Truck No. 3	\$231,000	
Hire 1 new Firefighter for Training Division	\$137,000	
Purchase Safety Clothing (18 Firefighters @ \$1,200 each)	\$21,600	
Purchase of New Fire Engine for New Northwest Station	\$390,000	
Purchase of Safety Equipment for New Fire Engine **	\$100,000	

Public Safety ¼ Cent Sales Tax Expenditure Plan

Total Fire Year 2 Expenditures	\$3,688,600	
Total Year 2 Expenditure		\$7,535,600
Ending Balance		\$4,833,750
YEAR 3 Sales Tax Revenue		\$8,736,200
Interest Earnings		<u>\$121,200</u>
Available Resources		\$13,691,150
POLICE		
Previous Years Additions (24 sworn)	2,560,000	
Previous Years Equipment Additions (ISF Rent)	505,000	
Hire 10 new sworn for districts (8 officers, 2 sgt.)	1,040,000	
Purchase 5 marked patrol vehicles	280,000	
Purchase 5 portable radios for new officers	20,000	
Purchase officer safety equipment (gun/vest/etc) (6 @ \$2,500)	15,000	
Total Police Year 3 Expenditures	<u>4,420,000</u>	
FIRE		
Previous years' additions (35 sworn positions)	\$3,551,000	
Total Fire Year 3 Expenditures	<u>\$3,551,000</u>	
Total Year 3 Expenditure		\$7,971,000
Ending Balance		\$5,720,150
YEAR 4 Sales Tax Revenue		\$9,129,330
Interest Earnings		<u>\$160,200</u>
Available Resources		\$15,009,680
POLICE		
Previous Years Additions (34 sworn)	3,700,000	
Previous Years Equipment Additions (ISF Rent)	595,000	
Hire 6 new sworn for districts (6 officers)	400,000	
Purchase 2 marked patrol vehicles	112,000	
Purchase 6 portable radios for new officers	24,000	
Purchase officer safety equipment (4 @ \$2,500)	10,000	
Total Police Year 4 Expenditures	<u>\$4,841,000</u>	
FIRE		
Previous years' additions (35 sworn positions)	\$3,963,000	
Hire 15 new Firefighter/Paramedics for new Southeast Fire Station	\$1,327,000	
Purchase Safety Clothing (15 Firefighters @ \$1,200 each)	\$18,000	
Purchase of New Fire Engine for New Southeast Station	\$390,000	
Purchase of Safety Equipment for New Fire Engine **	\$100,000	
Total Fire Year 4 Expenditures	<u>\$5,798,000</u>	
TOTAL EXPENDITURE YEAR 4		\$10,639,000
ENDING BALANCE		\$4,370,680

Public Safety ¼ Cent Sales Tax Expenditure Plan

YEAR 5 Sales Tax Revenue		\$9,540,148
Interest Earnings		\$166,650
Available Resources		\$14,077,478
 POLICE		
Previous Years Additions (40 sworn)	4,477,500	
Previous Years Equipment Additions (ISF Rent)	640,000	
Purchase 5 Motorcycles for additional Traffic Team	<u>125,000</u>	
Total Police Year 5 Expenditures	5,242,500	
 FIRE		
Previous years' additions (50 sworn positions)	<u>\$5,904,000</u>	
Total Fire Year 5 Expenditures	\$5,904,000	
 Total Year 5 Expenditure		\$11,146,500
 Ending Balance		\$2,930,978

** Radios, self-contained breathing apparatus, firehose, fire nozzles, axes, paramedic equipment, and other related safety equipment.