

City of Stockton

MEASURE W PUBLIC SAFETY

VOL. 13
ISSUE 1

Measure W Citizens' Oversight Committee

ANNUAL REPORT

Fiscal Year 2015-16

DRAFT

COMMITTEE MEMBERS

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Phillip Herrera

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Lourdes Jaurigue

W

BACKGROUND

On August 4, 2004, the Stockton City Council authorized a measure to be placed on the ballot for voter approval for a 1/4 cent sales tax rate increase to fund public safety services within the City. The Safe Neighborhood, Gang and Drug Prevention Police/Fire Response Measure (Measure W) was approved by voters on November 2, 2004.

Police and Fire have traditionally been the City's highest priority within the General Fund. Over the last ten years, Measure W has provided additional resources towards the City's commitment to public safety, most notably opening Fire Engine Company 13 and Truck Company 7, Fire Department Squad pilot program, and the augmentation of several enforcement teams within the Police Department.

MESSAGE FROM THE CHAIR:

The Measure W Citizens' Oversight Committee is pleased to present the Fiscal Year (FY) 2015-16 annual report. The role of the Measure W Citizens' Oversight Committee is to review the Measure W revenues and expenditures to ensure that the use of these revenues are in compliance with the goals and plans presented and approved by the voters in 2004. Citizens' oversight committees, like this Measure W Citizens' Oversight Committee, are an integral part of nearly all voter approved sales tax ordinances in the United States and are an effective tool to improve oversight. In addition to the Ordinance no. 038-04C.S., the program guidelines for Measure W prescribe a second method of oversight which is an independent audit by a Certified Public Accounting (CPA) firm. The CPA firm issued a "clean report" for Fiscal Year ended June 30, 2016 stating that the financial schedules for Measure W present fairly the revenues and expenditures for the year.

Measure W provides funding for additional public safety positions and related operational costs. Currently that funding is sufficient to cover 50 safety positions split evenly between Police and Fire Departments. The revenue provided by this special sales tax is not sufficient to expand the level of public safety services beyond the 50 positions, although it is continually monitored for such opportunities. Both Police and Fire departments have reported to the committee that there remains a critical need for these positions funded by Measure W revenues. In addition, the available fund balance reserve provides for economic uncertainty and has reached the recommended 25% of annual revenues per the program guidelines.

The Measure W Citizens' Oversight Committee has been presented with documents including the independent auditor's report that confirm proper stewardship over these funds in accordance with the Measure W sales tax ordinance and guidelines.

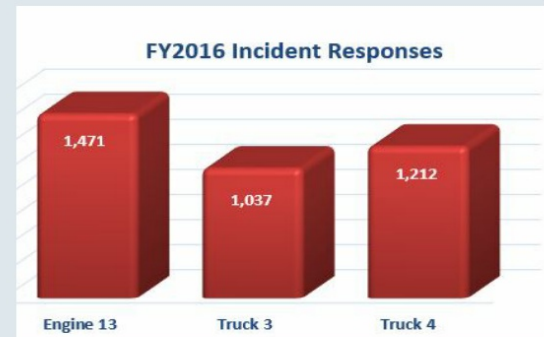
Dwight Williams, Chair

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FIRE DEPARTMENT MESSAGE

Measure W funds collected in FY 2015-16 continued to augment staffing for Fire Engine No. 13, Ladder Truck No. 3 and Ladder Truck No. 4, and funded salaries and benefits of firefighters, including the maintenance of one fire engine. 25 firefighter positions funded by Measure W provide fire and other emergency services in Northeast, Southeast, and West Central Stockton, including Delta College and UOP, dormitories and apartment buildings in these areas. In FY 2015-16, these resources responded to a total of 3,720 incidents, for a 5% increase in incident responses in these service areas from prior fiscal year.



A new fire pumper was purchased using Measure W Fund surplus reserves in the amount of \$505,464. A 22 year old fire apparatus was replaced with the new fire engine, delivered in August 2016. The new engine will provide emergency services in East Central Stockton.

The Squad Pilot Program, which involves a 1-ton rescue vehicle and two Firefighters that respond to lower priority medical and small fire calls, was introduced and deployed in July, 2014. The Squad program is currently suspended pending evaluation of its operations, however, the positions assigned to the Squad program have been redeployed to staff existing trucks and engines.

Erik Newman, Fire Chief



POLICE DEPARTMENT MESSAGE

In FY 2015-16, Measure W funding paid for 25 Police Officers to respond to approximately 24,500 calls for service, an average of 981 per officer during the year.

This funding source continues to be an important part of the Police Department's annual operating budget. It pays not only for salary and benefits for those officers, but also for their vehicles, fuel, radios and other safety equipment necessary to work in the field. The amount of tax revenue available and the cost of the positions determines the exact number of funded Police Officers year-to-year.



All Measure W positions are assigned to the Field Services Division and handle dispatched calls for service on a 24/7 basis. In FY 2015-16, the Police Department handled 401,322 calls for service, an increase of 3.4% compared to FY 2014-15. Calls dispatched for officer assistance totaled 129,602, an increase of 4.8%.

Eric Jones, Chief of Police

10 YEAR MEASURE W SALES TAX REVENUES

This chart compares Measure W annual sales tax revenue for Fiscal Year 2005-06 through Fiscal Year 2015-16. All revenues are split 50/50 between Fire and Police Departments.

FY 2008-09 and FY 2009-10 saw a dramatic drop in revenues, due to the downturn in the economy. Sales tax revenues have been slowly recovering for the last six years. FY 2014-15 saw an upswing in revenues, and FY 2015-16 revenues exceeded pre-recession levels for the first time.



Fund Balance / Reserves

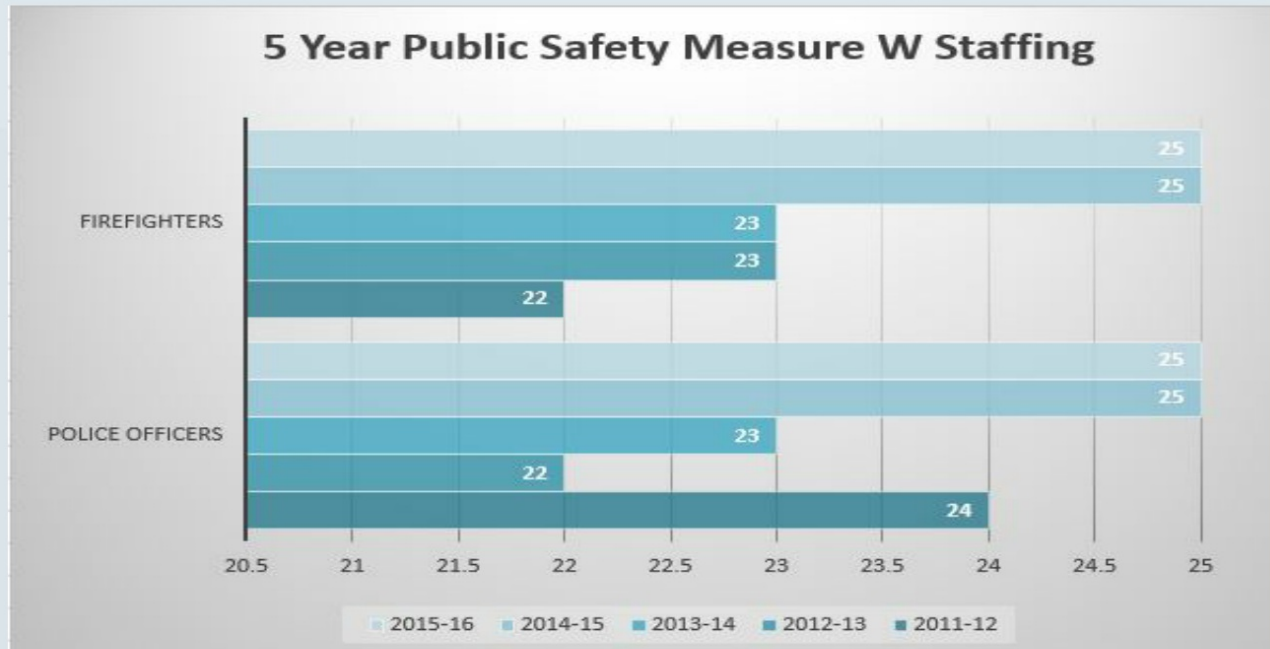
The Program Guidelines for Measure W established the Economic Uncertainty Fund; a requirement to "set-aside" 25% of budgeted revenues for reserve. The reserve would accumulate so when revenues are below projections, the public safety services funded by Measure W would be maintained.

From Fiscal Years 2004-05 through 2006-07 built up the reserve to reach \$2.8 million; however, the decline in the economy created a decrease in revenues over the next 4 fiscal years. Expenditures for Fiscal Years 2007-08 through 2010-11 came in above the actual revenues, resulting in a yearly decrease in fund balance. FY 2011-12 saw a slight increase in revenues and a decrease in expenditures, allowing the fund balance accumulate revenue reserves, continuing through the last 4 fiscal years. The Measure W Fund Balance as of June 30, 2016 is \$3,404,851, 34% of budgeted revenues.

It is anticipated that Police and Fire will spend the net savings from FY 2015-16 in the next fiscal year with the final payments on the fire engine and the implementation of employee compensation increases from the approved labor contracts effective July 1, 2016.

PUBLIC SAFETY MEASURE W STAFFING

As sales tax funding has allowed, the Police and Fire Departments have restored staffing funded by Measure W in the last 5 years.



OVERSIGHT COMMITTEE REVIEW OF EXPENDITURES

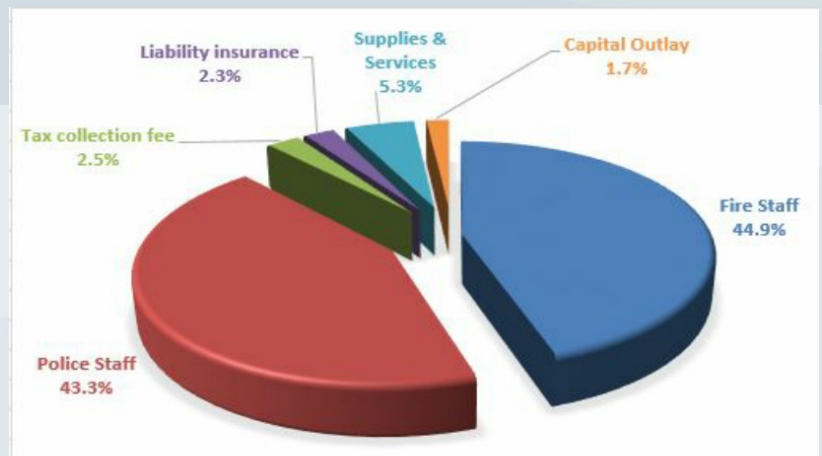
Measure W expenditures are limited by the amount of revenue received in any given year from the Safe Neighborhood Measure W tax proceeds. In FY 2015-16, the budget included public safety staff of 25 Police Officers and 25 Firefighters.

The Measure W budget for FY 2015-16 appropriated \$9,887,590. Of this total allocation, \$9,487,408 was expended during the fiscal year leaving additional funds in the available fund balance. Of the \$400,182 budget variance, approximately \$351,000 is committed to be spent in Fiscal Year 2016-17 on a new fire engine and audit services.

The expenditures for salary and benefit costs of Police and Fire personnel performing Measure W duties was 88% of the total expenditures.

Supplies and services accounted for 5.3% of the total. The remaining 6.7% paid for Board of Equalization tax collection fees, insurance, materials, sales tax review services and capital equipment purchases.

Both the Police and Fire Departments remained under budget in their use of Measure W funds.



INDEPENDENT AUDIT

The annual independent audit was conducted by The Pun Group, LLP, who issued their report dated December 30, 2016. The Measure W Public Safety Tax Funds Schedules of Revenues, Expenditures and Change in Fund Balance for the year ended June 30, 2016 is presented below:

	2016			2015		
	Police	Fire	Total	Police	Fire	Total
REVENUES:						
Taxes:						
Sales - levied by City	\$ 4,905,606	\$ 4,905,605	\$ 9,811,211	\$ 4,698,142	\$ 4,698,142	\$ 9,396,284
Investment Income:			-			-
Interest Income	13,429	17,753	31,182	5,638	7,890	13,528
Total revenues	<u>4,919,035</u>	<u>4,923,358</u>	<u>9,842,393</u>	<u>4,703,780</u>	<u>4,706,032</u>	<u>9,409,812</u>
EXPENDITURES - PUBLIC SAFETY						
Payroll:						
Salaries	2,262,565	2,272,426	4,534,991	2,168,059	2,190,161	4,358,220
Benefits	1,848,158	1,986,316	3,834,474	1,697,772	1,894,293	3,592,065
Sub-total	<u>4,110,723</u>	<u>4,258,742</u>	<u>8,369,465</u>	<u>3,865,831</u>	<u>4,084,454</u>	<u>7,950,285</u>
Equipment, services and supplies:						
Tax collection fee	111,000	111,000	222,000	105,660	105,660	211,320
Sales tax review services	3,282	3,282	6,564	3,118	3,118	6,236
Liability insurance	109,572	108,694	218,266	107,009	104,369	211,378
Vehicle rental charges	329,181	92,191	421,372	434,892	76,201	511,093
Radio rental charges	37,367	12,497	49,864	26,599	-	26,599
Materials and Services	22,623	457	23,080	28,465	6,990	35,455
Fuel Charges		8,309		69,668	11,313	80,981
Capital Outlay/equipment	-	168,488	168,488	136,556	181,251	317,807
Sub-total	<u>613,025</u>	<u>504,918</u>	<u>1,117,943</u>	<u>911,967</u>	<u>488,902</u>	<u>1,400,869</u>
Total Expenditures	<u>4,723,748</u>	<u>4,763,660</u>	<u>9,487,408</u>	<u>4,777,798</u>	<u>4,573,356</u>	<u>9,351,154</u>
Net Change in Fund Balance	195,287	159,698	354,985	(74,018)	132,676	58,658
Fund Balances, Beginning of the Year	1,271,101	1,778,765	3,049,866	1,345,119	1,646,089	2,991,208
Fund Balances, End of the Year	<u>\$ 1,466,388</u>	<u>\$ 1,938,463</u>	<u>\$ 3,404,851</u>	<u>\$ 1,271,101</u>	<u>\$ 1,778,765</u>	<u>\$ 3,049,866</u>

Source: Independent Auditor's Reports and Financial Schedules for the years ending June 30, 2016 and 2015

Questions? Comments?

Learn more about Measure W:

General Information:
(209) 937-7177

Police: (209) 937-8377
Fire: (209) 937-8801