

Measure A/B Expenditure Guidelines

Introduction

On December 5, 2023, the Stockton City Council adopted an ordinance to extend Measure A, a three-quarter percent transactions and use (sales) tax, through March 31, 2034. The measure was originally approved by voters on November 5, 2013, and became effective April 1, 2014.

On the same ballot, voters also approved Measure B, a non-binding advisory measure, to help communicate priorities and express an opinion about how the additional tax money should be used. On February 25, 2014, Stockton's City Council supported the citizen's approval of Measure B by implementing the first phase of the Marshall Plan on Crime.

Measure B recommends that 65% of Measure A proceeds be used for law enforcement and crime prevention services, such as the Marshall Plan on Crime, and that 35% of Measure A proceeds be used for general City services, including recovery from bankruptcy.

Background

A performance audit performed by the City's internal auditor, Moss Adams, noted the following:

While expenditure processes appear to comply with Measure A provisions, the City does not have updated expenditure guidelines to define allowable expenditures, proactively plan for future use of the funds, or support tracking of expenditures. This contributes to limited visibility into the impact of the Measure among the public and creates a lack of clarity among City staff for what constitutes allowable use of the funds.

The Measure A Citizens Advisory Committee receives regular reports from City staff on Measure B eligible expenditures, including annual economic recovery reports, quarterly financial reports, annual reports on the 65%/35% usage, and quarterly statistics concerning progress on crime reduction and staff retention. Regular reporting will continue under the tax extension authorized by City Council.

Purpose

The purpose of this document is to address the above finding from Moss Adams, and construct expenditure guidelines that can be used to understand, direct, and track eligible costs.

According to Section 21 of the Measure A Ordinance (2013-07-09-1601), 100% of the proceeds of Measure A may be used for any lawful purpose of the City, as authorized by ordinance, resolution, or action of the City Council. The Ordinance explicitly states that Measure A is a general tax and not a special tax. The guidelines set forth below do not

restrict or legislate the use of these general purpose tax revenues, and are not intended in any way to legally obligate Measure A funds for any particular purpose. Instead, this document is designed to increase visibility and transparency, and demonstrate the City's alignment with Measure B.

Benefits of Establishing Expenditure Guidelines

Several benefits will be achieved by establishing clear Measure A guidelines:

- Specific guidance to prescribe and encourage eligible costs to incur against Measure B recommendations.
- Specific contingencies for use of Measure funds when savings occur in high priority areas.
- Outlining the Marshall Plan into specific items that can be adjusted to respond to changes in the City's demand for services.

These guidelines are meant to replace the aging Marshall Plan with a list of items categorized into goals that can be adjusted annually to respond to a changing fiscal environment.

Spending Priorities for the 65% Funds (Law Enforcement and Crime Prevention)

What follows is a list of funding priorities that fit into general goals originally set forth by the Marshall Plan on crime. Funds will be prioritized in the order below. In addition, if a service or improvement will advance Marshall Plan goals, it will be in compliance with these priorities, even if not itemized below.

1. Fund Police Department (PD) and Crime Prevention Personnel
 - a. 60 Sworn positions
 - b. 41 Civilian positions: 8 positions for the Office of Violence Prevention (OVP), and 33 positions for the Police Department and Neighborhood Betterment Teams (NBT) Division
2. Fund program expenditures:
 - a. PD capacity expenditures; technology, equipment
 - b. OVP expenditures
 - c. NBT expenditures
 - d. PD and Crime Prevention General Administration expenditures
3. Recruitment and Retention – Fund temporary recruitment and retention incentives, as provided for in the [Side Letter Agreement Between the City of Stockton and Police Officers' Association](#)
4. Special Projects – Funds may be identified for special crime prevention projects or initiatives if savings occur in any of the above areas

Spending Priorities for the 35% Funds (General City Services)

In addition to the 65% originally allocated to law enforcement and crime prevention expenditures, 35% is advised to go towards general City expenditures. Any amount not spent on law enforcement and crime prevention expenditures will be analyzed on an annual basis with the fourth quarter budget report and made available to the City Council for special consideration. Items specifically funded by this portion of Measure A will be tracked going forward to demonstrate the impact of the 35%. Budget Priorities include:

1. Assured Guaranty Contingent Payments – this is a direct result of the bankruptcy
2. Post-bankruptcy recovery/restoration of services
3. General City expenditures as approved by City Council
4. Building healthy reserves for the next economic downturn

Development of Expenditure Plan

As part of the annual budget process, the City will develop and present an expenditure plan for Measure A funds for the upcoming fiscal year based on the spending priorities identified in these guidelines. The plan will be presented to the Measure A Citizens' Advisory Committee, followed by a presentation to City Council for approval.

Any revisions to the spending plan will be presented to the Measure A Citizens' Advisory Committee at regularly scheduled meetings. City Council will be presented with spending plan updates and/or revisions as part of the quarterly budget updates that are currently provided.

Future Updates to Guidelines

The guidelines contained herein may subsequently be modified or revised as economic and programmatic conditions evolve over time, including but not limited to:

- Anticipated or unanticipated changes in projected or actual revenues and/or expenditures
- Economic trends and/or forecasts
- Overall fiscal health of the City
- Changes in programmatic and/or personnel needs
- Council priorities

Any proposed changes to the guidelines will be presented to the Measure A Citizens' Advisory Committee for discussion, and subsequently presented to City Council for approval.