

The City of Stockton - Measure A

Personal observations by SJTA President and Measure A Citizens' Advisory Committee Member David Renison
(Revised Sept. 3, 2015)

The Tax

Measure A is a sales tax initiative that was introduced by the City of Stockton and approved by citywide voters on November 5, 2013. Measure A passed by 51.85% voter approval; an affirmative vote of only 11% of the city's population. The tax became effective on April 1, 2014 and it is anticipated to bring \$28 million annually into the city's General Fund.

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).

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. This includes the hiring of an additional 120 police officers by June 2017. 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.

Nevertheless, since the Council would not endorse the ballot measure as a 'restricted tax', revenues will go into the General Fund where the money can be used for any legal purpose. The SJTA opposed Measure A as a 'general tax' because there were no guarantees that revenues will be spent as promised. Also, we were skeptical about adopting a tax increase without the City first addressing Stockton's unaffordable employee retirement costs in a meaningful way.

Citizen Oversight

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 of this committee includes a review of annual audits conducted by an independent accounting firm, measuring economic recovery to determine when the tax should end, making annual reports at public hearings and making recommendations to the City Council.

While I am a member of the City of Stockton Citizens' Advisory Committee, the information contained herein is a summary of events based solely on my personal observations.

Summary of Events

Apr. 1, 2014

The $\frac{3}{4}$ -cent Measure A tax increase goes into effect today. Stockton's sales/use tax rate increased from 8.25% to 9%, the highest allowed by California law.

May 20, 2014

Citizens' Advisory Committee Meeting at City Hall

The number of budgeted sworn-officer positions before Measure A was 365. This is the number from which to measure the progress of Measure A as it relates to the hiring of additional police officers; namely, a promise made by City Hall to reach 485 officers by June 2017.

Recruitment of new officers takes up to 18 months and includes selection, background reviews, hiring, probationary, and training and assignment.

A supervisor and 2 lieutenants are needed for every 7 police officers.

Neighborhood Blitz Team – the goal is to add 7 code enforcement officers by Dec. 1, 2014.

July 1, 2014

From Jan. 1, 2014 to July 1, 2014 the City of Stockton added 18 new police officers. However, with a high attrition rate, today the City employs a total of 351 sworn officers.

July 15, 2014

Citizens' Advisory Committee Meeting at City Hall

Today, Police Chief Eric Jones reported that, on average, the first-year cost for a Step One sworn officer is \$185,000 - which includes the following:

- \$8k one-time
- \$25k academy
- \$10k background investigation
- \$30k equipment (vehicle, radio, etc.)
- \$6k personal gear
- \$105k annual salary.

Sept. 16, 2014

Stockton Police officers now total 362, including 20 trainees.

Sept. 30, 2014

The United States Department of Justice awarded Stockton a \$1.875 million grant to hire 15 officers over the next three years. Stockton's Chief of Police told this committee that these hires are not to be included in the number of additional officers promised by the City via Measure A.

Oct. 23, 2014

Citizens' Advisory Committee Meeting at City Hall

The Chief of Police reported that Stockton police officers now total 371. The department has hired 185 officers since the beginning of 2012, but during that time period 50 officers have left for other agencies and 85 have been lost to retirement or for other reasons.

Seventy five percent of the newly-hired officers will be assigned to patrol. Twenty five percent will be assigned to re-staff the department's investigative unit.

Taxpayers are spending about \$30,000 to send an individual to the police academy. If the officer leaves the department before serving 5 years, he/she is required to repay a prorated portion of the total cost.

Before the collection of the Measure A tax began on April 1, 2014, City Hall projected revenues of \$6.8 million in the first 3 months and \$280 million over 10 years. The City reports that \$6.574 million will be actually be raised and that "this is not viewed as a 'major change'".

Jan. 20, 2015

Stockton police officers now total 377

Feb. 3, 2015

Citizens' Advisory Committee Meeting at City Hall

Twelve additional officers have been hired in the first ten months of Measure A's existence. To stay on track with the stated goal, another 28 will have to be hired by June 30, 2015.

The manager of the newly-formed Office of Violence Prevention gave a staffing update to the Committee and said, "We have seen a slight lag in hiring due to City needs".

The attrition rate for the police department is decreasing.

The Neighborhood Blitz Team is now active in Stockton.

The Committee set its quarterly meeting schedule for 2015:

- February Review of annual audit
- May Review of proposed city budget
- September Marshall Plan presentations
- November Annual report to City Council

Special meetings may be called as needed

The Committee will discuss the merits of hiring an independent auditor at its May 19 meeting.

Mar. 4, 2015

The manager of the newly-formed Office of Violence Prevention which is funded with Measure A tax dollars was fired by the City Manager. This employee was in office only four months and she has filed a gender and pregnancy discrimination lawsuit against the city. The Record opined that the firing is a "blow to Stockton taxpayers", and that, "For citizens, for taxpayers, this is an unmitigated failure at a time when something like this just couldn't happen."

Mar. 16, 2015

The Chief of Police said the rate of attrition continues to decrease; that the city is now facing retirements whereas before the city was losing officers to other departments and municipalities.

May 19, 2015

Citizens' Advisory Committee Meeting at City Hall

The Chief of Police reported that the 'hiring of police officers is on track' and that the department now employs 387 sworn officers. This is a net increase of 33 officers to date in 2015, with a goal of 405 officers by June 30, 2015.

Police Department pension costs have increased 10 to 11 percent over last year.

The Committee discussed the recent firing of the manager of the Office of Violence Prevention as it relates to funding by Measure A. Without divulging any confidential information, a city official said that the Human Resources Department had job descriptions prepared for advertising months before the office manager was hired, but that she did not release any of them in an effort to fill vacant positions. As a Committee member, I was concerned that tax dollars for this newly-formed office were wasted. And when asked, a Deputy City Manager said the fiscal impact to Measure A was "a very nominal impact."

On a 5-2 vote (Leiba/Baynes dissenting), the Committee recommended that the 2015-16 fiscal-year Measure A budget, which includes "mission critical" spending be approved by the City Council when it comes up for review.

On a 5-2 vote (Johnson/Ingraham dissenting), the Committee agreed to formally request that the City Council approve the hiring of an outside independent auditor to review Measure A revenues and expenditures prior to the Committee's 2015 public reporting. The City Clerk said that this request will be addressed at an upcoming Council Meeting.

June 9, 2015

The Stockton City Council approved the 2015-16 fiscal-year budget on a 5-2 vote.

June 16, 2015

As reported in The Record on June 16, 2015, the Mayor expressed his concern that increasing the pension burden could cause the City to fall back into bankruptcy. The Vice-Mayor questioned budgeted plans for the use of some funds from the Measure A sales tax, particularly for services under "mission critical" spending.

I certainly share both concerns. For example, the pension cost for the Police Department alone has increased an enormous 10 percent over last year's city budget. Shortly after the passage of Measure A, the Wall Street Journal published the basis for the San Joaquin Taxpayers Association's opposition to this 'general-fund' tax when I said, "We didn't have assurances in this tax (measure) that the money would be going where they say it will be going. And we were skeptical about adopting a tax increase without addressing Stockton's unsustainable pension system."

Indeed, it was surprising to see so many business people who would usually oppose higher taxation turn pro-tax, especially when promises were made on how the money would be used without assurances in the ballot measure.

In 2004 Stockton voters approved Measure W, a special transaction and use tax of a one-quarter cent increase. This measure passed by a 74% voter approval because they believed the City's promise of increased police and fire protection. However, residents saw that Measure W only delivered about half of what was promised and Measure A was approved by a very slim margin.

Measure A was a very hard-fought tax that placed a greater burden on local taxpayers at a time of economic uncertainty at City Hall. Supporters of the sales tax increase outspent opponents 8 to 1. Yet the measure passed by a slim margin with fewer than 52 percent of votes.

A major selling point made by the City was the promise of effective citizen oversight committee. In fact, the authors of ballot arguments in favor of Measure A have said, "For our city to succeed, this (citizens') committee must succeed. Our future and the future of our city is at stake."

The Citizens' Advisory Committee has asked the City Council to approve its request to have an independent audit of Measure A funds, conducted under applicable professional standards. The audit should be conducted under Generally Accepted Auditing Standards and Government Auditing Standards.

June 18, 2015

Stockton currently has 388 sworn officers in the Police Department. The City started the fiscal year with 347, so this is a net gain of 41 this year. As reported during the Committee meeting on May 19th, the Police Chief's stated goal is to have 405 officers by June 30, 2015 and 485 by June 30, 2017.

July 1, 2015

Today, the Stockton Police Department swore in one new officer and introduced five new trainees. The Department now has 393 sworn officers, its highest staffing levels since 2008, but short of the goal of 405 by June 30, 2015.

Aug. 29, 2015

More than 580 applied to participate in the police department's testing and hiring process. "The current hiring plan is to hire 80 people per fiscal year", said Lt. Rodney Rego. Officer Joe Silva, a police spokesman, said the department has 390 officers, 15 shy of where the force had hoped to be two months ago. Twenty four months ago, the department had fewer than 350 officers.

Sept. 1, 2015

Today, the Stockton Police Department swore in its newest officer, increasing its ranks to 395, which includes 4 recruits who also joined today from San Joaquin Delta College's Police Academy; short of City Hall's promise of 405 by July 1, 2015. Police Chief Eric Jones said today that the department is on track to meet its hiring target of 445 by July, 2016.

Status of a proposed independent audit of Measure A funds:

On May 19, 2015, the Committee agreed to ask the City Council to approve an independent audit of Measure A revenues and expenditures. On July 23, 2015, the City Clerk said, "Currently, the Chair of the (City) Audit Committee is reaching out to the internal auditor, staff is soliciting bids on costs for the audit and preparing a staff report to bring before the Council by the end of August. On Sept. 3, 2015, the City Clerk said, "...I believe it (Committee request) will be scheduled for the second meeting in September (22nd). I know staff is aware and I won't let them forget about this item."

The Citizens' Advisory Committee will meet again on September 24, 2015 at 9:00 a.m. at City Hall.

Agendas, Minutes and Video of Committee meetings can be found at:

<http://www.stocktongov.com/government/oMeetings/boardComMeetings.html>