



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: May 3, 2016

Time: 7:00 a.m.

For information regarding this Agenda please contact:

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City Clerk

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Informal Informational Meeting

A. Roll Call by City Clerk

B. Topic(s)

B-1 Receive Information from Staff on Potential Uses for Potential Sales Tax Measure Revenue (CM)

C. Comments by Public on Non-Agenda Items

D. Adjournment

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Jennifer M. Ferraiolo
City Clerk

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CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Receive Information from Staff on Potential Uses for Potential Sales Tax Measure Revenue

MEETING DATE: May 3, 2016

PREPARED BY: City Manager

RECOMMENDED ACTION: Receive Information from staff on potential uses for sales tax measure revenue.

BACKGROUND INFORMATION: The Parks Recreation and Cultural Services (PRCS) Department has performed extensive work addressing both community recreational needs and the Department's capital needs. The effort resulted in a request from the Parks and Recreation Commission that Council consider a sales tax measure to fund the outcome of that effort. In considering that request, Council directed staff to return with a sales tax expenditure plan that would address public safety elements as well.

Revenue Projections: The Draft 2016/17 Budget currently projects sales tax revenue of \$11.5 million based on the City's share of 1 percent of taxable sales at an 8-percent sales tax rate. Assuming Lodi sales remain steady next year, PRCS' proposed one-eighth-cent measure would increase the sales tax rate to 8.125 percent and, therefore, raise an additional \$1.4 million annually. A half-cent to pull in public safety (Police and Fire services) needs would increase that amount by \$4.3 million for a total of \$5.7 million per year.

It should be noted that there is no guarantee that sales will remain constant. Sales tax revenue can be significantly reduced (or increased) by external influences. We have seen this recently as a result of the drop in gasoline prices. Gasoline sales made up 13.9 percent of Lodi's total sales tax revenue in FY 2014/15. For the first two quarters of FY 2015/16, fuel and service stations accounted for 9.2 percent. As such, a large drop in fuel prices significantly depresses Lodi's total sales tax revenue. The economy can also have a major impact as we saw with the significant sales tax drop in 2009.

Police Needs: The Lodi Police Department (LPD) has noted a significant increase in total crime and call volume. Indeed, most shifts have as many as 12 calls waiting for officers to respond. At the same time, authorized staffing levels are at their lowest in more than 20 years. In 2009, LPD had 79 authorized sworn positions. Today it has 71 due to increased personnel costs and little additional funding. Staffing reductions have killed initiatives like the downtown bike patrol, closed the traffic unit and removed two detectives from the Special Investigations Unit that works gangs and narcotics. In addition, LPD's minimum staffing during late-night hours has dropped from five officers to four.

Meanwhile, the State's prison realignment scheme, coupled with the a significant rise in the number of calls to deal with people in financial, dependency and mental distress, has left most police shifts unable to keep up with their call volume without significant wait times. To address these needs, LPD would propose to add 12 positions at a total cost of \$1.7 million annually. The positions would include an

APPROVED: _____
Stephen Schwabauer, City Manager

additional lieutenant, six officers, two community services officers, a dispatcher, a crime prevention coordinator and a second youth intervention worker.

Fire Needs: The Fire Department began browning out Engine 1 in 2009 in response to reduced revenue in the Great Recession. Although the City has been able to restore some funding to the engine, it is still browned out roughly 40 percent of the time. The brown-out impacts response times in high call volume times, reduces firefighter strength necessary to provide optimum response and puts unnecessary wear on the truck that responds to all calls. Fire also significantly cut its training budget to respond to the economic downturn. Fire proposes that the City consider providing the funding level that should allow full-time staffing for Engine 1 of \$800,000 and an additional \$200,000 in training dollars.

PRCS Needs: Parks, Recreation and Cultural Services has a significant capital maintenance crisis. Staffing has been reduced so that the Department can cobble together a nominal amount of funds to address some critical repairs affecting safety and potential liability. At the same time, it has spent significant energy determining Lodi citizens' priorities for PRCS needs through its Strategic Plan. Many of our Lodi citizens' desires align with actual capital needs. PRCS proposes additional funding to provide the repairs and upgrades so desperately needed for many of those valuable assets including reconstructing paved surfaces at Lodi Lake Park, constructing and rehabilitating park trails, and upgrading neighborhood parks with new playground equipment, picnic facilities, drinking fountains and renovated restrooms.

Funding Options: The Parks and Recreation Commission recommended a one-eighth-cent sales tax measure. That would add 12.5 cents cost to a \$100 taxable purchase and raise approximately \$1.4 million in annual revenue. An additional quarter cent would raise \$2.8 million and would fully fund the proposals from Police and Fire. A three-eighth-cent sales tax may cause confusion among voters, however, and Staff requests input from Council on the amount.

Timing: A number of factors play in on the timing analysis. First, experts generally recommend sales tax measures take place in a presidential year. However they also recommend a one-year effort to provide information to the electorate about the proposal. Moreover, multi-sided measures tend to fail with a greater frequency than single-issue measures. PRCS has been at its task with polling and a capital campaign but safety has not.

Staff will engage the Council in a conversation about these various issues before determining its next steps.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Stephen Schwabauer
City Manager