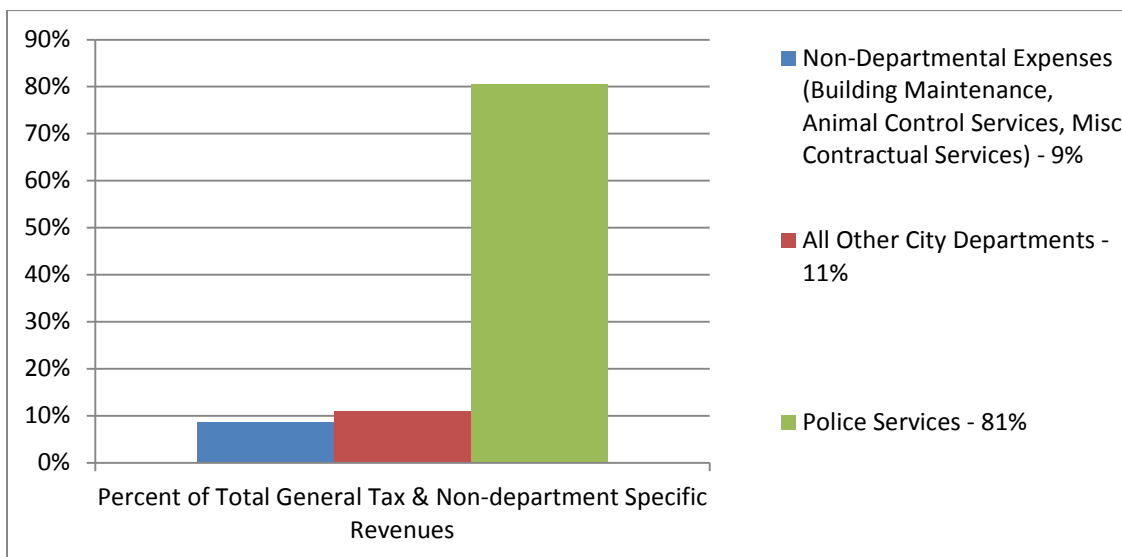


City of Pittsburg, CA Measure P Oversight Committee Report Proposed Use of 2015-16 Measure P Funds

Background of City of Pittsburg's Financial Condition

In 2012, the City of Pittsburg faced decreasing revenues, including a twenty-six percent decrease in sales and property taxes since 2008, amounting to a loss of approximately \$2.6 million dollars annually. In addition, the costs to provide essential city services to residents continued to increase. The City had already reduced staff and consolidated City Departments in order to cut costs. The City had 275 full-time employees in 2008, and through early retirements, and not filling vacant positions, the City reduced this number to 239 employees in 2011. In an attempt to further reduce costs, the fiscal year ("FY") 2011-12 budget called for leaving four (4) police department positions vacant, eliminating the budget for police and maintenance employees at City events, closing the swim center, and eliminating approximately (14) positions including eight (8) layoffs.

The City predicted that without an increase in revenues, the City would have had a General Fund deficit in FY 2012-13 of approximately \$2.7 million dollars, which would have required the City to make additional cuts to City services including a reduction in Police Department services and closing the Senior Center. As described in the chart below, the Police Department utilizes 81% of the City's General Fund resources. Faced with severe General Fund cuts, it would have been very difficult to balance the City's budget without cutting the Police Department's budget.



To avoid reductions in vital City services, the City Council placed Measure P on the June 2012 ballot that temporarily increased the City's sales tax. Measure P was approved by Pittsburg's voters and the City began collecting the new sales tax beginning in October 2012.

City of Pittsburg's 2012 Sales Tax - Measure P

June 2012 Ballot Language/Question - "To provide funding that stays in Pittsburg and cannot be seized by the State, to be used for Public Safety, gang prevention, job creation programs for local residents, to keep the Senior Center open, to maintain other City services, shall the City of Pittsburg enact a temporary, half-cent sales tax for five years, reduced to one-quarter cent for five years, then the increase be terminated, altogether, with citizen's oversight committee, mandatory audits and consistent community reporting?"

To which 73.69% of Pittsburg's voters said "yes".

Measure P Citizen's Oversight Committee

Measure P required the establishment of a Citizens Oversight Committee ("Committee") charged with making recommendations to the City Council for the use of the Measure P tax revenue. The Committee is to (1) receive information from City staff on the receipt of revenue and the expenditure of funds from Measure P, (2) provide recommendations to the City Council on the use of Measure P revenue, (3) shall produce a report that records the results of its recommendations for expenditure of the revenue generated from the tax, and (4) present the report to the City Council at a public meeting and be made a public record.

On February 4, 2015 the City Council empaneled a five member Committee with two representatives from the Chamber of Commerce and three from the Citizen's Advisory Committee ("CAC"). Committee Members have to be a Pittsburg resident and registered voter. Members serve two year terms.

The City Council appointed the following people to the Committee:

Doris Bedford, Chamber of Commerce Representative
Lindy Maynes, Chamber of Commerce Representative
Dennisha Marsh, CAC Representative
Jim Atchison, CAC Representative
Faye Fields, CAC Representative

The Committee met two times to review the City's General Fund budget and staff's proposed uses of Measure P funds. The following is a summary of those proposed uses and the Committee's recommendations.

Proposed Use of Measure P Funds - FY 2015-16

As described in the ballot, the specific services noted are Public Safety, gang prevention, job creation for local residents and to keep the Senior Center open. To

adhere to the intent of Measure P, as part of the FY 2015-16 budget, City of Pittsburg staff are proposing to use the approximately \$3.8 million in Measure P funds as follows:

Program	FY 2015-16 Budget	Percent of Total	Notes
Police Department	\$3,365,980	89%	Funds 15% of Police Department's operating expenses of \$22.5M
Senior Center	302,560	8%	Funds 82.6% of Senior Center's operating expenses. Senior Center will be fully funded.
Economic Development	113,460	3%	Will support a variety of Economic Development activities such as Future Build, free downtown wireless, permit waivers and provide staff funding for business attraction and retention activities.
Totals	\$3,782,000	100%	

At the April 14th Committee meeting, City staff presented the following rationales for the proposed allocation:

Police Department – While the Police Department comprises 58% of the City’s General Fund budget, staff are recommending allocating 89% of the Measure P funds to the Police Department. Staff noted that the FY 2015-16 Measure P allocation will allow the Police Department to fund all of their positions which will allow it to (1) staff the Narcotics Division, (2) commit resources to identify and investigate human trafficking incidents, (3) continue to use Community Service Specialist staff to provide support to Police Officers including handling bookings of arrestees, (4) track illegal gun ownership, and (5) continue its Violent Crime and Gang Suppression enforcement activities. Staff also said that this higher level of Measure P allocation reflects the City Council’s priority to fund public safety and continue to keep Pittsburg’s crime rates low.

Senior Center – The proposed Measure P allocation of \$302,560 will allow the City to keep the Senior Center open during FY 2015-16, which was specifically identified in the Measure P ballot language by fully covering the Senior Center’s expenses. The City will need to provide a similar level of funding escalated by increased expenses in the subsequent years of the life of Measure P in order to fully comply with the intent of Measure P to keep the Senior Center open. In addition, the proposed Measure P allocation funds staff positions to support the various activities and programs provided at the Senior Center.

Economic Development – The proposed allocation of \$113,460 towards economic development would be used to fund the Future Build Program, provide free wireless in downtown Pittsburg, provide permit fee waivers to reduce blighted properties, and to fund the staffing of business attraction and retention activities.

Measure P Oversight Committee Recommendations

The Committee reviewed City staff's proposed uses of Measure P funds in FY 2015-16 and concludes that such uses are consistent with Measure P's goals. The City will primarily use the funds to support Public Safety services as well as keep the Senior Center open and fund a job creation program that minimizes the costs to the City while creating more jobs.

At the April 14, 2015 Measure P Oversight Committee meeting, the Committee members expressed concern about the future reduction in Measure P revenues – down from the half cent current rate to a quarter cent in FY 2017-18 and then going away in FY 2022-2033. The Committee members are concerned that the Senior Center will not have the resources needed to fund its programs, therefore may consider increasing allocation percentage to continue senior center programs in future years.

The Committee members do see the positive results that the Measure P revenues have had particularly in supporting Public Safety services, keeping the Senior Center open, providing job training programs and attracting new business to Pittsburg.