



Date: September 26, 2019

To: Mayor and City Council

From: Carolyn Robinson, City Treasurer and Chair, Measure X
Citizens' Oversight Committee

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Subject: Receive and File the Measure X - Citizens' Oversight Committee
Report

Recommendation

Receive and file the Measure X Citizens' Oversight Committee Report.

The Committee held its initial meeting on September 25, 2019 to review the foundational documents of the measure, hold a discussion regarding the Committee's role in the oversight process, determine the term lengths of each member, and elect a Vice Chair.

Background

On July 23, 2018, the City Council adopted Resolution No. 112-18, establishing policies and procedures for an election on a proposed general transactions and use (sales) tax on the November 6, 2018 ballot. This ballot measure later became known as "Measure X" and read as follows:

Measure X

CITY OF MARTINEZ QUALITY OF LIFE / ESSENTIAL SERVICES MEASURE

To maintain 911 police emergency response times; violent crime prevention/property investigations; school safety; youth, recreation, senior programs; storm drains/pollution prevention; retain/recruit experienced police officers; protect and maintain open space/parks; address homelessness; other essential City services; shall an ordinance be adopted establishing a local, half-cent sales tax for 15 years, providing \$3,200,000 annually, with citizens' oversight, annual audits, all funds spent only in Martinez?

On November 6, 2018, almost seventy-three percent (73%) of Martinez voters approved Measure X to increase the transaction and use sales tax by an additional one-half (0.50%) percent for 15 years to fund general City services consistent with community priorities.

Ordinance No. 1418 was also adopted by the City Council on July 23, 2018, to establish the regulatory and administrative framework for the general tax.

Section 2 of Ordinance No. 1418 stipulated the following:

CITIZENS OVERSIGHT COMMITTEE. Prior to the Operative Date, the City Council shall (a) adopt a resolution establishing the composition of a committee of no more than seven residents of Martinez to review and report on the revenue and expenditure of funds from the tax adopted by this ordinance, (b) define the scope of the committee's responsibilities, and (c) appoint at least a quorum of the members of the committee. City employees, consultants, or vendors are expressly precluded from serving as members of the Citizens Oversight Committee. The Committee's reports shall be made available to the Council and public.

On February 20, 2019, the Measure X Oversight Committee Bylaws were adopted by the City Council via Resolution No. 18-19. The Oversight Committee's role is limited to the following specific duties, as detailed in Section 3.1 of the Bylaws:

- a) Review semi-annual revenue and expenditure reports produced by the City and other relevant reports and information regarding the Transactions and Use Tax; and*
- b) Provide to the City Council an annual report on whether revenues were expended efficiently and effectively and recommendations, if any, of ways to ensure that future revenues are expended efficiently and effectively.*

Additionally, Section 3.1 of the Bylaws specifies areas in which the Committee will not have purview:

- c) In order to preserve the integrity and independence of the oversight process, Committee members shall not play a role in contracting or project management for projects funded through revenue from Measure X.*
- d) The Committee is not charged with decision-making on spending priorities, schedules, project details, or financing plans.*

The Bylaws further specify the Oversight Committee is to be comprised of no more than seven (7) members, one of which is the City Treasurer, with six (6) at-large members, three of which will serve three (3) year terms, and three of which will serve four (4) year terms.

At the initial Measure X Oversight Committee meeting held on September 25, 2019, the following term lengths were identified:

4 year terms: Cindy Mosser, Susan Gustofson, and James Fleisher

3 year terms: Paul Borenstein, Denny Horack, and Marshall Cochrane

Additionally, Paul Borenstein was elected as Vice Chair for a period of one year.

Financial Summary

The City began receiving Measure X distributions from the State in May 2019. Each fiscal year, the City is required to have a financial audit conducted by an independent certified public accountancy firm. The CPA firm of Maze and Associates is the City's independent external auditor. Maze and Associates has not yet completed its review and examination of the City's financial transactions and statements for the fiscal year ended June 30, 2019, and as such, the revenue received thus far from Measure X and listed below is to be considered unaudited:

Total Fiscal Year 2018-19 Measure X Income	\$ 827,121.27
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Following completion of this year's audit in November/December 2019, the Oversight Committee will meet again to prepare the Fiscal Year 2019-20 annual report to the City Council (anticipated to be provided in January/February 2020). At that time, unaudited partial year receipts from the current Fiscal Year 2019-20 will also be provided.

Community Identified Spending Priorities and Fiscal Impacts

In addition to Resolution 112-18 and Ordinance 1418, the City Council also approved a "Community-Identified Spending Priorities Plan" on July 23, 2018. The spending priorities were based on the results of an independent survey that indicated support for a local general sales tax measure to address quality of life and essential services. Within the core areas of Public Safety, City Infrastructure, and Parks, Open Space and Recreation, these key priorities were identified:

- maintaining 911 response times
- recruiting and retaining experienced police officers
- preventing and investigating violent crimes
- addressing homelessness
- providing resources for school safety
- maintaining storm drains and pollution prevention
- maintaining parks and open space
- maintaining Martinez's Senior Center and programs
- maintaining youth and recreation programs

The following represent some examples of how the City has been able to support and/or maintain these spending priorities through budget adjustments completed in Fiscal Year 2018-19 and within the current Fiscal Year 2019-20 Budget:

- Expanded ability to recruit and retain experienced police officers through contractual adjustments with the Martinez Police Officers' Association and Sworn Management personnel
- Reinstated the Community Resources Officer program to assign a full-time officer dedicated to working with the Coordinated Outreach Referral and Engagement (CORE) Team on homelessness, and maintained funding for CORE services
- Assigned officer as resource to assist with education and outreach in local schools
- Restructured Police command staff to create enhanced mid-management staffing with one Captain and two Lieutenant positions
- Maintained full services and staffing without reductions at the Martinez Senior Center and Alzheimer's Respite
- Maintained full services and staffing without reductions at the Rankin Aquatic Center, youth camps, and recreation classes
- Completed labor negotiations with Local 324 to help with recruitment and retention of qualified maintenance personnel tasked with protecting and maintaining City infrastructure, including City parks

Additionally, Measure X has enabled the City to begin paying off its Social Security Administration retroactive payment obligations to the IRS (resulting from the dissolution of the Pleasant Hill – Martinez Joint Facilities Agency at a total cost of approximately \$3M over a 5-year period) out of operating expense as opposed to drawing from the City's financial reserves or reducing service levels.

The Committee held a robust discussion regarding the spending priorities and how they should present information within the annual report (starting with Fiscal Year 2018-19) to demonstrate that the funds were spent efficiently and effectively consistent with community priorities. A consensus reached among the Committee was to compare "baseline" expenses within given community priority categories (public safety, City infrastructure, and Parks, Open Space, and Recreation) from prior budgets which did not receive any revenue from Measure X, such as Fiscal Year 2017-18. In this way, the baseline budget could be compared with subsequent budgets starting with Fiscal Year 2018-19, which began receiving Measure X proceeds during the 4th quarter, to illustrate how the additional funds received from the measure contributed to support of the community priorities. Additionally, the Committee expressed an interest in being able to show improved outcomes related to quality of life initiatives whenever possible (e.g. improved staffing levels).

Staff will work with the Committee to provide the requested information at the next Oversight Committee meeting, scheduled for January 15, 2020.

Next Steps

Following completion of the City's Fiscal Year 2018-19 annual audit, the Oversight Committee will meet to review the Measure X financials and prepare the annual report to the City Council.