SUBJECT: ESTABLISHMENT OF THE INDEPENDENT CITIZENS’ OVERSIGHT COMMITTEE FOR MEASURE H

SOURCE: Administration/City Clerk Division

COMMENT: During the 2004/2005 Budget year, the City Council began a review process to determine a vehicle by which to designate a revenue stream to fund increased levels of public safety. After detailed analyses, surveys and input by community members, the Council conducted a public hearing and adopted a resolution which included a proposed Ordinance to be implemented by the People of the City of Porterville, with Program Guidelines and the Expenditure Plan as an attachment. The action of the Council authorized the submission of the proposition for a special sales tax increase to the City’s Transaction and Use Tax by a rate of 0.50% to the qualified voters of the City at the special election held on November 8, 2005. The Porterville Police, Fire and Emergency Response/9-1-1 Measure, known as Measure H, was approved by a two-thirds majority of the eligible voters. With the passage of Measure H on the November ballot, the City of Porterville will be receiving a ½ cent sale and use tax increase to help fund public safety and literacy programs.

The proceeds from the initiative are to be divided by the following formula. The literacy component is on a floating scale and shall be funded at a rate set each year by the City Council. The Council may establish a rate as low as 0% or as high as 15% depending on the priorities of the presiding council. The remaining funds shall be divided equally between the Porterville Fire Department and the Porterville Police Department. These funds are placed in a separate account (non contiguous to the General Fund support) and used to augment the General Fund support for the Fire Department and the Police Department. The literacy component is funded by this measure with additional support from the General Fund only when the Council so directs.

The General Fund support of the Fire Department and Police Department cannot be reduced or supplanted because of this initiative. The level of support for the Fire Department and the Police Department as authorized by the City Council with the adoption of the 2005/2006 budgets shall be used as the basis for future budget allocations.

It was the stated intent of the electorate that these funds be used specifically for their intended purpose and without reducing General Fund support, and to assure the same, Ordinance No. 1684 contained a provision to establish an independent “Citizen’s Oversight Committee.” Anyone wishing to serve on the committee will be invited to

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submit his or her name to the City Clerk during an open recruiting time period. After which, the names will be forwarded to the City Council for consideration. Whenever there is an opening on the committee, the council will discuss the names presented, make nomination to the committee and vote on their nominee until all open seats are filled.

Proposed central features of the oversight committee include the following:

**Name:** The committee is to be known as the *Transactions and Use Tax Oversight Committee.*

**Purpose:**

1. To review the revenue and expenditures of the three Measure H budgets (Fire, Police and Literacy) contained in General Fund No. 4, Public Safety Sales Tax, and report to Council their finding as “consistent with the intent of the ballot measure” or “not consistent.”

Should a determination of “non consistent” be brought forth, the Council shall hold a public hearing on the issue and take whatever action is necessary and appropriate to correct any issues the Council concurs are inconsistent. It is not the intent of the measure nor the direction of the City Council that the committee have any input in the activities of the aforementioned departments, their sole and only purpose is to advise the City Council on whether or not they believe the departments are utilizing the funds in compliance with the intent of Measure “H” and that the City is not under funding the public safety departments based on the methodology listed above.

2. *Oversight:* Provide that certain spending decisions and priorities contained in the Porterville Police, Fire, and Emergency Response 9-1-1 Measure Program Guidelines and Expenditure Plan are subject to direct oversight and review.

**Charge of Committee:**

1. *Monitoring of expenditures:* To monitor the expenditure of General Fund Revenues derived from the Transactions and Use Tax for Public Safety, Police and Fire Protection.

2. *Inform public of failure to expend revenues:* To advise the public when General Fund revenues are not expended for certain spending decisions and priorities as set in the Porterville Police, Fire, and Emergency Response 9-1-1 Measure Program Guidelines and Expenditure Plan.

The committee is not advisory to the City Council and has no power to determine or recommend how General Fund moneys are spent. The City Council retains its authority to make such decisions and determinations and establish separate advisory groups for such purposes. The City Council shall also retain discretion and flexibility in what it asks, directs, or allows the committee to address.
Committee Composition: The committee shall consist of 10 members as follows:

1. Each member of the City Council shall appoint two individuals to the committee. Each member shall be either a resident of Porterville or own or operate a business in Porterville pursuant to Porterville City Council Resolution No. 138-2005.

2. Members shall be appointed to serve four-year terms.

Powers: To properly carry out its charge, the City Council empowers the committee as follows:

1. Oversight: Oversight responsibility to review expenditures related to certain spending decisions and priorities contained in the Porterville Police, Fire, and Emergency Response 9-1-1 Measure Program Guidelines and Expenditure Plan.

2. Review financial statements: Authority to review independent financial and performance audits and the City of Porterville annual budget as pertains to General Fund No. 4, Public Safety Sales Tax.

The City Council, through the Office of the City Manager and/or his designee, will provide any necessary administrative and technical assistance to the committee, including resources to publicize conclusions of the committee. For purposes of publication, the minimum resource to be made available shall be a page on the City of Porterville website.

Committee Operations: The committee shall hold its first meeting within 60 days of adoption of the City’s 2006/2007 Annual Budget.

- The committee shall meet at least once annually (between December and May) and before the adoption of the next budget in June.
- Meetings of the committee are subject to the open meeting requirements of the Ralph M. Brown Act. Meetings shall be noticed and open to the public.
- The committee shall issue an annual report of its conclusions. Minutes and reports of the committee are a matter of public record. Reports and minutes of the committee shall be published on the City of Porterville website.
- The committee shall make decisions by a simple majority vote of those members in attendance.
- The committee shall maintain a record of its meetings.
- The committee shall meet in at City Hall, 291 N. Main Street, Porterville, California, at a time convenient to the members and the public.
- The committee shall elect a chairperson, vice chairperson, and secretary.
- The City Council charges the committee to establish additional operating procedures as necessary for the effective operation of committee meetings.
RECOMMENDATION: That the City Council:

(1) Adopt the draft resolution establishing an independent citizen’s oversight committee charged to monitor the expenditure of General Fund Revenues derived from the Transactions and Use Tax for Public Safety, Police and Fire Protection and allocated through the Public Safety Sales Tax Fund;

(2) Direct staff to provide notification to the public and accept applications to serve on the Transactions and Use Tax Oversight Committee; and

(3) Set the Council meeting date of May 2, 2006, to bring back a list of applications for consideration by Council.

Attachment: 1) Draft Resolution
              2) Porterville Police, Fire, and Emergency Response 9-1-1 Measure Program Guidelines and Expenditure Plan
RESOLUTION NO. __-2006

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTERVILLE
ESTABLISHING AN INDEPENDENT CITIZEN’S OVERSIGHT COMMITTEE
CHARGED TO MONITOR THE EXPENDITURE OF GENERAL FUND REVENUES
DERIVED FROM THE TRANSACTIONS AND USE TAX FOR PUBLIC SAFETY,
POLICE AND FIRE PROTECTION.

WHEREAS, the Porterville City Council reaffirmed the adoption of Ordinance No. 1684 on
December 6, 2005, imposing a retail transactions and use tax in accordance with the provisions of
Part 1.6 (commencing with Section 7251) of Division 2 and Section 7285.91 of Part 1.7 of Division
2 of the Revenue and Taxation Code that authorizes the City of Porterville to adopt a tax ordinance
that shall become operative if at least two-thirds of the electors voting on the measure vote to
approve the tax at an election called for that purpose; and

WHEREAS, Ordinance No.1684 imposes, upon all retailers in the incorporated territory of
the City of Porterville, a transactions and use tax at the rate of one half of 1 percent (0.50%) of the
gross receipts of any retailer from the sale of all tangible personal property subject to the State sales
and use tax; and

WHEREAS, Ordinance No. 1684, hereinafter known as the Transactions and Use Tax for
Public Safety, Police and Fire Protection appeared on the November 8, 2005 Special Consolidated
Election ballot as Measure H; and

WHEREAS, the tax imposed by Measure H is a special tax, the proceeds of which are to
provide a source of revenue to be used to provide additional public safety, police, fire protection
services and undertake necessary capital projects to support those services, and to restore and
maintain literacy programs and services; and

WHEREAS, revenues generated by Measure H shall be accounted for and paid into a special
fund or account designated for use for Public Safety Services only; and

WHEREAS, by Ordinance No. 1684 the City adopted the Program Guidelines and Public
Safety Expenditure Plan for the administration and expenditure of the tax proceeds. The Public
Safety Expenditure Plan may be amended from time to time by a majority vote of the City Council,
so long as the funds are utilized for public safety, police and fire protection services. For the
purposes of the Ordinance, “Public Safety Services” means (a) obtaining, furnishing, operating,
and/or maintaining police protection equipment or apparatus, paying the salaries and benefits of
police protection personnel, and such other police protection service expenses as are deemed
necessary by the City Council for the benefit of the residents of the City; (b) obtaining, furnishing,
operating, and/or maintaining fire protection equipment or apparatus, paying the salaries and
benefits of fire protection personnel, and such other fire protection service expenses, including
capital expenses, as are deemed necessary by the City Council for the benefit of the residents of the
City; and (c) with the use of no more than 15% of the revenue generated from the special tax,
restoration and maintenance of literacy programs due to the established connection between
illiteracy and crime; and

WHEREAS, the Porterville City Council declares that public participation is essential to
ensuring the effective implementation of priority goals and objectives contained in the Public Safety
Expenditure Plan, and the appropriate expenditure of General Fund revenues committed to public safety, police and fire protection services.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Porterville hereby directs formation of an independent citizen’s oversight committee as follows:

A. Name: The committee shall be known as the Transactions and Use Tax Oversight Committee.

B. Purpose

1. To review the revenue and expenditures of the three Measure H budgets (Fire, Police and Literacy) contained in General Fund No. 4, Public Safety Sales Tax, and report to Council their finding as “consistent with the intent of the ballot measure” or “not consistent.”

   Should a determination of “non consistent” be brought forth, the Council shall hold a public hearing on the issue and take whatever action is necessary and appropriate to correct any issues the Council concurs are inconsistent. It is not the intent of the measure nor the direction of the City Council that the committee have any input in the activities of the aforementioned departments, their sole and only purpose is to advise the City Council on whether or not they believe the departments are utilizing the funds in compliance with the intent of Measure “H” and that the City is not under funding the public safety departments based on the approved funding levels.

2. Oversight: Provide that certain spending decisions and priorities contained in the Porterville Police, Fire, and Emergency Response 9-1-1 Measure Program Guidelines and Expenditure Plan are subject to direct oversight and review.

C. Charge of Committee

1. Monitoring of expenditures: To monitor the expenditure of General Fund Revenues derived from the Transactions and Use Tax for Public Safety, Police and Fire Protection, and to keep the public informed about the expenditures.

2. Inform public of failure to expend revenues: To advise the public when General Fund revenues are not expended for certain spending decisions and priorities as set in the Porterville Police, Fire, and Emergency Response 9-1-1 Measure Program Guidelines and Expenditure Plan.

The charge of the committee may be revised from time-to-time by the Porterville City Council.

D. Powers: The Porterville City Council empowers the committee with the following powers:

1. Oversight: Oversight responsibility to review expenditures related to certain spending decisions and priorities in the Porterville Police, Fire, and Emergency Response 9-1-1 Measure Program Guidelines and Expenditure Plan.

2. Review financial statements: Authority to review independent financial and performance audits of the General Fund No. 4, Public Safety Sales Tax.
3. **Review of General Fund Budgets**: Authority to review the Fire, Police and Literacy Budgets and the General Fund application to Public Safety to assure a continued, base level of support.

**The committee shall not have the following authority:**

1. **No authority to recommend or advise**: The committee does not have authority to recommend, direct, or advise on any such matters that may fall under its oversight power and authority to review. The committee is not advisory to the City Council and has no power to determine or recommend how General Fund moneys are spent. The City Council retains its authority to make such decisions and determinations and establish separate advisory groups for such purposes. The City Council shall also retain discretion and flexibility in what it asks, directs, or allows the committee to address.

**E. Committee Operations**

1. **Establishing the committee**: The committee shall be established pursuant to voter approval of Measure H in the November 8, 2005 Special Consolidated Election and within 120 days of the effective implementation date of Measure H on April 1, 2006.

2. **First meeting**: The committee shall hold its first meeting within 60 days of adoption of the City’s 2006/2007 Annual Budget.

3. **Open meeting requirements**: Meetings of the committee are subject to the open meeting requirements of the *Ralph M. Brown Act*. Meetings shall be noticed and open to the public.

4. **Annual report**: The committee shall issue an annual report of its conclusions. Minutes and reports of the committee are a matter of public record. Reports and minutes of the committee shall be published on the City of Porterville website.

5. **Meet at least once annually**: The committee shall meet at least once annually after adoption of the City budget.

6. **Quorum**: The committee shall make decisions by a simple majority vote of those members in attendance.

7. **Record**: The committee shall maintain a record of its meetings.

8. **Location of meetings**: The committee shall meet in Mikkabi Conference Room, 291 N. Main Street, Porterville, California, at a time convenient to members and the public or at some other location designated by the committee and available to the public.

9. **Officers**: The committee shall elect a chairperson, vice chairperson, and secretary.

10. **Effective operation of meetings**: The Porterville City Council charges the committee to establish additional operating procedures as necessary for the effective operation of committee meetings.

11. **Administrative staff**: The City Manager or his designee will provide necessary administrative and technical assistance to the committee.
12. **Resources available to the committee:** The committee shall be provided the resources to publicize its conclusions—the minimum level of resource to be a page on the City of Porterville website.

**F. Committee Composition:** The committee shall consist of 10 members as follows:

1. **City Council appointments:** Each member of the Porterville City Council shall appoint two residents of the City of Porterville to the committee.

2. **Criteria for appointment:** No member of the City Council, employee of the City, or immediate family member of a City Council Member may serve on the committee.

3. **Length of appointment; rescission of appointment:** Each member of the committee shall be appointed for a four year term and shall serve until such time that his or her term is completed, or until such time that his or her appointment is rescinded by simple majority vote and at the pleasure of the City Council. It is further provided that a City Council Member may remove his or her personal appointee to the committee at his or her discretion; and finally provided that a member of the committee may resign at his or her discretion.

4. **Recommendation to remove by committee:** Members of the committee, by majority vote, may recommend to the Porterville City Council removal of a committee member for the following reasons: (1) malfeasance; or (2) repeated absence.

5. **Appointment of new members:** At its convenience, the City Council, or individual members of the City Council as appropriate, shall act to replace members of the committee in the event of removal, resignation, disability, or death.

6. **Dissolution of committee:** Dissolution of the committee shall occur in the event the Transactions and Use Tax for Public Safety, Police and Fire Protection is revoked or otherwise rendered invalid.

APPROVED AND ADOPTED this 7th day of February, 2006.

____________________________________
Pedro R. Martinez, Mayor

ATTEST:

John Longley, City Clerk

____________________________________
Georgia Hawley, Chief Deputy City Clerk
Porterville Police, Fire, and Emergency Response 9-1-1 Measure  
Program Guidelines and Expenditure Plan

This measure will provide a secure, local revenue stream to the City of Porterville that will be used entirely to provide additional public safety police and fire personnel and services to protect our community. Porterville residents deserve to know how the funds will be spent. Detailed spending plans have been developed so voters can have a clear understanding of how the monies will be spent if the ½ cent sales tax is approved. Program guidelines have also been established to govern how the money can be spent, to specify the accounting, audit and oversight guidelines that will be implemented to make certain that the funds are spent according to the voter’s direction, and to ensure the public is well-informed of the progress and process.

Fiscal Accountability Protections

An Independent Auditor will annually review and audit expenditures of funds specifically derived from the Public Safety Measure, to ensure compliance with the expenditure plans and with prudent, established accounting regulations and practices.

The City will establish an Independent Citizen’s Oversight Committee to annually review revenues and expenditures, providing a second independent verification that all expenditures are being made as promised to Porterville residents. The findings of both the Independent Citizens Oversight Committee and the Independent Auditor will be reviewed by the City Council and made available to the public.

Each May or June, as the City’s budget is adopted following public hearings, the City Manager will re-certify the plan to the City Council, stating what monies have been received, what monies have been spent and what monies are available. The financial consequences of these changes will be reflected in the re-certified plan.

Dedicated Accounting Structure

The Expenditure Plan specifies that all revenues from the Measure are to be utilized for the sole purpose of improving our community’s public safety, with the revenue to be directed to the police and fire departments respectively, and with a small portion (not more than 15%) dedicated to the restoration and maintenance of literacy programs due to the established connection between illiteracy and crime. The funding proportions have been mutually agreed upon by the Police Chief and Fire Chief.

The City will establish separate funds into which these specific monies shall be deposited. These accounts shall be separate for police and fire and shall be the source of their respective expenditures as established in the approved expenditure plans. Any balances in these funds, positive or negative, shall earn or pay interest accordingly.

Based on public safety needs, the City Council may determine to advance funds from the City’s General Fund into the individual Public Safety Sales Tax Fund in order to most effectively accomplish the objectives of the program.
**Priorities if additional revenues are available**

In the event that the contingency/reserve fund is fully funded and all annual planned expenditures have been implemented, the use of the additional unanticipated sales tax revenues will be used first to accelerate the implementation of the plan and then to provide additional public safety facilities, personnel, and new equipment based on specific needs of the community.

**Review and Modification of Expenditure Plan**

The proposed Expenditure Plan may be amended from time to time by a majority vote of the City Council.
Proposed Expenditure Plan for the City of Porterville Public Safety Sales Tax Measure Based on ½ Cent Sales Tax availability

The City Council has evaluated Porterville’s safety needs with input from the public in developing the attached Public Safety Expenditure Plan, which shall be amended from time to time, at the projected/estimated costs shown:

Fiscal Year 2005-06 Sales Tax Revenue available (partial year) $600,000
Additional Supplemental Resources (General Fund) $50,903
Total Resources Available $650,903

Increase Police Sworn by 5 positions to the base and outfit (partial year) $412,803
Increase Fire Sworn by 7 positions to the base and outfit (partial year) $148,100
Restore Literacy Programs/hours (partial year) $90,000
Total 2005-06 Fiscal Year Expenditures $650,903

Fiscal Year 2006-07 Additional Sales Tax Revenues (First full F/Y) $1,792,000
Increase Police Sworn by 1 additional position to the base $85,000
Maintain and Expand Patrol Operations $405,000
Maintain and Expand Gang Suppression and Narcotics Operations $215,000
Maintain 7 additional Sworn Fire personnel $521,156
Purchase additional Fire Rescue Apparatus $140,000
Purchase Rescue Equipment for new Fire Apparatus $25,000
Purchase Personal Safety Equipment for additional Fire Fighters $14,000
Maintain Literacy Program/hours $180,000
Expand Homework Assistance and Creative Expression Program $80,000
Establish Capital Reserve Fund for New Fire Station $126,844
Total 2006-07 Fiscal Year Expenditures $1,792,000

Fiscal Year 2007-08 Additional Sales Tax Revenues (Second full F/Y) $1,863,680
Increase Police Sworn by 1 additional position to the base $87,000
Maintain Expanded Patrol Operations $508,000
Maintain Expanded Gang Suppression and Narcotics Operations $255,250
Maintain 7 additional Sworn Fire personnel $557,637
Hire 1 additional Fire Investigator $74,167
Station and Equipment $20,000
Maintain Literacy Programs/hours $187,200
Expand Homework Assistance and Creative Expression Program $83,200
Increase Established Capital Reserve Fund for New Fire Station $91,226
Total 2007-08 Fiscal Year Expenditures $1,863,680

Fiscal Year 2008-09 Additional Sales Tax Revenues (Third full F/Y) $1,938,227
Additional Supplemental Resources (General Fund) $50,000
Total Resources Available $1,988,227
Increase Police Sworn by 1 additional position to the base $91,000
Maintain Expanded Patrol Operations $566,000
Maintain Expanded Gang Suppression and Narcotics Operations $320,763
Maintain 8 additional Sworn Fire personnel $676,030
Safety Equipment $5,000
Maintain Literacy Programs/hours $194,688
Expand Homework Assistance and Creative Expression Program $86,528
Increase Established Capital Reserve Fund for New Fire Station $48,218
Total 2007-08 Fiscal Year Expenditures $1,988,227

Fiscal Year 2009-10 Additional Sales Tax Revenues (Fourth full F/Y) $2,015,756
Additional Supplemental Resources (General Fund) $75,000
Total Resources Available $2,090,756
Maintain 8 additional Sworn Police personnel
Maintain Expanded Patrol Operations $630,000
Maintain Expanded Gang Suppression and Narcotics Operations $396,651
Maintain 8 additional Sworn Fire personnel $723,352
Maintain Literacy Programs/hours $202,476
Expand Homework Assistance and Creative Expression Program $89,989
Partial Year Debt Service Payment on New Fire Station Financing $48,288
Total 2009-10 Fiscal Year Expenditures $2,090,756

Fiscal Year 2010-11 Additional Sales Tax Revenues (Fifth full F/Y) $2,096,387
Additional Supplemental Resources (General Fund) $150,000
Total Resources Available $2,246,387
Maintain 8 additional Sworn Police personnel
Maintain Expanded Patrol Operations $664,000
Maintain Expanded Gang Suppression and Narcotics Operations $413,983
Maintain 8 additional Sworn Fire personnel $773,352
Maintain Literacy Programs/hours $210,575
Expand Homework Assistance and Creative Expression Program $93,589
Debt Service on New Fire Station Financing $90,889
Total 2010-11 Fiscal Year Expenditures $2,246,387

* Total Reserve Cash Available for Real Property Acquisition for New Fire Station in Fiscal Year 2008/09. $266,288
1. Assumes 4% growth rate in annual sales tax revenue.

2. Current General Fund monies and State and School Subventions provide for 44.5 Sworn Police Officers. Additional grant funding has provided for 2.5 additional Sworn Police Officers. Additional positions funded through this sales tax measure will add positions to the base of 45 Sworn Police Officers.

3. Additional General Fund Utility User’s Taxes generated from annexation activity during the course of this expenditure plan will be proposed to be specifically earmarked for additional Police positions. These additional positions will modify the base above the 45 positions as described in Note 2.

4. Literacy programs delivered through the Library will annually receive up to 15% of the new revenue provided by this sales tax measure.

5. The City will use base budget amounts established and approved under the Expenditure Control Budget System in determining additional funding for Police, Fire, and Literacy programs delivered through the Library to prevent erosion of existing General Fund support for these activities.