

City of Visalia
Ballot Measure Advisory Committee

Thursday, January 21, 2016
5:30 p.m. City Administration Building
220 N. Santa Fe, Visalia CA
AGENDA
(Revised)

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|---------------|--|
| 5:30 p.m. | Welcome and public comment |
| 5:40 p.m. | Review of proposed support materials for the Feb. 1, 2016 Council Agenda <ul style="list-style-type: none">- Jerry Jensen PowerPoint |
| 6:00 p.m. | Review and appropriate action on any changes, if any, to BMAC's ballot measure recommendations, including minority positions <ul style="list-style-type: none">- Harold Myers Alternative Recommendations- Jerry Jensen Ballot Comments |
| 6:20 p.m. | Adjourn |
| Next Meeting: | Presentation to Council – Work Session – Feb. 1 @ 4 pm. |

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Any written materials relating to an item on this agenda submitted to the Citizens Advisory Committee after distribution of the agenda packet are available for public inspection at City Hall West, 707 W. Acequia, Visalia, CA 93291, during normal business hours.

Bond Measure Advisory Committee 2015/2016

What have we learned?

Prepared by the Visalia BMAC Committee
January 2016

Visalia faces significant financial challenges

- Aftermath of financial meltdown of 2008
- Sales tax revenues less than projected
- Recession forced significant personnel reductions
- City needs to rebuild cash reserves depleted by recession and remodel of baseball park (\$12mm)
- City needs to rebuild pension reserves after CalPERS overpromised and underdelivered

Why are sales taxes below expectations?

Statewide, in 1980 53% of personal income was spent on taxable sales.

Today, just 33% spent on taxable items.

Legislature enacted multiple exemptions

Shift of buying from stores to internet.

"Old" local sales tax sources	Replaced by
Gas guzzling SUV	Gas sipping Prius
B. Dalton, Waldens, Borders Books	Amazon Kindle
FYI Music at Visalia Mall	I Tunes
Block Buster	Net Flix
Circuit City	Internet?

The Pension Problem

CalPERS overpromised and underdelivered

Visalia percent funded for future pension obligations

Fiscal year ending	Miscellaneous Employees	Public Safety Employees
6/30/08	88.2%	82.3%
6/30/09	60.0%	57.5%
6/30/12	67.4%	68.1%
6/30/13	71.7%	73.6%
6/30/14	75.3%	77.7%
6/30/15	?	?

The cost of fixing Visalia's CalPERS pension underfunding

FY 03/04 Visalia Budget	FY 14/15 Visalia Budget	FY 19/20 Budget Projected
\$2.0mm	\$6.7mm	\$9.7mm
Visalia City's share of employee's base salary Paid to CalPers		
Misc Employees	16.0%	29.2%
Public Safety Employees	29.5%	44.7%

“Quality of Life” Issue: Visalia’s Public Safety Challenges

2014 Measure T 0.25% Sales Tax receipts \$1.1mm less than projection 10 years ago

Police planned on adding 28 officers – could only afford 23

Prison realignment sends convicted criminals back to local jails and potential for forced early release

Prop 47 changes thefts under \$950 and most drug possession crimes from felonies to misdemeanors – criminal receives paper citation and stays “on the street” to continue criminal activities.

Calls for Service	2005	2014
Police	105,000	134,000
Fire	9,500	14,000
911	34,000	83,000
Homeless/Vagrants Calls	100	2,200

“Quality of Life” Issue: Visalia’s Parks and Recreation Maintenance Challenges

- Construction of parks in new neighborhoods is funded by collecting developer fees
- Recreation programs are 59% funded by collecting fees from participants – “scholarships” available for kids who need funding.
- Sports Park needs about \$3.6mm capital investment to build-out planned facilities.
- Challenge is maintaining 42 parks (269 acres) plus 5 recreation centers plus miscellaneous 159 acres (trails, etc.)
- Maintenance will deteriorate without additional personnel.
- Requesting budget increase of \$500K annually to keep up with maintenance (about 0.8% of city annual budget)

“Quality of Life” Issue: Public Works Department – Street Maintenance

- Department responsible for 472 miles of roadway.
- Simply maintaining good quality of roads will require \$8.25mm annual budget (currently \$2.6mm)
- At current budget, in 20 years pavement will deteriorate to the point that it will require \$23mm annually for the next 20 years to recover.
 - *“A stitch in time will save nine.”*

Measuring Visalia's management/efficiency
versus surrounding cities:

Total employees per 1,000 population

City	2005	2014
Visalia	5.7	4.8
Clovis	5.4	4.8
Tulare	6.2	5.4
Porterville	5.3	4.9
Bakersfield	4.8	4.1

Measuring Visalia's management/efficiency versus surrounding cities:

Public Safety employees per 1,000 population

During the recession, city reduced total personnel per 1,000 population from 5.7 to 4.8 but maintained Public Safety level

City	2005	2014
Visalia	2.17	2.21
Clovis	2.45	2.18
Tulare	2.43	2.53
Porterville	2.16	2.27
Bakersfield	2.36	2.01

Measuring Visalia's management/efficiency

Visalia self funds their health care plan

Cost per employee has risen about 4% annually since 01/02

Since 2007, employees have paid 50% of the cost of any increase in premiums

Retirees are being moved into Medicare and city supplements are being phased out

	Visalia Plan Premium	CalPers Plan Premium
Family Plan	\$1,392	\$1,980
Family Deductible	\$600	\$1,000
Maximum out of pocket	\$700	\$6,000

Measuring Visalia's management/efficiency

Fixing Visalia's Pension Underfunding

New employees ,since 2008, contribute more to their retirement, will have a lower payout rate and their eligible retirement age has been raised.

"Old" Visalia pension system	"New" Visalia pension system for new employees	"New" Visalia pension system for employees coming from another PERS system member
Public Safety 3% at age 50	Public Safety 2.7% at age 57	Public Safety 3.0% at age 55
Miscellaneous employees 3% at age 60	Miscellaneous employees 2% at age 62	Miscellaneous employees 2% at age 60
"Classic" Employee Contribution	Newly Hired Employee Contribution	
Public Safety 9.0%	Public Safety 12.25%	
Miscellaneous 7.0%	Miscellaneous 6.75%	

Visalia has a much lower tax rate than nearby cities

All but Visalia have a utility tax

Tulare generates \$1,030 annually from a family of 3;
Visalia receives \$616.

City	Share of 1% property tax rate	Sales Tax override	Utility Tax rate	“Hotel” tax
Visalia	11.57%	.25%	0	10%
Tulare	14.09%	.50%	6.0%	10%
Porterville	11.80%	.50%	6.0%	8%
Dinuba	18.79%	.75%	7.0%	10%
Lindsay	14.79%	.50%	6.0%	15%

Recap of major fiscal challenges for Visalia

Historic 1% to 3% annual growth in sales tax receipts keeps pace with inflation but is inadequate to deal with additional demand from 3% annual population growth

- **Public Safety:** Soaring demand for services but Measure T annual sales tax receipts are \$1.1mm less than projections 10 years ago. Currently unable to meet adequate staffing and facilities demand to maintain expected “quality of life” targets.
- **Public Works/Road Conditions:** At current recession level of funding, in 20 years street surfaces will have deteriorated to the point that it would require \$23mm annually to recover over the next 2 decades.
- **Parks and Recreation Services:** Current staffing budget is insufficient to maintain parks at the same quality that has been traditionally expected in Visalia.
- **CalPers State-Managed Retirement Fund:** System has overpromised and underdelivered on investment results. Visalia, like every other public agency in the state, is being required to increase funding for future pension obligations.
- **Overall Staffing:** Pre-recession, Visalia had 5.7 employees per 1,000 population. Today, there are 4.8 employees per 1,000 population.
- **Comparing Revenue Sources:** Visalia does not have a utility tax but does have a local .25% Public Safety (Measure T) sales tax.
- **Nearby cities** of Tulare, Dinuba, Porterville and Lindsay all have local 6% or 7% utility taxes plus local sales tax overrides of .5% or .75% .

Having performed our “due diligence” in reviewing Visalia’s financial challenges between August 2015 and January 2016, the BMAC recommends the following to the City Council in order to maintain our city’s “quality of life.”

We propose a 0.5% local sales tax for the 2016 ballot (equivalent to 50 cents per \$100 in taxable purchases).

We propose this be a general tax requiring a 50% public approval.

We also propose an “advisory” ballot item recommending specific but non-binding allocation of the tax receipts.

BMAC

Recommendations

Committee Charge

The Council believes that somethings in Visalia are not getting done. They would like you over the course of 6 or 7 meetings to review the information they have received, discuss what could be done and recommend to Council what sort of options might be presented to Visalia voters in November of 2016. Proposals could be far reaching or narrow in scope. The Council believes, however, that voters should be given the chance to keep things as they are or make a change which probably comes with a price tag.

Revenue Measure Feedback

- Type of Revenue Measure -- Sales Tax
- Revenue Measure Rate -- 0.5%
- General or Special Tax -- General (50% vote)

This item had a significant minority that wanted a special tax in order to have greater accountability on the specific uses of the funds. However, the majority thought a 50% vote was more likely to pass and would give the City more flexibility in meeting City needs.

Revenue Measure Feedback

- Control Measures -- Absolutely Required

Specific recommendations include:

- 1) **Council Affirmation:** Every six years the Council must reaffirm the sales tax measure by a 4/5ths vote or the tax is discontinued
- 2) **Annual proposed budgets:** Budgets to be given to an oversight committee before being approved by Council
- 3) **Annual audits:** Audits to be performed to show where the money has been spent and reviewed by an oversight committee before being submitted to the City Council.

Revenue Measure Feedback

- Control Measures -- Absolutely
(continued) Required

Specific recommendations include:

- 4) **Council Plan Use:** Council will develop a plan for the use of the new monies and will publish its proposal for public input
- 5) **Advisory Plan Vote:** The revenue measure's plan will be placed upon the same ballot as the revenue measure stating that if the revenue measure plan passes, shall it be used in the proposed manner.

Revenue Measure Feedback

- Control Measures -- Absolutely
(continued) Required

Specific recommendations include:

6) Proposed funding: Proposed funding: The proposed funding should emphasize the following services: Roads (45%) Police (40%) Fire (10%) and Park and Recreation (5%).

Alternative Proposal

6) The proposed funding should emphasize the following services: Roads (3.5 mill) Police (1.5 mill) Fire (1.0 mill) and Park and Recreation (500,000). The remainder to be placed in a building fund for a new Police Headquarters/Civic Center. When the facilities are built and paid for that portion of the taxes goes back to the departments above based on a percentage established by a citizen's committee.

Revenue Measure Emphasis

- The measure should be focused on maintaining Visalia's quality of life, not expanding current services, building new buildings or parks.

Alternative Emphasis

- The measure should be focused on maintaining Visalia's quality of life, as well as enhancing critical services and increasing city efficiencies.

Feedback from Jerrold (Jerry) Jensen

In the language for ballot issue itself, can we note that 0.5% is equal to 50 cents per \$100 on items currently subject to sales tax?

Regarding the Advisory Ballot Item - slide #6:

I understand Harold will make suggestions on this item that correspond with his proposal at our last meeting. I support his proposal as long as we can avoid the 2/3 requirement.

Regardless, I would like to propose an agenda item for the next meeting that would allow us to review the recommended allocation of funds on the advisory item. I understand the current numbers are what emerged from the "dot" exercise. I would like this advisory item to emphasize 50% (or more) for "Public Safety" to reflect the 70% to 80+% favorable in the opinion survey.

Separately, I would like to secure the consensus of the committee where members have concerns or suggestions that have emerged from our considerable review of city operations. For instance, Phil has repeatedly complained about the inefficiency of having officers spending hours in court as they wait to testify. There was another strong opinion on the need - or lack of it - to replace a fire truck. There was also concern about the money spent for new police cycles. And, considerable concern about the \$66,000 spent on the appraisal of the Cal Water system.

So here is my own list of concerns I would like to have communicated to the City Council:

1. Pensions: I would like an annual pension audit of each year's retirees.
 - a. examine for evidence of spiking
 - b. explanation of why any individual qualified for the higher "Public Safety" payout.
2. Why wasn't there an RFP requirement for the \$22mm debt on the Convention Center? Shouldn't the city seek an advisory opinion from CAC on issues like this?
3. Let us focus more of the Measure R money on street maintenance/construction instead of building more (little used) urban trails.
4. Outside Consultants: Prepare an annual audit of outside consultant usage. Who requested/authorized usage and why?
5. Set specific budgets for projects and force departments to live within that budget.
 - a. Example: Rawhide stadium renewal became a terrible "open-ended" \$12mm money pit

b. Is Parks and Recreation Department seeking an overly expensive budget for the sports park completion. Seeking "Cadillac" solutions on a "Chevrolet" budget?

6. There appears to be an apparent lack of a collective effort by California cities to resist State "taking" of local revenue sources and pushing state expenses down to cities and counties - prison realignment, etc. Isn't there a "League of Cities" organization to manage the lobbying and public relations communications on the cost to local cities?

7. Are departments being properly motivated to cooperate with VUSD to share recreation and other facilities for the common public good?

Perhaps other committee members could immediately send their own concerns to add to this list to make it an agenda item which could be approved at our final meeting and become an addendum to our recommendation.

Regards,
Jerrold (Jerry) Jensen