



Atascadero City Council

Staff Report – Administrative Services

Consideration of Oversight Options for the Proposed 2020 Essential Services Transactions and Use Tax Measure

RECOMMENDATION:

Council provide staff direction on how public engagement and accountability should be implemented for the proposed Essential Services Transactions and Use Tax Measure Ordinance, should it be passed by Atascadero voters in the General Election in November 2020.

DISCUSSION:

During the meeting of May 26, 2020, Council voted to have staff return with a proposal for an ordinance to have a one-cent Sales Tax Measure added to the November 2020 ballot. At that meeting, Council discussed the desire to ensure both public engagement and accountability if the Sales Tax Measure were passed. On July 14, 2020 the Council had a robust discussion about various public engagement, transparency and accountability measures that could be taken and the various pros and cons of each measure. In the end, the Council directed staff to come back with an expanded public process to include more public outreach and participation throughout the process along with an annual report that includes metrics and narrative that can tell the story of where, if passed, the funds generated by the measure have been spent.

Public Meetings and Process

In order to achieve the public participation and outreach expressed by Council, staff proposes the following study sessions be scheduled:

- Kickoff Session: Tuesday, January 12th 6pm Council Meeting
- Study Session 1: Thursday, January 14th 10am
- Study Session 2: Thursday, January 14th 2pm
- Study Session 3: Wednesday, January 20th 4pm
- Study Session 4: Saturday, January 23rd, 10am
- Study Session 5: Thursday, January 28th, 6pm
- Study Session 6: Friday, January 29th, 12pm
- Study Session 7: Monday, February 1st, 1:30pm
- Study Session 8: Thursday, February 4th, 4pm
- Study Session 9: Saturday, February 6th, 9am

Each study session will be heavily advertised and each study session will be formatted in a similar manner so that the public will only need to attend one session to voice their opinion. At each study session staff will give a presentation educating the public about the current service levels in each department and the immediate needs to maintain service levels. The public will be able to ask questions of staff to engender a broader understanding of what needs are not being met to maintain the service levels expected by community. The public will then participate in exercises to garner input on:

- What services and service levels they would like to see provided by the City?
- What does the right level of service look like? What is success and how should it be measured?
- Which services/service levels are the priorities of the community?

After all of the study sessions are complete, staff will gather all of the public input and prepare a report for the City Council's annual goal setting session. Subject to the new Council's availability, the annual goal setting session is tentatively scheduled for the evening of February 19th and the day of Saturday February 20th. It is anticipated that the bulk of this annual Council planning session will need to be devoted to determining community priorities and desired service levels, regardless of whether Measure D-20 passes.

In the interest of transparency, at the March 9th City Council meeting, staff will bring back for confirmation any direction provided by the Council at the annual goal setting session so that the public can provide additional public comment and the Council can clarify and adjust direction if desired.

At the April 27th Council meeting, staff will bring back an Action Plan with detailed action steps to be taken, what is expected to be achieved with each action, what metrics would measure success of the action, and the estimated costs associated with each action. At that meeting the public would once again have input on either where the funds should be spent (if Measure D-20 passes) or where services should be cut (if Measure D-20 does not pass). All action included in the Council approved action plan would be incorporated into the City's 2021-2023 budget.

There will be no less than six well publicized Finance Committee meetings scheduled between mid-April and the end of May. At the Finance Committee meetings, various sections of the budget will be discussed in great detail. Each of these Finance Committee meetings will be advertised to encourage public participation and attendance.

At the June 8th Council meeting, the budgets for fiscal year 2021-2022 and 2022-2023 will be presented to the City Council for adoption. The budgets will incorporate the priorities, actions, service levels and metrics developed through this expanded public process. If Measure D-20 passes, at the July 13th meeting, the Council will approve the first annual D-20 report. The report will include information on where the D-20 funds are going to be spent, what is to be achieved by the expenditure of these funds and what metrics will be used to determine success. The report will be distributed to all residents and businesses similar to the annual F-14 Roads report.

After the end of each fiscal year, the Finance Committee would hold a well-advertised public meeting to review in detail where the funds were spent and to approve the annual report. Each annual report will include metrics information on where funds were spent and what was achieved.

If Measure D-20 passes, and before the City ever receives any Measure D-20 funds, there will be a total of 20 public meetings designed to receive input from the public on the expenditure of Measure D-20 funds.

Importance of First Year Decisions

As discussed in the July 14th staff report (attached) on oversight options for any funds received from Measure D-20, that while there will be opportunities in the future to change and adjust where Measure D-20 funds will be spent, it is likely that some large portion of the funds will be allocated to items that would be hard to change in the future. For example:

- Rehabilitation of Fire Station #1: While the rehabilitation costs would be a one-time expenditure of funds, it is likely that the City would not have enough funds on hand to complete the rehabilitation and thus it would be necessary to finance the project. Once the funds are committed to debt service, the Council could not re-direct the funds until the debt is paid off.
- Adding more police personnel: While Council can always reduce or change staffing, once minimum staffing is increased to a level that moves us closer to state and national police standards, it would be difficult to reduce it back down to current staffing levels as the population continues to increase. Redirecting the funds to another priority in the future would mean laying off the police personnel, which is possible, but may prove difficult to do while maintaining community safety.
- Increasing salaries: As reported in previous staff reports, wages and salaries for police personnel are the lowest in the County. In order to recruit and retain the compassionate and professional police personnel that is expected by the community, the Council may want to consider increasing police wages with a portion of the funds. Retaining police personnel while clawing back raises to re-direct the funds to another place would be difficult.

This means that if the Sales Tax Measure is passed, the first budget after implementation will be the most critical in determining on which priorities the funds should be spent. While it is anticipated that a substantial portion of the revenues derived from a sales tax measure will be committed to ongoing items such as those listed above, it is expected that there will be some amount of additional “choice” revenues in future years. While the majority of the process would remain the same for subsequent years; future Councils could adjust the number of preliminary study sessions based on the availability of funds.

Consideration of Oversight Committee

At the July 14, 2020 Council meeting there was considerable Council discussion on whether to add an oversight committee to the process laid out above. There were a number of reasons, it was determined that it would be best to not include an additional oversight committee to the above process:

1. It is important to involve as many members of the public in these critical budget decisions and not just a select few committee members. (Put efforts into public outreach, getting people involved and soliciting meaningful public input from as many members of the community as possible)
2. There is a substantial additional administrative cost to supporting an additional oversight committee (costs range from \$10,000 - \$125,000 annually depending on the role and make-up of the committee)
3. An oversight committee adds an additional layer between the voters and the expenditure of the funds. The Council is elected directly by the voters and is held accountable by the voters.
4. The expenditure of any funds received from a sales tax measure will be audited annually along with all other City expenditures.
5. Any interested member of the public has access to financial information on where all City funds are expended. Annual financial statements and budgets, along with check listings, salary schedules, and other financial reports are all available on the City's website. Public records requests and information on other "watchdog" websites can provide additional detail.
6. The existing Finance Committee can review expenditure of the funds in detail and discuss reporting of those expenditures with the public at a well-advertised meeting to encourage those who are interested to participate and ask questions.

Since that meeting staff has heard from the Chamber of Commerce and others in the public, that they feel an oversight committee would provide the public with an additional level of assurance that the funds were actually spent in those priority areas. It has been expressed that the public expects an oversight committee and the lack of an oversight committee breeds skepticism. If Council desires to re-visit the addition of an oversight committee, the attached July 14th staff report discusses several options under the heading Phase 2 – Public Engagement and Accountability. An oversight committee could be tasked to review the Annual Report prior to, in conjunction with or instead of the Finance Committee meeting. Use of the existing CSTOC Committee would minimize administrative and staff resource costs.

Next Steps

Staff is looking for further direction and /or affirmation on the proposed process to ensure public engagement, transparency, and accountability for the expenditure of Measure D-20 funds, should it be passed by the voters on November 3rd.

FISCAL IMPACT:

The fiscal impact will depend on the direction provided by Council. The proposed process requires a significant outlay of staff time and advertising dollars. Additions or deletions from the proposed process can add or reduce costs.

ALTERNATIVES:

Not Applicable.

ATTACHMENT:

July 14, 2020 Oversight Options staff report -Click link below:

<http://records.atascadero.org/weblink/ElectronicFile.aspx?docid=98180&dbid=0>