

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MARASKESHIA SMITH, CITY MANAGER
ALAN ALTON, CHIEF FINANCIAL OFFICER
SCOTT ALONSO, INTERGOVERNMENTAL RELATIONS &
LEGISLATIVE OFFICER
SUBJECT: RENEWING SALES TAX MEASURE, FUNDING FOR PUBLIC
SAFETY AND VIOLENCE PREVENTION

AGENDA ACTION: ORDINANCE & RESOLUTION

RECOMMENDATION

It is recommended by the City Manager's Office, Finance Department and Communications & Intergovernmental Relations Office that the City Council, (1) introduce an ordinance to amend chapter 3.26 of the Santa Rosa City Code to extend a quarter-cent Transaction and Use Tax to fund public safety and violence prevention programs and to update permissible uses of the tax revenues, and (2) approve a resolution directing the submission of a ballot measure to seek voter approval of that ordinance at the November 8, 2022, General Municipal Election and approving related actions.

EXECUTIVE SUMMARY

In 2004, Santa Rosa voters enacted a 20-year dedicated sales tax to fund public safety and violence prevention programs. The measure, known as Measure O, expires on March 31, 2025. The Council is considering placing a renewal measure on the ballot before the expiration of the tax to ensure no pause in funding. The renewal measure would extend the ¼ cent tax for an additional 20 years. This renewal measure would continue the funding allocation as currently outlined in Measure O for police, fire, and violence prevention programs. Further, the proposed measure would update permissible uses for the extension of the sales tax, including mental health support teams and new geographic areas for enhanced police services.

BACKGROUND

Measure O is currently a 20-year special sales tax, set to expire on March 31, 2025, that provides dedicated funding for the Police Department, Fire Department, and violence prevention programs and services. The sales tax provides on an annual basis

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approximately \$10 million per year to these programs on a specific allocation of 40 percent to the Police Department, 40 percent to the Fire Department and 20 percent to violence prevention programs and services. Funding for violence prevention programs and services is allocated between City's Recreation Division's Neighborhood Services program and the Violence Prevention Partnership (The Partnership), formerly known as the Mayor's Gang Prevention Task Force.

The voters enacted Measure O in November 2004 with a 70 percent approval, above the two-thirds threshold needed for passage. In 2016, the voters approved a revision to the Measure O to update baseline spending requirements with no other changes to the tax or its allowable uses.

Currently, four departments have certain positions funded by Measure O, including 16 employees in the Police Department. Specifically, those positions are one lieutenant, one sergeant, nine officers, two field and evidence technicians, one community service officer, one communications supervisor, and one police technician. The Fire Department uses a portion of its Measure O funding to support 10 positions. The violence prevention programs and services have nine positions tied to Measure O funding, including four positions within the Recreation Division.

In 2006, The Partnership established the annual Community Helping Our Indispensable Children Excel (CHOICE) Grant Program. The CHOICE Grant Program provides crucial funding to local community-based organizations supporting youth and families in Santa Rosa. Recently, the City Council approved the CHOICE Cycle XI approved providers, totaling \$750,000. The Cycle XI providers receiving this funding are: Boys and Girls Club Sonoma Marin, Center for Well Being, Community Action Partnership, Community Matters, Community Child Care Council, LifeWorks, LandPaths, and Raizes Collective.

Santa Rosa Fire Department has used Measure O funding to replace outdated fire stations. These specific stations were susceptible to collapse in the event of a major earthquake, potentially inhibiting emergency response times and efforts when the stations would be critically needed. Specifically, since 2005, fire stations 5, 10, and 11 were all built with Measure O funds.

The current Measure O expenditure plan currently allows for the following uses:

- Police Department can spend on patrol, traffic control, gang enforcement, school resource services, bicycle patrol; specific services in Railroad Square, Prince Greenway and Downtown & police support services
- Fire Department can hire firefighters & paramedics, construct or relocate fire stations, purchase specialized equipment, such as new fire engines and radios
- Violence prevention programs and services are specifically funded, including Neighborhood Services programs with the Recreation Department; the Measure also allows for grants to nonprofit partners for violence education, prevention and social services

PRIOR CITY COUNCIL REVIEW

On August 17, 2021, the City Council held a study session to review Measure O funding and provide direction to staff on outreach and public education efforts.

On March 29, 2022, the City Council approved a professional services agreement with Terris Barnes Walters Boigon Heath Lester, Inc. for consulting services and management for the City's public education and outreach initiative, including the development of mail pieces, a public opinion survey and social media collateral.

Staff have received guidance since that meeting from the Long-Term Financial Policy and Audit ad hoc committee comprised of Mayor Rogers and Councilmember Schwedhelm.

ANALYSIS

The proposed renewal measure would continue funding at existing levels for public safety and violence prevention programs. The proposed measure also retains the current allocation of tax revenues, with 40% dedicated to Police and Public Safety, 40% to Fire and Public Safety and 20% to Violence Prevention and Youth Programs.

Staff recommends that Council expand the allowable uses of future tax revenues to include mental health support programs like the inRESPONSE Mental Health Support Team. This recommendation follows the public feedback we have received to support non-traditional law enforcement responses to mental health calls for service and would help to ensure the inRESPONSE team has the resources needed to expand and maintain services.

Staff also recommends that the allowable uses of funding for Police and Public Safety be updated to include expanded services in Roseland and Southwest Santa Rosa, as well as additional violence reduction programs citywide.

Lastly, staff recommends updates to the use of funding for Fire and Violence Prevention related programs and services to align with the needs of the community and what staff gathered during our community outreach process. Specifically, the ballot measure would allow for funding for reducing wildfire risk, vegetation management and early fire alerts along with evacuation planning. With regards to Violence Prevention and Youth Programs, the proposed ballot measure would specifically allow for mental health counseling and wraparound services as part of that allocation.

Godbe Research conducted two surveys for the City and will provide a detailed review to the Council during the staff presentation. The average support from the recent tracking survey found that residents of Santa Rosa favor a renewal measure at 73 percent approval. A total of 668 residents participated in the tracking survey from June 9 to June 14, 2022. A topline report prepared by Godbe Research relating to the 2022 Santa Rosa Revenue Measure Tracking Survey is included with this Staff Report as Attachment 2. After a review of the tracking survey, Godbe Research found the

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features of a renewal measure that were most favorable from residents were the following topics:

- Reducing the risk of wildfires
- Improving wildfire prevention
- Maintaining rapid 9-1-1 response
- Rebuilding fire stations and preventing the closure of fire stations
- Providing mental health counseling, wraparound services and programs to help at-risk youth and their families
- Preventing cuts to Advanced Life Support Paramedics
- Maintaining emergency and disaster preparedness programs

Since January 2022, staff met to discuss external outreach and public education to review the current iteration of Measure O and review with the public possible options for council consideration of a sales tax measure.

Staff met with representatives from the public safety unions and internal city stakeholders. Staff formed an internal working group to enact a comprehensive outreach initiative.

From April 2022 to present, staff met with the following groups and stakeholders listed below. Additionally, the City created a public online survey on Let's Connect SR. As of this report, we received 148 responses from this survey. The Let's Connect Survey Summary Report is included with this Staff Report as Attachment 3.

The groups staff met with for input were:

- Measure O Oversight Committee
- North Bay Leadership Council
- Police Chief's Ambassador Team
- Metro Chamber of Commerce Advocacy Council
- Board of Community Services
- Health Action Santa Rosa Chapter
- NAACP Sonoma County Chapter
- Santa Rosa Mobile Home Association
- Sunrise Rotary
- Valley of the Moon Rotary (Oakmont)
- inRESPONSE Steering Committee
- Community Advisory Board
- Violence Prevention Partnership Operations Team
- St. Rose Neighborhood Association

Also, during this time staff worked with members of the Council to hold town hall meetings virtually and in-person. The City offered Spanish translation services, when needed, at each town hall meeting. In total, the City had six town hall meetings with members of the Council and the public in attendance.

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The common themes staff heard during our various meetings with the above groups were:

- Overall support for the current programs and funding within the current Measure O framework
- Support for mental health response being a component of future public safety funding, including inRESPONSE
- Add Roseland as a specific neighborhood regarding police services
- Support homeless services and prevention as allowable uses for future funding
- We did hear some individuals support the current funding allocation, but we also heard from community members asking the Council to increase the amount for violence prevention programs and services
- Downtown businesses supported the work of the Downtown Enforcement Team
- Residents were satisfied by the work done by the Fire Department, including emergency response times and fire prevention efforts

The common questions we heard from the community were:

- How are Measure O funds used in the community?
- Who are the nonprofit providers within Violence Prevention Partnership?
- What type of programs for youth are funded by Measure O?
- How are the impacts of Measure O being measured?
- Could inRESPONSE be added to the future funding tax measure?
- Is Measure O funding going to any mental health support programs for our youth?
- What type of outreach are you doing within the community for this effort?
- How are you addressing homelessness issues with Measure O?
- Why would you consider going to the November ballot now?
- What is the current sales tax rate in Santa Rosa? Can we afford another tax increase?

As part of the City's outreach initiative, two public opinion surveys were conducted with Godbe Research. The first survey was conducted in October 2021 and the follow up survey was conducted shortly after the June 2022 primary. The results will be summarized below and a formal presentation will be given to the Council by Godbe Research during this item.

Staff wanted to provide context for the sales tax rate in the City and how a future measure could be impacted with the statewide sales tax cap of 10.25%. The current sales tax in Santa Rosa is 9.25%. This breaks down as follows:

- State Base Rate 7.25 + 1.25 (County add on taxes) = 8.50% in County + 0.75% (City of Santa Rosa add on) = 9.25%.
- Our add on taxes are the 0.50% General Tax passed in 2020 and 0.25% public safety special tax (currently known as Measure O)

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The 0.50% general tax will sunset on July 1, 2031, and Measure O will sunset on March 31, 2025. If any of the taxes expire without a renewal by voters, funds raised by those taxes would no longer be collected by the City.

Staff also wanted to provide additional context that one other ballot measure is pending for the November 8 election. A potential sales tax, county-wide, related to childcare and early learning programs and services, is pending qualification for the ballot.

Due to the fiscal impacts of current Measure O funds and a potential expiration of those funds, staff strongly recommends the placement of a ballot measure for this upcoming general election. While the measure may not expire until 2025, a ballot measure this year gives the voters the opportunity to weigh in well in advance of the pending expiration. Further, an earlier renewal measure gives the City more stability in knowing if the funding will remain in place.

A renewal measure would give the community the opportunity to ensure the critical funding remains in place to prevent wildfires, prevent the closure of fire stations, provide crucial staffing in place for public safety and violence prevention programs, and provide resources for at-risk youth and their families. Additionally, current Measure O funding to violence prevention programs goes to the CHOICE grant program.

Staff also recommend maintaining strict fiscal accountability measures in the renewal measure, including a Citizens Oversight Committee, similar to the Current Measure O Oversight Committee, tasked with ensuring that tax revenues are spent in accordance with the voter approved measure and expenditure plan.

FISCAL IMPACT

The proposed measure would extend the sales tax specific funding for the three service areas, Police, Fire and Violence Prevention. Currently, Measure O provides approximately \$10,000,000 per year for these departments. A loss of dedicated funding could lead to staff and/or program reductions after March 31, 2025. As of this fiscal year, 16 positions within Santa Rosa Police Department, 10 positions within Santa Rosa Fire Department, 5 positions in the Violence Prevention Program Team, within the Office of Community Engagement, and 4 positions with the Recreation Division are funded by Measure O.

ENVIRONMENTAL IMPACT

The proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Redlined Changes to Santa Rosa City Code
- Attachment 2 – Topline Report from Godbe Research
- Attachment 3 – Let's Connect Survey Summary Report
- Resolution

CONTACT

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