



**MEMORANDUM**  
**CITY MANAGER'S OFFICE**  
**13831 San Pablo Avenue, Bldg. #1**  
**San Pablo, CA 94806**

**TO:** BUDGET, FISCAL & LEGISLATIVE STANDING COMMITTEE:  
**VICE MAYOR ELIZABETH PABON-ALVARADO**  
**COUNCILMEMBER ABEL PINEDA**

**FROM:** MATT RODRIGUEZ, CITY MANAGER

**DATE:** May 26, 2020

**SUBJECT:** AGENDA CORRESPONDENCE: BUDGET, FISCAL & LEGISLATIVE  
STANDING COMMITTEE MEETING AGENDA FOR MAY 26, 2020

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**AGENDA ITEM NO. #1:**

**Budget Amendments for FY 2020/21**

**Recommended Action:** Accept the report and recommend to City Council for adoption for FY 2020/21

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Attached for inclusion and review under **Agenda Item No. #1** is the following document titled: *(Preliminary DRAFT) City of San Pablo Transaction & Use Sales Tax Measure Q and Measure K: Findings on FY 2020/21 COVID-19 Impact and Loss of Annual Revenue* (See Attachment)

The City Manager would like these preliminary DRAFT findings to be acknowledged by the Standing Committee as it corresponds to fiscal impacts of COVID-19 pandemic on the City's Transaction & Use Sales Tax Measure Q and Measure K, previously adopted by local San Pablo voters in 2012 and 2014, and its implications for the Proposed FY 2020/21 General Fund Budget Amendment being reviewed by the Standing Committee. These preliminary DRAFT findings are being presented for Standing Committee review and consideration prior to being finalized as part of the FY 2020/21 General Fund Budget Amendment for future adoption by the City Council prior to June 30, 2020.

**Respectfully submitted:**

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**Matt Rodriguez**  
**City Manager**

**Date:** 5/26/20

**Attachments:**

- 1). *(Preliminary DRAFT) City of San Pablo Transaction & Use Sales Tax Measure Q and Measure K: Findings on FY 2020/21 COVID-19 Impact and Loss of Annual Revenue*



## PRELIMINARY DRAFT – 05/26/20

### CITY OF SAN PABLO TRANSACTION & USE SALES TAX MEASURE Q AND MEASURE K:

#### FINDINGS ON FY 2020/21 COVID-19 IMPACTS AND LOSS OF ANNUAL REVENUE

##### **I. FY 2019/20 Measure Q and K Sales Tax Revenues:**

- a. The City of San Pablo's Transaction and Use Sales Tax Measure Q, adopted on June 5, 2012 by 73.56% of 2,167 votes cast, enables the City to generate annual sales tax revenue to fund City general municipal services, such as: public safety, gang prevention, youth services, job creation and job training programs for local residents (including the disenfranchised), and all other general City services. For FY 2019/20, the total forecasted General Fund revenue budgeted totals \$831,000. Sales Tax Measure Q will sunset in 2022 as adopted by local voters.
- b. The City of San Pablo's Transaction and Use Sales Tax Measure K (special purpose), adopted on June 2014 by 70.80% of 1,558 votes cast, enables the City to generate annual tax revenue to continue adequate Emergency Medical Services for San Pablo residents with the ongoing annual funding of an Emergency Medical Services Squad, given previous threats that County Fire Station #70, which is located in San Pablo, may be subject to downsizing or closed, altogether; and given that Station 70 presently provides 100% of the EMS services for all San Pablo residents. For FY 2019/20, the total forecasted General Fund revenue budgeted totals \$831,000. Sales Tax Measure K has no sunset and is funded in perpetuity as authorized by local voters.

##### **II. COVID-19 Fiscal Impacts to City's General Fund Annual Sales Tax Revenue:**

- a. Due to the fiscal impacts of the COVID-19 pandemic beginning in March 15, 2020, the City has been subjected to an overall decrease of nearly (-15%) of all General Fund revenue anticipated by end of the present fiscal year, June 30, 2020 as a result of Shelter-In-Place (SIP) Orders in effect, and subsequently amended by the Contra Costa County (CCC) Public Health Officer.
- b. The City's total sales tax revenues for FY 2019/20 is budgeted at \$4.1M. All annual sales tax revenue sources budgeted in the FY 2019/20 GF Operating Budget are estimated to decline by (\$1.4M), or (-34%) by end of the present fiscal year, June 30, 2020, with forecasted declines of (\$327,000), or (-39.3%) in Sales Tax Measure Q, and (\$339,000) or (-40.7%) in Sales Tax Measure K revenue by end of the present fiscal year, June 30, 2020.
- c. In addition to Sales Tax Measure Q annual revenue generated, the City's General Fund also contributes an annual operational subsidy to cover the impact of the change in the MQ Sales Tax Rate from  $\frac{1}{2}$  (half-cent) to  $\frac{1}{4}$  (quarter-cent) which occurred during FY 2017/18, and each fiscal year thereafter, until the Sales Tax Measure Q sunsets in 2022 as authorized by local voters in June 2012. For FY 2018/19, the audited FY 2018/19 General Fund Operating Subsidy for Measure Q totaled \$900,250.
- d. In addition to Sales Tax Measure K annual revenue generated, the City's General Fund also contributes an annual operational subsidy to cover the amount of annual funding needed to fund Emergency Medical Services (i.e. Squad #70) under the current agreement between the City and Contra Costa County Fire Protection District (CCCFPD), with an audited FY 2018/19 General Fund Operating Subsidy for Measure K totaling \$853,055.

- e. The COVID-19 pandemic crisis has placed a number of City-provided contractual services, staffing, and directly-funded municipal programs and service delivery in jeopardy if the City's annual General Fund revenue and annual Measures Q and K sales tax revenues are not sufficient to fund such programs during FY 2020/21, and in future years thereafter, extended through the COVID-19 economic recovery period.

### **III. FY 2020/21 General Fund Revenue Shortfalls and Operational Subsidies for Measure Q & K:**

- a. In addressing a potential (-\$10M) FY 2020/21 GF Operating Budget Deficit/Shortfall for fiscal year ending June 30, 2021, the City of San Pablo estimates that overall GF revenue will decline approximately (20%) for all General Fund annual revenue anticipated as a result of continued Shelter-In-Place restrictions in effect by the CCC Public Health Officer to combat the COVID-19 pandemic crisis since March 15, 2020.
- b. For FY 2020/21 General Fund Operating Budget Deficit Planning, the City Manager anticipates a reduction of (50%) in both annual sales tax revenue for both Measure Q (\$415,500) and Measure K (\$415,500) due to these COVID-19 fiscal impacts to the City's economic tax base requiring the General Fund to subsidize any Measure Q and K sales tax revenue shortfalls to maintain service delivery and City municipal programs funded by Measure Q and Measure K anticipated during FY 2020/21 period.
- c. With potential cutbacks and suspension of City-provided programs and services due to the COVID-19 fiscal impacts as a result of the forecasted (\$10M) FY 2020/21 General Fund Budget Deficit, and forecasted (-50%) reduction in both Measure Q and K annual revenues, the City Manager indicates that any combined loss of both Measure Q and Measure K annual sales tax revenue could result in an annual FY 2020/21 General Fund Operational Subsidy of up to \$2.3M annually, and thereafter, unless immediate measures are taken to reduce Measure Q and K expenditure programs to meet current General Fund annual revenue estimates for FY 2020/21 due to the uncertainty of the COVID-19 economic recovery period. Thus, immediate measures are being taken to reduce Measure Q expenditure programs to reduce any significant FY 2020/21 General Fund Operational Subsidy, and meet current General Fund annual revenue estimates for FY 2020/21.
- d. For Sales Tax Measure Q, which sunsets in 2022, the City could realize a full General Fund operational subsidy totaling \$1.7M annually if the Sales Tax Measure Q is not extended before 2022 by local voters further exacerbating the City's General Fund Deficit Shortfall in future years if appropriate adjustments to the City's General Fund revenue estimates are not implemented.

### **IV. Impacts to Measures Q and K Funded City Programs/Services:**

For FY 2020/21, significant General Fund revenue loss is anticipated due to a high degree of uncertainty when City General Fund revenue will return to pre-COVID-19 pandemic crisis levels. In fact, the City Manager indicates that the opportunity cost of not providing City programs and services funded by Measure Q and K sales tax revenues would result in substantial reduction and/or elimination of such programs with the corresponding impacts outlined below as previously reported in the *FY 2018/19 Annual Reports for Measure Q and K Transaction and Use Taxes to be reviewed by the Citizens' Oversight Committee on May 27, 2020*, and to be certified by City Council action on June 1, 2020 via minute order.

### **MEASURE Q FUNDED PROGRAMS AND SERVICES**

#### **1. Job Training and Readiness Programs: \$187,500**

#### **❖ Total # of San Pablo Residents Served: 90 (FY 2018/19; Audited)**

A total of \$187,500 in City-funded contractual services for job training programs and workforce development services through the San Pablo Economic Development

Corporation, including: Contra Costa College Career Technical Education (CTE) & Early Learning Center, Hazardous Waste Operations, and Emergency Response Training (HazWOPER40), Michael's Transportation Services (MTS) Truck Driving Academy, Moler Barber College, Removing Barriers Tattoo Removal Program, RichmondBUILD & Rising Sun Energy Center Construction/Carpentry Pre-Apprenticeship, Stride Center, and other Job Readiness Support.

**2. Youth Services: Childhood Obesity Prevention Grant Program: \$176,111**

❖ **Total # of San Pablo Residents Served: 3,240 (FY 2018/19; Audited)**

A total of \$176,111 in City-funded community grants to local community service, non-profit organizations providing a number of childhood prevention activities and services to the San Pablo youth and families, including: Boys and Girls Club Contra Costa, Earth Island Institute, Bay Area Community Resources, Contra Costa San Pablo Library, Fresh Approach, and Regional Park Foundation.

**3. Youth Services: Beacon Community School Initiative Grantees: \$894,288**

❖ **Total # of San Pablo Residents Served: 3,758 (FY 2018/19; Audited)**

A total of \$894,288 in City-funded program administration and community grants to local community service, non-profit organizations providing a number of at-risk youth prevention activities and services to the San Pablo youth and families in conjunction with the San Pablo Beacon Community School Initiative Program, including: Bay Area Community Resources, Catholic Charities of the East Bay, Familias Unidas, High Expectations, and YMCA of the East Bay.

**4. San Pablo Police Department Programs: \$350,496**

❖ **Total # of San Pablo Residents Served: 3,758 (FY 2018/19; Audited)**

A total of \$350,496 in City-funded program administration which funds a School Resource Officer (SRO) - Priority Oriented Policing (POP) Unit & G.R.E.A.T. Program Police Officer – Priority Oriented Policing (POP) Unit, and Police Cadet. Combined, these staffing resources coordinate the delivery of a number of at-risk programs to local youth including:

**a. School Resource Officer (SRO)/P.O.P. UNIT**

SRO provided classes and workshops to students, facilitated mediations and counseling sessions with youth and their families, and participated in the School Attendance Review Board (SARB); Works directly at all six (6) local San Pablo school campuses.

**b. Gang Resistance Education and Training (G.R.E.A.T.) Officer / P.O.P. Unit**

The G.R.E.A.T. Program annually serves over 300 6th graders in the City of San Pablo. The G.R.E.A.T. Program is a nationally recognized program that is designed to teach life skills to youth. The program included 13 lesson plans with topics such as prevention of gangs, violence, drug abuse, tobacco use, and anger management. The lesson plans also included skill development for problem solving, decision-making, communication, and how to handle peer pressure. At the end of the program, local youth conducted community projects, which were presented to the School Resource Officers. At the culmination of the G.R.E.A.T. Program, the top students were recognized at the annual G.R.E.A.T. Awards Dinner. This was a major event for local youth, the community, and the City of San Pablo.

The POP Unit reduced gang-related crimes through targeted enforcement of gang members and by teaching local youth about gang awareness and prevention. During FY 2018/19, the POP Unit Officer contacted over 30 suspected gang members or associates and investigated crimes resulting in 64 arrests. The POP Unit Officer authored 33 search warrants and conducted over 44 probation and parole compliance checks. The POP Unit officer assisted the Detective Division with surveillance of suspects wanted for crimes

related to sexual assaults, robberies, assaults and shootings. The investigations yielded in seizure of 27 firearms and controlled substances.

The POP Unit Officer also conducted seven cellphone extractions using computer software. The cellphones were seized for investigations related to sexual assaults, robberies, shootings, and sales of controlled substances. The data from the cellphones provided San Pablo Police Department Detectives and Officers with further evidence related to the cases being investigated. During FY 2018/19, the POP Unit Officer also testified as an expert in court on several gang-related cases including assault with a deadly weapon and an attempted homicide.

The POP Unit Officer taught numerous gang awareness and prevention classes to the youth at local schools, the San Pablo Police Explorer Program, and to the adults participating in the Police Department's Parent Project and the Citizens Academy. The POP Unit Officer also provided gang training to new San Pablo Police Officers.

The POP Unit Officer worked with the regional Safe Streets Task Force operated by Contra Costa County District Attorney's Office in conjunction with the Federal Bureau of Investigation (FBI). The Task Force is comprised of officers from numerous agencies in the county as well as the District Attorney's Office, FBI, Contra Costa County Probation, and California Department of Corrections and Rehabilitation. The Task Force investigates gang members committing violent crimes throughout the county. During FY 2018/19, The POP Unit Officer assisted in several investigations, including three complex wire-tap investigations, which together resulted in 38 arrests of violent offenders, the seizure of 18 firearms, three pounds of heroin, 38.5 pounds of methamphetamine, and 102 pounds of marijuana; and Measure Q funded one of several Cadet positions.

**c. Police Cadet Program**

The Cadet program provides San Pablo youth an opportunity to learn the position of a Police Officer in an apprenticeship atmosphere. One of the requirements of the program is the youth must be enrolled in college. The Measure Q-funded Cadet was assigned to Code Enforcement to assist with community priorities, including vehicle abatement, parking enforcement, and illegal dumping. During FY 2018/19, the Measure Q-funded Cadet issued 479 citations for traffic and parking violations.

**MEASURE K FUNDED PROGRAMS AND SERVICES**

**1. Emergency Medical Services Squad/EMS Agreement between City of San Pablo and Contra Costa County Fire Protection District: \$1,536,000 annually (with annual increases over next 5 years; expiring on 06/30/26)**

The City of San Pablo contracts with Contra Costa County Fire Protection District for fire prevention and emergency medical services through County FS#70 located in San Pablo. A 5-year agreement is in place for FY 2020/21 through FY 2025/26 to provide a Emergency Medical Services Squad #70 (first established in FY 2014/15) to respond independently to medical calls that can be handled by its initial response, such as respiratory issues, fractures, fainting, or illnesses. The large elderly and care-home population of the City generates a high volume of such medical calls for service.

During FY 2018/19, the EMS squad responded to a total of 1,825 emergency calls. Of these calls, 1,488 were for medical emergencies in which Squad 70 responded alone 1,094 times, while Squad 70 and Engine 70 responded jointly 394 times. Additionally, Squad 70 and Engine 70 responded jointly to 104 fire calls and 213 rescue calls. Squad 70 also responded

to an additional 20 calls in Richmond and other Battalion 7 areas. (Figure 1). The Squad 70 vehicle has traveled approximately 45,097 miles. During FY 2020/21, CCCFPD will purchase an aerial rescue truck at County expense to reduce the wear and tear for the Squad 70 vehicle, extending its service life.

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