



City of Oxnard

Analysis of Three Proposed Ballot Initiatives
January 15, 2020

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Background

The presentation is the culmination of a series of actions over the last nine months:

1. In the spring of 2019, the City Clerk received a “Notice of Intent to Circulate Petition” for five City initiatives
2. The completed petitions were delivered to the City Clerk’s office on October 28, 2019
3. Petitions were forwarded to Ventura County elections officials for signature review, which finalized their review on December 10, 2019—four were found sufficient, one is undergoing a full review
4. On December 17th, the Council called for a report, under Election Code Section 9212, on the impacts of these initiatives—this presentation addresses impacts of three of the four initiatives

Initiative Impacts | Categories

- These initiatives will impact the City in three broad categories

Governance

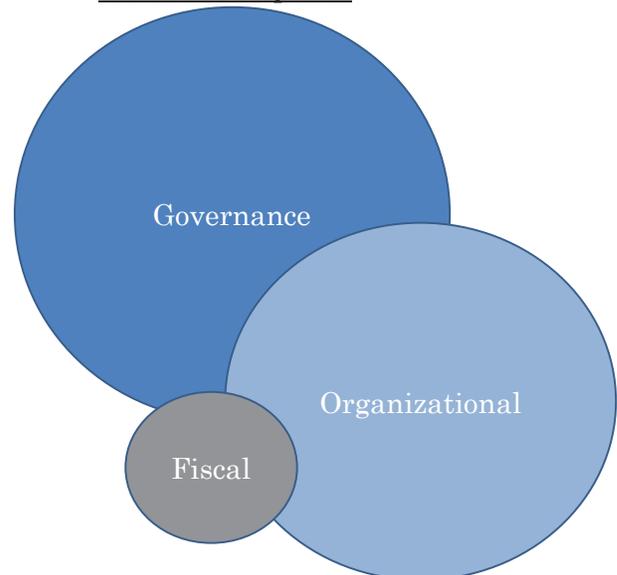
Organizational Structure

Fiscal Impact

“Treasurer Expansion Initiative”

"Expansion of Duties of Elected City Treasurer By Appointing the City Treasurer as Director of Finance and Giving the City Treasurer Additional Duties Pursuant to that New Role: Authority Over City’s Finance Department; Selection and Oversight of Internal Auditor; Establishment, Preparation and Submittal of Monthly Financial Reports; Establishment, Preparation and Submittal of Monthly Performance Measurements for City Departments; and Preparation and Submittal of Annual City Budget”

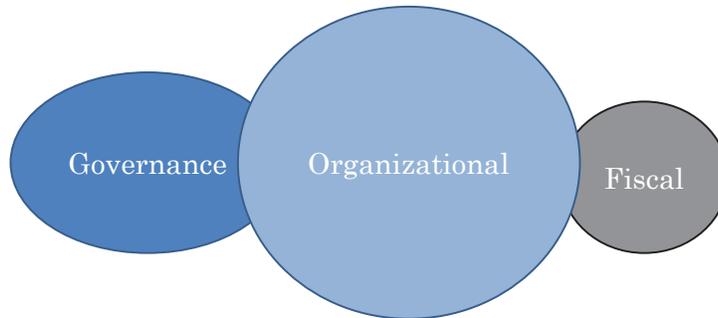
Relative Impacts



“Meeting Requirements Initiative”

“New Requirements Regarding the Way in Which City Council Meetings, Council Committees and Other City Legislative Bodies Are Run”

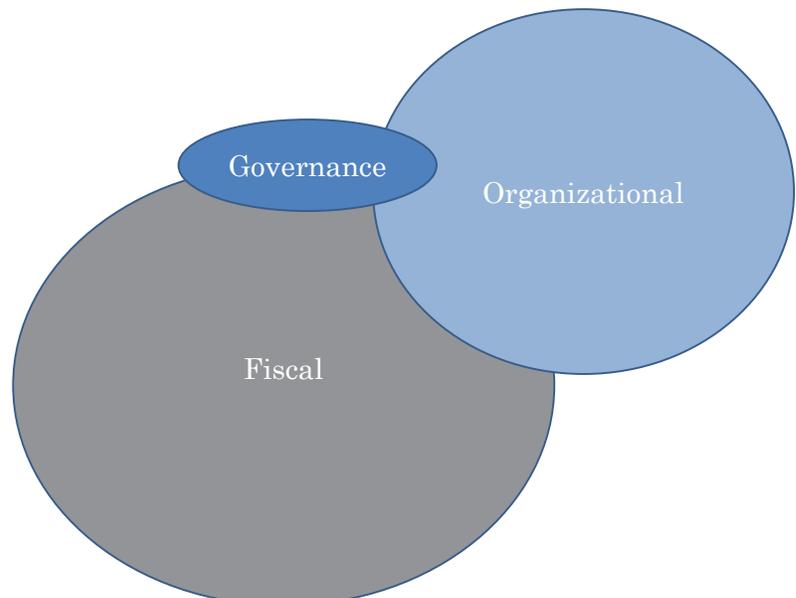
Relative Impacts



“Measure O Termination Initiative”

“Early Termination of Measure O Sales Tax If Specific Pavement Standards for City Streets and Alleys Are Not Met; Extension of Measure O Sales Tax For Additional Five-Year Periods If Specific Pavement Standards Are Met”

Relative Impacts



Expansion of Duties of Elected City Treasurer

Treasurer Expansion Initiative | Summary

The Treasurer Expansion Initiative has the following key elements:

1. **Expands duties of the elected treasurer position** by:
 - Appointing the Treasurer as the Finance Director (*current appointee under City Manager*)
 - Granting authority over the City's Finance Department (*current City Manager duty*)
 - Selection and Oversight over the City's internal auditor (*currently a Council responsibility*)
 - Establishment, preparation, and submittal of monthly financial reports (*City Finance Director duty*)
 - Establishment, preparation, and submittal of monthly performance reports (*City Manager duty*)
 - Preparation and submittal of annual City budget (*City Manager responsibility*)
2. Under Current City Code Sections, **will result in significant increase to Treasurer's required compensation**, without regard to qualifications, performance, or suitability for the position*

*Requirement to run for Treasurer in the State of California is to be registered to vote. No experience or professional qualifications are required

Duties of the Finance Department

The following **finance department areas of responsibility will be shifted to the elected Treasurer** position if the initiative is passed:

- **General Accounting**—Basic financial accounting and reporting, completing the Comprehensive Annual Financial Report (CAFR), debt issuance and management, and grant accounting and administration
- **Budget Management**—Provides support to City Manager’s office and City departments in all aspects of budget development, preparation, and monitoring, maintains the budget in the financial system and implements approved budget changes
- **Purchasing**—Assists departments in purchasing, bidding, vendor sources, request for proposals, and reviews purchases for compliance with City policies
- **Mail and Courier Services**—Interoffice mail and postal services for City departments

Impacted Duties of the City Manager

- **Prepare and deliver annual budget to City Council**, based on Council budget priorities
- **Hire/Fire/Manage department heads** overseeing all aspects of City management and departmental performance
- **Report relevant and timely information to City Council** so that Council can provide adequate policy direction for the City

The proposed initiative redirects these duties—in whole or in part—to the elected Treasurer position

This effectively reduces City Council authority over these key areas of policy and oversight

Impacted City Council Oversight Duties

- Provide policy direction on development of annual budget
- Hiring and managing the City's internal auditor and whistleblower programs
- Ensuring proper oversight of City operations and finances—if not being done in accordance with City Council standards, Council may compel City Manager to make changes or replace City Manager

The proposed initiative reduces the City Council's authority and splits key policy oversight of City finances and budget

Required Qualifications

The qualification of an elected official to oversee all City finance and budget duties is:

REGISTERED TO VOTE IN OXNARD

Age 18

US Citizen

Not currently in state or federal prison or
on parole for a felony

Not currently found mentally incompetent

Does not require any previous treasury, accounting, or municipal finance experience

Evaluation of Initiative Text

Duties of the City Treasurer

Initiative Code Section	Action	Impact
Section 4, B. Sec. 2-168 (A) DUTIES OF THE TREASURER Section 4, D. Sec. 2-176 (F) DUTIES OF THE TREASURER	<u>“The city treasurer shall be the director of finance...”</u> “The city manager may assign to the director of finance additional powers and duties not set forth herein.”	<ul style="list-style-type: none"> ▪ Council loses policy oversight of budget development ▪ Consolidates electoral and administrative oversight into a single elected official ▪ Eliminates City Manager’s oversight of finance function
Section 4, Sec. 2-175 (C) DUTIES OF THE TREASURER	“There shall be a finance department, headed by a director of finance <u>the city treasurer</u> who shall supervise such employees as are necessary...”	<ul style="list-style-type: none"> ▪ Moves oversight of critical City department to a single elected official without professional qualifications requirements ▪ Unclear how this impacts normal hiring, firing, discipline of employees—which come under the purview of the City Manager
Section 4, B. Sec. 2-168 (C) DUTIES OF THE TREASURER	<u>“The City Manager and City Attorney shall in good faith cooperate with and be responsive to requests for information or administrative services made by the city treasurer....”</u>	<ul style="list-style-type: none"> ▪ Anticipates resistance in reallocation of governance responsibilities ▪ Does not define “good faith” or “responsiveness” nor does this section require “good faith” from the Treasurer

Duties of City Treasurer

Initiative Code Section	Action	Impact
Section 4, Sec. 2-168 (B) DUTIES OF THE TREASURER	<u>“The city treasurer’s reports to the city council shall also convey the extent to which the city manager and the city attorney have supported or hindered the city treasurer’s fulfillment of those duties”</u>	<ul style="list-style-type: none"> ▪ This creates potential conflict between the Treasurer, Council, City Attorney and City Manager based solely on the Treasurer’s perception of support by the City Manager and City Attorney (who reports to the Council directly)
Section 4, C. Sec. 2-176 FINANCIAL AND ACCOUNTING DUTIES	“The powers and duties of the director of finance include centralizing fiscal and accounting duties; controlling inventory; financial reporting; and assisting in budgeting.	<ul style="list-style-type: none"> ▪ Reflects the shift in complete oversight of the budget preparation from the City Manager to the Treasurer ▪ Shifts decision-making power on what is funded and what is paid from City Manager to elected Treasurer

Treasurer Compensation

Initiative Code Section	Action	Impact
[Existing Code Section] Sec. 2-169 COMPENSATION OF THE TREASURER, (A) AND (B)	<p>“(A) The city treasurer shall perform such statutory duties as are assigned to the city treasurer of a general law city by the laws of the State and confirmed by resolution.</p> <p>(B) The city treasurer shall receive compensation for the performance of administrative duties in accordance with the principles and guidelines of the management pay system applicable to top management employees.”</p>	<ul style="list-style-type: none"> ▪ This is an existing section of the Oxnard City Code ▪ In sections (B), administrative duties are assigned by the City Manager, and may be reassigned elsewhere—based on City need and Treasurer performance ▪ The impact of the proposed changes would be to increase the statutory compensation of the Treasurer from \$5,400/year up to \$336,992/year ▪ Because these duties will be for an elected position (not appointed) compensation would remain regardless of qualifications or performance of duties

Internal Controls

Initiative Code Section	Action	Impact
Section 4, C. Sec. 2-175 CREATION	<u>“At least one employee of the finance department must possess a valid certificate....authorizing that person to practice as, a certified public accountant”</u>	<ul style="list-style-type: none"> ▪ The Finance Department currently has an employee who is a certified public accountant (CPA) ▪ Reduces flexibility in hiring future employees—there is no broad requirement for a finance department to have a CPA on staff
Section 4, Sec. 2-176.1. INTERNAL CONTROLS, (A)	<u>“The director of finance [elected City Treasurer] shall design, implement and oversee a system of internal controls to safeguard assets, ensure financial statement reliability, promote operational efficiency, and encourage compliance with applicable laws and city council directives”</u>	<ul style="list-style-type: none"> ▪ No impact ▪ This is the current function and responsibility of the Finance Director ▪ Design and implementation of internal controls would not require any professional qualifications or experience

Internal Controls

Initiative Code Section	Action	Impact
Section 4, Sec. 2-176.1. INTERNAL CONTROLS, (A)	<u>“The city council may establish controls by resolution provided they do not undermine the plenary authority of the director of finance”</u>	<ul style="list-style-type: none"> ▪ Establishes that the Director of Finance has PLENARY AUTHORITY, of internal controls ▪ Underscores the independence and power given to the Treasurer in this initiative
Section 4, Sec. 2-176.1. INTERNAL CONTROLS, (B)	<u>“The director of finance [elected City Treasurer] shall select and oversee an internal auditor who shall not be an employee of the City.”</u>	<ul style="list-style-type: none"> ▪ The City already contracts with Price Paige for internal audits and the whistleblower program ▪ Places the selection and oversight of the internal auditor in the sole discretion of the Treasurer/Finance Director. ▪ Makes this function subject to corrupt practices

PLENARY AUTHORITY is “Power that is wide-ranging, broadly construed, and often limitless for all practical purposes.”
– Legal Information Institute definition

Internal Controls

Initiative Code Section	Action	Impact
Section 4, Sec. 2-176.1. INTERNAL CONTROLS, (C)	<u>“In consultation with the City attorney, the director of finance shall report findings of malfeasance and criminal conduct to the city council and/or law enforcement officials.”</u>	<ul style="list-style-type: none"> ▪ This is a current responsibility of all staff in the City, especially department heads and the City Attorney ▪ More likely to have financial malfeasance and criminal conduct in the Treasury and Finance Departments. With the internal auditor selected and overseen by the Treasurer, it is less likely that malfeasance and criminal conduct will be identified or reported by the Treasurer

Financial Transparency

Initiative Code Section	Action	Impact
Section 4, Sec. 2-176.2 FINANCIAL TRANSPARENCY, (A)	<u>“The director of finance [elected city treasurer] shall oversee the design and implementation of a financial transparency program that includes, but shall not be limited to, enabling public online review of city expenditures, including supporting invoices, purchase orders, submitted bids, and solicitations for bids and quotes.”</u>	<ul style="list-style-type: none"> ▪ The City’s financial system does not have the capacity to allow putting this level of financial detail online. City will need to add staff to scan thousands of documents ▪ The new Tyler Technologies financial system will allow this level of transparency when fully implemented ▪ Disclosing “submitted bids” may create issues with vendors and could lead to less competition for City business ▪ Professional services are generally chosen on qualifications, rather than strictly prices. Posting submitted bids, without the understanding of qualifications, could lead to misunderstanding of selection process

Financial Transparency

Initiative Code Section	Action	Impact
Section 4, Sec. 2-176.2 FINANCIAL TRANSPARENCY, (B)	<p>“Each month the director of finance <u>[elected City Treasurer]</u> shall submit to the city clerk a financial report and shall file a copy with the city council. The financial report shall include at least the following components:</p> <ol style="list-style-type: none"> 1) <u>Itemized statements of monthly and year-to-date revenues and expenses....</u> 2) <u>Itemized statements showing estimate changes in fund balances...</u> 3) <u>Itemized schedules...cash receipts and disbursements...</u> 4) <u>Additional schedules by city council resolution</u> 	<ul style="list-style-type: none"> ▪ Most of this reporting can, and will, be done once the City’s financial accounting system is replaced by Tyler Technologies ▪ Providing these reports will require additional staff to prepare

Performance Measurements

Initiative Code Section	Action	Impact
Section 4, Sec. 2-176.3 PERFORMANCE MEASUREMENTS, (A)	<p>“For each department the director of finance <u>[elected city treasurer]</u> shall establish performance measurements pertaining to the department’s core functions, with no fewer than one performance measurement based on cost, one based on quality and one based on timeliness. The city council may establish additional measures by resolution.”</p>	<ul style="list-style-type: none"> ▪ This requirement is out of sync for an elected position with no professional qualifications ▪ This is currently in purview of City Manager ▪ Performance measures must be set in consultation with departments ▪ Politicizes performance measure setting by putting it in the hands of a single elected position
Section 4, Sec. 2-176.3 PERFORMANCE MEASUREMENTS, (B)	<p>“The director of finance <u>[elected city treasurer]</u> shall cause the city’s current and historical performance measurements to be published on a centralized location on the city’s website in the form of dynamic interactive online dashboards.”</p>	<ul style="list-style-type: none"> ▪ This is planned to occur in any event once the City’s financial software is replaced with a Tyler Technologies systems

Performance Measurements

Initiative Code Section	Action	Impact
Section 4, Sec. 2-176.3 PERFORMANCE MEASUREMENTS, (C)	<u>“Regularly, at least once each month, the director of finance [elected city treasurer] shall submit to the city clerk a written report on the results of performance measurements, a copy of which shall be filed with the city council.”</u>	<ul style="list-style-type: none"> ▪ Will create additional work for staff ▪ For most departments, performance cannot be measured effectively on a monthly basis

Budget

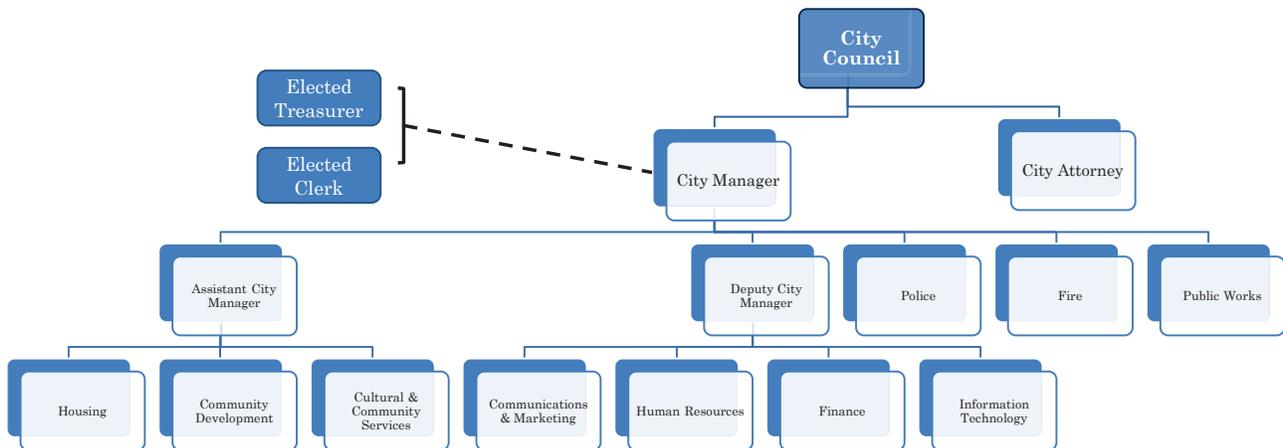
Initiative Code Section	Action	Impact
Section 4, Sec. 2-179, BUDGET, (A)	Before the beginning of each fiscal year for which the city council has not adopted a budget, the city manager <u>director of finance</u> shall submit to the city council a proposed operations and capital budget for the following fiscal year or for more than one of the following fiscal years....”	<ul style="list-style-type: none"> ▪ Shifts responsibility for preparing and presenting the budget from the City Manager to the Treasurer ▪ Council cannot enforce budget development under Council policy ▪ Conflicts in policy would be resolved by Council changing budget, possibly line-by-line ▪ Council relies on the Treasurer to enforce Council budget actions ▪ If Council does not accept Treasurer’s budget, it takes effect July 1 until changed by Council

Budget

Initiative Code Section	Action	Impact
Section 4, Sec. 2-179. BUDGET, (F)	<u>“Notwithstanding Section 9217 of the Election Code, the city council may amend this section without submission to the voters, so long as the amendment furthers the purposes and intent of this Act.”</u>	<ul style="list-style-type: none"> If passed by the voters, the provisions of these City Code changes can only be changed by the voters

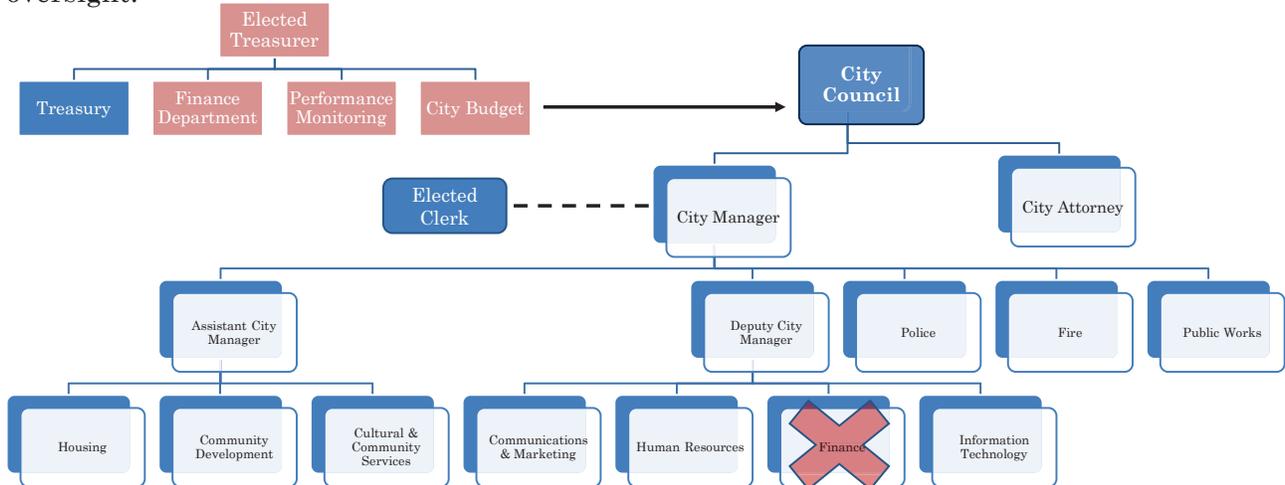
Current City Organization

- The City is organized in a typical Council-Manager form of governance
- The two non-Council elected positions have administrative duties assigned by the City Manager, and are compensated at Department Heads, in addition to the pay for statutory duties



Change in Organization

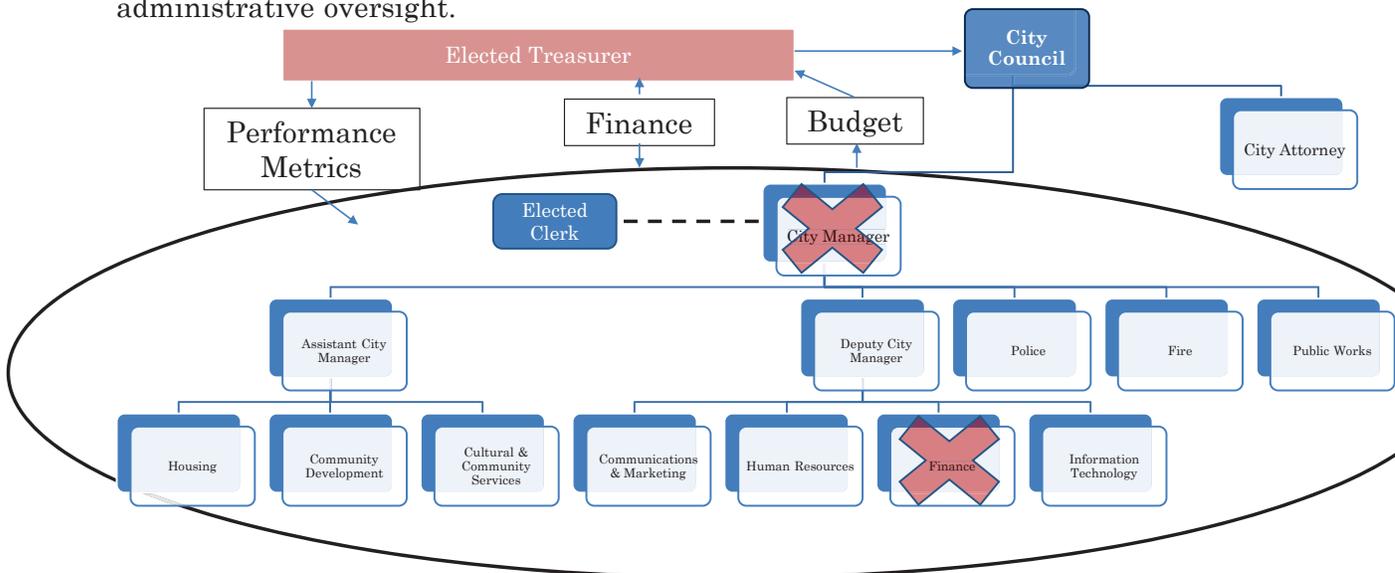
- The initiative proposes to shift a great deal of administrative oversight and power from the City Council to the Treasurer. Additionally, this will merge electoral and administrative oversight.



- The finance and budget functions impact all departments. The initiative fundamentally changes the relationship between the City Council, City Manager, and Treasurer

Change in Oversight | Key Areas

- The initiative proposes to shift a great deal of administrative oversight and power from the City Council and City Manager to the Treasurer. Additionally, this will merge electoral and administrative oversight.



Comparable Cities | Elected Treasurer

- One-quarter of California cities have elected treasurers – none operate under this form of governance
- Combining the Finance Director and Treasurer positions is **common for appointed positions**
 - Can fully vet applicants for qualifications, work history, suitability
 - Able to terminate Finance Director for:
 - poor work performance
 - inappropriate treatment of employees
 - loss of confidence by City Manager in ability to adequately carry out duties of position
- Even the State of California has an elected Treasurer and an appointed Finance Director

* Oxnard Treasurer is assigned the revenue areas of utility billing and business taxes by the City Manager and is paid accordingly. These duties could also be re-assigned and are not a part of the Treasurer's statutory duties

City	Population	Charter/General Law	Finance Dept. Duties?
Fontana	209,895	General	No
Oxnard	206,997	General	No*
Glendale	201,668	General	No
Ontario	175,841	General	No
Rancho Cucamonga	175,251	General	No
Inglewood	116,648	Charter	No
El Monte	113,885	General	No
El Monte	113,885	General	No
Rialto	107,330	General	No
Burbank	105,110	Charter	No
Burbank	105,110	Charter	No
Santa Maria	104,404	Charter	No
Compton	101,226	Charter	No
Carson	93,993	General	No
Hawthorne	88,003	General	No
Baldwin Park	74,738	General	No
Redlands	68,368	General	No
Gardena	60,785	General	No
Cathedral City	54,261	Charter	No
Azusa	49,485	General	No
Covina	49,291	General	No
San Jacinto	47,656	General	No
Coachella	45,407	General	No
Beaumont	45,118	General	No
Beverly Hills	34,763	General	No
Santa Paula	30,752	General	No
Wasco	26,471	General	No

Fiscal Impacts

- The fiscal impact of this measure will depend on the staffing needs to implement reporting requirements and the impact of splitting governance of the City and the need for the Council to have control over the budget
- The estimated fiscal impact is \$634,611 +-

Impact	Estimated Cost/(Savings)
Designate Treasurer as Finance Director/CFO	(\$212,830)
Performance Measure Staff Cost	\$121,530
Financial Management Staff Cost	\$271,777
Council Response to Shift in Powers to Treasurer	\$454,134
Total Estimated Fiscal Impact*	\$634,611

* These fiscal impacts do not account for impacts related to a Treasurer/Finance Director who may not be competent or experienced and who may cause additional cost through mismanagement without immediate recourse

Summary of Impacts | Treasurer Expansion Initiative

Governance

- Splits governance oversight between City Council and Treasurer
- Places the Treasurer as the most powerful position in the City
- Supplants City Manager's duties in carrying out Council policy in the areas of:
 - Budget development
 - Oversight of departmental performance
- Establishes Treasurer's Plenary Authority over internal controls

Organization

- Changes requirements for Finance Director from seasoned professional to—minimum age of 18, registered to vote, and able to get elected
- Merges electoral and administrative duties in finance and budget
- Changes direct line of oversight of City's financial health from Council members to a Treasurer
- Supplants City Manager's duty to prepare budget and oversee departmental performance
- Eliminates professional qualifications from choice of Finance Director or to perform key City Manager duties

Fiscal

- Treasurer mandated Statutory compensation—5,400/yr.—and administrative pay/benefits—up to \$212,830— increased to up to \$336,992/ year
- Elimination of current Finance Director savings of \$336,992/year
- Addition of 6 positions to maintain monthly reporting of fiscal and performance measures, estimated at \$847,441/yr.
- Net annual cost of \$634,611 plus costs related to potential inefficiencies across the organization or related to inexperienced or unfit person leading a key department for the City without immediate recourse for change

Meeting Requirements Initiative

Meeting Requirements | Summary

1. **Governance:** Meetings of all legislative bodies shall be governed by *Robert's Rules of Order*
2. **Meeting Times:** Meetings of legislative bodies shall commence no earlier than 5:00PM on weekdays and 9:00AM on weekends (may be waived by a 4/5ths vote under extenuating circumstances)
 - "Actions taken at meeting held in violation of this section shall be deemed invalid"
3. **Staff presentations:** Each agenda item presentation shall be videotaped, posted on the City's website, and made available for viewing on City premises at the same time as posting of the agenda for the meeting
 - Council agendas are posted twelve days in advance of Council meetings
 - "The primary role staff at meetings is to answer questions posed by the legislative body, not reenactment of pre-recorded presentations"
4. **Public Comment:** Members of the public may address the Council on any item that has already been considered by a committee composed exclusively of the legislative body
 - Reasonable accommodations shall be made to facilitate the presentation of videos, PowerPoint, or similar presentations during public comments
 - Presenters shall be required to provide hard copies of presentations to member of the legislative body

Legislative Body | Definition

- Legislative bodies, for purposes of this initiative are defined in Government Code Sec. 54952

Legislative Body	Present in Oxnard	Meeting Frequency	Meeting Time
Governing Body	City Council	Twice a month	6:00PM
Standing Council Committees (5)	Finance & Governance, Public Works & Transportation, Public Safety, Housing and Ec. Dev., Community Services	Twice a month	Between 9:30 AM to 7:15PM
Citizen Commissions/ Committees	Downtown Design Review, Planning	Twice Monthly	Design Review 9:00AM
Citizen Commissions/ Committees	Community Relations, Homelessness, Cultural Arts, Inter-Neighborhood Council,, Senior Citizens, Youth, Park & Rec, Library	Generally Monthly	Three before 5:00PM
Boards	Mobile Home Park Rent Review, Measure O Oversight	Quarterly/ Periodic	Varies

Legislative Body | Presentations Per Year

- Based on the definition provided in GC 54952, there are at least 20 “legislative bodies” in the City, with an estimated 398 meetings per year, about 33 per month
- The number of presentations by staff vary by legislative body, time of year, and issues before the legislative body

Committee/Commission	Frequency	Meeting Time	Avg. # of Staff Presentations/ Meeting	Annual Meetings	Presentations
City Council	Twice-Monthly	6:00	4.26	27	115
Council Committees (x5)	Twice-Monthly	AM	1.52	95	144
Homelessness	Monthly	4:00	1.00	12	12
Community Relations	Monthly	6:00	1.00	12	12
Parks & Rec	Monthly	5:30	1.00	12	12
Cultural Arts	Monthly	5:00	1.00	12	12
Planning	Twice-Monthly	6:00	1.63	24	39
Mobile Home Rental	As needed	5:30	1.00	4	4
Downtown Design Review	Twice-Monthly	9:00	1.00	24	24
Senior Citizens Committee	Monthly	9:00	1.00	12	12
Library	Monthly	5:00	1.00	12	12
Total				246	398

Source: City of Oxnard--actuals for 2019 for Council, Council Committees, and Planning Commission

Fiscal Impact of Pre-Meeting Videos

- There are two options to pre-record staff presentations: hire City video-production staff or contract out video production staff
- City staff will require at least two positions plus equipment--\$175,000 per year ongoing cost and \$25,000 - \$50,000 equipment cost plus annual depreciation expense

Cost Item	Base Cost	Benefits	Total
Video Production Technician	\$47,016	\$16,456	\$63,472
Video Production Supervisor	\$82,940	\$29,029	111,969
Total Ongoing Cost	\$129,956	\$45,485	\$175,411
Equipment (camera, lighting, software, computers, etc.)	\$25,000 - \$50,000		\$25,000 - \$50,000

- Contracting out video projection will cost \$250 to \$400 per hour and is estimated to cost \$150,000 to \$250,000 per year depending on the vendor and number of presentations
- Cost does not include translation into Spanish, as is now provided for presentations at meetings

Summary of Impacts | Meeting Requirements

Governance

- Inability to conduct regularly-scheduled meetings before 5:00PM on weekdays or before 9:00AM on weekends
- Will make Council Committee meetings untenable, resulting in potential return to weekly Council meetings.
- All legislative bodies will operate under Roberts Rules of Order, which may be difficult to maintain for meetings without dedicated, trained staff

Organization

- Required training and monitoring of all legislative body meetings on Roberts Rules of Order
- Inability to schedule legislative body meetings at times that best fit likely public (e.g., senior commission and design review)
- Addition of studio production staff—following the reduction of 35.6 FTEs in the General Fund in FY20
- Loss of staff productivity due to pre-recording legislative body presentations

Fiscal

- Cost to staff video production staff \$200,000 to \$250,000 per year plus equipment
- Cost to contract out video production \$150,000 to \$250,000 plus, depending on the number of presentations
- Cost to translate videos into Spanish (City currently provides translator at meetings) is not estimated

Measure O Termination Initiative

Measure O Termination | Summary

- **Purpose and Intent**

- “Fulfill promise of better streets by focusing City Hall attention of repairs and maintenance of City streets and alleys”
- “To ensure local officials do not take for granted the additional sales and use tax money we pay.”
- “To require the City of Oxnard to justify the extra half-cent sales tax by providing a corresponding level of service.”
- “To authorize the City Council to extend the tax in five-year increments provided that the city streets and alley are maintained at an acceptable level.”

- Institutes an early termination to the Measure O sales tax if street Pavement Condition Index (PCI) levels are not met by specified times

PCI Level	PCI Level Met By	End of Sales Tax By
At Least 65	September 30, 2022	March 31, 2023
At Least 70	September 30, 2024	March 31, 2025
At Least 75	September 30, 2026	March 31, 2027
At Least 80	September 30, 2028	March 31, 2029

Pavement Condition Index | Defined

The City’s PCI is a measure of the condition of streets and alleys (the higher the number, the better the street condition), and is performed by an outside consulting engineer

- Oxnard uses Pavement Engineering, Inc. (PEI)
- The City’s average PCI is **61 (down from 63 in 2018)**
- By street classification, the City is at the middle of a “fair” road condition (approximately 49% of total street area is classified in “good” to “excellent” condition)

Condition	PCI Range	% of Total System (2018)
Excellent	91-100	12.59%
Good	71-90	36.89%
Fair	51-70	27.86%
Poor	31-50	13.68%
Failed	0-30	8.97%

Source: “2018 PMS Update Rotation B & Arterials, Final Report” August 2018, Pavement Engineering, Inc.

Purpose of Measure O

- Measure O was **passed by 65.1% of the voters** as a general tax measure
- The language approved by voters was:

"To protect, maintain, and enhance vital services including police, fire, emergency response, increasing street paving/pothole repair to improve traffic flow, expanding youth recreation, after school and anti-gang prevention programs, acquiring property for parks/open space preservation, upgrading stormwater drains, improving senior services, increasing code compliance, and other general services – shall the sales tax be increased by one half cent for twenty years only, with citizen oversight and independent financial audits?"

Measure O Termination Quandary

- If the Measure O Termination Initiative passes the City has two basic options:

Option #1 – Try and meet the initiative’s PCI-level requirements

Outcome: Loss of Measure O for all programs except road maintenance (including police and fire) in January 2021 and diversion of up to **\$204.6 million** in General Fund revenue

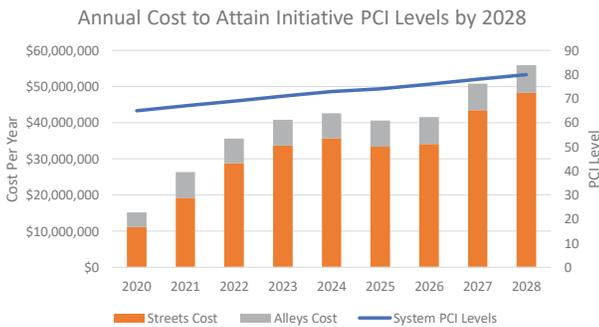
Option #2 – Don’t attempt to meet PCI-level requirements

Outcome: Termination of Measure O in March 2023 with reduction in City services funding my Measure O

This initiative undermines the original intent of the voters and makes Measure O either a *de facto* special tax or eliminates Measure O six years early

Cost to Achieve Initiative PCI Goals

- It will cost the City **\$329.7 Million** to bring the City streets and alleys up to a PCI level of 80 by September of 2028
- A majority of that cost (\$225.4 Million) is to bring the system from a PCI of 71 to a PCI of 80



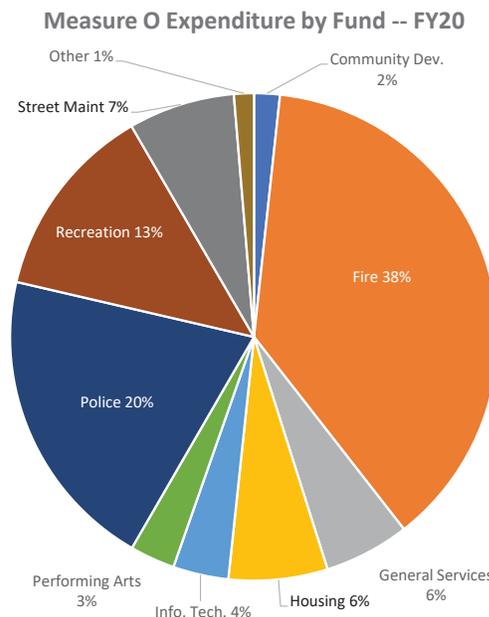
Year	Arterial/Collector/Res.		Alleys		Total Cost	Network Avg. PCI
	PCI Level Attained	Cost	PCI Level Attained	Cost		
2020	65	\$3,286,605	36	\$4,079,127	\$7,365,732	65
2021	67	\$20,395,821	42	\$7,102,495	\$27,498,316	67
2022	69	\$21,331,922	47	\$6,830,794	\$28,162,716	69
2023	71	\$34,141,136	53	\$7,099,495	\$41,240,631	71
2024	72	\$36,123,222	58	\$6,911,887	\$43,035,109	73
2025	74	\$35,883,989	64	\$7,253,374	\$43,137,363	74
2026	76	\$33,346,982	69	\$7,373,963	\$40,720,945	76
2027	78	\$36,774,874	75	\$7,431,812	\$44,206,686	78
2028	80	\$46,693,984	80	\$7,664,473	\$54,358,457	80
Total Cost		\$267,978,535		\$61,747,420	\$329,725,955	
Average Per Year		\$29,775,393		\$6,860,824	\$36,636,217	

Source: Pavement Engineering, Inc.; January 7, 2020

Source: MTC Streetsaver Cost Analysis, October 16, 2019

Measure O Uses

- Measure O is forecast to produce **\$152.6 Million +/-** from FY21 through FY29*
- Measure O is scheduled to sunset as of March 31, 2029, unless extended by a voter-approved Measure O extension or replacement
- Over the next five years, Measure O will be used for a variety of City programs and services
- Currently 53.5 City staff positions are funded through Measure O



* Assumes end of sales tax March 31, 2029

Source: City FY20 Budget, Measure O forecast

Cost and Funding by PCI Level

- The cost of meeting the Streets Initiatives' requirements will be **\$329.7 Million**
- If the City dedicates 100% of the Measure O funds to meet these costs, there will still be a need for an **additional \$177.2 Million** of other City funding

PCI Level (min)	Year Achieved	Street Cost	Alley Cost	Total Cost	Measure O Revenue*	Additional Revenue Needed**
65	2020	\$3.3 M	\$4.1 M	\$7.4 M	\$40.1 M	NA
70	2023	\$75.9 M	\$21.0 M	\$96.9 M	\$37.7 M	\$26.5 M
75	2027	\$105.4 M	\$21.5 M	\$126.8 M	\$36.5 M	\$90.4 M
80	2029	\$83.5 M	\$15.1 M	\$98.6 M	\$38.3 M	\$60.3 M
Total Cost		\$268.0 M	\$61.8 M	\$329.7 M	\$152.6 M	\$177.2 M

*Revenue through March of fiscal year achieved"

**Assumes all Measure O revenue used prior to using any General Fund or Gas Tax revenue

Sources: Pavement Engineering, Inc. analysis, January 7, 2020;
City Measure O revenue projection

Option #1: Meet Initiative PCI Targets

If the City chooses to meet the PCI levels demands placed by the Measure O Termination initiative, there would be serious funding consequences and many City services would be decimated

Change in Measure O sales tax funding policy as of January 1, 2020 will have the following impacts on the City

Action	Impact	Revenue	Expenses
Dedication all Measure O revenue to streets & alleys	Funding Policy Change	(\$152.6 M)	
Fund Full PCI Needs	Redirection of City GF and Gas Tax revenue	(\$177.2 M)	
Eliminate Funding for Positions & Programs funded by Measure O (37.0 FTE in Police and Fire)	Eliminate 53.5 Positions & Program Funding (layoffs)		(\$111.2 M)
Redirect GF program and staffing costs	Cut 11% of GF Budget for nine years (layoffs)		(\$143.4 M)
Shift of Debt Service costs to GF & Gas Tax Funds	Funding by GF		(\$27.4 M)
Extension of Measure O	Five More Years Revenue March 2029-March 2034	\$106.5 M	(\$110.5M)

Option #2: Maintain Status Quo

The City cannot reasonably afford the cost of bringing its streets and alleys up to a PCI of 80 by September 31, 2028; therefore, the option of making no effort in funding of streets, and giving up the Measure O sales tax immediately, is a rational choice that the City can make. This option has the following consequences:

**Elimination of Measure O sales tax as of March 30, 2023
will have the following impacts on the City**

Action	Impact	Revenue	Expenses
Elimination of Measure O	Reduced Revenue	(\$112.5 M)	
Loss of Measure O Funded Positions & Programs (37.0 in Police and Fire)	Eliminate 53.5 Positions & Program Funding in FY23		(\$79.0 M)
Shift of Debt Service costs to General Fund	Funding by GF in FY23		(\$19.8 M)
Eliminate GF Transfer for Loan Repayment	Savings to GF from eliminating loan repayment		9.5 M

Measure O Termination | Conclusion

If the Streets initiative is passed by the voters, the City would be left with two broad choices:

1. Make improvements to streets and alleys in order to meet PCI level deadlines—using a combination of Measure O, General Fund, and Gas Tax funds
 2. Do nothing and let Measure O expire on March 31, 2023
- **Option #1** effectively transforms the Measure O sales tax from a general tax to a special tax, as there will be no revenue left to fund any other community priority; and requires \$197 million in General Fund and Gas Tax Revenues. If the City is able to meet the PCI level deadlines, it will result in a 5-year extension of the Measure O tax. Because estimated cost of maintain a PCI of 80 will exceed expected Measure O revenues, City services will not benefit from an extension
 - **Option #2** keeps the Measure O tax as a general tax, but causes an early termination and loss of Measure O, resulting in a **loss of \$112.5 Million in revenue between March 31, 2023 and March 31, 2029**. This will drastically affect Oxnard’s public safety services and quality of life improvements anticipated by the voters in approving Measure O

Summary of Impacts | Measure O Termination

Governance



- Measure O was approved as a General Tax (50% voter passage) that allows City Council to determine the use of Measure O funds
- Measure O becomes a *de facto* special tax (2/3rds voter approval requirement) due to the only potential use of Measure O tax will be improvement of streets and alleys if Measure O is to be retained at all
- Reduces Council authority given in Measure O of directing Measure O funding

Organization



- Will result in the loss of 53.5 Measure O funded positions (primarily in public safety) being eliminated
- Will cause redirected funding from the General Fund of between 10%-15% per year for nine years

Fiscal



- To meet PCI levels, will direct **\$152.6 Million** of Measure O sales tax to improvement of streets & alleys (starting if January of 2021)
- Will require additional funding of **\$177.2 Million** from the General Fund and Gas Tax Fund and **\$27.2 million** in debt service by GF
- Not meeting PCI levels will result in early termination of Measure O. For example, a March 2023 termination would result in a **loss \$112.6 Million** in revenue

Summary

Summary Impact Findings

- Each of these initiatives will have varying impacts on the City's governance, organizational functioning, and fiscal impacts
- **Disruption of Governance**—Especially in the Treasurer Expansion Initiative with:
 - Conflict between one group of elected officials (City Council) and a single elected officer (Treasurer)
- **Organizational Impacts**—Varying degrees in all three initiatives leading to:
 - Split in City oversight between elected Treasurer and City Manager
 - Loss of staff and City programs with redirection or elimination of Measure O funding for streets & alleys
 - Redirection of staff time to videotaping legislative body presentations prior to meetings
- **Fiscal Impacts** that the City cannot afford
 - Treasurer Expansion Initiative—**\$634,000 per year** +- (not including impacts from lack of efficiency)
 - Meeting Requirements Initiative—**\$250,000 per year** (not including translation services for videos)
 - Measure O Termination—up to **\$329.7 million** (from Measure O, Gas Tax, and General Fund) plus loss of staff/programs carrying out Measure O's intent
- **Vague language**—especially in the Treasurer Expansion and Meeting Requirements Initiatives—that will likely lead to legal challenges and inefficiencies in operations

Questions?