CITY OF
OXNARD
CALIFORNIA

Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its meeting will be made available for public inspection at the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard website at www.oxnard.org.

AGENDA
MEASURE O CITIZEN OVERSIGHT COMMITTEE
Regular Meeting
Virtual/Online (Zoom)
Thursday, July 22, 2021
5:30 p.m.

Please click the link below to join the webinar:
Meeting Link: https://us06web.zoom.us/j/83225968856?pwd=RHY2cnA3OENhbjkyYkprbWZhZ1lFZz09

This meeting is held pursuant to the State Emergency Services Act, the Governor's Emergency Declaration, and Governor's Executive Order N-29-20 to allow members of the Oversight Committee or staff to participate via teleconference. As a precautionary measure to help slow the spread of COVID-19, the City Council facilities are temporarily closed to the public.

*Please see the link for the Measure M prerecorded presentation video for each agenda item below.

Contact Measure O Citizen Oversight Committee Deputy City Manager, Shiri Klima, at (805) 385-7430 or shiri.klima@oxnard.org for information on participating in this meeting no later than 3:00 p.m. on the day of the meeting.

*The City has filed pre-election and post-election lawsuits regarding the validity of Measure M. The judge has not yet ruled on the legal sufficiency of Measure M.

A. Roll Call/Posting of the Agenda

B. Pledge of Allegiance

C. Public Comments

At this time, the Committee will consider public comments for a maximum of fifteen minutes. A person may address the Committee only on matters not appearing on the agenda and within the subject matter jurisdiction of the Committee. The presiding officer may limit public comments to three minutes per person.

D. Approval of Minutes
1. SUBJECT: Approval of the minutes from April 28, 2021
RECOMMENDATION: Approve.

E. Presentations/Reports
1. SUBJECT: Determining Whether to Continue to Wean Off of Measure O
RECOMMENDATION: That the Measure O Citizen Oversight Committee discuss and provide feedback as to what the City should do regarding Measure O weaning.
Please click the following link to view the required Measure M pre-recorded presentation video:
https://youtu.be/iJZOhel_M0E

F. Future Agenda Items

G. Adjournment to Thursday, October 28, 2021, at 5:30 p.m. (likely in person)

MINUTES

Measure O Citizen Oversight Committee
Special Meeting
April 28, 2021

A. ROLL CALL

At 5:32 p.m., the virtual zoom meeting of the Measure O Citizen Oversight Committee convened. Commissioners Ruby Durias; Deirdre Frank; Angel Garcia; Nancy Lindholm; Joseph Munoz; Steven Nash; Daniel Pinedo; Len Shulman and Christopher Taccone were present. Chair Lindholm presided and called the meeting to order. Staff members present were: Shiri Klima, Deputy City Manager; Craig Beck, Interim Public Works Director and Luly Lopez, Recording Secretary.

B. PLEDGE OF ALLEGIANCE

Saluted the flag.

C. PUBLIC COMMENTS

There were no public comments.

D. APPROVAL OF MINUTES

1. SUBJECT: Approval of minutes of April 22, 2021.
RECOMMENDATION: Approve.
ACTION: Commissioner Nash moved approval as recommended. Commission Garcia seconded to approve the recommended action as presented.
VOTE: Commissioners Frank, Garcia, Lindholm, Munoz, Nash, Pinedo, Shulman, Taccone and Durias. The motion carried 9-0-0.

E. PRESENTATION/REPORTS

1. SUBJECT: Pavement Management Update.
RECOMMENDATION: That the Measure O Citizen Oversight Committee provide input to the City Council regarding the Pavement Management Plan to direct staff to either:
1. Fund ongoing street pavement conditions at an average Pavement Condition Index (PCI) level of 65. This can be achieved within the current budget, no additional funding required; or
2. Identify funding to support improving pavement conditions to an average PCI level of 70. It is anticipated this will cost an additional $43.7M over the next three years ($14.6M annually); or

3. Identify funding to support improving pavement conditions to an average PCI level of 75. It is anticipated this will cost an additional $116.1M over the next five years ($23.2M annually).

DISCUSSION: The Deputy City Manager gave an overview of the Pavement Management Plan that was presented to the Public Works and Transportation Committee on April 27, 2021. The Interim Public Works Director stated that funding for road repair comes from Senate Bill 1 (SB-1), County transportation grants, Historic Enhancement and Revitalization of Oxnard (HERO) and Measure O. Discussion ensued among the Commissioners and staff.

ACTION: Vice Chair Frank moved that the Measure O Citizen Oversight Committee concur with the Public Works and Transportation Committee recommendation of an average PCI level of 70. Commissioner Shulman seconded the motion.

VOTE: Commissioners Garcia, Lindholm, Munoz, Nash, Pinedo, Shulman, Taccone, Durias and Frank. The motion carried 9-0-0.

F. ADJOURNMENT

There being no further business on the agenda, and without objection, Chair Lindholm adjourned the meeting at 5:58 p.m.

Luly Lopez, Recording Secretary

Nancy Lindholm, Chair

CITY OF OXNARD CALIFORNIA

MEASURE O CITIZEN OVERSIGHT COMMITTEE
AGENDA REPORT ITEM NO. E-1

TO: Measure O Citizen Oversight Committee

FROM: Shiri Klima, Deputy City Manager

DATE: July 22, 2021

SUBJECT: Determining Whether to Continue to Wean Off of Measure O

RECOMMENDATION:

That the Measure O Citizen Oversight Committee discuss and provide feedback as to what the City should do regarding Measure O weaning.

DISCUSSION:

On January 23, 2020, at the Measure O Citizen Oversight Committee meeting, staff explained that since Measure O will terminate in 2029 and we are past its midpoint, it was time to begin weaning ourselves off that stream of revenue. There were two purposes to weaning. First, in order to ensure the City can cover debt payments due past the sales tax's sunset, the City needed to build up the fund balance in the few years before the sunset date. Second, at Measure O's termination, all ongoing programs would have to be moved to another funding source, so the weaning effort was intended to make that reabsorption process smoother.

Staff presented a schedule to wean off of the Measure O sales tax supplement at that same meeting. If we use no further Measure O funding for one-time projects, we must implement savings, reabsorptions (into the General Fund or other funds), reductions, and if necessary, cuts that total $801 thousand in FY 20-21, $841 thousand in FY 21-22, and so forth, as listed in the chart below, through the sunset date:

FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
$0.801M	$0.841M	$0.925M	$1.064M	$1.276M	$1.532M	$1.838M	$2.206M	$2.647M

That weaning schedule assumed the then-forecasted half-cent sales tax revenue into Measure O, which was:

FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
$13.2M	$14.5M	$15.3M	$17.8M	$18.5M	$18.8M	$19.3M	$19.8M	$14.7M*

*3 quarters of revenue (July 2028 - March 2029)

Since then, we have learned the Covid-related recession impacted the Measure O half-cent sales tax revenue much less than staff predicted a year ago. The current sales tax forecast is shown below, and in parentheses, the change between the forecast a year ago and the forecast today:

FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
$16.6M (+$3.4M)	$17.3M (+$2.8M)	$18.1M (+$2.8M)	$18.8M (+$1.0M)	$19.4M (+$0.9M)	$20.1M (+$1.3M)	$20.8M (+$1.5M)	$21.5M (+$1.7M)	$16.2M* (+$1.5M*)

*3 quarters of revenue (July 2028 - March 2029)

As explained in the staff report accompanying the June 15th public hearing on the FY 2021-22 Budget, "...the national, State, regional, and local economies continue to recover from the pandemic-induced recession of early 2020 faster than expected, and as the Federal government continues to encourage consumer spending with stimulus checks and enhanced unemployment benefits." The higher consumer spending leads directly to higher sales tax revenue from Measure O -- and, of course, to higher General Fund revenue from the base 1% Bradley-Burns sales tax, and from the new Measure E 1.5-cent sales tax. Cumulatively from FY 2020-21 through FY 2028-29, Measure O will bring in $17 million more than staff anticipated a year ago.

Also due to Covid prohibitions, since March 2020 some Measure O funded programs could not take place and projects could not be constructed. For example, some of the recreational programs could not take place indoors. Thus, expenditures were $670 thousand less than anticipated.

What might have affected this weaning schedule significantly, but now is less likely to do so, is Measure N. Measure N set certain targets for the City's pavement condition index (PCI) by certain dates, and if those benchmarks were not reached by those dates, Measure O was set to expire early. For example, Measure N stated by September 30, 2024, if the City did not reach a PCI of 70, Measure O would expire on March 31, 2025. Similarly, by September 30, 2026, if the City did not reach a PCI of 75, Measure O would expire on March 31, 2027. However, on June 25, 2021, Judge Walsh issued a Statement of Intended Decision in the City's challenge to Measure N, which finds Measure N invalid because it "invades this forbidden area of administration intruding as it does on the City Council's power to set a budget." The City awaits the Judge's final decision in this matter, and staff notes Aaron Starr has already filed Objections to the Statement of Intended Decision and has stated he will likely appeal the final decision. Thus, this threat to Measure O will not be resolved until a final decision has issued and the appeal process has run its course. However, given Judge Walsh's Statement of Intended Decision, staff recommends continuing on the assumption Measure N will not terminate Measure O early, and if Judge Walsh or a higher court determines otherwise, we will adjust accordingly.

There are a few choices as to what the City could do with the weaning schedule, given what is written above:

1. We could stop the weaning process altogether going forward. Assuming current projections come to pass, the City would still have a positive fund balance in the Measure O Fund at June 30, 2031 (once the debt service for 2014 Oxnard Fire Station 8 Bonds is paid off). However, City staff recommends against this option because at Measure O's termination, all ongoing programs would transfer to the General Fund, which would be abrupt. Staff believes there is a "softer" way to transition away from Measure O.

2. We could continue the weaning process, but select a weaning schedule that is less aggressive than the one proposed a year ago. For example, we could opt for a weaning target of $0.5 million per year. However, staff recommends against this option as well. Whatever is left would still have to transfer at Measure O's termination, which would still be sudden. Also, the new target would be arbitrarily selected somewhere between no weaning and the prior calculated weaning schedule. Finally, and most importantly, Covid is not over, and the economy has not necessarily stabilized, so it is possible in the short term the economic projections above may change significantly again.
3. We could continue with our original weaning schedule. The graduality of this schedule will allow a soft transition of all ongoing programs to the General Fund by the time Measure O terminates, assuming such programs should transition. Additionally, this option does not suggest making a change that might need to be undone or changed in the near future if the economy shifts drastically; it is the steadier path.

If the Committee suggests we proceed with option 1, staff will take this discussion to the City Council to consider stopping the weaning process. If the Committee suggests we proceed with option 2 or 3, we will return to the Committee in the fall with weaning suggestions for FY 21-22.

Determining Whether to Continue to Wean Off of Measure O

Measure O Citizen Oversight Committee
July 22, 2021

CITY OF
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RECOMMENDATION

That the Measure O Citizen Oversight Committee discuss and provide feedback as to what the City should do regarding Measure O weaning.

ORIGINAL PURPOSE OF WEANING

- Measure O will terminate in 2029
- In early 2020 we decided it was time to begin weaning ourselves off that stream of revenue
- Two purposes to weaning:
  1. To ensure City can cover debt payments due past sales tax's sunset, City needed to build up the fund balance in the few years before the sunset date
  2. At Measure O's termination, all ongoing programs would have to be moved to another funding source, so the weaning effort was intended to make that reabsorption process smoother

WEANING SCHEDULE STAFF PROVIDED IN EARLY 2020

Required savings, reabsorptions (into General Fund), reductions, and cuts per fiscal year:

FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
$0.801M	$0.841M	$0.925M	$1.064M	$1.276M	$1.532M	$1.838M	$2.206M	$2.647M

ORIGINAL WEANING SCHEDULE

The 2020 weaning schedule assumed the then-forecasted half-cent sales tax revenue into Measure O, which was:

FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
$13.2M	$14.5M	$15.3M	$17.8M	$18.5M	$18.8M	$19.3M	$19.8M	$14.7M*

*3 quarters of revenue (July 2028-March 2029)

COVID RECESSION DID NOT HIT AS HARD AS PREDICTED

Current sales tax forecast, and in parentheses, the change between the forecast a year ago and today:

FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
$16.6M (+$3.4M)	$17.3M (+$2.8M)	$18.1M (+$2.8M)	$18.8M (+$1.0M)	$19.4M (+$0.9M)	$20.1M (+$1.3M)	$20.8M (+$1.5M)	$21.5M (+$1.7M)	$16.2M* (+$1.5M*)

*3 quarters of revenue (July 2028-March 2029)

Cumulatively (FY 20-21 to FY 28-29), Measure O is currently projected to bring in $17M more than anticipated a year ago (but this could still change again!)

COVID RESTRICTIONS YIELDED LOWER EXPENDITURES

Also due to Covid prohibitions, since March 2020:

- Some Measure O funded programs could not take place
- Some Measure O funded projects could not be constructed

Thus, expenditures were $670K less than anticipated

JUDGE FINDS MEASURE N INVALID IN STATEMENT OF INTENDED DECISION (NOT FINAL)

- Measure N set targets for City's pavement condition index by certain dates, and if not reached in time, Measure O would expire early
- On 6/25/21, Judge Walsh issued Statement of Intended Decision: finds Measure N invalid
  - Measure N "invades this forbidden area of administration intruding as it does on the City Council's power to set a budget"
- City awaits Judge's final decision in this matter

MEASURE N LIKELY WON'T IMPACT MEASURE O

- Starr filed Objections to Statement of Intended Decision and has stated he will likely appeal
  - So threat to Measure O not resolved yet
- Given Statement of Intended Decision, staff recommends assuming Measure N will not terminate Measure O early
  - If Judge Walsh or higher court determines otherwise, we adjust course at that time

3 OPTIONS REGARDING WEANING SCHEDULE

1. Stop weaning process altogether going forward
2. Continue weaning process, but less aggressive schedule
   - Example: weaning target of $0.5 million per year.
3. Continue with original weaning schedule

OPTION 1 OF 3 REGARDING WEANING SCHEDULE

1. Stop weaning process altogether going forward
   a. If current projections hold, Measure O has positive fund balance (assuming no new needs)
   b. At Measure O's termination, all ongoing programs would abruptly transfer to the General Fund

OPTION 2 OF 3 REGARDING WEANING SCHEDULE

2. Continue weaning process, but less aggressive schedule:
   a. At Measure O's termination, all ongoing programs would still have to suddenly transfer
   b. New target would be arbitrary
   c. Revenue projections may change significantly again

OPTION 3 OF 3 REGARDING WEANING SCHEDULE

3. Continue with original weaning schedule*:
   a. Gradually transition all ongoing programs
   b. This is the steadier path while the economy is volatile

*Staff recommends this option

RECOMMENDATION

That the Measure O Citizen Oversight Committee discuss and provide feedback as to what the City should do regarding Measure O weaning.


ANSWERS
QUESTIONS