



## CITY OF MILPITAS AGENDA REPORT (AR)

<b>Item Title:</b>	<b>Adopt a Resolution Establishing the Measure F Oversight Committee Subject to Voter Approval of Measure F</b>
<b>Category:</b>	Leadership and Support Services
<b>Meeting Date:</b>	10/6/2020
<b>Staff Contact:</b>	<b>Walter C. Rossmann, 408-586-3111</b>
<b>Recommendation:</b>	Adopt a resolution establishing the Measure F Oversight Committee and approve the Measure F Oversight Committee structure and responsibilities, subject to voter approval of Measure F (1/4 cent sales tax) on November 3, 2020.

### **Background:**

On March 12, 2020, in response to the growing Coronavirus threat and the State of California's declaration of a state of emergency, City Manager Steve McHarris declared a local emergency. On March 13, the President of the United States declared a National Emergency concerning the Novel Coronavirus Disease (COVID-19) Outbreak. On Monday, March 16, 2020, the County of Santa Clara, and six of the most populous counties in the region, announced a shelter-in-place (SIP) order in light of the increased number of cases of COVID-19 that have been confirmed in Santa Clara County.

In response to the economic impact related to the pandemic, on March 27, the President signed into law the Coronavirus Aid, Relief and Economic Security (CARES) ACT, providing \$2.2 trillion dollars of relief funds for businesses, government agencies, nonprofit organizations, and individual Americans. Additionally, the Federal Reserve implemented several monetary strategies to provide support for the flow of credit to American families and businesses.

On June 2, 2020, the City Council approved the FY 2020-21 Budget and Financial Plan solving a projected \$25 million shortfall over three fiscal years with ongoing expenditure reductions and the use of reserves. The FY 2020-21 Budget and Financial Plan assumed an economic recovery within 18 months based on data available at that time and the unprecedented federal fiscal and monetary economic stimuli injected into the economy.

Since the approval of the FY 2020-21 Budget and Financial Plan, the projected economic impact related to COVID-19 has worsened with an additional significant impact to the City's FY 2020-21 General Fund revenues. Therefore, on August 4, 2020, the City Council placed Measure F, a ¼ cent sales tax measure, on the November 3, 2020 ballot for voter consideration in order to provide funding to maintain important City services with a sunset of the tax in eight years and requiring independent audits and a citizens' oversight committee.

On September 1, 2020, the City Council adopted a resolution directing the City Manager to implement the COVID-19 Fiscal Response Strategies and Guidelines which includes seeking Council approval of a citizens' oversight committee for Measure F in advance of the election. If Measure F is approved, establishing the structure and responsibilities of the oversight committee will help ensure that the City properly manages the funds.

### **Analysis:**

In order to determine a possible structure and responsibilities for the Measure F Citizens' Oversight Committee, staff reviewed the structure of other City of Milpitas advisory commissions and reviewed the responsibilities of advisory bodies for general sales tax measures in California. The structure of oversight

committees varies among local agencies. Staff reviewed the oversight committees for general Sales Tax measures of the Cities of Larkspur, Lodi, Roseville, Santa Ana, Santa Barbara and Ventura and the Town of Los Gatos.

#### City of Milpitas Advisory Commissions Overview

The City of Milpitas currently has 12 advisory commissions advising the Council on specific issues such as the Arts Commission, the Public Safety and Emergency Preparedness Commission or the Youth Advisory Commission. On April 16, 2019, the City Council approved the Standardized City of Milpitas Commission By-Laws (Attachment 1). The by-laws determine the number of commissioners (seven plus two alternates) for each commission; provide that commissioners are appointed by the Mayor and approved by the City Council; set commissioners' term (maximum three terms of three years); and establish general requirements for advisory commissions such as the election of officers, structure and scheduling of meetings, and determination of a quorum.

Typically, commissioners are residents of the City and not necessarily citizens. Therefore, staff recommends the title for the tax measure oversight body to be "Measure F Oversight Committee" versus "Measure F Citizens' Oversight Committee." Although, City advisory bodies are referred to as commissions, to ensure consistency with Measure F, staff recommends the title of "Measure F Oversight Committee" versus "Measure F Oversight Commission."

In addition to the Standardized City of Milpitas Commission By-Laws, the City Council also adopted addenda to the by-laws specific to each commission which specifies the commission's advisory area, membership, and meeting frequency.

#### Measure F Oversight Committee Recommended Structure and Responsibilities

Consistent with the City Council approved Standardized City of Milpitas Commission By-Laws, staff recommends the formation of a seven-member advisory body with two alternate members appointed by the Mayor with appointments approved by the Council, up to a maximum of three three-year terms. The Finance Department would be responsible for staffing the Committee with oversight from the City Manager's Office. It is important to note that the Committee will only be established if the voters approve Measure F.

As outlined in the attached addendum to the standardized by-laws specific to the Measure F Oversight Committee, staff recommends that the Committee advise the Council on the following items:

- Annually, as part of the development of the budget, review the projected revenues and recommended expenditures for the funds generated by Measure F
- Annually, after the end of the Fiscal Year review status of programs and services, funded wholly or partially with proceeds from Measure F
- Receive annual presentations from the City's sales and use tax consultant and the City's independent financial auditor.

Of the cities surveyed, some oversight bodies were tasked with additional responsibilities. Two local agencies required that the respective committees prepare an independent report to the Council regarding the revenue and expenditure of funds and another committee appears to be tasked with making budget recommendations. Staff does not recommend requiring the Measure F Oversight Committee to prepare an independent report because this would be burdensome for a volunteer committee. Further, staff does not recommend for the Measure F Oversight Committee to make budget recommendations because per Municipal Code Section VI-1-2.05 titled "Preparation and Administration of the Budget," the City Manager shall prepare the budget annually and submit it to the City Council.

Further, as detailed in the addendum to the standardized by-laws specific to the Measure F Oversight Committee, staff recommends quarterly meetings and that members of the advisory commission should have the following areas of expertise and/or are advocates for:

- Business and/or residential community
- Municipal or governmental services operations
- Municipal finance, taxation, budgeting, and/or accounting

#### **Next Steps**

If the voters approve Measure F, the City Council is scheduled to certify the election results on December 15, 2020 with the tax scheduled to go into effect on April 1, 2021. After certification of the election results, the City will begin the process for seating the Committee to ensure that the Committee will be able to review the projected revenues and recommended expenditures for the funds generated by Measure F as part of the FY 2021-22 budget process.

#### **Policy Alternatives:**

##### **Alternative 1:** Approve a different structure for the Measure F Oversight Committee

Pros: None identified.

Cons: This would be contrary to previous Council direction.

Reason not recommended: The City Council adopted a standard structure for its 11 commissions on April 16, 2019.

##### **Alternative 2:** Approve a different set of responsibilities for the Measure F Oversight Committee

Pros: None identified.

Cons: Potentially adding other responsibilities may divert existing staff resources from other high priority projects.

Reason not recommended: The recommended responsibilities are consistent with the intent of Measure F and consistent with other jurisdictions based on staff research.

#### **Fiscal Impact:**

If the voters approve Measure F, based on the current FY 2020-21 Sales Tax revenue estimate, a ¼ cent sales tax measure is expected to generate between \$6 to \$6.5 million in additional revenue per year, which would significantly reduce the projected structural General Fund deficit of \$9 million.

#### **California Environmental Quality Act:**

Not applicable.

#### **Recommendation:**

Adopt a resolution establishing the Measure F Oversight Committee and approve the Measure F Oversight Committee structure and responsibilities subject to voter approval of Measure F (1/4 cent sales tax) on November 3, 2020.

#### **Attachments:**

Resolution

Standardized City of Milpitas Commission By-Laws

By-Law Addendum Measure F Oversight Committee