



**City of Oakdale
City Council Staff Report**

Meeting Date: May 20, 2019

To: Mayor McCarty and Members of the City Council

From: Bryan Whitemyer, City Manager

Subject: Consideration of a resolution (1) Calling for an election on a ballot measure proposing an amendment to Chapter 11 of the City of Oakdale Municipal Code to extend the term of the transactions and use tax implemented by Measure Y, previously Measure O, for an additional eleven (11) years; (2) Requesting the Board of Supervisors of Stanislaus County to consolidate a municipal election on a local measure with other elections to be held on the November 5, 2019 consolidated district election date; (3) Requesting the Stanislaus County Board of Supervisors permit the County Elections Official to render election services to the city; and (4) Approving the proposed ordinance.

I. BACKGROUND

In 2011 the City Council ("Council") for the City of Oakdale ("City") recognized that the City had been experiencing a structural deficit for several years. The City's fiscal problems resulted in a substantial reduction of staff including: (a) a reduction of sworn police officers by twenty-five percent (25%); (b) a reduction in firefighters by twenty-nine percent (29%); and (c) a reduction in department heads by twenty-five percent (25%). To respond to this crisis, the City appointed an ad hoc committee to analyze the possibility of imposing a local transactions and use tax to address the deficit. The ad hoc committee recommended that the City place a measure on the November 1, 2011 ballot to impose a one-half cent transaction and use tax for a three (3) year period. This measure, Measure O, was approved by 55.4% of the voters and adopted by ordinance with a sunset date of April 2015.

An ad-hoc committee appointed by the Council on February 18, 2014, found that the continuation of this revenue source was vital to the preservation of public safety services in the City and recommended that Measure O be extended for an additional five-year period. The City Council placed this question to the people on the November 2014 ballot and the ballot measure known as Measure Y extending the one-half cent transaction and use tax was approved by the 70.2% of the voters of Oakdale.

The taxes collected under Measure Y generate approximately one million nine hundred thousand dollars (\$1,900,000) of revenue annually, or sixteen percent (16%) of the City's General Fund income.

Measure Y has allowed the City to refill six (6) police officer positions and three (3) firefighter positions. This has enabled the City to keep its residents safer by providing more proactive



police services and enhancing its ability to respond to fires and other public safety emergencies.

On March 18, 2019, the Council appointed an ad-hoc committee to explore the possibility of extending the one-half cent local sales tax measure (Measure Y) or other revenue generating options for the City. The following individuals served on that committee: Mary Guardiola, Jeff Steves, Mickey Peabody, Mike Eggener, Amy Velasco, Steve Medlin, Ed Viohl, and Pat Paul.

At the April 15, 2019 meeting, the ad-hoc committee reported to the Council that they had met as a group several times to discuss Measure Y and whether it should be extended. After reviewing financial documents and how Measure Y funds were expended in previous years the committee found that the Council had been very diligent in spending Measure Y for its intended purpose. The committee also indicated that City staff has been very transparent in how the money has been spent by meeting at least annually with the Measure Y Citizens Oversight Committee to review these expenditures. The citizen ad-hoc committee unanimously recommended that the Council place a measure on the November 5, 2019 ballot extending the one-half cent transaction and use tax for an additional 11-year period.

Measure Y Funds Have Been Spent as Intended

Measure Y Residents Oversight Committee:

Great care has been taken to ensure that funds collected from Measure Y are spent for their intended purpose. The Measure Y Residents Oversight Committee has met at least annually every year for the last eight years and has reviewed extensively the expenditure of Measure Y funds. Each year the City of Oakdale Measure Y Residents Oversight Committee has unanimously confirmed that all funds collected through the one-half cent sales tax (Measure Y) were expended appropriately. If Measure Y is extended this oversight committee will continue to meet to review the expenditure of Measure Y Funds.

II. DISCUSSION

California Revenue and Taxation Code requires voter approval to extend a transactions and use tax for general purposes.¹ The proposed resolution ("Resolution") would accomplish several necessary tasks to allow the City to submit a ballot measure to voters proposing to extend the life of the transactions and use tax established under Measure Y, previously Measure O, for an additional eleven (11) years ("Ballot Measure").

The Resolution calls for an election to consider the Ballot Measure and sets forth the exact language of the Ballot Measure. The Ballot Measure also includes the City Attorney's impartial analysis of the Ballot Measure, as required by the Stanislaus County Registrar of

¹ California Revenue and Taxation Code section 7285.9



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City Council Staff Report (Continued)

Voters (“ROV”). The Revenue and Taxation Code requires that the Council approve the ordinance proposing the Sales Tax extension by a two-thirds (2/3) of all of the Councilmembers. The Resolution incorporates the full text of the ordinance and declares that the Council approves the ordinance and its submission to voters for consideration.

The Resolution also makes a formal request to the Board of Supervisors (“BOS”) to consolidate the Ballot Measure election with other elections being held on the same election date and to direct the ROV to provide the City with election services.

If the Resolution is adopted, it must be mailed to both the ROV and the BOS for the County of Stanislaus (the “County”) so that both receive the Resolution before July 3, 2019. The BOS will consider the request for consolidation and election services on July 20, 2019. Once the election occurs on November 5, 2019, the Council must hold a meeting to declare the results. If the Ballot Measure passes, it will become effective ten (10) days after Council's declaration of results. This will allow the City to extend the sunset date of Measure Y before it expires in April 2020.

If the Ballot Measure is successful, it would allow the City to continue to collect the one-half cent tax for sales within the City. Without this measure, the City's authority to collect the tax will expire in April 2020, resulting in a loss of approximately one million nine hundred thousand dollars (\$1,900,000) in annual revenue for the City.

Measure Y has enabled the City to improve the quality of life for its residents by adding back police officer and firefighter positions, keeping street lights on, providing services to senior citizens at the Oakdale Senior Center, and keeping streets and roadways swept. If Measure Y does expire, it is likely that the Council would be forced to impose reductions in City services.

To be placed on the November 2019 ballot, the ballot measure must receive a two-thirds majority vote of the Oakdale City Council.

III. FISCAL IMPACT

The Stanislaus County Clerk-Recorder's Office provided an estimate of \$6.00 to \$7.50 per voter as the City's election costs, regardless of the number of ballot measures up for consideration (Attachment B). It is anticipated that the total cost to place this on the ballot could range from \$69,300 to \$87,750.

If the Ballot Measure passes, these costs will be offset by the approximately one million nine hundred thousand dollars the City will be able to collect each year over the eleven (11) year extension of the Sales Tax.

Over the last several years the Council and staff have taken numerous steps to reduce expenditures and control costs. Staffing levels have been reduced significantly in all sectors of local government including public safety. The hardest hit sector has been in general



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administration. Since 2007, the City has reduced by 45% the number of administrative staff from 54 positions to 30 positions currently.

Measure Y generates approximately \$1.9 million or 17% of all General Fund Revenues. This funding has allowed the City to prevent catastrophic budget cuts and maintain City services, including police and fire protection, senior programs, and other general services.

If an extension of Measure Y is not placed on the ballot or not approved by the voters, significant service reductions are expected. These service reductions could include, but are not limited to, police and fire services, senior center programs, and street lighting.

IV. RECOMMENDATION

Adopt Resolution No. 2019-____ (1) Calling for an election on a ballot measure proposing an amendment to Chapter 11 of the City of Oakdale Municipal Code to extend the term of the transactions and use tax implemented by Measure Y, previously Measure O, for an additional eleven (11) years; (2) Requesting the Board of Supervisors of Stanislaus County to Consolidate a municipal election on a local measure with other elections to be held on the November 5, 2019 Consolidated District Election date; (3) Requesting the Stanislaus County Board of Supervisors permit the Stanislaus County Elections Official to render election services to the City; and (4) Approve the proposed draft ordinance.

V. ATTACHMENTS

Attachment A: City Council Draft Resolution 2019-____

Exhibit A: Proposed Ordinance Amending Article II of Chapter 11: Transactions and Use Tax to delay the original termination date for eleven (11) years.

Attachment B: Election Cost Estimate



**IN THE CITY COUNCIL
OF THE CITY OF OAKDALE
STATE OF CALIFORNIA
CITY COUNCIL RESOLUTION 2019-XXX**

A RESOLUTION OF THE CITY OF OAKDALE CITY COUNCIL

(1) CALLING FOR AN ELECTION ON A BALLOT MEASURE PROPOSING AN AMENDMENT TO CHAPTER 11 OF THE CITY'S MUNICIPAL CODE TO EXTEND THE TERM OF THE TRANSACTIONS AND USE TAX IMPLEMENTED BY MEASURE Y, PREVIOUSLY MEASURE O, FOR AN ADDITIONAL ELEVEN YEARS; (2) REQUESTING THE BOARD OF SUPERVISORS OF STANISLAUS COUNTY TO CONSOLIDATE A MUNICIPAL ELECTION ON A LOCAL MEASURE WITH OTHER ELECTIONS TO BE HELD ON THE NOVEMBER 5, 2019 CONSOLIDATED DISTRICT ELECTION DATE; (3) REQUESTING THE STANISLAUS COUNTY BOARD OF SUPERVISORS PERMIT THE COUNTY ELECTIONS OFFICIAL TO RENDER ELECTION SERVICES TO THE CITY; AND (4) APPROVING THE PROPOSED ORDINANCE

THE CITY OF OAKDALE CITY COUNCIL DOES HEREBY RESOLVE THAT:

WHEREAS, in 2011 the City Council for the City of Oakdale ("City"), relying on a recommendation from an ad hoc committee, determined that the city was experiencing a fiscal emergency; and

WHEREAS, in response to the fiscal emergency, the City Council (the "Council") passed Resolution No. 2011-65, declaring a fiscal emergency and calling for a municipal election to submit a local ballot measure to the voters to consider adopting a one-half cent transactions and use tax to fund various city services; and

WHEREAS, on November 1, 2011, city voters considered and approved Measure O, to allow the City to collect the one-half cent transactions and use tax to fund various city services ("Measure O"); and

WHEREAS, the ordinance adopted pursuant to Measure O provided that the one-half cent transactions and use tax ("Sales Tax") would expire three (3) years from the date it was first collected; and

WHEREAS, on February 18, 2014, the City Council appointed an ad hoc committee to consider the need to extend the existing one-half cent transactions and use tax, which was slated to expire in April 2015; and

WHEREAS, on November 4, 2014, City voters elected to adopt Measure Y (previously Measure O) which continued the one-half cent transactions and use tax for an additional five (5) year period, to expire March 31, 2020; and,



CITY OF OAKDALE
City Council Resolution 2019-XXX

WHEREAS, on March 18, 2019, the City Council appointed an ad-hoc committee, the Transaction and Use Tax Exploratory Committee, to consider the need to extend the existing one-half cent transactions and use tax and the appointed ad hoc committee found that, “The \$1.98 million dollars that Measure “Y” provides the City, on an annual basis, represents about 16% of the total income the City receives. Despite all that has been accomplished to balance the budget, the City cannot survive, as we know it, without Measure “Y” funding”; and

WHEREAS, the Transactions and Use Tax Exploratory Committee recommended the City Council propose a ballot measure for the November 5, 2019 general election to continue the one-half cent transactions and use tax for an additional eleven (11) years; and

WHEREAS, on May 20, 2019, the City Council passed Resolution 2019- XX to place a ballot measure on the November 5, 2019 ballot, considering the extension of the one-half cent transaction and use tax for an additional eleven (11) years; and

WHEREAS, Revenue and Taxation Code section 7285.9 authorizes the City to increase or extend a transactions and use tax for general purposes if (1) the ordinance proposing the tax is approved by a two-thirds vote of all the members of Council; and (2) the tax is approved by the majority of the City’s voters.

NOW, THEREFORE, the City Council of the City of Oakdale does hereby resolve:

1. Call for Election. A ballot measure (“Ballot Measure”) shall be submitted to the qualified voters of the City at the November 5, 2019 general election, proposing an amendment to Chapter 11 of the City of Oakdale Municipal Code to extend the one-half cent transaction and use tax adopting Measure Y for an additional eleven (11) years.
2. Form a Ballot Measure. The text of the proposed ordinance to be submitted to the voters is attached as Exhibit A to this resolution. The exact form of the Ballot Measure to be voted upon shall appear on the ballot as follows:

| | |
|--|-----|
| To help prevent additional budget cuts and maintain City services, including police and fire protection, senior programs, and other general services, shall the City of Oakdale extend the existing ½ cent sales tax set to expire April 2020, for an additional eleven (11) years, with resident oversight and annual independent audits? | YES |
| | NO |

The Ballot Measure shall be designated on the ballot by a letter printed on the left margin of the square containing the description of the measure, as provided in California Elections Code Section 13116.

3. Proposed Ordinance. The ordinance authorizing the extension of the Sales Tax to be approved by the voters is attached to this Resolution as Exhibit A and incorporated herein by this reference. The Council hereby approves the ordinance, the form thereof, and its submission to the voters at the November 5, 2019 general election, as required by Revenue and Taxation Code Section 7285.9, subject to the approval of a majority of the voters voting on the Ballot Measure at the election called by the adoption of this resolution.
4. City Attorney's Impartial Analysis. After reviewing the Ballot Measure, the City Attorney for the City of Oakdale has prepared the following impartial analysis of the Ballot Measure pursuant to California Elections Code section 9280:

California Revenue and Taxation Code requires voter approval to extend a transactions and use tax for general purposes. In 2011, voters in the City of Oakdale approved Measure "O" to institute a transactions and use tax within the City of one-half cent. This tax had a sunset date of April 2015. In 2014, voters in the City of Oakdale approved Measure "Y" to institute an extension the transactions and use tax within the City of one-half cent for an additional five (5) years. If passed, this measure, placed on the ballot by the City Council, will allow the City of Oakdale to collect approximately one million seven hundred thousand dollars annually in sales tax revenue that can be used for general services within the City. The measure will result in individuals continuing to pay a one-half cent tax for transactions within the City. If the measure does not pass, the transaction and use tax implemented through Measure "Y" will expire in April 2020, and the City will no longer be able to collect the revenue.

5. Full Text of Ballot Measure. The full text of the "Ordinance of the City Council of the City of Oakdale Amending Article II of Chapter 11: Transactions and Use Tax to Delay the Original Termination Date for Nineteen (19) Years" will be available at no cost, from the City Clerk's Office or on the City's website: www.oakdalegov.com. A statement about how to obtain the full text of the Ordinance will be included in the Voter Information Pamphlet below the City Attorney's Impartial Analysis.
6. Passage of Ballot Measure. Such Ballot Measure shall require a majority vote to become effective.
7. Consolidation of Election. The City Council hereby authorizes and requests that the Board of Supervisors of the County of Stanislaus, State of California ("BOS") order the consolidation of the election in the City of Oakdale to be held on November 5, 2019, with any other election(s) to be held on the same regular election date, pursuant to California

Election Code section 10400 *et. seq.*

8. Deadline for Submittal of Arguments. Pursuant to California Elections Code Section 9282, the deadline for submitting arguments for or against the Ballot Measure is 5:00 p.m. on July 26, 2019. All arguments shall be three hundred (300) words or less and shall be submitted to the City Clerk who shall transmit such arguments to the County Registrar of Voters (“ROV”). The provisions of the Section shall only apply to the election to be held on November 5, 2019 and shall then be repealed.
9. Request for Election Services. The Council hereby requests the BOS to permit the ROV to render the City such services as the City Clerk may request relating to the conduct of the above-describe election including: ordinance of election precincts, polling places, voting booths, voting systems and election officers, printing and mailing of voter pamphlets, preparation and tabulation of the result of votes cast, canvassing of the returns of the election.
10. Costs. The City shall reimburse the County for the actual cost incurred in conducting the election upon receipt of a bill stating the amount due.
11. Filing with County. The Council directs the City Clerk to submit this resolution and accompanying documents to the County BOS and ROV no later than July 3, 2019.
12. Notice. In accordance with California Elections Code Section 9205, the City Clerk is directed to publish public notice of the election in an adjudicated newspaper of general circulation. Such notice shall include the election date, election location, ballot questions, passage requirement, and the deadlines for submitting arguments and rebuttals. Such notice and an affidavit attesting to its publication shall be filed pursuant to California Elections Code Section 9206.

THE FOREGOING RESOLUTION IS HEREBY ADOPTED THIS 20th DAY OF MAY 2019, by the following vote:

| | | | |
|------------|------------------|-------------------------------------|-----|
| AYES: | COUNCIL MEMBERS: | Chiara, Murdoch, Smith, and McCarty | (4) |
| NOES: | COUNCIL MEMBERS: | None | (0) |
| ABSENT: | COUNCIL MEMBERS: | Bairos | (1) |
| ABSTAINED: | COUNCIL MEMBERS: | None | (0) |

APPROVED:



J.R. McCarty, Mayor

ATTEST:



Rouzé Roberts, City Clerk



IN THE CITY COUNCIL
OF THE CITY OF OAKDALE STATE OF CALIFORNIA

ORDINANCE NO. 1264

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OAKDALE AMENDING
ARTICLE II OF CHAPTER 11: TRANSACTIONS AND USE TAX
TO DELAY THE ORIGINAL TERMINATION DATE FOR ELEVEN (11) YEARS**

WHEREAS, In 2011, the City Council for the City of Oakdale, relying on a recommendation from an Ad Hoc Committee, determined that the City was experiencing a fiscal emergency; and

WHEREAS, In response to the fiscal emergency, the City Council passed Resolution No. 2011-65, declaring a fiscal emergency and calling for a municipal election to submit a local ballot measure to the voters to consider adopting a one- half cent transactions and use tax to fund various City services; and

WHEREAS, on November 1, 2011, City voters considered and approved Measure O, to allow the City to collected the one-half cent transactions and use tax to fund various City services; and

WHEREAS, the ordinance adopted pursuant to Measure O provided that the one-half cent transactions and use tax would expire three (3) years from the date it was first collected; and

WHEREAS, on November 4, 2014, City voters elected to adopt Measure Y (previously Measure O) which continued the one-half cent transactions and use tax for an additional five (5) year period, to expire March 31, 2020; and,

WHEREAS, on March 18, 2019, the City Council appointed an ad-hoc committee to consider the need to extend the existing one-half cent transactions and use tax and the appointed ad hoc committee found that, "The \$1.98 million dollars that Measure "Y" provides the City, on an annual basis, represents about 16% of the total income the City receives. Despite all that has been accomplished to balance the budget, the City cannot survive, as we know it, without Measure "Y" funding"; and

WHEREAS, the Transactions and Use Tax Exploratory Committee recommended the City Council propose a ballot measure for the November general election to continue the one-half cent transactions and use tax for an additional eleven (11) years; and



**CITY OF OAKDALE
CITY COUNCIL ORDINANCE 1264 (CONTINUED)**

WHEREAS, on May 20, 2019, the City Council passed Resolution 2019-046 to place a ballot measure on the November 5, 2019 ballot, considering the extension of the one-half cent transaction and use tax for an additional eleven (11) years.

THE PEOPLE OF THE CITY OF OAKDALE DO ORDAIN AS FOLLOWS:

SECTION 1.

Section 11-12.8. of Article II of Chapter 11 of the City of Oakdale Municipal Code is amended to read as follows:

Section 11-12.8. TERMINATION DATE. The authority to levy the additional one-half of one cent tax imposed by this article shall expire ~~eight (8) years~~ nineteen (19) years from the date the city first commenced collecting the additional tax amount. At that time, the rate shall return to the one cent rate that was in place before the city first began collecting the additional tax amount. (Ord. No. 1202; Ord. No. 1202 (amended); Ord. No. 1224-14.)

SECTION 2.

EFFECTIVE DATE. Upon approval by the majority of voters in the City of Oakdale voting on this Ordinance, this Ordinance shall take effect ten (10) days after the results of the election are declared by the city council.

SECTION 3.

VOTER CERTIFICATION. Upon certification of voter approval, this Ordinance was duly approved by the following vote of the voters of the City of Oakdale on November 5, 2019.

CERTIFICATION OF COUNCIL ADOPTION AND APPROVAL. This Ordinance was introduced and approved by Resolution No. 2019-046 at a regular meeting of the City Council of the City of Oakdale held on the 20th of May, 2019 by the following vote:

| | | | |
|----------|------------------|-------------------------------------|-----|
| AYES: | COUNCIL MEMBERS: | Chiara, Murdoch, Smith, and McCarty | (4) |
| NOES: | COUNCIL MEMBERS: | None | (0) |
| ABSENT: | COUNCIL MEMBERS: | Bairos | (1) |
| ABSTAIN: | COUNCIL MEMBERS: | None | (0) |

ATTEST:


Rouzé Roberts, City Clerk

APPROVED:



J.R. McCarty, Mayor

APPROVED AS TO FORM:



Tom Hallinan, City Attorney



DONNA LINDER
County Clerk-Recorder, Registrar of Voters &
Commissioner of Civil Marriage

ADMINISTRATION:
1021 "I" Street, Suite 101, Modesto, CA 95354
Telephone: 209.525.5211
Facsimile: 209.525.5800

2019 Special Election Cost Estimate City of Oakdale

Number of Voters

11,550-11,700

Printing
Publications
Polls
Personnel
Information Technology Support
Miscellaneous

Registrar of Voters (ROV) Estimated Per Voter Cost:

County ROV services to conduct a 2019 stand-alone
odd year special election
(cost dependent and can increase contingent
on the number of candidate statements)

\$6.00 - \$7.50 per voter

The increased cost estimate outlined above is directly associated with conducting a "stand alone" election in an odd-year election cycle. SB 415, the Voter Participation Rights Act, allows voting districts to move from odd year to even year election cycles. Almost every district in Stanislaus County has moved to an even year election cycle. This allows them to greatly reduce their costs by sharing election expenses. As a "Stand alone" district in an odd-year election cycle, your costs are substantially higher and absorbed by your district alone. Please contact this office if you have any questions regarding the change to an even year election cycle or wish to discuss this further.

A handwritten signature in cursive script that reads "Donna Linder".

Donna Linder, Clerk-Recorder, Registrar of Voters
February 26, 2019