

AGENDA ITEM
12A

Date: October 29, 2019

Council Action Date: November 4, 2019

TO: Honorable Mayor and City Council

FROM: Alex D. McIntyre, City Manager
Michael Coon, Finance and Technology Director

SUBJECT: Measure O Strategic Planning Principles

SUMMARY

As the City enters the fourth year of the Measure O tax revenue program, it has become apparent that the current spending requests far exceed the level of revenues anticipated in future years. The Measure O ordinance provides a broad array of appropriate spending programs, but no prioritization or strategic outline. Staff is requesting assistance in establishing strategic principles that will provide guidance to the Measure O Citizens Oversight Committee and staff in their efforts to draft a five-year spending plan.

RECOMMENDATION

Accept this report and establish strategic principles regarding the prioritization of Measure O expenditures.

DISCUSSION/ANALYSIS

The following measure appeared on the November 8, 2016 ballot and was approved by the voters:

CITY CLEAN WATER/ BEACHES/ STREET REPAIRS/ SAFETY MEASURE –

To help protect local water supplies, rivers, beaches from pollution; maintain City services, including: fire, paramedic, police emergency response; keep all fire stations open; repair streets; earthquake retrofit bridges; address homelessness; maintain after-school programs, services for seniors, veterans, youth; shall the City establish a ½ cent sales tax for 25 years, providing approximately \$10,800,000 annually, require independent audits, citizens oversight, and all funds used locally?

The specific wording in the ordinance left the City latitude to spend these monies for a full spectrum of improvements. Since this measure went into effect, staff has

recommended, and City Council has approved, numerous projects to improve the quality of life in Ventura.

The first full year of the Measure O revenues was FY 17-18. The City received approximately \$14M in revenues, including the revenue collected from the prior year. The \$14M Measure O budget was approved in October, which was quickly followed by the Thomas Fire in December. As a result of both of those events, the actual spending was significantly less than anticipated. Revenues were approximately \$14M and spending was only about \$6M, leaving a balance of \$8M to carry over to the next year.

FY 18-19 was the next full year of Measure O, and \$13M of new revenues were received. During this year additional needs for public safety were identified, as well as identifying a location for the year-round homeless shelter. As a result, there was \$10M in spending, and \$11M was carried over to the current year.

FY 19-20 is the current year of Measure O and the City anticipates receiving \$13M in new revenues, plus the \$11M carried over from prior year. The City also anticipates spending \$18M during the current year, leaving \$6M to carry over to next year.

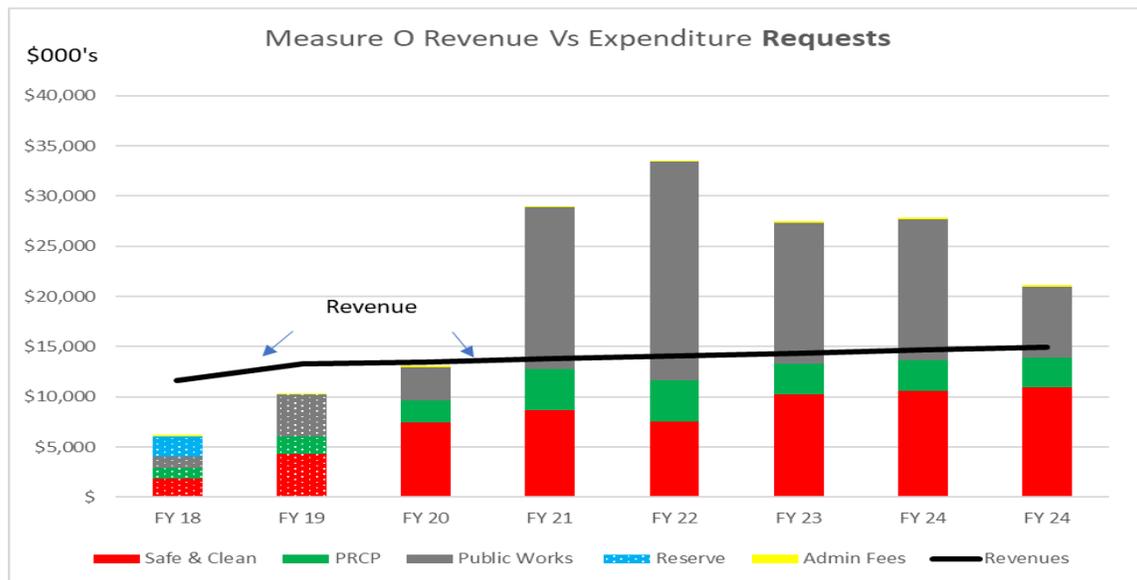
During these early years, the City identified and approved recurring expenses associated with ongoing programs that will not decrease in future years. These recurring costs are associated with public safety and the homelessness shelter. These costs currently make up 55% of the revenues received, with the remaining 45% being used for one-time projects.

Now, approaching the upcoming budget year FY 20-21, staff has identified a list of projects that again exceed the available revenues for the next five years. The following chart incorporates the various requests from each department. The solid black line represents annual revenues, while the stacked bar chart represents annual expenditure requests. The red bars reflect the ongoing costs to support the public safety and homelessness shelter operations.

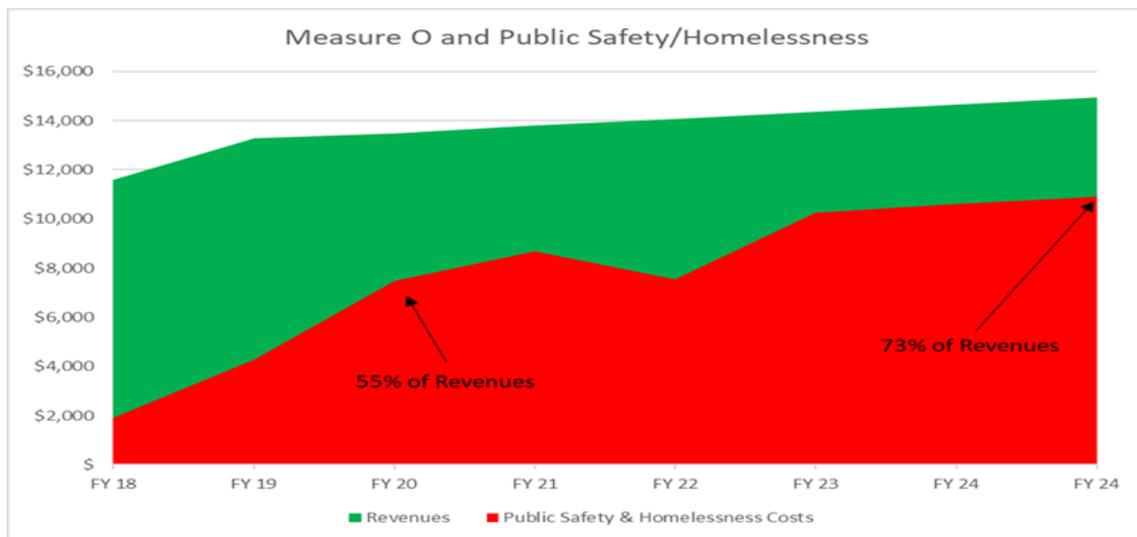
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A deeper look at the spending requests indicates that the requested ongoing costs are increasing as a percentage of revenues.



Over the next five years it is projected that the Measure O revenues will fall \$61 million short of funding all the requested projects. The requested projects are meaningful and will add value to the City. However, staff wants to ensure that the available funds are spent on projects that not only are in line with the Measure O ballot language and ordinance, but that the funded projects also focus on City Council's key priorities.

Listed below are several principles for City Council's consideration.

- Limit ongoing costs to a certain percentage of ongoing revenues (55%, 60%, etc.)
- Prioritize projects that directly relate to the ballot language

- Focus on maintaining current resources
- Limit the number of ongoing projects to provide more focused results

FINANCIAL IMPACT

There is no financial impact associated with this report or the Strategic Plan that may result from it.