



LODI CITY COUNCIL

Carnegie Forum

305 West Pine Street, Lodi

AGENDA – SPECIAL MEETING

Date: January 15, 2019

Time: 7:00 a.m.

***and via conference call:
1311 Midvale Road
Lodi, CA 95240**

For information regarding this Agenda please contact:

**Jennifer M. Ferraiolo
City Clerk
Telephone: (209) 333-6702**

A. Call to Order / Roll Call

B. Regular Calendar

B-1 Receive Information on Measure L Citizens' Oversight Committee's Role, Makeup, and Selection Process and Provide Direction on Selection Process

C. Adjournment

Pursuant to Section 54956.2(a) of the Government Code of the State of California, this agenda was posted at a place freely accessible to the public 24 hours in advance of the scheduled meeting.

Jennifer M. Ferraiolo
City Clerk

All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk, located at 221 W. Pine Street, Lodi, and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 72 hours prior to the meeting date. Language interpreter requests must be received at least 72 hours in advance of the meeting to help ensure availability. Contact Jennifer M. Ferraiolo at (209) 333-6702. Solicitudes de interpretación de idiomas deben ser recibidas por lo menos con 72 horas de anticipación a la reunión para ayudar a asegurar la disponibilidad. Llame a Jennifer M. Ferraiolo (209) 333-6702.

****NOTICE:** Pursuant to Government Code §54954.3(a), public comments may be directed to the legislative body concerning any item contained on the agenda for this meeting before (in the case of a Closed Session item) or during consideration of the item.**



CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Receive Information on the Measure L Citizen’s Oversight Committee’s Role, Makeup and Selection Process and Provide Direction on the Selection Process

MEETING DATE: January 15, 2019

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive information on the Measure L Citizen’s Oversight Committee’s role, makeup and selection process and provide direction on the selection process.

BACKGROUND INFORMATION: On November 6, 2018, Lodi voters passed Measure L with a 58.7% yes vote. Measure L is a one half cent transactions and use tax to be effective April 1, 2019. The 75 word ballot language reads:

To make neighborhoods safer, maintain/improve essential City of Lodi services including: reducing crime; maintaining neighborhood police patrols/gang violence intervention/prevention; fixing potholes/city streets; maintaining neighborhood fire stations; enhancing rapid police/fire response times by restoring firefighter and adding police positions; maintaining recreation facilities/programs; and other general fund purposes; shall the City of Lodi measure enacting an ongoing half cent local sales tax, providing \$5,400,000 annually, with independent citizen oversight, and funds spent locally, be adopted?

The full text of the measure can be found in Lodi Municipal Code (LMC) Chapter 3.30 “2018 General Retail Transactions and Use Tax” included as **Attachment 1**. LMC Section 3.30.140 “Annual Accountability Report” requires the City Council to cause for the preparation of a report detailing how the general purpose revenue is expended in each year the tax is collected and to make the report public. LMC Section 3.30.150 “Establishment of Citizen’s Oversight Committee” requires the Council to appoint a committee of five residents, if possible two of which are Certified Public Accountants (CPA) or the equivalent, to review Measure L expenditures, prepare a report and provide general oversight on Measure L funds. The Citizen’s Oversight Committee (Measure L Committee) serves in an advisory capacity to the Council and does not have jurisdiction over the planning for, timing of, or expenditure of any Measure L or other funds. The Measure L Committee’s jurisdiction is expressly limited to the review of annual Measure L funds. Members serve at the pleasure of the Council for three year terms and are required to meet at least three times per year. The Measure L Committee is required to produce and make public a report for City Council approval each year. LMC Section 3.30.160 “Annual Audit and Review” requires the City’s external auditor to report on Measure L revenue and expenditures separate and apart from other General Fund activities to provide an additional layer of transparency. The Measure L Committee may or may not choose to use the external audit as part of its report to the City Council.

On December 19, 2018, the City Council approved amendments to existing contracts with the California Department of Tax and Fee Administration (CDTFA) and the HdL Companies to administer the collection and remittance of Measure L and provide for economic analysis, audit, and recovery services. From an

APPROVED: _____
Stephen Schwabauer, City Manager

administration standpoint, the City is now in position to begin collecting, planning for use, and expending of Measure L proceeds. The remaining step is to advertise for and fill the Measure L Committee. The Measure L Committee selection process outlined in LMC section 3.30.150B differs from the process the Council uses for other boards and commissions. First, the City will have to collect resume and professional references for accounting and financial professionals to fulfill the desire to have two CPA's or the equivalent serve on the Measure L Committee. Further, the selection process is designed to be inclusive of all Council members. There are five general methods for selecting the Measure L Committee. Council will need to direct staff to proceed with one of these methods or a combination thereof, or direct an alternative selection method that fits within the ordinance. The methods are described briefly below.

Ad Hoc Committee/Short List

The Council can elect to choose an ad hoc committee of two Council members to review applications and recommend a short list for consideration and approval by the whole Council at an open meeting. In this method, the ad hoc committee would eliminate applicants the ad hoc committee deemed either unqualified or not ideal for the Measure L committee position. The full Council would only be able to act upon those applicants that were prequalified and recommended by the ad hoc committee. The full Council would not be interviewing the candidates, simply acting to approve or deny those candidates recommended by the ad hoc committee.

Ad Hoc Committee/Short List/Council Interview

This method would be the same as the Ad Hoc Committee/Short List with one exception. Council would be given the opportunity to conduct an interview with all candidates passed by the ad hoc committee. The interviews would take place at a regularly scheduled meeting of the City Council. Upon completion of the interviews, nominations and seconds could be made by any Councilmember until a sufficient number of Measure L Committee members were seated.

Full Council Review

In this method, the full Council would review each individual application in advance of an open meeting. At the open meeting, the Council would then make nominations, seconds and votes would be conducted based on Councilmembers' independent reviews of the applicants. Nominations would be taken until a sufficient number of Measure L Committee members were seated.

Full Council Review/Interviews

This process is the same as the Full Council Review but with every applicant having a public interview at a regular Council meeting. Upon completion of the interviews, nominations and seconds could be made by any Council member until a sufficient number of Measure L Committee members were seated.

One Committee Member per Councilmember/District

The final method would pair committee members to Councilmembers. Each Councilmember would get to appoint one committee member. The Council could chose to allow each Councilmember to choose a committee member without a full Council vote, or Council could chose to allow each Councilmember to nominate a Committee member for approval by the full Council. In this method, committee members would be paired with Council districts so that each time there is a vacancy, the current sitting Councilmember from hat district would appoint the new committee member.

In addition to selecting a methodology, there are certain restrictions on Measure L Committee members. Per LMC Section 3.30.150B, members cannot be:

- Current City employees
- Current City officials (members of other committees, boards or commissions or Council members)
- Current contractors or vendors of the City of Lodi

- Past employees, contractors or vendors deemed to have conflicts of interest as determined by the City Attorney

After selecting a methodology, staff recommends the Council direct the City Clerk to post for the vacancies in order to fill the Committee.

FISCAL IMPACT: There is no fiscal impact from hearing this presentation. The Citizen's Oversight Committee will be staffed by the Deputy City Manager and the Accounting Manager, both of which are exempt positions. External reports are required by the ordinance approved by Lodi voters and will be funded through Measure L proceeds.

FUNDING AVAILABLE: There are no planned expenditures in Fiscal Year 2018/19. Future year expenditures will be included in budget recommendations using Measure L revenues.

Andrew Keys
Deputy City Manager

Attachments:

1. Lodi Municipal Code Chapter 3.30

Chapter 3.30 - 2018 GENERAL RETAIL TRANSACTIONS AND USE TAX

3.30.010 - Title.

This ordinance shall be known as the City of Lodi 2018 General Retail Transactions and Use Tax Ordinance. The City of Lodi hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.020 - Operative Date.

"Operative date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.030 - Purpose.

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

- A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.
- B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.
- C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.
- D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.
- E. To adopt a retail transactions and use tax for unrestricted general revenue purposes, to remain in effect until the voters amend or repeal it.

(Ord. No. 1953, § 1, 7-18-2018)

3.40.040 - Contract with state.

Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.050 - Transactions tax rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of one-half percent (0.50%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.060 - Place of sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.070 - Use tax rate.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of one-half cent (0.50%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.080 - Adoption of provisions of state law.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.090. - Limitations on adoption of state law and collection of use taxes.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

- A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefore. However, the substitution shall not be made when:
 - 1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California;
 - 2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this ordinance.
 - 3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:
 - a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code; or
 - b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.
 - 4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.
- B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.100. - Permit not required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.110. - Exemptions and exclusions.

- A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax levied by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.
- B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.
 2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For purposes of this paragraph, delivery to a point outside the City shall be satisfied:
 - a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and
 - b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.
 3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.
 4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.
 5. For the purposes of subsections (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
- C. There are exempted from the use tax levied by this ordinance, the storage, use or other consumption in this City of tangible personal property:
1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
 2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.
 3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.
 4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date

of this ordinance.

5. For the purposes of subsections (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
 6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.
 7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.
- D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for, a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.120. - Amendments to state law.

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.130 - Enjoining collection forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.140 - Annual Accountability Report.

The City Council shall cause preparation of an annual accountability report for the benefit of the citizens of the City and in order to assure accountability in the expenditure of tax revenues received pursuant to this ordinance. The annual accountability performance report shall be posted on the City's website and shall include the following information:

- A. The amount of revenue collected pursuant to the transactions and use tax imposed by this ordinance;
- B. The amount and general purposes of the expenditures made possible by this ordinance including, where feasible, a categorization of the nature and purpose of the expenditures. These categories may include, among other things:
 1. A listing of general fund service expenditures (such as police, fire, parks and recreation, library, youth and senior programs, and other general fund services).
 2. A listing of capital facility expenditures (such as streets, police and fire facilities, emergency communication systems, and other general fund capital expenditures).
 3. Such other categories of general fund services or capital expenditures as the City Council may from time to time deem necessary and desirable.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.150 - Establishment of citizens' oversight committee.

- A. **Committee Established.** A Citizens' Oversight Committee is hereby established in the City of Lodi which shall have the duty and responsibility to review the annual accountability performance report and report its findings to the City Council and the citizens of the City.
- B. **Selection of Members.** Members of the Citizens' Oversight Committee shall be appointed by the City Council. The Committee shall consist of five members. Members of the Citizens' Oversight Committee shall not be current City of Lodi employees, officials, contractors, or vendors of the City. Past employees, officials, contractors, and vendors shall be eligible to serve on the Committee, provided that there are no conflicts of interest as determined by the City Attorney. To the extent possible at least two members of the Committee shall be certified public accountants or equivalent. Of the members of the Committee first appointed, three members shall be appointed for terms of two years and two members shall be appointed for terms of three years. Their successors shall be appointed for terms of three years. No member may serve more than two consecutive three-year terms. The City Council shall solicit members of the Citizens' Oversight Committee, through an open application process that is promoted through the City's recruiting process for boards and commissions. Any resident of the City is eligible to apply for Committee membership, subject to the restrictions specified above. All applications will be reviewed by the City Council, which will have the authority to make final decisions regarding Committee composition, subject to the guidelines in this ordinance.
- C. **Purposes and Jurisdiction.** The Citizens' Oversight Committee shall meet a minimum of three times per year, including conducting an annual review of expenditures of revenue collected pursuant to this ordinance to determine whether such funds are expended for the purposes set forth in this ordinance. Committee members may review the annual financial audit performed by an independent auditor during the review process. The Citizens' Oversight Committee shall issue an annual report on their findings to the City Council and to the citizens of Lodi. The Citizens' Oversight Committee annual report is subject to

review and approval of the City Council. The Committee shall confine its review specifically to revenues generated pursuant to this ordinance and the expenditure of those revenues. The Committee shall serve in an advisory-only role to the City Council. Committee members shall not play a formal or informal role in the expenditure of the funds raised by this ordinance. The Committee is not charged with decision-making on spending priorities; schedules; project details; funding source decisions; financing plans; or tax rate assumptions. The Committee shall have no jurisdiction other than that delegated to it by the People pursuant to this ordinance. The Lodi City Manager or the City Manager's designee shall provide reasonable administrative or technical assistance required by the Committee to fulfill its responsibilities or publicize its findings.

- D. Meetings. The Citizens' Oversight Committee shall meet a minimum of three times per year with specific meeting dates to be determined by Committee members. Citizens' Oversight Committee meetings are subject to the Brown Act. Meetings must be noticed and open to the public. Committee minutes and reports are a matter of public record, and must be posted on the City's web site. Additional meetings may be scheduled by the Committee as necessary. All Committee members shall attend a training and orientation session prior to the first regular Committee meeting. Committee members are expected to attend all regular meetings. Failure to attend two consecutive meetings may result in removal from the Committee at the discretion of the City Council.
- E. Committee Operations. The Citizens' Oversight Committee will select members to serve as Chair and Vice Chair of the Committee. A City staff person will be appointed by the City Manager, or the City Manager's designee, to serve as Secretary. The Secretary will be responsible for preparing, posting, and distributing agendas and taking minutes at each meeting. Approved minutes shall be made available to the public. Committee decisions, positions, findings, and procedures shall require a simple majority vote of those Committee members in attendance. The quorum requirement for any meeting shall be a minimum of three (3) members.
- F. Vacancies. Committee members may be removed from the Committee only by the City Council for repeated absences at committee meetings, malfeasance, failure to meet the qualifications set forth in this Section, or for inability or unwillingness to fulfill the duties of a Committee member. In the event of removal, resignation, or death, the City Council shall appoint a person to fill the vacant seat.
- G. Miscellaneous. Subject to the restrictions specifically addressed in this Section, the Committee may draft and adopt its own standard procedures and by-laws by majority vote. All Citizens' Oversight Committee procedures and by-laws remain subject to review and approval of the City Council.

(Ord. No. 1953, § 1, 7-18-2018)

3.30.160 - Annual audit and review.

The revenue from the tax imposed by this ordinance, as well as the expenditure thereof, shall be subject to the annual audit performed by the City's independent auditor of the City's books, records, accounts, and fiscal procedures and which is reported in the City's Comprehensive Annual Financial Report. The audit results may be combined with the audit of other City funds, so long as the proceeds from this ordinance are reported separately. The City Council shall discuss the results of such audit at a meeting of the City Council that is open to the public. The report of such audit shall be posted on the City's website.

(Ord. No. 1953, § 1, 7-18-2018)



Measure L Citizen's Oversight Committee

Presented By: Andrew Keys, Deputy City Manager

City Council Shirtsleeve Session
January 15, 2019





Agenda

- Measure L Review
- Committee Role
- Committee Makeup
- Member Selection
- Proposed Meeting Plan
- FY 2018/19 Timeline



Measure L Review

- General Purpose Transactions and Use Tax
 - Approved by voters November 2018
 - Collection and CA FTDBA advances begin April 1
 - Contracts with HdL for budgeting, monitoring, reporting and auditing
 - Similar to General purpose sales tax
 - As a use tax, items are taxed where they are used not necessarily where sold
 - e.g., Cars are taxed base on address of registration
 - No restrictions on use of proceeds
 - Oversight Committee with a reporting obligation



Measure L Review - Continued

- LMC Section 3.30.030 outlines Measure L's purpose
 - No mention of specific uses in the adopted ordinance
 - The purpose is essentially to establish a general tax to be administered as similarly to the statewide sales tax already in place



Committee Role

- LMC Section 3.30.150 Establishment of citizen's oversight committee
 - Section A. outlines duty to review the annual accountability report meeting the requirements of section 3.30.140 and report findings to the City Council and citizens of Lodi
 - Section C. requires the committee to meet at least 3 times each year to review expenditure of Measure L revenue and report findings to Council
 - Report is subject to review and approval of the Council
 - Review confined to Measure L only
 - The Committee is supported with staff time by the City Manager or designee to provide information, technical assistance and to publicize findings
 - Staff recommendation is for the City's CFO to staff this committee (currently Deputy City Manager/ISD)
 - Subject to Brown Act



Committee Role (continued)

- LMC Section 3.30.150 C. states the Committee does not:
 - Have a formal or informal role in the expenditure of Measure L funds
 - Make budget, allocation or prioritization decisions for Measure L expenditures
 - Make projections, financing plans or tax rate assumptions
 - Have authority outside the authority granted by the people in the Ordinance
 - Confined to LMC Section 3.30.150



Committee Makeup

- 5 Members serving 3 year terms
 - 3 initial members will serve 2 year terms to stagger future appointments
- Limit of 2 terms (six years)
- Any resident is eligible to apply
- To the extent possible, two CPA's or the equivalent shall be appointed
- Supported by DCM/ISD as appointed by CM to serve as secretary and provide support



Member Selection

- Per LMC Section 3.30.150
 - Application process must be open
 - All applications reviewed by City Council
 - City Council has authority to make final decisions regarding Committee composition
- Members cannot be:
 - Current employees
 - Current City officials
 - Current contractors or vendors
 - Past employees, contractors or vendors deemed to have conflicts of interest as determined by the City Attorney



Member Selection Process

- Ad Hoc Committee/Short List
- Ad Hoc Committee/Short List/Council Interview
- Full Council Review
- Full Council Review/Interviews
- One appointee per Council Member/District



Proposed Meeting Plan

- Training and Orientation (in addition to three annual meetings)
 - Discuss committee basics such as meeting decorum, Brown Act requirements, attendance expectations, etc.
 - Can be done in pairs or individually
- Meeting #1 – Municipal Finance 101 and Measure L Basics Select Chair and Vice Chair
 - Intro to municipal budget, financial reports and revenue concepts
 - Review City documents, including formation and discuss staff reports, survey results, ballot language and ordinance text
 - Set meeting agenda for FY 18/19
- Meeting #2 – Review of FY 18/19 Measure L Expenditures
 - Follow up from Meeting 1
 - Overview of FY 18/19 activity. Members ask questions of staff and auditors.
 - Presentation of sample oversight committee reports. Members determine content, format of their report.
- Meeting #3 – Review and approve Measure L report to send to Council
 - Follow up from Meeting 2
 - Set meeting agenda for following year



FY 2018/19 Timeline

- January 15, 2019 – Shirtsleeve on process and opening of committee applications
- February 8, 2019 – Application period closes
- February 20, 2019 – Council selects 2 members to 3 year terms and 3 members to 2 year terms
- March to June 2019 – City Staff conducts committee member orientations
- Summer/Fall 2019 – Meeting # 1
- Dec 2019/Jan 2020 – Meeting #2
- Feb/March 2020 – Meeting # 3



Direction Needed

- Select methodology for filling Committee vacancies
- Direct City Clerk to post for the vacancies
- Confirm staff recommendation for the CFO to serve as staff liason

