

CITY OF OCEANSIDE

(This Measure will appear on the ballot in the following form.)

MEASURE X

To provide funding to maintain and improve general city services including: police patrols, crime, drug, and gang prevention, fire, paramedic and 9-1-1 response, pothole repair, street maintenance, improved infrastructure, maintain safe, clean parks and beaches, and address homelessness, shall the City of Oceanside establish a sales tax of one-half of one percent (0.5%) for 7 years, providing an estimated 11 million dollars annually for general city services, requiring citizen oversight, independent audits, and all funds controlled locally?

The Vote requirement for the measure to pass is a majority (50%+1) of the votes cast.
Full text of this measure follows the arguments and rebuttals.

CITY ATTORNEY'S IMPARTIAL ANALYSIS

Measure X was placed on the ballot by the Oceanside City Council and proposes to increase the transactions and use tax (commonly referred to as the "sales tax") by one-half of one percent (0.5%) on retail sales within the City of Oceanside ("City"). The tax would remain in place for seven years and the City Manager estimates the tax would generate approximately \$11 million per year.

Measure X's sales tax would be levied under state law (Revenue and Taxation Code Section 7285.9). As such, it would be collected as a percentage of gross receipts from retail sales and other taxable uses occurring within the City. The current sales tax rate in Oceanside is 7.75%. If Measure X is approved, the sales tax rate would increase to 8.25%. The tax revenues generated from the additional 0.5% would go to the City less a state administrative fee. If approved, the tax would commence on April 1, 2019.

The revenues generated by the passage of Measure X are authorized to be used for any lawful municipal purpose. This includes expenditures for the staffing of police officers, firefighters/paramedics and lifeguards. In addition, the revenues could be spent to maintain and improve city streets, storm drains, park and recreation facilities, libraries, and City infrastructure. Because the revenues raised by Measure X can be used for any general governmental purpose, a majority of voters must approve Measure X for it to go into effect.

Measure X creates a Citizens' Oversight Committee ("COC") who will be responsible for annually making recommendations to the City Council on a spending plan for the revenues generated by Measure X. The COC will also be responsible for reviewing the annual independent audit of the revenues and expenditures of funds generated by Measure X. All expenditures of Measure X fund monies will be tracked and accounted for by City's Financial Services Department as a separate line item in the General Fund and in accordance with Generally Accepted Accounting Principles (GAAP).

A "yes" vote on Measure X favors increasing the sales tax by one-half of one percent for seven years.

A "no" vote on Measure X opposes an increase in the sales tax by one-half of one percent for seven years.

Dated: August 13, 2018

John P. Mullen, City Attorney

ARGUMENT IN FAVOR OF MEASURE X

Vote Yes on Measure X to protect public safety here in Oceanside by providing critical funding for emergency response, public safety, needed street and road repairs, improved infrastructure and keeping our city clean.

We all know that Oceanside is a great place to live, do business, raise a family and retire. Measure X is the fiscally responsible solution to ensure our emergency responders and public safety professionals have the resources needed to keep Oceanside safe.

Measure X will also allow the City to keep up with basic repairs, maintenance and improvements to streets, storm drains and public facilities. If we don't take care of it now, it will be a lot more expensive to repair in the future.

Most importantly, every penny of Measure X must stay in Oceanside to maintain local city services. By law, the State and federal governments can't touch Measure X.

Vote Yes on Measure X: Support Public Safety in Oceanside

- Enhance police services to reduce gang activity and drug-related crimes
- Ensure we have enough firefighter/paramedics to respond quickly to 9-1-1 emergencies
- Repair potholes and maintain local streets
- Repair, maintain and improve public infrastructure including sidewalks, storm drains and other infrastructure improvements
- Keep public areas clean and free of graffiti

The Fiscally Responsible Choice for Oceanside

- All money raised by the measure stays in Oceanside and cannot be taken away by the State
- The measure requires independent citizens' oversight and public audits. It will sunset in seven years and can't be renewed without voter approval and verification that funds have been spent as promised.
- That's why the San Diego County Taxpayers Association endorses Measure X.

Now is the time to protect our quality of life and keep Oceanside safe, clean and well maintained. Please join us: vote Yes on Measure X.

Peter Weiss, Mayor, City of Oceanside

Frank McCoy, Chief of Police, Oceanside Police Department

David Overton, Fire Captain and President, Oceanside Firefighters

Haney Hong, President and CEO, San Diego County Taxpayers Association

Colleen O'Harra, Retiree, 57 year resident, past Chamber president and community volunteer

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE X

Why does Oceanside need money?

Imagine a marriage where both partners spend money like water. Over the years, they keep borrowing money. They are eventually buried under a mountain of debt. Bankruptcy is the final option.

This analogy illustrates the nature of the codependent relationship between Oceanside and its employees. Over the years, some city council majorities received generous campaign contributions from employees. In return, city employees received overly generous pay and fringe benefit increases. Oceanside is eventually buried under a mountain of debt. Bankruptcy is the only option.

Although the average of all city residents' annual pay is \$25,000, many city employees earn over \$111,000. When some employees reach 50 years old with 30 years of service, pensions may exceed \$100,000 a year for life. Some employees contribute little or nothing towards retirement.

Oceanside's mountain of pension debt totals \$240 million.

California cities' pension debt is mushrooming. Experts predict that many California cities may file bankruptcy within 20 years. Lemon Grove is planning to dissolve within 4 years.

The tidal wave known as California's pension crisis is swamping Oceanside. Approving the proposed sales tax increase will do as much good as patching a punctured life raft with Band Aids.

Don't enable Oceanside's spending addiction!

Randy Horton

ARGUMENT AGAINST MEASURE X

Why does Oceanside need money?

The following City of Oceanside employees receive more than \$300,000 in pay and fringe benefits: City Manager Michelle Lawrence, Police Chief Frank McCoy Jr., Police Officer Gary Alexis, City Attorney John Mullen, Police Captain Thomas Aguigui, Deputy Fire Chief William Kogerman, and Deputy Fire Chief Joseph Ward.

The following City of Oceanside employees receive more than \$250,000 in pay and fringe benefits: Police Captain Manuel Armijo, Fire Battalion Chief Peter Lawrence, Assistant City Manager Deanna Lorson, Police Captain Sean Marchand, Police Sergeant Jack Reed, Fire Chief Richard Robinson, Fire Battalion Chief Greg De Avila, Water Utilities Director Cari Dale, Firefighter Paramedic Thomas Watson, and Police Sergeant Jeffrey Brandt.

The following City of Oceanside employees receive more than \$240,000 in pay and fringe benefits: Police Lieutenant Taurino Valdovinos, Police Sergeant Richard Schickel, Assistant City Attorney Barbara Hamilton, Fire Captain Felix Urrutia III, Police Lieutenant Adam Knowland, Housing Director Margery Pierce, Police Lieutenant Aaron Doyle, Police Lieutenant George Darrah II, Police Officer Frank Wagner, Police Sergeant Jose Favela, Police Lieutenant Karen Laser, and Police Sergeant Kelinda Garcia,

The following City of Oceanside employees receive more than \$230,000 in pay and fringe benefits: Police Lieutenant Matthew Cole, Fire Battalion Chief Terry Collis, Police Lieutenant V. Warner-Saadat, Finance Director Jane McPherson, Police Officer Mike Taele, Police Sergeant Billy Weese, Police Sergeant Jeffrey Novak, Police Lieutenant Ignacio Lopez Jr., Police Sergeant John McKean, Police Sergeant Travis Norton, and Police Lieutenant Daniel Sullivan.

97 City of Oceanside employees receive more than \$200,000 a year in pay and fringe benefits.

Don't enable Oceanside's spending addiction!

Randy Horton

REBUTTAL TO ARGUMENT AGAINST MEASURE X

The truth is, the City of Oceanside runs a lean operation for a city of its size, providing police, fire/paramedic and emergency response, maintaining streets, infrastructure, sewer, water, parks, beaches and libraries for 177,362 people.

The City has taken fiscally-conservative measures to reduce costs, including reducing management and other positions, and restructuring employee pensions, benefits and healthcare costs. City salaries are tied to the median of similar San Diego County cities to retain experienced staff. The City has improved efficiency, contracted out services, initiated a soft hiring freeze on City employment and made other cuts.

The need for Measure X is real, and the City of Oceanside has a proven record of fiscal stewardship with limited funds. **That is why the San Diego County Taxpayers Association has endorsed Measure X.**

The State is an unreliable partner in funding local needs. Oceanside residents cannot wait any longer to get critical funding to protect public safety and provide street repairs.

Police services need to be strengthened to decrease gang activity and drug-related crimes. We must ensure there are enough firefighter/paramedics to respond quickly to 911 emergencies. Potholes need to be repaired, storm drains need to be improved, and public areas must be kept clean and graffiti-free.

All money raised by Measure X stays in Oceanside. The State cannot touch a penny from Measure X. Independent citizens' oversight and public audits are required to ensure accountable spending.

Join Oceanside neighbors, firefighter/paramedics, police officers, businesses and others. Vote YES on Measure X.

Marilou dela Rosa, Senior Advocate and community volunteer

Haney Hong, President and CEO, San Diego County Taxpayers Association

David L. Nydegger, lifelong Oceanside resident, veteran and retired CEO, Oceanside Chamber

Martin Morabe, Police Officer and President, Oceanside Police Officers Association

Rick Robinson, Fire Chief, City of Oceanside

FULL TEXT OF MEASURE X

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF OCEANSIDE ADDING CHAPTER 34, ARTICLE II, SECTIONS 34.6.1 THROUGH 34.6.17 TO THE OCEANSIDE CITY CODE TO ESTABLISH A TEMPORARY ONE-HALF CENT GENERAL TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION INCLUDING PROVISIONS FOR CITIZENS' OVERSIGHT AND ACCOUNTABILITY

WHEREAS, the cost of providing police and fire protection services has substantially increased every year and the Oceanside ("City") does not receive significant state or federal funding for public safety services; and

WHEREAS, the City needs additional resources to retain the City's current staffing levels of police officers, firefighters/paramedics and lifeguards; and

WHEREAS, numerous City facilities, including streets, storm drains, sidewalks, curbs, gutters, park and recreation facilities, libraries, and other infrastructure are in need of repair, replacement, upgrading and/or maintenance; and

WHEREAS, the City has determined that the enactment of a temporary one half cent general local transactions and use tax (commonly known as a "sales tax") would allow the City to address the City public safety, infrastructure, facilities and equipment priorities without compromising existing City services; and

WHEREAS, an independent professional survey commissioned by the City determined that sixty-four percent of likely November 2018 Oceanside voters supported a temporary one half cent sales tax increase; and

WHEREAS, pursuant to Article XIII C of the California Constitution, and California Revenue and Taxation Code Section 7285.9, the City has the authority to enact a local sales tax for general purposes with the approval of the majority of voters in the City voting in an election on the issue; and

WHEREAS, the City Council directed staff to prepare for submittal to the voters an ordinance enacting a one-half cent sales tax for 7 years consistent with all applicable general purpose tax laws, including measures providing for citizens' oversight, separate accounting and independent audits; and

WHEREAS, proposed Sections 34.6.1 through 34.6.17 of the Oceanside City Code, set forth below, establish a transactions and use tax to be administered by the California Department of Tax and Fee Administration consistent with City Council direction; and

NOW, THEREFORE, subject to approval by an affirmative, simple majority vote of the people as required by law, the People of the City of Oceanside do ordain as follows:

SECTION 1: The Oceanside Code is hereby revised to add Chapter 34, Article II, Sections 34.6.1 through 34.6.17 as set forth below, thereby enacting a local transactions and use tax within the City of Oceanside, to be administered by the California Department of Tax and Fee Administration:

FULL TEXT OF MEASURE X (CONTINUED)

CHAPTER 34, ARTICLE II, SECTIONS 34.6.1 THROUGH 34.6.17 – TEMPORARY ONE-HALF CENT SALES TAX

34.6.1 - TITLE.

This ordinance shall be known as the Oceanside Temporary One-Half Cent Sales Tax Ordinance. The City of Oceanside hereinafter shall be called "City." This Ordinance shall be applicable in the incorporated territory of the City.

34.6.2 - 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 vote 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 the 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 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.

34.6.3 - OPERATIVE DATE.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the approval of the voters of the City of a measure approving the imposition of the transactions and use tax set forth herein, unless a later Operative Date becomes effective under the provisions of Section 34.6.6.

34.6.4 - TRANSACTIONS AND USE TAX IMPOSITION AND RATE.

A. 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 of one percent (0.5%) 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.

B. 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 of one percent (0.5%) 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.

FULL TEXT OF MEASURE X (CONTINUED)

34.6.5 - TERMINATION DATE.

The authority to levy the tax imposed by this Ordinance shall expire seven (7) years following the Operative Date.

34.6.6 - CONTRACT WITH CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION.

Prior to the Operative Date, City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this 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 effective date of such a contract.

34.6.7 - 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.

34.6.8 - 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.

34.6.9 - 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 therefor. However, the substitution shall not be made when:

1. The word "State" is used as part of the title of the State Controller, State Treasurer, Victim Compensation and Government Claims Board, California Department of Tax and Fee Administration, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action 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.

FULL TEXT OF MEASURE X (CONTINUED)

34.6.10 - 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 transaction's permit shall not be required by this Ordinance.

34.6.11- 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 imposed 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 the 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 imposed 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.

FULL TEXT OF MEASURE X (CONTINUED)

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 subparagraphs (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 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 consumptions of which is subject to the use tax.

34.6.12 - AMENDMENTS TO REVENUE AND TAXATION CODE.

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.

34.6.13 - 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.

34.6.14 - AMENDMENTS BY CITY COUNCIL.

The following amendments to this Ordinance must be approved by the voters of the City: increasing the tax rate; revising the methodology for calculating the tax, such that a tax increase would result; imposing the tax on transactions and uses not previously subject to the tax (unless such amendment occurs automatically by operation of law); or extending the term of the tax. The City Council may otherwise amend this Ordinance without submitting the amendment to the voters for approval.

34.6.15 - USE OF PROCEEDS.

The proceeds from the tax imposed by this Ordinance shall be for unrestricted general revenue purposes of the City and shall be received into the general fund of the City. Nothing in this Ordinance shall constitute the tax imposed under this Ordinance as a special tax, or bind the City to use the proceeds for any specific purpose or function; the City Council shall retain discretion to expend the proceeds of the tax for any lawful purpose of the City.

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FULL TEXT OF MEASURE X (CONTINUED)

34.6.16 - CITIZENS' OVERSIGHT AND ACCOUNTABILITY.

In order to provide for citizens' oversight, transparency and accountability in connection with expenditures of tax revenues generated under the terms of this Ordinance, the City shall do the following:

A. Separate Fund Accounting. All revenue generated by the tax shall be accounted in the General Fund as a separate line item entitled "Local Sales and Use Tax – Measure 'X' Revenues." These revenues will then be transferred to a General Fund subfund entitled "Measure 'X' Fund." Any and all expenditures of Measure 'X' Fund monies will be tracked and accounted for by City Finance Services Department staff in accordance with Generally Accepted Accounting Principles (GAAP), and presented annually in a report (the "Financial Services Department Report") to the Citizens' Oversight Committee ("COC") created pursuant to subdivision D. below.

B. Initial and Annual Submittal of Measure X Spending Plan. If Measure 'X' is approved by the voters, the City Manager shall, prior to City Council consideration of the City's annual budget, prepare and present to the COC for its review a spending plan for Measure 'X' Fund revenues. It is the intent that the Measure 'X' funds be used to improve infrastructure and the delivery of public safety services and the plan (the "Measure 'X' Spending Plan") shall reflect these priorities and include specific proposals for near term expenditures as well as a plan for expenditures throughout the seven (7) year term of the tax, and finance options for larger-scale projects that may require the pledge of Measure 'X' revenues. After review and recommendation by the COC, the Measure 'X' Spending Plan shall be presented to the City Council for its consideration and final decision, in its discretion, as part of the City's annual budget process. The City Council must consider for approval the expenditure of projected Measure 'X' Fund revenues as a separate line item category in each year's budget.

C. Annual Independent Audit. Beginning with the fiscal year that ends June 30, 2019, the City's independent auditors shall, as part of their annual audit of the City's statements, review the collection and expenditure of revenue from the Measure 'X' tax. Along with the City's Finance Department report provided in subsection A., above, the auditors' review of such revenues ("Auditor Report") shall be presented each year to the COC at a public meeting for its review for compliance with the terms of this Ordinance. The results of the COC review shall then be transmitted through the City Manager's Office to the City Council for its consideration at a public meeting.

D. Citizens' Oversight Committee. Prior to the Operative Date, the City Council shall create and convene a Citizens' Oversight Committee ("COC"). The function of the COC shall be to review and report on City compliance with the terms of this Ordinance and the Measure X Spending Plan presented and approved by the City Council thereafter. Specific COC responsibilities shall include: (1) public review and comment on each year's Finance Department Report, Measure 'X' Spending Plan and Auditor Report (as provided in subsections A-C, above); (2) preparation of an annual report regarding compliance with the City Council adopted Measure "X" Spending Plan for presentation to the City Council at a public meeting; (3) working with City staff to identify and apply "best practices" for tracking and reporting on Measure 'X' revenues and expenditures relative to other City revenues and expenditures; and (4) make a finding prior to renewal of the tax measure that, in the absence of extenuating economic conditions, funds have been expended on improved infrastructure and improved public safety services consistent with the intent of the measure. Current elected City officials and employees are disqualified from membership. COC members shall be appointed by the City Council in accordance with existing City policies and will include individuals with a range of expertise, including accounting, finance and engineering. The COC shall operate in accordance with the Ralph M. Brown Act, which includes requirements that meetings be noticed in advance and held in public. The COC shall be created by City Council ordinance consistent with the terms of this Section adopted no later than April 30, 2019.

FULL TEXT OF MEASURE X (CONTINUED)

3.6.17 - SEVERABILITY.

If any provision of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. This City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.