

COMMITTEE MEMBERS

Brian Beckon
Gregory Grassi
Brandy Leidgen
Diane Sprouse
Brian Freire

Civic Center
1950 Parkside Drive
Concord, CA 94519
www.cityofconcord.org



**Special Meeting of the
Measure Q Oversight
Committee**

Wednesday, March 14, 2018

5:30 p.m.

Permit Center
Conference Room,
Wing D
1950 Parkside Drive

AGENDIZED ITEMS – The public is entitled to address the Committee on items appearing on the agenda before or during the Committee’s consideration of that item. Each speaker will be limited to approximately three minutes.

1. ROLL CALL

2. PUBLIC COMMENT PERIOD

3. REPORTS

- a. Approval of Minutes/Annotated Agenda of May 25, 2017
- b. Overview of the City of Concord’s FY 2016-17 Comprehensive Annual Financial Report (CAFR) and use of Measure Q revenues –
Karan Reid, Director of Finance
- c. Update on the City’s Fiscal Stability Project – Karan Reid, Director of Finance
- d. Overview of FY 2017-18 Mid-Year Operating Budget Update –
Donna Lee, Budget Officer
- e. Review of proposed Measure Q Oversight Committee schedule for 2018
(attached) and FY 2018-2020 Budget Discussion (2017 budget memo attached)
– Donna Lee, Budget Officer

4. ADJOURNMENT

ADA NOTICE AND HEARING IMPAIRED PROVISIONS

In accordance with the Americans with Disabilities Act and California Law, it is the policy of the City of Concord to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are disabled and require a copy of a public hearing notice, or an agenda and/or agenda packet in an appropriate alternative format; or if you require other accommodation, please contact the ADA Coordinator at (925) 671-3031, at least five days in advance of the hearing. Advance notification within this guideline will enable the City to make reasonable arrangements to ensure accessibility.

Distribution: City Council
Valerie Barone, City Manager
Susanne Brown, City Attorney
Kathleen Trepa, Assistant City Manager
Karan Reid, Director of Finance
Donna Lee, Budget Officer
Joelle Fockler, City Clerk

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AGENDIZED ITEMS – The public is entitled to address the Committee on items appearing on the agenda before or during the Committee’s consideration of that item. Each speaker will be limited to approximately three minutes.

1. **ROLL CALL:** All present; Brian Beckon arrived at approximately 5:40 p.m.

STAFF PRESENT: Kathleen Trepka, Assistant City Manager; Karan Reid, Director of Finance

2. **PUBLIC COMMENT PERIOD:** None

3. **REPORTS**

a. Approval of Minutes/Annotated Agenda of May 18, 2017

ACTION: Motion to approve minutes by Greg Grassi and seconded by Brandy Leidgen. *Approved by Grassi, Leidgen and Sprouse.*

b. Discuss and formulate Committee’s Recommendations and Memorandum to the City Council related to the FY 2015/16 CAFR, the Preliminary Biennial Operating Budget and the use of Measure Q revenue, and work with City Staff to prepare associated Committee Report and documents.

ACTION: Kathleen Trepá reviewed the changes incorporated into the letter since the last Committee meeting. The Committee deleted the second paragraph under Question 3 and clarified the first sentence under Question 4 to read "...the City's reliance on Measure Q revenues *for operations* decreases over time..." Chair Diane Sprouse confirmed she would present the Committee's findings to the City Council on June 13, 2007.

A motion to approve the revised letter was made by Brandy Leidgen and seconded by Greg Grassi. *All ayes.*

- c. If necessary, authorize the Chair to work with staff to complete and finalize Committee's Recommendations and Memorandum to the City Council related to the FY 2015/16 CAFR, the Preliminary Biennial Operating Budget and the use of Measure Q revenue in substantial conformance with the Committee's directions.

ACTION: No action taken.

4. **ADJOURNMENT:** 6:00 p.m.

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Proposed 2018 Schedule of Measure Q Oversight Committee Meetings

Proposed Measure Q Oversight Committee Meetings

<p>Wednesday, March 14, 2018 5:30 p.m.</p>	<ul style="list-style-type: none"> • Overview of the City of Concord's FY 2016-17 Comprehensive Annual Financial Report (CAFR) and use of Measure Q revenues • Update on the City's Fiscal Stability Project • Overview of FY 2017-18 Mid-Year Operating Budget Update • Review of proposed Measure Q Oversight Committee schedule for 2018 and FY 2018-2020 Budget Discussion
<p>Monday, April 23, 2018 5:30 p.m.</p>	<ul style="list-style-type: none"> • Overview of Proposed FY 2017-18 and 2018-19 Mid-Cycle Operating Budget Adjustments and Proposed FY 2018-19 and 2019-20 Capital Budget and use of Measure Q revenue • Discuss and formulate Committee's Recommendations and Memorandum to the City Council related to the FY 2016-17 CAFR, the proposed Mid-Cycle Operating Budget Adjustments, and the FY 2018-19 and 2019-20 Capital Budget and use of Measure Q revenue
<p>Monday, April 30, 2018 5:30 p.m.</p>	<ul style="list-style-type: none"> • Complete and finalize Committee's Recommendations and Memorandum to the City Council related to the FY 2016-17 CAFR, the proposed Mid-Cycle Operating Budget Adjustments, and the FY 2018-19 and 2019-20 Capital Budget and use of Measure Q revenue

City Council Workshop and Meetings

<p>Saturday, March 24, 2018</p>	<ul style="list-style-type: none"> • City Council Goal Setting Workshop
<p>Tuesday, April 24, 2018</p>	<ul style="list-style-type: none"> • City Council's First Public Hearing on FY 2018-19 and 2019-20 Capital Budget
<p>Tuesday, May 8, 2018</p>	<ul style="list-style-type: none"> • City Council's Second Public Hearing and Adoption of FY 2018-19 and 2019-20 Capital Budget
<p>Tuesday, May 22, 2018</p>	<ul style="list-style-type: none"> • City Council FY 2017-18 and 2018-19 Mid-Cycle Operating Budget Adoption <p style="text-align: center;"><i>Measure Q Committee recommendation to be presented</i></p>

City of Concord

June 13, 2017

TO: Honorable Mayor and Councilmembers

FROM: Citizen Measure Q Oversight Committee - Diane Sprouse, Chair;
Greg Grassi, Vice Chair; Brian Beckon, Brandy Leidgen

SUBJECT: Measure Q Oversight Committee's Review of the FY 2015-16 CAFR and Evaluation and Report on the City's Proposed Use of Measure Q Revenues in the Proposed Biennial Operating Budget for FY 2017-18 and FY 2018-19

The Measure Q Oversight Committee (Committee) met on April 20, 2017 to review the Fiscal Year (FY) 2015-16 Comprehensive Annual Financial Statement (CAFR), which includes the annual audit. At its May 18, 2017 meeting, the Committee heard a presentation from staff on the City's preliminary Proposed Biennial FY 2017-18 and FY 2018-19 General Fund Operating budget as well as an updated 10-year financial forecast.

The purpose of the budget presentations was to obtain an understanding of the preliminary budget in order to advise the Council as to whether Measure Q revenues are proposed to be spent in a manner consistent with what the voters were told during the election process: to protect core services, maintain the City's reserves, and provide more time for the City to address its on-going structural budget deficit.

The Committee has made the following findings with regard to its charge in oversight of the tax:

1. Does the FY 2015-16 Annual Audit reflect that the Measure Q tax was collected and appropriately spent?

On April 20, 2017, the Committee reviewed the FY 2015-16 Comprehensive Annual Financial Statement (CAFR) and determined that the presentation of the Measure Q Use and Transaction Tax in the financial statements (pages x, 14, 25, 27 and 43) reflect the collection of the tax appropriately.

The Committee finds that usage of Measure Q tax revenue (\$12.1 million) was identified clearly in the annual audit (pages x, 14, 25, 27 and 43 of the CAFR). Further the Committee finds that \$7.5 million of Measure Q tax revenue went to maintain City services, which allowed the City to avoid cuts to core City services, and the remaining \$4.6 million was used consistent with the City's Fiscal

Sustainability Ordinance to support reserves and infrastructure investment.. Consequently, the Measure Q Committee concludes that the tax was collected and appropriately utilized.

2. Does the City's proposed General Fund biennial budget for FY 2017-18 and FY 2018-19 protect the City's core services?

The FY 2017-18 budget estimates the collection of Measure Q revenue in the amount of \$13.0 million during the 2017-18 fiscal year. Since the reserves in City's General Fund were fully restored to 30% of expenditures by the end of fiscal year 2014-15, the FY 2017-18 budget uses \$7.5 million of Measure Q revenues to support operations, protecting core services, and a \$5.5 million is used in support of economic development and infrastructure maintenance backlog projects, consistent with the City's Fiscal Sustainability Ordinance.

For FY 2018-19, \$7.5 million will be used to maintain the City's services, protecting core services, and the remaining \$6.0 million is allocated to economic development and infrastructure maintenance backlog projects, consistent with the City's Fiscal Sustainability Ordinance.

It is critical to note that Measure Q revenues continue to protect core City services in both FY 2017-18 and FY 2018-19; in fact no services are cut in either year and services are slightly enhanced in Code Enforcement and Public Safety.

Consequently, the Committee finds that the use of Measure Q revenue in the budget for FYs 2017-18 and 2018-19 protects the City's core services.

3. Does the City's proposed General Fund biennial budget for FY 2017-18 and FY 2018-19 maintain the City's reserves?

The Committee finds that the proposed General Fund biennial budget for FYs 2017-18 and 2018-19 maintains the City's reserves at 30% (or greater) of expenditures, such that no Measure Q revenues are needed to maintain the City's reserves. The City's projected General Fund reserve results in a total City Reserve of unallocated funds of \$31.8 million, or 33% of the budget, in FY 2017-18, dropping to \$30.7 million, or 30% of the budget, by FY 2018-19.

4. Does the City's proposed General Fund biennial budget for FY 2017-18 and FY 2018-19 make progress toward resolving the City's structural budget deficit within the next 10-years?

The Committee finds that while the City's reliance on Measure Q revenues for operations decreases over the next eight years based on current forecasts, challenges remain. The General Fund shortfall is projected to be approximately \$10.6 million in March 2025 when Measure Q expires and grows to \$13.4 million by the end of the 10 year horizon.

The Committee supports the City Council's development of a fiscal stability plan that will outline a range of budget stabilization strategies, providing the Council and the community options for actions that address the long-term funding of City services and capital projects. These strategies will be considered in the first half of calendar year 2018 to allow adequate time to begin implementation of selected strategies. The Committee believes that long term changes of a more fundamental and ambitious nature will be required to maximize the City's many attributes, and align a vision of what Concord can and should be with identified resources. The Committee looks forward to participating in this process.