

COMMITTEE MEMBERS

Brian Beckon
Michelle Lane
Gregory Grassi
Brandy Leidgen
Diane Sprouse

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



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

Monday, April 25, 2022

5:30 p.m.

Permit Center
Committee 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 March 24, 2022. See Attachment A.
- b. Overview of the City of Concord’s FY 2020-21 Annual Comprehensive Financial Report and Use of Measure V revenues. See Attachment B. – Karan Reid, Director of Finance
- c. Discuss Committee’s Recommendations and Memorandum to the City Council related to the FY 2020-21 Annual Comprehensive Financial Report and the Proposed Use of Measure V Revenues in the Proposed Biennial Capital Budget for FYs 2022-23 and 2023-24. See Attachment C. – Donna Lee, Budget & Treasury Officer
- d. Review amended 2022 Schedule of Measure V Oversight Committee Meetings. See Attachment D. – Donna Lee, Budget & Treasury 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
Justin Ezell, Assistant City Manager
Karan Reid, Director of Finance
Donna Lee, Budget & Treasury Officer
Joelle Fockler, City Clerk

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Concord
ANNOTATED
AGENDA
Special Meeting of
the Measure V
Oversight
Committee

Thursday, March 24, 2022

4:00 p.m.

Various
telephonic/electronic
locations (see below)

Pursuant to AB 361, the City is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public, without making available any physical location for the public.

City of Concord Rules: The City of Concord has declared a local state of emergency due to COVID-19. This Concord Planning Commission meeting is an essential event, therefore it has not been cancelled. However, City of Concord officials and staff will conduct this meeting telephonically or otherwise electronically. The City will **not** make available any physical location from which members of the public may observe the meeting and offer public comment. Instead, members of the public may observe and address the meeting remotely. Below is information on how to do that.

Join from a PC, Mac, iPad, iPhone or Android device:

- <https://cityofconcord.zoom.us/j/83334195520?pwd=YWw3Yk9YR1J2Nm5zNjY2eUhhDeG53Zz09>
- Webinar ID: 833 3419 5520
- Passcode: 651025
- By Phone: US: +1 669 900 6833

How to Submit Public Comments:

Written: All comments received **before 3:00 pm the day of the meeting** will be posted on the City's website as "Correspondence" under the relevant agenda item and provided to the Measure V Oversight Committee members at the meeting. Please email your comments to finance@cityofconcord.org.

During the Meeting: The public will be allowed to address the Committee on items appearing on the agenda. The Committee Chair will call a public comment period and call on members of the public wishing to speak. Each speaker will be limited to approximately three minutes.

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. **Please see “How to Submit Public Comments” above.**

1. **ROLL CALL:** Present – Brian Beckon, Michelle Lane, Brandy Leidgen, and Greg Grassi. Meeting called to order at 4:15 p.m. Diane Sprouse (arrived 4:31 p.m.).
2. **STAFF PRESENT:** Karan Reid, Director of Finance; Donna Lee, Budget & Treasury Officer; and Kylie Hicks, Budget Analyst.
3. **MEMBERS OF THE PUBLIC WHO ADDRESSED THE COMMITTEE:** None.

4. AGENDA ITEMS

- a. Approval of Minutes/Annotated Agenda of April 28, 2021. See Attachment A.

Action: Motion to approve minutes by Brian Beckon and seconded by Brandy Leidgen. Ayes: Brian Beckon, Michelle Lane, Brandy Leidgen, Greg Grassi, and Diane Sprouse.

- b. Elect Chair of Measure V Oversight Committee.

Action: Motion to elect Brian Beckon by Greg Grassi, and seconded by Diane Sprouse. Ayes: Brian Beckon, Michelle Lane, Brandy Leidgen, Greg Grassi, and Diane Sprouse.

- c. Elect Vice-Chair of Measure V Oversight Committee.

Action: Motion to elect Michelle Lane by Greg Grassi, and seconded by Brandy Leidgen. Ayes: Brian Beckon, Michelle Lane, Brandy Leidgen, Greg Grassi, and Diane Sprouse.

- d. Overview of Proposed Use of Measure V Revenues for Capital Projects. See Attachment B. – Bernard Enrile, Senior Civil Engineer

Action: Brian Beckon, Committee Chair, asked the committee members if they endorsed the funding recommendations and agreed that the proposed use of funds aligned with the purpose of Measure V, and all members voted yes.

Discussion: Bernard Enrile gave a presentation on the proposed use of Measure V revenues for capital projects in Biennial Capital Improvement Program for FYs 2022-23 and 2023-24. The committee endorsed the funding recommendations and agreed that the proposed use of funds aligned with the purpose of Measure V.

- e. Overview of FY 2021-22 Mid-Year Operating Budget Update. See Attachment C. – Donna Lee, Budget & Treasury Officer

Action: None. The committee received the presentation.

Discussion: Donna Lee gave a presentation on the FY 2021-22 Mid-Year operating budget update and the associated adjustments that were adopted by the City Council on March 8, 2022. The committee discussed the City's retirement plans, position vacancies within City departments, and prior debt service using Measure Q and Measure V funds. The committee was informed by staff that the City Council Goal Setting Workshop will be on April 2, and that many of those issues will be discussed at that meeting.

- f. Review of Proposed Measure V Oversight Committee Schedule for 2022. See Attachment D. – Donna Lee, Budget & Treasury Officer

Discussion: The committee directed staff to provide alternative dates for future Measure V Oversight Committee meetings in April and May. Staff will provide a poll over e-mail to select the best dates for future meetings in 2022.

5. ADJOURNMENT

Meeting adjourned at 5:41 p.m.

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Joelle Fockler, City Clerk



Staff Report

Date: April 25, 2022

To: Measure V Oversight Committee

From: Karan Reid
Director of Finance
Karan.reid@cityofconcord.org
(925) 671-3192

Subject: **Overview of the City of Concord's FY 2020-21 Annual Comprehensive Annual Financial Report (ACFR) and use of Measures Q/V Revenues**

Report in Brief

Staff will provide a presentation on April 25 to review the City of Concord's FY 2020-21 Annual Comprehensive Financial Report (ACFR) and use of Measure Q/V Revenues upon which the Committee will formulate an opinion as to whether the annual audit reflects that Measure Q/V revenue was collected and appropriately spent.

Recommended Action

No action is required.

Background

Annual Comprehensive Financial Report (ACFR) is a set of governmental financial statements that comply with accounting requirements set by the Governmental Accounting Standards Board (GASB). Fund accounting is an accounting system used by nonprofit organizations and governments. In this system, a fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

For financial reporting purposes, Measures Q and V are considered part of the City's General Fund and we are not permitted to segregate this revenue from the City's non-Measure Q/V funds. We do detail it out within the General Fund.

The Committee's responsibilities include:

1. Review the annual audit report.
2. Provide recommendations to the Council on the use of Measure Q/V

3. The question the Committee has historically provided a response as part of its annual report to Council is:
"Does the FY 2020-21 Annual Audit reflect that the Measure Q/V taxes were collected and appropriately spent?"

Analysis

The City must undergo an annual independent audit currently performed by Maze & Associates. An audit is a comprehensive review of the financial records of the City and the internal control procedures in place to safeguard the City's assets.

The audit and ACFR for FY 2020-21 were accepted by the City Council on January 10, 2022. Due to the size of the document, it is not attached to this report and can be accessed here: <https://www.cityofconcord.org/DocumentCenter/View/7089/2021-Annual-Comprehensive-Financial-Report>

Committee members are encouraged to review the ACFR document in its entirety as it provides a wealth of information on the City. The Letter of Transmittal and Notes to the Financial Statements are particularly informative.

At the April 25 meeting, staff will walk through major components of the ACFR. The discussion below provides relevant details related to Measure Q/V for the Committee to use in its consideration of whether the audit reflects Measure Q/V revenue collections.

- Page xi: The Letter of Transmittal provides financial statement users an overview of the City, economic context in which it is operating, and major initiatives. Included in this Letter, on page xiv, is a summary of Measure Q and V revenues received from inception to June 30, 2021. For FY 2020-21, \$11.1 million of Measure Q and \$7.4 million of Measure V revenues were collected and used to maintain programs and reserves. Since inception, \$122.12 million in Measure Q revenues have been collected with \$112.7 million being used to maintain General Fund programs and rebuild General Fund reserves, and \$9.4 million to provide a Measure Q stability reserve. Measure V became effective April 1, 2021 and \$7.4 million in revenues were collected through June 30, 2021. Of that, \$2.5 million was used to maintain General Fund programs and reserves and the balance of \$4.9 million reflected contributions to reserves.
- Page 1: The Independent Auditor's Report is the beginning of the financial section. This report states that the City's financial statements for Fiscal Year 2020-21 are fairly stated in conformity with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unqualified" or "clean" opinion.
- Page 5: This section of the ACFR is the Management Discussion and Analysis (MD&A). It provides an overview of the City's financial activities for the fiscal

year. Table 2 on Page 9, shows citywide changes in net position for the years ended June 30, 2021 and 2020. Under General Revenues, the table shows the amount of Measure Q and V revenues collected for each fiscal year. For FY 20-21, \$11.1 million of Measure Q revenues were received compared to \$13.3 million in the prior year and \$7.4 million of Measure V revenues were received during April through June 30, 2021, the first three months the revenue was effective.

- Page 13: Table 4 in the MD&A is another depiction of changes in net position, only looking at governmental activities. The receipts from Measure Q and Measure V revenues are the same as listed in Table 2 as all Measure Q/V revenues are considered a governmental activity.
- Pages 24-25: These pages show the Statement of Activities on a citywide basis. Measure Q/V revenues are reported at the bottom as Sales taxes – Transaction Use Tax under General Revenues. For the year ended June 30, 2021, \$18,530,513 of Measure Q/V revenues were received.
- Page 30: As mentioned previously, Measure Q/ V revenues are reported as part of the City's General Fund for financial reporting. The Statement of Revenues, Expenditures and Changes in Fund Balances show the revenues and expenditures for the General Fund. Measure Q/V revenues are listed under Taxes and show a total of \$18,530,513 was received in FY 2020-21.
- Page 32: The table on this page shows budget to actual numbers for the City's General Fund. Under the taxes section, the combined Measure Q and V revenues were originally budgeted at \$13.73 million, revised to \$15.93 million and actual receipts were \$18.53 million, a positive budget variance of \$2.6 million.
- Page 44: Note 1 provides a summary of significant accounting policies. On page 51, the City's minimum fund balance (reserve) policy is discussed. This City's policy is to maintain a minimum of 17% of the General Fund's operating expenditures. The total combined unassigned fund balance at June 30, 2021 was \$43.5 million or 44% of General Fund Operating Expenditures.
- Page 70: Note 7 summarizes the City's long-term debt. Included in the Current Year Transactions and Balances table, is a 2021 Certificates of Participation borrowing in which the City borrowed \$109.5 million at a rate of between 2.0-4.0 percent to finance the cost of various capital projects, primarily streets and roadway projects, and to prepay the 2015 Lease Revenue Financing Agreement. Measure V revenues are earmarked to pay the debt service on this financing.

Also included in Note 7 is Lease Revenue Financing Agreement under which the City borrowed \$22.6 million at a rate of 1.91% to accelerate street and road maintenance. The City Council has used Measure Q revenues to pay the debt service on this financing as it was made possible with the extension of Measure Q in 2014.

Public Contact

The Measure V Committee agenda was posted.

Attachments

1. Link to Annual Comprehensive Finance Report (ACFR):
<https://www.cityofconcord.org/DocumentCenter/View/7089/2021-Annual-Comprehensive-Financial-Report>

City of Concord

June 28, 2022

TO: Honorable Mayor and Councilmembers

FROM: Citizen Measure V Oversight Committee - Brian Beckon, Chair;
Michelle Lane, Vice Chair; Diane Sprouse, Greg Grassi, & Brandy Leidgen

SUBJECT: Measure V Oversight Committee's Review of the FY 2020-21 Annual Comprehensive Financial Report and Evaluation and Report on the City's Proposed Use of Measure V Revenues in the Proposed Biennial Capital Budget for FY 2022-23 and FY 2023-24

The Measure V Oversight Committee (Committee) met on April 25, 2022 to review the Fiscal Year (FY) 2020-21 Annual Comprehensive Financial Statement (ACFR), which includes the annual audit.

At its March 24, 2022 meeting, the Committee heard a presentation from staff on the City's preliminary Biennial FY 2022-23 and FY 2023-24 Capital Budget. At this same meeting, the Committee also received an update on the use of Measure V revenues in the City's adopted Biennial Operating FY 2021-22 and FY 2022-23 General Fund Operating Budget. During its FY 2021-22 Mid-Year Review, City Council approved amending the Measure V budget to include a \$2.6 million increase to the sales tax revenue in FY 2021-22 and FY 2022-23 based on strong economic recovery in sales tax post-pandemic, which is also supported by updated sales tax consultant estimates. Additionally, new expenditure adjustments totaling \$3.8 million (includes \$1.2 million of one-time funds) in FY 2021-22 and \$2.45 million in FY 2022-23 were approved to address infrastructure maintenance projects for pavement and roadways, building maintenance, and parks and medians maintenance. One-time funds were specifically used to prioritize the City Council's goal of addressing infrastructure maintenance. The City Council also directed staff to reserve \$2.4 million of one-time funds in FY 2021-22 for the needs of the unhoused and Council will provide direction on how to use these funds at a future date. Council also directed staff to appropriate \$150,000 in FY 2022-23 to fund one Code Enforcement Officer position on an ongoing basis. The Committee supports these changes to the Measure V budget.

The purpose of the Capital Budget presentation was to obtain an understanding of how Measure V revenue is proposed for use in the Capital Budget in order to advise the Council. Measure V was passed to: protect core services, maintain the City's reserves, address the City's infrastructure backlog, and address areas of community priority.

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

1. Does the FY 2020-21 Annual Audit reflect that the Measure Q/V tax was collected and appropriately spent?

On April 25, 2022, the Committee reviewed the FY 2020-21 Annual Comprehensive Financial Statement (ACFR) and determined that the presentation of the Measure Q/V Transactions and Use Tax in the financial statements (pages xiv, 13, 24-25, and 32) reflect the collection of the tax appropriately.

The Committee finds that usage of Measure Q/ V tax revenue (\$18.5 million) was identified clearly in the annual audit (pages xiv, 30, 32 of the ACFR). Further, the Committee finds that \$14.3 million of Measure Q/V tax revenue went to maintain City services, which allowed the City to avoid cuts to core City services, and the remaining \$4.2 million was used consistent with the City's Fiscal Sustainability Ordinance to support reserves and infrastructure investment. Consequently, the Measure V Committee concludes that the tax was collected and appropriately utilized.

2. Does the City's proposed Biennial Capital Budget for FY 2022-23 and 2023-24 protect the City's core services?

On March 24, 2022, the Committee reviewed the Proposed FY 2022-23 and FY 2023-24 Biennial Capital Budget and concluded that the presentation on the use of Measure V revenue to fund capital projects protects City core services. Specifically, the revenues are being allocated to support existing infrastructure and address areas of community and Council priority. Safe and usable infrastructure is a core City service.

Over the next two fiscal years, \$79.2 million in Measure V revenue and Measure V Debt Issuance funding is planned for various street improvement projects, parks facilities improvements, building maintenance, citywide accessibility enhancements, and improving efficiencies through information technology. Measure V revenue comprises 14% and Measure V Debt Issuance funding comprises 55% of the proposed Biennial Capital Budget for FY 2022-23 and FY 2023-24. The proposed capital projects do not create new, ongoing expenditures. The Biennial Capital Budget addresses the infrastructure backlog and allocates payments for debt service for infrastructure improvements.

Committee Recommendation

Last year, the Committee recognized that the City would need to rely on Measure V funding for the foreseeable future due to its stabilizing effects on the General Fund budget. Measure V continues to be a vital revenue source for the City. It allows the City to protect core services, rebuild and safeguard reserves, address critical infrastructure backlogs, and focus efforts toward areas of community and Council priority.

The Committee encourages Council to continue analyzing spending priorities to ensure that they meet the needs and concerns of all Concord residents. Now that the City of Concord has attained fiscal stability, the Committee urges Council to continue focusing efforts toward maintaining strong reserves. Additionally, the Committee commends the Council for partnering with the Concord community to address areas of community concerns and encourages further collaboration with residents and community members to achieve those goals.

2022 Schedule of Measure V Oversight Committee Meetings

Measure V Oversight Committee Meetings

<p>Meeting over Zoom Thursday, March 24, 2022 4:00 p.m.</p>	<ul style="list-style-type: none"> • Elect Committee Chair and Vice-Chair • Overview of proposed use of Measure V revenues for Capital Projects • Overview of FY 2021-22 Mid-Year Operating Budget Update • Review of proposed Measure V Oversight Committee schedule for 2022
<p>Meeting in person Monday, April 25, 2022 5:30 p.m.</p>	<ul style="list-style-type: none"> • Overview of the City of Concord's FY 2020-21 Annual Comprehensive Financial Report and use of Measure V revenues • Discuss Committee's Recommendations and Memorandum to the City Council related the FY 2020-21 Annual Comprehensive Financial Report and the proposed Use of Measure V Revenues in the Proposed Biennial Capital Budget for FYs 2022-23 and 2023-24
<p>Meeting in person Wednesday, May 11, 2022 4:30 p.m.</p>	<ul style="list-style-type: none"> • Complete and finalize Committee's Recommendations and Memorandum to the City Council related the FY 2020-21 Annual Comprehensive Financial Report and the proposed Use of Measure V Revenues in the Proposed Biennial Capital Budget for FYs 2022-23 and 2023-24
<p>Meeting in person Wednesday, May 18, 2022 4:30 p.m. (tentative)</p>	<ul style="list-style-type: none"> • If necessary, complete and finalize Committee's Recommendations and Memorandum to the City Council related the FY 2020-21 Annual Comprehensive Financial Report and the proposed Use of Measure V Revenues in the Proposed Biennial Capital Budget for FYs 2022-23 and 2023-24

City Council Meetings

<p>Tuesday, May 10, 2022</p>	<ul style="list-style-type: none"> • City Council's First Public Hearing on FYs 2022-23 and 2023-24 Capital Budget
<p>Tuesday, June 28, 2022</p>	<ul style="list-style-type: none"> • City Council's Second Public Hearing and Adoption of FYs 2022-23 and 2023-24 Capital Budget
<p>Tuesday, June 28, 2022</p>	<ul style="list-style-type: none"> • City Council Public Hearing and Adoption of FYs 2021-22 and 2022-23 Mid-Cycle Operating Budget Adoption <p><i>Measure V Committee recommendation to be presented</i></p>