



## CITY COUNCIL STAFF REPORT

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**TO:** Honorable Mayor and City Council                      **DATE:** December 2, 2019

**FROM:** Matthew Bronson, City Manager

**PREPARED BY:** Deanne Purcell, Administrative Services Director

**SUBJECT:** FY 2018-19 Citizens Oversight Committee Report for City Revenue Measures including K-14 Street Bond and X-06 Transaction and Use Tax

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### **RECOMMENDATION**

Receive and file the FY 2018-19 Citizens Oversight Committee Report for City Revenue Measures.

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### **BACKGROUND**

On November 20, 2019 the newly organized Citizens Oversight Committee for City Revenue Measures held its first annual meeting. The consolidated oversight committee includes reporting revenue and expenditures for both Measure K-14 Street Bonds and Measure X-06 Transaction and Use Tax. In attendance at the meeting were two of the three committee members, Anne Holden and Paula Tripp. Committee member Terry Wingate was absent having submitted his resignation from the committee. Staff in attendance included City Manager Matthew Bronson, Administrative Services Director Deanne Purcell and Public Works Director/City Engineer Gregory Ray.

During the committee meeting, staff provided a review of Measure K-14 completed projects and projects currently underway. Twelve miles (154 blocks) or 45% of streets have been completed. Total revenue for Measure K-14 includes three bonds sold for a total of \$28,000,000 and interest revenue of \$86,000, or a total project fund of \$28,086,000. Expenditures through June 30, 2019 totaled \$16,445,000 leaving a net balance of \$11,641,000 in project funds. For comparison, there was a net balance of \$16,285,186 in project funds as of June 30, 2018 as nearly \$5 million was expended on Measure K-14 street repairs during FY 2018-19. Measure X-06 revenue received totaled \$884,000 for FY 2018-19, compared to \$770,000 in the prior FY 2017-18, or an increase of 15%. This significant increase can mainly be attributed to sales activity related to the new cannabis businesses in the city. This general revenue from Measure X-06 is used to support City services and projects.

Staff prepared a draft annual report from the oversight committee which was reviewed and approved by the committee with a revision to specify that the committee reviewed previously audited expenditures along with the unaudited FY 2018-19 expenditures. The final report is attached and will be placed on the City's website. The report includes a message from the committee members, a message from the City Manager, financial information regarding the status of Measure X-06 revenues from inception to date, Measure K-14 street projects to June 30, 2019, and a map of the completed street projects. The term of the current committee members expires on January 4, 2020 and committee members Holden and Tripp have expressed their interest in remaining on the committee. Staff will plan to open a recruitment to fill the seat vacated by Mr. Wingate for appointment by the Council along with the re-appointment of Ms. Holden and Ms. Tripp unless otherwise directed by the Council.

**FISCAL IMPACT**

There is no fiscal impact from this report.

**ALTERNATIVES**

The City Council has the following alternatives to consider:

1. Receive and file the FY 2018-19 Citizens Oversight Committee Report for City Revenue Measures; or
2. Provide staff with additional direction

**PUBLIC NOTIFICATION**

The agenda was posted in accordance with the Brown Act.

**ATTACHMENTS**

1. Citizen Oversight Committee Annual Report



# City of Grover Beach



Citizen Oversight Committee

Measures X-06 Transaction and Use Tax

& K-14 Street Bonds

Report to City Council

As of June 30, 2019

**Citizen Oversight  
Committee  
Members -  
Measures  
X-06 & K-14**

Anne Holden  
Paula Tripp  
Terry Wingate

**Staff**

Matthew Bronson  
City Manager

Deanne Purcell  
Administrative Services  
Director

Greg Ray  
Public Works Director/  
City Engineer

Please visit  
[www.groverbeach.org](http://www.groverbeach.org)  
for more information  
regarding  
Measures  
X-6 & K-14

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154 South 8th Street  
Grover Beach, CA  
93433

Phone: 805-473-4520  
Fax: 805-489-9657  
email: [publicworks@groverbeach.org](mailto:publicworks@groverbeach.org)

**A Message from the Citizen Oversight Committee**

The Citizen Oversight Committee is pleased to forward its 2019 report on X-06 Transactions and Use Tax revenue and the progress of the \$48 Million Measure K-14 Street Bond Program. The committee's job is to carry out the principal duties of ensuring that revenues from these measures have been expended for the purposes set forth in the ballot language, reporting progress annually to the public, and providing a compliance statement.

The funding provided by Measure X-06 Transactions and Use Tax is used to support general city services including police, fire, public works, parks and recreation and general city administration. The committee's task is to review the annual summary of revenues generated from the supplemental sales tax and budgeted expenditures for the upcoming fiscal year. The committee reviewed this information, which disclosed no issues or concerns.

The City has issued \$28 million of the \$48 million in approved bonds. The funding provided by Measure K-14 is a community investment in improving local streets in Grover Beach. The improvements are essential to improve drivability, maintain emergency response times, enhance safety for pedestrians, bicyclists, drivers, and promote economic growth in the City.

The committee reviewed previous revenue and expenditures from audit reports, as well as the unaudited FY 2018-19 financial information related to revenues for both measures which disclosed no instances of non-compliance. The committee wishes to report that, to the best of its knowledge, the City is in full compliance with the parameters of Measure X-06 in generating general revenues to support general city services and Measure K-14 which states that "The object and specific single purpose of issuing the Bonds is the acquisition, construction and improvement of street improvements throughout the City" (the "Street Improvements"), and the proceeds of the Bonds may only be applied to that purpose.

**A Message from the City Manager**

Thank you for your interest in the report of the Citizen Oversight Committee for City Revenue Measures. This is the first report of the newly constituted oversight committee tasked by the City Council with reviewing revenues and expenditures for both Measure X-06 and Measure K-14. Measure X-06 is a transactions and use tax approved by voters that established a half-cent sales tax as a general revenue to fund City services and projects. Measure K-14 was authorization approved by voters to issue up to \$48 million in general obligation bond funding to repair local streets and roads. The City has diligently funded important City services through annual revenue from Measure X-06 and has successfully completed seven street rehabilitation projects as of June 30, 2019 with repair of 175 blocks representing approximately 46% of local City Streets. This report provides the taxpayers a summary of how these voter-approved revenues are being spent consistent with the parameters of each measure.

## Measure X-06 Status Report

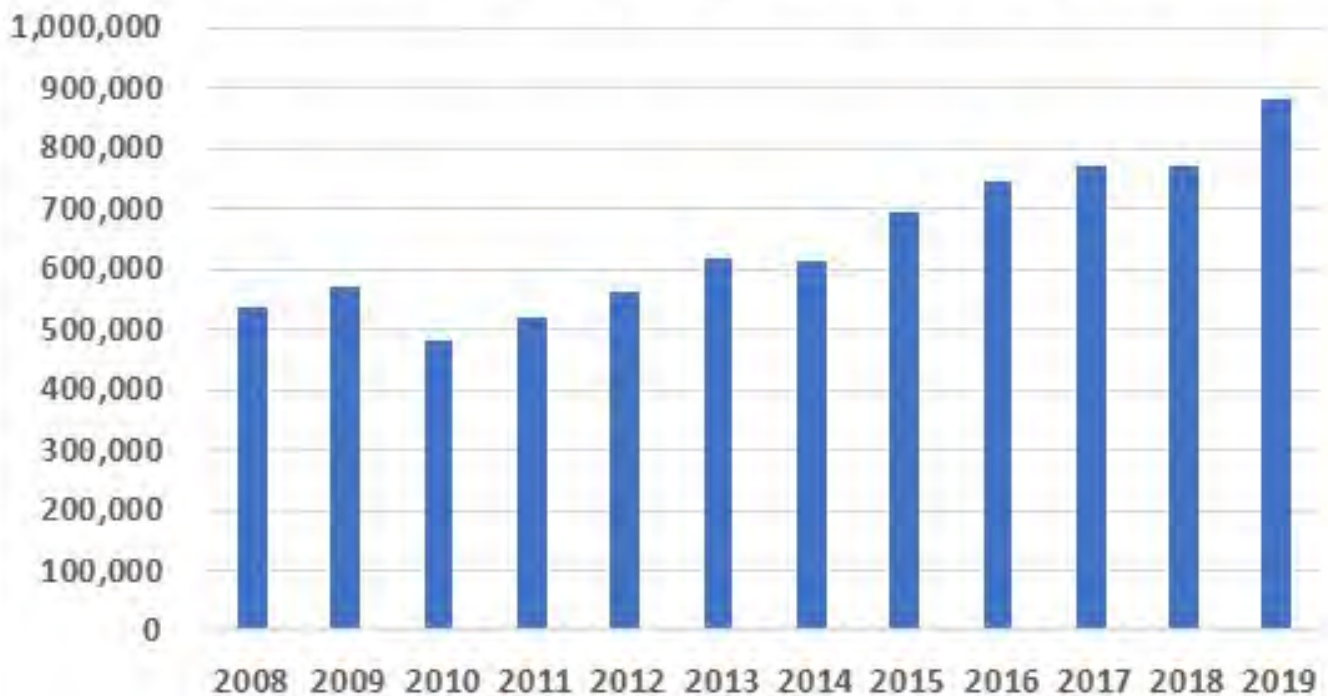
Fiscal Year	Amount	% Change
2008	537,312	
2009	571,609	6.4%
2010	480,888	-15.9%
2011	518,873	7.9%
2012	562,988	8.5%
2013	618,041	9.8%
2014	615,900	-0.3%
2015	695,089	12.9%
2016	747,043	7.5%
2017	771,475	3.3%
2018	770,164	-0.2%
2019	884,366	14.8%
<b>Average Annual % Change</b>		
Last 2 Years		7.3%
Last 5 Years		7.7%
Last 10 Years		4.8%

## Summary

In 2006, voters approved Measure X-06, a transactions and use tax at the rate of one-half percent (0.5%) to be administered by the State Board of Equalization as a general revenue to support City services and projects.

Prior to the consolidated oversight committee, the Council appointed a citizen committee to review an annual report to verify revenues generated from the Measure X-06 Transaction and Use Tax and submit to the City Council.

## Measure X-06 - Transaction and Use Tax



## Measure K-14 Status Report



City of Grover Beach Street  
Rehabilitation & Repair Program

# Your Measure K TAX DOLLAR\$ AT WORK!

### Revenues

#### History of Issuance

March 2015 Bond Sale	\$ 5,000,000
April 2016 Bond Sale	8,000,000
December 2017 Bond Sale	15,000,000
Interest	<u>86,045</u>
<b>Total Revenues</b>	<b>\$ <u>28,086,045</u></b>

### Capital Expenditures

Prior Capital Expenditures	\$ 10,886,873
<u>FY 2018-19 Expenditures:</u>	
Project #2295-4	\$ 534,452
Project #2295-5	1,250,089
Project #2295-6	657,966
Project #2295-7	1,280,558
Project #2295-8	<u>732,452</u>
<b>Total Capital Expenditures</b>	<b>\$ <u>4,455,517</u></b>

### Non Capital Expenditures

Prior Non-Capital Expend.	\$ 821,991
FY 2018-19	<u>280,534</u>
<b>Total Non-Capital Expend.</b>	<b>\$ <u>1,102,525</u></b>

**Total Expenditures** **\$ 16,444,915**

**Fund Balance June 30, 2019** **\$ 11,641,130**  
**(After Accruals)**

### Summary

Through funds provided by the Measure K-14 Street Bond, the City of Grover Beach has completed seven street projects, one (outlined below) that is nearing completion and is expected to begin the ninth project before the end of 2019. These projects, outlined in the attached map, provided maintenance and repair of 201 blocks or approximately 15 miles of roadway, representing about 46% of all local streets.

Project 2295-6 (Newport Avenue) was approved for construction in April 2019. This project will provide maintenance and repair of 14 city blocks. This project is one of the more complex projects given the length of the street, the interest in narrowing a street with a 100-foot public right of way and the need to address significant grade differences between the north and south sides of the street. The project is expected to be completed in early 2020.

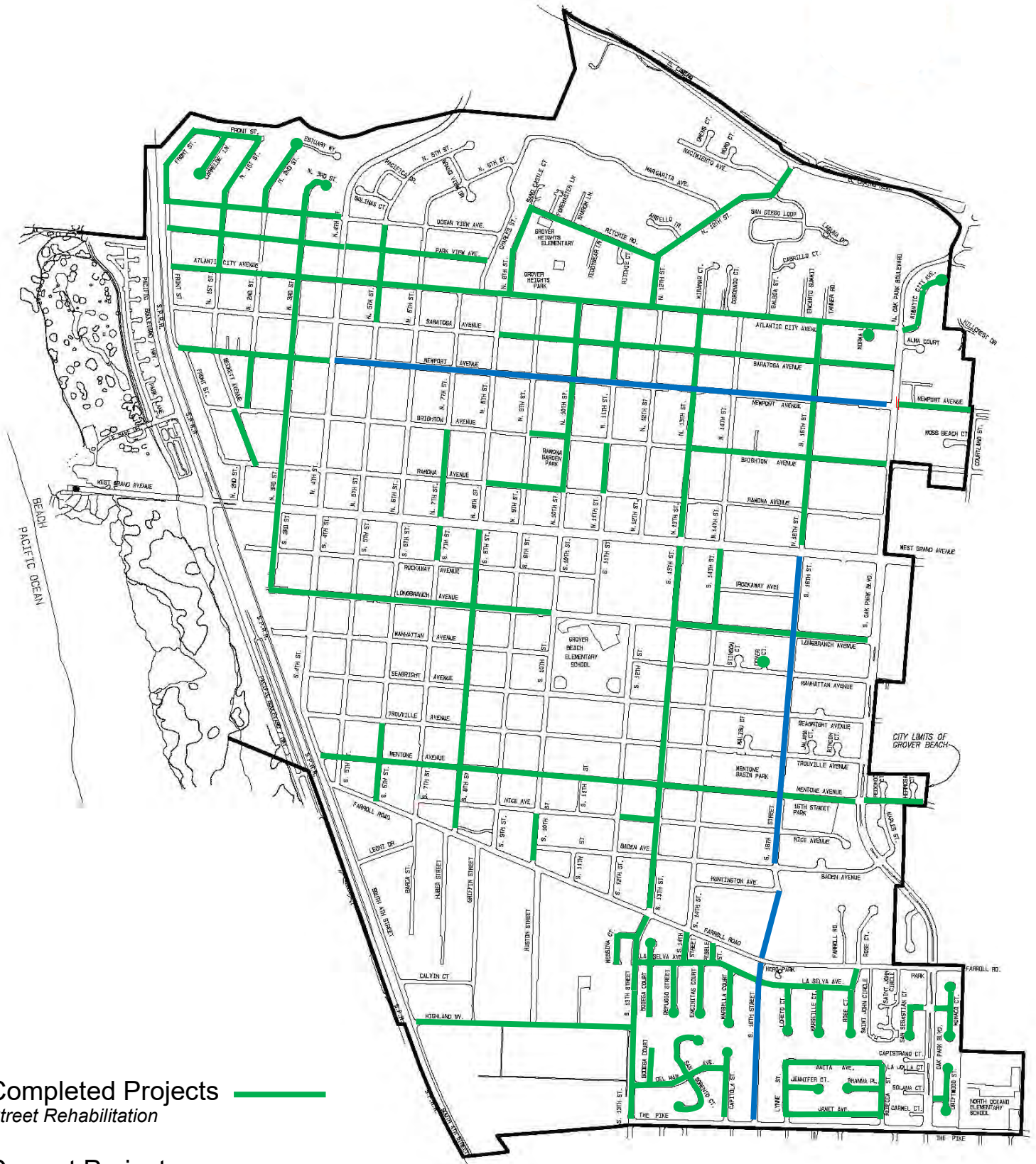




# City of Grover Beach

## Measure K-14 Street Rehabilitation & Repair Program

### COMPLETED & CURRENT PROJECTS



Completed Projects   
Street Rehabilitation

Current Projects   
(under construction or design)