

COMMITTEE MEMBERS

Brian Beckon
Gregory Grassi
Brandy Leidgen
Diane Sprouse
Michelle Lane

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



Special Meeting of the Measure Q Oversight Committee

Wednesday, May 27, 2020

4:00 p.m.

Various
telephonic/electronic
locations (see below)

CORONAVIRUS DISEASE (COVID-19) ADVISORY WARNING **STAY SAFE, STAY HEALTHY, STAY HOME**

The Contra Costa County Health Department has ordered individuals in Contra Costa County to “shelter in place”. The California Department of Public Health issued its “Mass Gatherings Guidance on Novel Coronavirus or COVID-19” followed by a recommendation that certain gatherings in California be postponed or canceled. The Governor of the State of California issued Executive Order N-25-20 which, among other things, orders that all California residents are to “. . . heed any orders and guidance of state and local public health officials, including but not limited to the imposition of social distancing measures, to control the spread of COVID-19” and pursuant to Executive Order N-33-20 has ordered all individuals in California to stay home or at their place of residence with very limited exceptions. That means residents must obey State, County, and City of Concord rules and guidelines.

City of Concord Rules: The City of Concord has declared a local state of emergency due to COVID-19 and is closed to the public. This Measure Q Oversight Committee special meeting is an essential event. However, City of Concord staff will conduct this meeting telephonically or otherwise electronically. City staff 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.

How to View/Listen to the Meeting via Zoom Meeting:

Join Zoom Meeting

<https://cityofconcord.zoom.us/j/95594935805?pwd=S2NYTitNZmVSN1ISR2hpL0xua0U1UT09>

Meeting ID: 955 9493 5805

Password: 124742

One tap mobile

+16699006833,,95594935805#,,1#,124742# US (San Jose)

+13462487799,,95594935805#,,1#,124742# US (Houston)

Dial by your location
877 853 5257 US Toll-free
888 475 4499 US Toll-free

Meeting ID: 955 9493 5805
Password: 124742
Find your local number: <https://cityofconcord.zoom.us/j/95594935805>

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 Q 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.

Special Meeting of the Measure Q Oversight Committee

1. ROLL CALL

2. AGENDA 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.

- a. Approval of Minutes/Annotated Agenda of April 29, 2020. See Attachment A.
- b. Staff Presentation and Discussion of the General Fund Budget and Long Range Forecast update for FY 2019-20 & FY 2020-21 (to be presented to the City Council on June 9, 2020) – Karan Reid, Director of Finance
- c. Review and discuss Committee's Recommendations and Memorandum to the City Council related to the FY 2018-19 CAFR, the Adopted Biennial Operating Budget and the use of Measure Q revenue. See Attachment B.
Donna Lee, Budget Officer

3. 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 Tropa, Assistant City Manager
Karan Reid, Director of Finance
Donna Lee, Budget Officer
Joelle Fockler, City Clerk

COMMITTEE MEMBERS

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

Wednesday, April 29, 2020

5:30 p.m.

Various
telephonic/electronic
locations (see below)

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Password: 455886

One tap mobile
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Special Meeting of the Measure Q Oversight Committee

1. **ROLL CALL:** Present – Diane Sprouse, Gregory Grassi, Brian Beckon, Brandy Leidgen, and Michelle Lane. Meeting called to order at 5:30 p.m.
2. **STAFF PRESENT:** Karan Reid, Director of Finance; Donna Lee, Budget Officer; Kathleen Tropa, Assistant City Manager; Greg Taylor, Director of Information Technology; and Kylie Hicks, Budget Analyst.
3. **MEMBERS OF THE PUBLIC WHO ADDRESSED THE COMMITTEE:** None.
4. **PUBLIC COMMENT PERIOD:** None.

5. AGENDA ITEMS

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Please see “How to Submit Public Comments” above.

- a. Approval of Minutes/Annotated Agenda of April 29, 2019. See Attachment A.

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

- b. Elect Chair of Measure Q Oversight Committee

Attachment A

Action: Motion to elect Diane Sprouse as Chair of Measure Q Oversight Committee by Brian Beckon and seconded by Gregory Grassi. Ayes: Gregory Grassi, Brian Beckon, Brandy Leidgen, and Michelle Lane
Abstain: Diane Sprouse

c. Elect Vice-Chair of Measure Q Oversight Committee

Action: Motion to nominate Gregory Grassi as Vice-Chair of Measure Q Oversight Committee by Brian Beckon, not seconded. Motion to nominate Brian Beckon as Vice-Chair of Measure Q Oversight Committee by Gregory Grassi and seconded by Diane Sprouse. Ayes: Diane Sprouse, Gregory Grassi, Michelle Lane, and Brandy Leidgen. Abstain: Brian Beckon.

d. Overview of the City of Concord's FY 2018-19 Comprehensive Annual Financial Report (CAFR) and use of Measure Q revenues. See attachment B. - Karan Reid, Director of Finance

Action: No action taken. The Committee received the report.

Discussion: Karan Reid made a presentation on the City of Concord's FY 2018-19 Comprehensive Annual Financial Report (CAFR) and the use of Measure Q revenues. Karan noted that the presented report included a selection of pages from the CAFR pertinent to Measure Q and encouraged the Committee to review the entire report online. Throughout the presentation, Committee members asked questions about when staff reforecast the City's financials and if it would be easy for the City to borrow money right now. Karan explained that City staff evaluates budgetary performance at the Mid-Year point in a fiscal year, at the Mid-Cycle point between two fiscal years in an adopted biennial budget period, and when the next biennial budget is prepared. Karan also explained although interest rates are low right now, it is not advisable for the City to borrow money right now. Most of the City's facilities are currently in use as collateral for other debt service.

e. Overview of COVID-19 Budget Impacts – Karan Reid, Director of Finance

Action No action taken.

Discussion: Karan Reid made a presentation on the impacts that the COVID-19 pandemic has had on the City of Concord's budget and reviewed possible scenarios for continuing revenue losses in FY 2020-21. She provided an update on cost saving measures that the City Manager has already implemented and that the City Council approved at the April 14th City Council meeting. The

Attachment A

Committee expressed concern about ongoing revenue losses and potential budget adjustments that will need to take place to compensate for the loss of revenue. Karan explained that the City of Concord was not eligible to receive funding from Federal Aid because its population is under 500,000, and it was not intended to backfill lost revenues. She also affirmed that staff will incorporate federal funding into future forecasts if it becomes available, and City staff will present further suggested budget adjustments to the City Council on June 9. Additionally, Karan explained that renewing Measure Q on the November ballot will be helpful, but that that alone will not fully address the impacts of the COVID-19 pandemic on the City's budget. The Committee expressed support of the City's staff.

- f. Review of proposed Measure Q Oversight Committee schedule for 2020. See Attachment C. – Donna Lee, Budget Officer

Action: The start times for the meetings on May 27 and June 3 were changed to 4pm.

6. ADJOURNMENT

Meeting adjourned at 6:51 p.m.

Attachment A

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City of Concord

June 9, 2020

TO: Honorable Mayor and Councilmembers

FROM: Citizen Measure Q Oversight Committee - Diane Sprouse, Chair, Brian Beckon, Vice Chair; Gregory Grassi, Brandy Leidgen and Michelle Lane

SUBJECT: **Measure Q Oversight Committee's Review of the FY 2018-19 CAFR and Evaluation and Report on the City's Use of Measure Q Revenues in the Adopted Biennial Operating Budget for FY 2019-20 and FY 2020-21**

The Measure Q Oversight Committee (Committee) met on April 29, 2020 to review the Fiscal Year (FY) 2018-19 Comprehensive Annual Financial Statement (CAFR), which includes the annual audit. At the same meeting, staff provided an overview of projected budgetary impacts and initial budgetary actions the City had implemented in response to the COVID-19 crisis. The Committee received an update on recommended changes to the City's General Fund budget for FYs 2019-20 and 2020-21 on May 27, 2020.

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

1. Does the FY 2018-19 Annual Audit reflect that the Measure Q tax was collected and appropriately spent?

On April 29, 2020, the Committee reviewed the FY 2018-19 Comprehensive Annual Financial Statement (CAFR) and determined that the presentation of the Measure Q Use and Transaction Tax in the financial statements (pages xi, 9, 12, 16, 25, 30, and 32) reflect the collection of the tax appropriately.

The Committee finds that usage of Measure Q tax revenue (\$13.4 million) was identified clearly in the annual audit. Further, the Committee finds that \$7.75 million of Measure Q revenue went to maintain City essential services, which allowed the City to avoid cuts to core City services in FY 2018-19, and the remaining \$5.9 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 amendments to the General Fund biennial budget for FY 2019-20 and FY 2020-21 protect the City's core services?

The COVID-19 pandemic and related shelter in place and business closure orders are expected to have a significant impact to the City's revenues, including Measure Q. It is unknown how long this crisis will last, how deeply revenues will be impacted or how long recovery will take. As a result, the situation is fluid and will require constant review and action to continue the City's history of fiscal prudence.

Staff made presentations on April 29, 2020 and May 27, 2020 of projected impacts to the City's revenues, immediate actions the City took to stabilize the budget and recommended adjustments to FYs 2019-20 and 2020-21 to begin addressing additional fiscal challenges brought on by the COVID-19 pandemic and response.

At the time the biennial budget was adopted in 2019, Measure Q revenues were estimated in the amount of \$13.6 million for the 2019-20 fiscal year and \$13.7 million for FY 2020-21. Initial revised estimates anticipate Measure Q revenue of \$10.9-12.7 million in 2019-20 and \$9.5-12.1 million 2020-21. While revenues have declined, the City continues to use Measure Q revenues to maintain essential City services, including 911 emergency response, gang prevention and crime investigation, city street and pothole repair, and senior services, among other services.

It is critical to note that Measure Q revenues continue to protect core City services and provide a local revenue source that cannot be taken by the State of California in both FYs 2019-20 and 2020-21.

Consequently, the Committee finds that the use of Measure Q revenue in the budget for FYs 2019-20 and 2020-21 protects the City's core services.

3. Does the City's proposed amendments to the General Fund biennial budget for FY 2019-20 and FY 2020-21 maintain the City's reserves?

The Committee finds that to protect core services, the budget will need to rely on the use of reserves and reductions in expenditures. It is important the City maintain constant focus on and nimbly adjust to the constantly changing economic environment.

The Committee supports the City's proactive approach to implementing fiscal stability efforts now and urges that a General Fund reserve level of at least 17%

be maintained to protect against future uncertainty. This is consistent with the Council's stated goals for reserve levels.

4. Does the City's proposed amendments to the General Fund biennial budget for FY 2019-20 and FY 2020-21 make progress toward resolving the City's structural budget deficit?

The Committee finds that, due to the uncertainty surrounding the COVID-19 pandemic, decisive and clear cost saving measures will need to be taken in order to preserve core City services and required reserve levels. The Committee supports the actions to date and those proposed for Council consideration on June 9, 2020.

The Committee also recognizes that significant work has been done over the last 12 months to transparently identify the magnitude of the unfunded liabilities and infrastructure maintenance challenges that face the City. The Committee supports staff's efforts to work toward fiscal sustainability while maintaining transparency in their work.

The Committee concurs that it makes sense to minimize service reductions while Measure Q is being collected from tax payers to preserve City services; however, the Committee also recognizes the significance of the fiscal challenges being faced by the City as a result of the Shelter in Place Health Order. Due to this order, the City anticipates a drop of 15-32% and 12-31% in sales tax and Measure Q Revenue for Fiscal Year 2020-21. The Measure Q committee acknowledges this will require between 10 and 20% reductions to the adopted FY 2020-21 budget and urges the City Council and City management to develop a clear roadmap to stabilize the General Fund budget.

Conclusion

The City will need to rely on Measure Q funding for the foreseeable future, beyond the current expiration date. An extension of Measure Q is a major component of stabilizing the City's budget but alone will not fully solve the funding challenges. In addition, funding to address our streets and roads needs should be prioritized and be a component of an extension of Measure Q.

The Committee commends the Council's actions to stabilize the City's budget and recognizes that significant work has been done over the last 12 months to transparently identify the magnitude of the unfunded liabilities and infrastructure maintenance challenges and to quickly adjust to the fiscal impacts of COVID-19 that face the City.

One budget stability strategy that has been identified by the community and the Council is putting a measure on the ballot to extend Measure Q. The Committee continues to support a ballot measure extending Measure Q at the one-cent rate until ended by voters and implores the Council to commit to placing Measure Q on the November 2020 ballot. The Committee recommends continuing with an oversight committee should the measure be extended by voters.

DRAFT