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 27, 2019

      Donna Lee, Budget Officer

   c. Review and discuss Committee’s Recommendations and Memorandum to the City Council related to the FY 2017-18 CAFR, the Preliminary Biennial Operating Budget and the use of Measure Q revenue.  
      Donna Lee, Budget Officer

   d. 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 2017/18 CAFR, the Preliminary Biennial Operating Budget and the use of Measure Q revenue in substantial conformance with the Committee’s directions.

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
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:** Present – Brandy Leidgen, Brian Beckon, Diane Sprouse. Absent - Brian Freire and Gregory Grassi. Meeting called to order at 5:45.

2. **STAFF PRESENT:** Karan Reid, Director of Finance, Donna Lee, Budget Officer; Jason Poon, Budget Analyst.

3. **MEMBERS OF THE PUBLIC WHO ADDRESS THE COMMITTEE:** None.

4. **PUBLIC COMMENT PERIOD:** None.

5. **REPORTS**

   a. Approval of Minutes/Annotated Agenda of April 23, 2018

      **Action:** Diane Sprouse noted two grammatical errors in the Item C Discussion section. Motion to approve minutes by Brian Beckon and seconded by Brandy Leidgen. Motion passed by unanimous vote of the Committee.

   b. Overview of the City of Concord’s FY 2017-18 Comprehensive Annual Financial Report (CAFR) and use of Measure Q revenues – Karan Reid, Director of Finance

      **ACTION:** No action taken. The Committee received the report and associated CAFR.
DISCUSSION: One of the responsibilities of the Committee is to review the annual audit and determine if the Comprehensive Annual Financial Report (CAFR) reflects that Measure Q tax dollars were collected and appropriately spent.

Director of Finance, Karan Reid, distributed a hard copy of the Comprehensive Annual Financial Report (CAFR), which was prepared by Vavrinek, Trine, Day and Co., LLP, who issued an unmodified unqualified (“clean”) opinion on the City of Concord’s financial statements. Karan explained that the financial statements are presented in conformity with generally accepted accounting principles (GAAP) and discussed how the CAFR is laid out, citing specific pages on which to find information regarding Measure Q funds.

Brian Beckon asked for clarification regarding Measure Q Receipts and GF Programs and Reserves. Karan will make sure Measure Q revenues are clarified in next report.

c. Overview of FY 2018-19 Mid-Year Operating Budget Update – Donna Lee, Budget Officer

ACTION: No action taken; the Committee received the report.

DISCUSSION: Donna Lee made a presentation on an overview of the current year (FY 2018-19) budget for the City’s General Fund and Measure Q including reviewing the Measure Q related mid-year budget adjustments considered by City Council (February 26, 2019). (Presentation attached).

d. Update on the City’s Fiscal Stability Project – Karan Reid, Director of Finance

ACTION: No action taken; the Committee received the report.

DISCUSSION: Karan Reid provided an update on the Fiscal Stability Project and a recap of the Council workshop held on February 26, 2019. (Presentation attached).

e. Review of proposed Measure Q Oversight Committee schedule for 2019 (attached) – Donna Lee, Budget Officer

ACTION: The Committee confirmed the next meeting to be held on Monday, April 22, 2019 at 5:30 p.m. Committee members to be polled on a follow-up meeting tentatively scheduled for Monday April 29, 2019 at 5:30 p.m.

6. ADJOURNMENT
Meeting adjourned at 7:34 p.m.

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Proposed 2019 Schedule of Measure Q Oversight Committee Meetings

### Proposed Measure Q Oversight Committee Meetings

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Agenda Items</th>
</tr>
</thead>
</table>
| **Wednesday, March 27, 2019 5:30 p.m.** |            | - Overview of the City of Concord’s FY 2017-18 Comprehensive Annual Financial Report (CAFR) and use of Measure Q revenues  
- Overview of FY 2018-19 Mid-Year Operating Budget Update  
- Update on the City’s Fiscal Stability Project  
- Review of proposed Measure Q Oversight Committee schedule for 2019 |
| **Monday, April 22, 2019 5:30 p.m.** |            | - Overview of proposed FY 2019-20 and 2020-21 Biennial Operating Budget, and the use of Measure Q revenue  
- Discuss and formulate Committee’s Recommendations and Memorandum to the City Council related to the FY 2017-18 CAFR, the proposed FY 2019-20 and 2020-21 Biennial Operating Budget and the use of Measure Q revenue |
| **Monday, April 29, 2019 5:30 p.m.** |            | - Complete and finalize Committee’s Recommendations and Memorandum to the City Council related to the FY 2017-18 CAFR, the proposed FY 2019-20 and 2020-21 Biennial Operating Budget and the use of Measure Q revenue |

### City Council Workshop and Meetings

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Agenda Items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Saturday, March 23, 2019</strong></td>
<td></td>
<td>- City Council Budget Goal Setting Workshop</td>
</tr>
<tr>
<td><strong>Tuesday, May 14, 2019</strong></td>
<td></td>
<td>- City Council FY 2019-20 and 2020-21 Operating Budget Workshop</td>
</tr>
<tr>
<td><strong>Tuesday, June 11, 2019</strong></td>
<td></td>
<td>- City Council Public Hearing and Adoption of FY 2019-20 and 2020-21 Operating Budget</td>
</tr>
</tbody>
</table>

*Measure Q Committee recommendation to be presented*
Fiscal Year 2018-19
Mid-Year Budget Report

Presented by
Donna K. Lee, Budget Officer

March 25, 2019
Measure Q Oversight Committee Meeting
General Fund
Budget Overview

Prior Year: FY 2017-18
## Prior Year: FY 2017-18 General Fund Operations

<table>
<thead>
<tr>
<th>FY 2017-18 Actuals</th>
<th></th>
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<tbody>
<tr>
<td>Total Resources</td>
<td>$107.0 M</td>
</tr>
<tr>
<td>Total Appropriations</td>
<td>$102.7 M</td>
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<tr>
<td>Committed Funds</td>
<td>$4.0 M</td>
</tr>
<tr>
<td>Operating Results</td>
<td>$300,000</td>
</tr>
</tbody>
</table>
Measure Q
Budget Overview

Prior Year: FY 2017-18
## FY 2017-18 Actuals

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Resources</td>
<td>$13.5 M</td>
</tr>
<tr>
<td>Total Appropriations</td>
<td>$13.1 M</td>
</tr>
<tr>
<td>FY 2017-18 Operating Results</td>
<td>+ $0.4 M</td>
</tr>
</tbody>
</table>
General Fund
FY 2018-19 Mid-Year Budget Adjustments
Appropriation Recommendations
General Fund Appropriation Recommendations

Available Resources: $300,000 (one-time budget residual)

Appropriation Recommendations

1. $200,000 for consulting services to assist Transportation Division staff (one-time)
2. $100,000 to increase General Fund Loan to Local Reuse Authority (one-time)
General Fund Appropriation Recommendations

General Fund Projects

3. $61,000 Furniture & Equipment Reserve (#2343) transfer to Parks & Recreation Furniture & Equipment (#2367) (one-time)
Measure Q
FY 2018-19 Mid-Year
Budget Adjustments
Current Year FY 2018-19
Measure Q Revenue Adjustment

Recommended Adjustment

- $380,000 Measure Q Taxes (one-time)
Budget Calendar

- **May 14, 2019**
  - City Council Budget Workshop

- **June 11, 2019**
  - Adopt 2-year Operating Budget
  - Review/amend second year of Capital Budget
Questions?
Fiscal Stability Plan and Long-Range Forecast
Fiscal Stability Background

- Direction to develop Fiscal Stability Plan during last Biennial Budget
- Hired Management Partners to work with staff and Council
- Fiscal Stability Plan presented to City Council on May 22, 2018
  - Plan included staff recommendations based on feedback received at February 24, 2018 City Council Workshop
Model Assumptions

- **Fiscal**
  - General Fund Reserves
    - Maintain at a minimum of 17% with a goal of 30%

- **Personnel**
  - Wage Increase = 2% for all employees
  - Assumes no additional increase in staffing

- **Economy**
  - Recession: Starting July 2020
    - Sales tax declining 5%
    - Property tax declining 2%
    - 3 year recovery
General Fund Reserve 20-Year Forecast
(No Fiscal Stability Measures, Fully Funding Deferred Maintenance)

- Measure Q expires March 2025
- Fully funding maintenance needs
- Wage increases 2%
- No additional FTE
- Recession starting July 2020
# General Fund Shortfall Factors

<table>
<thead>
<tr>
<th>Unfunded Need</th>
<th>Annual Funding Gap (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streets and Roadways</td>
<td>$11.00</td>
</tr>
<tr>
<td>Building Facilities</td>
<td>0.50</td>
</tr>
<tr>
<td>Parks and Medians</td>
<td>1.90</td>
</tr>
<tr>
<td>Signs</td>
<td>0.10</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>0.10</td>
</tr>
<tr>
<td>Public Safety Equipment</td>
<td>0.26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13.86</strong></td>
</tr>
</tbody>
</table>

![Graph showing cumulative shortage vs. reserve goal](chart.png)
Revised Long-Range Forecast
Updated General Fund 20-Year Forecast
(No Budget Stability Measures)

- Incorporates additional road need of $18M
- Measure Q expires March 2025
- Fully funding maintenance needs
- Wage increases 2%
- No additional FTE
- Recession starting July 2020
City Council Priorities and Selected Strategies

**Funding Infrastructure Maintenance and Equipment Costs**

- **Roadway Improvements** – Phase in annual funding of $11M over six years starting in FY 2020-21
- **Parks/medians** – Phase in annual funding of $1.9M over six years starting in FY 2018-19
- **Other unfunded needs** – Begin annual funding of $1.8M starting in FY 2018-19

**Revenue Enhancement**

- **Local transactions and use tax** – Extend Measure Q until ended by voters at the 1-cent rate

**Service Delivery Changes**

- **Street sweeping** – Consider contracted or shared services model beginning in FY 2019-20; estimated savings of $150,000
General Fund Reserve 20-Year Forecast (With Fiscal Stability Measures)

- Measure Q in November 2020 at the 1% rate until ended by voters
- Street Sweeping FY 2020 ($150k savings)
- Phase in Roadway (FY 2021) of $18M and Parks/Median (FY 2020) maintenance over six years
- Wage increases 2%
- No additional FTE
- Recession starting July 2020
General Fund Reserve 20-Year Forecast
(With Fiscal Stability Measures)

- Measure Q in November 2020 at the 1% rate until ended by voters
- Street Sweeping FY 2020 ($150k savings)
- Phase in Roadway (FY 2021) of $11M and Parks/Median (FY 2020) maintenance over six years
- Wage increases 2%
- No additional FTE
- Recession starting July 2020
Shorter-term View – General Fund Forecast (No Fiscal Stability Measures)

- Measure Q expires March 2025
- No additional funding of maintenance needs
- Wage increases 2%
- No additional FTE
- Recession starting July 2020
Conclusion
General Fund Budget Challenges

- Short-fall of revenues for upcoming Biennial Budget
- Unfunded Capital and Equipment Needs: $21M Annually
  - Annual Roadway Maintenance: $18.0M
  - Annual Parks, Medians and Signs Maintenance: $2.0M
  - Annual Facility Maintenance: $0.5M
  - Annual Replacement Equipment Needs: $0.4M
- Rising CalPERS Pension Costs
  - 25% increase over next 2 years (additional $2.2M/$4.1M annually)
Proposed Work Plan

- Work with Community in early 2020 to explore Measure Q extension for November 2020
- Continue value engineering roadway investments to maximize the return on investment
- Continue to control costs so challenge doesn’t increase
- Proactively advocate at the state level for a return of revenues to local governments
- Proactively advocate at the state level to allow for additional options to PERS and PERS health so costs are more sustainable over the long-term
- Employ more cost effective technologies as they are developed
- Explore additional funding methods for unfunded Roadways/Infrastructure maintenance costs
Questions?