COMMITTEE MEMBERS
Brian Beckon
Gregory Grassi
Brandy Leidgen
Diane Sprouse
Michelle Lane

Special Meeting of the Measure Q Oversight Committee

Wednesday, April 29, 2020 5:30 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/92670844786?pwd=TXpsN2pxUW5pclJTUEmYU5PR21mUT09

Meeting ID: 926 7084 4786
Password: 455886

One tap mobile
+16699006833,,92670844786#,,#,455886# US (San Jose)
+13462487799,,92670844786#,,#,455886# US (Houston)
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, 2019. See Attachment A.

   b. Elect Chair of Measure Q Oversight Committee

   c. Elect Vice-Chair of Measure Q Oversight Committee

   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

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

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

3. ADJOURNMENT
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 Tianjun Cao at (925) 671-3243 or Tianjun.cao@cityofconcord.org, at least 24 hours in advance of the meeting. 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
ANNOTATED AGENDA

Special Meeting of the Measure Q Oversight Committee

Monday, April 29, 2019

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 – Diane Sprouse, Gregory Grassi, and Brian Beckon. Excused - Brandy Leidgen. Absent – Brian Freire. Meeting called to order at 5:34 p.m.

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

3. **PUBLIC COMMENT PERIOD:** None.

4. **REPORTS**

   a. Approval of Minutes/Annotated Agenda of April 22, 2019. See Attachment A.

      **Action:** Motion to approve minutes by Gregory Grassi, Second by Brian Beckon. Motion carried unanimously.

   b. Follow-up responses to questions received as part of the Preliminary Biennial Operating Budget presentation on April 22, 2019. See Attachment B.

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

   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. See Attachment C.

Donna Lee, Budget Officer

**Action:** Donna Lee reviewed the changes made to the draft Memorandum to the City Council. The Committee reviewed and discussed the changes. Gregory Grassi moved to accept the changes as presented. Brian Beckon seconded the motion. The motion carried unanimously.

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.

**Action:** No action was taken.

5. **ADJOURNMENT:** Meeting was adjourned at 6:34 p.m.

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**ADA NOTICE AND HEARING IMPAIRED PROVISIONS**

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**Distribution:**
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- 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
Staff Report

Date: April 29, 2020
To: Measure Q Oversight Committee
From: Karan Reid
   Director of Finance
   Karan.reid@cityofconcord.org
   (925) 671-3192
Subject: Overview of the City of Concord’s FY 2018-19 Comprehensive Annual Financial Report (CAFR) and use of Measure Q Revenues

Report in Brief
Staff will provide a presentation on April 29 to review the City of Concord’s FY 2018-19 Comprehensive Annual Financial Report (CAFR) and use of Measure Q Revenues upon which the Committee will formulate an opinion as to whether the annual audit reflects that Measure Q revenue was collected and appropriately spent.

Recommended Action
Receive and discuss the presentation. No action is required at this time.

Background
The Comprehensive Annual Financial Report (CAFR) 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 non-profit 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, Measure Q is considered part of the City’s General Fund and we are not permitted to segregate this revenue from the City’s non-Measure Q funds. However, we do detail it out within the General Fund for transparency purposes.
The Committee’s responsibilities include:

1. Review the annual audit report.
2. Provide recommendations to the Council on the use of Measure Q.
3. Respond to the historical question as part of its annual report to Council:

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

Analysis
The City must undergo an annual independent audit, which is 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 CAFR for FY 2018-19 were accepted by the City Council on February 25, 2020. Due to the size of the CAFR, it is not attached to this report and can be accessed here: http://cityofconcord.org/DocumentCenter/View/3854/2019-Concord-CAFR-w-bookmarks-reduced-size

Committee members are encouraged to review the CAFR 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 29 meeting, staff will walk through major components of the CAFR. The discussion below provides relevant details related to Measure Q for the Committee to use in its consideration of whether the audit reflects Measure Q 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 xi, is a summary of Measure Q revenues received from inception to June 30, 2019. For FY 2018-19, $13.4 million was collected and used to maintain programs and reserves. Since inception, $97.7 million in Measure Q revenues have been collected, $84.3 million was used to maintain General Fund programs and rebuild General Fund reserves, and $13.3 million has provided a Measure Q stability reserve.

- 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 2018-19 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 9: This section of the CAFR 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, 2019 and 2018. Under General Revenues, the table shows the amount of Measure Q revenues collected for each fiscal year. For FY 18-19, $13.4 million was received compared to $13.8 million in the prior year.

Page 12: Table 4 in the MD&A is another depiction of changes in net position, only looking at governmental activities. The receipts from Measure Q revenues are the same as listed in Table 2 as all Measure Q revenue is considered a governmental activity.

Pages 24-25: These pages show the Statement of Activities on a City-wide basis. Measure Q revenues are reported at the bottom as part of taxes under General Revenues. For the year ended June 30, 2019, $13,357,593 of Measure Q revenues were received.

Page 30: As mentioned previously, Measure Q 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 revenues are listed under Taxes and show $13,357,593 was received in FY 2018-19.

Page 32: The table on this page shows budget to actual numbers for the City’s General Fund. Under the taxes section, Measure Q revenues were originally budgeted at $13.46 million, revised to $13.08 million and actual receipts were $13.36 million.

Page 50: Note 1 provides a summary of significant accounting policies and the City’s minimum fund balance (reserve) policy is discussed. The City’s policy is to maintain a minimum of 17% of the General Fund’s operating expenditures, with a goal of 30%. The total combined unassigned fund balance at June 30, 2019 was $36,685,375 or 37% of General Fund Operating Expenditures.

Page 69: Note 7 summarizes the City’s long-term debt. Included in the Current Year Transactions and Balances table, is a 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 loan balance at June 30, 2019 was $14,085,000 and the balance due will be paid in full by March 1, 2025. 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.
The Committee is encouraged to ask questions and discuss the material presented in preparation of providing its annual report to Council on June 9. The discussion of the proposed budget adjustments and letter to Council will occur at the next Committee meeting, which is tentatively scheduled for May 27, 2020.

Public Contact
The Measure Q Committee agenda was posted.
Proposed 2020 Schedule of Measure Q Oversight Committee Meetings

Proposed Measure Q Oversight Committee Meetings

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<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Agenda Items</th>
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<tbody>
<tr>
<td>Wednesday, April 29, 2020</td>
<td>5:30 p.m.</td>
<td>• Elect Committee Chair and Vice-Chair</td>
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<td>• Overview of the City of Concord’s FY 2018-19 Comprehensive Annual Financial</td>
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<td>Report (CAFR) and use of Measure Q revenues</td>
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<td>• Overview of COVID-19 Budget Impacts</td>
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<td>• Review of proposed Measure Q Oversight Committee schedule for 2019</td>
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<tr>
<td>Wednesday, May 27, 2020</td>
<td>5:30 p.m.</td>
<td>• Overview of proposed FY 2019-20 and 2020-21 Mid-Cycle Operating Budget</td>
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<td>Adjustments and the use of Measure Q revenue</td>
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<td>• Discuss and formulate Committee’s Recommendations and Memorandum to the</td>
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<td>City Council related to the FY 2018-19 CAFR, the proposed FY 2019-20 and</td>
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<td>2020-21 Mid-Cycle Operating Budget Adjustments and the use of Measure Q</td>
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<tr>
<td>Wednesday, June 3, 2020</td>
<td>5:30 p.m.</td>
<td>• Complete and finalize Committee’s Recommendations and Memorandum to the</td>
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City Council Workshop and Meetings

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<tr>
<td>Tuesday, May 5, 2020</td>
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<td>• City Council’s First Public Hearing on FY 2020-21 and 2021-22 Capital Budget</td>
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<td>Tuesday, June 9, 2020</td>
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<td>• City Council’s Second Public Hearing and Adoption of FY 2020-21 and</td>
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<td>2021-22 Capital Budget</td>
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<td>Tuesday, June 9, 2020</td>
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<td>• City Council Public Hearing and Adoption of FY 2019-20 and 2020-21 Mid-</td>
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<td>Cycle Operating Budget Adoption</td>
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*Measure Q Committee recommendation to be presented*