



## Measure Q Oversight Committee

Wednesday, April 15, 2015

6:30 p.m.

Garden Conference Room, Wing A  
1950 Parkside Drive, Concord, CA

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The meeting was called to order by Valerie Barone, City Manager, at 6:30 p.m.

**ROLL CALL:** Self-introductions were made instead of taking a roll call. All were present: Brian Beckon, Guy Bjerke, Gregory Grassi, Matthew Hohenstret, Diane Sprouse,

**STAFF PRESENT:** Valerie Barone, City Manager; Jovan Grogan, Deputy City Manager; Mark Coon, City Attorney; Karan Reid, Director of Finance; Sue Anne Griffin, Confidential Secretary

**MEMBERS OF THE PUBLIC WHO ADDRESSED THE COMMITTEE:** None

**PUBLIC COMMENT PERIOD:** None

1. Welcome and Introductions – Valerie Barone, City Manager, Measure Q Oversight Committee Members and staff present

Valerie Barone welcomed all members and asked each to introduce him or herself and share a fun fact about themselves.

2. Overview of State laws that impact appointed committee members – Mark Coon, City Attorney

Mark Coon provided a PowerPoint presentation overview of the Brown Act and pointed out the Public Records Act Summary in each member's handbook, including the Open Meeting requirements, and indicated that this Committee needed three members present to have a quorum.

Valerie Barone requested, on the City Clerk's behalf, that all members of the Committee turn in the Form 700s and complete their ethics training, the link for which would be sent out electronically.

3. Review of Measure Q Oversight Committee's role and responsibilities and overview of the Resource Binder –Jovan Grogan, Deputy City Manager

Jovan Grogan walked the Committee through the Handbook, providing a brief description of each resource in the binder and said that Karan would give us an overview of the City's budgeting process and City audit. At our next meeting we plan to provide an overview of last fiscal year's audit (FY 2013/14), including a full update on Measure Q funds, and Karan and I will orient you to that material.

The role of the Committee is 1) To review the City's annual audit report which will include the Measure Q tax revenue and expenditures, and 2) to provide recommendations to the City Council on the use of Measure Q revenue.

After the second meeting, hopefully the Committee will come up with recommendations to the three questions you are tasked with answering after the review of the audit:

1. Does the City's proposed General Fund Budget for Fiscal Year 2013/14 rebuild the City's core services?
2. Does the City's proposed General Fund Budget for Fiscal Year 2013/14 rebuild the City's reserves?
3. Does the City's proposed General Fund Budget for Fiscal Year 2013/14 make progress towards resolving the City's structural budget deficit within the next 10-years?

You can answer additional questions, or other questions as you decide. The recommendation memo is truly the Committee's document.

Guy Bjerke gave a brief description of what the Committee can expect; that after review of the budget and Committee discussion, staff will prepare a draft recommendation memo, including where the Committee stands on certain issues, and then revise the memo based on the Committee's further input. At the City Council Workshop scheduled for May 12, the Committee presents the recommendation to the entire Council.

Jovan stressed that if the Committee decides that you need another meeting, Committee's recommendation memo can be presented to the Council at the following meeting on June 9.

4. General overview of the City's new bi-annual budgeting process and annual audit process – Karan Reid, Director of Finance

Karan Reid gave the Committee a general overview of the City's new bi-annual budgeting process and annual audit process.

One of your roles is to review the annual audit and have an opinion as to whether we have a Comprehensive Annual Financial Report (CAFR) for FY ending June 2014. You can look at it on-line and I will point out the Measure Q portion. Karan will walk you through the budget and where Measure Q is located: what we've received and what we've spent.

The Government Finance Officers Association (GFOA) has oversight of government agencies and sponsors award programs designed to encourage sound financial reporting for financial documents including the CAFR, and the annual budget. The group also presents an award for Excellence in government finance, and the City's CAFR has won the award for over 20 consecutive years. The CAFR was put in place to help make the budget more readable and provide more information to the public to make the budget easier to understand and analyze.

Valerie pointed out that Karan can help you understand how the government is different than the private sector in the way we produce our budget.

We'll talk next time about a document for a year ago. Current fiscal year auditors come out several times each year to ensure that we are representing our book correctly. Practices are changing and Karan will point out how it will be different in 2014/15 than 2013/14. The second piece you'll be considering will be the new, two-year budget, approving spending plans for FY 2015/16 and FY 2016/17. We will maintain all the processes: a mid-year

update and a mid-cycle update on where we stand half-way through our two-year budget and will make adjustments as necessary. We'll meet with the Committee at the appropriate times. Audit recommendations by the Committee will be made annually, even though we're approving for two years.

5. Overview of the City of Concord's Current Budget and the use of Measure Q revenues from 2011 to today –Jovan Grogan, Deputy City Manager

Most of our discussions with the Measure Q Committee will focus on the General Fund. Measure Q was adopted as a general purpose tax so we will be talking almost exclusively about the General Fund. Think of that as a general checkbook: most of the City's revenue comes in and expenses go out of it.

Jovan presented the City's prior budget balancing solutions through PowerPoint: staffing reductions, employee benefit changes, furloughs for non-sworn staff, and more. He discussed that some service reductions that occurred during the recession have returned, but most have not. For example, three School Resource Officers positions were restored in 2014 through a partnership with the Mt. Diablo School District.

Jovan discussed that the last fiscal year that regular expenditures equaled regular revenue (without the assistance of Measure Q) was FY 2007/08. At that time, the City maintained a 30% reserve fund. With Measure Q funds the City has been rebuilding the reserves back up to 30% from 15% and lower.

Karan discussed that GFOA recommends a 3 month reserve, which is not long but it's a reasonable level. These funds are in very safe investments, which are restricted by State law to 5 years and what we can invest in is also restricted. This goes back to the City's conservative approach. Most agencies are proud they do 5-year planning. Because the City of Concord has historically produced a 10-year financial forecast, the City was able to see and project the affects that reduced revenue would have on City services and programs. The City's 10-year forecasting model dates back to the mid-1990s, when we went through a difficult budget time. As a result, Concord adopted 10-year forecasting as a regular practice in its annual budgeting process.

Jovan discussed that Measure Q was placed on the November 2014 ballot for a 9-year extension. It passed with more than 70% of voter approval and will now expire in March 2025. Staff projected that, if the measure did not pass, the City would need to make \$4 million in immediate budget cuts. Jovan also mentioned that Measure Q's extension did not solve all of the City's fiscal challenges, but it allowed us to maintain core services and address some of the infrastructure maintenance backlog. Jovan discussed the City's fiscal challenges with maintaining and addressing the backlog of roadway projects and other infrastructure maintenance needs. The City recently received debt financing of \$22 million to help with roadway maintenance. The annual debt payments of \$2.5 million will be paid with Measure Q revenues over the next 10 years.

Jovan discussed the Fiscal Sustainability Ordinance that was amended by Council on February 10, 2015 to include a definition of Measure Q revenues and guidelines on how the money would be spent.

Valerie suggested that Jovan and Karan give a brief presentation on how much the City receives in sales taxes, as the City is not the main recipient,. The county and state receive the majority of the revenue.

6. Review of proposed Measure Q Oversight Committee schedule for 2015 – Jovan Grogan, Deputy City Manager

The meeting schedule was adopted by the Committee. Guy Bjerke will miss the April 29, 2015 meeting and Matt Hohenstreet will miss the first budget workshop on May 12, 2015.

Wednesday, April 15, 2015 6:30 p.m.	Initial Committee Meeting
Wednesday, April 29, 2015 6:30 p.m.	Discussion of FY 2013-14 Comprehensive Annual Financial Report; Presentation of Preliminary Bi-Annual FY 2015-16 and FY 2016-17 Proposed Budget; Update on Measure Q Revenue and Reserve Funding
Wednesday, May 6, 2014 6:30 p.m.	Discuss Preliminary FY 2015-16 Proposed Budget; Update on Measure Q Revenue and Reserve Funding
Tuesday, May 12, 2015	City Council holds first budget workshop – <i>tentative</i> Measure Q Committee recommendation to be presented <i>Not a Committee Meeting</i>

7. Elect Chair and Vice Chair of Measure Q Oversight Committee

Matt nominated Guy as Committee Chair with general consensus. Diane volunteered as vice chair without objection.

At every meeting we have historical binders and correspondence in the back of the MQ meeting rooms.

**Adjournment** at 8:33 p.m.

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Reviewed by:



Jovan Grogan, Deputy City Manager

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Distribution: City Council  
Measure Q Oversight Committee  
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