

Annual Report of the Measure P Citizens Oversight Committee Fiscal Year 2017-18

Measure P Background

In November 2016, Chula Vista voters approved Measure P: a temporary, ten-year, half-cent sales tax to fund high priority infrastructure needs. Collection of the sales tax began April 1, 2017. The sales tax is projected to raise \$178 million, which will be used to upgrade police, fire, paramedic and 9-1-1 equipment, vehicles and facilities; fund streets and sidewalks; replace storm drains to prevent sinkholes; improve parks; repair recreation facilities; and repair or replace other city infrastructure.

Citizens Oversight Committee

The ballot measure also established a Measure P Citizens Oversight Committee (COC). The Measure P Citizens Oversight Committee (COC) is composed of 16 members. The purpose of the COC is to review and report on all Measure P expenditure plans, financial reports, and audits. Eleven of the COC members serve as “Designated Members.” Designated Members were nominated by local organizations and individuals such as the Chula Vista Chamber of Commerce, Chula Vista Youth Sports Council, Chula Vista Growth Management Oversight Commission, and the Chula Vista Police and Fire Chiefs. The remaining five members are “At-Large Members” selected from a pool of applicants who applied directly to the City. Five “At-Large Members,” included at least one resident from each of the four City Council districts and one nominated by the Mayor.

The board is composed of 16 members appointed to a four-year term.

Member	Appointment Criteria	Term Expiring
Greg Martinez	District 1 Rep.	6/30/21
Christopher Redo (Chair)	District 2 Rep.	6/30/21
Jason Prater	District 3 Rep.	6/30/21
Christopher Sheridan	District 4 Rep.	6/30/21
Mona Freels	At-Large Rep.	6/30/21
Zulema Maldonado	Designated Rep. ¹	6/30/21
Silvestre Vigilante	Designated Rep. ²	6/30/21
Lileana Robles	Designated Rep. ³	6/30/21
David Garcias	Designated Rep. ⁴	6/30/21
Todd Voorhees	Designated Rep. ⁵	6/30/21
Michael Lengyel	Designated Rep. ⁶	6/30/21
Hector Fernandez	Designated Rep. ⁷	6/30/21
Oscar Romo	Designated Rep. ⁸	6/30/21
Robert Ziomek	Designated Rep. ⁹	6/30/21
Donald Hunter	Designated Rep. ¹⁰	6/30/21
Leon Firsh (Vice Chair)	Designated Rep. ¹¹	6/30/21

Nominating Authorities are as follows:

- 1 - Chula Vista Chamber of Commerce
- 2 - Chula Vista Sports Council
- 3 - Alliance of Californians for Community Empowerment, San Diego Branch
- 4 - San Diego and Imperial Counties Labor Union
- 5 - San Diego County Taxpayers Association
- 6 - Growth Management Oversight Commission
- 7 - Parks and Recreation Commission
- 8 - Sustainability Commission
- 9 - Chula Vista Fire Chief
- 10 - Chula Vista Police Chief
- 11 - Chula Vista Director of Public Works

The specific duties of the COC are as follows:

1. Review and comment on each year's Finance Department Report (as defined in CVMC section 3.33.160.A); Measure P Spending Plan (as defined in CVMC section 3.33.160.B); and the Annual Independent Auditor's Report (as defined in CVMC section 3.33.160.C).
2. Prepare an Annual Report regarding the Finance Department Report for presentation to the City Council at a public meeting.
3. Work with City staff to identify and apply "best practices" for tracking and reporting on Measure P revenues and expenditures relative to other City revenues and expenditures.

Summary of fiscal year 2018 Independent Auditors' Report on Compliance Revenues and Expenditures

Major expenditures in the following categories incurred in fiscal year 2018:

Category	FY 2018 Expenditures	Major Items
Fire Services	2,776,237	Fire Vehicles, Fire Equipment, Facility Repairs
Police Services	2,835,129	Police Vehicles, Communication System, Facility Repairs
Infrastructure	8,178,557	Streets, Other Public Infrastructure, Sports Fields and Courts, Non-Safety Vehicles, Public Facilities, Traffic Signal Systems, Park Infrastructure, Citywide Network Replacement, Citywide Telecommunications
Staff Time	613,194	City Staff-Time
Debt Service	7,874,334	Bond Debt Service
Administrative Expenses	564,389	Audit, Bond Administration Fees, Banking Fees, Cost of Issuance
Total Expenditures	\$ 22,841,840	

Audited Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2018

Revenues:

Local sales and use tax	18,160,769
Use of money and property	936,155
Miscellaneous	398

Total Revenues	\$ 19,097,322
----------------	----------------------

Expenditures:

Contracted Services	15,533
Equipment and shared infrastructure costs	607,635
Capital outlay	13,150,828
Debt service:	
Principal retirement	6,026,111
Interest and fiscal charges	3,041,733

Total Expenditures	\$ 22,841,840
--------------------	----------------------

Excess (Deficiency) of Revenues Over (under) Expenditures	(3,744,518)
--	-------------

Other Financing Sources (Uses):

Issuance of bonds	61,355,000
Bond premium	10,008,509

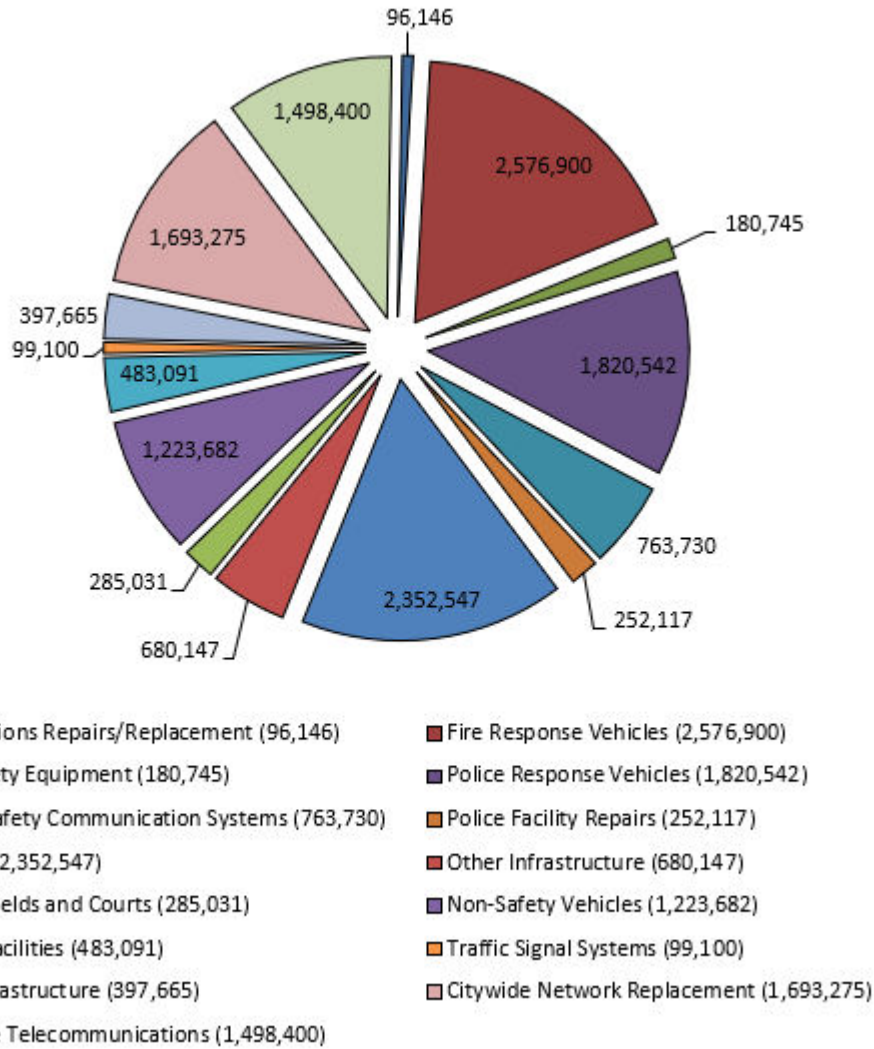
Total Other Financing Sources (Uses)	\$ 71,363,509
--------------------------------------	----------------------

Net Change in Fund Balance	67,618,991
----------------------------	------------

Fund Balance at Beginning of Year	1,456,065
-----------------------------------	-----------

Fund Balance as of June 30, 2018	\$ 69,075,056
---	----------------------

**Plan Expenditures by Replacement Category
(\$14,403,118)**



Major Projects (Fiscal Year 2017/2018) by Cost Category

Fire Stations Repairs/Replacements (GGV0230): \$483,091

Current activities include development of the Design/Build RFP for fire stations 5 and 9 and the options analysis for fire station 1 remodel/replacement. Cost estimates for each option have been provided to the Fire Department and City Management for review and refinement of scope. The future site for fire station 9 is in the condemnation process for land acquisition. The Fire Department is working on the program document for the RFP. *Estimated Completion: February 2021.*

Street Pavement Phases I & II (STL0427 & STL0430): \$2,352,547

Pavement rehabilitation projects on various streets based on recommendations from City's Pavement Management System for streets with pavement condition index (PCI) ranging from 0-25. Capital Improvement Project STL0427 is currently in the Construction phase and about 60 of the 140 street segments have been completed to date. Upon completion (estimated December 2019) approximately 2 million square feet of pavement will be rehabilitated for an estimated overall project cost of about \$6.3 million.

The design plans and specifications for Capital Improvement Project STL0430 is 50% completed and is planned to go out to bid in February 2019. The design scope includes 193 street segments representing about 4.4 million square feet of pavement.

Other Infrastructure - CMP Rehabilitation Outside ROW Phases I & II (DRN0209, DRN0210 & DRN0211): \$680,147

Rehabilitation of failed Corrugated Metal Pipe (CMP) and other storm drain related repairs outside the right of way. Project DRN0210 cleaned, videotaped and evaluated approximately 28,500 lineal feet of CMP.

Project DRN0209 began construction in March 2018 and will repair 31 CMP locations (4,752 lineal feet of CMP) for an estimated total project cost of \$1.26 million. Currently, approximately 1,200 lineal feet CMP has been repaired and the estimated date of completion is January 2019.

Project DRN0211 will repair 106 CMP locations (approximately 15,000 lineal feet of CMP) for an estimated total project cost of \$5.3 million. Contract Bids were opened in May and construction is expected to be completed in September 2019.

Other Infrastructure - Sidewalk Replacement Citywide (STL0428):

This project will replace damaged sidewalk at various locations throughout the City based on recommendations from the Pedestrian Connectivity Plan. The connectivity plan is expected to be completed in late 2018 at which time the Design Phase will begin. Current bid date target is April 2019.

Citywide LED Lighting Upgrade Project (GGV0232, GGV0233, GGV0234, PRK0326):

Pending Completion Phase I of this project has an estimated cost of \$1.0 million and will be completed in Spring 2019. This project will result in the replacement of 16,200 lamps, 289 fixtures and 435 emergency lighting fixtures to LED and significantly reduce energy costs. Phase II of this project will address additional light replacements.

Civic Center Bathroom Remodel (GGV0231): \$275,588

The total project cost is \$275,588. This project was completed in Summer of 2018. This project involved the complete remodel of the Women's and Men's restrooms at the Civic Center Library, which are located at the east entrance to the Library. These restrooms upgrades resulted in ADA compliance and increased water efficiency.

Exterior Wood Surface Refinishing Project (GGV0234): \$297,797

As part of this project, the exterior wood surfaces (doors, eaves, benches, and trellises) at the Civic Center Complex and Veteran's Recreation Center were refinished and repainted. This project was completed September 2018 at a total project cost of \$297,797.

Harborside Park Resilient Surface Playground Replacement (PRK0326): \$85,212

Total project cost \$85,212. This project removed wood chips and replaced them with playground poured rubber surfacing providing fall protection and a safe playground. This project was completed in in fiscal year 2019.

Pathway Resurfacing (PRK0326): \$436,350

This project addressed pathway and walkway repairs and ADA access at three City parks – Discovery, Greg Rogers, and Voyager Park. The total project cost is \$436,350. This project was completed in December 2018.

Resurfacing of Courts Citywide (PRK0327): \$175,125

This project was awarded October 2017 and completed in December 2018. The project resulted in the resurfacing of basketball and tennis courts at 22 locations at a total project cost of \$175,125.

Irrigation and Controller Changeover Citywide Sports Fields (PRK0327): \$185,227

Chula Vista Community, Discovery, Rohr Field 17 and 18 and Terra Nova. Total project cost \$185,227 (including FY2017).

Non-Safety Vehicles:

Measure P allowed for the purchase of vehicles that were beyond their recommended replacement date. The replacement of these vehicles improves reliability, reduces maintenance and fuel costs and in some cases allowed for the transition to electric vehicles which supports the City's sustainability goals. The number of electric vehicles for fiscal year 2018 totals 15 vehicles. The vehicles listed below represent only those not assigned to Safety. In fiscal year 2018 approximately \$2.6 million was spent on public services vehicles. Major purchases include:

- Two Gapvax (sewer vacuum trucks) - \$1.0 million total
- One Caterpillar Wheel Loader
- Three Chevy Bolts (electric vehicles)
- Three Hyundai Ionic (electric vehicles)
- One Caterpillar Front Loader

Major Projects (Fiscal Year 2018/2019)

Awarded but not yet completed:

Roof Replacement at Civic Center Library and Major Repairs at Civic Center Complex (GGV0231 & GGV0234):

The estimated project cost totals \$760,557. This project is estimated to be completed in Spring 2019. This project addresses major roof repairs at the Civic Center Complex (Buildings A, B, and C) and the replacement of the roof at the Civic Center Library.

Renovations at Norman Park Senior Center (GGV0233):

Two (2) major projects are in the design phase and are anticipated to bid later this fiscal year. The first project is for the remodel of the kitchen and restrooms located on the ground floor and will provide upgrades and ADA access to both locations. The second project includes major repairs to the exterior 2nd floor balcony deck and roof systems with the objective of eliminating water leaks in the building and securing a long-term performance guarantee.

Animal Care Facility (GGV0234):

The Animal Control (AC) Officers and Animal Care Facility (ACF) Dispatch currently work in a trailer at the ACF. The trailer is being replaced with a new trailer at an estimated project cost of \$277,103. This does not include the cost of furniture and equipment costs. The new trailer will provide improved amenities, energy reduction, and improved workflow for the AC Officers and ACF Dispatch. A new HVAC unit will also be installed at the ACF later this year at an estimated cost of \$100,000.

Drinking Fountain Replacement at Various City Parks (PRK0326):

The estimated project cost totals \$249,948. This project is estimated to be completed in Spring 2019. This project will replace 31 drinking fountains at 21 City parks with a standard drinking fountain model that features 3 basins which accommodate ADA and pet hydration.

Reconstruction of Basketball Courts at Rohr Park (PRK0327):

This project is estimated at \$315,000 and will be completed in April 2019. This project resulted in the installation of new full-size basketball courts at Rohr Park. A new seating area, an ADA accessible picnic table, and a new drinking fountain were also added as part of this project.

Completed:

Renovations at South Library (GGV0231): \$92,381

Replaced 2 failed HVAC units and a new roof installation over the Literacy Wing. The new HVAC units have improved energy efficiency and reliability. The new roof has a long-term performance guarantee. Total project cost is \$92,831. This project was completed in November 2018.

Non-Safety Vehicles:

Measure P allowed for the purchase of vehicles that were beyond their recommended replacement date. The replacement of these vehicles improves reliability, reduces maintenance and fuel costs and in some cases allowed for the transition to electric vehicles which supports the City's sustainability goals. The number of electric vehicles for fiscal year 2019 totals 26 vehicles. The vehicles listed below represent only those not assigned to Safety. In fiscal year 2019 approximately \$1.0 million has been spent on public services vehicles. Major purchases include:

- One Bobcat Loader (Parks Division)
- Two 5-yard dump trucks
- One 10-yard dump truck
- Three specialized trucks (construction and repair)
- One street sweeper
- Four Chevy Bolts (electric vehicles)

Conclusion

The Citizens Oversight Committee notes that this Annual Report refers only to the period from July 1, 2017 to June 30, 2018. This report presents the first full year of collections and expenditures for the Measure P funds. During this period the Committee took additional steps to improve the format, content, and scope of reports on expenditures, work schedule, and public information efforts required to provide citizens with transparency on the finances associated with the implementation of Measure P.

In April 2017, City staff provided a status report to the Committee on the pending Measure P bond issuance. The intent of the bond issuance was to advance the funds necessary to initiate projects listed by the City as critical red assets (those in imminent stages of failure) in the City's Asset Management Plan.

On July 27, 2017, City staff reported to the Committee that the bond issuance had been successful, generating \$70,000,000 in net bond proceeds to be used for Measure P projects. Accordingly, all budgets for the Measure P Spending Plan were prepared in compliance with the ordinance, including the net bond proceeds.

The Citizens Oversight Committee has reviewed the Independent Auditor's Report on Compliance with Applicable Requirement prepared by the audit firm of Lance, Soll and Lunghard (LSL), the Measure P Spending Plan, and various expenditure and revenue reports prepared by the City staff. In its report dated June 30, 2018, the auditor "did not identify any deficiencies in internal control over compliance...". Further, it was the auditor's opinion that "the City complied, in all material respects, with the requirements..." of the 2016 Measure P Sales Tax Fund.

We would like to acknowledge City staff for their dedication and support to the COC. They have been responsive as we work to ensure transparency in the reporting of Measure P Funds.

Attachment A – Copy of the FY18 Audited Report
Attachment B – Fiscal Year 2017-18 Expenditure Report (For Informational Purposes Only)



CITY OF CHULA VISTA, CALIFORNIA 2016 MEASURE P SALES TAX FUND

FOR THE YEAR ENDED JUNE 30, 2018

REPORT ON COMPLIANCE WITH THE
INFRASTRUCTURE, FACILITIES AND
EQUIPMENT EXPENDITURE PLAN

Focused
on YOU



CITY OF CHULA VISTA, CALIFORNIA
2016 MEASURE P SALES TAX FUND

Report on Compliance with the
Infrastructure, Facilities and Equipment Expenditure Plan
For the Year Ended June 30, 2018

**CITY OF CHULA VISTA
2016 MEASURE P SALES TAX FUND**

JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report on Compliance with Applicable Requirements and on Internal Control Over Compliance	1
Schedules of 2016 Measure P Sales Tax Fund:	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balance	4



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council
City of Chula Vista, California

Report on Compliance

We have audited the compliance of the 2016 Measure P Sales Tax Fund of the City of Chula Vista, California (the "City") with the types of compliance requirements described in *Ordinance No. 3371 (the Ordinance)* and the *Infrastructure, Facilities and Equipment Expenditure Plan (the Spending Plan)* for the year ending June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of the Ordinance and the Spending Plan.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with the requirements described in the Ordinance and the Spending Plan based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred above that could have a direct and material effect on the 2016 Measure P Sales Tax Fund of the City. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the 2016 Measure P Sales Tax Fund of the City. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to the 2016 Measure P Sales Tax Fund for the year ending June 30, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal controls over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.





CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council
City of Chula Vista, California

Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance of the Ordinance and the Spending Plan on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of the Ordinance and the Spending Plan will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Ordinance and the Spending Plan. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Brea, California
January 31, 2019

CITY OF CHULA VISTA
SCHEDULES OF 2016 MEASURE P SALES TAX FUND

BALANCE SHEET
JUNE 30, 2018

Assets:

Pooled cash and investments	\$ 13,360,169
Accrued interest receivable	475,155
Restricted assets:	
Cash and investments	<u>56,672,411</u>
Total Assets	<u><u>\$ 70,507,735</u></u>

Liabilities:

Current liabilities:	
Accounts Payable	<u>\$ 1,432,679</u>
Total Liabilities	<u>1,432,679</u>

Fund Balance:

Committed for CIP Projects	59,889,110
Assigned for Measure P Sales Tax	<u>9,185,946</u>
Total Fund Balance	<u>69,075,056</u>
Total Liabilities and Fund Balance	<u><u>\$ 70,507,735</u></u>

**CITY OF CHULA VISTA
SCHEDULES OF 2016 MEASURE P SALES TAX FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
JUNE 30, 2018**

Revenues:

Local sales and use tax	\$ 18,160,769
Use of money and property	936,155
Miscellaneous	398
Total Revenues	<u>19,097,322</u>

Expenditures:

Contracted services	15,533
Equipment and shared infrastructure costs	607,635
Capital outlay	13,150,828
Debt service:	
Principal retirement	6,026,111
Interest and fiscal charges	3,041,733
Total Expenditures	<u>22,841,840</u>

Excess (Deficiency) of Revenues Over (under) Expenditures	<u>(3,744,518)</u>
--	--------------------

Other Financing Sources (Uses):

Issuance of bonds	61,355,000
Bond premium	10,008,509
Total Other Financing Sources (Uses)	<u>71,363,509</u>

Net Change in Fund Balance	67,618,991
Fund Balance at Beginning of Year	<u>1,456,065</u>
Fund Balance at End of Year	<u><u>\$ 69,075,056</u></u>

**Citywide Infrastructure, Facilities and Equipment Expenditure Plan
1/2 cent Sales Tax Revenues over 10 year period
Summary Table Fiscal Year 2018**

<u>Total by Major Category</u>	<u>10-Year Timeframe</u>	<u>FY18 Expenditures</u>
Fire Stations Repairs/Replacement	22,839,549	18,592
Fire Response Vehicles (Apparatus)	19,847,580	2,576,900
Fire Safety Equipment	5,197,913	180,745
Total Fire Services	\$ 47,885,042	\$ 2,776,237
Police Response Vehicles	12,951,470	1,820,542
Public Safety Communication Systems (CAD Dispatch and Regional Communication Systems)	8,624,832	763,730
Police Facility Repairs	1,509,000	250,857
Total Police Services	\$ 23,085,302	\$ 2,835,129
Streets (Arterials/Collectors/Residential)	24,474,861	2,173,141
Other Infrastructure (Storm Drains, Drainage Systems, Sidewalks, Trees etc.)	14,154,295	435,558
Sports Fields and Courts	16,966,595	249,056
Non-Safety Vehicles	11,195,100	1,223,682
Recreation and Senior Centers	5,000,000	70,491
Civic Center and South Libraries	3,000,000	270,783
Other Public Facilities (Living Coast Discovery Center, Public Works Center etc.)	5,100,000	112,548
Traffic Signal Systems	7,000,000	64,377
Park Infrastructure (Playground Equipment, Gazebos, Restrooms, Benches, Parking etc.)	7,682,740	387,247
Citywide Network Replacement	2,045,000	1,693,275
Citywide Telecommunications	2,000,000	1,498,400
Total Infrastructure	\$ 98,618,591	\$ 8,178,559
Total Proposed Allocations	\$ 169,588,935	\$ 13,789,925
City Staff Time	-	613,194
Total City Staff Time	\$ -	\$ 613,194
Annual Debt Service Payments	78,234,834	7,874,334
Total Debt Service Expenses	\$ 78,234,834	\$ 7,874,334
Audit Fees	-	5,000
Bond Administration	-	1,700
Banking Fees	-	4,666
Cost of Issuance	563,210	553,023
Total Administrative Expenses	\$ 563,210	\$ 564,389
Total Expenditures	\$ 248,386,979	\$ 22,841,841

Notes:

42% allocated to Public Safety and 58% allocated to Citywide Infrastructure

Audited total \$22,841,840, \$1 rounding error