

CITY OF MONTEREY

TO: Measure P and S Oversight Committee

FROM: Lauren Lai, CPA, Finance Director
Steve Wittry, Public Works Director

DATE: October 13, 2020

SUBJECT: Unaudited Periodic Report for the Period of July 1, 2019 through June 30, 2020

The Measure P and S Oversight Committee reviews projects and expenditures throughout the fiscal year. The Committee meets with Monterey City staff, primarily the Finance Director, Lauren Lai and Public Works Director, Steve Wittry.

During discussions as the Measure P language was being developed, City staff predicted that it would require approximately 10 years of the additional tax revenue to raise the city streets' average PCI (Pavement Condition Index) rating from the original 54 to an acceptable 75. In November 2014, voters approved a 4-year tax increase, with a target PCI of 67, allowing an opportunity to ensure sufficient progress was being made before voting again on an extension of the measure. In November 2018, Measure S was put before the voters and passed as an extension of Measure P for eight years, ending March 31, 2027.

The 1% special transactions and use tax (sales tax) approved by voters with the passage of Measure P went into effect April, 2015. To account for this funding (both revenues and expenditures), the City established a separate fund entitled Street Infrastructure Rehabilitation Fund. Any unspent tax proceeds remain in the fund and can only be used for items identified in the Measure P and S spending plan. From inception through June 30, 2020, total revenue (including interest) was \$49.8 million, total expenditure was \$44.3 million, and fund balance was \$5.5 million. For the current unaudited FY19/20 period of July 1, 2019 through June 30, 2020, total revenue was \$9.1 million, total expenditure was \$13.3 million, and the change in fund balance was (\$4.2) million. During FY2019/20, projects will continue to be conducted to spend the fund balance.

MEASURE P and S ACTIVITY

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	Unaudited FY19/20	Total
Revenue							
Tax Revenue	\$ 1,609,936	\$ 9,027,743	\$ 9,511,458	\$ 10,022,893	\$ 10,212,984	\$ 8,974,117	\$ 49,359,130
Interest	659	43,755	33,933	89,260	142,829	177,997	\$ 488,433
Total	1,610,595	9,071,498	9,545,391	10,112,153	10,355,813	9,152,113	\$ 49,847,563
Expenditures							
Storm Drains	16,886	412,590	594,159	321,797	48,414	264,503	1,658,349
Sidewalks	81,992	512,123	877,289	152,816	54,226	869,104	2,547,549
Pavement	551,749	1,579,206	6,366,619	7,649,871	5,757,426	10,253,049	32,157,921
ADA	86,736	675,042	1,006,756	1,113,338	3,100,987	1,974,869	7,957,729
Total	737,363	3,178,960	8,844,823	9,237,822	8,961,054	13,361,525	44,321,547
Revenue over / (under) Expenditures							
	\$ 873,232	\$ 5,892,537	\$ 700,568	\$ 874,331	\$ 1,394,759	\$ (4,209,412)	\$ 5,526,016

The table below represents the year over year comparable for the period.

	Year over Year Comparison			
	FY18/19 YTD	FY19/20 YTD	\$ of Change	% of Change
Revenue				
Tax Revenue	\$ 10,212,984	\$ 8,974,117	(1,238,867)	-12%
Interest	142,829	177,997	35,168	25%
Total	10,355,813	9,152,113	(1,203,700)	-12%
Expenditures				
Storm Drains	48,414	264,503	216,089	446%
Sidewalks	54,226	869,104	814,877	1503%
Pavement	5,757,426	10,253,049	4,495,623	78%
ADA	3,100,987	1,974,869	(1,126,119)	-36%
Total	8,961,054	13,361,525	4,400,471	49%
Revenue over / (under) Expenditures				
	\$ 1,394,759	\$ (4,209,412)	(5,604,171)	-402%

Audits of the City's financial statements are conducted annually and are available on the City's website (<http://www.monterey.org/City-Hall/Budget-and-Finance/Annual-Financial-Reports>).

The Committee has determined that to date, the City has managed Measure P and S projects and funds in compliance with the Measure as approved by the voters.

City staff has provided the following to the Oversight Committee as requested:

- Documentation of project expenditures
- Technical assistance and explanations, as needed
- Updates on both current and future projects

Information regarding the status of Measure P and S projects is available on-line at <http://monterey.org/City-Hall/Featured-Projects/Fixing-Streets>.

The Measure P and S Oversight Committee has complied with the Brown Act. All meeting times, locations and agendas have been properly noticed, and meeting minutes are available at <https://monterey.org/City-Hall/Boards-Commissions-and-Committees/Measure-S-Oversight-Committee>.