

**Measure L Citizen's Oversight Committee
Final Report for Fiscal Year 2013**

Target Delivery Date for Final Report: February 28, 2014

Quarterly Draft

May 2012

Executive Summary

On June 5, 2012, the citizens of the City of Ridgecrest voted to sacrifice their personal incomes and approve Measure L in order to maintain streets and public safety. The Measure L Ordinance consists of a sales tax of \$0.0075, the proceeds of which contribute to the general fund of the City of Ridgecrest. Measure L was advertised as a way to ensure funding for streets and public safety would continue in troubled economic times, but was legally a general fund tax to reduce the required number of votes to a simple majority. The Ridgecrest City Council ("Council") has no legal obligation to spend Measure L funds on streets and public safety alone, but they have a very strong moral obligation to do so.

Approval of Measure L hinged on key language in the ordinance calling for the creation of a citizens' oversight committee charged with tracking past and future use of Measure L funds and ensuring that the funds are spent on streets and public safety as was promised during the advertising campaign.

Upon formation, the Measure L Citizens' Oversight Committee ("Committee") immediately began researching past city budgets to develop a baseline of comparison for the future use of Measure L funds. The public's chief concern was the possibility of "back-filling" other budgets by maintaining budgets for streets and public safety at existing levels. On the contrary, the use of Measure L funds was interpreted by the public to be supplemental to a balanced, executable city budget. Despite the obscure and non-intuitive organization of budgetary files, the Committee successfully deciphered streets expenditures for 2004-2012. based on the yearly Comprehensive Annual Financial Report (CAFR).

The Council has taken several actions regarding Measure L, several of which have been controversial. Additionally, the Mayor delivered a letter to the Committee that was highly controversial because in it the Mayor spoke for the Council without their approval, provided instructions to the Committee that contradicted the Measure L ordinance, and reminded the Committee that they could be removed at any time. The public outcry against the Mayor's letter was quite strong. Public comments in general have been very supportive of the Committee and continue to reaffirm the use of Measure L funds for streets and public safety.

The Committee has requested (Resolution 13-2) that the Council separate Measure L funding from a balanced, executable baseline budget for the City of Ridgecrest and instead a supplemental document detailing Measure L expenditures. The Committee indicated several benefits likely to result from this action, including simplifying the role of the Committee itself, improving the public's perception of the transparency and accountability of the Council regarding Measure L expenditures, and making great strides towards improving public approval of the Council after an extended period of discontent.

This and each subsequent report will be delivered to the Council, key City Staff, the City of Ridgecrest website, both of the newspapers in Ridgecrest, and made available to the public.

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This preliminary document is intended to provide a baseline structure for the final report and will receive more detail once subsequent sections are populated. Specifically, the Budgetary Research section will be updated with an analysis of the public safety budget. Council actions will continue to be recorded, as well as public comments. The final report will summarize budgetary activities related to Measure L funds. Delivery of the final report is planned for February 28th of 2014, following a review of the CAFR independent audit.

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1. INTRODUCTION

The purpose of this report is to inform the Ridgecrest City Council and the citizens of the City of Ridgecrest of the findings of the Measure L Citizens' Oversight Committee. The formation and purpose of the Measure L Ordinance is described. Actions taken by the Ridgecrest City Council and the Committee are documented, including preliminary research into past city budgets to provide context for evaluation of Measure L expenditures.

This preliminary report will be updated with additional details as they become available. These include additional budgetary analyses, council actions, public comments, etc.

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2. ORIGIN AND PURPOSE OF THE MEASURE L CITIZEN'S OVERSIGHT COMMITTEE.

2.1 Initial Decision

The majority of the streets in the City of Ridgecrest are and have been in a state of severe disrepair. A new ordinance was therefore proposed to impose a 0.75% sales tax to generate additional funding to improve the condition of these streets.

The Ridgecrest City Council employed the services of Godbe Research

Measure L was proposed as a general fund tax, which would require only a simple majority vote to pass. A special fund tax requires a 2/3 majority.

2.2 Advertising Campaign

Many citizens campaigned heavily for Measure L, for example:

Yes on L includes tough fiscal accountability requirements, including an independent citizens' oversight committee and independent annual financial audits to ensure every penny is spent in a fiscally prudent manner for the community of Ridgecrest.

(Downloaded January 22, 2013 from: <http://yesonselfhelpmeasurel.com/argumentsinfavor.html>)

2.3 Approval of Measure L

The ballot question for Measure L stated:

Measure L: Ridgecrest Public Safety/Essential City Services Measure. To help prevent additional cuts and maintain City of Ridgecrest services, including: city streets and pothole repair; police officers and neighborhood police patrols; 9-1-1 emergency response times; and crime prevention and investigation; and other city services, shall the City of Ridgecrest enact a 3/4 cent sales tax, for five (5) years, requiring a citizen's oversight committee, annual independent audits, with all funds for City of Ridgecrest services only, no funds for Sacramento?

(Downloaded January 22, 2013 from:
http://ballotpedia.org/wiki/index.php/City_of_Ridgecrest_Sales_Tax,_Measure_L_%28June_2012%29)

A total of 5,999 votes were cast regarding Measure L; the measure passed with 55.53% of the vote [3].

2.4 Appointment of Measure L Citizens’ Oversight Committee Members

Several citizens of Ridgecrest submitted applications to join the Measure L Citizens’ Oversight Committee. Each sitting Council member appointed one applicant from the pool. The appointed members are shown on Table 2-1.

Table 2-1. Committee Members.

Committee Member	Role in 2013	Appointed	Term of Service
Edward “Eddie” Thomas	Chair	2012	3 years
Phil Salvatore	Vice Chair	2012	2 years
George “Andy” Anderson	Member	2012	1 year
Lance “Scott” Garver	Member	2012	1 year
Michael Petersen	Member	2012	2 years

2.5 The Purpose of the Measure L Citizens’ Oversight Committee

The role of the Measure L Citizen’s Oversight Committee was detailed during the committee member selection process. The ordinance was distributed and campaign statements were reiterated, which both communicated the express and implied intents of the Committee.

The Measure L Citizen’s Oversight Committee is tasked with monitoring past expenses and future obligations of funds related to Measure L to ensure that the funds are being spent as promised, as stated in Section 3-2.117 of the Measure L Ordinance. Though the Ridgecrest City Council is not legally obligated to spend the funds as promised during the campaign, it has a moral obligation to the citizens of the City of Ridgecrest spend the funds on public safety and the street maintenance and improvements that are so desperately needed.

3. HISTORICAL BUDGET RESEARCH AND DEVELOPMENT OF BUDGET BASELINE

3.1 Overview of Revenue Sources and Expenditures of the Gas Tax Fund

To understand how street repair is budgeted in Ridgecrest one has to understand a special fund called the Gas Tax Fund. The fund's name is a bit of a misnomer because the sources of funding are not restricted to gas tax revenues. There are six separate sources of money that can fund the Gas Tax Fund. In addition, money in the gas tax fund is used to support activities other than street repair.

Historically in Ridgecrest, transfers from the General Fund have been the largest single source of revenue feeding into the Gas Tax Fund. The next largest source of revenue is gas tax revenue from the state. The third largest source of money to the Gas Tax Fund comes from what is known as TDA Article 8. This refers to Transit Development Act funding from the state. The fund is designed primarily to pay for transit projects but can be used for road repair as well after transit needs are taken care up. Article 8 refers to TDA funds used for street repair or maintenance. These three sources of funding have provided the bulk of the money to the Gas Tax Fund. They have provided money each year since 2004 with the exception of General Fund Transfers. For Fiscal Years 2011 and 2012 the City of Ridgecrest has not provided any General Fund money to the Gas Tax Fund. Any General Fund transfer for FY 2013 will be Measure L money.

Three other sources of revenue provide money to the Gas Tax Fund, but not a great deal and not every year. Of these, funds from the state under what is known as the Traffic Congestion Relief Fund, or TCRF, the result of Assembly Bill 2928, has historically been used by the city to provide the largest share of these occasional funds. TCRF funds are normally saved in their own account and are used as a source of matching funds for grants to pay for major road reconstruction projects. TCRF funds were transferred to the Gas Tax Fund in FY 2009 and FY 2010 however. After 2011 changes in state law mean there will no longer be TCRF funding, replaced at least in part by Proposition 1B funds. In addition to TCRF/Prop 1B funds, there is a fund known as the Substandard Street Fund. This is money paid to the city by builders in parts of the city where there are no curbs or gutters, primarily in Ridgecrest Heights, and is being saved in a separate account to be used, eventually, to bring these streets up to a higher standard typical of fully developed residential neighborhoods. In FY 2010 some money from the Substandard Streets Fund was used by the Gas Tax Fund. Last, there has been a very small income from what are called "Investment Earnings/Reimbursements/Assessments. It has been declining in value since FY 2004 and was zero for FY 2012 and FY 2013. Since FY 2004 the average revenue of the Gas Tax Fund each year has been about \$1.538 million.

Gas Tax Fund revenues are appropriated to six different functions. On average about \$1 million goes to transportation related functions, with the great majority going to what is called Street Maintenance. The name is self-explanatory but note that this refers to street maintenance

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performed by contractors hired by the city. There is an additional budget line for Street Construction which is maintenance performed by civil service workers. Together these account for about \$950K of that \$1 million going to transportation related functions. The other transportation functions are Traffic Signals and Street Sweeping, the latter only performed in emergencies.

The remaining roughly half a million dollars in the Gas Tax Fund is split between funding street lighting and what are called ISFs for Inter Service Funds. Street Lighting money is put in an account under Public Safety and shows up in the Public Safety budget. Transfers to the ISFs pay for capital equipment, computer seats, vehicle maintenance, supplies, overhead costs and the like.

3.2 Average Revenues by Source

This section will provide the reader with the average amount per year that the Gas Tax Fund has received from the several sources of money that feed into that account. The column for Number of Fiscal Years tells the reader how many of the nine fiscal years measured, FY 2004 – FY 2012, that particular source of money contributed funds to the Gas Tax Fund. The Average Amount column tells the reader the arithmetic average amount of money (arithmetic mean for the mathematically inclined) that money source contributed each of the periods a contribution was made. Note, some funding sources feed money into the Gas Tax Fund only occasionally. There are nine total possible fiscal years measured. There were no transfers from the General Fund to the Gas Tax Fund for Fiscal Years 2011 and 2012. For FY 2013 the only apparent General Fund Transfer to the Gas Tax Fund will be Measure L money. Because of uncertainty in the budget due to fluctuating sales tax revenues this number is not recorded in this quarterly report. Due to changes in state law there is no more TCRF funding after 2011, only Prop 1B funds will be available.

Table 3-1. Funding Sources.

Funding Source	Number of Fiscal Years	Average Amount
General Fund Transfer	7	\$ 703,110
State Gas Tax Revenue	9	\$ 558,016
TDA Article 8	7	\$ 424,429
TCRF (AB 2928)	3	\$ 242,149
Investment Earnings/Reimb/Assessment	8	\$ 5,853
Substandard Street Fund	1	\$ 150,395
Gas Tax Fund Total Revenues	9	\$ 1,537,620

Please note that the sum of the averages of the individual accounts will not add up to the total average revenue available in the Gas Tax Fund because many funds did not contribute money ever fiscal year. The averages are average contribution per year where a contribution was made. Example, the Substandard Street Fund contributed \$150,395 in FY 2010, the only year that fund put money in the Gas Tax Fund.

3.3 Average Expenditure per Function

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Gas Tax Funds are distributed to six different functions for expenditure each fiscal year. Below is a table of the average amount of Gas Tax Revenue expended by each function for the nine fiscal years measured.

Table 3-2. Expenditures.

Function	Average Expenditure
Street Lights	\$ 206,402
Traffic Signals	\$ 58,401
Street Maintenance	\$ 920,611
Street Sweeping	\$ 51,518
Street Construction	\$ 28,750
Transfers to Other Funds (ISF)	\$ 314,495
Total Average Expenditures	\$ 1,580,176

Street Sweeping has since been reduced to an occasional emergency function and was budgeted at \$14,882 for FY 2012. Street Construction, which is street repair accomplished by city civil service work crews was budgeted at \$ 11,539 for FY 2012. Due to budget churn we do not have reliable numbers yet for FY 2013. The data that underlie this report are from actual revenues and expenditure data taken either from the Comprehensive Annual Financial Report (CAFR) or directly from the Finance Department data base. The author wishes to express gratitude to Tess Sloan and Dennis Speer for the time and effort they devoted to making this report possible. Thank you very much.

3.4 Next Quarterly Report

The budget spread sheets attached to this quarterly report are a living document. They will be updated regularly, perhaps for the life of the committee, to form a budget history of public safety and street repair and Measure L income and expenditures. For the next quarterly report the Committee will seek to determine firmer, if possible final, numbers for FY 2012 and give the public as accurate a picture as possible of what FY 2013 revenues and expenditures will look like. Because projects are funded at the beginning of a fiscal year, but contracts not signed until well into a fiscal year, and bills paid when a contract is completed often in a subsequent fiscal year, final expenditures often cannot be determined accurately until a year or more after the appropriation was made. As this is written we do not have the final actual revenue and expenditure figures for FY 2012. We intend to revise the FY 2012 data with more accurate numbers from the Comprehensive Annual Financial Report for 2012. We will also add some information on public safety spending that was not covered in any detail this quarter.

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4. RECORD OF COUNCIL ACTIONS CONCERNING MEASURE L FUNDS

This section will be updated in future versions of this report to provide a chronological history of Council and Committee actions and discussion concerning Measure L funds. A draft table is below with the proposed format.

Table 4-1. Chronology of Measure L Actions and Discussion (Council and Committee).

Date	Meeting	Action	Note
9/7/2011	Regular Council	Agenda Item 9: (McRea)	Public Comment: Chuck Cordell observed that unpaved Felspar Ave is in better condition than approximately 70% of the streets in Ridgecrest; asked why hasn't city fixed and maintained Felspar Ave?
9/7/2011	Regular Council	Mayor and council comments	Councilman Taylor: Franchise fees to help pay for roads, need \$1.5M to maintain roads
10/5/2011	Regular Council	None	
10/19/2011	Regular Council	None	
11/7/2011	Special Council	Agenda Item 2: Discussion - Revenue Ballot Measure Options and Next Steps (Wilson/Godbe)	M. Neel: noted general fund tax goes to general fund, so no restriction that funds be used for defined items such as streets and police. Godbe: true, but there is an accountability component for council and future councils to use the funds as identified by the majority Wilson Comment: 3/4-cent increase would be approximately \$2M in general fund
11/16/2011	Regular Council	Mayor and council comments	Councilman Taylor: Recent poll shows council needs to build credibility with public to be able to move forward
12/7/2011	Regular Council	Agenda Item 7: Discuss, Prioritize and Designate Tax Allocation Bond (TAB) Streets Expenditures and Projects	General discussion in favor of using TAB funding for streets D. Speer: need \$1.5M annually to maintain streets T. Wiknich: Sunland is so bad no one will drive on it, so PCI index (traffic count) is not valid measurement of traffic. B. Auld: Can't see white lines when coming down college heights in the rain at night, very dangerous and scary.
12/21/2011	Regular Council	None	

5. PUBLIC COMMENTS

5.1 Overview

The committee would like to thank the public in general for the overwhelming support it has received from all facets of the community. Even from some citizens who were vehemently opposed to the passage of Measure L.

On the whole the Public comment from the citizens and the newspapers, has for the most part, been very supportive of the committee's handling of the allocation of Measure L monies by the City Council.

5.2 Ridgecrest City Newspapers

There was one letter to the editor published in the Daily Independent that contained negative content. The Daily Independent also had one very negative editorial and one fairly neutral editorial concerning the operation of the committee and just what the extent of their powers is. All other comments of a positive note were spoken comments at City Council meetings or at meetings of the Measure L Oversight Committee.

The News Review published several editorials and news items of a very supportive nature concerning the Committee and their work. The KKYT Radio station did some interviews with people concerning the operation of the committee. The general opinion expressed by the radio station seemed to be that the committee had overstepped their authority and was only needed to validate the expenditure of Measure L funds on a once a year basis.

5.3 Citizens and Community Organizations

The following people are citizens of the community and organizations that have and have not supported the Measure L Committee. These names and organizations were gathered from newspaper articles, minutes of City Council meetings, and minutes of Measure L Committee meetings.

- Barbara Auld
- Howard Auld
- Editorial Board of the Daily Independent
- Editorial Board of the News Review
- Robert Eierman
- Jim Fallgatter
- Al Huey
- Katy Nazik
- Michael Neel
- Rebecca Neipp
- Jeff Schaefer
- Jim Rachels
- Stan Rajtora
- Mike Smith

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- Jerry Taylor
- Christina Witt
- Dennis Speer

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6. SUMMARY

A summary will be included once other sections are complete.

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7. REFERENCES

1. Measure L Ordinance
2. Ridgecrest City Council Special Meeting Agenda Packet, November 1, 2011
3. Ballotpedia,
http://ballotpedia.org/wiki/index.php/City_of_Ridgecrest_Sales_Tax,_Measure_L_%28June_2012%29, Downloaded 2013-02-20

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8. DISTRIBUTION

1. Ridgecrest City Council Members
 - a. Mayor Daniel Clark
 - b. Vice Mayor Chip Halloway
 - c. Mayor Pro Tem Jason Patin
 - d. Councilwoman Lori Acton
 - e. Councilman James Sanders
2. Ridgecrest local newspapers
 - a. News Review
 - b. Daily Independent
3. City Staff
 - a. City Manager (Acting) – Mr. Speer
 - b. Financial Director – Ms. McQuiston
 - c. Administrative Secretary – Ms. Harker
4. Ridgecrest City Website
 - a. www.ci.ridgecrest.ca.us
 - b. Navigation Instructions
 - Under the City Website
 - Government Tab
 - Meeting Schedule
 - Measure L Oversight Committee

9. APPENDICES



Budget_Compilation_
Rev_4.xlsx

These plots and tables may be added to the budgetary analysis section.

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