

City of Ridgecrest Measure L Citizen's Oversight Committee
Annual Report for Fiscal Year 2013-2014

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Approved Amended Report

July 16, 2015

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Executive Summary

A Measure L Citizens' Oversight Committee report is required to be generated annually to provide the findings of both the use of the voter approved Measure L revenues paid into the General Fund and the independent auditor report of the Ridgecrest annual financial report. The requirement is defined by the City of Ridgecrest Code of Ordinance Ordinance 12-02 Chapter 3 Article 2 [1]. Committee Resolution 14-02 added the report requirement to provide the following year budget estimates from Measure L funding. The Fiscal Year 2013-2014 report is the second annual report prepared by the Measure L Citizens' Oversight Committee.

Measure L generated approximately \$2.5 million (\$2.5M) in Fiscal Year 2013-2014, which ended June 30th, 2014. Ridgecrest Finance Department reported actual revenue for Measure L during Fiscal Year 2013-2014 as \$2,510,692 [2]. Additional financial details are also available in the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2013-2014 [3].

Measure L expenditures in Fiscal Year 2013-2014 totaled \$2.19M. Public Safety Police Department expended \$1.35M and the Public Works Street Maintenance & Construction expended \$0.84M. The balance of \$0.40M was carried over to Fiscal Year 2014-2015 [2].

The reported allocation of Measure L funds to Police Safety and Street Maintenance is consistent with the voter-approved measure. The City Council did not approve Measure L expenditure to other city departments. The Measure L revenue was reported to be expended wholly on voter priority objectives of Public Safety and city streets.

For Fiscal Year 2013-2014, the financial procedures were in place to provide accounting visibility of both the monthly Measure L funding receipts from the state and detailed ledger entries indicating only Public Works and Public Safety expended the Measure L funds. For the fiscal year, the expenditure of \$2.19M and the carryover balance of the 2013-2014 Measure L funding was traced using tracking codes.

The Police Department expended Fiscal Year 2013-2014 Measure L funds predominantly towards salaries for 13 employees, increasing the number of officers to 32 from 31 [3]. No vehicles or equipment were purchased using Measure L funds in Fiscal Year 2013-2014.

The Public Works Department expended Measure L funding for Street Maintenance and Construction on several roads. In addition, Measure L funds were used to qualify for Federal matching at ratios of 8:1 and 10:1. In other words, 8 or 10 federal dollars were matched for every single Measure L dollar allocated to qualified projects.

Measure L also partly funded the reported 1.8 miles of street resurfacing completed during Fiscal Year 2013-2014 [3].

Public Works has estimated \$1.5M of annual funding is required to maintain city streets at acceptable levels [4].

Use of Measure L funding since its approval is shown in Table 1.

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Table 1. Measure L Usage.

	Fiscal Year		
	2012-2013	2013-2014	2014-2015
	Actual	Actual	Budget
Measure L income	\$ 1,499,559	\$ 2,510,692	\$ 2,500,000
Prior year Measure L carryover	\$ -	\$ 316,758	\$ 400,313
Public Safety Expenditure	\$ 809,423	\$ 1,347,490	\$ 1,277,257
Public Works Expenditure	\$ 357,994	\$ 1,079,647	\$ 520,362
Measure L accounting implementation	\$ 15,384		
Balance (Measure L carryover)	\$ 316,758	\$ 400,313	\$ 1,102,694 *

* Unallocated Streets funds as of 9 February 2015

Critical Findings:

Measure L funds were allocated entirely to Public Safety and Public Works in Fiscal Year 2013-2014. Whether these funds were used to “back-fill” other Departments was not investigated for this report.

Annual spending on streets maintenance is less than the city’s annual required resources of \$1.5M to sustain the city streets.

Recommendations:

Based on the estimate of sustainable funding required to maintain overall city street conditions and mitigate further city street quality deterioration, City Council should consider an increase in funding of overall Street Maintenance and Construction to meet the \$1.5M estimate for street sustainment. Note: Updates to the City Budget may satisfy this recommendation [5].

Determine whether the budgeted fiscal year carry-over funding can be minimized or expended.

City Staff Acknowledgement:

The Public Works Director and Chief of Police understand the Council’s intent to maintain Public Safety and use any remaining Measure L funds to achieve the \$1.5M sustainability goal for Public Works.

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1. INTRODUCTION

1.1 What is Measure L?

The citizens of the City of Ridgecrest, CA, voted on June 5, 2012, to adopt a 0.75% local sales tax 02 [6]. The ballot question is shown below and is available at Reference [7].

The question on the ballot:

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?

—Balletopedia Website

Upon voter approval, Measure L was adopted as Ordinance 12-02 [8], which added Chapter 3, Article 2, to the Ridgecrest Municipal Code [1]. It is important to note that Measure L created a General Fund tax, which has no legal obligation to be allocated to any specific department. Voters will have the option to renew or cancel this tax after 5 years.

1.2 Measure L Citizen's Oversight Committee

The Measure L Citizen's Oversight Committee (Committee) was established by Municipal Code Chapter 3 Section 2.113. Each member of the five-person committee is appointed by the Ridgecrest City Council.

The three duties of the Committee are listed in Chapter 3 Section 2.117 of the Ridgecrest Municipal Code. In short, the Committee is charged with overseeing the use of Measure L funds and providing an annual report of its findings to the public.

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(a) The committee is charged with the following responsibilities:

(1) Reviewing all appropriations of revenues received by the City from the sales and use taxes imposed pursuant to the provisions of this chapter to determine whether such funds are to be used as provided for in this chapter and the voter-approved measure that adopted this chapter;

(2) Reviewing the audit prepared by an independent auditor retained by the City to perform the City's Comprehensive Annual Financial Report to determine whether such funds have been spent as provided for in this chapter and the voter approved measure; and

(3) Prepare and issue the committee's own annual report setting forth their findings in regard to the foregoing

.—Ridgecrest Municipal Code Chapter 3 Section 2.117

1.3 Tracking Measure L funds

As a General Fund Tax, all Measure L revenues are initially deposited in the General Fund. A special job code, 20MSRL, was created in Fiscal Year 2012-2013 to track General Fund Measure L expenditures and provide accounting visibility. General Fund 20MSRL expenditures include allocations to Public Safety (Police) and transfers to Public Works Funds 2 and 18.

Additional traceability was introduced in Fiscal Year 2013-2014 with the creation of the ML4ST job code for Streets Fund expenditures (a.k.a. Gas Tax Fund, Public Works Fund 2). The Streets fund pays for street maintenance expenditures, such as labor, materials, and contract services.

The Capitol Projects fund (Public Works Fund 18) provides seed funds to obtain matching funds for Capital Improvement projects.

A flow chart illustrating this process is shown in Figure 1.

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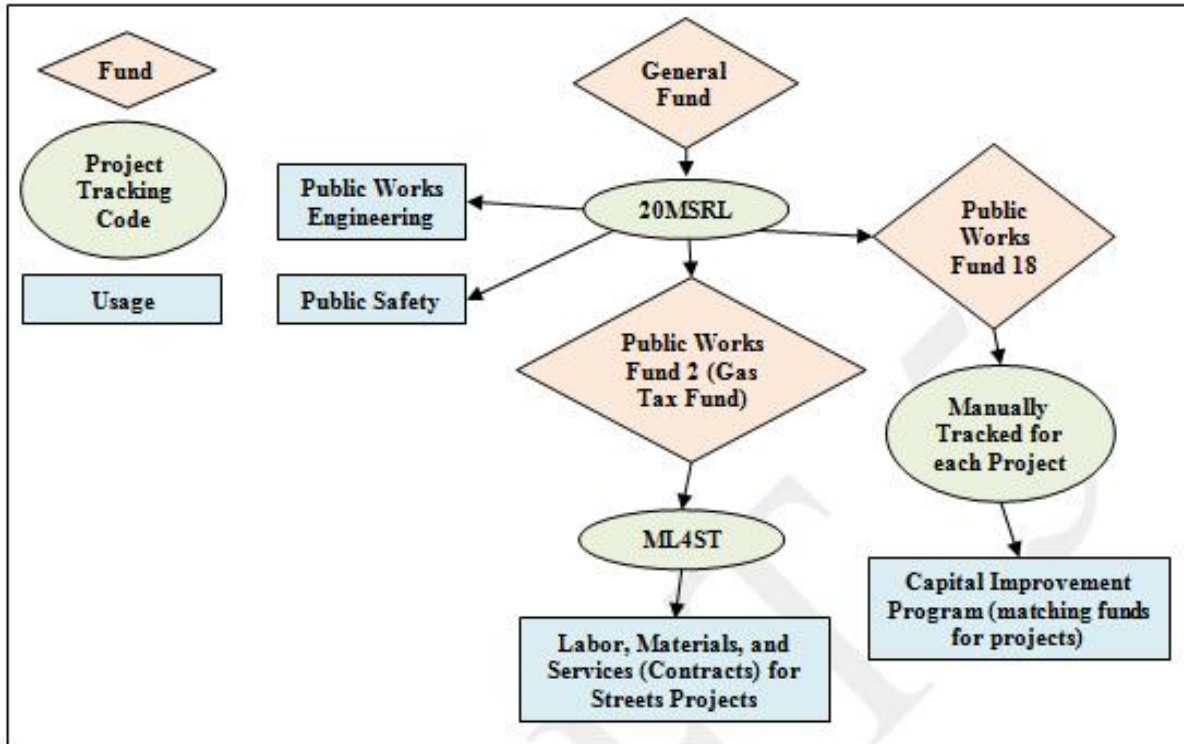


Figure 1. Measure L Usage Tracking

1.4 Source of Report Data

The financial data in this report were taken directly from the City of Ridgecrest Comprehensive Annual Financial Report (CAFR) or directly from the City of Ridgecrest Finance Department. The CAFR for a given Fiscal Year is delivered January 1st of the following year.

The independent audit by Pun & McGeady LLP of the CAFR (page 1 of Reference [3]) specifically stated that the “report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide information on the effectiveness of the City’s internal control or on compliance.” At the February 4, 2014, City Council meeting, however, Mr. Pun did state that the Measure L funding was a significant and positive impact on the operation of the city by contributing \$2.5 of the \$9.4M of the tax revenue.

1.5 Fiscal Year vs. Paving Season

The City of Ridgecrest Fiscal Year begins July 1st and ends June 30th. The paving year, however, runs approximately from April through October. Consequently, paving contracts often overlap fiscal years and final expenditures are included in the subsequent year CAFR.

1.6 Previous Report

This is the second annual report issued by the Committee. The Committee’s first annual report [9] contains additional detail regarding the financial history of the City of Ridgecrest from Fiscal Year 2001-2002 through Fiscal Year 2012-2013.

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2. SUMMARY OF REVENUE AND USAGE OF MEASURE L FUNDS

2.1 Measure L Revenue to Date

Measure L revenues by month are included in Table 2. These data were pulled directly from the Ridgecrest Finance Department financial management system database.

Table 2. Measure L Revenue by Month.

Month	Fiscal Year	
	2012-2013	2013-2014
July	\$ -	\$ -
August	\$ -	\$ -
September	\$ -	\$ 288,764.86
October	\$ -	\$ 152,500.00
November	\$ -	\$ 203,300.00
December	\$ 161,070.91	\$ 238,777.10
January	\$ 149,400.00	\$ 143,400.00
February	\$ 199,200.00	\$ 191,200.00
March	\$ 134,894.93	\$ 295,039.86
April	\$ 134,700.00	\$ 153,000.00
May	\$ 179,600.00	\$ 204,000.00
June	\$ 540,693.89	\$ 640,709.70
Total	\$1,499,559.73	\$2,510,691.52

Though revenue collection began in October of 2012, funds ending a fiscal year may not be received until December of the same year. The fiscal year funds received after May are included in June which is the final month of the fiscal year. This occurs because of the Modified Accrual method used by the Ridgecrest Finance Department.

2.2 Measure L Usage

A summary of annual Measure L income, expenditure, and carry-over is included in Table 3. Detailed expenditures were obtained directly from the Ridgecrest Finance Department.

Of note: Measure L expenditures from the Streets Fund during Fiscal Year 2012-2013 were not tracked individually, as ML4ST was not created until Fiscal Year 2013-2014. The Streets Fund carryover to Fiscal Year 2013-2014 was therefore assumed to be entirely Measure L funds .

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Table 3. Measure L Usage.

				Fiscal Year		
Income & Expenditures	Fund	Department	Note	2012-2013 (Actual)	2013-2014 (Actual)	2014-2015* (Original Budget)
Income	General Fund	None	Tax Income	\$ 1,499,559.73	\$ 2,510,692.00	\$ 2,500,000.00
			Carry-over from Previous Fiscal Year	\$ -	\$ 76,557.73	\$ 400,313.73
			Subtotal	\$ 1,499,559.73	\$ 2,587,249.73	\$ 2,900,313.73
	Fund 2 (Street Maintenance)	Public Works	Carry-over from Previous Fiscal Year	\$ -	\$ 240,201.00	\$ -
	Fund 18 (Street Construction)	Public Works	Carry-over from Previous Fiscal Year	\$ -	\$ -	\$ -
			Total (Tax Revenue & Carry-over)	\$ 1,499,559.73	\$ 2,827,450.73	\$ 2,900,313.73 Note 1
Expenditures	General Fund	None	BOE Implementation	\$ 15,384.00	\$ -	\$ -
		Engineering	Salaries & Wages	\$ -	\$ -	\$ -
			Subtotal	\$ 15,384.00	\$ -	\$ -
	General Fund	Public Safety	Salaries & Wages	\$ 670,108.00	\$ 1,338,734.00	\$ -
			Legal services	\$ 57,567.00	\$ 2,562.00	\$ -
			Various accounts**	\$ 4,442.00	\$ 6,194.00	\$ -
			Capital Outlay	\$ 77,306.00	\$ -	\$ -
			Subtotal	\$ 809,423.00	\$ 1,347,490.00	\$ 1,277,257.00 Note 1
	Fund 2 (Street Maintenance)	Public Works	Salaries & Wages	\$ -	\$ 69,335.00	\$ -
			Professional Services	\$ -	\$ -	\$ -
			Temporary Road Workers	\$ -	\$ -	\$ -
			Various accounts**	\$ 357,994.00	\$ -	\$ -
			Material and Supplies	\$ -	\$ 597,023.00	\$ -
			Subtotal	\$ 357,994.00	\$ 666,358.00	\$ 520,362.00 Note 1
	Fund 18 (Street Construction)	Public Works	Streets Construction	\$ -	\$ 413,289.00	\$ -
			Subtotal	\$ -	\$ 413,289.00	\$ -
			Total Expenditures	\$ 1,182,801.00	\$ 2,427,137.00	\$ 1,797,619.00 Note 1
Income - Expenses	General Fund	-	Carryover to Next Fiscal Year	\$ 76,557.73	\$ 400,313.73	\$ -
	Fund 2 (Gas Tax Fund)	Public Works	Carryover to Next Fiscal Year	\$ 240,201.00	\$ -	\$ -
	Fund 18 (Capitol Projects)	Public Works	Carryover to Next Fiscal Year	\$ -	\$ -	\$ -
			Total Roll-Over	\$ 316,758.73	\$ 400,313.73	\$ 1,102,694.73 Note 2

* As presented to the Measure L Citizens' Oversight Committee on 9 February 2015 [2]

** Travel, training, recruitment costs, etc. Fiscal Year 2012-2013 had no tracking numbers

Note 1: Measure L 2014-2015 planned income and expenditure for Public Works, Street Maintenance, and Public Safety

Note 2: Measure L 2014-2015 funds planned for Public Works, Street Maintenance, or Carryover

Carry-over occurs when actual revenue exceeds budgetary predictions. Carry-over is tracked for a given Fund. For example, from Fiscal Year 2012-2013 to Fiscal Year 2013-2014: the General Fund carried over \$76,557 and the Public Works Fund 2 (Gas Tax Fund) carried over \$240,201, for a total carry-over of \$316,758.73.

3. PUBLIC WORKS (STREETS), FISCAL YEAR 2013-2014

3.1 Yearly funding

A study conducted for Public Works during Fiscal Year 2010-2011 [4] estimated the required repair of the majority of the roads in Ridgecrest to an acceptable level and \$1.5M is required annually to ensure adequate maintenance. This desired level of funding has yet to be met, even with Measure L funds.

3.2 Streets paved

Public Works Fund 18 (Capital Projects) used Measure L funds to leverage matching funds for Capital Improvements Projects in Fiscal Year 2013-2014. A partial list of these projects is included in Table 4.

The completion of China Lake Blvd was reportedly accomplished by using Measure L funds to qualify for an additional Federal funding at about a 1:8 ratio. In other words 8 federal dollars were matched for every single Measure L dollar allocated to repair China Lake Blvd between Upjohn and Bowman.

The widening of Drummond was started in Fiscal Year 2013-2014. Right of Way issues, however, have delayed the design into Fiscal Year 2014-2015.

3.3 CAFR Performance Metrics – Public Works

The CAFR contains “operating indicators” or metrics for the past ten fiscal years. Regarding street maintenance and construction, 1.8 miles of streets were resurfaced in Fiscal Year 2013-2014. The total length resurfaced has varied from 0.5 to 3 miles over the past ten fiscal years.

4. PUBLIC SAFETY (POLICE), FISCAL YEAR 2013-2014

4.1 Personnel and services

Expenditure totals were indicated in Table 3, as provided by the Finance Department. Regarding salaries, Measure L funded 12 of 32 officers and one clerk. Under “Various Accounts”, Measure L funded police recruitment costs, such as advertising and pre-testing of candidates. Finally, Measure L funds were used to pay Jones & Mayer for legal services.

4.2 Equipment

No equipment was purchased using Measure L funds. Public Safety equipment was instead purchased using Prop 172 funds. A description of Prop 172 may be found at Reference [10].

Table 4. Capital Improvement Projects and Street Maintenance Funded by Measure L.

Fiscal Year 2013-2014				
Project	Street	Start	Finish	Note
Reconstruction	S China Lake Blvd	Upjohn Ave.	Bowman Rd.	11.47% matching
Surfacing	Oregon	Ranger	Downs St.	-
Prepped Surface	Gold Canyon Rd.	Benson Ave.	Hayden Ave.	-
	Norma St.	Las Flores Ave.	Drummond Ave.	-
	Drummond Ave.	Downs St.	Norma St.	-
	Downs St.	S China Lake Blvd	Bataan Ave.	-
Widening	Drummond Ave.	Inyo St.	Downs St.	\$ 14,900.00
Design	Sunland	Upjohn Ave.	Bowman Rd.	-
General Materials	Low Tack, Oil, Rubberized Crack Filling, Paint	N/A	N/A	\$ 59,582.88
	Chip Seal of Micro-Surfacing	All Streets	N/A	\$ 304,575.54
Design and Construction	Traffic Signal	Bowman Rd.	S China Lake Blvd	-
Crack-filling Machine & Router	N/A	N/A	N/A	\$ 87,539.75
Upgrade Design & Construction	Traffic Signal	Norma St.	Ward Ave.	Approx. 10% matching
	Traffic Signal	Downs St.	Drummond Ave.	
	Traffic Signal	Norma St.	Drummond Ave.	
	Traffic Signal	Norma St.	Las Flores Ave.	
	Traffic Signal	China Lake Blvd.	California Ave.	
	Traffic Signal	French Ave.	Drummond Ave.	
	Traffic Signal	China Lake Blvd.	College Heights Blvd.	√
Signage and Street Markings	Intersection	Richmond Rd.	California Ave.	Approx. 10% matching
	Intersection	Downs St.	Bowman Rd.	
	Intersection	Downs St.	Dolphin Ave.	
	Intersection	Downs St.	Graaf Ave.	
	Intersection	Downs St.	Upjohn Ave.	
	Intersection	Downs St.	Ward Ave.	
	Intersection	Norma St.	Bowman Rd.	
	Intersection	Norma St.	Graaf Ave.	
	Intersection	Norma St.	Moyer Ave.	
	Intersection	Norma St.	Reeves Ave.	
	Intersection	Norma St.	Sydnor Ave.	
	Intersection	and Norma St	Upjohn Ave.	√

N/A Not Applicable

5. SUMMARY OF FINDINGS

Measure L funds were allocated entirely to Public Safety and Public Works in Fiscal Year 2013-2014. Whether these funds were used to “back-fill” other Departments was not investigated for this report.

Annual spending on streets maintenance is less than the city’s annual required resources of \$1.5M to sustain the city streets.

6. RECOMMENDATIONS. THE FOLLOWING RECOMMENDATIONS ARE PROVIDED FOR CONSIDERATION TO THE CITY COUNCIL.

Based on the estimate of sustainable funding required to maintain overall city street conditions and mitigate further city street quality deterioration, City Council should consider an increase in funding of overall Street Maintenance and Construction to meet the \$1.5M estimate for street sustainment.

Determine whether the fiscal year carry-over funding can be minimized or expended.

Encourage Department Heads to continue tracking Measure L expenditures to help identify how the funds are expended.

The Public Works Director and Chief of Police confirmed the City Council's intent to maintain Public Safety and use any remaining Measure L funds to achieve the \$1.5M sustainability goal for Public Works.

7. REFERENCES

- [1] City of Ridgecrest, "Chapter 3 Article 2 of Ridgecrest, CA Code of Ordinances," 2012. [Online]. Available: https://www.municode.com/library/ca/ridgecrest/codes/code_of_ordinances?nodeId=SUHITA_CHII_IREFI_ART2TETRUSTA. [Accessed 28 January 2013].
- [2] Measure L Citizens' Oversight Committee, "Agenda packet for 9 February 2015," 2015. [Online]. Available: <http://ridgecrest-ca.gov/listfiles/meetingsmlacendas2-9-15-mlcoc-agenda-packetpdf/rsfilesdownload>.
- [3] Ridgecrest Finance Department, "Comprehensive Annual Financial Report (CAFR)," 2014. [Online]. Available: <http://ridgecrest-ca.gov/finance/reports-awards>.
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- [6] Kern County, "Kern County Election Results," 5 June 2012. [Online]. Available: <http://elections.co.kern.ca.us/elections/results/jun12/>. [Accessed 15 February 2014].
- [7] Ballotpedia, "City of Ridgecrest Sales Tax, Measure L (June 2012)," 5 June 2012. [Online]. Available: http://ballotpedia.org/wiki/index.php/City_of_Ridgecrest_Sales_Tax,_Measure_L_%28June_2012%29. [Accessed 20 February 2013].
- [8] City of Ridgecrest, "Ordinance No. 12-02 (Measure 'L' Sales Tax)," 29 January 2014. [Online]. Available: <http://ridgecrest-ca.gov/listfiles/adminordinances2012>. [Accessed 15 February 2014].
- [9] Measure L Citizens' Oversight Committee, "Annual Report for Fiscal Year 2012-2013," 2013. [Online]. Available: <http://ridgecrest-ca.gov/government/measure-l>. [Accessed 2013].
- [10] California Legislative Analyst's Office (LAO), "Proposition 172 - How Did it Affect Spending for Public Safety," Legislative Analyst's Office, Sacramento, CA, 1994.
- [11] City of Ridgecrest, "Ridgecrest City Council Website," [Online]. Available: <http://ridgecrest-ca.gov/city-council/ridgecrest-city-council/>. [Accessed 22 February 2014].

8. DISTRIBUTION

1. Ridgecrest City Council Members
2. City Manager
3. Ridgecrest City Website
4. Ridgecrest local newspapers
 - a. News Review
 - b. Daily Independent
5. Ridgecrest local radio stations
 - a. KSSI FM
 - b. Adelman Broadcasting (BobFM, The Heat, Juan, Kickin' Country, Qlite, Kool Gold, upcoming Sports Channel).
6. Ridgecrest local television stations
 - a. Ridgecrest Government Channel (Cable channel 6)
 - b. KZGM TV