

DRAFT Annual Report of the Measure P Citizens Oversight Committee
Fiscal Year 2022-23

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 \$247 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 9 members. The purpose of the COC is to review and report on all Measure P expenditure plans, financial reports, and audits. The COC consists of five At-Large members, with at least one from each Council district, and four Designated Members selected from candidates nominated by the Nominating Authorities listed below.

The board is composed of 9 members appointed to a four-year term.

Member	Appointment Criteria	Term Expiring
Greg Martinez (Vice Chair)	District 1 Rep.	6/30/25
Christopher Redo	District 2 Rep.	6/30/25
Saad Ilyas	District 3 Rep.	6/30/25
Vacant	District 4 Rep.	6/30/25
Mona Freels	At-Large Rep.	6/30/25
Silvia Saldivar	Designated Rep. ²	6/30/25
David Garcias (Chair)	Designated Rep. ³	6/30/25
Vacant	Designated Rep.	6/30/25
Nicole Enriquez	Designated Rep. ⁵	6/30/25

Nominating Authorities are as follows:

- 1 – Chula Vista Chamber of Commerce
- 2 – Alliance of Californians for Community Empowerment, San Diego Branch
- 3 – San Diego and Imperial Counties Labor Union
- 4 – San Diego County Taxpayers Association
- 5 – Parks and Recreation Commission
- 6 – Sustainability Commission

The specific duties of the COC are as follows:

1. Review and comment on each year's Finance Department Report (as defined in Chula Vista Municipal Code [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 2023 Independent Auditors' Report on Compliance Revenues and Expenditures

Major expenditures in the following categories incurred in fiscal year 2023:

Category	FY 2023 Expenditures	Major Items
Fire Services	\$ 1,041,616	Fire Vehicles, Fire Equipment, Facility Repairs
Police Services	1,662,841	Police Vehicles, Communication System, Facility Repairs
Infrastructure	21,684,331	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	417,492	City Staff-Time
Debt Service	7,805,303	Bond Debt Service
Administrative Expenses	49,041	Audit, Bond Administration Fees, Banking Fees, Cost of Issuance
Total Expenditures	\$ 32,660,624	

Audited Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2023

Revenues:

Local sales and use tax	28,286,339
Use of money and property	548,992
Miscellaneous	468

Total Revenues	\$ 28,835,799
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Expenditures:

Contracted Services	42,226
Equipment and shared infrastructure costs	307,299
Capital outlay	23,226,473
Debt service:	
Principal retirement	1,165,140
Interest and fiscal charges	110,183

Total Expenditures	\$ 24,851,321
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Excess (Deficiency) of Revenues Over (under) Expenditures	3,984,478
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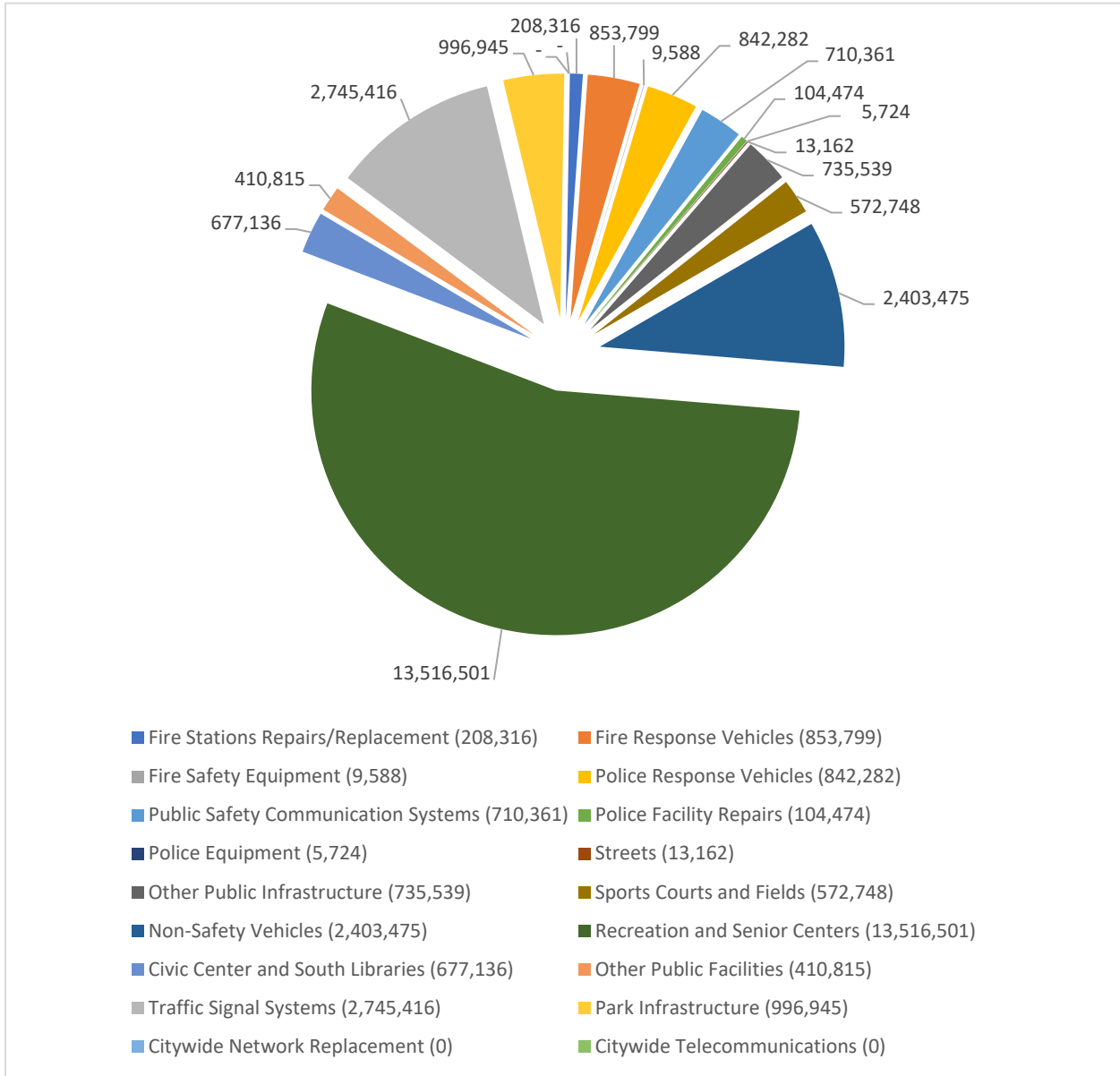
Other Financing Sources (Uses):

Transfers Out – Municipal Financing Authority Fund	(7,809,303)
Total Other Financing Sources (Uses)	\$ (7,809,303)

Net Change in Fund Balance	(3,824,825)
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Fund Balance at Beginning of Year	29,063,158
Fund Balance as of June 30, 2023	\$ 25,238,333

**Plan Expenditures by Replacement Category
(\$24,806,280)**



Major Projects (Fiscal Year 2022/2023) by Cost Category

Lauderbach Park (PRK0329):

This project replaced the natural grass on the sports field with synthetic turf, and replaced the deteriorated basketball court with a new court that includes striping for a pickleball court. The replacement of the sports field included installation of a new walking path, new sports lighting, and striping for both soccer and softball.

In addition, a new picnic area was constructed, replacing the old picnic areas. This project also rehabilitated the failed walkway access to the park for the senior housing to the south.

Construction began February of 2022, and was completed in April of 2023. The park reopened in July of 2023, following a 3-month sod establishment period. \$1 million of this project's funding came from a State of California Grant for California Youth Soccer and Recreation Development Program, and an additional \$820,000 was funded by Measure P.

Other Infrastructure - CMP Rehabilitation Outside ROW (DRN0219):

Portions of the corrugated metal pipe (CMP) in the City's storm drain system have reached the end of their service life. This project will complete CMP repairs that have high consequence of failure outside the city's right of way. These efforts may extend the CMP life by 40-60 years, thereby preventing potential flooding and property damage. The project encompasses the rehabilitation of 34 locations across the city. Design work for 23 of these locations was successfully completed in 2023, marking significant progress. Presently, our design team is actively engaged in finalizing plans for the remaining 11 locations, ensuring a thorough and efficient approach to safeguarding our stormwater infrastructure.

Other Infrastructure - Traffic Signal Modifications (TRF0408):

The CIP project's scope of work included traffic signal modifications and upgrades to 11 existing signalized intersections within the city. These upgrades improved visibility, provided for protected left turn movements, provided for permissive flashing yellow left turn movements, and replaced failing and outdated traffic signal equipment at various locations citywide. Construction began in February of 2021 and was completed in July of 2023.

Loma Verde Recreation Center (GGV0247):

In April of 2020, the City approved a Design Build Agreement with EC Constructors, Inc. for design of Segments 1 and 2 of the Loma Verde Recreation Center. Thereafter, in August 2021, the Council awarded the contract for the Construction Phase of Segments 1 and 2. This phase involved the demolition and reconstruction of approximately 20,000 square feet of the Center. The renovated facility now features a new multi-purpose gymnasium, dance rooms, crafts room, fitness room, game room, hard courts, restrooms, changing rooms, staff offices, lifeguard staff room, and break room. Construction of Segments 1 and 2 was completed in April 2023, and these segments were opened for limited use until the completion of Segment 3.

Design of Segment 3 began in June of 2021 and was completed June 2022. This segment of the project involved replacing the remaining portion of the existing building to accommodate new pool mechanical equipment, wet and dry storage, a new competition pool, a new recreation pool, a new splashpad, a replacement playground, a replacement solar water heater, new sports

lighting, a new pool deck, and classroom space. Construction of Segment 3 commenced in August 2022 and was completed in October 2023, allowing for the full use of the entire Loma Verde Recreation Center.

Chula Vista Civic Center Library – Children’s Library and Restroom Upgrades (GGV0231):

Upgrades of four restrooms, including removal and replacement of existing finishes, fixtures, and accessories in compliance with accessibility guidelines and City standards; new carpeting and repainting of the Children’s Library and entry foyer, as well as the removal of no longer needed bookshelves and furniture. Project completed February 2023.

Rohr Park Restroom Replacement (PRK0328):

This project replaces an existing restroom building at Rohr Park with a new restroom building. The restroom building has two community restrooms (male and female), a utility/mechanical room, and storage. Project completed August 2022.

Public Works Boiler/Chiller (GGV0234):

The Public Works facility boiler/chiller replacement project includes replacing existing single air-cooled chiller, single boiler, four (4) hydronic chilled water pumps and two (2) hydronic heating hot water pumps. Project completed August 2022.

Projects in Progress

Renovation of Fire Station 1 (GGV0252):

Existing City of Chula Vista Fire Station No. 1 requires renovations to meet the evolving duties of the Fire Department, accommodate modern equipment, renovate, and repair aging aspects of the building, and accommodate firefighter personnel needs. The existing ladder truck housed at Fire Station No. 1 will be replaced in the next year with a larger apparatus that will not fit within the existing apparatus bay making alterations to the existing apparatus bay necessary. The fire station age and condition require replacement or rehabilitation of various areas as part of this Project. The station dorm rooms and bathrooms require upgrades to meet modern firefighter personnel needs.

In May of 2021, Council approved a Design Build Agreement with EC Constructors, Inc. for design of the Fire Station 1 renovations. The design phase was completed in late 2022, and trade contractor bids were received in January 2023. A resolution to award the Construction Phase contract was approved by Council in February of 2023. Due to worldwide supply constraints on electrical components which impacted delivery dates for critical materials, the start of construction was delayed until September 2023. Construction is currently underway, and completion is scheduled for September 2024.

Fuel Management (GGV0235):

Fuel dispenser upgrades, fuel management systems replacements/upgrades and associated equipment and software at the Public Works Corp Yard and Fire Stations #3, #4, #5, and #7.

Sports Courts & Fields Irrigation (PRK0327):

Project scope includes purchase, installation, and set up of the Parks and Recreation irrigation platform to a smart centralized system.

Upcoming Projects

Police Facility HVAC (GGV0232):

Upgrades and replacements to the Police Facility HVAC. The project includes but not limited to the following equipment: 14 roof mounted air handling units and 10 separate return air fan units, 13 split system fan coil units, computer room indoor air handler and secondary outdoor condensing unit with indoor fan, 41 building exhaust fans etc. This project is largely funded by ARPA but includes Measure P funding as well.

Public Works Air Handlers (GGV0234):

This project will be addresses in multiple phases. Replacing the existing unit along with five other roof mounted units that are still operational but approaching the end of their useful life; may include relocating the existing equipment to alternate locations.

1301 Oleander Ave Building Repairs (GGV0257):

Tenant improvements at the 1301 Oleander Avenue facility, which was previously used as a Boys and Girls Club. Improve the below facilities to become operational including main entrance, foyer, restrooms, gymnasium, and improvements to the east and west office wings. Some building repairs have been completed in order to allow for the opening of the Innovation Station in partnership with the Chula Vista school district.

Non-Safety Vehicles:

Measure P has allowed for the replacement of vehicles that were beyond their recommended replacement date. In fiscal year 2023 approximately \$2.4 million was spent on non-Public Safety vehicles and equipment. The City continues to make significant efforts to replace vehicles which were overdue for replacement.

Purchases of non- Public Safety vehicles in fiscal year 2023 include the following:

- (2) Groundmaster 5900 Mowers
- (2) 2022 Freightliner M2 with 5-7 Yard Dump Body
- (15) Ford F150 XLs
- (5) Ford Escapes

(2) Asphalt Rollers

The following table summarizes the Measure P vehicle purchases for non-Public Safety vehicles by year.

Year	Non-Public Safety	
	Count	Amount
2017	0	\$ -
2018	28	\$ 1,167,612
2019	14	\$ 1,955,991
2020	29	\$ 1,415,196
2021	5	\$ 438,021
2022	24	\$ 2,182,186
2023	42	\$ 2,381,972
Total	142	\$ 9,540,978

It is important to note that several vehicles and pieces of equipment have been ordered through Measure P funding. However, due to continued production interruptions and supply shortages at the manufacturers, delivery of the ordered vehicles/equipment has been delayed. At the end of fiscal year 2023, there were open purchase orders in the amount of \$1.2 million for vehicles/equipment not assigned to Safety.

The following table reflects the Measure P funded vehicles for Public Safety:

Year	Fire		Police	
	Count	Amount	Count	Amount
2017	3	\$ 207,619	3	\$ 168,703
2018	6	\$ 2,100,784	43	\$ 1,820,560
2019	11	\$ 2,853,280	27	\$ 1,047,894
2020	6	\$ 536,432	5	\$ 515,532
2021	2	\$ 239,328	23	\$ 1,468,123
2022	2	\$ 1,746,519	10	\$ 432,693
2023	0	\$ -	14	\$ 842,282
Total	30	\$ 7,683,962	108	\$ 6,295,787

Conclusion

The Citizens Oversight Committee notes that this Annual Report refers only to the period from July 1, 2022 to June 30, 2023. This report presents the sixth 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 for the year ending June 30, 2023. In its report dated December 28, 2023, the auditor's opinion was that "the City complied, in all material respects, with the types of compliance that could have a direct and material effect on 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 FY23 Audited Report

Attachment B – Fiscal Year 2022-23 Expenditure Report (For Informational Purposes Only)



CITY OF CHULA VISTA, CALIFORNIA
2016 MEASURE P SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2023

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

June 30, 2023

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

Report on Compliance with the
Infrastructure, Facilities and Equipment Expenditure Plan

June 30, 2023

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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

Opinion on the 2016 Measure P Sales Tax Fund

We have audited the compliance of the 2016 Measure P Sales Tax Fund of the City of Chula Vista, California (the "City") with the 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, 2023.

In our opinion, the City complied, in all material respects, with the types of compliance that could have a direct and material effect on the requirements referred to above applicable to the City for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements described in the Ordinance and the Spending Plan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Ordinance and the Spending Plan.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Ordinance, and the Spending Plan will always detect material noncompliance when it exists.



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

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Ordinance and the Spending Plan as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Ordinance and the Spending Plan, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Ordinance and the Spending Plan, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



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

Purpose of this Report

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 described in the Ordinance and the Spending Plan. Accordingly, this report is not suitable for any other purpose.

Lance, Solt & Lughard, LLP

Brea, California
December 28, 2023

CITY OF CHULA VISTA
2016 MEASURE P SALES TAX FUND
Balance Sheet Schedule
June 30, 2023

ASSETS:

Pooled cash and investments	\$ 22,480,700
Accrued interest receivable	126,910
Due from other funds	4,918,533
Prepaid expenses	170,238
	<u>170,238</u>
Total Assets	<u><u>\$ 27,696,381</u></u>

LIABILITIES AND FUND BALANCE:

Liabilities:

Accounts payable	\$ 1,198,916
Retention payable	1,259,132
	<u>1,259,132</u>
Total Liabilities	<u>2,458,048</u>

Fund Balance:

Nonspendable - prepaid costs	170,238
Assigned for Measure P Sales Tax	25,068,095
	<u>25,068,095</u>
Total Fund Balance	<u>25,238,333</u>
Total Liabilities and Fund Balance	<u><u>\$ 27,696,381</u></u>

CITY OF CHULA VISTA
2016 MEASURE P SALES TAX FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

REVENUES:	
Local sales and use tax	\$ 28,286,339
Use of money and property	548,992
Miscellaneous	468
Total Revenues	<u>28,835,799</u>
EXPENDITURES:	
Contracted services	42,226
Equipment and shared infrastructure costs	307,299
Capital outlay	23,226,473
Debt service:	
Principal retirement	1,165,140
Interest and fiscal charges	110,183
Total Expenditures	<u>24,851,321</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,984,478</u>
OTHER FINANCING SOURCES (USES):	
Transfers Out - Municipal Financing Authority Fund	<u>(7,809,303)</u>
Total Other Financing Sources (Uses)	<u>(7,809,303)</u>
Net Change in Fund Balance	(3,824,825)
FUND BALANCE - BEGINNING	<u>29,063,158</u>
FUND BALANCE - ENDING	<u><u>\$ 25,238,333</u></u>

**Citywide Infrastructure, Facilities and Equipment Expenditure Plan
1/2 cent Sales Tax Revenues over 10 year period
Summary Table Fiscal Year 2023**

<u>Total by Major Category</u>	<u>10-Year Timeframe</u>	<u>FY23 Expenditures</u>
Fire Stations Repairs/Replacement	30,012,833	178,228
Fire Response Vehicles (Apparatus)	19,847,580	853,799
Fire Safety Equipment	5,197,913	9,588
Total Fire Services	\$ 55,058,326	\$ 1,041,616
Police Response Vehicles	12,951,470	842,282
Public Safety Communication Systems (CAD Dispatch and Regional Communication Systems)	8,645,689	710,361
Police Facility Repairs	2,700,656	104,474
Police Equipment	644,318	5,724
Total Police Services	\$ 24,942,133	\$ 1,662,841
Streets (Arterials/Collectors/Residential)	22,906,310	-
Other Public Infrastructure (Storm Drains, Drainage Systems, Sidewalks, Trees etc.)	25,925,179	642,158
Sports Fields and Courts	3,345,655	572,748
Non-Safety Vehicles	13,191,170	2,403,475
Recreation and Senior Centers	27,737,071	13,496,377
Civic Center and South Libraries	4,781,227	676,789
Other Public Facilities (Living Coast Discovery Center, Public Works Center etc.)	11,701,789	404,748
Traffic Signal Systems	7,250,000	2,636,361
Park Infrastructure (Playground Equipment, Gazebos, Restrooms, Benches, Parking etc.)	12,367,201	851,676
Citywide Network Replacement	2,082,334	-
Citywide Telecommunications	4,357,602	-
Total Infrastructure	\$ 135,645,538	\$ 21,684,331
Total Proposed Allocations	\$ 215,645,997	\$ 24,388,787
City Staff Time	-	417,492
Total City Staff Time	\$ -	\$ 417,492
Annual Debt Service Payments	78,234,834	7,805,303
Total Debt Service Expenses	\$ 78,234,834	\$ 7,805,303
Audit Fees	48,773	42,226
Bond Administration	65,356	4,000
Banking Fees	-	2,815
Cost of Issuance	563,210	-
Total Administrative Expenses	\$ 677,339	\$ 49,041
Total Expenditures	\$ 294,558,170	\$ 32,660,624