

City of Ridgecrest Citizen's Oversight Committee
for
Measure L and Measure V
Annual Report for Fiscal Year 2017-2018

September 09, 2019

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City of Ridgecrest Measure L and Measure V Citizen's Oversight Committee

Annual Report for Fiscal Year 2017-2018

Summary for Fiscal Year 2017-2018

The fiscal Year 2017-2018 report is the sixth annual report prepared by the Oversight Committee regarding the use of the proceeds from Measure L and Measure V sales tax. A report is required to be generated annually by the City of Ridgecrest Code of Ordinance 12-02 Chapter 3 Article 2 (City of Ridgecrest, 2012).

The Measure L and Measure V are two separate sales tax measures providing general budget income for Ridgecrest, CA for the fiscal year of 2017-2018. Measure L is the initial special sales tax, initiated when the Ridgecrest City Council declared fiscal emergency on January 11, 2012 when "like many other California cities, Ridgecrest is in a serious financial position" and focus to provide Public Safety (Police) and the need for city street repair and maintenance. Measure L was a 3/4 cent sales tax approved by the voters and sunset on March 31, 2017. Measure V was approved on the November 2016 ballot for a 1 cent sales tax. Measure V began generating sales tax revenue on April 1, 2017 replacing Measure L.

Measure L and Measure V generated a combined sales tax revenue of \$4,241,218 during this fiscal year reporting period, which ended June 30, 2018. The Measure L contribution was \$26,037. A final Measure L contribution is anticipated during fiscal year 2018-2019. The revenue was an increase of 25.16% from the previous fiscal year. The Measure L and Measure V sale tax contributed 32.0% of the total tax revenue for the City of Ridgecrest. The total City of Ridgecrest tax revenue including Measure L and Measure V contributions was \$13,236,213 for fiscal year 2017-2018.

A carryover of \$966,459 existed from Fiscal Year 2016-2017. The total Measure L and Measure V Fiscal Year expenditure was \$ 3,836,891. During the fiscal year, Public Safety expended 55.6% of Public Works spent 44.4% on streets. The difference of the Measure L/V fiscal year 2017-2018 expenditure to revenue is \$404,328. The balance of revenue, expenditure, and prior year carry over is \$ 1,370,787, which was carried over into the following fiscal year 2018-2019. The amount is committed for future Public Works projects.

Public Safety expended \$2,132,722 from the special sales tax during the fiscal year. Specifically, it fully funded one Police Sergeant, 12 Police Officers, two records clerks, one dispatcher, one code enforcement officer, one used vehicle for the Detective Division, \$60,000 to assist in the refurbishment of two patrol vehicles, \$12,500 for patrol vehicle radios, and \$5,500 for employee background investigations.

For fiscal year 2017-2018, Public Works expended \$1,704,169 on engineering, street maintenance, and street construction, capital projects, and engineering consultants.

Figure 1 provides the expenditure data for each fiscal year.

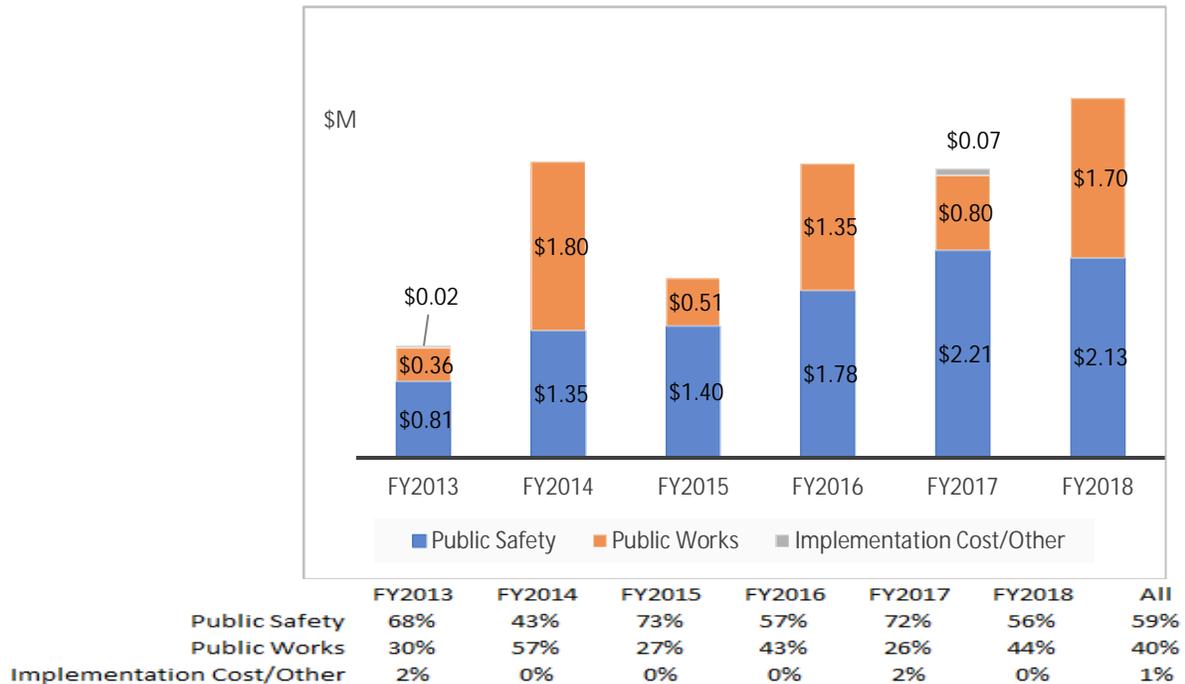


Figure 1. Fiscal year expenditure and expenditure percentage of the total \$16.29M

Findings

For fiscal year 2017-2018, Measure L and Measure V sales tax expenditure of 90.4% of the \$4,241,218 revenue were spent on Public Safety and Public Works in the amount of \$2,132,722 and \$1,704,169 respectively. The Measure L & V expenditures were \$16.29M from inception through the end of FY2017-2018. The year over year revenue was an increase of 25.16% or \$852,539. The balance of the revenue was unspent at the end of the June 30, 2018 reporting period. The Measure L and Measure V has produced a stable and increasing funding source for each year which has supported continuing city operations. The expenditure on Public Safety was spent partially or wholly paying for a major portion of the department salary personnel.

The annual spending on streets maintenance continue to be less than the \$1.5M annual expenditure over 15 years recommended by the Public Works’ Pavement Management System study date June 1, 2011 by Willdan Engineering. On June 21, 2017, the 2016 Pavement Management Study recommended a minimum funding level of \$5 million for years 1-3 then \$2.25 million for 15 years to reach a pavement condition index PCI level of 65.4 compared to the 2016 reporting period in which the PCI level was 54.9.

Financial data detail of expenditures were readily provided to the committee to support the review of the type of effort the Measure L/V funded. The end of the year carry over funds are committed to Public Work projects. The \$60,000 reported as expenses for fiscal year 2016-2017 have been reviewed and city council has decided to return the funds for future Measure L/V Public Works street projects.

City of Ridgecrest Measure L Citizen's Oversight Committee Introduction

1.1 What is Measure L and Measure V?

The Measure L was a local sales tax measure voted June 5, 2012 for the City of Ridgecrest, CA to adopt a 0.75% on general sales. Measure L tax had a performance period of 5 years. The City of Ridgecrest was forced to cut \$3.05 million in spending and reduce the city's workforce by 17% because the State of California required additional revenue.

Measure V was voted in by the citizens of Ridgecrest on November 8, 2016, has an eight-year term, and supersedes Measure L sales tax.

The voter information on the Ridgecrest Measure V information flyer for a November 08, 2016 election reflected maintaining priority for police and street services.

Measure V on November 08, 2016 Ballot

If approved, Measure V would provide funding to maintain current levels of public safety and police services and continue repairing neighborhood streets and potholes.

On July 20, 2016, the Ridgecrest City Council unanimously placed Measure V on the November 2016 ballot. If approved, Measure V would continue Ridgecrest's existing, voter-approved local 0.75% sales tax at the 1.0% rate. If approved by voters, Measure V would provide continued local funding for city services, including public safety services and street and road maintenance.

Without continued local funding half of the Ridgecrest police budget, and most of the road repair budget, would have to be cut – including eliminating 15 police officers who patrol Ridgecrest's neighborhoods. If approved, Measure V would provide funding to maintain current levels of public safety and police services, continue repairing neighborhood streets and fix potholes.

The citizens of Ridgecrest voted in favor of Measure V ballot which was adopted as Ordinance 16-02 (City of Ridgecrest, 2016), which added Chapter 3, Article 2, to the Ridgecrest Municipal Code (City of Ridgecrest, 2016). The ballot question is shown below.

The question on the ballot – City of Ridgecrest Tax Majority:

Measure V: Ridgecrest Public Safety and Essential City Services Measure. To help prevent 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; crime prevention and investigation; and other city services, shall the City of Ridgecrest enact a one cent sales tax, providing \$4,000,000 annually for 8 years, requiring a citizen's oversight committee, annual independent audits, with all funds for City of Ridgecrest services only, no funds for Sacramento?

Measure V funding created a General Fund tax. General Fund tax has no legal obligation to be allocated to any specific department. However, Measure V funding was approved based on retaining city's services for police and streets.

1.2 Measure V Citizen's Oversight Committee

The Measure V Citizen's Oversight Committee (Committee) was established by Municipal Code Chapter 3 Section 2.113.

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

(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 (CAFR) 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 and Measure V Funds

As a General Fund Tax, all Measure L and V funds are initially deposited in the General Fund. Measure L and V funds are tracked to provide visibility within the financial system. Public Safety (Police) and Public Works (street maintenance) expenditures from Measure L and V funding have unique tracking accounts. Public Safety has included expenditures for equipment and labor. Public Works expenditures include labor, material, and contract services.

For the Public Works Department Measure L and V funds have provided matching funds for Federal and State Capital Improvement projects.

1.4 Source of Report Data

The financial data is from the City of Ridgecrest Comprehensive Annual Financial Report (CAFR) or the City of Ridgecrest Finance Department. The CAFR for a given Fiscal Year is released approximately January after the end on the city fiscal year ending June 30. The CAFR report includes the results of the independent audit.

The CAFR continues to recognize the Measure L and V funding has a significant and positive impact on the operation of the city.

1.5 Revenue Funding

The tax revenue for the years prior to Measure L peaked at \$15.74M in Fiscal Year 2008-2009. During the year prior to any Measure L funding, Fiscal Year 2011-2012, the total tax revenue was \$12.06M. Additional tax revenue funding reduction was forewarned for the next year.

During Fiscal Year 2012-2013, Measure L began generating revenue. The Measure L funding did not offset further decreases of total tax revenue. The Redevelopment Agency (RDA) was dissolved by the state government as of Feb 1, 2012. The dissolution of RDA was a known reality prior to the decision for a Measure L ballot. Fiscal Year 2012-2013 tax revenue was \$10.28M, \$1.78M less or 85.2% of the previous year.

The Total Tax Revenue is provided in Figure 2. Tax Revenue Fiscal Years 2008-2018. (Source: FY 2018 CAFR Schedule 5 Government Activities Tax Revenue Source).

The Sales Tax column includes the Measure L/V revenue (in FY 2018 \$4.24M of the \$7.71M).

Fiscal Year	Governmental Activities Tax Revenue	Sales Tax	Gas Tax Revenue	Other Tax Revenue
2017-2018	\$13,236,213	\$7,711,121	\$675,811	\$4,849,281
2016-2017	\$11,397,892	\$6,452,685	\$459,629	\$4,485,578
2015-2016	\$10,946,144	\$5,974,873	\$549,595	\$4,421,676
2014-2015	\$10,114,177	\$5,694,928	\$755,236	\$3,664,013
2013-2014	\$10,264,420	\$5,465,676	\$856,525	\$3,942,220
2012-2013	\$10,280,706	\$4,440,039	\$612,967	\$5,227,700
2011-2012	\$12,062,353	\$3,171,044	\$765,633	\$8,125,676
2010-2011	\$15,111,137	\$3,020,160	\$726,188	\$11,364,789
2009-2010	\$15,420,962	\$2,856,313	\$427,938	\$12,136,711
2008-2009	\$15,735,986	\$3,297,900	\$429,560	\$12,008,526
2007-2008	\$15,021,737	\$2,996,734	\$465,806	\$11,559,197

Figure 2. Tax Revenue Fiscal Years 2008-2018

Fiscal Year	Measure L/V	All Other Tax Revenue	Governmental Activities Tax Revenue	% of Measure L/V to Tax Revenue
2017-2018	\$4,241,219	\$8,994,994	\$13,236,213	32.0%
2016-2017	\$3,388,680	\$8,009,212	\$11,397,892	29.7%
2015-2016	\$2,691,289	\$8,254,855	\$10,946,144	24.6%
2014-2015	\$2,613,889	\$7,500,288	\$10,114,177	25.8%
2013-2014	\$2,510,692	\$7,753,728	\$10,264,420	24.5%
2012-2013	\$1,499,560	\$8,781,146	\$10,280,706	14.6%

Figure 3. Measure L/V to Total Revenue for Fiscal Years 2013-2018

Data from the top lines of the previous two tables yields the pie chart below illustrating the full impact that Measure L/V funding had on total revenue for FY 2018.

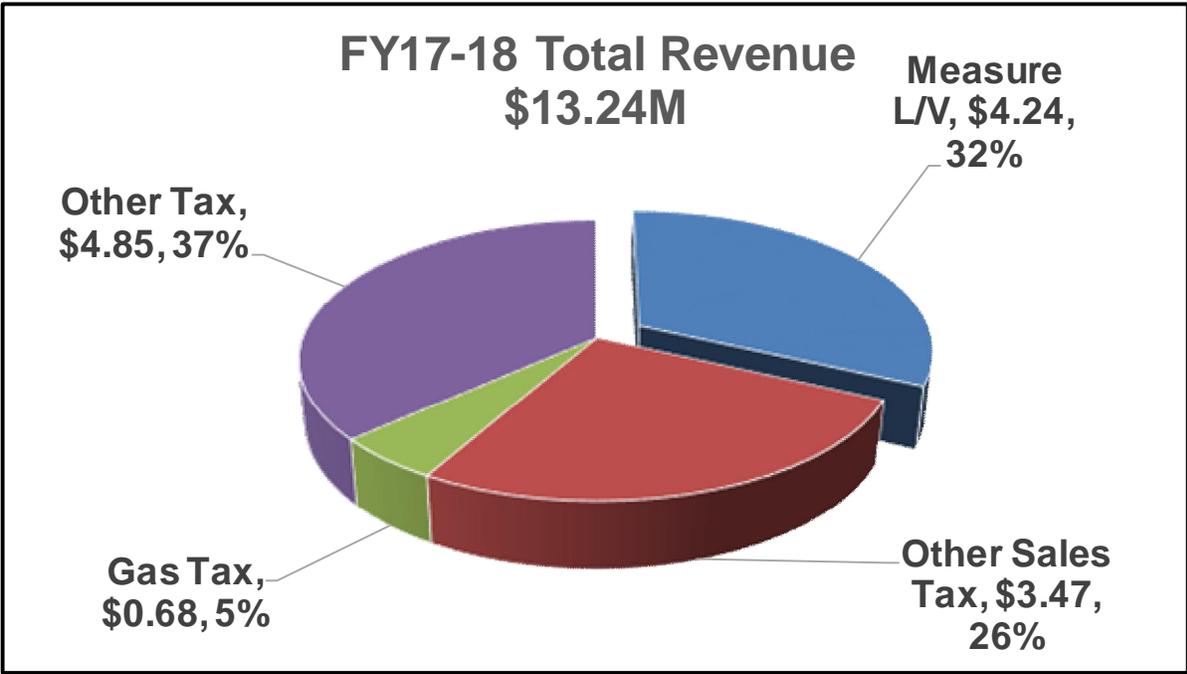


Figure 4. Fiscal Year 2018 Total Revenue by source

1.6 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 subject to adjustment in the subsequent year CAFR.

1.7 Previous Reports

There are five previous MLCOC annual reports containing specific summaries of the Measure L revenues and expenditures [9, 10].

The Committee's first annual report (Measure L Citizens' Oversight Committee, 2013) contains additional detail regarding the financial history of the City of Ridgecrest from Fiscal Year 2001-2002 through Fiscal Year 2012-2013.

5TH YEAR	FINAL BUDGET	FY 2016-2017 ACTUALS
PRIOR YEAR CARRY OVER		\$ 662,484
SALES TAX - MEASURE L	\$ 2,625,000	\$ 2,632,801
SALES TAX - MEASURE V	\$ -	\$ 755,879
		3,388,680
EXPENDITURES:		
POLICE DEPARTMENT	1,981,930	2,213,503
BOE IMPLEMENTATION COST	6,766	6,765
ENGINEERING	138,683	79,083
STREETS MAINTENANCE	350,224	610,595
CAPITAL PROJECTS/CONSTRUCTION	152,794	114,759
TRANSIT	60,000	60,000
TOTAL EXPENDITURES	2,690,397	3,084,706
REVENUE OVER EXPENDITURE	\$ (65,397)	\$ 303,975
AMOUNT TO CARRY OVER TO FY 2018		\$ 966,459

4TH YEAR	FINAL BUDGET	FY 2015-2016 ACTUALS
PRIOR YEAR CARRY OVER		\$ 1,100,921
SALES TAX - MEASURE L	\$ 2,609,946	\$ 2,691,289
EXPENDITURES:		
POLICE DEPARTMENT	1,524,061	1,781,495
ENGINEERING	201,615	121,962
STREETS CONSTRUCTION		87,672
STREETS MAINTENANCE/CONSTRUCTION	1,676,821	1,138,597
TOTAL EXPENDITURES	3,402,497	3,129,726
REVENUE OVER EXPENDITURE	\$ (792,551)	\$ (438,437)
AMOUNT TO CARRY OVER TO FY 2017		\$ 662,484

3RD YEAR	FINAL BUDGET	FY 2014-2015 ACTUALS
PRIOR YEAR CARRY OVER		\$ 400,313
SALES TAX - MEASURE L	\$ 2,500,000	\$ 2,613,889
EXPENDITURES:		
POLICE DEPARTMENT	1,276,752	1,404,207
ENGINEERING	230,000	78,178
STREETS CONSTRUCTION	202,637	
STREETS MAINTENANCE	1,107,725	430,896
TOTAL EXPENDITURES	2,817,114	1,913,281
REVENUE OVER EXPENDITURE	\$ (317,114)	\$ 700,608
AMOUNT TO CARRY OVER TO FY 2016		\$ 1,100,921

2ND YEAR	FINAL BUDGET	FY 2013-2014 ACTUALS
PRIOR YEAR CARRY OVER		\$ 316,758
SALES TAX - MEASURE L	\$ 2,400,000	\$ 2,510,692
EXPENDITURES:		
POLICE DEPARTMENT	1,025,829	1,347,490
ENGINEERING	92,381	-
STREETS CONSTRUCTION	413,289	413,289
STREETS MAINTENANCE	894,330	666,358
TOTAL EXPENDITURES	2,425,829	2,427,137
REVENUE OVER EXPENDITURE	\$ (25,829)	\$ 83,555
AMOUNT TO CARRY OVER TO FY 2015		\$ 400,313

1ST YEAR	FINAL BUDGET	FY 2012-2013 ACTUALS
SALES TAX - MEASURE L	\$ 1,135,000	\$ 1,499,560
EXPENDITURES:		
POLICE DEPARTMENT	885,981	809,424
BOE IMPLEMENTATION 1-TIME COST	15,384	15,384
STREETS CONSTRUCTION	-	-
STREETS MAINTENANCE	233,635	357,994
TOTAL EXPENDITURES	1,135,000	1,182,802
REVENUE OVER EXPENDITURE	\$ -	\$ 316,758
AMOUNT TO CARRY OVER TO FY 2014		\$ 316,758

Measure L/V carryover of \$1,370,787 into FY 2019 is explained for clarity in the table below. From the total \$210,580 of unspent Measure L revenue, \$184,716 was encumbered, leaving a balance of \$25,864 remaining. From the total \$1,160,207 of unspent Measure V revenue combined with the remaining Measure L balance, \$898,188 was approved for the Downs Street Southbound Project, leaving a combined remaining balance of available unspent revenue in the amount of \$287,883.

Appropriations of Unspent FY 2018 Measure L & V Revenues			
1	Unspent Measure L Revenue @ 6/30/2018	\$ 210,580	
	Where it Went:		
	Streets PO rolled to FY19		
	PO 2017-088	13,749	Prof Svc for Grant Applications
	PO 2017-084	23,614	Sand & Gravel for Road Maintenance
	PO 2017-269	15,800	25 tons of Oil
	PO 2017-131	122,352	New Stencil Truck (Reso 16-73)
	Public Works PO rolled to FY19		
	PO 2017-237	9,201	Environmental Engineering Svc (Reso 16-73)
2	Total of PO covered by Measure L	184,716	
3	Balance - Unspent Measure L Revenue (Line 1 - Line 2)	\$ 25,864	
4	Unspent Measure V Revenue @ 6/30/2018	1,160,207	
	Total Unspent Measure L & V Revenue available to fund		
5	Downs St (Southbound) Project (Line 3 + Line 4)	1,186,071	
6	Downs Street (SB) Project Cost as approved to be funded by Measure L/V	898,188	see Resolution 17-67
7	Total Unspent Measure V after Funding of Downs Project (Line 5 - Line 6)	\$ 287,883	

PUBLIC SAFETY SECTION

Measure L was enacted in 2012 to response to a fiscal emergency. Measure V approval continued funding support for Public Safety with specific services to include Police Officers, neighborhood police patrol, 9-1-1 emergency response, and crime prevention.

For FY 2018 Measures L/V funded 30.1% of the Police Department total expenditures of \$7,079,047. In other words, Measure V paid \$2,132,722 of the department's expenditures. Specifically, it fully funded one Police Sergeant, 12 Police Officers, two records clerks, one dispatcher, one code enforcement officer, one used vehicle for the Detective Division, \$60,000 to assist in the refurbishment of two patrol vehicles, \$12,500 for patrol vehicle radios, and \$5,500 for employee background investigations.

During this reporting period, the Police Department experienced an increase in calls for service. In previous reporting cycles, there was an increase in calls that were directly associated to the laws adopted in prior years by the state in an effort to reduce the overcrowding issues in the prisons. The Police Department continued to monitor crime trends in the community and has shifted their priorities in an effort to maintain the safety of the Ridgecrest citizens. By maintaining the number of sworn officers, they have been able to provide a sufficient number of patrols in neighborhoods, respond quickly to 9-1-1 calls, and continue crime prevention programs.

Ridgecrest Crime Statistics (Calendar Year)

	2017	2018
Officers Authorized	32	32
Violent Crimes		
Homicide	0	1
Robbery	13	15
Rape	18	31
Assault	389	422
Property Crimes		
Burglary	136	123
Theft	309	315
Auto Theft	73	61
Arson	6	6
Total Crime	944	974
Difference by %		+3%

PUBLIC WORKS DEPARTMENT

The City’s street network represents one of the City of Ridgecrest’s largest capital investments. The street network has a total of 126 miles with a total replacement cost of \$144,900,000. In 2016, an independent street assessment stated 22.3 miles or 59.6% of the City arterial and secondary streets were in need of major rehabilitation such as an overlay or reconstruction. To complete the major maintenance for all the arterial and secondary streets the cost would be \$17,470,000. The 2011 Pavement Management Study (PMS) estimated \$20,510,000 for major maintenance and all arterials and secondary streets had an estimated cost of \$30,670,000. The City’s roads Pavement Condition Index in 2011 was an overall (PCI) of 23.5. By using Measure L and V funds along with other funding sources for the roads, the (PCI) value has increased to 54.9. (PCI) a method of scoring the status of roads.

Measure L & V Street Maintenance Repairs for 2017-2018:

Fall 2017 – Spring 2018 projects: Funds paid for labor and materials that were used to prepare additional streets for further rehabilitation. Work included pothole repair and crack filling. Future repairs will most likely be a slurry seal. Fall 2017: Streets that were prepared in 2016 – 2017 were resurfaced. The following streets were completed using at least some measure V funding:

Street	Type of Repair	From	To
Ann Court	Cape seal	Barbara Ave	Cul-de-Sac
Barbara Ave	Cape seal	Beasley St	End of pavement
Batann Ave	Single fiber type 3	Downs St	Norma St
Beasley St	Cape seal	Nancy Ave	Kathy Ave
Cielo Ave	Cape seal	Norma St	College Heights Blvd
Del Rosa Dr	Cape seal	Javis Ave	End of pavement
Desert Cassia Ave	Cape seal	Mojave Rose	Cielo Ave
French Ave	Cape seal	China Lake	Drummond
Ginger Ave	Single fiber type 3	Sunset St	Cul-de-Sac
Hermosa Ave	Single fiber type 2	Inyo St	Luna Way
Kathy Ave	Cape seal	Beasley Ave	End of pavement
Las Flores Ave	Double fiber	China Lake	French Ave
Luna Way	Single fiber type 2	Hermosa Ave	Vicki Ave
Mahan Ave	Fog Seal	Springer Ave	Bowman Rd
Mahan Ave	Fog Seal	Ridgecrest	Ward Ave
Mahan St	Chip Seal and Fog	Bowman Rd	Springer Ave
Mandy Court	Cape seal	Barbara Ave	Cul-de-Sac
Mojave Rose Ave	Cape seal	Del Rosa Dr	Desert Cassia Ave
Nancy Ave	Cape seal	College Heights	End of pavement
Norma St	Double fiber	China Lake	Bowman Rd
Smoke Tree Ave	Cape seal	Del Rosa Dr	Desert Cassia Ave
Springer Ave	Chip Seal and Fog	Mahan St	China Lake Blvd

SPECIFIC EXPENDITURE FINDINGS

The following findings of FY2017-2018 are highlighted expenditures which are listed for City Council review and disposition. The criteria for these listed findings are expenditures that should be reviewed against the intended objectives of Measure V. City Council consideration is provided for each finding.

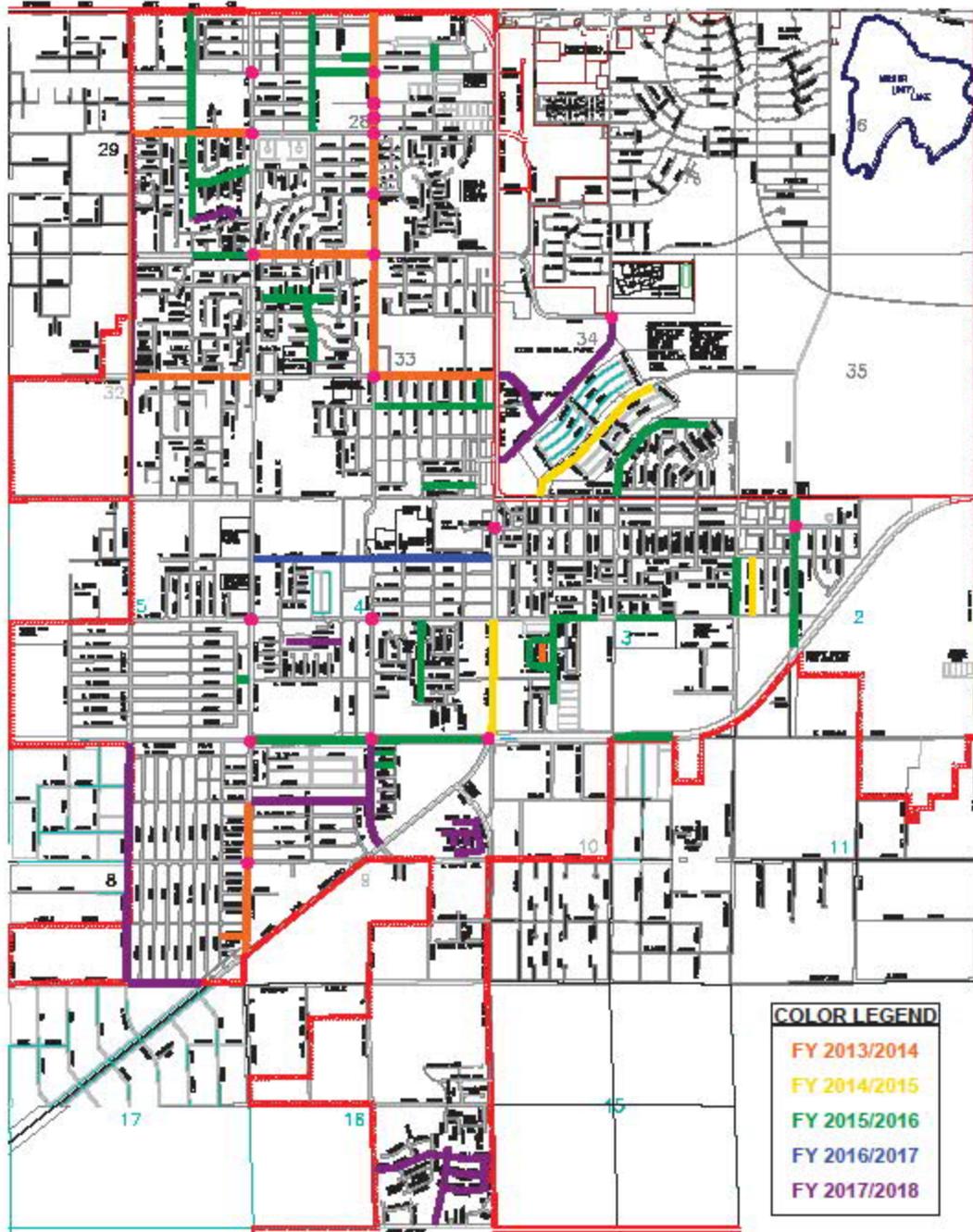
There was \$16,500 of Measure V funding that the City expensed to Willdan Engineering to support Landscape and Lighting District LLD. A short-term loan was stated to be the basis for the Measure V expense as an expedient procedure for the project. The expense was found by committee and staff and was subsequently repaid in FY2018-2019 after the FY2017-2018 reporting period ended.

There was a \$7,676.58 expenditure of Measure V funding utilized to pay for an annual AutoCAD software subscription to support the Building Department documentation requirements. The license is used for developing engineering and infrastructure projects to include consultant design drawing for state and federal projects. This renewed license has been paid out of general funds in the past. The minority committee member assessment is that the expense should not be levied against Measure V funding and reimbursement to Measure V accounts should be considered.

The map below includes all of the Measures L & V work done to date.

RIDGECREST STREET IMPROVEMENTS

FY 2013-2018 Varied Funding Sources



STREETS TREATED (BY YEAR) ———
INTERSECTION IMPROVEMENTS (ALL) ●