

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Community Oversight
Committee for the Measure T:
Disaster Preparedness, Public
Safety, and Infrastructure
Bond Program.

DATE: xx January 2021

**SUBJECT: Community Oversight Committee (COC) 2018 Measure T
Disaster Preparedness, Public Safety, and Infrastructure
Bond Program ANNUAL Report FOR FISCAL YEAR 2019-2020**

1. RECOMMENDATION

Accept this Fiscal Year 2019-2020 Community Oversight Committee (COC) report on the Measure T Disaster Preparedness, Public Safety, and Infrastructure Bond Program proceeds and allocations and its findings and recommendations.

Executive Summary:

- The projects were initiated in all the five categories which are to be funded by Measure T funds: Traffic, Public Safety, Storm Sewer, Municipal Improvements and Parks & Community Facilities.
- Based on the expenditures to-date plus current estimates-to-completion of all the projects, total Measure T funds are on track to be sufficient to complete all the projects to their original scope
- Based on the progress and status of the projects, all projects are on track to be completed in the in the original time.
- Based on the findings and detailed analysis included in the report, COC recommends the Mayor and City Council continue to support Measure T funded projects.

2. OVERVIEW

This report to the Mayor and Council provides the COC findings and recommendations for the Measure T Disaster Preparedness, Public Safety, and Infrastructure Bond Program. The report covers the period from July 25, 2019 through June 30, 2020.

On November 6, 2018, registered voters of the City of San Jose approved Measure T, the San Jose Public Safety and Infrastructure Bonds, authorizing the issuance and sale of general obligation bonds (PSI Bonds) not to exceed \$650,000,000 to be used to fund the cost of land or improvement of land of, without limitation, the following categories of projects: Traffic, Public Safety, Storm Sewer, Municipal Improvements, and Parks & Community Facilities.

The COC was authorized as a result of the approved San José City’s Measure T bond measure that provided for Community Oversight of the expenditure of the bonds.

On June 18, 2019, the City Council approved the resolution establishing the size, composition, and specific responsibilities of the COC. The COC is comprised of fifteen members, one member appointed by each of the 10 Councilmembers and five at-large seats appointed by the Mayor, representing each of the following categories of stakeholders: public safety, environmental, labor, and business.

The Measure T Community Oversight Committee serves as an advisory committee to the City Council, with responsibilities to include the following: 1. Review the expenditure of Measure T funds to ascertain consistency with the voter approved purposes for the funds; 2. In connection with the review of Measure T expenditures, review and forward to the City Council an audit of the Measure T Bonds Financial Statements for the fiscal year ending June 30th as well as the Director of Finance’s annual report on the amount of Bonds issued and the amount of ad valorem tax collected for each prior fiscal year ending June 30th; and 3. Review the status of projects funded with Measure T funds and forward a status report on the pending Measure T projects to the City Council.

3. Audited Use of Funds

San José City’s 2016 Measure T: Disaster Preparedness, Public Safety, and Infrastructure Bond Program Audited Use of Funds for FY 2019-2020 were \$52,201,672. The funds were allocated and expended for each of the Measure T program categories as detailed in table 3-1. This report provides the methodology used to develop the findings and the analyses of the findings.

Table 3-1. FY 2019-2020 Measure T Measure T: Disaster Preparedness, Public Safety, and Infrastructure Bond Program Audited Use of Funds

Measure T Program Category	Measure T Audited Use of Funds (dollars)
Traffic	2,930,649
Public Safety	907,196
Storm Sewer	809,388
Municipal Improvements	47,494,159
Parks & Community Facilities	60,280
Total	52,201,672

4. COC COMMITTEE MEMBERSHIP

A list of the COC members serving during FY 2019-2020 is provided in table 4-1.

Table 4-1. COC Committee Members Serving During FY 2019-2020

Representing	Committee Member	Representing	Committee Member
D1	Gary Cunningham*	D9	Open
D2	Carolyn Bauer	D10	Rich Giammona
D3	Open	Citywide (Labor)	Enrique Arguello
D4	Jai Srinivasan	Citywide (Business)	Dan Bozzuto
D5	Ellen Talbo	Environmental Issues	Open
D6	Nicholas Cochran	Public Safety	Sean Kaldor
D7	Will Smith	Citywide (Finance/Accounting)	Arjun Batra**
D8	Open		

*Chair

**Vice Chair

5. COC MEETINGS

COC meetings were conducted in accordance with SJ City and Brown Act requirements. San José City Director of Public Works staff provided support for meeting venues, agendas, notices, and minutes. As a result of COVID-19 health requirements, all meetings were conducted electronically.

6. AUDITED DATA

The San José City Director of Public Works provided the COC with the FY 2019-2020 Measure T Independent Accountant's Report for the Period from July 25, 2019 through June 30, 2020. The Independent Accountant's Report was prepared by Macias Gini & O'Connell LLP.

7. OVERSIGHT METHODOLOGY

Measure T requires community oversight of the measure's bond proceeds. This includes reporting the measure's planned proceeds allocation, actual allocations, and the result of the expenditure.

The FY 2019-2020 Independent Accountant's Report detailing the audited use of funds is used in the oversight process. The report's Statement of Revenues, Expenditures, and Change in Fund Balance by Fiscal Year for the Period from July 25, 2019 through June 30, 2020 provided the audited use of funds for the projects and is included as attachment 1.

The City Council approved Status Report on Measure T –Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond, dated May 17, 2020 is used in the oversight process. The report's Attachment C – 2021-2025 Proposed Capital Improvement Program – Measure T Fund, provides program planning for FY 2020 through 2025 is included as attachment 2.

The Director of Public Works Measure T, The Disaster Preparedness, Public Safety and Infrastructure Bond Status Presentation, dated June 2, 2020 is used in the oversight process. The presentation provides the status on budget, schedule, and results of the expenditures and is included as attachment 3.

8. OVERSIGHT PROJECT ITEM COMPARISON MATRIX

A matrix of the project items was developed and compares those items with data provided in the reports cited in paragraph 10, Oversight Methodology. The results of the comparisons form the basis of the finding for each of the project item's planned use of funds, audited use of funds, and the results or outcomes of the expenditures. The matrix is provided as attachment 4 to this report.

The matrix is aligned with the projects listed in attachments 1 and 2. Some projects listed may not have had any planned effort for this fiscal year and are noted in the findings.

The following is a description of the matrix format and content:

- a. Projects. Identifies the item associated with each Measure T category
- b. 2019-2020 Planned Use of Funds. Identifies the planned fiscal year funding for the item
- c. 2019-2020 Audited Use of Funds. Identifies the audited fiscal year use for the item
- d. Status/Results of Expenditures. Provides details of the accomplishments of the expended funds
- e. Life of Project Total Estimated Expenditure. Provides the total estimate completion cost of the project item.
- f. Projection Completion Estimate. Provides the total estimate of expected cost at completion of the project item expected overrun or underrun.
- g. Potential Delta. Provides the total estimate of cost at completion of the project item and expected difference between the planned and actual use of funds.

9. FINDINGS ANALYSES

San José City's 2016 Measure T Measure T: Disaster Preparedness, Public Safety, and Infrastructure Bond Program proceeds allocated for FY 2019-2020 were \$52,200,772 as stated in the Independent Accountant's Report (attachment 1). The proceeds were planned to be allocated and expended for each of the following Measure T categories:

- Traffic
- Public Safety
- Storm Sewer
- Municipal Improvements
- Parks & Community Facilities

Findings are provided for each of the measure categories and projects detailing how the proceeds were planned and expended. Some projects may have had their planned funding adjusted or not had

any planned effort for this fiscal year and are noted in the findings. The findings were based on the following:

9.1 Traffic.

The total allocation and spending for this category was \$ 2,930,649. Proceeds were distributed among the following subcategories:

9.1.1 Bridges. \$ 823,581 of funding was used for two awarded and completed projects. The projects will be utilized to obtain bridge investment credits which allows the City to obtain grant funding for additional bridge projects

9.1.2 Pavement Maintenance. \$ 1,481,453 of funding was used to prepare projects for construction.

9.1.3 LED Streetlight Conversion. \$520,608 of funding was used for Staff-purchased fixtures for LED conversion. Approximately 5,200 streetlights have been converted. PWD Staff is preparing an agreement with PG&E to convert 2,700 lights to LED as part of an on-bill financing program.

9.1.4 Admin - Traffic. \$ 105,007 of funding was used for administration costs.

9.2 Public Safety.

The total allocation and spending for this category was \$ 907,196. Proceeds were distributed among the following subcategories:

9.2.1 Fire Station No. 37. \$34,056 of funding was used for staff costs to prepare design plans.

9.2.2 Fire Station No.8 Relocation. \$63,503 of funding was used for locating and negotiating a potential site.

9.2.3 Fire Station No. 23 Relocation. \$40,316 of funding was used for locating potential sites.

9.2.4 Fire Station No. 32. \$9,202 of funding was used for locating and negotiating a potential site.

9.2.5 New Fire Station No. 36. \$7,986 of funding was used for locating potential sites.

9.2.6 Fire Station No. 20. No funding was allocated for FY 2019-2020.

9.2.7 Emergency Operations Center Relocation. \$82,346 of funding was used for preparing the project for construction.

9.2.8 Police Training Center Relocation. \$271,570 of funding was used for locating and negotiating a potential site.

9.2.9 Police Air Support Unit Hanger. \$63,843 of funding was used for preparing the project for construction.

9.2.10 Public Safety Reserve. No funding was allocated for FY 2019-2020.

9.2.11 Future 911 Call Center Upgrade. \$17,877 of funding was used for preliminary work to define project scope.

9.2.12 Future Police Dept Headquarters Upgrade. \$8,232 of funding was used for preliminary work to define project scope.

9.2.13 Public Art - Public Safety. \$50,860 of funding was used to cover the public art requirement for this bond. This project was misstated in the Independent Auditor's report and corrected in attachment 1.

9.2.14 Admin - Public Safety. \$307,365 of funding was used for administration costs. This project was misstated in the Independent Auditor's report and corrected in attachment 1.

9.2.15 Admin Reserve- Public Safety. No funding was allocated for FY 2019-2020. This project was misstated in the Independent Auditor's report and corrected in attachment 1.

9.3 Storm Sewer.

The total allocation and spending for this category was \$ 809,388. Proceeds were distributed among the following subcategories:

9.3.1 Charcot Pump Station. \$322,422 of funding was used for preparing the planning report and the alternatives for this project.

9.3.2 Clean Water Projects. \$455,552 of funding was used for preparing the planning report and defining which project falls under this criterion (River Oaks was the first project scoped out of this program).

9.3.3 Public Art - Storm Sewer. \$962 of funding was used funding to cover the public art requirement for this bond.

9.3.4 Admin - Storm Sewer. \$30,452 of funding was used for administrative costs.

9.3.5 Admin Reserve- Storm Sewer. No funding was allocated for FY 2019-2020.

9.4 Municipal Improvements.

The total allocation for this category was \$47,494,159.

9.4.1 City Facilities LED Lighting. \$1,385,703 of funding was used for costs covering the LED conversion project. Work includes retrofit and replacement of approximately 1000 fixtures (predominantly parks and trails) to LED.

9.4.2 Critical Infrastructure. No funding was allocated for FY 2019-2020.

9.4.3 Admin -Municipal Improvements. \$30,918 of funding was used for administrative costs.

9.4.4 Environment Protection. \$46,077,538 of funding was used for transactions including acquisition of real property located in Coyote Valley for \$38.3 million and roughly \$7.6M payoff of Community Facilities District No. 9 (Bailey/Highway 101) outstanding bonds.

9.5 Parks & Community Facilities.

The total allocation for this category was \$60,280.

9.5.1 Community Centers/Emergency Shelters. \$6,407 of funding was used for PWD Staff time to scope the program.

9.5.2 Public Art - Parks. No funding was allocated for FY 2019-2020. This project was misstated in the Independent Auditor's report and corrected in attachment 1.

9.5.3 Admin - Parks. \$3,013 of funding was used for administrative costs.

9.5.4 Admin Reserve Parks. No funding was allocated for FY 2019-2020.

10. RECOMMENDATIONS

The recommendations are derived as a result of the operation of the COC for the FY 2019-2020 session.

- a. Have the COC chair or vice chair attend the Measure T report presentation council session. Their attendance will give the council a direct opportunity to hear specifically from the committee.
- b. The COC needs a mechanism to get this report to the community. Residents and community leaders need to know about the results from this committee's findings as well as other oversight committees.
- c. Develop a COC annual report for the community that includes a summary of the goals defined at the beginning of the year with current status. Include highlights of specific projects and any other details and data on how the bond dollars are separately tracked.
- d. Develop a COC annual report for the community that includes a summary of the goals defined at the beginning of the year with current status. Include highlights of specific projects and any other details and data on how the bond dollars are separately tracked.
- e. Continue to use data submitted in the Measure T matrix for review. This can be expanded to include SMART goals defined for every project item. (SMART = Specific, Measurable, Achievable, Relevant and Time-based.)
- f. Establish a single-point of contact, line of communications with the COC and San José City Finance Office and City Auditor to facilitate resolving issues with the Independent Auditor's report and planned use of funds. The COC single-point of contact would be the Chair or Vice Chair. Considerable time was spent resolving this year's issues. Those functions need to be responsive to COC queries.
- g. Provide planning for additional COC meetings. This year's effort started late and the original schedule for completion was not realistic to accommodate when data was received and the report submittal date.

11. OBSERVATIONS/COMMENTS

COC acknowledges the cooperation of the Director of Public Works' group. Special thanks to Aziza Amiri for her excellent support to the COC.

The oversight review for Fiscal Year 2019-2020 was the first year of operation for the COC. For most members of the committee, it was the first time they had worked together on a project. Attendance at scheduled COC meetings was at a very high level as well as member participation. The committee was able to establish a methodology and procedures for operation and complete the required oversight analysis. Going forward, the COC will build on this year's effort and use that experience for Fiscal Year 2020-2021.

Attachment 1.

FY 2019-2020 Independent Accountant's Report Statement of Revenues. Expenditures, and Change in Fund Balance by Fiscal Year for the Period from July 25, 2019 through June 30, 2020

Attachment 2.

City Council approved Status Report on Measure T –Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond, dated May 17, 2020, Attachment C – 2021-2025 Proposed Capital Improvement Program – Measure T Fund,

Attachment 3.

The Director of Public Works Measure T, The Disaster Preparedness, Public Safety and Infrastructure Bond Status Presentation, dated June 2, 2020

Attachment 4.

Oversight Project Item Comparison Matrix