



**City Council Agenda  
May 15, 2019**

**Date:** May 9, 2019

**To:** Mayor and City Council

**From:** Carolyn Robinson, City Treasurer  
Measure H Citizens' Bond Oversight Committee

**Prepared by:** Michael Chandler, Deputy Director of Administrative Services  
David Glasser, Finance Director

**Subject:** Citizens' Bond (Measure H) Oversight Committee Annual Report

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**Recommendation**

Receive and file the Citizens' Bond (Measure H) Oversight Committee Annual Report for June 30, 2018.

The Committee met on May 8, 2019, to review the attached Measure H Fund reports and determined that the City has expended bond proceeds, only for the purposes set forth in the ballot measure.

**Background**

In November 2008, voters approved Measure H, authorizing the issuance of up to \$30 million in General Obligation Bonds to finance the costs of improvement to parks, the library, and the swimming pool. On April 1, 2009, the City Council passed Resolution No.27-09, authorizing the issuance of the first series of bonds in the amount of \$15 million. On February 15, 2012, the City Council passed resolution No. 10-12, authorizing the issuance of the second series of bonds in the amount of \$10 million.

The City established a Citizens' Bond Oversight Committee (Committee) to provide enhanced accountability to the citizens. The Committee's purpose is to inform the public regarding the expenditure of bond proceeds and to ensure that said bond proceeds will be used only for the purposes specified in the ballot measure, which are as follows:

"To repair, renovate, and make needed safety improvements to neighborhood parks, playgrounds, sporting fields, and the replacement of Rankin Pool; renovate and expand the Martinez Library with a designated children's area; provide youth recreational opportunities; and improve disabled access to parks and libraries, shall the City of Martinez issue \$30 million in general obligation bonds, subject to citizen oversight and independent audits with no money for administrators' salaries."

Sections 3.3 of the Committee's bylaws require the Committee to present to the City Council, in public session, an annual written report summarizing those expenditures.

On October 4, 2017, the City Council authorized the refinancing of the "Series A" General Obligation Bonds to take advantage of lower interest rates, and authorized a new money issuance of the final \$5 million of the \$30 million authorized by the voters with Measure H in 2009. On November 6, 2017, the City received a credit rating from Standard & Poor's of AA+ on both issues. On November 14, 2017, bids were received for the sale of the bonds.

The transactions for both the \$5 million "Series C", and \$10.935 million in 2017 General Obligation Refunding Bonds closed on December 6, 2017. The "Series C" bonds were sold at a true interest cost (TIC) of 2.97% with bonds maturing over 25 years from August 1, 2018, through August 1, 2042. The 2017 General Obligation Refunding Bonds resulted in a net present value savings of approximately \$3.3 million. The refunding resulted in a 23.7% savings in debt service over the refunded "Series A" Bonds. The annual debt service savings exceeded the \$2.6 million in interest costs for the "Series C" Bonds.

### **Financial Summary**

Each fiscal year, the City is required to have a financial audit conducted by an independent certified public accountancy firm. The CPA firm of Maze and Associates is the City's independent external auditor. Maze and Associates completed its review and examination of the City's financial transactions and statements for the fiscal year ended June 30, 2018, and issued an opinion on January 9, 2019, that the financial statements,

"...present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons listed in the table of contents as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America. This audit was conducted in accordance with generally accepted auditing standards. Those standards require the auditor to plan and perform the audit to obtain reasonable assurances as to whether the financial statements are free of material misstatement. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used, and significant estimates made by staff."

The Budget/ Finance Subcommittee reviewed the audited financial statements on January 9, 2019, and recommended forwarding this information to the City Council for acceptance. On January 16, 2019, the City Council accepted the City's FY 2017-18 Consolidated Annual Financial Report (CAFR).

The audited statements as of June 30, 2018, included as Attachment A to this report for reference, reflected the following:

Total Fiscal Year Income to Date	\$ 30,577,037.54
Cost of Bond Issuance	\$ (142,000.00)
Project Costs	\$ (27,171,846.76)
<b>Measure H Fund Balance</b>	<b>\$ 3,263,190.78</b>
Encumbrances/Available Budgets	\$ (2,707,867.05)
<b>Money Available</b>	<b>\$ 555,323.73</b>

Following the closeout of the Waterfront Park Renovation Project, accepted by the City Council on January 16, 2019, and the closeout of the Ballfield Renovation Project via Council action on May 1, 2019, the unaudited fund balance of Measure H is approximately \$829,325.52 as shown in Attachment B to this report.

### **Update on Projects:**

#### **Waterfront Park Renovation Project**

On July 26, 2017, the City Council awarded a construction contract to Suarez & Munoz Contractors to renovate Waterfront Park. Construction started in September 2017 and was completed a year later. On January 16, 2019, the project was accepted by the City Council. Improvements included renovated sports fields; new field lighting; parking lot and path lights and conduits; renovated pathways; asphalt paving; various landscaping and irrigation improvements; improved restrooms; new storm drains and retaining walls; new fences and railings; new park furniture; installation of new electrical work; reconstructed parking lots; and ADA improvements. The project also included renovating the Group Picnic area and a new “tot” restroom near the play equipment.

### **UNDER DESIGN**

#### **2018-19 Park Improvements Project (C5036)**

This project will include the renovation of Golden Hills Park, Highland Park and pathway improvements at John Muir Park and Alhambra Avenue Park. The Parks Recreation Marina and Cultural Commission’s (PRMCC) Park Subcommittee helped scope the projects to be designed. A neighborhood workshop was held on May 17, 2018, with input from approximately 35 residents. The Parks Subcommittee met on December 12, 2018, and February 25, 2019, and received updated plans from the City Engineer for the various parks being improved. The City Council initially approved this project as part of the Fiscal Year 2017-18 Capital Improvement Program budget which allocated \$1,200,000 of Measure H funds. On April 17, 2019, the City Council allocated an additional \$870,354 of Measure H funds toward Project C5036 (along with allocations of Gas Tax for Reliez trail improvements; Park and Recreation fees for refurbishing the tennis courts at Golden Hills Park, and Park In-Lieu fees for the Romtec modular building at Golden Hills Park).

Work is expected to start in approximately six weeks and the City hopes to have the project completed by the end of 2019.

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## **COMPLETED**

### **Hidden Lakes Park Soccer Field**

The City completed the Hidden Lakes Park Soccer Field Renovation Project. The project replaced the natural turf soccer field with an artificial turf, multi-use field. The track around the field, along with paths in the park was also rehabilitated. Construction of ADA upgrades was included in the project.

The project was designed with the input of local youth soccer organizations. The soccer user groups indicated a desire to have the flexibility for a wide range of age groups. The layout includes one adult sized field with one Under 11 field and two Under 9 fields striped also. There is also one lacrosse field that will be marked in a light green color so as not to contrast with soccer striping.

### **Cappy Ricks Park (Completed)**

This project reconstructed the restrooms, tennis courts and turf. New picnic areas and pathways were added along with rubber surfacing under the existing play equipment.

### **Hidden Lakes Park Play Equipment (Completed)**

This project consisted of ADA compliance, playground replacement, and other park improvements. The Council designated \$450,000 of Measure H Funds in 2009-11 to complete this project. This project has been completed on time and on budget.

### **Hidden Valley Park (Completed)**

This project consists of ADA compliance, restroom replacement, and other park improvements. Some of the improvements include new swings, rentable and first come first serve picnic areas, walking circuit with active exercise stations, a level grass play area and refurbished baseball/softball fields. A new amphitheater has been constructed with a great view of Mt. Diablo.

### **Holiday Highlands Park (Completed)**

This project consisted of ADA, playground up-grade and other turf, picnic and park improvements. A restroom was installed at the park along with sewer connection. The Council designated \$810,000 of Measure H Funds in 2009-11 to complete this project. This project has been completed on time and on budget.

### **Library Expansion (Completed)**

This project included a complete renovation and expansion of the basement area of the library. The project included the installation of an elevator to both make the area ADA-accessible and improve circulation and accessibility. A community meeting room has been added along with research and reading spaces. The Council designated \$2,000,000 of Measure H Funds in 2009-11 to complete this project. This project has been completed on time and under budget.

**Mountain View Park (Completed)**

The Mountain View Park Renovation Project was completed in the fall of 2015. The play equipment areas were combined in a central location of the park and new picnic areas were constructed. The little league field received new fencing, dugouts and seating areas. New picnic areas were added and existing picnic areas were upgraded. The Project also included ADA access and restroom upgrades.

**Nancy Boyd Park (Completed)**

This project was completed in two phases. The first phase renovated the restroom, ball field, tennis and basketball courts replaced the picnic and playground areas of the park. The second phase of the project was completed in 2014 and included the construction of new picnic areas, including a new group picnic facility and the installation of play equipment.

**Rankin Park Pool (Completed)**

This project consisted of a redesign and replacement of Rankin Pool including a bathhouse, staff area, and pump room. Exterior upgrades include ADA compliance, security/safety improvements, special features for children such as a sprayground, swim team classroom space and buffers for sound/wind. The Council designated \$6,000,000 of Measure H Funds in 2009-11 to complete this project. This project has been completed on time and under budget. Due to the increased size and scope of the new pool, the additional costs to operate the facility (net of fee revenue) are projected to be \$121,400 in FY 2011-12, and \$106,400 in FY 2012-13. Use of the facility has increased

**Rankin Park / Tavan Field (Completed)**

This project consisted of ADA compliance, playground upgrades, and other turf and park improvements. The existing restroom and concession building were replaced. Significant grading and sculpted retain walls were required to conform the site to ADA accessible grades. The Council designated \$1,910,000 of Measure H Funds in 2009-11 to complete this project. This project has been completed on time and on budget.

**Sports Court Rehabilitation (Completed)**

This project included rehabilitating basketball and tennis courts at several parks throughout the City. This project has been completed on time and on budget.

**Susana Street Park (Completed)**

The Susana Street Park Renovation Project was completed in the fall of 2015. The project included new pathways and sidewalks, new picnic areas and lighting. ADA access and restroom upgrades are also a part of the Project. The park has been opened up for better visibility through the park. As part of community input, the seatback portion rock benches were preserved and re-used as a planting border at the Estudillo Street entrances to the park.

**Waterfront Park Restroom Replacement (Completed)**

This project consisted of ADA compliance and restroom replacement.

**Fiscal Impact**

The expenses summarized in Attachments A and B reflect the Measure H paid expenses for these projects.

**Attachments**

- A. Measure H Fund Report — Fiscal Year 2017-18
- B. Measure H Fund Report — Fiscal Year 2018-19 as of May 3, 2019 (unaudited)
- C. Update on General Obligation Bond Financing

# MEASURE H FUND

June 30, 2018

Audited

Attachment A

TOTAL FOR PROJECT TO DATE:

## INCOME

Bond Proceeds	30,000,000.00
Transfer from Debt Service: Cost of Issuance	142,000.00
Interest Earnings	435,037.54
Total Fiscal Year Income to Date	<u>30,577,037.54</u>

Cost of Issuance (142,000.00)

## PROJECT COSTS

Library Improvements: Project C4012	(1,779,617.26)
Rankin Pool: Project C5009	(5,348,872.98)
Nancy Boyd Park C5010	(87,857.72)
Holiday Highlands Park: Project C5012	(927,359.85)
Hazardous Tree Removal: Project C5013	(50,064.85)
Hidden Lakes Park Play Structure: Project C5014	(166,054.85)
<b>Waterfront Park C5017</b>	<b>(6,286,372.64)</b>
Cappy Ricks Park: Project C5018	(77,382.07)
Sports Court Resurfacing C5019	(283,576.81)
Hidden Lakes Park C5020	(1,706,844.34)
Hidden Valley Park: Project C5021	(188,128.06)
<b>Hidden Lakes Ball Field Renovation C5034</b>	<b>(46,109.60)</b>
Rankin Park & Tavan Field: Project C5023	(4,277,616.68)
Cappy Ricks/Nancy Boyd/Hidden Valley C5024	(4,811,763.49)
Susana and Mountain View C5025	(1,068,097.85)
<b>2018 Measure H Park Improvement C5036</b>	<b>(66,127.71)</b>
Total Fiscal Year Project Costs to Date	<u>(27,171,846.76)</u>

**Balance** \$3,263,190.78 June 30, 2018

Waterfront Park C5017	(544,098.52)	Encumbrance
Waterfront Park C5017	(326,005.84)	Available Budget
Ballfield Renovation C5032	(700,000.00)	Available Budget
Hidden Lakes Ball Field Renovation C5034	(3,890.40)	Available Budget
2018 Measure H Park Improvement C5036	(78,159.25)	Encumbrance
2018 Measure H Park Improvement C5036	<u>(1,055,713.04)</u>	Available Budget
To Be Spent	<u>(2,707,867.05)</u>	

Money Available 555,323.73

**MEASURE H FUND**

Fiscal Year 2017-18

Audited

Detail: July 2017 - June 2018

Balance forward	3,413,726.52
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**INCOME:**

Bond Proceeds - Series C	5,000,000.00
Transfer from Debt Service	142,000.00
Interest Earnings	89,576.22
<b>Total Revenue</b>	<b>5,231,576.22</b>

**PROJECT COSTS:****Waterfront Park C5017**

Suarez & Munoz Construction, Inc	(5,019,861.21)
LCC Engineering & Surveying, Inc	(87,384.19)
M. Reed Dillingham: Design Admin	(35,362.50)
PG&E: Joe DiMaggio Dr	(25,998.89)
Cal Engineering & Geology	(8,421.25)
Summit Supply - Ballfield Bases	(2,579.53)
State Water Resources Control Board - Notice of Intent Application	(1,625.00)
Blueprint Express - Plans and Specifications	(549.97)
Staff Time: Project Administration	(88,092.11)
<b>Total for Project</b>	<b>(5,269,874.65)</b>

**Hidden Lakes Ball Field Renovation C5034**

Zecerman Heritage: Premium-Blue Rye Sod	(31,815.30)
Contra Costa Topsoil	(5,286.94)
Ecomulch - compost	(5,000.00)
Ewing Irrigation	(2,022.87)
Bayshore Supply - conduit/couplings	(995.56)
Kelly Moore Paint	(431.59)
Design Construction - metal plates	(395.85)
Mac Alvey's Nursery	(161.49)
<b>Total for Project</b>	<b>(46,109.60)</b>

**2018 Measure H Park Improvement C5036**

LCC Engineering & Surveying, Inc	(46,215.75)
Karste Consulting Inc	(11,925.00)
Zumwalt Engineering Group, Inc	(2,380.00)
Hazardous Material Testing: Golden Hills Park	(1,340.00)
Staff Time: Project Administration	(4,266.96)
<b>Total for Project</b>	<b>(66,127.71)</b>

<b>Measure H Fund Balance @ June 30, 2018</b>	<b><u><u>\$3,263,190.78</u></u></b>
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# MEASURE H FUND

May 1, 2019

Unaudited

Attachment B

TOTAL FOR PROJECT TO DATE:

## INCOME

Bond Proceeds	30,000,000.00
Transfer from Debt Service: Cost of Issuance	142,000.00
Interest Earnings	497,432.72
Total Fiscal Year Income to Date	<u>30,639,432.72</u>

Cost of Issuance (142,000.00)

## PROJECT COSTS EXPENDITURES

Library Improvements: Project C4012	(1,779,617.26)
Rankin Pool: Project C5009	(5,348,872.98)
Nancy Boyd Park C5010	(87,857.72)
Holiday Highlands Park: Project C5012	(927,359.85)
Hazardous Tree Removal: Project C5013	(50,064.85)
Hidden Lakes Park Play Structure: Project C5014	(166,054.85)
<b>Waterfront Park C5017</b>	<b>(6,778,406.79)</b>
Cappy Ricks Park: Project C5018	(77,382.07)
Sports Court Resurfacing C5019	(283,576.81)
Hidden Lakes Park C5020	(1,706,844.34)
Hidden Valley Park: Project C5021	(188,128.06)
<b>Hidden Lakes Ball Field Renovation C5034</b>	<b>(46,109.60)</b>
Rankin Park & Tavan Field: Project C5023	(4,277,616.68)
Cappy Ricks/Nancy Boyd/Hidden Valley C5024	(4,811,763.49)
Susana and Mountain View C5025	(1,068,097.85)
<b>2018 Measure H Park Improvement C5036</b>	<b>(149,227.72)</b>
Total Fiscal Year Project Costs to Date	<u>(27,746,980.92)</u>

**Balance** \$2,750,451.80

2018 Measure H Park Improvement C5036  
(Golden Hills Park, Highland Park, John Muir Park, Alhambra Park) (1,920,351.28) Available Budget

2018 Measure H Park Improvement C5036  
(Golden Hills Park, Highland Park, John Muir Park, Alhambra Park) (775.00) Encumbrance

To Be Spent \$ (1,921,126.28)

Money Available \$ 829,325.52

Note: Ballfield improvements to Hidden Lakes completed through TLC Project C5034; Ballfield Renovation Project C5032 balance of \$703,890.40 was closed out via Council action on 5/1/2019 and transferred to Measure H Fund Balance.

## Update on General Obligation Bond Financing

October 4, 2017 – City Council authorized the issuance of:

- Refinancing of the 2012 General Obligation Bond issue to take advantage of current lower interest rates
- Issuance of the final \$5 million of the total \$30 million authorized by the voters with Measure H in 2008. This final series will fund construction costs related to the Waterfront park Project

November 6, 2017 - Standard & Poor's issued credit rating of AA+ (second from highest rating possible)

November 14, 2017 – Bids were received for the sale of the bonds

- Refunding bonds – 7 bids received
- Series C \$5 million issue – 2 bids received
- Lowest bid was from Morgan Stanley

December 6, 2017 both transactions closed

- Lowest bid was from Morgan Stanley

### **Refunding Bonds**

- 22 year term – Final debt service payment - August 2039
- Total Interest Cost of 2.9%
- Annual debt service savings of approx. \$295,000/year
- Net present value savings of \$3.2 million over the life of the bonds
- 23.7% savings (minimum target was 3%)

### **Series C Bonds**

- 25 year term – final debt service payment in August 2042
- Total Interest Cost of 2.9%
- Debt service of approx. \$310,000 per year

\*Debt service savings on the refunding will pay for all of the interest costs on the new Series C Bonds