



# STAFF REPORT

City Council

**Date:** July 17, 2024  
**To:** Mayor and City Council  
**From:** Carolyn Robinson, City Treasurer  
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**Title:** Measure D – Citizen’s Oversight Committee Annual Report

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## Recommendation

Receive and file the Measure D – Citizens’ Oversight Committee FY 2022-23 Annual Report.

The Measure D – Citizens’ Oversight Committee met on June 20, 2024, to review, discuss and accept the Annual Report. The Committee accepted the Report and recommended moving to the City Council.

## Background/Timeline

On November 8, 2016, seventy-two percent (72%) of Martinez voters approved Measure D, to increase the sales and transaction tax by an additional one-half (0.50%) percent for 15 years to fund roadway projects. The measure was certified on December 7, 2016, via Resolution 093-16. On February 15, 2017, the City Council adopted Measure D Street Selection Policy, Resolution No. 019-17, and on April 1, 2017, Measure D went into effect and began to be collected on eligible transactions.

On January 31, 2018, the Franchise and Public Infrastructure Subcommittee held the first public workshop with interested residents regarding the Measure D funded Fiscal Year 2018-19 Annual Pavement Management Program. This workshop was held in accordance with the Measure D Street Selection Policy. Subsequent annual public workshops were held on January 23, 2019, January 22, 2020, January 26, 2021, January 18, 2022, and January 30, 2023.

At the January 31, 2024 workshop, staff proposed continuing to use a five-year rolling program of pavement preservation work (known as the StreetSaver® program) which adds a new fiscal year into the program as each annual pavement preservation project is completed. The Subcommittee recommended that City Council approve the proposed five-year pavement preservation program and the recommended FY 2024-25 Measure D Annual Pavement Preservation Project as the second year of this five-year program. On February 21, 2024, the City Council by Resolution No. 013-24 approved the Subcommittee’s recommendations to adopt

the proposed five-year pavement preservation StreetSaver® program (FY 2024-25 through FY 2028-29) and to approve the FY 2024-25 Pavement Preservation Project.

**Discussion**

The Fiscal Years 2024 – 2028 Capital Improvement Program (CIP) was adopted on May 3, 2023. In the CIP, the Council allocates funds only after they have been accumulated. Funding becomes available for expenditures to a project at the beginning of the fiscal year on July 1. On typical projects, the design begins during the fiscal year in which the funds become available. Depending on the complexity of the project, construction begins at the end of the fiscal year and can often run through a portion of the following fiscal year.

The City has allocated Measure D funds to the following projects in the current two-year capital budget for Fiscal Years 2023-24 and 2024-25:

	<u><b>FY 2023-24</b></u>	<u><b>FY 2024-25</b></u>
Annual Pavement Study/Plan Update	\$50,000	
C1076: 2023-24 Annual Pavement Rehabilitation	\$4,500,000	
C1077: 2024-25 Annual Pavement Rehabilitation		\$4,400,000

Measure D projects underway:

C1076 (2023-24 Zone 2 Resurfacing Project) includes surface seal and pavement rehabilitation of streets selected under year 2022/24 of the Five-Year Pavement Preservation Program. Treatment methods for resurfacing includes slurry seal and cape seal, while asphalt overlay will be the treatment method for pavement rehabilitation. Streets selected for this project are located in southeast area of the City bounded by State Route 4, Morello Avenue and Chilpancingo Parway. Construction will be performed under two separate contracts, with the resurfacing project primarily located on residential streets, while pavement rehabilitation will take place in arterial and collector streets.

On May 15, 2024, by Resolution 045-24 the City Council rejected bids for the 2023-24 Surface Seal Project (C1076-1) and directed staff to re-advertise the project for bids.

On June 5, 2024, by Resolution 075-24, the City Council accepted bids for the 2023-24 Paving Rehabilitation Project (C1076-2) and awarded the construction contract to MCK Services, Inc. from Martinez, CA, in the amount of \$3,893,060.00.

C1074 (Alhambra Avenue Downtown Paving) was originally designed as a bid additive for the Downtown Arterial Paving Project (C1063), however there were not enough funds in the project budget to include it in the construction contract. Project C1074 is a federally funded project that received \$846,000 of One Bay Area Grant 2 (OBAG 2) funds. Matching funds includes \$360,000 of SB-1 RMRA Funds and \$240,000 of Measure D Funds.

C2014 (Morello Avenue Sidewalk Gap Closure) will address gaps on Morello Avenue south of Morello Hills Drive and at the northeast corner of the Morello Avenue and Arnold Drive intersection. Major funding is from Measure D of \$100,000, which serves as the 50% match for the SB 1 LPP-F Grant of \$100,000.

Design for Project C1077 (the 2024-25 Zone 3 Pavement Resurfacing project), is underway. Project C1077 will focus on streets in downtown Martinez and areas south up to Bush Street and Bertola Street

C1078 (Annual Pavement Study/Plan Updates) focuses on updating the annual selection of streets to be paved for the next five years, which is presented to the Street Selection Workshop and City Council in January and February every year. Funds from this project is also used to contribute on the assessment on the street pavement condition and updates to the City's Pavement Management Program.

### **Oversight Committee Review/Financials**

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. The City's Fiscal Year 2022-23 audit was completed in May 2024 in conformity with generally accepted accounting principles (GAAP). The auditors' opinion was that the financial statements fairly represent the financial position of the City as of June 30, 2023. On May 15, 2024, the audit was received and accepted by the City Council.

The Measure D Citizens' Oversight Committee Bylaws, as amended on March 20, 2019, and attached for reference as Attachment A, specifies the following as the Committee's purview with sections 3.1 and 4.1, respectively:

*3.1 Duties of the Committee. To carry out its stated purposes, the Committee shall perform the following duties:*

*(a) Inform the Public. The Committee shall inform the public regarding compliance of the City's expenditures of Special Tax proceeds as specified in Measure D.*

*(b) Review Expenditures. The Committee may review quarterly expenditure reports produced by the City to ensure that (a) Special Tax proceeds are expended only for the purposes set forth in the ballot measure; and (b) no Special Tax proceeds are used for any administrative salaries of City employees or other operating expenses.*

*(c) Present Annual Report. The Committee shall present to the City Council, in public session, an annual written report which shall include the following:*

*i. A statement indicating whether the Committee has determined that the City has expended Special Tax proceeds only for the purposes set forth in the ballot measure; and*

*ii. A summary of the Committee’s proceedings and activities for the preceding year.*

*4.1 In order to perform the duties set forth in Section 3.0, the Committee may engage in the following authorized activities:*

*(a) Receive and review copies of the City’s annual independent audit of expenditure of Special Tax proceeds.*

*(b) Inspect City rights-of-way for which Special Tax proceeds have been or will be expended, in accordance with any access procedure established by the City Manager of the City.*

In accordance with the bylaws, the audited statements as of June 30, 2023, included as Attachment B to this report for reference, reflect the following amounts of income received and expenses incurred:

<b>FY2022-23 Measure D Financials - Audited</b>	
Sales Tax Income Received (4/1/17 – 6/30/23):	\$ 25,479,056.74
Interest Earnings:	\$ 109,355.42
<b>Total Income to Date:</b>	<b>\$ 25,588,412.16</b>
Professional Services:	\$ 84,042.38
Project Transfers:	\$ 21,029,400.00
<b>Total Costs to Date:</b>	<b>\$(21,113,442.38)</b>
<b>Balance/Money Available</b>	<b>\$ 4,474,969.78</b>

Attachment B to this report provides more specific details regarding the total transfers, by fiscal year, of capital projects C1061, C1062, C1064, C1065, C1068, C1069, C1071, C1073, C1074 and C2014 which were funded in whole or in part with contributions from Measure D and audited through FY 2022-23.

The annual audit for FY 2023-24 is not anticipated to be completed until January 2025; therefore, the FY 2023-24 financials listed on the following page and in greater detail within Attachment C are provided for informational purposes only and are not part of the Oversight Committee’s current annual review:

<b>FY2023-24 Measure D Financials – Unaudited</b>	
Sales Tax Income Received (4/1/17 – 6/30/24):	\$ 28,943,569.08
Interest Earnings:	\$ 109,355.42
<b>Total Income to Date:</b>	<b>\$ 29,052,924.50</b>
Professional Services:	\$ 84,942.38
Project Transfers:	\$ 25,579,400.00
<b>Total Costs to Date:</b>	<b>\$(25,664,342.38)</b>
<b>Encumbrances</b>	\$ (5,300.00)
<b>Balance/Money Available</b>	<b>\$ 3,383,282.12</b>

### **Oversight Committee Discussion**

During the June 20<sup>th</sup> meeting, members of the Committee received background on Measure D; an update on Measure D projects underway; an explanation of the Oversight Committee’s purview; and an overview from staff on the audited and unaudited financials.

The Oversight Committee asked whether the City had experienced any sales tax delays on Measure D revenues, to which staff confirmed we have not and are on target.

The Committee asked staff to describe the three basic forms of street repair and were given an overview by staff of maintenance work (slurry, cape, and crack seals), pavement rehabilitation, and total street reconstruction.

Staff also fielded questions about whether the City is using federal grants and other funding sources, which was confirmed, including the Local Partnership Program of between \$400K - \$500K; State RMRA/SB-1 funding; and local Contra Costa Transportation Authority (CCTA) funding (i.e. Measure J).

In response to the recent rejection of bids by the City Council on a pavement project, the Committee asked if this has a negative impact. Staff explained that the bid responses are impacted by the timing of when we bid and how we advertise the jobs based on the location of the work, the types of work performed, and so on. When staff does not feel that satisfactory bids have been received, the recourse is to reject the bids through Council and rebid the project in the hopes of receiving more favorable and competitive bids.

Last, the Committee asked what the City’s current Pavement Condition Index, or PCI, was now. Staff informed the Committee that our PCI is 69 and projected to be in the 70’s in coming pavement cycles, approximately 20 points higher than before Measure D was approved by the voters.

## **Completed Projects List**

Measure D funding has contributed to the following pavement preservation projects, which have been completed on the following neighborhoods/streets:

FY 2018-19 Paving Project (C1061): On September 4, 2019, by Resolution 104-19, the City Council accepted the construction contract by MCK Services, Inc. in the final amount of \$2,103,446.66, which included \$1,351,300 from Measure D. The project included work at the following locations:

1. Glacier Drive – Muir to Olympic
2. Pine Street – South of Shell Ave (base failure repair)
3. Chilpancingo (base failure repair)
4. Miscellaneous streets (including Arlington, Huntington)

FY 2018-19 Measure D Pavement Rehabilitation Project (C1062): On September 4, 2019, by Resolution 105-19, the City Council accepted the construction contract by American Pavement Systems Inc. in the final amount of \$2,453,189.75. The project included work at the following locations:

1. Canyon Way & Castro/E. Street Area
2. Brookside Area
3. Brookside Expanded Area
4. Muir Estates Area 1
5. Muir Estates Area 2
6. Virginia Hills Area
7. Vine Hill Way Area
8. Morello/Chilpancingo Area
9. Hidden Lakes Drive Area
10. Olympic Drive Area
11. Fig Tree Area
12. Downtown Micro Seal

FY 2019-20 Paving (C1064): On November 3, 2021, by Resolution 146-21, the City Council accepted the construction contract by McGuire and Hester in the final amount of \$2,527,623.73. The project included work at the following locations:

1. Arnold Drive (west of Morello)
2. Howe Road (Pine to Vista)
3. Midhill Road (Morello to Forsythia)
4. Muir Road (Morello to Glacier)
5. Base Failure Repair in preparation for Cape and Slurry Seal (2019-22)
6. Various Streets paving

7. Mid Hill Rd from Morello to Forsythia
8. Muir Rd from Glacier to Morello
9. Arnold West of Morello
10. Howe Rd from Pine to Vista

FY 2019-20 Measure D Pavement Rehabilitation Project (C1065): On June 17, 2020, by Resolution 063-20, the City Council accepted the construction contract by American Pavement Systems Inc. in the final amount of \$2,154,017.81. The project included work at the following locations:

1. Willow/Grandview area
2. Castro area
3. Hillside/Talbart (North West neighborhood)
4. Yale Street area
5. Morello Heights area
6. Morello Ave area (Village Oaks)
7. Starflower
8. Sweetwater
9. Glacier area
10. Vine Hill / MacAlvey area

Three Cities Pavement Preservation (C1068): On December 21, 2022, by Resolution 202-22, the City Council accepted the construction contract by Bay Cities Paving and Grading, Inc. in the final amount of \$3,284,637.09. The project included work at the following locations:

Alhambra Avenue	Estudillo Street	Morello Parks Drive
Berrellesa Street	F Street	Muir Road
Bertola Street	Farmington Court	Muir Station Road
Breckenridge Court	Haag Road	Palm Avenue
Breckenridge Place	Lakefield Place	Shell Avenue
Brundros Court	Lakewood Place	Smith Drive
Castro Street	Lodgepole Court	Sunrise Drive
Center Avenue	Marina Vista Avenue	Talbart Street
Court Street	Marti Marine Court	Vista Oaks Drive
Douglass Drive	Medford Court	Vista Way
Durra Road	Morello Avenue	Westview Court
Escobar Street		

Two Cities Curb Ramp Project (C1069): On February 16, 2022, by Resolution 018-22, the City Council accepted the construction contract by J.J.R. Construction in the final amount of \$732,161.95.

Fiscal Year 2022-23 Surface Seal Project (C1073-1): On October 4, 2023 by Resolution 127-23, the City Council accepted the improvements and the construction contract by American Pavement Systems in the final amount of \$766,888.12. The project included surface seal treatments to extend the life of the following streets:

Banbury Court	Forsythia Drive	Saybrook Place
Banbury Loop	Menesini Place	St. Moritz Avenue
Bridgeport Way	Milano Way	St. Moritz Way
County Run Drive	Norwalk Court	Sunnyslopes Drive
Forsythia Way	Providence Court	Westaire Boulevard

Fiscal Year 2022-23 Pavement Rehabilitation Project (C1073-2): On February 7, 2024, by Resolution 010-24, the City Council accepted the improvements and the construction contract by MCK Services in the final amount of \$3,949,643.65. The project included pavement rehabilitation on the following streets:

- Arnold Drive: Old Orchard Road to 400 ft west of Shadowfalls Drive
- Arnold Drive: Morello Avenue to Gloucester Lane
- Howe Road: Vista Way to Pacheco Boulevard
- Old Orchard Road: Howe Road to Arnold Drive:
- Williamson Court: Arnold Drive to end

**Attachments**

- Attachment A – Measure D Citizens’ Oversight Committee Bylaws
- Attachment B – FY 2022-23 Measure D Fund (Audited Statement)
- Attachment C – FY 2023-24 Measure D Fund (Unaudited Statement)