

Measure D Recipient Agency: City of Capitola

# Measure D Annual Report Cover Sheet

## Fiscal Year 2019/20

Submit documents to [rmoriconi@sccrtc.org](mailto:rmoriconi@sccrtc.org) by December 31, 2020.

**Dear Measure D Taxpayer Oversight Committee:** The City of Capitola (*Recipient Agency*) is pleased to present the following information demonstrating compliance with the voter-approved Measure D Ordinance, Strategic Implementation Plan (SIP), agreements and guidelines. Collectively they make up the Measure D annual report for recipient agencies. Submittal

Measure D Financial Information	
FY19/20 Formula Allocations	\$308,522
Unspent Prior Year Allocations	\$211,115
Interest earned on Unspent Prior Allocations	\$7,928
<b>Total Measure D Funding Available in FY19/20</b>	<b>\$527,565</b>
<b>Total Measure D Funds Spent in FY19/20</b>	<b>\$421,213</b>
Total Measure D Rollover to FY20/21	<b>\$106,352</b>
Maintenance of Effort	
<b>FY19/20 LOCAL funds spent on transportation projects, operations, and/or services</b> (exclude grants and formula state & fed funds - HUTA, TDA, SB1, STA, etc.)	\$1,484,171
Maintenance of Effort <b>Baseline</b> (average amount of <u>local</u> funds spent on transportation projects in 3-5 fiscal years prior to 2017)	\$1,005,819
Measure D Compliance Documents	
Document	Attached (check)
<b>1. FY19/20 Annual Report Cover Sheet</b> ( <i>this document</i> )	<b>X</b>
<b>2. FY19/20 Audited Financials for Measure D funds</b> (see " <a href="#">Measure D Audit Guidance</a> " for additional information)	<b>X</b>
<b>3. FY19/20 Expenditure Report Spreadsheet:</b> Shows what Measure D formula funds (direct allocations) were spent on. <i>*Report use of regional funds (Trail, Highway Corridors, Hwy 9, Rail) separate from formula funds.</i>	<b>X</b>
<b>a. If applicable –Grouped projects supplemental information:</b> For any grouped projects (e.g. citywide roadway repairs), include a supplemental <b>list of specific locations</b> (road names, project limits, and length or routes/areas served), <b>work done at each</b> (e.g. environmental, design, construction), and <b>schedule</b> for completing construction at each.	<b>NA</b>
<b>4. Map:</b> Attach or provide web link to map(s) of projects funded with Measure D funds in FY19/20 (for projects with specific locations).	<b>X</b>
<b>5. FY19/20 Performance Measures Report</b> ( <i>Measure D Guidelines Attachment B</i> )	<b>X*</b>

<b>6. Maintenance of Effort Compliance Spreadsheet:</b> List of local funds spent on transportation projects through FY19/20 as compared to the 3-5 years prior to FY16/17.	<b>X*</b>
<b>a.</b> If FY19/20 Local funds expended were lower than Baseline amount, explain why:	NA
<b>7. Indirect cost allocation plan: Does your agency have an indirect cost allocation plan (ICAP)?</b> (If "no," Measure D cannot be used for indirect costs) <b>a. Date of most recent ICAP:</b> <u>7/1/2020</u>	Yes
<b>8. 5-Year Program of Projects (5-Year Plan):</b> List showing planned use Measure D formula funds in the next 5 years.	<b>X*</b>
<b>a. Evidence that the 5-year program of projects was approved through a public process.</b> Include information on process used to select projects and develop 5-year plan. This may be in the form of public hearing notices, staff reports, and other means that agencies may have solicited input on their 5-year program of projects. Public process must include at least one public hearing and approval by recipient's governing board.	<b>X*</b>
<b>b. Date of 5-Year Plan Public Hearing</b> soliciting input on 5-Year Plan (per Article III.A.4.)	Date:6/25/2020
<b>c. Date annual 5-year Plan approved by Governing Board</b>	Date:6/25/2020
<b>9. Complete Streets Compliance</b> (Cities/County only): Attach copy or provide link to board adopted Complete Streets policy that is compliant with the California Complete Streets Act of 2008 (AB1358), including any amendments. <i>Per Measure D Agreement: Agencies are required to have a complete streets policy by April 1, 2018.</i>	<b>X*</b>
<b>10. Annual Report Narrative</b> (may be included in Management & Admin section of audit)	
<b>a. Fund Balances, Carryover Projects, and Description of planned, longer-term and future uses of Measure D revenues, if known.</b> Describe how agency is tracking Measure D funds not yet expended and include explanation of why not all funds were spent, reasons for large carryover balances, and planned future use of carryover funds. This could include a list of projects anticipated to use Measure D funds in the future, such as priority future projects, projects that will be implemented in a future year or over several years, larger projects that an agency is saving funds for, etc.)	<b>X*</b>
<b>b. Future Liabilities:</b> Describe possible liabilities, including information on how future costs for projects not yet completed are anticipated to be funded.	NA
<b>c. Compliance with Applicable Laws:</b> Confirm projects were implemented in compliance with applicable laws, regulations, requirements, standards of practice, guidelines, etc. which are applicable to publicly funded transportation projects are met and adhered to, including requirements of the California	Yes

Environmental Quality Act (CEQA), state design and procurement requirements, etc.	
<b>Public Outreach/Notification of Use of Measure D Funds</b>	
<b>11. Public Outreach/Process:</b> Describe outreach conducted during the reporting year to inform Santa Cruz County taxpayers as to how your agency is using or plans to use Measure D funds. <i>(per Article III.A.3.)</i>	<b>X*</b>
<b>12. Sample(s) of public outreach on Measure D-funded projects 7/1/19-6/30/20</b>	<b>X*</b>
<b>a. Website with Measure D information (attach PDF):</b> Web address: <a href="http://www.cityofcapitola.org/publicworks/page/streets">http://www.cityofcapitola.org/publicworks/page/streets</a> <i>(per Article III.A.7.)</i>	<b>X</b>
<b>b. News Article:</b> <i>Include a copy of or weblink to at least one news article or press release about Measure D-funded projects in the past fiscal year. News release should inform public that project is funded by Measure D. (per Article III.A.8.)</i>	<b>X</b>
<b>c. Signage:</b> Did you display the Measure D logo on signs at construction sites, on vehicles, and/or public education materials/websites? Attach photos if available. See "Measure D: Sign Specifications" for additional signage guidance. <i>(per Article III.A.6.)</i>	<b>X</b>
<b>13. Photos:</b> Attach before/after and construction photos if available of projects/work done in FY19/20.	<b>X</b>
<b>14. Fact Sheets</b> on larger projects: Attach more detailed fact sheet on large projects (includes public information such as project name, description of work to be done, location, project benefits/purpose, schedule, graphics/maps, complete streets components/consistency, total cost & funding, including info on if Measure D was used to leverage other grants/funds).	<b>NA</b>

**X\* - see attached Additional Information page for Items 5, 6, 8, 9, 10, 11, and 12**

### Contacts

Designated staff available to report on or answer any and all inquiries in regard to Recipient Agency's audit, projects and expenditures, and/or compliance with Measure D before the RTC and/or the Measure D Taxpayer Oversight Committee or RTC advisory committees, as applicable.

<b>Name</b>	<b>Title</b>	<b>Phone/email</b>
Steve Jesberg	Public Works Director	(831) 475-7300; sjesberg@ci.capitola.ca.us
Jim Malberg	Finance Director	(831) 475-7300; jmalberg@ci.capitola.ca.us
Kailash Mozumder	Public Works Project Manager	(831) 475-7300; kmozumder@ci.capitola.ca.us

Measure D Recipient Agency: City of Capitola

## Measure D Annual Report Additional Information

### Fiscal Year 2019/20

#### 5. FY19/20 Performance Measures Report *(Measure D Guidelines Attachment B)*

- See “CityCoPMs” Tab on Expenditure Report

**6. Maintenance of Effort Compliance Spreadsheet:** List of local funds spent on transportation projects through FY19/20 as compared to the 3-5 years prior to FY16/17.

- See “MOE” Tab on Expenditure Report

**8. 5-Year Program of Projects (5-Year Plan):** List showing planned use Measure D formula funds in the next 5 years.

- Funds will be focused on system preservation. Focused on streets with greatest need, some with PCI as low as 13-16 (failed).
- See attached project details PDF for 20/21
- a. **Evidence that the 5-year program of projects was approved through a public process.** Include information on process used to select projects and develop 5-year plan. This may be in the form of public hearing notices, staff reports, and other means that agencies may have solicited input on their 5-year program of projects. Public process must include at least one public hearing and approval by recipient’s governing board.
  - See attached June 25, 2020 Staff Report

**9. Complete Streets Compliance** *(Cities/County only):* Attach copy or provide link to board adopted Complete Streets policy that is compliant with the California Complete Streets Act of 2008 (AB1358), including any amendments. *Per Measure D Agreement: Agencies are required to have a complete streets policy by April 1, 2018.*

- See updated General Plan <https://www.cityofcapitola.org/page-17>
- [https://www.cityofcapitola.org/sites/default/files/fileattachments/page//general\\_plan\\_-\\_update\\_2019.pdf](https://www.cityofcapitola.org/sites/default/files/fileattachments/page//general_plan_-_update_2019.pdf)
- **Pg MO 16 Policies** Policy MO-2.1 Complete Streets. Support projects, programs, policies, and regulations to maintain a balanced multi-modal transportation network that meets the needs of all users of local roadways in a manner that is suitable to the scale and character of Capitola

**10. Annual Report Narrative** *(may be included in Management & Admin section of audit)*

- a. Fund Balances, Carryover Projects, and Description of planned, longer-term and future uses of Measure D revenues, if known.** Describe how agency is tracking Measure D funds not yet expended and include explanation of why not all funds were spent, reasons for large carryover balances, and planned future use of carryover funds. This could include a list of projects anticipated to use Measure D funds in the future, such as priority future projects, projects that will be implemented in a future year or over several years, larger projects that an agency is saving funds for, etc.)
- The current fund balance will be carried over and banked to allow for the funding of a larger project.
  - See attached project details PDF for planned use 20/21

**Public Outreach/Notification of Use of Measure D Funds**

- 11. Public Outreach/Process:** Describe outreach conducted during the reporting year to inform Santa Cruz County taxpayers as to how your agency is using or plans to use Measure D funds. *(per Article III.A.3.)*
- Social Media - Active projects funded by Measure D were advertised on our social media accounts (Facebook & Instagram)
  - Public Meetings – Staff reports, and presentations were held to help inform the public of current and planned uses of the Measure D funds.
- 12. Sample(s) of public outreach on Measure D-funded projects 7/1/19-6/30/20**
- The Brommer Street Project had a public meeting on 3/26/2019 and 2/27/2020.
  - See attached presentation

# **CITY OF CAPITOLA, CALIFORNIA**

MEASURE D FUND  
FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prepared by the Capitola Finance Department

**City of Capitola**  
**Measure D Fund Financial Statements**  
**Year Ended June 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable City Council  
City of Capitola, California

### Report on the Financial Statements

We have audited the accompanying balance sheet and the statement of revenues, expenditures and changes in fund balance of the Measure D Fund, a special revenue fund of City of Capitola, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure D Fund of the City, as of June 30, 2020, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

As discussed in Note 1, the financial statements present only the Measure D Fund, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that budgetary comparison information for the Measure D Fund as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

San Mateo, California  
December 8, 2020

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**CITY OF CAPITOLA  
Measure D Fund  
Balance Sheet  
June 30, 2020**

	Measure D Fund
<b>ASSETS</b>	
Cash and investments	\$ 233,038
Due from other governments	1,446
Total Assets	<u>\$ 234,484</u>
<b>LIABILITIES</b>	
Accounts payable	<u>\$ 128,132</u>
<b>FUND BALANCE</b>	
Restricted for Measure D projects	<u>106,352</u>
Total Liabilities and Fund Balance	<u>\$ 234,484</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CAPITOLA**  
**Measure D Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2020**

	Measure D Fund
<b>REVENUES</b>	
Intergovernmental	\$ 308,522
Use of money and property	7,928
Total Revenues	<u>316,450</u>
<b>EXPENDITURES</b>	
Capital outlay	<u>421,213</u>
Net Change in Fund Balance	(104,763)
Fund Balance, Beginning of Year	<u>211,115</u>
Fund Balance, End of Year	<u><u>\$ 106,352</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CAPITOLA**  
**Measure D Fund**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Reporting Entity**

All transactions of the Santa Cruz County Regional Transportation Commission – Measure D Fund (Measure D Fund) of the City of Capitola (the City) are included as a separate special revenue fund in the basic financial statements of the City. The accompanying financial statements are for Measure D Fund only and are not intended to fairly present the financial position or results of operations of the City.

**B. Basis of Presentation**

**Fund Accounting**

The operations of the Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**C. Basis of Accounting**

The Measure D fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers the majority of revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City's only exception to this timeline is Sales Tax receipts which are recorded as revenues if received within 90 days.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefits and claims and judgments, are recorded only when payment is due.

**CITY OF CAPITOLA**  
**Measure D Fund**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. Assets, Liabilities, and Fund Balance**

**1) Cash and Investments**

Investments are reported in the accompanying balance sheet at fair value, except for nonparticipating certificates of deposit and investment contracts that would be reported at cost because they are not transferable and they have terms that are not affected by changes in interest rates.

Changes in fair market value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds under management of the City's Treasurer. The pool is not registered with the SEC. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*.

The City pools idle cash from all funds in order to increase income earned through its investment program. Investment income from pooled investments is allocated to those funds that are required by law or administrative action to receive interest. Investment income is allocated on a quarterly basis based on the cash balance in each fund.

**2) Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and such amounts are offset equally by a fund balance restricted account that indicates they do not constitute expendable available financial resources and therefore are not available for appropriation.

**3) Use of Estimates**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.



**CITY OF CAPITOLA**  
**Measure D Fund**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. Assets, Liabilities, and Fund Balance (continued)**

**4) Fund Balance**

As of June 30, 2020, fund balance of the Measure D Fund was classified as restricted which is defined as amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**2. MEASURE D FUNDS**

Under Measure D, approved by the voters of Santa Cruz County in 2016, the City receives a portion of the proceeds of an additional one-half cent sales tax to be used to improve children's safety around schools; repair potholes; repave streets; improve traffic flow on Highway 1; maintain senior/disabled transit; reduce global warming pollution by providing transportation options like sidewalks, buses, bike lanes, trails; and preserve rail options.

**3. CASH AND INVESTMENTS**

Cash and investments held by the Measure D Fund at June 30, 2020, consisted of \$433,038 in cash pooled with the City's Cash and Investments.

Investments Authorized by the California Government Code and the City of Capitola's Investment Policy:

Allowable investment instruments are defined in the California Government Code Section 53600, et. seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where the Government Code specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase. The City's pool is not rated and is not registered with the SEC. The City's average maturity of its investments is less than one year.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CAPITOLA**  
**Supplementary Information**  
**Measure D Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 308,522	\$ (191,478)
Use of money and property	-	-	7,928	7,928
Total revenues	500,000	500,000	316,450	(183,550)
Expenditures:				
Current:				
Transportation	890,000	890,000	421,213	468,787
Total expenditures	890,000	890,000	421,213	468,787
Net Change in Fund Balance	(390,000)	(390,000)	(104,763)	285,237
Fund balance, beginning of year	211,115	211,115	211,115	-
Fund balance, end of year	<u>\$ (178,885)</u>	<u>\$ (178,885)</u>	<u>\$ 106,352</u>	<u>\$ 285,237</u>

**CITY OF CAPITOLA**  
**Notes to Supplementary Information**  
**Year Ended June 30, 2020**

**BUDGETS AND BUDGETARY ACCOUNTING**

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental funds. The City's budget ordinance requires that in April of each fiscal year, the City Manager must submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council in June of the following fiscal year. After adoption of the final budget, transfers of appropriations within a general fund department, or within each fund can be made by the City Manager. Budget modifications between funds, increases or decreases to a fund's overall budget, transfers between general fund departments or transfers that affect capital projects must be approved by the City Council or Agency Board. Numerous properly authorized amendments are made during the fiscal year. Appropriations lapse at fiscal year-end.

Budgetary control is enhanced by integrating the budget into the general ledger. Encumbrance accounting is employed (e.g., purchase orders) to avoid over-expenditure. Encumbrances outstanding at fiscal year-end are automatically rebudgeted in the following fiscal year, unless specifically cancelled by Council action. Per Capitola Municipal Code 3.20.060.C: "The appropriation for the uncompleted balance of executory contracts should not lapse at year-end but is automatically appropriated for the succeeding fiscal year unless specifically cancelled by council action."



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable City Council  
City of Capitola, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Measure D Fund (Measure D Fund) of the City of Capitola, California (City), as of and for the year ended June 30, 2020, and have issued our report thereon dated December 8, 2020. Our opinion included an emphasis of matter as discussed in Note 1, that the financial statements present only the Fund specific to Measure D Fund, and are not intended to present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Measure D Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements including the applicable compliance requirements specified in the Measure D agreement between the City and Santa Cruz Regional Transportation Commission, and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

San Mateo, California  
December 8, 2020

## MEASURE D EXPENDITURE REPORT - Direct Allocations

Reporting Year **FY19/20**  
 Recipient Agency **City of Capitola**

#	Project Name	Total Project Cost	FY19/20 Measure D Expenditures	Prior Year expenditures (if applicable)			Measure D TOTAL SPENT through reporting year	(Est) Future Year(s) Measure D Expenditures	Consistency with 5-year plan	
				FY16/17 Measure D Expenditures on this project	FY17/18 Measure D Expenditures	FY18/19 Measure D Expenditures			Project in approved 5-year plan? (yes/no)	If not in 5-year plan or different amount or scope, why different?
1	Hwy 1 Enhanced Bike Lanes	\$ 148,558.00		\$ -	\$ 63,276.83	\$ -	\$ 63,276.83	\$ -	Yes	NA
2	2017-18 City-wide Slurry Seal	\$ 398,632.00		\$ -	\$ 45,325.00	\$ 301,407.59	\$ 346,732.59	\$ -	Yes	NA
3	Brommer Complete Street Improvement Project	\$ 666,160.00	\$ 121,213.00	\$ -	\$ -	\$ 43,947.00	\$ 165,160.00	\$ -	Yes	NA
4	Park Ave Sidewalks	\$1,053,554.00	\$ 300,000.00	\$ -	\$ -	\$ -	\$ 300,000.00	\$ -	Yes	NA
Total		\$	421,213	\$ -	\$ 108,602	\$ 345,355	\$ 875,169	\$ -		

	FY 19/20 Measure D Revenues	FY 16/17 Measure D Revenues (4/1/17-6/30/17)	FY 17/18 Measure D Revenues	FY 18/19 Measure D Revenues	Measure D Expended (7/1/19-6/30/20)	Fund Balance/ Carryover to Future Years
Allocation	\$308,522	\$11,254	\$312,311	\$330,161	\$875,169	\$106,353
Interest	\$7,928		\$2,652	\$8,694		

## MEASURE D EXPENDITURE REPORT

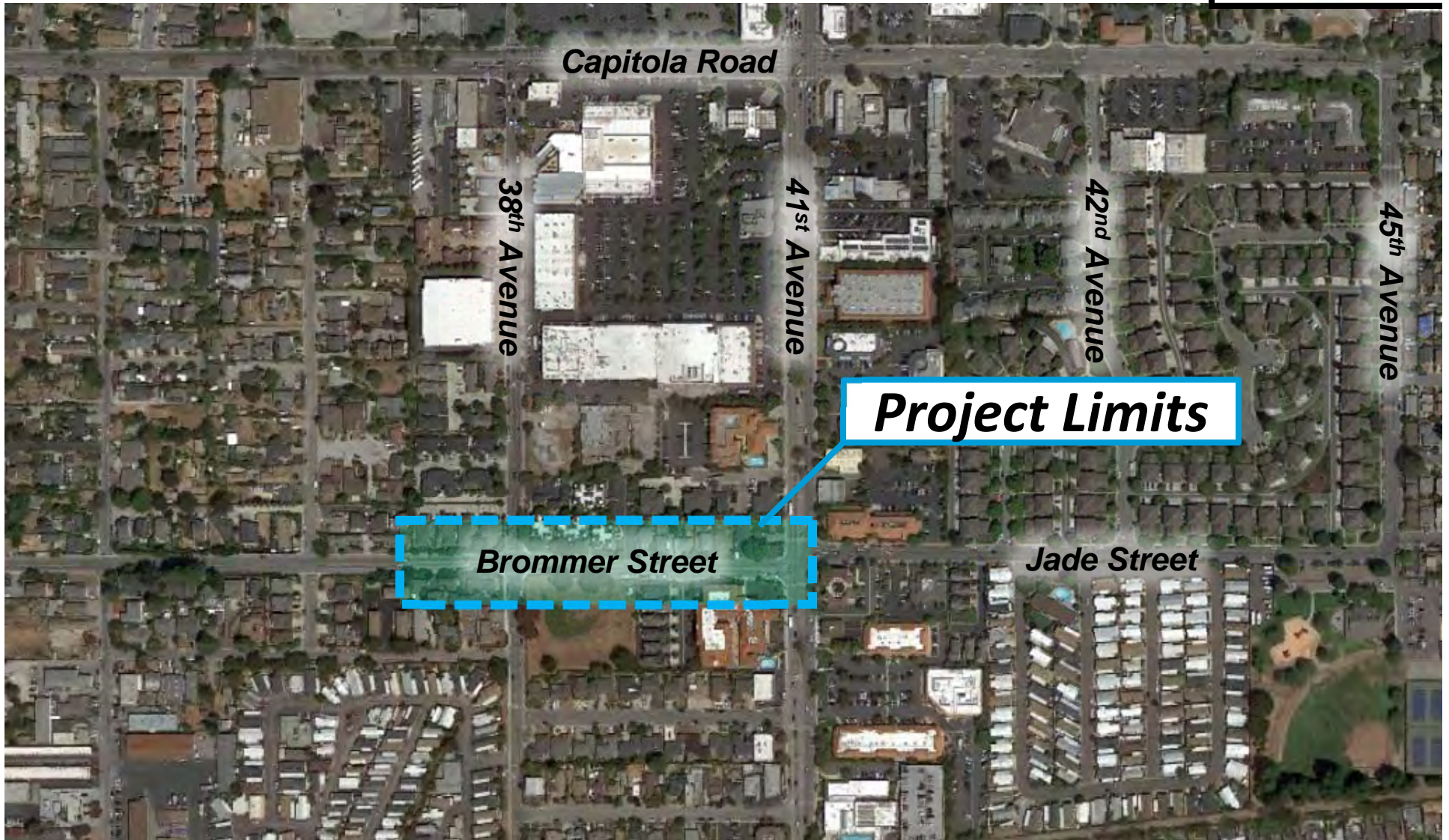
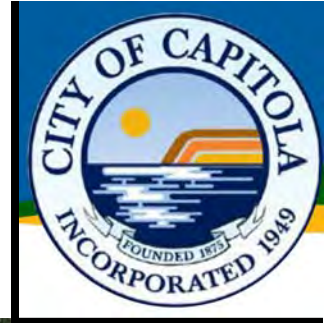
#	Project Name	Project Description/Location		Project Status/Timeline			
		Project Description <i>(may include additional project components, ex. complete streets, traffic calming, crossing improvements, drainage upgrades, etc.)</i>	Location/Limits (if grouped project, list each location/limit)	Work Done in FY19/20 (e.g. planning, design, construction, right-of-way)	CEQA compliance (List type of doc & certification date - e.x. CE, 5/1/18)	Construction/Implement schedule	Completion Date <i>(actual or estimate)</i>
1	Hwy 1 Enhanced Bike Lanes	installed green bike lanes	all intersections in city limits near HWY 1	NA	exempt	8/29/2017 - 10/13/2017	10/13/2017
2	2017-18 City-wide Slurry Seal	Type 2 Slurry Seal	various streets within city	NA	exempt	9/4/2018 - 9/30/2018	9/30/2018
3	Brommer Complete Street Improvement Project	Complete street project	Brommer street from City Limits to 41st	construction	exempt	5/26/2020 - 7/30/2020	7/30/2020
4	Park Ave Sidewalks	Sidewalk, curbramps, crosswalks, bike lanes	Park Ave from Cabrillo to McCormick Ave	construction	exempt	7/29/2019 - 8/7/2020	8/7/2020



# MEASURE D EXPENDITURE REPORT

#	Project Name	Stats - if applicable					Leveraged Funds, if any		Measure D use		
		New Bike Lane Miles	New Ped Path or Sidewalk Miles	Miles of pavement rehab/repair (pothole, seals, etc)	Rehab of bikeways, sidewalks, or ADA ramps included? (describe)	If Complete Streets not incorporated into project, why not?	Leveraged Fund Amounts (grants & other funds where Meas. D used as match)	Leveraged Fund Source(s) Name(s)	Measure D-funded Capital Costs	Measure D-funded Non-capital (non-infrastructure, outreach, admin)	Measure D-funded Indirect costs (and overhead)
1	Hwy 1 Enhanced Bike Lanes	0.25	0	0	Yes- upgrade of bike lanes	NA	NA	NA	\$ 63,276.83	\$ -	\$ -
2	2017-18 City-wide Slurry Seal	0	0	3	No	NA	NA	NA	\$ 346,732.59	\$ -	\$ -
3	Brommer Complete Street Improvement Project	0.2	0.06	0.2	Yes- upgrade of bike lanes and sidewalks		NA	NA	\$ 165,160.00	\$ -	\$ -
4	Park Ave Sidewalks	0.3	0.3	0	Yes- upgrade of bike lanes, sidewalks and ADA ramps	NA	NA	NA	\$ 300,000.00	\$ -	\$ -
		0.75	0.36	3.20			\$ -		\$ 875,169	\$ -	\$ -

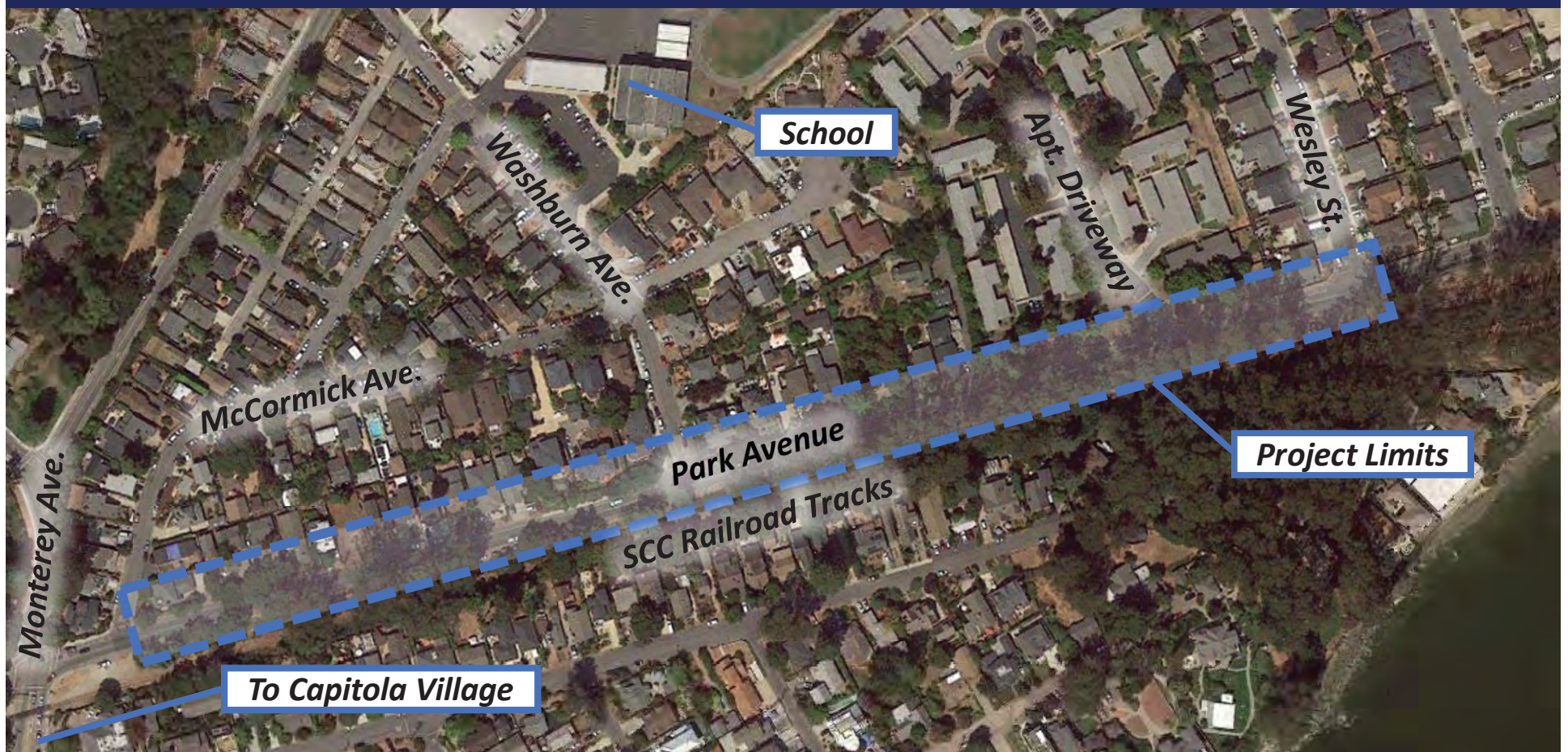
# Brommer Complete Street Improvement Project





# Park Avenue Sidewalks

## Project Overview Map



**Measure D: Neighborhood Projects Program** (Funds to Cities and County for Local Streets and Roads - LSR)**Performance Measures**

AGENCY:

City of Capitola

Measure D recipients are to document the performance and benefits of the projects and programs funded with Measure D funds. The following performance measures are a selection of performance standards to be documented by the recipients, as applicable. Additional or alternate performance measures may be provided or requested by the RTC or recipients.

Submittal date

12/31/2020

Performance Measure	Performance Metric and Standard		Corrective Action
	Baseline/Prior Year	Current	
<b>Pavement State of Repair</b>	Track city/countywide Pavement Condition Index (PCI), which rates the "surface condition" of local streets from 1 to 100, at least every three years.		Any agency with a falling PCI must provide an explanation. If the PCI drops, specify what
Average Network PCI (0-100)*	65	65	NA
Date of PCI Analysis (month/year)	Jun-17	Jun-17	
Miles repaved in FY18/19 (using all funds, not just Measure D)		1	
Miles repaved in FY19/20 (using all funds, not just Measure D)		0.5	
Total centerline miles in jurisdiction	26	26	
<b>Complete Streets Implementation</b>			Provide an explanation if less than 20% of Measure D funds are
Percent of annual Measure D funds used to support bicycling and walking.		85%	NA
Number of linear feet or lane miles of bicycle facilities built or maintained (bike lanes, bike routes, multi-use pathways) w/Meas D		0.5	
Number of pedestrian projects completed (linear feet of sidewalks, number of crossing improvements/stripping, quantify traffic calming items, lighting, landscaping/streetscape, number of curb/ADA ramps, linear feet of trail/pathway built or maintained) w/Meas D		2	
Describe how school access was improved for children bicycling and walking, which may include collision data w/Meas D		N/A	
<b>Capital Project and Program Investment</b>	Investment into capital projects and programs is greater than funding program administration (outreach, staffing, administrative support)		Any agency expending less on capital investments compared to other activities must explain how capital investments will increase
Amount of Meas D expended on capital projects and programs by phase (design, right-of-way, construction and capital support)	See Expenditures Tab	See Expenditures Tab	
<b>Leveraged Funds</b>	Report total grants and other funding secured using Measure D as a match.		Explain if Measure D funds fully funding all projects.
Amount of competitive grants secured using Measure D as match		\$0.00	Other funds were used, but not grants

## Measure D Maintenance of Effort (MOE) Actuals, Baseline Calculation and Budgeted

Jurisdiction: City of Capitola

REVENUES - Enter the total revenues expended in previous Fiscal Years (for transportation) from all local sources and state/fed formula programs.	FY20/21 Budgeted	Actuals			Baseline				
		FY19/20	FY18/19	FY17/18	FY16/17	FY15/16	FY14/15	FY13/14	FY12/13
Average Annual MOE Revenues	\$1,162,911	\$1,484,171	\$1,453,293	\$1,166,141	\$1,196,754	\$1,360,624	\$1,082,326	\$669,607	\$719,786

\$1,005,819
MOE Baseline (Average of last 5 years)

Project Details

Title	Description	Location	Component	Priority Status	Est. Schedule		Useful Life		Assem	Senate
					Start	Complete	Min	Max		
2020/21 Road Maintenance and Rehabilitation	This project will include: ADA Curb Ramp Rehab/Repair (Existing), Bicycle Lane Rehab/Repair (Existing), Cost Estimating, Document Preparation, Environmental Study/Documents, Maintenance Program Plan Development, Pavement Rehab/Repair (Existing), Paving and/or Striping Rehab/Repair (Existing Safety), Preliminary Design, Project Scope Development, Sidewalk and/or Crosswalk Installation (New), Sidewalk and/or Crosswalk Rehab/Repair (Existing), Storm Drain and/or Culvert Rehab/Repair (Existing)	42nd Avenue - Capitola Road to Jade Street Diamond Street - 42nd Avenue to 45th Avenue Ruby Court - entire length 41st Avenue - Highway 1 to Capitola Road Clares Street - Wharf Road to 41st Avenue Bay Avenue - Highway 1 to Monterey Avenue Capitola Avenue - Bay Avenue to Stockton Avenue	Pre-Construction and Construction	Forecasted 20/21	08/2020	02/2021	15	30	29	17
					05/2021	11/2021				



## CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF JUNE 25, 2020**

**FROM:** Public Works Department

**SUBJECT:** Consider a Resolution Allocating the 2020/21 Road Maintenance and Rehabilitation Account Funds

**RECOMMENDED ACTION:** Adopt the proposed resolution allocating the 2020/21 Road Maintenance and Rehabilitation Account (RMRA) funds to engineering and construction of a pavement management program project.

**BACKGROUND:** Senate Bill 1, known as SB 1 or the Road Maintenance and Rehabilitation Account (RMRA), was signed into law in April 2017 to address the state's basic road maintenance and critical safety needs. In fiscal year 2020/21 staff estimates Capitola will receive \$193,401 from RMRA.

SB 1 requires the City submit a resolution prior to July 15 indicating how the City's RMRA allocation will be used for the following fiscal year.

**DISCUSSION:** The past two fiscal year SB 1 fund allocations went to the construction of the Park Avenue Sidewalk project, which is nearly complete. In allocating two years of funding to the sidewalk project, needed road pavement improvement projects were deferred on 42<sup>nd</sup> Avenue, Diamond Street, and Ruby Court.

Staff recommends combining SB 1 funds, \$250,000 of RTC Measure D funds, and a \$505,264 allocation of Regional Transportation Improvement funds from RTC to pay for one large pavement management project. The exact scope of the project will need to be further refined based on engineering and public input. At a minimum, the following road sections will be analyzed, and the most economical project developed:

42 <sup>nd</sup> Avenue	- Capitola Road to Jade Street
Diamond Street	- 42 <sup>nd</sup> Avenue to 45 <sup>th</sup> Avenue
Ruby Court	- entire length
41 <sup>st</sup> Avenue	- Highway 1 to Capitola Road
Clares Street	- Wharf Road to 41 <sup>st</sup> Avenue
Bay Avenue	- Highway 1 to Monterey Avenue
Capitola Avenue	- Bay Avenue to Stockton Avenue

Additional roads may be added to this list, but it is unlikely there is enough funding for all the recommended streets. The timing of the project may be such that 2021/22 funds could also be

SB 1 Project List 2020/21  
June 25, 2020

allocated to the project.

In order to meet the State's requirements for SB 1 funds allocation, the attached resolution must be submitted by July 15, 2020.

FISCAL IMPACT: This allocation of SB 1 RMRA funding is consistent with the 2020/21 fiscal year budget, which includes the following allocation of funds to the Capital Improvement Fund.

SB 1 RMRA funds	\$193,401
RTC Measure D	\$250,000
RTIP	\$505,264
Total	\$948,665

ATTACHMENTS:

1. Measure D and SB 1 Funding Proposal for 2018-19 and 2019-20 Funds (PDF)

Report Prepared By: Chloe Woodmansee  
Interim City Clerk

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager

6/18/2020



**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
ADOPTING A LIST OF PROJECTS FOR FISCAL YEAR 2020/21 FUNDED BY  
SENATE BILL 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017**

**WHEREAS**, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

**WHEREAS**, SB 1 includes accountability and transparency provisions that will ensure the residents of our City are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

**WHEREAS**, the City must adopt by resolution a list of projects proposed to receive fiscal year funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

**WHEREAS**, the City will receive an estimated \$193,401 in RMRA funding in Fiscal Year 2020/21 from SB 1; and

**WHEREAS**, this is the fourth year in which the City is receiving SB 1 funding and will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

**WHEREAS**, the City has undergone a public process to ensure public input into our community's transportation priorities/the project list; and

**WHEREAS**, the City completed an update to the pavement management program in 2017 to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the City's priorities for transportation investment; and

**WHEREAS**, the funding from SB 1 will help the City complete needed pavement management improvement projects; and

**WHEREAS**, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete streets infrastructure, and using cutting-edge technology, materials and practices, will provide a dedicated source of funding for roadway projects.

**NOW, THEREFORE IT IS HEREBY RESOLVED, ORDERED AND FOUND** by the City Council of the City of Capitola, State of California, as follows:

1. The foregoing recitals are true and correct.
2. The following list of proposed projects will be funded in-part or 2020/21 Road Maintenance and Rehabilitation Account revenues:
3. Pavement Management Program Projects on 42<sup>nd</sup> Avenue, Diamond Street, Ruby Court, 41<sup>st</sup> Avenue, Clares Street, Bay Avenue and Capitola Avenue.

SB 1 Project List 2020/21  
June 25, 2020

**I HEREBY CERTIFY** that the above and foregoing Resolution was passed and adopted by the City Council of the City of Capitola at its regular meeting held on the 25<sup>th</sup> day of June, 2020, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

---

Kristen Petersen, Mayor

ATTEST:

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Chloé Woodmansee, Interim City Clerk



# COMMUNITY WORKSHOP BROMMER STREET IMPROVEMENT PROJECT

**Tuesday, March 26<sup>th</sup>, 2019**

**6:00 p.m.**

**Fairfield Inn & Suites (Meeting Room A)**

(1255 41st Ave, Capitola, CA 95010)

The City of Capitola Department of Public Works invites you to attend a community workshop to discuss plans for the Brommer Street Improvement Project. This project will result in roadway improvements, including access for vehicles, bikes, pedestrians, and a continuous sidewalk on the north side of Brommer Street between 38<sup>th</sup> and 41st Avenue.

During the workshop we will review the improvements planned along the road, the expected design elements and any impacts that may occur. We look forward to your participation. For additional information, contact Kailash Mozumder in the Public Works Department at 831-475-7300 or [kmozumder@ci.capitola.ca.us](mailto:kmozumder@ci.capitola.ca.us)



**Americans with Disabilities Act:** Services are available to enable persons with a disability to participate in this meeting consistent with the Federal Americans with Disabilities Act of 1990. Should you require special accommodations to participate in the meeting due to a disability, please contact the City Clerk's office at least 24-hours in advance of the meeting at 831-475-7300. In an effort to accommodate individuals with environmental sensitivities, attendees are requested to refrain from wearing perfumes and other scented products.



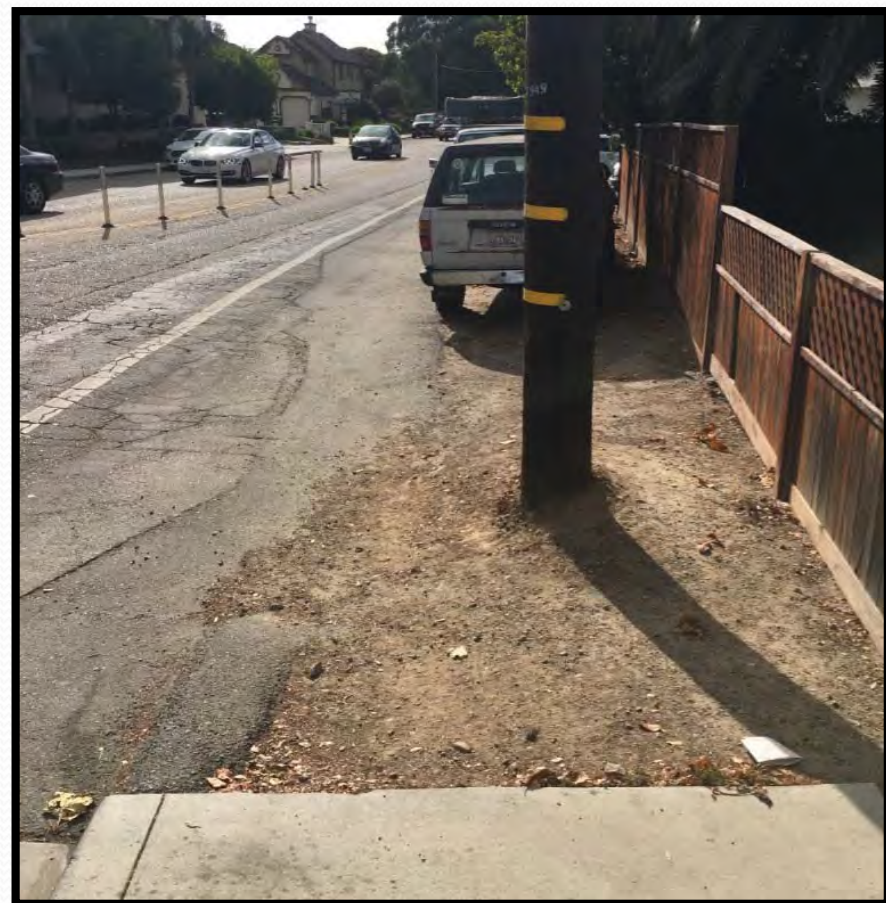
# Brommer Complete Street Improvement Project





# Project Purpose & Need

## Discontinuous Sidewalk





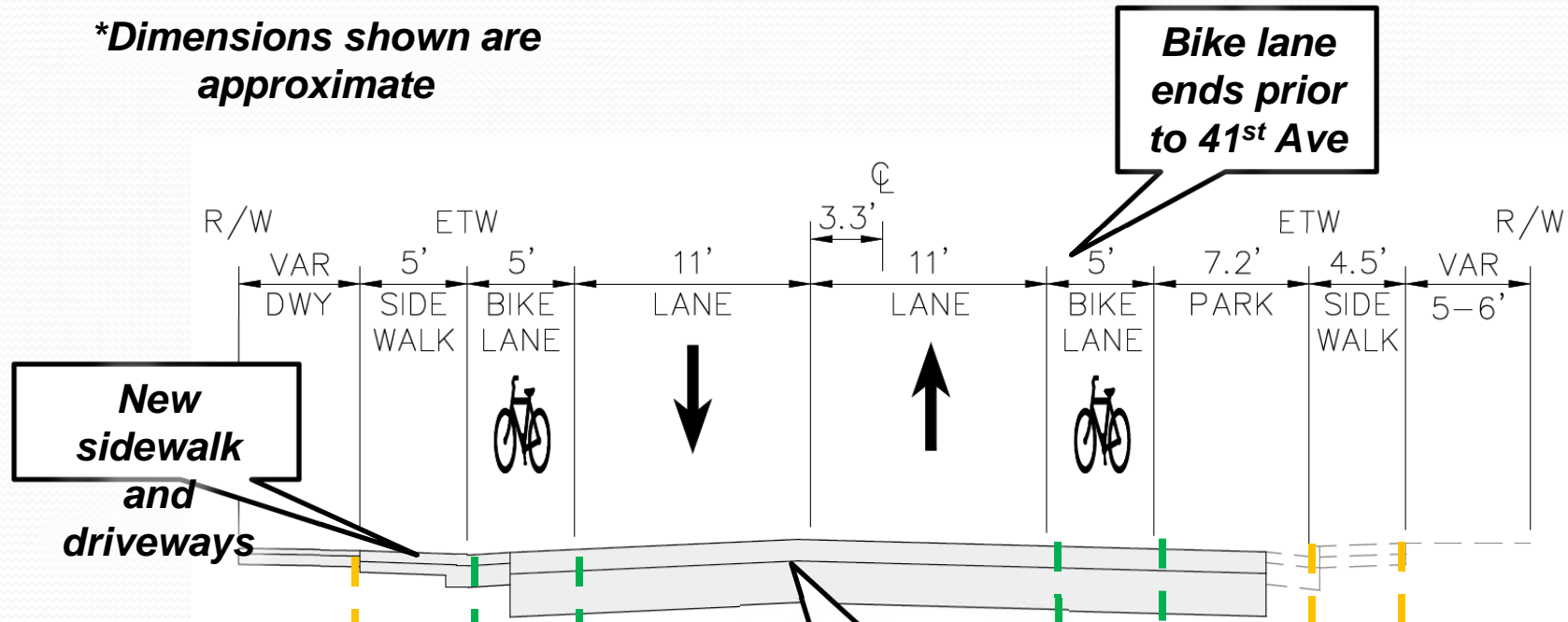
# Poor Pavement Condition (PCI = 17)

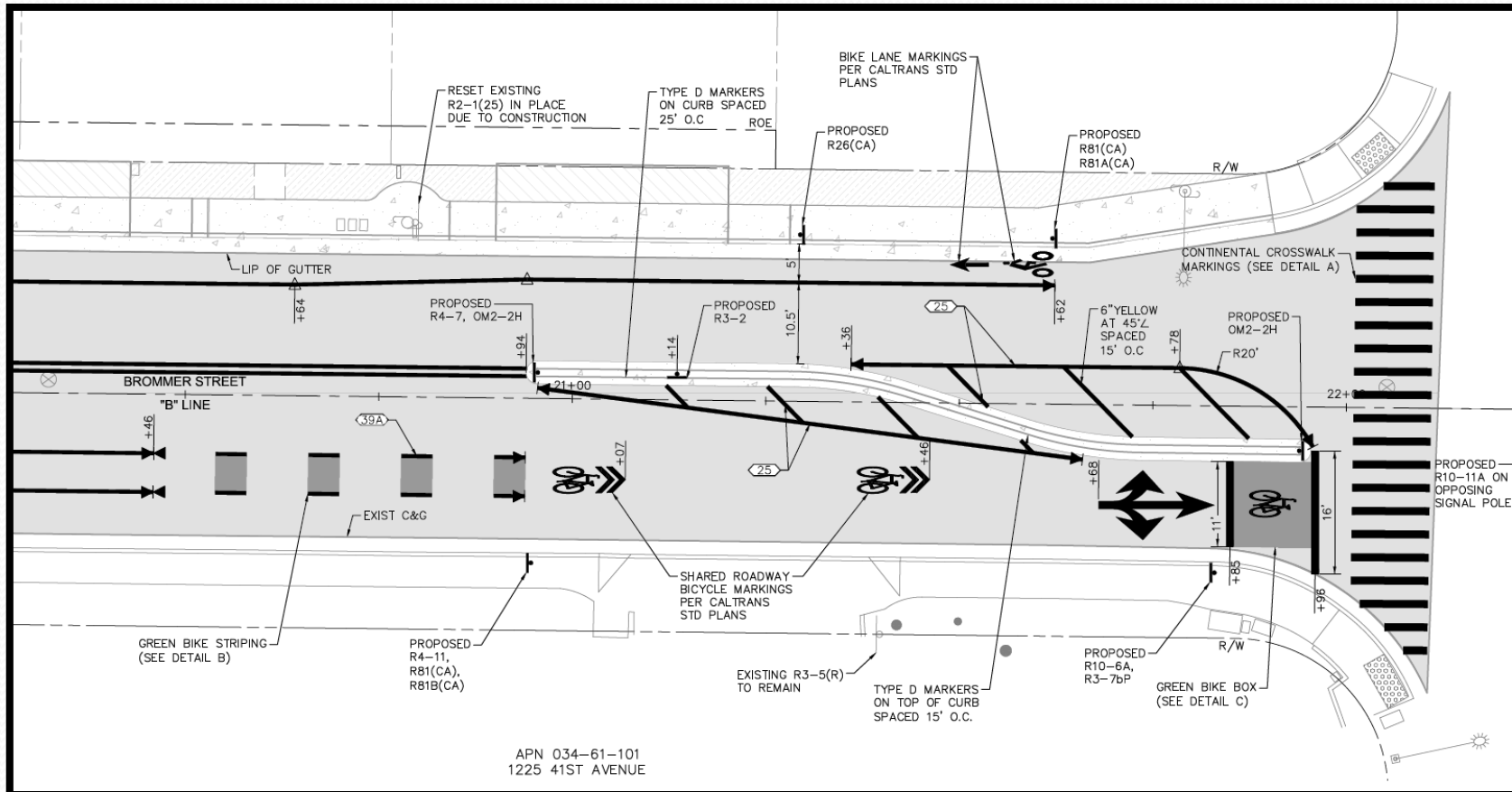




# Roadway Improvements

*\*Dimensions shown are approximate*







# What is a Green Bike Box?





# Schedule, Cost & Funding



## Funding

\$770k estimate

RSTPX – 470k

Measure D – 300k

## Schedule

Advertise Project estimate

Award Contract

Construct Project

Enjoy



# Outreach & Collaboration



Thanks for your input!

[illegible]



