

Measure J Commission Policy Roadmap / Calendar for the Fiscal Year 2019/2020

POLICY REVIEW

- 1) Annual financial recommendations will be for 100%, or as close thereto, from available Measure J Funds after debt service.
- 2) The City's General Fund will be used to provide a 1 million dollar contingency for those projects approved in the annual June budget meeting
- 3) The annual budget will contain a category titled "Community Projects", which will be an allocation of 1 million dollars.
- 4) All Capital Project recommendations other than the Community Projects category will be chosen from the Capital Projects list provided to the Measure J Commission by City Staff.
- 5) Measure J will allocate annually 3 million dollar to roads
- 6) All Commission recommendations for Capital Projects and for the Community Projects theme will be presented to City Council in a joint meeting to be held at the Council meeting in May.

CALENDAR

(The Commission meets every third Thursday* of the month at 4:00 p.m. in the Large Conference Room at City Hall).

*Due to City Council 2020 new meeting dates, the Measure J Commission meeting dates for May and September 2020 have been moved (see below).

~~JULY / AUGUST 2019 – COMMISSION DARK~~

~~SEPTEMBER 19, 2019~~

~~Welcome new Chair and Vice Chair
Roadmap review
Updates from City Staff
General Discussion~~

~~OCTOBER 17, 2019~~

~~Capital Project TRUE UP presentation by City staff on all ongoing projects. Financial discussion on implications of potential underage or overages—report provided PRIOR to the October meeting.
Discussion of Hot Spots Projects.
General discussion.~~

~~NOVEMBER 21, 2019~~

~~Review list of Capital Projects not funded in FY 2019-2020. List to be provided by city staff.~~

~~DECEMBER 18, 2019~~

JANUARY 16, 2020

Staff presentation on **Measure J Audit** of FY 2018-2019 Financials and continue review of **unfunded capital projects**.
Registration for ONE-PS Annual Picnic & Expo (Date TBD)

FEBRUARY 20, 2020

Review Project Justification for previous list of **unfunded Capital Projects** and discuss **new potential Capital Projects**.

MARCH 19, 2020

Staff presentation of FINALIZED recommended **Capital Projects** for FY 2020-2021.
Discussion and analysis. ONE-PS Annual Picnic & Expo (Date TBD)

APRIL 16, 2020

Vote on and finalize list of Recommended **Capital Projects** for FY 2020-2021

MAY 2020

Joint Meeting with City Council (TBD)

MAY 14, 2020* - *****RESCHEDULED*****

JUNE 18, 2020

Review final City Council budget decisions / M-J Adopted Budget 2020-2021.
Election of Officers.

MEASURE J COMMISSION
CITY OF PALM SPRINGS, CALIFORNIA
www.palmspringsca.gov



MEETING MINUTES
THURSDAY, DECEMBER 18, 2019, 4:00 P.M.
CITY HALL LARGE CONFERENCE ROOM

CALL TO ORDER: Chair Gazan called the December 18, 2019 Regular Meeting of the Measure J Commission of the City of Palm Springs to order at 4:01 p.m.

ROLL CALL:

PRESENT: Commissioners Bernstein, Futterer, Gray, LaBranche, Lass, Robin, Vice-Chair Craig, and Chair Gazan.

ABSENT: Commissioner Soto.

ALSO PRESENT: Commission Secretary Muniz, Finance Director Pauley, Senior Civil Engineer Uyeno, Assistant Director Engineer Montalvo.

PLEDGE OF ALLEGIANCE: Chair Gazan led the Pledge.

ACCEPTANCE OF THE AGENDA: Approve the Agenda as presented. **Motion by Commissioner Bernstein, seconded by Commissioner Futterer and unanimously carried noting the absence of Commissioner Soto.**

APPROVAL OF MINUTES: Approve the November 21, 2019 as presented. **Motion by Commissioner Gray, seconded by Commissioner Lass and unanimously carried noting the absence of Commissioner Soto.**

PUBLIC COMMENT: None.

- 1. WELCOME AND COMMENTS FROM MEASURE J CHAIR:**
Chair Gazan provided a verbal report.
No action taken.

At this time, Item 3 - Finance Director's Report was moved before Item 2 – City Manager's Report.

At this time, City Manager Ready arrived at 4:05 p.m.

- 2. CITY MANAGER'S REPORT:**
City Manager Ready provided a verbal report.
No action taken.

At this time, Item 6.A. – Communications Sub-Committee Update was moved for discussion after Item 2 – City Manager's Report.

At this time, City Manager Ready left the meeting at 4:34 p.m.

3. FINANCE DIRECTOR'S REPORT:

Finance Director Pauley provided a verbal report.
No action taken.

4. MEASURE J PROJECTS UPDATE REPORT:

Assistant City Engineer Montalvo and Senior Civil Engineer provided a verbal report.

ACTION: Recommend to the City Council, the approval of using Measure J – Capital Projects – Unscheduled Funds, in the amount of \$236,174, for the design of the roundabout at Camino Parocela, S. Indian Canyon Drive, and S. Palm Canyon Drive. **Motion by Commissioner Bernstein, seconded by Vice-Chair Craig and unanimously carried noting the absence of Commissioner Soto.**

At this time, Item 5.A. – Continue Discussion on Potential Community Hot Spot Projects and Outreach was moved for discussion during Item 6.C. – Outreach Community Projects Sub-Committee Update.

At this time, we continued with Item 6.B. – Library Sub-Committee Update.

5. OLD BUSINESS:

5.A. CONTINUE DISCUSSION ON POTENTIAL COMMUNITY HOT SPOT PROJECTS AND OUTREACH:

No action taken.

6. NEW BUSINESS:

6.A. COMMUNICATIONS SUB-COMMITTEE UPDATE:

ACTION: Move and allocate \$15,000 from the available funds in Account 260-1396-42302 – Measure J Special Audit to Account 260-1396-42300 – Measure J Communications/Marketing to prepare a city-wide mailer and distribute by March 2020. **Motion by Commissioner Gray, seconded by Chair Gazan and unanimously carried noting the absence of Commissioner Soto.**

At this time, we continued with Item 4 – Measure J Projects Update Report.

6.B. LIBRARY SUB-COMMITTEE UPDATE:

No report available at this time.
No action taken.

6.C. OUTREACH FOR COMMUNITY PROJECTS SUB-COMMITTEE UPDATE:

Commissioner Futterer provided a verbal update.
No action taken.

6.D. DISCUSSION ON RESCHEDULING THE MEASURE J COMMISSION REGULAR MEETING DAYS FOR MAY AND SEPTEMBER 2020, DUE TO CITY COUNCIL NEW MEETING DAYS:

ACTION: Measure J meetings days for May and September 2020, will be Thursday, May 14, 2020 and Thursday, September 24, 2020. **Unanimously carried noting the absence of Commissioner Soto.**

PUBLIC COMMENT: None.

STAFF MEMBER COMMENTS: None.

COMMISSION MEMBER ITEMS, COMMENTS AND REQUESTS: None.

ADJOURNMENT: The Regular Meeting of the Measure J Commission of the City of Palm Springs adjourned at 5:31 p.m. to Thursday, January 16, 2020, at 4:00 p.m., Palm Springs City Hall, Large Conference Room, 3200 E. Tahquitz Canyon Way. **Unanimously carried noting the absence of Commissioner Soto.**

**APPROVED BY A MOTION OF THE MEASURE J COMMISSION THIS 16th DAY OF
JANUARY 16, 2020.**

Ariana Muñiz
Commission Secretary

City of Palm Springs
 Multi-Year Summary of Available Measure J Funds
 December 31, 2019

	Projected			
	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
Estimated Revenue	\$ 15,506,400	\$ 16,126,700	\$ 16,600,000	\$ 17,100,000
Percentage Increase	4%	4%	3%	3%
Unexpended PY Reallocated	5,643,600			
Total Available Funds	<u>21,150,000</u>	<u>16,126,700</u>	<u>16,600,000</u>	<u>17,100,000</u>
<i>Existing Budget Obligations:</i>				
Multi-Year Projects:				
Street Repairs	3,000,000	3,000,000	3,000,000	3,000,000
Downtown Park	1,000,000	-	-	-
Uptown Parking Structure (Andaz agreement)	-	-	-	-
Community Projects	1,000,000	1,000,000	1,000,000	1,000,000
Airport Reserve on Aviation Fuel Sales per FAA *	200,000	200,000	200,000	200,000
Total Multi-Year Projects (Subtotal)	<u>5,200,000</u>	<u>4,200,000</u>	<u>4,200,000</u>	<u>4,200,000</u>
Other Approved Projects and Expenses:				
Debt Service	3,200,000	3,200,000	3,200,000	3,200,000
Downtown Prop Maint & Other Expenses	550,000	575,000	600,000	625,000
Cornelia White House Restoration				
Police Department 911 CAD/RMS	2,230,000			
Keyless Entry System (Phase 2)	475,000			
Main Library Renovation or New Construction	1,345,000			
Park Restrooms Renovations/Repairs & ADA	1,600,000			
Life Safety Improvements (Fire Sprinklers/Alarms)	1,900,000			
Emergency Generators	1,150,000			
Citywide HVAC Water Treatment Program	600,000			
Fire Station No. 1 - Design	800,000			
Recreation Field LED Lighting Upgrade-Design	100,000			
Downtown Park Additional Set-Aside	2,000,000			
Re-Allocated New Funds				
Total Existing Budget Obligations	<u>21,150,000</u>	<u>7,975,000</u>	<u>8,000,000</u>	<u>8,025,000</u>
Unallocated New Funds Available for Budgeting	<u>\$ -</u>	<u>\$ 8,151,700</u>	<u>\$ 8,600,000</u>	<u>\$ 9,075,000</u>

* Note: Effective December 8, 2017, per a Federal Aviation Administration ruling, the City is required to set aside Measure J sales taxes collected on aviation fuel sales for airport project expenses.

YTD Revenue Comparison through December 31:

FY 2019-20	10,606,004	
FY 2018-19	9,286,098	
Increase in Revenue from Previous FY Cash Basis	<u>1,319,906</u>	14.2%

City of Palm Springs
 Measure J Reconciliation
 December 31, 2019

Account Number	Account Description	FY19-20		FY19-20	12/31/2019	12/31/2019	Available Balance
		Budget	Project Adds	Revised Budget	YTD Expenses	YTD Encumb	
42300	MEAS J COMM/MKTING	-		24,789.97	1,377.92	3,377.56	20,034.49
42301	MEAS J PROP MAINT/LANDSCA	550,000.00		1,483,235.86	116,230.59	670,852.07	696,153.20
42302	MEAS J SPECIAL AUDIT	-		28,709.67	-	2,500.00	26,209.67
		550,000.00	-	1,536,735.50	117,608.51	676,729.63	742,397.36
50807	STREETS - SLURRY SEAL			42,493.48	-	-	42,493.48
50809	STREETS-15 RECON/O/SEAL			7,533.00	-	-	7,533.00
50811	STREETS-18 PVMT REHAB			2,303.00	-	-	2,303.00
50812	STREETS-19 RECON/O/SEAL			7,188.00	-	-	7,188.00
50814	STREETS-20 RECON/O/SEAL	3,000,000.00		3,000,000.00	4,457.20	2,995,100.00	442.80
		3,000,000.00	-	3,059,517.48	4,457.20	2,995,100.00	59,960.28
50348	PALM CYN PED ENHANCEMENTS			1,585,792.09	7,247.67	1,282,927.52	295,616.90
50349	INDIAN CYN PED ENHANCEMEN			30,923.04	19,202.86	1,392.42	10,327.76
50350	EPC/SPC IMPROVEMENTS			448,112.07	1,663.30	418,442.97	28,005.80
58700	COMMUNITY ENHANCEMENTS	1,000,000.00		1,001,840.25	5,148.66	996,691.59	-
58702	COMMUNITY SIDEWALKS			195,774.89	14,580.99	110,515.12	70,678.78
		1,000,000.00	-	3,262,442.34	47,843.48	2,809,969.62	404,629.24
50000	UNSCHEDULED CAPITAL PROJ		-	4,332,352.51	-	-	4,332,352.51
59401	DESERT HIGHLAND LT POLES			3,450.00	-	3,450.00	-
59417	LTING REPLAC UNDRGRD ELEC			871,476.02	7,728.78	27,430.00	836,317.24
59436	LIBRARY PLANNING			125,294.00	-	-	125,294.00
59440	POLICE TRG CTR TECH UPGRA			87,098.16	35,971.65	48,746.10	2,380.41
59444	POLICE RECORDS RED/RENO			971,008.49	305,793.71	68,083.66	597,131.12
59445	NMTP/BIKING ISSUES			516,482.60	-	1,070.98	515,411.62
59447	TAHQUITZ CREEK MASTER PLA			82,409.92	-	-	82,409.92
59455	UPTOWN TREEWELL IRRIGATIO			27,051.00	391.50	-	26,659.50
59458	CITY HALL SECURITY DESIGN			51,773.33	11,412.45	3,348.48	37,012.40
59463	PROJECT MANAGEMENT			21,131.26	-	20,024.73	1,106.53
59464	DOWNTOWN PARK	1,000,000.00		1,207,881.10	18,706.26	1,070,143.82	119,031.02
59467	I-HUB BLDG MODIFICATION			47,679.69	-	47,679.69	-
59469	CMAQ/CVAG - BIKE LANES			1,755.27	-	1,755.27	-
59475	ALEJO_BELARDO CHURCH LOT			400,000.00	-	-	400,000.00
59479	CC AIR WALL REHAB			75,000.00	-	-	75,000.00
59487	EVAL ALL CITY FACILITIES			169,110.34	15,811.86	41,113.45	112,185.03
59491	HVAC CHILLER COOLING TOWE			206,693.95	10,203.89	-	196,490.06
59493	PD TECH ENHANCEMENTS			45,898.78	-	4,211.82	41,686.96
59494	CORNELIA WHITE HOUSE REST			186,937.49	127,382.98	29,007.42	30,547.09
59495	MAIN LIB RENOV/NEW CONST		1,345,000.00	1,842,789.45	-	-	1,842,789.45
59498	DOWNTOWN PARK ADD'L FY20		2,000,000.00	5,469,783.09	22,258.61	4,545,560.57	901,963.91
59500	FIRE STATION #4			487,841.20	349.83	487,841.20	(349.83)
59501	BOLLARDS PH 1 LA PLAZA			76,045.72	5,971.13	1,950.94	68,123.65
59507	INDIAN CYN ENH PED BICY			250,000.00	-	-	250,000.00
59513	REC FLD LED LIGHT UPGRADE		100,000.00	100,000.00	-	-	100,000.00
59514	KEYLESS ENTRY SYS PH II		475,000.00	475,000.00	2,439.87	-	472,560.13
59515	CITY WIDE HVAC WTER TR PR		600,000.00	600,000.00	-	-	600,000.00
59516	FIRE STATION #1		800,000.00	800,000.00	-	-	800,000.00
59517	EMERGENCY GENERATORS		1,150,000.00	1,150,000.00	-	-	1,150,000.00
59518	FIRE SPR & ALARMS IMPROV		1,900,000.00	1,900,000.00	-	-	1,900,000.00
59519	PK REST RENOV/REPAIR/ADA		1,600,000.00	1,600,000.00	-	-	1,600,000.00
65256	PD 911 CAD/RMS SYSTEM		2,230,000.00	2,230,000.00	179,078.47	263.13	2,050,658.40
		1,000,000.00	12,200,000.00	26,411,943.37	743,500.99	6,401,681.26	19,266,761.12
59504	AIRP RES-FUEL FAA	200,000.00	-	550,000.00	-	55,000.00	495,000.00

Account	Account Description	FY19-20 Budget	FY19-20 Budget Project Adds	FY19-20 Revised Budget	12/31/2019 YTD Expenses	12/31/2019 YTD Encumb	Available Balance
49997	BUDGET TRANSFERS - OUT Debt Service	3,200,000.00		3,200,000.00	1,600,000.00	-	1,600,000.00
		<u>8,950,000.00</u>	<u>12,200,000.00</u>	<u>38,020,638.69</u>	<u>2,513,410.18</u>	<u>12,938,480.51</u>	<u>22,568,748.00</u>

CITY OF PALM SPRINGS, CALIFORNIA
MEASURE J FUND

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2019

CITY OF PALM SPRINGS, CALIFORNIA

MEASURE J FUND
FINANCIAL STATEMENTS

JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	4
Notes to Financial Statements	5
Independent Auditors' Report on Compliance with Applicable Requirements and on Internal Control Over Compliance	8



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Palm Springs, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure J Fund of the City of Palm Springs (the City) as of and for the year ended June 30, 2019, 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 respective financial position of the Measure J Fund of the City of Palm Springs, California, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.





To the Honorable Mayor and Members of the City Council
City of Palm Springs, California

Emphasis of a Matter

As described in Note 1 to the financial statement, the financial statement is prepared in accordance with Measure J which requires a financial statement that presents only the Measure J Fund and does not purport to, and does not, present fairly the financial position of the City of Palm Springs, California as of June 30, 2019, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis 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 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.

Restriction of Use

Our report is intended solely for the information and use of the City of Palm Springs and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 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 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 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.

Brea, California
December 16, 2019

CITY OF PALM SPRINGS

MEASURE J FUND
 STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
 JUNE 30, 2019

	<u>Measure J Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash and investments	\$ 20,213,491	\$ -	\$ 20,213,491
Receivables:			
Accounts receivable	250,000	-	250,000
Accrued interest	48,820	-	48,820
Due from the City's general fund	2,635,995	-	2,635,995
Total Assets	<u>\$ 23,148,306</u>	<u>-</u>	<u>23,148,306</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts payable	\$ 630,985	-	630,985
Accrued liabilities	3,102	-	3,102
Total Liabilities	<u>634,087</u>	<u>-</u>	<u>634,087</u>
Fund Balance:			
Assigned for capital projects	22,514,219	(22,514,219)	-
Total Fund Balance	<u>22,514,219</u>	<u>(22,514,219)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 23,148,306</u>		
Net Position:			
Unrestricted		22,514,219	22,514,219
Total Net Position		<u>\$ -</u>	<u>\$ 22,514,219</u>

CITY OF PALM SPRINGS

MEASURE J FUND
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 YEAR ENDED JUNE 30, 2019

	<u>Measure J Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Taxes	\$ 16,043,737	\$ -	\$ 16,043,737
Use of money and property	578,288	-	578,288
Miscellaneous	256,300	-	256,300
Total Revenues	16,878,325	-	16,878,325
Expenditures:			
Public Works	7,593,785	-	7,593,785
Total Expenditures	7,593,785	-	7,593,785
Excess (Deficiency) of Revenues Over (under) Expenditures	9,284,540	-	9,284,540
Other Financing Sources (Uses):			
Transfers out	(3,183,763)	-	(3,183,763)
Total Other Financing Sources (Uses)	(3,183,763)	-	(3,183,763)
Net Change in Fund Balance/Net Position	6,100,777	-	6,100,777
Fund Balance/Net Position at Beginning of Year	16,413,442	-	16,413,442
Fund Balance/Net Position at End of Year	\$ 22,514,219	\$ -	\$ 22,514,219

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

The City of Palm Springs, California Measure J Fund (the "Fund") is used to account for Measure J's activities. Measure J is a local revenue measure passed on November 8, 2011, to maintain local community services and economically revitalize the downtown area.

The Fund is a governmental fund of the City of Palm Springs, California, and the accompanying financial statements are included in the City of Palm Springs, California's basic financial statements.

The accompanying financial statements are for the Measure J Fund only and are not intended to fairly present the financial position of the City of Palm Springs, California or the results of its operations.

b. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental fund. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

c. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's fund. The emphasis of fund financial statements is on major fund. The government reports only one major governmental fund. The Measure J fund is the primary operating fund. It accounts for all financial resources.

d. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

e. Assets, Liabilities and Net Position or Equity

Cash and Investments

The fund's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the fund are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The fund pools its cash and investments with the City of Palm Springs.

Receivables and Payables

All receivables are shown net of an allowance for uncollectibles.

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). All other outstanding balances between funds are reported as "due to/from other funds."

Fund Equity

In the fund financial statements, the fund reports the following fund balance classifications:

Nonspendable include amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either external creditors, grantors, contributors, or laws of regulations of other governments or by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's governing board.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net Position is the excess of all the fund's assets over all its liabilities, regardless of fund. Net Position is divided into three captions. These captions apply only to net position, which is determined only at the government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the fund's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the government cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Note 2: Cash and Investments

Cash and investments as reported in the accompanying financial statements consisted of the following:

Cash and investments	\$ 20,213,491
Total	<u>\$ 20,213,491</u>

The fund's cash and investments are pooled with the City of Palm Springs cash and investment in order to generate optimum interest income. Each fund's share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their month-end cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the fund's pooled cash and investments is included in the City of Palm Springs' basic financial statements, which are available at 3200 East Tahquitz Canyon Way, Palm Springs, California 92262.

Note 3: Commitments and Contingent Liabilities

The fund is subject to litigation arising in the normal course of business. In the opinion of legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the fund.

Note 4: Risk Management

The fund is covered under the City of Palm Springs' insurance policies. Therefore, the limitations and self-insured retentions applicable to the City also apply to the fund. Additional information on coverage and self-insured retentions can be obtained by contacting the City of Palm Springs.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of City Council
City of Palm Springs, California

Report on Compliance

We have audited the compliance of the Measure J Fund of the City of Palm Springs, California (the City) with the types of compliance requirements described in the Measure J ballot passed on November 8, 2011, (Measure J) for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of Measure J.

Auditor's Responsibility

Our responsibility is to express opinions on compliance with the requirements of Measure J based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Measure J. Those standards and Measure J require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on Measure J Fund of the City. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to the Measure J Fund for the year ended June 30, 2019.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.





CPAs AND ADVISORS

To the Honorable Mayor and Members of City Council
City of Palm Springs, California

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Measure J. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management and the Governing Board of the City and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lance, Soll & Luggard, LLP". The signature is written in a cursive, flowing style.

Brea, California
December 16, 2019



City of Palm Springs

Engineering Services Department

3200 East Tahquitz Canyon Way • Palm Springs, California 92262
Tel: (760) 322-8370 • Fax: (760) 323-8207 • Web: www.palmspringsca.gov

MEMORANDUM

DATE: January 16, 2020
To: Jim Gazan, Chair – Measure J Commission
FROM: Joel Montalvo, Assistant Director of Engineering Services
SUBJECT: Capital Projects for FY 2020-2021

Chair Gazan,

As discussed in the December 18, 2019 meeting, I have reached out to Cynthia Alvarado the Director of Parks and Recreation in effort to obtain additional projects for Measure J consideration. Cynthia has agreed to work with the Parks and Recreation Commission to evaluate and prioritize the current proposed unfunded projects listed below. With Cynthia assistance, the Parks and Recreation Commission is also going to bring forward new projects to be considered by the Measure J Commission. Unfortunately, Cynthia was not able to make the December 23, 2019 agenda and will have to wait until the January 27, 2020 meeting.

Additionally, I want to take this opportunity to mention to the Commission that City Staff has been working on six federally funded bridge projects. The bridge locations are at Indian Canyon over the railroad, Ramon Road, Vista Chino, south Palm Canyon at Bogart trail, south Palm Canyon at Tahquitz Creek and east Palm Canyon. Staff worked with consultants to obtain federal Highway Bridge Program (“HBP”) funds for each bridge. The HBP program is administered by the State of California Department of Transportation (“Caltrans”). The HBP federal funds cover 88.53% of eligible project costs, requiring an 11.47% local match. In order to cover the local match, the City has funding agreements in place with Coachella Valley Association of Governments (CVAG). The local funding amounts are funded by CVAG with 75% Regional Measure A funds and the remaining 25% of the local match to be covered by the City.

The Ramon Road bridge project and the Vista Chino bridge project are being constructed in cooperation with the City of Cathedral City. Pursuant to a previous funding agreement with CVAG and Cathedral City, the local share is funded by CVAG with 75% Regional Measure A funds with the remaining 25% appropriately split between Palm Springs and Cathedral City. The current Ramon Road funding is shown in **Table 1** below and it depicts the typical funding split for funding sources and agencies.

Phase	HBP Federal Funding	CVAG Regional Measure A	Palm Springs Local Measure A	Cathedral City Fair Share	Totals
Preliminary Engineering	\$2,453,000	\$686,250	\$114,375	\$114,375	\$3,368,000
Right of Way	\$1,030,000	\$1,302,000	\$188,356	\$245,644	\$2,766,000
Construction	\$21,753,000	\$6,083,250	\$880,044	\$1,147,706	\$29,864,000
Totals	\$25,236,000	\$8,071,500	\$1,182,775	\$1,507,725	\$35,998,000

Table 1

In order to obtain funding for the bridge projects our consultants evaluated the potential costs of construction for each bridge. The initial cost estimates of construction provided by our consultants were instrumental in helping us apply for funding and to secure the necessary agreements with the agencies involved. Bridge projects take anywhere from 10 to 20 years to complete all the engineering, environmental clearance and right of way acquisition phases. Due to the lengthy time required to complete the necessary phases, agencies throughout California are experiencing and extreme increase in the projected estimate of construction costs. Staff would like to inform the Measure J Commission that in the near future we may request funding to help cover some of the increased costs associated with the six bridge projects.

The list below of Unfunded Capital Projects for 2020-2021 has been updated to remove the emergency generator project. No additional projects have been added since the December 18, 2019 meeting by any other department.

1.	Downtown Safety Bollards	\$ 900,000
2.	Fire Security Gates (FS #1 & #3)	\$ 100,000
3.	Fire Station #1 Expansion/Renovation	\$ 8,000,000
4.	Police Impound Facility	\$ 400,000
5.	Indian Canyon Drive Round-About at Camino Parocela	\$ 2,000,000
6.	Parks/Recreation – replacement vehicles	\$ 70,000
7.	Parks/Recreation – J.O.J. Desert Unity Center Gym Floor	\$ 100,000
8.	Parks/Recreation – LED Ballfield Lights Replacement (Phase 2 Con)	\$ 1,000,000
9.	Library – Main Library Renovation	\$ 5,000,000
10.	Storm Drain Line 20 on Ramon Road	\$ 8,000,000
11.	Pickleball Courts at Sunrise Park	\$ 2,500,000
12.	Palm Canyon Electrical Backbone	\$ 3,500,000
Total Estimated Cost		\$31,570,000

Project Descriptions

1. Downtown Safety Bollards - Phase 2 Install permanent retractable bollards on South Palm Canyon at Andreas, Tahquitz, Baristo, & Arenas.	\$900,000
<p>This project will replace the water filled k-rails used every Thursday night for Village Fest, with permanent retractable bollards. This provides a physical separation between vehicles and pedestrians, and will protect the public health and safety of all those who attend Village Fest. Phase 2 expands the location of new security bollard installations.</p>	
2. Fire: Security Gates / Fencing Stations #1 & #3	\$100,000
<p>The driveways to the parking lots behind Fire Stations #1 & #3 are currently open, making secured areas easily accessed by pedestrians and vehicles. Currently only fire personnel use the parking lot, while street parking is available for visitors to each Fire Station. This project will add fencing and solar powered swing or sliding gates to make these locations more secure.</p>	
3. Fire Station #1 Expansion/Renovation	\$8,000,000
<p>Rehabilitation and Expansion of existing Fire Station. This location is designated as a Historic Site and will require Historic Site Preservation Board review and approval.</p>	
4. PD Impound Facility - This project will construct an enclosed and secure structure to hold impounded vehicles.	\$400,000
<p>The PS Police Department needs an enclosed and secure structure to hold impounded vehicles. The structure would need to be protected from the elements and able to secure vehicles for evidentiary integrity. The current fenced in impound lot, is exposed to the elements and protected only by a chain link fence.</p>	
5. Indian Canyon–Roundabout at Camino Parocela	\$2,000,000
<p>The Indian Canyon Two-Way Conversion capital project is underway. The preferred design alternative for the five-legged intersection at Indian Canyon/Palm Canyon/Camino Parocela is a modern roundabout. Roundabouts significantly reduce traffic signal equipment. This project will construct the roundabout.</p>	
6. Recreation: Replacement of Vehicle for Recreation/Village Fest	\$70,000
<p>Procure and outfit replacement vehicles for Recreation Department, specifically for Village Fest, and ballfield preparation vehicle.</p>	
7. Recreation: Replace Gymnasium Floor (JOJDHUC)	\$100,000
<p>Remove and replace existing flooring in the gymnasium at James O Jesse Desert Highland Unity Center.</p>	
8. Recreation: Replacement of light fixtures on ballfields	\$1,000,000
<p>Procure and replace all existing lighting fixtures and install new LED lighting at the ball fields.</p>	
9. Library: Main Library Rehabilitation	\$5,000,000
<p>Renovate the existing main Public Library. Renovations will address significant building systems upgrades along with interior renovations to support a new library service model. This will include a new community meeting room, reorganization of children's, teen, and adult areas, along with more collaborative spaces, and integrated technology</p>	

10. Storm Drain: Line 20 & 20D on Ramon Road and Ferrell Drive	\$8,000,000
<p>The project will construct a new storm drain line on Ramon Road from El Cielo Road to Farrell Drive & Farrell Drive from Ramon Rd to Tahquitz Canyon Way. Yearly flooding occurs on Ramon Road at Farrell Drive, the construction of this storm drain line extension will alleviate the flooding on Ramon Road near the High School. Line 20 and Lateral 20D are part of Riverside County Flood Control Districts Master Planned facilities for Palm Springs but have yet to budget the appropriate funds for the project.</p>	
11. Pickleball Courts at Sunrise Park	\$2,500,000
<p>Due to the continued growing popularity of pickleball in Palm Springs, the City has responded by converting existing tennis courts into pickle ball courts. In response, the City Council has approved the conversion of existing tennis courts to pickleball courts three times in the past three years. With the closure of the Plaza Racquet Club, the tennis community has also been in need of available tennis courts. This project is to fund the construction of 16 new pickleball courts, with lighting at Sunrise Park, between the Library and the Boys and Girls Club.</p>	
12. Palm Canyon Electrical Backbone	\$3,500,000
<p>Replace the underground electrical infrastructure for decorative streetlights, palm tree lights, and to provide additional electrical service to support VillageFest vendors. Current electrical infrastructure cannot adequately provide power to street vendors for the weekly VillageFest events due to the lack of capacity. The project is currently under design.</p>	