

**CITY OF NEWARK  
MEASURE GG OVERSIGHT COMMITTEE  
Special Meeting Agenda  
June 5, 2019  
Newark City Hall  
37101 Newark Boulevard  
5<sup>th</sup> Floor Conference Room  
7:00 p.m.**

---

- A. Call to Order**
  
- B. Approval of May 1, 2019 meeting minutes.**
  
- C. Old Business**
  - C.1 Explanation of shipping expense raised at May 1, 2019 meeting.**
  
- D. New Business**
  - D.1 Review of the Draft Measure GG Report and Committee agreement to send to the City Council.**
  
  - D.2 Discussion of Future Measure GG Reports.**
  
- E. Public Comment**
  
- F. Adjournment**

Pursuant to Government Code 54957.5: Supplemental materials distributed less than 72 hours before this meeting, to a majority of the Oversight Committee, will be made available for public inspection at this meeting and at the City Clerk's Office located at 37101 Newark Boulevard, 5<sup>th</sup> Floor, during normal business hours. Materials prepared by City staff and distributed during the meeting are available for public inspection at the meeting or after the meeting if prepared by some other person. Documents related to closed session items or are exempt from disclosure will not be made available for public inspection.

For those persons requiring hearing assistance, please make your request to the City Clerk two days prior to the meeting.

**CITY OF NEWARK**  
**MEASURE GG OVERSIGHT COMMITTEE**  
**Draft Meeting Minutes**  
**May 1, 2019**  
**Newark City Hall**  
**37101 Newark Boulevard**  
**6<sup>th</sup> Floor City Council Chambers**  
**7:00 p.m.**

---

**A. Call to Order**

At 7:12 p.m. Chair Lola called the meeting to order.

Committee Members Lola, Marzano, Macris, and Arteaga were present. Committee Member Periera was absent.

**B. Approval of October 3, 2018 meeting minutes.**

Moved by Committee Member Marzano, seconded by Committee Member Macris to approve the minutes. The motion passed, 4 AYES, 1 ABSENT.

**C. Civic Center Project Presentation from Chief Building Official/City Architect Collier.**

Chief Building Official/City Architect gave a presentation on the project to the committee. Presentation on file with the City Clerk. He provided a brief outline of the project milestones. Webcor Builders and Perkins & Will Architects were awarded the design/build contract. He reviewed the site plans and the \$85,500,000 project budget.

In response to Committee Member questions, Mr. Collier stated that he expected the costs in the design/build contract to stay within budget unless the City makes unforeseen design changes. He stated that the ground breaking would be in August.

**D. Update on Measure GG Revenues and Expenditures.**

Finance Manager Lee presented the financial documents as of June 30, 2018. She stated that this information was presented at the last meeting, but the information has been audited since then.

Chair Lola requested information on the Universe Corp \$900 in shipping costs. Finance Manager Lee stated she would review the invoice(s) for details and get back to the Committee.

Committee Member Arteaga requested current information be provided on the revenues and expenditures. Finance Manager Lee stated that she could provide that information at the next meeting.

**E. Committee discussion on preparation of Annual Report.**

Finance Manager Lee presented a sample annual report for Committee consideration. She also noted that new auditors were being interviewed and she would have Measure GG specific reports starting with fiscal year 2019.

The Committee concurred to form a subcommittee consisting of Member Arteaga and Chair Lola to review and edit the sample report. The Committee agreed to meet again on June 5, 2019 at 7 p.m. to review subcommittee's work.

**F. Public Comment**

**G. Adjournment**

Chair Lola adjourned the meeting at 8 p.m.

---

## Measure GG Transaction and Use Tax Oversight Committee

---

June ~~XX~~May 1, 2019

To: Honorable Mayor and Councilmembers

From: Measure GG Oversight Committee

Subject: Measure GG Oversight Committee's Report of the Measure GG Transactions and Use Tax Revenue and Expenditures for Fiscal Year 2016/17 – Fiscal Year 2017/18

### Background

City of Newark voters passed Measure "GG," a 25-year one-half cent transactions and use tax (TUT) in November 2016. This transactions and use tax took effect on April 1, 2017.

The purpose of the Measure GG tax "is to upgrade City of Newark facilities and services, including replacing the seismically unsafe police operations/emergency operations center to survive an earthquake; providing updated crime fighting technology; replacing aging library/city facilities with buildings meeting safety codes; providing disabled access and senior/teen/children's facilities; and other facilities and services."

This Measure GG tax is a "general tax," meaning that revenues raised from the tax go into the City's general fund to pay for any legitimate governmental purpose.

Measure GG also established a "City of Newark Transactions and Use Tax Oversight Committee." Resolution No. 10740, establishing the City of City of Newark Transactions and Use Tax Oversight Committee and committee bylaws, was passed by the City of Newark City Council on January 25, 2018. "The primary duties of the Oversight Committee established by the resolution are to:

- a) Review semi-annual revenue and expenditure reports produced by the City and other relevant reports and information regarding the Transactions and Use Tax; and
- b) Provide to the City Council an annual report on whether revenues were expended in an appropriate manner and recommendations, if any, of ways to ensure that future revenues are expended appropriately.
- c) In order to preserve the integrity and independence of the oversight process, Committee members shall not play a role in contracting or project management for projects funded through revenue from Measure GG or any other expenditure of Measure GG funds.
- d) The committee is not charged with decision-making on spending priorities, schedules, project details, or financing plans."

Consistent with the composition and qualifications of the Oversight Committee members outlined in Resolution No. 10740, the following citizens were selected as members of the Committee: Elizabeth Macris, Jacinta Arteaga, Jim Lola, Michael Marzano, and Roy Pereira.

The Oversight Committee met on October 3, 2018 to review the bylaws, to elect the chair and vice-chair of the Committee, and to receive a comprehensive Measure GG Revenue and Expenditure update from City Finance Manager, Krysten Lee. Jim Lola was elected as Committee Chair and Jacinta Arteaga was elected as Committee Vice-Chair. Per the bylaws, both will serve a two-year term.

### *Scope of this Report*

Measure GG funds are audited with all other City funds as part of the City's Comprehensive Annual Financial Report (CAFR). The focus of the most recent financial report was on FY 2017/18. This report, ~~then will~~ reflects findings on Measure GG revenues and expenditures following the effective implementation date of the transactions and use tax on the three-month period from April 1, 2017 through the close of the 2017 fiscal year on June 30, 2017 and the full fiscal year 2017/18 ending June 30, 2018.

### *Findings on Measure GG Revenues and Expenditures (April 1, 2017 - June 30, 2018)*

To ensure that the City is receiving all of the revenue it is owed from the Measure GG tax, the City has entered into a contract with HdL, an auditing firm from Diamond Bar, California, for audit and information services. HdL administers a system for monitoring sales and use tax receipts to identify and correct allocation errors that, once corrected, enhance their clients' revenues. The City engages HdL for similar services related to property tax and regular sales tax.

In FY 2016/17, The California State Board of Equalization distributed to the City Measure GG tax collected from merchants using a system of advances and true-up payments. Effective July 1, 2017, the advances and true-up payments will be distributed by the California Department of Tax and Fee Administration (CDTFA)

According to City records, the City received Direct Deposits from the Board of Equalization for the months of April, May, and June 2017 in the amount of \$958,532 and for the month of July 2017 through June 30, 2018 in the amount of \$4,354,929 totaling \$5,313,461 ~~at theas of the~~ end of June 30, 2018. This includes advances and the quarterly true-up payments.

[JL: The following 2 paragraphs are proposed narration for the Expenditures.]

Per data provided by the City's Financial Services department for the months of April, May, and June 2017, the Expenditures that supported the Civic Center Project (the Project that Measure GG is funding) are \$57,041. Of these Expenditures it should be noted that ~~the~~ the City paid a one-time fee of \$6,648 from Measure GG funds to the California State Board of Equalization for the setup and implementation of the transactions and use tax.

For the Fiscal Year 2017/2018 starting in July 2017 to June 30, 2018, the Expenditures that supported the Civic Center Project were \$1,699,046. The total Expenditures from the start of the Project in FY 2016/2017 to the end of Fiscal Year 2017/2018 is \$1,756, 087.

### *Fiscal Year 2016/17 – Fiscal Year 2017/18 Measure GG Revenue and Expenditures*

The City accounts for all of its resources by using generally accepted accounting principles and governmental fund accounting procedures.

The City has established a fund (052 - Measure GG Fund) to account for the Measure GG transaction use tax (TUT) revenues, and a project code (1188 - Measure GG Civic Center Project under the Capital

Improvement Projects Fund 401 to enable careful tracking of Measure GG revenues and expenditures.

[JL: 4 images of Civic Center Project Funding Summary for FY 2016/2017 (see PDF from K. Lee)]  
 [JL: 4 images pf Civic Center Project Funding Summary for FY 2017/2018 (see PDF from K. Lee)]

Fiscal Year 2016-2017

## Civic Center Project Funding Summary

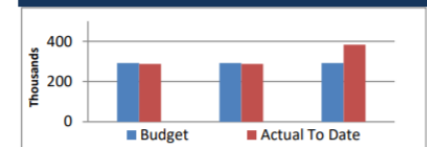
As of 06/30/2017

### 1/2 Cent Sales Tax Revenues

Month of Transaction	Month Received by City	Budget	Actual To Date
First Month - April-2017	June	\$ 292,000	\$ 287,932
May-2017	July	\$ 292,000	\$ 287,400
Jun-2017	August	\$ 292,000	\$ 383,200
<b>Revenue Totals</b>		<b>\$ 876,000</b>	<b>\$ 958,532</b>

\* Each month is an estimate, months CDTFA will reconcile previous Quarter

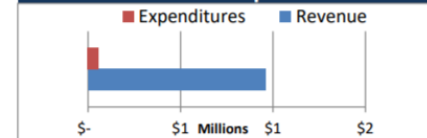
### Revenues



### Expenditures from 1/2 Cent Sales Tax Fund

Vendor	Action	Estimate	Actual To Date
State Board of Equalization	Implementation Costs	\$ 125,000	\$ 6,648
Kier & Wright	Civic Center Site Survey	\$ 43,615	\$ 43,615
Valbridge Property Advisors	Appraisal Costs	\$ 5,500	\$ 5,024
Various	Misc Supplies	\$ -	\$ 1,753
<b>Expenditure Totals</b>		<b>\$ 174,115</b>	<b>\$ 57,041</b>

### 1/2 Cent Sales Tax Revenue and Expenditures



Fiscal Year 2017-2018

## Civic Center Project Funding Summary

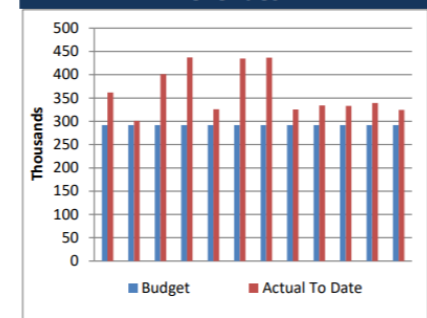
As of 06/30/2018

### 1/2 Cent Sales Tax Revenues

Month of Transaction	Month Received by City	Budget	Actual To Date
Jul-2017	September*	\$ 292,000	\$ 361,880
Aug-2017	October	\$ 292,000	\$ 300,800
Sep-2017	November	\$ 292,000	\$ 401,000
Oct-2017	December*	\$ 292,000	\$ 437,045
Nov-2017	January	\$ 292,000	\$ 326,100
Dec-2017	February	\$ 292,000	\$ 434,800
Jan-2018	March*	\$ 292,000	\$ 436,823
Feb-2018	April	\$ 292,000	\$ 325,500
Mar-2018	May	\$ 292,000	\$ 333,955
Apr-2018	June	\$ 292,000	\$ 332,889
May-2018	July	\$ 292,000	\$ 339,444
Jun-2018	August	\$ 292,000	\$ 324,693
<b>Revenue Totals</b>		<b>\$3,504,000</b>	<b>\$ 4,354,929</b>

\* Each month is an estimate, months CDTFA will reconcile previous Quarter

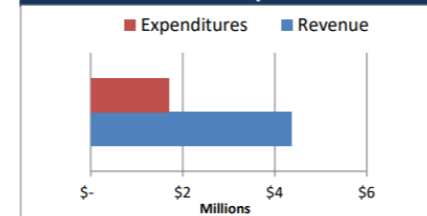
### Revenues



### Expenditures from 1/2 Cent Sales Tax Fund

Vendor	Action	Estimate	Actual To Date
HdL	Audit Services Costs	\$ -	\$ 900
Heller Manus Architects	Schematic Design/Bridging Docs	\$3,501,845	\$ 1,668,312
G Bortolloto	Parking Lot	\$ 7,512	\$ 3,012
Paving Coating Co	Parking Lot	\$ 4,500	\$ 4,250
GeoCon	Geotechnical Services	\$ 18,000	\$ 18,583
Cotton Shires & Assoc.	Geotechnical Peer Review	\$ 990	\$ 1,755
Universe Corp.	Shipping Cost for Materials	\$ -	\$ 900
Various	Misc Supplies	\$ -	\$ 1,335
<b>Expenditure Totals</b>		<b>\$3,706,962</b>	<b>\$ 1,699,046</b>

### 1/2 Cent Sales Tax Revenue and Expenditures



*Conclusions*

At this time the Oversight Committee has no findings to comment on for the fiscal year ending on June 30, 2018. The Oversight Committee has found the City Staff to be transparent and forthcoming with data and answers to our questions. It currently has made no recommendations to the City to ensure that future revenues are expended effectively and efficiently.

Respectfully submitted,

Jim Lola  
Chairperson  
Measure GG Oversight Committee

SAMPLE