



CITY OF PACIFIC GROVE

FY21/22 MEASURE X ANNUAL COMPLIANCE REPORT

Report Components

- FY21/22 Project Report & Balance Summary Sheet
- Attachment 1: Independent Audit of Financial Statements for Measure X Funds
- Attachment 2: Five-Year Capital Improvement Program
- Attachment 3: Pavement Management Program Report Letter
- Exhibit A: Before & After Project Photos

FY21/22 PROJECT REPORT & BALANCE SUMMARY SHEET

CITY OF PACIFIC GROVE - YEAR 2021/2022 MEASURE X

REVENUES	
Carryover from Previous Year	\$995,738
Measure X Revenues	\$779,615
Earning on Interest	(\$16,307)
TOTAL REVENUES:	\$763,308
EXPENDITURES	
(Listing of Program Expenditures)	
TOTAL EXPENDITURES:	\$803,482
FUND BALANCE, END OF PERIOD:	\$955,564

PROJECT 1 Street Rehabilitation Project on Lower Lighthouse Ave & Funston Ave
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Project Title: Street Rehabilitation of Lower Lighthouse Avenue & Funston Avenue

Scope of Work:

This project addressed two segments of roadway:

1. Lower Lighthouse Ave, from Eardley Ave to 13th St, and
2. Funston Ave, from Presidio Blvd to Montecitio Ave

The scope of work for the rehabilitation of Lower Lighthouse Avenue included:

- 70,500 SF of pavement reconstruction
- 2,000 SF of 2" AC overlay
- reconstruction of 14 curb ramps
- storm drain improvements including installation of 4 catch basins, 1,410 LF of subdrain, and reconstruction of 85 LF of curb and gutter
- reconstruction of 3 manholes
- 4 sewer spot repairs, and
- replace 310 LF of sewer line

The scope of work for the rehabilitation of Funston Ave included:

- 41,000 SF of 2.5" AC Overlay
- 4,600 SF of pavement reconstruction
- construction of 2 catch basins, and
- 6 sewer spot repairs

Benefits: This project allowed for the successful rehabilitation of pavement and underground infrastructure on two heavily used segments of roadway in the city.

Lower Lighthouse Avenue

Lower Lighthouse Avenue, from Eardley Ave to 13th St, serves as a main arterial and an entryway into the city. This segment of roadway was void of any formal maintenance or rehabilitation treatments for over 30 years. Heavy traffic volumes paired with insufficient surface water drainage resulted in notable deterioration. Prior to the project, this segment of roadway was in "poor" condition with a Pavement Condition Index (PCI) rating ranging from 32-45. This project allowed for rehabilitation of the pavement, which now has a PCI of 100, and allowed for vital sewer and stormwater infrastructure improvements. In addition to improvements made by this project, the city coordinated closely with California American Water to allow water mainline replacements to occur alongside city construction activities.

Funston Avenue

Over the last five years, the Public Works Department has systematically addressed the road network in the Del Monte Park neighborhood through the Capital Improvement Program's annual crack and slurry seal. Nearly every roadway in this neighborhood received this maintenance and preservation treatment. Funston Avenue, from Presidio Blvd to Montecitio Ave, and David Avenue, from Congress Ave to the city limit line (near the Pebble Beach jurisdiction), had previously been excluded from these maintenance activities due to the need for more extensive rehabilitation. David Avenue, from Kenet to Montecitio, was addressed as part of the FY19/20 CIP (and is reported on above in Project 1).

This project allowed the city to address Funston Avenue. The PCI on this segment of roadway degraded to "poor" with a PCI of 49. Although this segment of roadway is not a main arterial or

collector, it is heavily trafficked due to its function as a main entrance to the Del Monte Park Neighborhood. This project allowed the city to complete vital pavement rehabilitation and improvements to the underground sewer and stormwater infrastructure. These improvements significantly upgraded the PCI and resolved long-standing street surface drainage issues which had exacerbated road degradation.

Other Funds Leveraged/Expended: This project was funded via the City's General Fund (\$299,933), Measure X (\$494,227), the Senate Bill 1 (SB1) Road Maintenance and Rehabilitation Fund (\$242,234), and the City's Sewer Fund (\$378,127). This project began in May 2021 (FY20/21). The project was carried forward to FY21/22 and completed in September 2021. Expenditures noted above are reflective of the full project across both fiscal years.

Before and After Photos: Before and after photos are included in Exhibit A.

PROJECT 2 FY21/22 Street Rehabilitation Project on Ocean View Blvd

Project Title: Street Rehabilitation on Ocean View Blvd

Scope of Work: This project serves as a vital road rehabilitation project that addressed two segments of Ocean View Blvd:

1. Ocean View Blvd from 2nd St to Carmel Ave
2. Ocean View Blvd from 17th St to Sea Palm Ave

The scope of work included:

- 182,000 SF of asphalt concrete (AC) overlay
- 3,000 SF of pavement patching
- Various stormwater improvements including installation of 184 LF of storm water pipe, reconstruction of 5 catch basins, construction of 2 new catch basins, and 3 storm drain manhole access points
- Reconstruction of 300 SF of sidewalk and 140 LF of curb/gutter
- Reconstruction of 3 curb ramps, construction of 1 new curb ramp
- Thermoplastic pavement markings
- Replacement of 725 LF of sanitary sewer pipe, and
- Rehabilitation of 8 manholes

Benefits: These heavily trafficked road segments of Ocean View Blvd were in "poor" condition with a Pavement Condition Index (PCI) rating ranging from 33-40. Rehabilitation of these segments vastly improved road conditions and allowed for aging stormwater and sewer infrastructure to be addressed prior to road treatments.

The City also worked closely with California American Water to coordinate vital water main replacements to occur on segments Ocean View Blvd within the project area, between 17th St and Mermaid Ave and 1st St to 11th St, prior to the pavement improvements. Project coordination with California American Water allows for improved long-term pavement preservation.

Other Funds Leveraged/Expended: This project was funded from various sources including the City's General Fund, Measure X, Senate Bill 1 (SB1) Road Maintenance and Rehabilitation Account (RMRA), and the Sewer Fund. Below is a breakdown of expenditures in the FY21/22 year.

Please note, construction commenced in FY21/22 and was carried forward into FY22/23 to allow for project completion. Construction was deemed complete on October 25, 2022. Expenditures below are reflective of costs incurred in FY21/22. As noted above, the project was formally carried into the 22/23 Fiscal Year to allow for project completion. At the time of writing this report, final invoicing is still being processed.

FY21/22 Expenditures:

- City's General Fund: \$294,309.20
- Measure X: \$342,502.30
- RMRA: \$0
- Sewer Fund: \$36,445.17

Before and After Photos: Before and after photos are included in Exhibit A.

**PROJECT 3
FY21/22 Crack & Slurry Seal**

Project Title: FY21/22 Crack & Slurry Seal

Scope of Work: The City's Pavement Management Program was utilized to identify approximately 631,000 SF of street surface, at various locations across the city, to receive a crack and slurry seal treatment. This included 17 road segments. This cost-effective maintenance treatment allows the City to ensure these roads remain in good condition by preventing rapid pavement deterioration and potholes due to inclement weather.

STREET NAME	LIMITS
17 MILE DR	LIGHTHOUSE AVE TO SINEX AVE
ASILOMAR AVE	JEWELL AVE TO PICO AVE
OCEAN VIEW BLVD	ASILOMAR AVE TO SEA PALM AVE
OCEAN VIEW BLVD	17 TH ST TO CARMEL AVE
SINEX AVE	17 MILE DR TO ASLIMAR AVE
AVALON PLACE	17 MILE DR TO END
PEDERSEN COURT	CEDAR ST TO END
3 RD ST	OCEAN VIEW BLVD TO CENTRAL AVE
3 RD ST	OCEAN VIEW BLVD TO LIGHTHOUSE AVE
4 TH ST	CENTRAL AVE TO END
4 TH ST	CENTRAL TO LIGHTHOUSE AVE
5 TH ST	OCEAN VIEW BLVD TO CENTRAL
UPPER LIGHTHOUSE	13 TH ST TO EARDLEY AVE
9 TH ST	OCEAN VIEW BLVD TO CENTRAL AVE
14 TH ST	OCEAN VIEW BLVD TO CENTRAL AVE
CHESTNUT ST	LIGHTHOUSE AVE TO LAUREL AVE
WALNUT ST	LIGHTHOUSE AVE TO LAUREL AVE

Benefits: Crack and slurry sealing is a vital maintenance activity that helps preserve the City's roadways against rapid deterioration due to inclement weather. This is cost-effective maintenance treatment helps ensure roads in good condition, remain in good condition for

years to come. Streets that received the crack & slurry seal treatment were identified via the City's 2019 Pavement Management Program, maintenance logs, and in-field observations

Other Funds Leveraged/Expended: This project was funded by The City's General Fund (\$200,000) and Measure X funds (\$13,613.34).

Before and After Photos: Before and after photos are included in Exhibit A.

ATTACHMENT 1
INDEPENDENT AUDIT OF FINANCIAL
STATEMENTS

CITY OF PACIFIC GROVE
TRANSPORTATION SAFETY AND
INVESTMENT PLAN ACCOUNT FUND

WITH INDEPENDENT
AUDITORS' REPORT

JUNE 30, 2022

* * *



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037

CITY OF PACIFIC GROVE
Transportation Safety and Investment Plan Account Fund
June 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

City Council
City of Pacific Grove
Pacific Grove, California

Opinions

We have audited the accompanying financial statements of the Transportation Safety and Investment Plan Account Fund of the City of Pacific Grove (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Safety and Investment Plan Account Fund of the City of Pacific Grove, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Transportation Safety and Investment Plan Account Fund and do not purport to, and do not, present fairly the financial position of the City of Pacific Grove, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the fiscal 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.

Responsibilities of Management for the Financial Statements

City management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Transportation Safety and Investment Plan Account Fund financial statements that collectively comprise the City of Pacific Grove Transportation Safety and Investment Plan Account Fund financial statements. The accompanying supplemental information – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the City’s Transportation Safety and Investment Plan Account Fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally



accepted in the United States of America. In our opinion, the supplemental schedule – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2022, on our consideration of the City of Pacific Grove Traffic Safety and Investment Plan Account Fund's internal control over financial reporting and on our tests of its compliance with the requirements described in the TAMC's Ordinance No. 2016-01 and in the Agreement between TAMC and the City and other matters for the fiscal year ended June 30, 2022. The purpose of that report is solely to report our opinion on compliance and to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of the City of Pacific Grove Traffic Safety and Investment Plan Account Fund's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pacific Grove Traffic Safety and Investment Plan Account Fund's compliance.

C & A LLP

November 26, 2022
Morgan Hill, California

**City of Pacific Grove
Transportation Safety and Investment Plan Accounting Fund
Balance Sheet
June 30, 2022**

ASSETS

Cash and investments	\$ 764,995
Taxes receivable	<u>208,109</u>
Total assets	<u>\$ 973,104</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 17,540
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Fund Balance:

Restricted	<u>955,564</u>
Total Liabilities and Fund balance	<u>\$ 973,104</u>

The accompanying notes are an integral part of these financial statements

City of Pacific Grove
Transportation Safety and Investment Plan Accounting Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2022

REVENUES

Transportation Safety and Investment Plan Account revenue	\$ 779,615
Investment earnings	<u>(16,307)</u>
Total Revenues	<u><u>763,308</u></u>

EXPENDITURES

Capital outlay	<u>803,482</u>
Total Expenditures	<u><u>803,482</u></u>

Net Change in Fund Balance (40,174)

Fund Balance Beginning 995,738

Fund Balance Ending \$ 955,564

The accompanying notes are an integral part of these financial statements

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Transportation Safety and Investment Plan Account Fund of the City of Pacific Grove (the City) is a governmental fund type. Governmental funds are accounted for using a current financial resources measurement focus. The application of this measurement focus provides that, in general, only current assets and current liabilities are present on the balance sheet. Operating statements of these funds present revenues and expenditures.

The modified accrual basis of accounting is used for the Transportation Safety and Investment Plan Account Fund. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Measurable means that the amount of the transaction can be determined. Available means the funds are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures of governmental funds are generally recognized when the related fund liability is incurred.

Reporting Entity

The Transportation Safety and Investment Plan Account Fund from the Transportation Agency for Monterey County was approved on November 8, 2016. The revenue from the sales tax measure will be used to fund transportation safety and mobility projects in Monterey County. Expenditures are restricted to road improvements, pothole repairs, street and road maintenance, traffic deduction and regional safety, mobility and walkability.

The Transportation Safety and Investment Plan Fund financial statements and related accounting policies of the City conform with generally accepted accounting principles applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements present only the Transportation Safety and Investment Plan Account Fund and do not purport to, and do not present, the City's financial position and changes in financial position. The City of Pacific Grove's basic financial statements are available from the Finance Department at City's address and website.

NOTE 2 – CASH DEPOSITS

The City follows the practice of pooling cash and investments for all funds (including the Transportation Safety and Investment Plan Account Fund) under its direct daily control. Interest earned on pooled cash and investments is allocated periodically to the various funds based on average cash balances. Detailed disclosure regarding the City's investments of cash is included in the notes to City's basic financial statements.

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 3 – MAINTENANCE OF EFFORT

The Measure X Master Programs Funding Agreement between the City of Pacific Grove and the Transportation Agency for Monterey County, as amended, requires that the City must expend each fiscal year from its general fund for street and highway purposes an amount not less than the annual average of its expenditures from its general fund during the 2009-10, 2010-11, and 2011-12 fiscal years, but not less than what was expended in 2016-17 (when Measure X passed), as reported to the Controller pursuant to Streets and Highways Code section 2151 (“Maintenance of Effort”). This baseline amount will be indexed annually to the Engineering News Record construction index.

The following eligible expenditures were made:

Fiscal year ended June 30:	
2010	\$ 326,756
2011	396,862
2012	720,604
Total	<u>\$ 1,444,222</u>
Three-year average	\$ 481,407
Fiscal year ended June 30, 2017	\$ 912,274
Maintenance of effort baseline	\$ 912,274
Engineering News Record construction index FY 2019/20	1.37%
Engineering News Record construction index FY 2020/21	1.27%
Engineering News Record construction index FY 2021/22	2.05%
Index-adjusted maintenance of effort requirement	\$ 955,694
Current year eligible expenditures	\$ 1,439,632
Compliant (Yes or No)	Yes

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2022 was \$1,439,632. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of Pacific Grove and the Transportation Agency for Monterey County.

**SUPPLEMENTARY
INFORMATION**

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Transportation Safety and Investment Plan Account Revenue	\$ 616,015	\$ 708,417	\$ 779,615	\$ 71,198
Interest	5,000	5,000	(16,307)	(21,307)
Total Revenues	621,015	713,417	763,308	49,891
EXPENDITURES				
Capital outlay	616,015	1,021,227	803,482	217,745
Total Expenditures	616,015	1,021,227	803,482	217,745
Net Change in Fund Balance	5,000	(307,810)	(40,174)	267,636
Fund Balance Beginning	995,738	995,738	995,738	-
Fund Balance Ending	<u>\$ 1,000,738</u>	<u>\$ 687,928</u>	<u>\$ 955,564</u>	<u>\$ 267,636</u>

The City employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the City Council to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the Measure X Special Revenue Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

**OTHER INDEPENDENT
AUDITORS REPORTS**



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

City Council
City of Pacific Grove
Pacific Grove, California

We have audited, 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, the financial statements of the Transportation Safety and Investment Plan Account Fund (Measure X Fund) of City of Pacific Grove (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Pacific Grove's Measure X Fund financial statements, and have issued our report thereon dated November 26, 2022.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Pacific Grove's internal control over financial reporting (internal control) to determine the 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 of Pacific Grove's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pacific Grove'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 misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement 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 over financial reporting 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 over financial reporting 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 City of Pacific Grove's Measure X Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

C & A LLP

November 26, 2022
Morgan Hill, California



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
TAMC ORDINANCE NO. 2016-01 AND THE MEASURE X
MASTER PROGRAMS FUNDING AGREEMENT**

City Council
City of Pacific Grove
Pacific Grove, California

We have audited the City of Pacific Grove's (the "City") Transportation Safety and Investment Plan Account Fund's (the City's Measure X Fund) compliance with the types of compliance requirements described in the Transportation Agency's for Monterey County's (TAMC) Ordinance No. 2016-01 and the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City, applicable for the fiscal year ended June 30, 2022.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Safety and Investment Plan Account Fund.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit in accordance with the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City. The Measure X Master Programs Funding Agreement requires that the independent auditor shall perform at least the following tasks: (1) determine whether the recipient expended all Measure X funds received in compliance with Measure X, the Measure X Investment Plan, and the Policies & Project Descriptions, as they may be adopted or amended by TAMC from time to time, and the Agreement, (2) determine whether the Measure X revenues received and expended were accounted for and tracked in its own separate budget and fund titled "Transportation Safety & Investment Plan Account" and were not be comingled with any other funds and that the accounting system provides adequate internal controls and audit trails to facilitate an annual compliance audit for each fund type and the respective usage and application of said funds, and (3) determine whether the City met the Maintenance of Effort requirements imposed by Measure X and State law. We conducted our audit of compliance 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 noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the City occurred. 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.



Opinion on Compliance with the TAMC Ordinance No. 2016-01

In our opinion, the funds allocated to and received by the City's Measure X Fund, complied, in all material respects, with the compliance requirements referred to above that are applicable in accordance to the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement between TAMC and the City for the fiscal year ended June 30, 2022.

Purpose of this Report

The purpose of this report is solely to report our opinion on compliance with the TAMC Ordinance No. 2016-01 and to describe the scope of our testing over compliance and the results of that testing. This report is intended solely for the information and use of City Council, management of the Transportation Agency for Monterey County and for filing with the appropriate regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

C & A LLP

November 26, 2022
Morgan Hill, California

FINDINGS AND RECOMMENDATIONS

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2022

None reported.

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Status of Prior Year Findings and Recommendations
For the Fiscal Year Ended June 30, 2022

None reported.

**ATTACHMENT 2
FIVE YEAR CAPITAL IMPROVEMENT
PROGRAM**

**CITY OF PACIFIC GROVE
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FOR FISCAL YEARS 22/23 – 26/27**

YEAR 1- FY22/23

Project	Description & Phase	Total Cost	Measure X	PCI
<p style="text-align: center;">FY22/23 Street Rehabilitation Project</p>	<p>This project will address the aging road infrastructure network, increase the PCI on four (4) road segments that are in "poor" or "failed" condition, address underground aging infrastructure, and ensure the City meets Maintenance of Effort (MOE) requirements.</p> <p>This Street Rehabilitation project will address the following four (4) road segments:</p> <ul style="list-style-type: none"> (1) 13th St, from Lighthouse Ave to Ocen View Blvd (OVB) (PCI 16) (2) 15th St, from OVB to Lighthouse Ave (PCI 9) (3) 16th St, from OVB to Central Ave (PCI 46) (4) 16th St, from Pine Ave to Junipero Ave (PCI 47) <p>The segments of 13th St and 15th St, noted above, are classified as "failed" roadways and are in dire need of repair. Both segments of 16th St are classified in "poor" condition and are also in need of rehabilitation. None of these roadways have received a formal rehabilitation treatment since constructed and only one of the above noted segments, 16th St (OVB to Central), has ever received a maintenance treatment, a crack & slurry treatment over 10 years ago; despite the maintenance treatment the road has significantly deteriorated.</p> <p>These segments were selected based on the City's Pavement</p>	<p>\$1,300,442</p>	<p>\$396,304</p>	<p>Ranges from 9 -47</p>

	<p>Management Program and in field observations.</p> <p>The underground sewer infrastructure on each of these road segments will be videoed and addressed as an aspect of this project via the sewer fund.</p> <p>The aging water line infrastructure, managed by California American Water, is planned to be replaced in advance of rehabilitation, further making these segments ideal to receive treatment.</p> <p><i>(Phases include engineering and construction.)</i></p>			
FY22/23 Crack and Slurry Seal	<p>Crack and Slurry sealing is a vital maintenance activity that helps preserve the City's roads against rapid deterioration and potholes due to inclement weather. This is a cost-effective maintenance treatment that helps ensure roads remain in good condition for years to come.</p> <p>Streets to receive the crack & slurry seal treatment are identified via the City's Pavement Management Program, maintenance logs, and in-field observations.</p> <p><i>(Phases include engineering and construction.)</i></p>	\$300,000	\$100,000	Varies
Totals:		\$1,600,442	\$496,304	

YEAR 2 – FY23/24

Project	Description & Phase	Total Cost	Measure X	PCI
FY23/24 Street Rehabilitation/Maintenance	<p>Various street maintenance and rehab treatments per the City's Pavement Management Program</p> <p><i>(Phases include engineering and construction)</i></p>	TBD	TBD	TBD
Totals:				

YEAR 3 – FY24/25

Project	Description & Phase	Total Cost	Measure X	PCI
FY24/25 Street Rehabilitation/Maintenance	Various street maintenance and rehab treatments per the City's Pavement Management Program <i>(Phases include engineering and construction)</i>	TBD	TBD	TBD
Totals:		TBD	TBD	TBD

YEAR 4-FY25/26

Project	Description & Phase	Total Cost	Measure X	PCI
FY25/26 Street Rehabilitation/Maintenance	Various street maintenance and rehab treatments per the City's Pavement Management Program <i>(Phases include engineering and construction)</i>	TBD	TBD	TBD
Totals:		TBD	TBD	TBD

YEAR 5-FY26/27

Project	Description & Phase	Total Cost	Measure X	PCI
FY26/27 Street Rehabilitation/Maintenance	Various street maintenance and rehab treatments per the City's Pavement Management Program <i>(Phases include engineering and construction)</i>	TBD	TBD	TBD
Totals:		TBD	TBD	TBD

DEFINITIONS OF REQUESTED INFORMATION:

1. Project: The title of the project to receive Measure X funding.
2. Description & Phase: A general description of the project and the phase (e.g. Environmental; Design; Right-of-Way; or Construction) that will be funded in the given year.
3. Total Cost: The total cost of the project.
4. Measure X: The amount of Measure X funding that will be expended on the project.
5. PCI: The Pavement Condition Index for the roadway, from the local jurisdiction's Pavement Management Program.

ATTACHMENT 3
PAVEMENT MANAGEMENT PROGRAM
REPORT LETTER



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, CA 93950

December 27, 2022

To: Todd Muck
Deputy Executive Director
Transportation Agency for Monterey County
55-B Plaza Circle
Salinas, CA 93901

RE: Pavement Management Program Annual Report Letter

The City of Pacific Grove confirms that it has a Pavement Management Program (PMP) that conforms to the criteria established by the Transportation Agency for Monterey County and included in the Measure X Agreement with the Local Agency. An approved Pavement Management Program must be in place to be eligible for Measure X funds.

In May 2017, the City joined the Transportation Agency of Monterey County's regional pavement assessment efforts to obtain a PMP that meets the requirements for continued Measure X funding.

The Pavement Management Program utilizes a software system developed by:

- Metropolitan Transportation Commission StreetSaver
- Other

The system was updated by Nichols Consulting Engineers (NCE) in 2022 and contains, at a minimum, the following elements:

- Inventory of all existing pavements under the local agency jurisdiction:
 - Centerline miles: 65.18
 - Total lane miles (or equivalent units): 121.33
 - The last update of the inventory was completed on: December 2022
- Average Pavement Condition Index (PCI) 60
- Identification of sections of roadways brought up to acceptable PCI levels for the current year:

Project	Road Segment	PCI at Onset of Project	PCI after Project Completion	Notes
FY20/21 Street Rehabilitation Project	Lower Lighthouse Ave (Eardley Ave to 13th St)	32-45	100	This project commenced in FY20/21 and was completed in
	Funston Ave	49	100	

	(Presidio Blvd to Montecito Ave)			FY21/22.
FY21/22 Crack & Slurry Seal	17 road segments at various locations in the City	Varies	Varies	
FY21/22 Street Rehabilitation - Ocean View Blvd	Ocean View Blvd (2nd St to Carmel Ave)	33-40	100	<i>This project commenced in FY21/22 and was carried forward into FY22/23 to allow for completion.</i>
	Ocean View Blvd (17th St to Sea Palm Ave)			

- Amount of Measure X funds spent to rehabilitate or replace deficient sections for the current year: \$803,482
- Total MOE eligible expenditures: \$1,439,632

You may direct any questions regarding the system to Joyce Halabi, Deputy Public Works Director at (831) 648-5722 x 4201.

Sincerely,

DocuSigned by:

 056C641716ED4E6...

Daniel Gho
 Public Works Director/Deputy City Manager

Exhibit A
Before & After Project Photos

PROJECT 1
Street Rehabilitation on Lower Lighthouse Ave & Funston Ave





Before – Lower Lighthouse



After – Lower Lighthouse



Before - Lower Lighthouse



After - Lower Lighthouse





Before - Funston



After - Funston

Before – Funston



After – Funston



PROJECT 2
FY21/22 Street Rehabilitation Project on Ocean View Blvd

Before – Ocean View Blvd at 17th St



After – Ocean View Blvd at 17th St



After – Ocean View Blvd at Sea Palm



After – Ocean View Blvd Sharrows



Before – Pedestrian & Road Improvements



After – Pedestrian & Road Improvements



**PROJECT 3
FY21/22 CRACK & SLURRY SEAL**

Before – Crack & Slurry Treatment



After – Crack Seal Treatment



After – Crack & Slurry Treatment

