



CITY OF PACIFIC GROVE

FY20/21 MEASURE X ANNUAL COMPLIANCE REPORT

Report Components

- FY20/21 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

FY20/21 Project Report & Balance Summary Sheet

PROJECT 1

Street Rehabilitation Project on David Ave & Central Ave

Project Title: Street Maintenance and Rehabilitation on Central Avenue & David Avenue

Scope of Work: This project addressed two segments of roadway:

1. David Ave, from Kenet Pl to Montecito Ave, and
2. Central Ave, from 15th St to 9th St

The scope of work for the rehabilitation of David Avenue included:

- 54,000 SF of pavement reconstruction
- 9,750 SF of asphalt concrete (AC) overlay
- installation of 350 SF of AC walkway
- construction of 330 LF of storm drain
- installation 535 LF of sanitary sewer line
- construction of 4 manholes, and
- 2 sanitary sewer spot repairs

The scope of work for the rehabilitation of Central Avenue included:

- 6,300 SF of pavement reconstruction
- 46,000 SF of 2" asphalt concrete (AC) overlay
- reconstruction of 420 SF of sidewalk
- reconstruction of 520 SF of stormwater cross gutter
- reconstruction of 120 LF of curb
- reconstruction of 4 curb ramps
- construction of 5 storm drain inlets, and
- installation of 308 LF feet of storm drain

Benefits: At the onset of the project, this stretch of David Avenue was one of the lowest-rated segments of pavement in the city. It was considered "failing" with a Pavement Condition Index (PCI) rating of 17. This segment of David Avenue is classified as a collector, is heavily used by the adjacent neighborhood, and provides direct access to two local schools. This project allowed the city to rehabilitate the failed and heavily trafficked roadway, improve drainage and access, and rehabilitate underground sewer and stormwater infrastructure. Not only did this project improve road infrastructure, but it addressed years of citizen requests to perform long-term maintenance on this stretch of roadway.

Central Avenue, between 9th St and 15th St, had a PCI rating of 63 and was classified in "fair" condition. Despite the decent PCI rating, Central Avenue was exhibiting significant signs of distress and cracking. This segment of roadway provides access to the downtown corridor and local popular amenities like the Pacific Grove Public Library, Jewell Park, and the Pacific Grove Museum of Natural History. This project allowed the City to significantly improve roadway conditions, access, and stormwater infrastructure in a cost-effective manner, avoiding a significantly more costly road reconstruction project in the future.

Other Funds Leveraged/Expended: This project was funded via the City's General Fund (\$533,221), Measure X (\$325,052), the Senate Bill 1 (SB1) Road Maintenance and Rehabilitation Fund (\$203,379), and the City's Sewer Fund (\$212,065).

This project began in May 2020 (FY19/20) and was completed in September 2020 (FY20/21). 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 Pine Ave & Eardley Ave Traffic Calming & Pedestrian Safety Project

Project Title: Pine Ave & Eardley Ave Traffic Calming & Pedestrian Safety

Scope of Work: This project included significant pedestrian improvements at the intersection of Pine Ave and Eardley Ave. Improvements included a bulb-out at the northeast, northwest, and southeast corners of Eardley Ave, a landscaped center median island, new road striping, crack and slurry seal of the intersection, and curb/gutter, sidewalk, ADA and stormwater improvements.

Benefits:

This project significantly enhanced pedestrian safety by shortening crossing distances and providing pedestrian refuge in a landscaped center median island. The traffic safety improvements also included improving access, narrowing the travel lanes, and improving pavement markings/signage. Pavement conditions were also enhanced through a crack and slurry seal treatment and stormwater improvements, which will help preserve pavement conditions by properly channeling surface water flow.

Another significant project benefit was the cost-effective nature of the improvements. Plans had already been developed, vetted by the public, and finalized in fiscal year 2018/2019 as part of the larger Pine Avenue Pedestrian Improvement Project funded by the City's General Fund. Due to funding limitations, construction of the improvements at Pine & Eardley did not move forward. This project allowed the city to promptly proceed with construction and make the significant improvements to pedestrian safety.

Other Funds Leveraged/Expended: This construction project was funded by Measure X. Total expenditures were \$258,777. The project commenced in November 2020 and concluded in May 2021.

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

PROJECT 3 Crack & Slurry Seal Project
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Project Title: FY20/21 Crack & Slurry Seal Project

Scope of Work: The City's Pavement Management Program was utilized to identify approximately 544,200 SF of street surface, at various locations across the city, to receive a crack and slurry seal treatment. This included 13 road segments and 9 city-owned parking lots/miscellaneous areas. 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.

Location	Bounds
Jewell Ave	17 th St to Cedar St
Asilomar Ave	Ocean View Blvd to Del Monte Blvd

15 th Street	Pine Ave to Lighthouse Ave
Spruce Ave	Fountain Ave to Congress Ave
Spruce Ave	Lobos Ave to Cedar St
Union St	Forest Ave to Caledonia Ave
Pico Ave	La Calle Corte to Sunset Ave
La Calle Corte	Pico Ave to End
Eardley Ave	Ocean View Blvd to Central Ave
18 th St	Jewell Ave to Lighthouse Ave
Asilomar Ave	N & S of Jewell Ave Intersection
Sinex Ave	E. City Limits to Carmel Ave
Sinex Ave	14 th St to 17 Mile Drive

The Lovers Point Parking Lot, Lovers Point Pathways, Lovers Point Grill area, Theatre Parking Lot, Fandango Parking Lot, Grove Market Parking Lot, Otter Point Parking Lot, Crespi Pond Parking Lot, and Sea Palm Park Lots also received the crack and slurry seal treatment.

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 a cost-effective maintenance treatment that 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 via the City's General Fund (\$199,999) and Measure X (\$47,226). This project began in April 2021 and was completed in May 2021.

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

<p>Project 4 Street Rehabilitation Project on Lower Lighthouse Ave & Funston Ave</p>

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 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) 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 Montecito 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 Montecito, 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.

City of Pacific Grove – Fiscal Year 2020/2021 Balance Sheet

Measure X REVENUES	
Carryover from Previous Year	\$887,621
Measure X Revenues	\$657,027
Earning on Interest	(\$114)
TOTAL REVENUES	\$1,544,534
Measure X EXPENDITURES	
(Listing of Program Expenditures)	
Total Measure X Expenditures	\$548,796
FUND BALANCE, END OF PERIOD	\$995,738
TOTAL MOE ELIGIBLE EXPENDITURES	\$1,388,634

Attachment 1: Independent Audit of Financial Statements for Measure X Funds

CITY OF PACIFIC GROVE
TRANSPORTATION SAFETY AND
INVESTMENT PLAN ACCOUNT FUND

WITH INDEPENDENT
AUDITORS' REPORT

JUNE 30, 2021

* * *



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, 2021

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

City Council
City of Pacific Grove
Pacific Grove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Pacific Grove Transportation Safety and Investment Plan Account Fund, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

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 an opinion 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City's Transportation Safety and Investment Plan Account Fund, as of June 30, 2021, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.



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, 2021, 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.

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 December 14, 2021, 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, 2021. 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.

December 14, 2021
Morgan Hill, California

City of Pacific Grove
Transportation Safety and Investment Plan Accounting Fund
Balance Sheet
June 30, 2021

ASSETS

Cash and investments	\$ 805,738
Taxes receivable	<u>191,188</u>
Total assets	<u><u>\$ 996,926</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 1,188
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Fund Balance:

Restricted	<u>995,738</u>
Total Liabilities and Fund balance	<u><u>\$ 996,926</u></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, 2021

REVENUES	
Transportation Safety and Investment Plan Account revenue	\$ 657,027
Investment earnings	(114)
Total Revenues	<u>656,913</u>
EXPENDITURES	
Capital outlay	<u>548,796</u>
Total Expenditures	<u>548,796</u>
Net Change in Fund Balance	108,117
Fund Balance Beginning	<u>887,621</u>
Fund Balance Ending	<u>\$ 995,738</u>

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, 2021

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, 2021

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%
Index-adjusted maintenance of effort requirement	<u>\$936,458</u>
Current year eligible expenditures	\$1,388,634
Compliant (Yes or No)	Yes

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2021 was \$1,388,634. 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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Transportation Safety and Investment Plan Account Revenue	\$ 552,500	\$ 568,593	\$ 657,027	\$ 88,434
Interest	6,000	4,724	(114)	(4,838)
Total Revenues	558,500	573,317	656,913	83,596
EXPENDITURES				
Capital outlay	676,530	1,457,282	548,796	908,486
Total Expenditures	676,530	1,457,282	548,796	908,486
Net Change in Fund Balance	(118,030)	(883,965)	108,117	992,082
Fund Balance Beginning	887,621	887,621	887,621	-
Fund Balance Ending	<u>\$ 769,591</u>	<u>\$ 3,656</u>	<u>\$ 995,738</u>	<u>\$ 992,082</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, 2021, 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 December 14, 2021.

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

December 14, 2021
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, 2021.

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, 2021.



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

December 14, 2021
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, 2021

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, 2021

None reported.

Attachment 2: Five-Year Capital Improvement Program

CITY OF PACIFIC GROVE MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2021/22 – FY2025/26

YEAR 1 – FY2021/22

Project	Description & Phase	Total Cost	Measure X	PCI
FY21/22 Street Rehabilitation on Ocean View Blvd	<p>This project entails street rehabilitation on two segments of Ocean View Blvd: (1) Ocean View Blvd from 2nd St to Carmel Ave, and (2) Ocean View Blvd from 17th St to Sea Palm Ave</p> <p>These road segments were identified based on the City's Pavement Management Program and in-field observations of existing conditions. These heavily trafficked road segments are currently in "poor" condition with a Pavement Condition Index (PCI) rating ranging from 33-40. Rehabilitation of these segments will vastly improve road conditions and allow aging underground sewer infrastructure to be addressed prior to road treatments via the Sewer Fund.</p> <p>Additionally, this project will help ensure the City remains eligible for continued Measure X and Senate Bill 1 (SB1) funding by meeting Maintenance of Effort (MOE) requirements.</p> <p><i>(Phases include engineering and construction)</i></p>	\$1,576,443	\$566,015	33-40
FY21/22 Crack & 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 were identified via the City's Pavement Management Program, maintenance logs, and in-field observations. This project will address approximately 28 road segments.</p> <p>This project will help ensure the City remains eligible for continued Measure X and Senate Bill 1 (SB1) funding by meeting MOE requirements.</p> <p><i>(Phases include engineering and construction)</i></p>	\$250,000	\$50,000	Various
TOTALS:		\$1,826,443	\$616,015	

YEAR 2 – FY2022/23

Project	Description & Phase	Total Cost	Measure X	PCI
FY22/23 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 3- FY2023/24

Project	Description & Phase	Total Cost	Measure X	PCI
FY23/24 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 – 2024/25

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 5 – 2025/26

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

Attachment 3: Pavement Management Program Report Letter



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

December 21, 2021

Todd Muck
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 (TAMC) and included in the Measure X Agreement with the Local Agency. An approved PMP must be in place to be eligible for Measure X funds.

In May 2017, the city joined TAMC's regional pavement assessment efforts to obtain a PMP that meets the requirements for continued Measure X funding.

The PMP utilizes a software system developed by:

- Metropolitan Transportation Commission StreetSaver
 Other

The system was updated by Nichols Consulting Engineers (NCE) in 2019 and contains, at a minimum, the following elements:

- Inventory of all existing pavements under the local agency jurisdiction
 - Centerline Miles 66.7
 - Total Lane Miles 125.9
 - Last Update of the inventory January 2019

- Average Pavement Condition Index (PCI) 50
- 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
Street Rehabilitation on David Ave & Central Ave	David Ave (Kenet Ave to Montecito Ave)	17	100	This project commenced in FY19/20 and was completed in FY20/21
	Central Ave (9 th St to 15 th St)	63	100	
Pine Ave & Eardley Ave Traffic Calming and Pedestrian Safety	Intersection of Pine Ave & Eardley Ave	53	66	
Crack and Slurry Seal	13 road segments at various locations	Various	Various	
Street Rehabilitation on Lower Lighthouse Ave & Funston Ave	Lower Lighthouse Ave (Eardley Ave to 13 th St)	32-45	100	The project commenced in FY20/21 and was carried forward into FY21/22
	Funston Ave (Presidio Blvd to Montecito Ave)	49	100	

- Amount of Measure X funds spent to rehabilitate or replace deficient sections for the current year: \$548,796
- Total MOE Eligible Expenditures: \$1,388,634

You may direct any questions regarding the system to Joyce Halabi, Deputy Public Works Director at (831) 648 – 5722 x 4201 or jhalabi@cityofpacificgrove.org.

Sincerely,

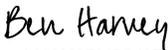
DocuSigned by:

 AA58608E21DD48F...
 Ben Harvey
 City Manager

Exhibit A: Before & After Project Photos

Project 1 – Street Rehabilitation on David Ave & Central Ave





Before – David Ave



After – David Ave





Before - Central Ave



After - Central Ave

Before – Central Ave



After – Central Ave



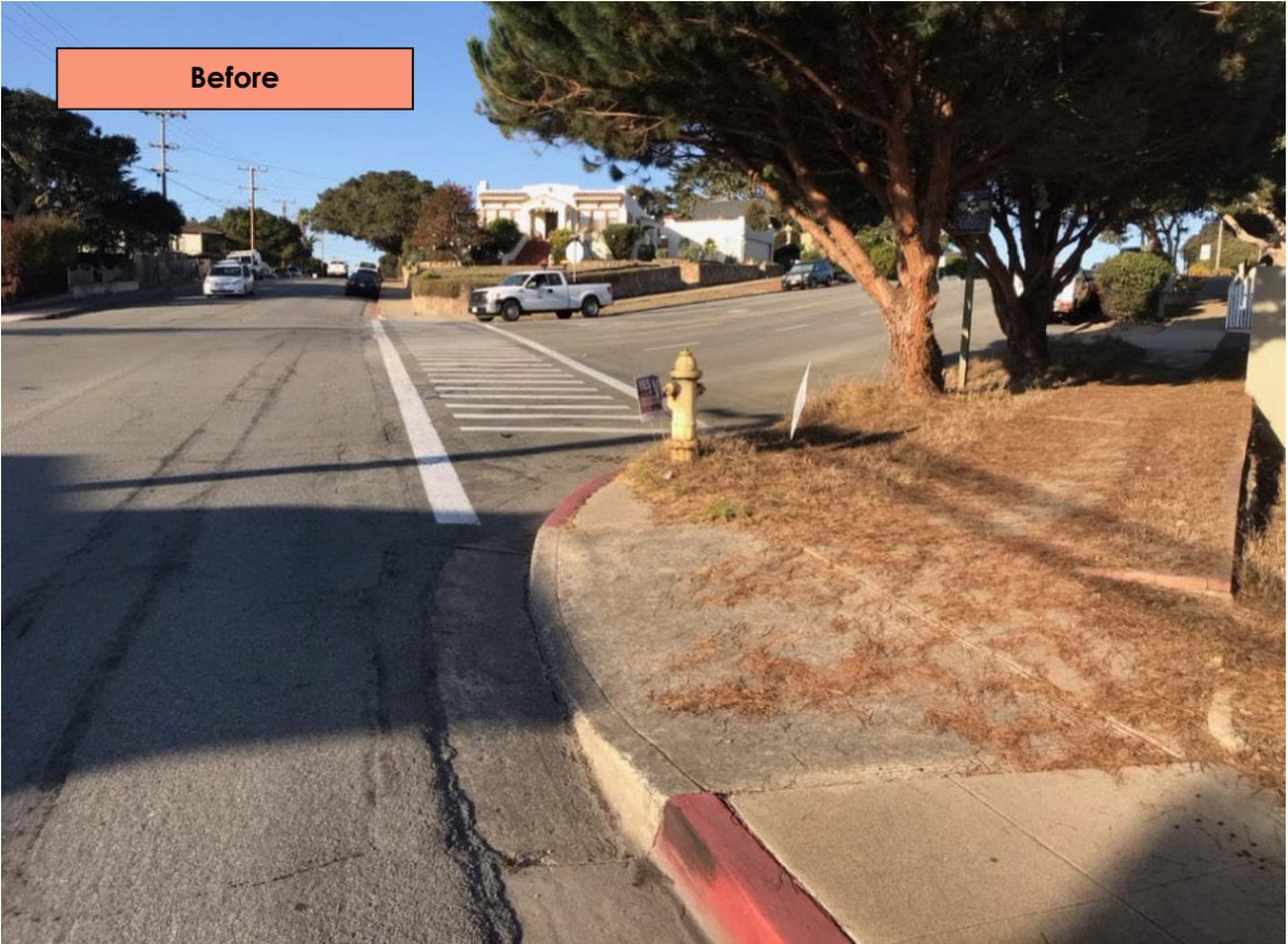
Project 2 – Pine Avenue & Eardley Avenue Traffic Calming & Pedestrian Safety Project

Before



After









Project 3 – Crack and Slurry Seal Project



Before



After



Before



After



Project 4- Street Rehabilitation on Lower Lighthouse Ave & Funston Ave

Before – Lower Lighthouse



After – Lower Lighthouse





Before - Lower Lighthouse



After - Lower Lighthouse

Before – Lower Lighthouse



After – Lower Lighthouse



Before – Lower Lighthouse



After – Lower Lighthouse



Before – Funston



After – Funston



Before – Funston



After – Funston

