



Public Works Department

REVISED AGENDA
REGULAR MEETING
OF THE
CITIZEN STREET OVERSIGHT COMMITTEE

Monday, January 24, 2011, 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue

Roll Call

1. Staff Liaison Report

Update on City-wide Pavement Management Program

2. Comments from the Public

(Each speaker is limited to a maximum of 2 minutes.)

3. Approval of Minutes

Review and approve minutes from September 27, 2010. (**Action Requested: Approval**)

4. Election of Committee Officers

Nominate and elect Committee Chair and Vice Chair. (**Action Requested: Elect Officers**)

5. Review Fiscal Year 2009-10 Audit and Auditor's Report

Review annual audit report as it pertains to Measure A and Agreed Upon Procedures Report from City's auditor; Consider approving and signing Annual Report memorandum to City Council (**Action Requested: Approve and sign Annual Report Memorandum to Council**)

6. Future Agenda Items and Meeting Schedule

The next regular meeting is September 26, 2011.

7. Adjournment

Any writings or documents provided to a majority of the Citizen Street Oversight Committee regarding any item on this agenda will be made available for public inspection in the Public Works Department located at 10890 San Pablo Avenue during normal business hours.

COMMUNICATION ACCESS INFORMATION

To request a meeting agenda in large print, Braille, or on cassette, or to request a sign language interpreter for the meeting, call Jerry Bradshaw, Staff Liaison at 215-4382 (voice) at least FIVE (5) WORKING DAYS NOTICE PRIOR TO THE MEETING to ensure availability.

10890 San Pablo Avenue, El Cerrito, CA 94530 Tel: 510.215.4382
E-mail: jbradshaw@ci.el-cerrito.ca.us



Public Works Department

Draft Summary Minutes

REGULAR MEETING OF THE CITIZEN STREET OVERSIGHT COMMITTEE

Monday, September 27, 2010, 7:00 p.m.

El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue

Roll Call at 7:05 p.m.

Present: Committee Members Thomas Miller, Ozselcuk, Al Miller
Absent: Committee Members Kessler

Other Attendees: Staff Liaison Jerry Bradshaw

1. Staff Liaison Report

Staff Liaison Bradshaw did the following:

- Passed out the auditor's Agreed Upon Procedures Report, which conformed to the modifications approved by the Committee at the January 2010 meeting.
- Passed out a new publication about the Ralph M. Brown Act.
- Presented a copy of the Measure A Street Improvement mailer that went to all residences in town that includes a map showing a summary of work completed over the life of Measure A.
- Passed out a brochure by the SFEP highlighting the El Cerrito Greenstreets Project which included rain gardens along two sections of San Pablo Avenue, and gave a briefing about how these ground-breaking rain gardens work.
- Gave a briefing about Measure R, the City's current ballot measure to increase the local sales tax by one half percent for 7 years to supplement declining revenues during the current economic downturn. The City's "Budget In Brief" letter was made available to Committee members.
- Presented the slide show that the City Council saw in June summarizing the street improvement work that began in 2007 and was just concluding in the fall of 2010. Approximately 80% of all streets in town will have been resurfaced. The program also included 43 storm drain locations comprising 3% of the Measure A Program costs and

nearly 400 curb ramps comprising 9% of the Measure A Program costs – much less than the projected 15%. The City also has a separate ongoing CIP project that will continue to install ramps throughout town based on access needs.

A map showing the street segments that are not yet improved to the “Good” condition category revealed only a handful of streets. Balra was the only street still in the “Very Poor” category, but that was omitted deliberately due to an EBMUD water line replacement project. It is hoped that this work may still be done in 2010 depending on coordination issues with EBMUD.

Staff will present a new pavement condition report to the City Council on October 18. The most recent pavement condition data has not been received yet, but it will be presented at the next Committee meeting.

- Updated the Committee about term limits for committee members – Of the four current committee members, two members’ terms will expire in January 2011: Liz Oszelcuk and Thomas Miller. Both were provided with applications in case they wished to re-apply. The other two members’ terms run until January 2012. The City Clerk will advise of the procedure for all who apply, but she hopes to conclude the interview process by December 2010 in order to fill the vacancies that occur in January 2011.

2. Comments from the Public

Thomas Miller, speaking as a member of the public, stated that progress on the Street Program has been outstanding.

3. Approval of Minutes

The draft minutes were lengthy at 5 pages, and Chair Miller thanked staff for their efforts in preparing them. Liaison Bradshaw stated that the meeting discussions contained many salient points that help define the Committee’s work, and it was his pleasure to document it.

Committee member Thomas Miller was disturbed by the information on Page 3 at top (referencing Section 3.f of the Agreed Upon Procedures) that states that Measure A funds can be diverted to purposes other than streets. His role on the Committee was to ensure that the opposite happened. Chair Al Miller pointed out that the remainder of the paragraph clarified that this is not allowed in the ordinance, and the bond covenants do not override the enabling ordinance. A further reading of the Report also stated that this clause applied only to bond proceeds – not the ongoing Measure A revenues. Additionally it applied only to funds left over after the “project” is complete, but the bond proceeds will be completely spent in the first few years with none remaining. Therefore it is a moot point.

Committee member Thomas Miller also expressed concern that the Measure A goes on forever, and once the streets are fixed, it should end. The large amount of funding needed to bring the streets back to good condition won’t be required to maintain the streets at that level into the future. Liaison Bradshaw concurred, but also explained that while the annual revenue from Measure A is relatively constant, the City elected to issue bonds that would require

approximately 60% of the annual proceeds over the next 30 years to be used for debt repayment. Only the remaining 40% annually would be available for the ongoing maintenance. This aligns with Committee member Thomas Miller's argument of needing massive funding early on and much less funding into the future. When the bonds are paid back in 30 years, the City will have to re-evaluate the funding and maintenance strategies. Committee member Thomas Miller stated that he just had his 90th birthday in August, and when the 30 years rolls around he will look at this very carefully.

No corrections to the minutes were requested.

Action taken: Approve minutes. M/S Thomas Miller / Ozselcuk. Approved unanimously.

4. Review Fiscal Year 2009-10 Expenditures and Revenues

Liaison Bradshaw handed out an 8-page listing of expenditures. He reviewed the format of the list. It was similar to the previous year's listing although much longer since it was a full year of activity.

Having the Committee review the draft expenditures list prior to the audit will help ensure that the auditor's work can be done efficiently and address any questions or concerns of the Committee.

On Page 4-1 are general revenues. The sales tax receipts come to approximately \$1.3 million. Question: Were there any revenues from bonds? Answer: No, they all came in 2008. Other miscellaneous revenues included rent paid by Avila Project Management and street moratorium fees. (When utilities and property owners who must excavate in streets that have been paved recently enough be under an excavation moratorium, an extra fee is charged to restore the pavement surface. Those fees are deposited into the Street Improvement Fund to perform the restoration work.)

Non-Measure A revenues are not technically subject to review by the Committee, but since they are comingled and will be spent on Measure A-eligible work, they can be comingled. They are a "dilution" of Measure A – not a "pollution".

Expenditures begin on Page 4-2. There are expenses paid to Maze & Associates, the City's auditors who are auditing the whole City. Question: Why do they show up in Measure A? Answer: The charges from Maze represents only their work to perform the Agreed Upon Procedures Report, which is specific to Measure A. Measure A did not pay for their general audit work for the City.

Question: Why are we paying Comcast? Answer: Comcast provides the phone and internet services to the modular building that houses Avila Project Manager, the Measure A managers.

Sub-project 1 pertains to general program expenses such as management, rent on the modular buildings, Ninyo & Moore (testing engineers). Ninyo & Moore expenses were unusually high

in 2009; partially due to some problems with materials furnished by International Surfacing Systems and Gallagher & Burke that required additional testing and consultations.

On Page 4-4 begin the project-specific expenses. 2009 projects begin with sub-project 8, which was the AR Cape Seal. Avila Project Management expenses reflect the intensity of the oversight and design work that had to occur for this large sub-project. In particular, the storm drain repairs under the roadway had to be designed “on the fly” and modified as field conditions were warranted. Avila is paid on an hourly basis since their scope of work cannot be determined ahead of time. Overall, the soft costs (design, contract administration, program management and construction oversight and inspections) was forecast to be under 20% of construction costs overall. The most recent projects actually came in at approximately 24%, but that is due to the much-lower construction cost – not higher soft costs.

This project includes an expense to Terra Nova for a replacement sewer lateral. This came about after the City’s pavement contractor was unable to quickly repair a residential sewer lateral the was broken, and the City hired a sewer contractor to repair it and back-charge the paving contractor.

On page 4-5 is sub-project 9, the Rubberized Asphalt Overlay.

Sub-projects 10 and 11 are underway (in 2010), but the contractors had no expenses prior to June 30th (the end of the fiscal year under review). This expense listing only shows the design and early management costs.

On page 4-6 is the last of Project C3027, which is where the primary Measure A work is contained. After that begins a few special projects (C3037, C3048 and C3061) that have federal funds mixed in. On the very bottom of Page 4-6 is a revenue entry of \$600,000 that is a reimbursement from the federal grant for the 2009 RAC Overlay project (C3048). The last project is the ill-fated Stimulus II program that Congress never passed. Local agencies were advised that projects needed to be “shovel ready” in order to be eligible, but the funds never materialized. El Cerrito spent \$139,000 getting ready with no work to show for it. Those expenses are not necessarily wasted since the project will need to be built sooner or later.

The bottom lines show much more expense than revenue, which reflects the City spending down the balance of bond proceeds. By the close of fiscal year 2010-11, the balance will be nearly zero, and the program will begin its pay-as-you-go phase.

One thing missing from the listing is the \$738,000 expense for the annual debt payment.

The committee discussed the complexity of the Measure A program: the enabling ordinance, the annual work plan authorized by the City Council, contracts awarded by Council, the documentation of the actual work done each, and the Committee’s requirement to approve expenditures. In particular, there was discussion on being able to produce documentation (a paper trail) to demonstrate to a casual observer that the Measure A Program flows from the Council’s direction through the actual work done and the Committees review and approval of the expenditures. Committee member Ozselcuk suggested that a flow chart exhibiting these

relationships be created to help citizens understand the Program. Liaison Bradshaw stated that he would take a look at developing such a flow chart.

5. Future Agenda Items and Meeting Schedule

Liaison Bradshaw reviewed the regular meeting schedules and the rationale for those dates. These are based on the fiscal year, which ends on June 30th. Staff typically needs until mid- to late-August to close out the year's fiscal activity, and a few more weeks to be prepared to issue any reports. The Committee chose to set the first meeting of the year on the 4th Monday in September in order to receive staff's presentation of the year's fiscal activity.

The City's auditors do not begin their work until late October, and it can take at least a month to receive their audit reports putting it in the start of the holiday season. Based on that, the Committee chose to review that audit report on the 4th Monday in January to ensure that the audit is complete and clear of the holiday season. This would allow for the Committee to have staff's presentation of fiscal activity as well as the independent auditors Agreed Upon Procedures Report before making their annual determination of compliance.

Finally, the Committee established another meeting between the September and January meetings in case questions arose at the September meeting that needed to be addressed prior to the last meeting in January. The 2nd Monday in November was selected, although it was anticipated that the November meeting could be cancelled if it was not needed.

Action taken: Cancel the November 2010 meeting. M/S Thomas Miller / Ozselcuk.
Approved unanimously.

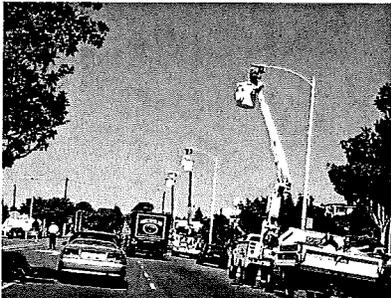
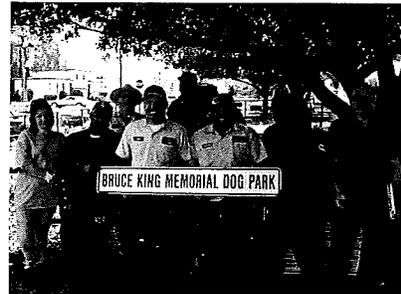
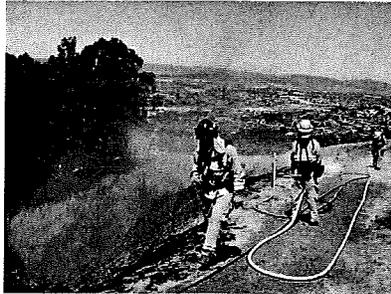
The next regular meeting is January 24, 2011.

6. Adjourned at approximately 9:10 p.m.

Geoff



City of El Cerrito, California
Fiscal Year Ended June 30, 2010
Comprehensive Annual
Financial Report



10890 San Pablo Avenue, El Cerrito, CA 94530
(510) 215-4300 www.el-cerrito.org

CITY OF EL CERRITO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010

	General Fund	City Hall Construction Fund	Capital Improvement Fund	Street Improvement Fund	Redevelopment Capital Projects Fund
ASSETS					
Cash and investments (Note 3)	\$1,968,190		\$343,034	\$654,250	\$1,385,074
Cash with fiscal agents (Note 3)				491,275	398,270
Accounts receivable	807,817		3,598		5,506
Due from other governments	1,118,663		186,492	235,159	193,916
Interest receivable	4,760				
Loans receivable (Note 5)					
Deposits	3,405				
Inventory	23,926				
Prepaid items	31,801				
Advance to other funds (Note 4B)	1,100,000				
Land held for redevelopment (Note 1G)					6,454,789
Total Assets	<u>\$5,058,562</u>		<u>\$533,124</u>	<u>\$1,380,684</u>	<u>\$8,437,555</u>
LIABILITIES					
Accounts payable	\$588,695		\$288,051	\$103,767	\$15,779
Accrued liabilities	1,045,591		21,982	286,949	83,202
Deposits payable	193,804				5,000
Deferred revenue	182,179				
Advance from other funds (Note 4B)					2,102,854
Total Liabilities	<u>2,010,269</u>		<u>310,033</u>	<u>390,716</u>	<u>2,206,835</u>
FUND BALANCES (Note 8)					
Reserved:					
Debt service					10,000
Encumbrances	2,216		2,927,089	324,750	6,454,789
Land held for redevelopment					
Inventory	23,926				
Prepaid items	31,801				
Advances to other funds	1,100,000				
Unreserved, designated:					
Capital facilities and maintenance					
Reported in:					
Special Revenue Funds				665,218	
Capital Projects Funds					
Unreserved, undesignated					
Reported in:					
General Fund	1,890,350				
Special Revenue Funds					
Capital Projects Funds			(2,703,998)		(234,069)
Total Fund Balances	<u>3,048,293</u>		<u>223,091</u>	<u>989,968</u>	<u>6,230,720</u>
Total Liabilities and Fund Balances	<u>\$5,058,562</u>		<u>\$533,124</u>	<u>\$1,380,684</u>	<u>\$8,437,555</u>

See accompanying notes to financial statements

CITY OF EL CERRITO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	City Hall Construction Fund	Capital Improvement Fund	Street Improvement Fund	Redevelopment Capital Projects Fund
Revenues:					
Taxes and assessments	\$15,566,263			\$1,334,628	\$4,152,442
Licenses and permits	579,275				
Fines and penalties	352,865				
Use of money and property	267,609	\$276	\$15,603	48,701	75,433
Intergovernmental revenues	2,894,813		211,699	600,000	
Charges for services	3,803,194				
Other revenues	66,427		31,825	84,141	4,670
Total Revenues	23,530,446	276	259,127	2,067,470	4,232,545
Expenditures:					
Current:					
General government	3,319,794				
Public works	809,895		385,491		
Recreation	3,898,641				
Community development	1,676,056		141,008		661,697
Public safety	15,508,333				1,767,418
SERAF Payment (Note 15)					
Estimated reduction in value of land held for redevelopment (Note 1G)					388,964
Capital outlay		66,248	2,080,626	7,042,826	20,885
Pass through agreements (Note 14)					826,942
Debt service:					
Principal					108,193
Interest and fiscal agent fees					180,023
Total Expenditures	25,212,719	66,248	2,607,125	7,042,826	3,954,122
Excess (deficiency) of revenues over (under) expenditures	(1,682,273)	(65,972)	(2,347,998)	(4,975,356)	278,423
Other Financing Sources (Uses):					
Transfers in (Note 4A)	1,944,352		1,709,400		
Transfers out (Note 4A)	(626,115)	(9,400)	(73,289)	(740,620)	(3,966,164)
Total other financing sources (uses)	1,318,237	(9,400)	1,636,111	(740,620)	(3,966,164)
Net changes in fund balances	(364,036)	(75,372)	(711,887)	(5,715,976)	(3,687,741)
Fund balances - July 1, 2009	3,412,329	75,372	934,978	6,705,944	9,918,461
Fund balances - June 30, 2010	<u>\$3,048,293</u>	<u> </u>	<u>\$223,091</u>	<u>\$989,968</u>	<u>\$6,230,720</u>

See accompanying notes to financial statements

5-3

**INDEPENDENT ACCOUNTANT'S
AGREED UPON PROCEDURES REPORT
FOR THE CITY OF EL CERRITO
MASTER INSTALLMENT SALE AGREEMENT
COMPLIANCE WITH BOND COVENANTS
FOR THE 2008 SALES TAX REVENUE BONDS
FOR THE YEAR ENDED JUNE 30, 2010**

**MAZE &
ASSOCIATES**

**INDEPENDENT ACCOUNTANT'S
AGREED UPON PROCEDURES REPORT
FOR THE CITY OF EL CERRITO
MASTER INSTALLMENT SALE AGREEMENT
COMPLIANCE WITH BOND COVENANTS
FOR THE 2008 SALES TAX REVENUE BONDS
FOR THE YEAR ENDED JUNE 30, 2010**

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**INDEPENDENT ACCOUNTANT'S
AGREED UPON PROCEDURES REPORT
FOR THE CITY OF EL CERRITO
MASTER INSTALLMENT SALE AGREEMENT
COMPLIANCE WITH BOND COVENANTS
FOR THE 2008 SALES TAX REVENUE BONDS**

Honorable Mayor and Members
of the City Council
El Cerrito, California

We have performed the procedures described below, which were agreed to by the City of El Cerrito to determine compliance with the Master Installment Sale Agreement for the 2008 Sales Tax Revenue Bonds between the City and the Financing Authority for the year ended June 30, 2010. The activity for the 2008 Sales Tax Revenue Bonds is reported in the City's Comprehensive Annual Financial Report in the Street Improvement Capital Projects Fund and the Public Financing Authority Debt Service Fund. This engagement to apply agreed upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants and the standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures are as follows:

1. We obtained the Master Installment Sale Agreement (Agreement) between the City and the Financing Authority dated June 1, 2008.
2. Section 2.03 of the Agreement – Improvement Fund – requires that the proceeds be used for acquisition and construction of the Projects (or to reimburse the City for costs paid by it) including the payment of interest on the Obligations upon receipt of a sequentially numbered “Request of the City” filed with the City Manager (see Attachment A to the Agreement), therefore we:
 - a. Obtained a listing of City Council-designated Projects for the fiscal year.
 - b. Obtained a listing of “Request of the City” filed with the City Manager for the fiscal year.
 - c. Selected a sample of seven expenditures charged to the Improvement Fund during the fiscal year.
 - d. Tested the above expenditures to determine that they were made in accordance with the City's purchasing policy.

- e. Determined that the expenditures were related to a City Council-designated project (2a above).
 - f. Inquired as to whether the projects were complete as of the end of the fiscal year and, if so, whether excess funds were available from the Improvement Fund. The Agreement indicates that excess funds in the Improvement Fund, when all Projects are complete, can be transferred to the City "for any lawful purpose of the City subject to the provisions of any Tax Certificate". However, Section 4.60.150 of the City's Municipal Code limits the use of funds for pothole repair and street improvement and maintenance services. We found that the Projects were not complete as of the end of the fiscal year.
3. We obtained a confirmation of Sales Tax Add-On Revenues for the fiscal year from the State Controller's Office to reconcile to the revenues recorded in the general ledger in the Street Improvement Capital Projects Fund.
- a. The State Controller's Office confirmation reconciled to the general ledger total in the Street Improvement Capital Projects Fund of \$1,334,628.
4. Section 4 of the Agreement – Covenants of the City – Based on the testing above, we obtained documentation of the City's compliance with the provisions of this Section which generally require that the City pay its bills timely and use the proceeds in accordance with the definition of "Projects" above, and complete the Projects in a timely manner.
- a. It appears that the City paid its bills timely and used the proceeds in accordance with the Agreement. The Projects were not complete as of the end of the fiscal year.
5. Section 7.01 of the Agreement – Liability Limited to Revenues – We inquired as to whether the City advanced funds for payment of the Obligations other than from the Revenues. If yes, we obtained documentation that the City was reimbursed from the Revenues as defined in the Agreement. (Other subsections of Section 7 do not appear to be of compliance significance, therefore only this covenant is being included in the agreed upon procedures).
- a. The City made payments of the Obligations only from the Revenues during the fiscal year. The City did not advance funds for payment of the Obligations during the fiscal year.
6. We obtained documentation of compliance with provisions of Section 2.02 of the Agreement – Revenue Fund; Pledge of Revenues:
- a. Were principal and interest payments made from the Revenue Fund for all parity obligations?
 - i. Not applicable – the City does not have any parity obligations outstanding at June 30, 2010.
 - b. Were excess revenue funds (after the payment of parity obligations) used for the payment of any supplemental or subordinate obligations?
 - i. Not applicable – the City does not have any supplemental or subordinate obligations outstanding at June 30, 2010.

- c. Revenues cannot be used for termination payments unless specific conditions are met as defined in 2.02(B)(1) – were any termination payments made with pledged revenues?
 - i. No termination payments were made during the fiscal year.
- 7. Section 3.01 of the Agreement -- Parity Obligations – We inquired as to whether the City issued any parity obligations during the fiscal year, and if yes, obtained documentation that the City complied with provisions of this Section.
 - a. The City did not issue any parity obligations during fiscal year 2010.
- 8. Section 3.02 of the Agreement – Subordinate Obligations – We inquired as to whether the City issued any subordinate obligations during the fiscal year, and if yes, obtained documentation that the City complied with the provisions of this Section.
 - a. The City did not issue any subordinate obligations during fiscal year 2010.
- 9. Section 3.03 of the Agreement – Execution of Supplemental Installment Sale Agreements (other than the First Supplement) – We inquired as to whether the City executed any supplemental installment sales agreements during the fiscal year, and if yes, obtained documentation that the City complied with the provisions of this Section.
 - a. The City did not execute any supplemental installment sales agreements during fiscal year 2010.
- 10. Section 5 of the Agreement – Events of Default and Remedies – We inquired as to whether any of the Events of Default, as defined in the Section, occurred during the fiscal year. If yes, we obtained documentation that the revenues were applied in the manner set forth in this Section.
 - a. No Events of Default, as defined in the Section, occurred during the fiscal year.
- 11. Section 6 of the Agreement – Discharge of Obligations – This Section is applicable only if the City pays all of the Obligations (debt to the Authority), therefore, we would obtain documentation of compliance with this Section if the City has repaid all of the Obligations during the fiscal year.
 - a. The City did not pay all of the debt to the Authority during the fiscal year.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or internal controls. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Mane & Associates

October 29, 2010

5-8



Date: January 24, 2011
To: El Cerrito City Council
From: Street Oversight Committee
Subject: Annual Report to City Council and Citizens of El Cerrito

On this date, the Street Oversight Committee met to review expenditures of revenue collected pursuant to Chapter 4.60 of the El Cerrito Municipal Code to determine whether such funds were expended for the purposes specified in the current Street Repair and Maintenance Expenditure Plan. The expenditures reviewed were reported for Fiscal Year 2009-10, and were summarized in the City's Annual Audit Report. Further, the Committee reviewed the Agreed Upon Procedures Report issued by the City's independent auditors, Maze and Associates, which stated that nothing came to their attention that caused them to believe that the City had failed to comply with the terms, covenants and conditions of the Master Installment Sale Agreement related to the bond issue. The Committee also reviewed a detailed list of vendors to whom the expenditures were made.

By a unanimous vote, the Committee found that the expenditures were an appropriate use of the Pothole and Local Street Improvement and Maintenance Transactions and Use Tax. The Committee is hereby reporting their findings to the City Council and the citizens of the City of El Cerrito pursuant to Section 2.04.320 C of the El Cerrito Municipal Code.

[name], Chair, Street Oversight Committee