



Public Works Department

AGENDA

SPECIAL MEETING OF THE CITIZEN STREET OVERSIGHT COMMITTEE

Monday, January 25, 2010, 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue

Roll Call

1. Staff Liaison Report

2. Comments from the Public

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

3. Approval of Minutes

Review and approve minutes from November 9, 2009. **(Action Requested: Approval)**

4. Election of Committee Officers

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

5. Committee Standing Rules

Review draft Standing Rules. **(Action Requested: Adopt Standing Rules)**

6. Review Fiscal Year 2008-09 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)**

7. Future Agenda Items and Meeting Schedule

Set agenda and date for next meeting **(Action Requested: set agenda and date)**

8. 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

Summary Minutes

SECIAL MEETING OF THE CITIZEN STREET OVERSIGHT COMMITTEE

Monday, November 9, 2009, 7:00 p.m.

El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue

Roll Call at 7:06 p.m.

Present: Committee Members Ozselcuk, Kessler, Al Miller

Absent: Committee Members Robertson, Thomas Miller

Other Attendees: Staff Liaison Jerry Bradshaw

1. Staff Liaison Report

Following up from prior meeting, the question was asked whether signatures are required or advisable on documents such as the minutes and resolutions. Checking with the City Clerk and other committee liaisons, there is no City standard for signatures. Most other bodies do not affix signatures. This committee has only produced one written document (the annual report to the City Council), and the chair did sign that, which makes good sense as the summary of the core mission of the committee. Staff was asked what happens to minutes after they are approved. The "DRAFT" watermark is removed, and they are transmitted to the City Clerk for posting to the website. They are also placed in the official file (binder) for the Committee business. Asked how long the City is required to keep the official file, liaison Bradshaw said he didn't know, but it would likely be specified in the City's record retention policy. All proceedings of the meetings including minutes and other documents presented in the meetings are public records and are available to the public for viewing.

2. Comments from the Public

None.

3. Approval of Minutes

No comments or corrections.

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

4. Committee Standing Rules

3-1

Liaison Bradshaw provided a copy of the standing rules as compiled at the September meeting. Chair Miller stated that they accurately reflect previous discussion. He views them as protocol. If someone feels they are not being followed, then contact the Chair. All committee members present reviewed them and had no suggested changes, but deferred further discussion until all committee members are present.

Action taken: no action.

5. Review Sample Contractor's Invoices

Prior to discussing the sample invoices, there was a review of the overall funding structure of the Street Fund. The annual revenue is approximately \$1.3 million. About \$750,000 will go for the annual debt service to retire bonds; the remainder (approximately \$550,000) will go towards street projects and other necessary expenses. In the first three years of the program, there were an additional \$10.5 million in bond proceeds to put towards street projects. Once the large amount of bond proceeds are expended, the annual scope of work will be determined by the funds available for projects (\$550,000 annually), plus any other money allocated by the City for street work. The bonds are structured to be paid off in 30 years.

Question: Is it the job of the committee to verify that a contractor is paid the full amount of the contract? No, that is the job of the project manager. It is the job of the committee to verify that monies that are paid were for the appropriate work (street improvements).

Liaison Bradshaw handed out pages dealing with revenues as a follow up from the September meeting. A two-page report from the City's finance system showed \$1.348 million coming into Measure A in FY 08-09 from sales tax. We budgeted \$1.29 million. An email from the City's auditor accompanied by a four-page report from the State Controller shows the State reports \$1.07 million in Measure A sales tax coming to the City, but that shows only cash paid through June 30 2009. The City will accrue the FY09 revenues that came to the City after June 30th (the final three entries from the City report). With that adjustment, the two reports match.

Included in Committee packet were sample invoices and one page from the expenditure report originally handed out at the September meeting. The first example is of a major construction contract, which is paid in a different format due to the 10% retention requirement. This includes a Certificate of Payment which is a summary of the contract and payments and contains authorizing signatures. Next page is a progress summary showing each contract pay item and all change orders with a progress-to-date summary. This also shows the status of the retention account. This is backed up by the contractor's invoice or payment request.

Note: Two pages titled "Curb Ramp Construction" were inadvertently attached to the packet. They don't relate to the discussion.

Avila Project Management invoice: the invoice shows he is doing 7 different tasks with 3 different skill levels being billed. The second page is a city form where we break the invoice into the various accounts. The account numbers beginning with "211" are Measure A projects. The item labeled Patch Paving for \$7,747 (second one from top) corresponds to the highlighted item on the expense report summary.

Question: How do we know that each invoice is actually coded properly? The Public Works Department has developed various tracking processes that are project based, vendor based, and budget based. In addition, there are various reviews that happen from month to month. Finally, if an expense is charged to the wrong account, it can also be noticed in the other account that had an extra charge. We conduct various reviews and occasionally find a mistake, but we are confident that no significant mistakes go unnoticed. Chair Miller stated that the City's finance system and budgeting process has won awards.

The committee did not review the other sample invoices.

Question: If a committee member wants to review more detailed reports in order to be comfortable in certifying the appropriateness of the expenditures, is that possible? Yes, these are all public records and staff can make arrangements for anyone to review any documents they wish.

Committee member Kessler stated that the material presented along with the fact that the trustee is reviewing invoices prior to releasing bond funds gives her a high level of confidence. She also noted that when the bond funds have been expended, the process will be simpler.

Chair Miller stated that the processes set up by PW and Finance give him confidence.

Action taken: no action taken

6. Future Agenda Items and Meeting Schedule

The draft standing rules indicates the next meeting would be the 4th Monday in January (25th).
The agenda would include:

- Election of officers
- Adopt Standing rules
- Review of auditor's report and consider approving the annual report

7. Adjourned at approximately 8:28 p.m.

Citizen Street Oversight Committee

Standing Rules

1. Regular meetings shall be held on the following dates:
 - a. 4th Monday in January
 - b. 4th Monday in September
 - c. 2nd Monday in November
2. Regular and special meetings shall be held in the El Cerrito City Hall Hillside Conference Room at 7:00 pm unless otherwise determined by a majority vote of the Committee.
3. Regular meetings may be canceled by a majority vote of the Committee at a previous meeting or by the Chair, at anytime that a quorum cannot be attained.
4. Special meetings may be scheduled by the Chairperson or by a majority vote of the Committee at a previous meeting.
5. A quorum is 3 committee members.
6. Summary minutes shall be kept by the staff liaison or delegate. Minutes shall reflect all key discussion points, indicate all motions made and by whom, including seconders, and the results of any votes.
7. The Committee shall utilize source documents in its review of Street Fund revenues and expenditures (e.g. report from the State Board of Equalization, expense reports, contractor invoices).
8. The Committee may request that the auditor provide any underlying documents examined for the audit.
9. Administrative services to implement the provisions herein shall be provided by city staff as per ordinance 460.2.04.320, paragraph F. No business shall be undertaken without attendance of staff liaison or delegate.

5-1

CITY OF EL CERRITO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009

	General Fund	City Hall Construction Fund	Capital Improvement Fund	Street Improvement Fund	Redevelopment Capital Projects Fund
ASSETS					
Cash and investments (Note 3)	\$1,619,192	\$109,758	\$1,148,764		\$4,298,434
Cash with fiscal agents (Note 3)				\$6,664,429	1,303,242
Accounts receivable	657,549		41,330	9,000	6,154
Due from other governments	1,296,776		69,144	271,032	
Interest receivable	26,159				
Loans receivable (Note 5)					
Deposits	1,000				10,000
Inventory	28,696				
Prepaid items	39,073				
Due from other funds (Note 4C)	392,717				
Advance to other funds (Note 4B)	1,200,000				
Land held for redevelopment (Note 1G)					5,023,753
Total Assets	\$5,261,162	\$109,758	\$1,259,238	\$6,944,461	\$10,641,583
LIABILITIES					
Accounts payable	\$669,599	\$1,684	\$274,162	\$124,168	\$96,689
Accrued liabilities	987,459	32,702	50,098		83,202
Due to other funds (Note 4C)				114,349	
Deposits payable	187,826				
Deferred revenue	3,949				146,804
Advance from other funds (Note 4B)					396,427
Total Liabilities	1,848,833	34,386	324,260	238,517	723,122
FUND BALANCES (Note 8)					
Reserved:					
Debt service					
Encumbrances	14,124	3,200	3,359,122	20,800	45,979
Land held for redevelopment					5,023,753
Inventory	28,696				
Prepaid items	39,073				
Advances to other funds	1,200,000				
Unreserved, designated:					
Capital facilities and maintenance					
Reported in:					
Special Revenue Funds					
Capital Projects Funds		72,172		6,685,144	3,654,046
Unreserved, undesignated					
Reported in:					
General Fund	2,130,436				
Special Revenue Funds					
Capital Projects Funds			(2,424,144)		1,194,683
Total Fund Balances	3,412,329	75,372	934,978	6,705,944	9,918,461
Total Liabilities and Fund Balances:	\$5,261,162	\$109,758	\$1,259,238	\$6,944,461	\$10,641,583

See accompanying notes to financial statements

6-1

CITY OF EL CERRITO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	City Hall Construction Fund	Capital Improvement Fund	Street Improvement Fund	Redevelopment Capital Projects Fund
Revenues:					
Taxes and assessments	\$15,510,675			\$1,348,938	\$4,678,436
Licenses and permits	539,507				
Fines and penalties	407,191				
Use of money and property	321,072	\$3,824	\$34,348	99,380	128,551
Intergovernmental revenues	3,130,816		194,465	642,804	
Charges for services	3,498,817				
Other revenues	71,541		64,606	\$9,660	2,754
Total Revenues	23,479,619	3,824	293,419	2,100,782	4,809,741
Expenditures:					
Current:					
General government	3,556,839				
Public works	996,339	76	135,821		
Recreation	3,855,432				
Community development	1,562,964		206,037		1,119,945
Public safety	15,412,758				
Capital outlay		1,134,188	1,246,558	4,517,735	22,893
Pass through agreements (Note 13)					1,204,160
Debt service:					
Principal					
Interest and fiscal agent fees					5,494
Total Expenditures	25,384,332	1,134,264	1,588,416	4,517,735	2,352,492
Excess (deficiency) of revenues over (under) expenditures	(1,904,713)	(1,130,440)	(1,294,997)	(2,416,953)	2,457,249
Other Financing Sources (Uses):					
Issuance of debt (Note 7)					2,667,000
Transfers in (Note 4A)	2,119,546	1,406,910			
Transfers out (Note 4A)	(527,898)	(40,700)	(255,000)	(466,898)	(3,604,083)
Total other financing sources (uses)	1,591,648	1,366,210	(255,000)	(466,898)	(937,083)
Net changes in fund balances	(313,065)	235,770	(1,549,997)	(2,883,851)	1,520,166
Fund balances (deficit) - July 1, 2008	3,725,394	(160,398)	2,484,975	9,589,795	8,398,295
Fund balances - June 30, 2009	\$3,412,329	\$75,372	\$934,978	\$6,705,944	\$9,918,461

See accompanying notes to financial statements

6-2

**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, 2009**

6-3

**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, 2009. 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. 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, 2009.
 - 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, 2009.
 - 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.

3. 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 eight 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 whether the expenditures were related to a City Council-designated project (3a above).
 - f. 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”. If the Projects were complete as of the end of the fiscal year, we inquired as to whether excess funds were available from the Improvement Fund.
 - i. The Projects were not complete as of the end of the fiscal year.
4. 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 2009.
5. 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 2009.
6. 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 2009.

7. Section 4 of the Agreement – Covenants of the City – based on the testing above, 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 “Project” 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.

8. 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.

9. 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.

10. 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.

11. 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.
 - a. The State Controller’s Office confirmation reconciled to the general ledger total of \$1,348,938.

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.

December 1, 2009

REVIEW DRAFT 1/19/2010 3:50:32 PM

6-6



DRAFT

Date: January 25, 2010
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 2007-08, and were summarized in the City's Annual Audit Report. Further, the Committee reviewed the comfort letter 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 who 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

6-7



Date: January 25, 2010
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 2008-09, and were summarized in the City's Annual Audit Report. Further, the Committee reviewed the comfort letter 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.

Al Miller

Al Miller, Chair, Street Oversight Committee

6-7a