



Public Works Department

Summary Minutes

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 at 7:00 p.m.

Present: Chair Al Miller, Vice Chair Lynne Kessler, and Committee Members Thomas Miller, and Liz Ozselcuk

Absent: none

Other Attendees: Staff Liaison Jerry Bradshaw
Finance Director Mary Dodge
Amy Meyer, Maze & Associates, Consulting Auditor

NOTE: Agenda Item 5 was taken out of order prior to Agenda Item 1 in order to make the best use of the Auditor's time.

1. Staff Liaison Report

Liaison Bradshaw gave an update on the City-Wide Pavement Management Program. Thomas Miller expressed concern about how curbs and gutters were not included in the program. Bradshaw stated that curbs and gutters are included, but were not the primary objective of the program as presented to voters. The program is also allowed to make improvements to sidewalks and traffic control items.

2. Comments from the Public

None.

3. Approval of Minutes

Chair Al Miller asked two clarifying questions:

- Page 4 of 5 – last paragraph, third line, a word is missing. Add “year” after the word “each”.
- Page 5 of 5 – first line, Chair Miller asked if Bradshaw had yet looked into creating a flow chart of the process beginning with the enabling ordinance and how the Council sets the annual project in the Capital Improvement Program budget, annual work implementation, and the Committee's approval of annual expenditures of revenues. Bradshaw reported that he had not yet done that.

Action taken: Approve minutes as corrected. M/S Kessler / Thomas Miller. Approved unanimously.

4. Election of Committee Officers

Election of officers is not covered in the Committee's Standing Rules, but the City's ordinance states that at the first meeting of each year a new chair and vice chair shall be chosen.

Al Miller is nominated to be Chair (by Kessler).

Action taken: M/S Thomas Miller/Kessler to elect Al Miller for Chair. Approved unanimously.

Ozselcuk is nominated to be Vice Chair by Kessler.

Action taken: Approved unanimously.

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

Meyer reviewed the materials furnished to the Committee (Agreed Upon Procedures Report, Annual Statement excerpts (Balance Sheet and Income Statements)). The AUPR ensures compliance with the bond covenants. Maze tested expenditures and compliance with the covenants and the City's purchasing policy and the streets program. The AUPR utilized the expanded wording developed by the Committee the prior year. Meyer reported that there were no compliance findings or other issues to report to the Committee.

Balance Sheet and Income statements (packet pages 5-2 and 5-3):

- Excerpts from the City's Annual Statement referenced notes, but the footnotes were not furnished to the Committee. Meyer stated that none of the notes related to the Streets Program. Meyer and Dodge explained notes 3, 4 and 5, and stated that in future years those notes will be furnished to the Committee.
- Of the revenues reported on packet page 5-3, how are the Measure A funds distinguished from other funds? Answer: first line (Taxes and Assessments) are the Measure A revenues. "Use of Money and Property" is interest on the balance. Non-Measure A funds are shown on the lines for "Intergovernmental Revenues" and "Other Revenues". The second from bottom line (Fund Balances – July 1, 2009) is the accumulation of prior years' revenues minus expenditures. Chair Miller confirmed that the AUPR doesn't tally up the Measure A funding separately from the non-Measure A funding on a cumulative basis. He also confirmed that the Committee has no obligation to track non-Measure A funds.
- The Bond covenants allow for excess bond funds to be turned over to the General Fund, but the Measure A ordinance doesn't allow for that. Since Measure A funds are comingled with non-Measure A funds, once the Measure A project is complete and there are excess funds, how does one know how many of those funds are Measure A and must be kept in the street program, and how many of those funds are not Measure A

and may be turned over to the General Fund? The only funds that the covenants allow to be turned over to the General Fund are the bond proceeds, which were finite (approximately \$10.5 million). They were spent first and are now depleted. Therefore, it is a moot question.

Agreed Upon Procedures Report (packet pages 5-4 through 5-8)

- Dodge stated that although the expenditures were over \$7 million, single invoices could have been close to \$1 million. So Maze was able to get some good coverage with testing with a minimal level.
- Page 5-7, paragraph 5, at end in parentheses “(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).” Explanation: Section 7 is, “Miscellaneous”. Of Section 7, only subsection 7.01 of the Master Installment Sale Agreement (the agreement between the City’s Public Financing Authority and the City to spend the bond proceeds) pertains to street improvement expenditures. Other subsections include topics such as, Benefits of Parties, Amendments to Master Installment Sale Agreement (there are none), Successors, Waiver of Personal Liability, and Gender & References.
- Paragraph 6 – 11, there are many negative confirmations. For instance, 6.a., it was noted as “not applicable.” Question: how is this information checked; verbally or through documents. Answer: There is a simultaneous dialog. In the example of 6.a. the first test is that there were no new bonds issued, so there is no question of parity since there is only one bond issuance. Maze easily knew this type of thing because they are also doing the City’s annual financial audit and statements simultaneously. So that makes much of the documentation and confirmation easier. If they had been doing only the AUPR, they would have had to do much more inquiry and documentation.
- Item 6 refers to “a revenue fund”. Question: Does that mean a fund set up for revenues of the City or revenues from Measure A? That is confusing. Answer: Measure A. This name is given by the bond trustees.
- Item 6.c. Question: What are “termination payments”? Answer: If any bonds are paid off early, there may need to be payments made to compensate for premature payment of bonds. In that event, certain conditions apply. That didn’t happen as stated in the AUPR.

Packet page 5-9, “Annual Report to City Council and Citizens of El Cerrito”. Since this agenda item was scheduled for after the election of new officers, the draft report in the packet was left blank as to whom the Chair would be at the time of signing. Since this agenda item was taken out of order, the Committee Chair is Al Miller. His name will be inserted prior to signing.

Chair Miller asked if any Committee members have any further questions in order to take action on the Annual Report. No further questions were asked.

Action taken: M/S Thomas Miller/ Ozselcuk to approve annual report. Approved unanimously.

6. Future Agenda Items and Meeting Schedule

The next regular meeting is the 4th Monday in September (26th). No specific agenda items were discussed.

Thomas Miller asked if there is anything to be done to fill the vacant seat on the Committee. Chair Miller reported that his letter to the editor on the issue accomplished nothing. He also confirmed that the City Clerk is doing what she normally does to recruit for vacancies on the boards, commissions and committees. He also asked each Council Member to review their list of supporters and try to encourage people to apply for the Committee vacancy. Would it be constructive for a member of the Committee to appear before the Council to tell them it's important to fill this vacancy? Chair Miller has done that, and is willing to do that again. He also mentioned that several other boards, commissions and committees have vacancies, and some of them are quite prestigious.

7. Adjourned at approximately 9:23 p.m.