Roll Call at 7:15 p.m.

Present: Committee Members Ozselcuk, Kessler, Al Miller, and Thomas Miller.
Absent: Committee Member Roberton

Other Attendees: Staff Liaison Jerry Bradshaw
                  Finance Director Mary Dodge

1. Staff Liaison Report
   none.

2. Comments from the Public
   None.

3. Approval of Minutes
   Committee member Ozselcuk expressed appreciation for the level of detail of the minutes. Although she was absent from the last meeting, she felt as though she had been there.


4. Committee Standard Procedures and Bylaws
   Liaison Bradshaw provided a copy of Committee Member T. Miller’s draft rules from the previous meeting, and excerpts from the municipal code (Title II) dealing with boards, commissions and committees – specifically for this Committee. Bradshaw checked with the City Clerk to obtain copies of what other committees have developed for rules, but she reported that no other committees have written rules.

   Committee Member T. Miller expressed concern with what the specific duties of the Committee are, and that the rules include those duties. He acknowledged that while the main purpose of the committee has already been achieved (to get the voting public to approve Measure A), the ongoing duties should be established. Discussion concluded that the
Committee would review various source documents including a statement from the State Board of Equalization of revenues to the City, expense and revenue reports, and samples of other transactional documents such as invoices from contractors and consultants. The Committee may also request that the City auditors furnish underlying documents reviewed as a part of their audit.

There was discussion as to whether the Committee should review revenue statements. The ordinance states that the Committee shall review expenditures of revenues. The consensus was that examining the actual revenue through statements from the State was required in order to know what revenues were subject to expenditure (and subsequent review.)

Other discussion centered on other various items contained in TMiller’s draft rules from the previous meeting. A new draft set of rules was crafted from that, and is shown in the revised draft rules (attached and incorporated by reference in these minutes). These will be presented at a future meeting for formal action.

Also discussed was when signatures were appropriate for Committee documents. Since resolutions are rarely drafted and voted on, the adopted summary minutes will be the typical record of the Committee’s business. Staff will check on whether it is appropriate for signature(s) to be affixed to the approved minutes and report back. The exception to this will be the annual report to the City Council. No resolution was arrived at as to whether any signatures are appropriate.

Action taken: no action.

5. Review Fiscal Year 2008-09 Expenditures and Revenues

Liaison Bradshaw described the 5-page listing of fiscal activity for Fiscal Year 2008-09. The top half of Page 1 is revenues. They are not project-specific; they are general to the Street Fund. Revenues are shown in parenthesis.

One revenue item was bond interest revenues – interest on bond proceeds held by the trustee that have not been spent yet. Last fiscal year the bond revenues were received and there were a few expenses. The City began the current fiscal year with a large balance, and interest is earned on that balance. As Public Works spends the money on contractors and consultants, Finance requests reimbursement from the Trustee. These reimbursements come after the bills are paid to vendors. In a manner of speaking, the General Fund “loans” money to the Street Fund until reimbursement comes in. Draw downs from the Trustee does not show up on the statement as revenue (the revenue was recorded last fiscal year) - money moves from one bank account to another - it is not revenue. The General Fund is made whole in this “loan” process. Interest on the pooled fund account is currently 0.8% in the LAIF.

Expenses are typically accounted for by project, however there are some general expenses that are not tracked with a project number. The large general expense is the bond debt payment.

Money paid to State (large amount) is the one-time start up charge for new sales tax amount.
Actual revenues have met the budgeted amount to-date, and there is one more true-up yet to come. Although sales taxes are down in general due to the recession, our special sales tax for streets is meeting, or slightly exceeding, projections. The city’s sales tax consultant, HDL, developed an estimate for our special tax so we could develop budgets for the whole bond measure. That estimate was conservative enabling the City to meet expectations despite the general downturn.

**Related Issue:** The SCOPE (State compliance office of …… Evaluation..??) will send representatives to different agencies to go door-to-door to merchants and check their sales tax collection process. They take a portion of the increase in revenues for a number of years, but all-in-all it should only increase the City’s revenues. Total sales tax is currently 9.75%

Liaison Bradshaw explained the process by which we hire consultants. State law prohibits the use of price bidding; selection must be based on qualifications.

There is project-specific revenue on C3027, which was grant funds from Proposition 1B (1996).

Cost of asphalt has risen only slightly this construction season. Last year it much more volatile and we used an indexed price in our contracts. This year we didn’t use indexed prices.

**Action taken:** no action taken

6. **Future Agenda Items and Meeting Schedule**

   The number and timing of meetings will depend on the tasks the Committee would like to accomplish and when the source information and documents will be available each year. Since this is the first full fiscal year of activity to be reviewed, it is not entirely clear what the meeting schedule should be. Generally, it was agreed that there should be at least three meetings each year: Late September when the fiscal year information is available; late January to finalize the annual report to Council, and one other meeting between the other two – possibly November. Mid The preferred day to meet is Monday, and the 2nd and 4th Mondays of the month do not conflict with Council meetings or any other meetings. The tentative meeting schedule is as follows (and is reflected in the standard procedures draft.)

   - 4th Monday of September – first review of FY activity
   - 2nd Monday of November – review of sample transaction documents and DOE statement.
   - 4th Monday of January – Review auditor report

   If other meetings are desired, a special meeting can be scheduled. Additionally, the auditor can be invited back to show us their process at one of these meeting. Types of documents available to review include: State DOE report of revenues issued to the auditor and contractor’s invoices.
The Committee meetings are audio taped to enable staff to develop the minutes. There was discussion as to whether the audio tapes are a public record. One school of thought is that they are only a form of notes, and once the minutes are adopted, the tape is destroyed. Staff will check on whether there is a definitive answer. There was consensus that they are not needed after the minutes are adopted.

Next meeting is November 9th. Items include:
- A sampling of invoices in the next packet and to review at the meeting. Staff will advise on whether a copy of that DOE statement is available by November.
- Follow up on two items:
  - Are signatures appropriate on the minutes or other documents of the Committee
  - Are the audio tapes a public record that must be kept

7. Adjourned at approximately 9:26 p.m.