



NOTICE OF SPECIAL LOMPICO ASSESSMENT DISTRICT OVERSIGHT COMMITTEE MEETING

Responsible for review of matters of revenue and expenses directly related to Assessment District 2016-1 projects.

NOTICE IS HEREBY GIVEN that the San Lorenzo Valley Water District has called a special meeting of the LADOC to be held Wednesday, April 17, 2019 at 6:00 pm at the District Ops Bldg., 13057 Hwy. 9, Boulder Creek, CA.

AGENDA

1. Convene Meeting/Roll Call
2. Oral Communications
This portion of the agenda is reserved for Oral Communications by the public for items which are not on the Agenda. Please understand that California law (The Brown Act) limits what the Board can do regarding issues raised during Oral Communication. No action or discussion may occur on issues outside of those already listed on today's agenda. Any person may address the Committee at this time, on any subject that lies within the jurisdiction of this committee. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. Any Director may request that the matter be placed on a future agenda or staff may be directed to provide a brief response.
3. New Business:
 - A. ANNUAL REPORT WORKSHOP
Discussion by the Committee, staff and public regarding the Annual Report for the LADOC.

Example Bond Oversight Committee Annual Reports
 - o Annual Report from SF SFMTA
 - o Annual Report from Los Gatos fy17-18
 - o Los Gatos 2017
 - o Los Gatos 2016
 - o Los Gatos 2018
 - o Orange Tree HOA

A majority of the San Lorenzo Valley Water District Board of Directors may attend and participate in this Community Meeting.

The San Lorenzo Valley Water District Board of Directors will not take any action.

4. Adjournment

Certification of Posting

I hereby certify that on April 10, 2019, I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 24 hours in advance of the meeting of the special LADOC meeting of the San Lorenzo Valley Water District in compliance with California Government Code Section 54956.

Executed at Boulder Creek, California, on April 10, 2019.

Holly B. Hossack, District Secretary,
San Lorenzo Valley Water District

**2015 Annual Report Of the
Los Gatos-Saratoga Union High School District
Independent Citizens' Bond Oversight Committee**

On June 3, 2014 the LGSUHSD's voters approved Measure E authorizing the issuance of general construction bonds for delineated projects pursuant to the requirements of State Proposition 39. In further accountability compliance with Proposition 39 the Board of Trustees established the Independent Citizen's Oversight Committee. The duties of the Committee include to inform the public, review expenditures and complete an Annual Report. The Annual report must include a statement indicating whether the District is in compliance with Measure E language and contain a summary of the Committee's proceedings and activities for the preceding year.

The by-laws of the Oversight Committee call for the selection of a minimum of seven members, representing specific categories. The following spread sheet delineates the members of the 2015 Committee by category appointed by the BOT on Nov. 20, 2014. Shirley Cantu was appointed Chairperson by Superintendent Mistele.

Parent of a Child	Parent of a Child AND Active in Assoc	Business Org.	Senior Citizens Org.	Tax Payers Org.	At Large Commtty Member (2)
Bob France	Kristin Gragnola	Mark von Kaenel	Cathie Thermond	Shirley Cantu	James Axline
Cynthia James					Jill Van Hoesen
Chin Chai Low					
Rick Tinsley					

Subsequently, Ms. van Zuiden was appointed to the CBOC on November 17, 2015, resulting in the following membership roster, including nine members, which meets the minimum membership requirement for 2016.

Parent of a Child	Parent of a Child AND Active in Assoc	Business Org.	Senior Citizens Org.	Tax Payers Org.	At Large Commtty Member (2)
Bob France	Kristin Gragnola	Mark von Kaenel	Cathie Thermond	Shirley Cantu	Michele van Zuiden
Cynthia James					Jill Van Hoesen
Rick Tinsley					

Proceedings and Activities:

The initial meeting of the Oversight Committee was held in the DO on Jan 20, 2015. A quorum was established and the agenda approved. At that meeting legal counsel for the District provided an overview of bond oversight by-laws, Mark Von Kaenel was elected Vice Chair and those to serve an initial one year term were identified.

A reporting format needed to be developed to meet the needs of the Committee.

The second meeting of the Committee was held in the DO on April 14, 2015. A quorum was established and the agenda and meeting minutes of Jan. 20, 2015 approved. A project update was provided. Much discussion ensued over roles and reporting formats.

The Chair recommended the optional four meetings a year during the first two years before looking to reduce the number of meetings.

The third meeting of the Committee was held in the DO on November 10, 2015. A quorum was established and the agenda and meeting minutes of April 14, 2015 were approved.

Ms. Cantu reviewed the role of the Oversight Committee, noting that it is responsible for ensuring prior expenditures conform to the terms of the bond measure.

A summary of Measure E expenditures, a project time line was presented along with a "virtual walk through" of the one completed project-Historic Front Steps/Lawn Project.

The change order process to include the role of the BOT was highlighted.

Ms. Van Hoesen and Ms. Gagnola were named to serve on the sub-committee with Ms. Cantu to prepare the CBOC Annual Report.

The Annual Report Sub-Committee met at the DO on Dec. 15, 2015. All three members were in attendance. A draft report was reviewed, discussed, modified and approved for submission to the full Oversight Committee at its next meeting.

The fourth meeting of the Oversight Committee was in the DO on January 21, 2016. A quorum was established and the agenda and meeting minutes of Nov. 10, 2015 were approved on January 21, 2016.

The draft Annual Report was approved on January 21, 2016 for presentation to the Board of Trustees on March 8, 2016

Comments: The Chair would like to thank all of the Committee members for their time and interest in serving on the Oversight Committee. The voters can be assured that all Committee members take their role seriously. The Chair would also like to thank the District for their willingness to provide the Committee with the necessary information essential for our duties to be responsibly discharged. The information provided to date promises the necessary transparency deserved by the voters.

Conclusion:

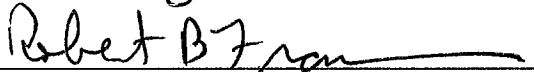
- The Citizens' Bond Oversight Committee finds that the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; that after review of all Measure E revenues and expenditures, the committee concludes that all funds were used for school facilities as set forth in the language of Measure E and that no money was used for teacher and administrators salaries.
- At the December 8, 2015 meeting of the Board of Trustees, LGSUHSD, Vavrinek, Trine, Day and Co. presented the Annual Audit Report. This audit, conducted per the requirements of Proposition 39, included an audit of Measure E expenditures – they reported a clean audit with no findings.

Respectfully Submitted:

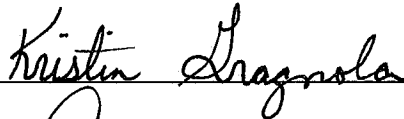
Shirley Cantu:



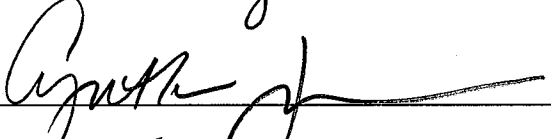
Bob France:



Kristin Gagnola:



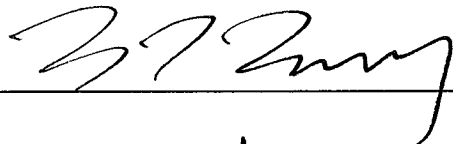
Cynthia James:




Cathie Thermond:



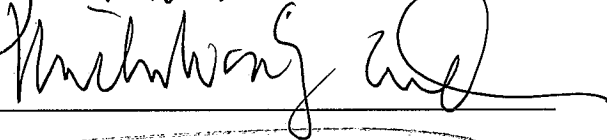
Rick Tinsley:



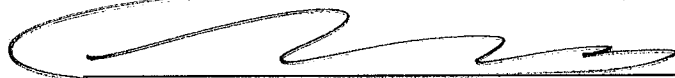
Jill Van Hoesen:



Michele van Zuiden:



Mark Von Kaenel:



**2018 Annual Report of the
Los Gatos-Saratoga Union High School District
Independent Citizens' Bond Oversight CBOC**

On June 3, 2014, the Los Gatos – Saratoga Union High School District’s (LGSUHSD) voters approved Measure E authorizing the issuance of general construction bonds for delineated projects pursuant to the requirements of State Proposition 39. In further accountability compliance with Proposition 39 the Board of Trustees established the Independent Citizens’ Bond Oversight Committee (CBOC). The duties of the CBOC include informing the public, reviewing expenditures and completing an Annual Report. The Annual Report must include a statement indicating whether the District is in compliance with Measure E language and contain a summary of the CBOC’s proceedings and activities for the preceding year.

The by-laws of the CBOC call for the selection of a minimum of seven members, representing specific categories. The current roster, including the recent appointments by the Board of Trustees on October 23rd, 2018 is as follows:

Parent of a Child	Parent of a Child AND Active in Assoc	Business Org.	Senior Citizens Org.	Tax Payers Org.	At Large Commtty Member
Rick Tinsley	Parul Samdarshi	Denise Ramon Herrera	Carol Musser	Shirley Cantu	Jill Van Hoesen
					Mike Buncic
					Michele van Zuiden
					Jim Frankola

Proceedings and Activities:

Since the February 13, 2018 presentation of the CBOC Annual Report, the CBOC has met three times as a full committee; in addition, the sub-committee met to draft this Annual Report on December 14, 2018. At all regularly scheduled meetings, the CBOC reviewed project status and budget updates.

At the May 1, 2018 meeting, the budget update indicated that the remaining contingency was less than projected. While Ms. Pottage (CBO) indicated plans to re-prioritize projects and reallocate remaining revenues based on actual bids, the committee expressed their commitment to informing the public, via this report, that some projects on the original list may not be completed, based on available funding. The committee recognized that there may not be funding for lower priority projects, identified as such by stakeholder groups in 2014. The committee also asked that the Board of Trustees and district be transparent and proactive about this communication and their reallocation process. More information about the reprioritization has been presented at the November 13th Board Study Session, shared in the Superintendent communications, and on the district website by clicking [here](#).

In addition, a summary of Measure E technology related projects was presented. These projects included: replacement of core infrastructure (switches, networking, servers), technology for the new LGSUHSD CBOC Annual Report, 2018

Music Building at SHS, demonstration Audio-Visual rooms at both sites, classroom technology upgrades and security camera systems. These projects are aligned with the language of the bond measure, i.e., *ensure all students have access to up-to-date classrooms with updated classroom technology...provide and maintain up-to-date technology data and communication equipment... upgrade instructional technology in the classroom for improved student learning...* In addition, these projects support the recommendations of the district's Tech Bond Committee, which will be reconvened in the 2018-19 school year to provide updated recommendations.

At the August 29, 2018 meeting, Mr. Palma (Director of Capital Projects) updated the committee regarding the summer work to begin renovations to the 800 Wing at Saratoga High. Demolition and abatement have begun and the building will ultimately house a Student Center, including space for CASSY, the Leadership Class, and student and staff collaboration/meeting space. This project is scheduled for completion in January 2019. The work on the 900 Wing at Saratoga High is not underway but the roof is a priority and will be addressed. Mr. Palma also outlined the reprioritization plans, designed to provide opportunities for stakeholder input and transparent communication. Mr. Palma also noted that no project would be eliminated from the listing but, based on input during the reprioritization process, could move lower on the list and not be allocated funding. By continuing to list the lower priority, unfunded projects, the committee feels it provides an appropriate record.

At the November 7, 2018 meeting, the reprioritization process was again reviewed and Mr. Palma reported that stakeholder meetings are underway and a Board study session is scheduled for November 13th. Members of the CBOC then participated in a tour of the 800 Wing renovations.

At the December 14, 2018 meeting of the Annual Report subcommittee (Ms. Cantu, Ms. Ramon Herrera and Ms. Van Hoesen) the draft report was reviewed, discussed, modified and approved for submission to the full committee at its next meeting.

At the February 13, 2019 meeting, the draft Annual Report was approved by the members of the CBOC for submission to the Board of Trustees of Trustees on March 5, 2019. In addition, members of the committee were updated regarding the November 2018 reprioritization/reallocation process and the November 13th Board of Trustees study session, during which the results of the process were shared, including stakeholder outreach and inclusion. This information has been posted to the district website by clicking [here](#) and included in Superintendent communications.

Comments: The Chair would like to thank all of the CBOC members for their time and interest in serving on the CBOC. The voters can be assured that all CBOC members take their role seriously. The Chair would also like to thank the District for their willingness to provide the CBOC with the necessary information essential for our duties to be responsibly discharged. The information provided to date promises the necessary transparency deserved by the voters.

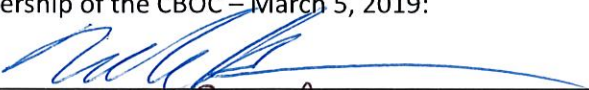
Conclusion:

- The CBOC finds that the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; that after review of all Measure E revenues and expenditures, the CBOC concludes that all funds were used for school facilities as set forth in the language of Measure E and that no money was used for teacher and administrator salaries.
- At the December 11, 2018 meeting of the Board of Trustees of Trustees, LGSUHSD, Vavrinek, Trine, Day and Co. presented the Annual Audit Report. This audit, conducted per the requirements of

Proposition 39, included an audit of Measure E expenditures – they reported a clean audit with no findings.

Respectfully Submitted by the Membership of the CBOC – March 5, 2019:

Mike Buncic:




Shirley Cantu:



Jim Frankola:



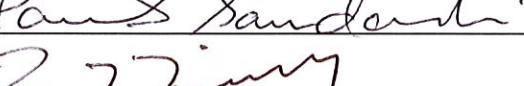
Carol Musser:




Denise Ramon Herrera:



Parul Samdarshi:




Rick Tinsley:



Jill Van Hoesen:



Michele van Zuiden:



**2016 Annual Report of the
Los Gatos-Saratoga Union High School District
Independent Citizens' Bond Oversight Committee**

On June 3, 2014 the LGSUHSD's voters approved Measure E authorizing the issuance of general construction bonds for delineated projects pursuant to the requirements of State Proposition 39. In further accountability compliance with Proposition 39 the Board of Trustees established the Independent Citizen's Oversight Committee. The duties of the Committee include to inform the public, review expenditures and complete an Annual Report. The Annual report must include a statement indicating whether the District is in compliance with Measure E language and contain a summary of the Committee's proceedings and activities for the preceding year.

The by-laws of the Oversight Committee call for the selection of a minimum of seven members, representing specific categories. The following members of the 2016 Committee were appointed by the BOT on November 1, 2016:

- Mr. Rick Tinsley
- Mr. Victor Zhang
- Ms. Parul Samdarshi
- Ms. Cynthia James
- Ms. Denise Ramon Herrera
- Mr. Tim DuClos
- Ms. Shirley Cantu
- Ms. Jill Van Hoesen
- Mr. Mike Buncic

Ms. van Zuiden continues to serve on the CBOC, her second year of a two-year term, resulting in the following membership roster for 2017.

Parent of a Child	Parent of a Child AND Active in Assoc	Business Org.	Senior Citizens Org.	Tax Payers Org.	At Large Comnty Member
Rick Tinsley	Parul Samdarshi	Denise Ramon Herrera	Tim DuClos	Shirley Cantu	Jill Van Hoesen
Victor Zhang	Cynthia James				Mike Buncic
					Michele van Zuiden

Proceedings and Activities:

Since the January 21, 2016 presentation of the CBOC Annual Report, the committee has met four times as a full-committee; in addition, the subcommittee met to draft this Annual Report on December 14, 2016.

At the May 17, 2016 meeting, the committee discussed a new job description for a Director of Capital Projects for the district, a position designed to ultimately reduce district costs for project oversight and management. The position would be funded with a combination of Measure E and facilities maintenance funds. The committee also discussed project costs and discrepancies with the original Master Plan projected costs; clarifying that Master Plan numbers were not based on actual contracts; that the costs changed once contracts were awarded. It is anticipated that future, smaller projects could be redesigned to ensure that, ultimately, the district stays within budget. The committee also discussed the planned sale of Series 2 bonds in the fall – the entire remaining bond issuance of \$55 million. Finally, the committee and Chief Business Officer, Mr. Greg Medici reviewed financial reporting systems and processes to ensure alignment in all reporting documents.

At the September 13, 2016 meeting, the committee reiterated the fact that the original numbers, coming from the Master Plan, were not based on contracts awarded and, therefore, not a baseline for any discussion of cost overruns. Mr. Medici reported lower than anticipated cost of issuance, resulting in a savings of approximately \$1.6 million – monies that can be allocated to the site capital project budgets. The inter-connectedness of many projects, including the Saratoga High Music/Cafeteria/Drama projects and the Los Gatos Classroom/Music/Maintenance Relocation was noted and financial reporting is complex. For example, funding for the Saratoga High Drama renovations is now being reported as part of the Music building. These renovations are also included in some of the renovations on other parts of campus, allowing for economies of scale while meeting the programmatic needs of the department. The committee confirmed that no Measure E funds had been spent on non-Measure E projects.

At the November 9, 2016, Mr. Rick Tinsley, Ms. Denise Ramon Herrera and Ms. Jill Van Hoesen were named to serve on the subcommittee, charged with drafting the 2016 CBOC Annual Report.

At the December 14, 2016 meeting of the Annual Report subcommittee, all three members were in attendance. A draft report was reviewed, discussed, modified and approved for submission to the full Oversight Committee at its next meeting.

At the March 6, 2017 meeting, the draft Annual Report was approved by the members of the committee for submission to the Board of Trustees on March 28, 2017.


Comments: The Chair would like to thank all of the Committee members for their time and interest in serving on the Oversight Committee. The voters can be assured that all Committee members take their role seriously. The Chair would also like to thank the District for their willingness to provide the Committee with the necessary information essential for our duties to be responsibly discharged. The information provided to date promises the necessary transparency deserved by the voters.

Conclusion:

- The Citizens' Bond Oversight Committee finds that the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; that after review of all Measure E revenues and expenditures, the committee concludes that all funds were used for school facilities as set forth in the language of Measure E and that no money was used for teacher and administrators salaries.
- At the December 13, 2016 meeting of the Board of Trustees, LGSUHSD, Vavrinek, Trine, Day and Co. presented the Annual Audit Report. This audit, conducted per the requirements of Proposition 39, included an audit of Measure E expenditures – they reported a clean audit with no findings.

Respectfully Submitted:


Rick Tinsley:



Mike Buncic:



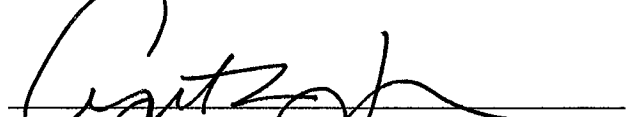
Shirley Cantu:



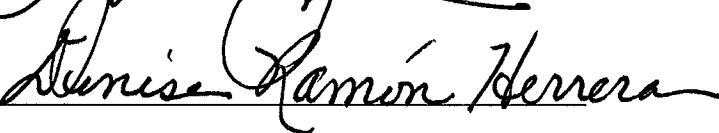
Tim DuClos:



Cynthia James:



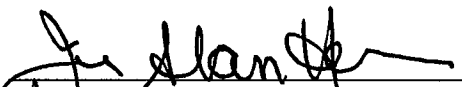
Denise Ramon Herrera:



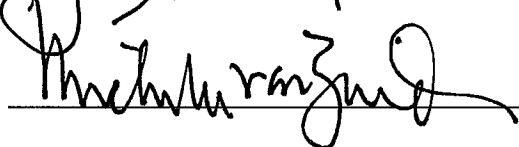
Parul Samdarshi:



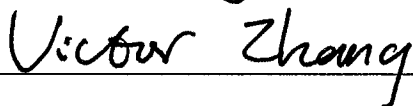
Jill Van Hoesen:



Michele van Zuiden:



Victor Zhang:



**2017 Annual Report of the
Los Gatos-Saratoga Union High School District
Independent Citizens' Bond Oversight CBOC**

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The by-laws of the CBOC call for the selection of a minimum of seven members, representing specific categories. The following members of the 2016 CBOC had been appointed by the Board of Trustees on November 1, 2016 for a two-year term:

- Mr. Rick Tinsley
- Mr. Victor Zhang
- Ms. Parul Samdarshi
- Ms. Cynthia James
- Ms. Denise Ramon Herrera
- Mr. Tim DuClos
- Ms. Shirley Cantu
- Ms. Jill Van Hoesen
- Mr. Mike Buncic

Ms. van Zuiden was reappointed by the Board of Trustees on October 24, 2017 to serve her second two-year term, resulting in the following current membership roster.

Parent of a Child	Parent of a Child AND Active in Assoc	Business Org.	Senior Citizens Org.	Tax Payers Org.	At Large Commtty Member
Rick Tinsley	Parul Samdarshi	Denise Ramon Herrera	Tim DuClos	Shirley Cantu	Jill Van Hoesen
Victor Zhang	Cynthia James				Mike Buncic
					Michele van Zuiden

Proceedings and Activities:

Since the March 14, 2017 presentation of the CBOC Annual Report, the CBOC has met three times as a full committee; in addition, the sub-committee met to draft this Annual Report on December 11, 2017.

At the May 3, 2017 meeting, the CBOC discussed parking issues at Los Gatos High School (LGHS) and the discussions with the Town of Los Gatos around this issue. They also discussed the planned completion of the Saratoga High School (SHS) music building in time for the beginning of the 2017-2018 school year and the corresponding cafeteria/theater upgrades. Delays to the classroom wing/new music building at LGHS were discussed. In addition, the expenditure report indicated a reduction in project issuance costs, i.e., a savings for the district; an increase in contingency budgets; and an equal allocation of Tech Bond monies by site.

At the September 5, 2017 meeting, the CBOC learned that the LGHS lower-fields projects and the SHS music building were completed in time for the opening of school as planned. Members of the CBOC are invited to the music building ribbon-cutting ceremony, to be held on September 12, 2017. Plans by the Town of Los Gatos to implement an Olive Zone on High School Court were shared. The school and district are working with the Town to create options whereby staff can utilize this parking. The CBOC learned about limits on use of fields, developed in response to community California Environmental Quality Act (CEQA) action. A discussion regarding cost overruns on existing projects included the fact that initially presented costs were based on the Master Plan and NOT on actual bids. Mr. English also noted that there will be discussions about reprioritizing projects not yet planned, in light of budget overruns. It was also noted that information about an open seat on the CBOC has been posted to the local newspapers and district website. The use of bond funds for chromebooks was discussed.

At the November 9, 2017 meeting, in response to questions from a community member, Mr. English shared information, explaining how the use of bond funds for chromebooks is appropriate, based on the language of the bond. The four-year schedule to repay the Tech Bond further reinforces and legitimizes this use of bond funds. Officers for the CBOC and members to serve on the subcommittee charged with drafting the 2017 CBOC Annual Report were named. The CBOC also toured projects underway at LGHS.

At the December 11, 2017 meeting of the Annual Report subcommittee two members attended in person: Ms. Ramon Herrera and Ms. van Zuiden. Mr. Buncic contributed via email. A draft report was reviewed, discussed, modified and approved for submission to the full committee at its next meeting.

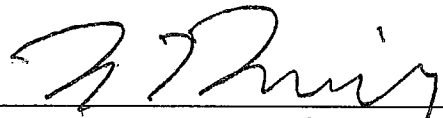
At the February 6, 2018 meeting, the draft Annual Report was approved by the members of the CBOC for submission to the Board of Trustees of Trustees on February 13, 2018.

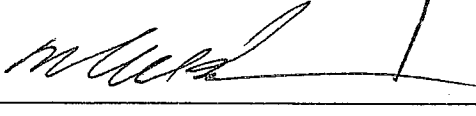
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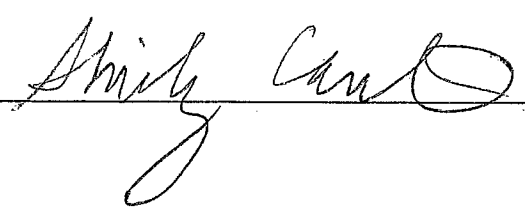
Conclusion:

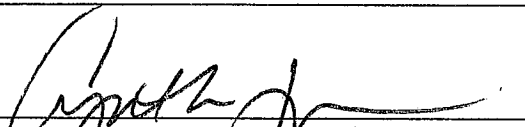
- The CBOC finds that the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; that after review of all Measure E revenues and expenditures, the CBOC concludes that all funds were used for school facilities as set forth in the language of Measure E and that no money was used for teacher and administrator salaries.
- At the December 12, 2017 meeting of the Board of Trustees of Trustees, LGSUHSD, Vavrinek, Trine, Day and Co. presented the Annual Audit Report. This audit, conducted per the requirements of Proposition 39, included an audit of Measure E expenditures – they reported a clean audit with no findings.

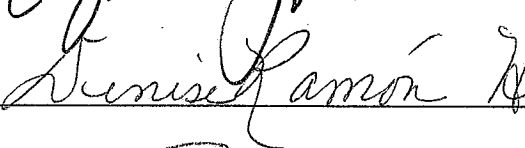
Respectfully Submitted by the Membership of the CBOC - February 13, 2018:

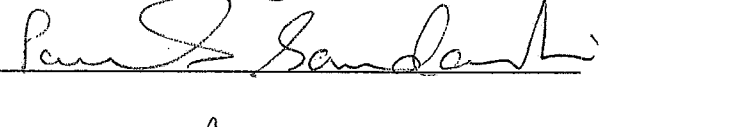
Rick Tinsley: 

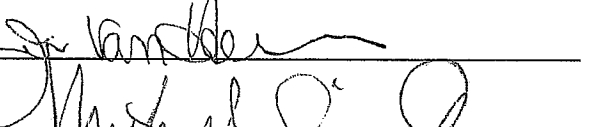
Mike Buncic: 

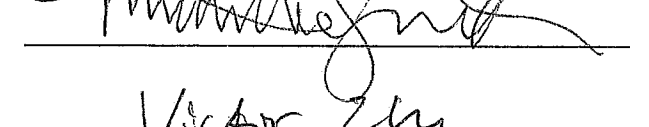
Shirley Cantu: 

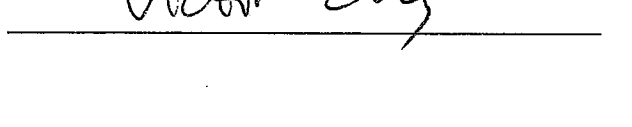
Tim DuClos: 

Cynthia James: 

Denise Ramon Herrera: 

Parul Samdarshi: 

Jill Van Hoesen: 

Michele van Zuiden: 

Victor Zhang: 

SFMTA Bond Oversight Committee

1 South Van Ness Ave., 7th Floor, San Francisco, CA 94103

Telephone: (415) 701-4500 Fax: (415) 701-4725

Email: BOCOversightCommittee@sfmta.com

December 26, 2018

SFMTA Board of Directors

Cheryl Brinkman, Chairman
Malcolm Heinicke, Vice Chairman
Gwyneth Borden, Director
Amanda Eaken, Director
Lee Hsu, Director
Cristina Rubke, Director
Art Torres, Director

Dear SFMTA Board of Directors:

On behalf of the San Francisco Municipal Transportation Agency (SFMTA) Bond Oversight Committee (BOC), we are pleased to present the Fiscal Year 2017-2018 Annual Report.

The BOC was created by the SFMTA Board of Directors by Resolution #11-154 on December 6, 2011. The purpose of the BOC is to provide independent oversight with respect to the expenditure of SFMTA revenue bond proceeds.

Pursuant to its Bylaws, the BOC is required to provide its annual report to the SFMTA Board of Directors by January 31 of each year. The attached report describes BOC activities during Fiscal Year 2017-2018, including a report prepared by external auditors KPMG LLP and a description of any notable BOC actions since the end of the fiscal year.

We would be pleased to respond to any questions that you may have.

Sincerely,


Daniel Murphy
Chairman

cc: Edward D. Reiskin, Director of Transportation
Benjamin Rosenfield, Controller

Attachment: Fiscal Year 2017-2018 Annual Report

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SFMTA Bond Oversight Committee FY 2017-2018 Annual Report

December 26, 2018

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SECTION 1. INTRODUCTION

The San Francisco Municipal Transportation Agency (SFMTA or Agency) Bond Oversight Committee (BOC) was created by the SFMTA Board of Directors. Under its Bylaws, the BOC is required to provide an annual report to the SFMTA Board of Directors by January 31 of each year. This report covers activities for Fiscal Year 2017-2018, and includes a review by external auditors as well as a brief description of events occurring since the end of the fiscal year.

SECTION 2. BACKGROUND

The Board of Directors of the SFMTA created the BOC on December 6, 2011 by Resolution #11-154. The Resolution creating the BOC is available on the SFMTA website under Policies at the following link: <https://www.sfmta.com/investor-relations>.

The BOC was established to provide independent public oversight regarding the expenditure of bond proceeds for projects funded by the SFMTA's revenue bonds and other forms of indebtedness to ensure that bond proceeds are being spent for authorized purposes in accordance with law. The purpose of the BOC is to ensure accountability and transparency for SFMTA debt financed projects, and to ensure that prudent internal controls and practices are established and implemented by the SFMTA. The BOC also informs the SFMTA Board of Directors and the public on the status of the projects funded by debt.

The BOC's authority does not include the approval of projects included in any financing, or the selection process of any vendor hired by the SFMTA to execute bond-funded projects or issue debt.

The BOC consists of seven members as follows: (1) three members recommended by the SFMTA Board Chairman and approved by the SFMTA Board of Directors; (2) two members of the Citizens' Advisory Council; (3) one member appointed by the SFMTA's Director of Transportation; and (4) one member appointed by the Controller. The three current members appointed by the SFMTA Board are Art Torres, Leona Bridges (former SFMTA Board member) and Robert Shaw, who replaced Pauline Marx on August 17, 2017. The two current members appointed by the Citizens' Advisory Council are Daniel Murphy and Neil Ballard, who replaced Stephen Taber on June 15, 2018. The current member appointed by the Director of Transportation is Kathryn How (Assistant General Manager, San Francisco Public Utilities Commission). The current member appointed by the Controller is Anna Van Degna (Director of the Office of Public Finance) who replaced Nadia Sesay on May 24, 2018. The BOC elected Rudy Nothenberg as Chair and Daniel Murphy as Vice Chair at its meeting on June 1, 2016. As a result of Mr. Nothenberg's departure on June 30, 2018, Daniel Murphy served as the Acting Chair and was elected to Chair by the BOC at their November 27, 2018 meeting. The Vice Chair position is vacant and will be filled at the next regular meeting. BOC members do not receive compensation for their service on the Committee.

In Fiscal Year 2017-2018, the BOC convened four times: on September 6, 2017, twice on December, 6, 2017 (regular and special meeting), and on June 15, 2018.

All Committee proceedings are subject to the California Public Records Act (Section 6254, et seq., of the Government Code of the State of California) and the City's Sunshine Ordinance (Chapter 67 of the Government Code of the State of California). Minutes of the proceedings of the Committee and all documents received and reports issued are a matter of public record and are available on the SFMTA's website at:

<http://sfmta.com/about-sfmta/organization/committees/bond-oversight-committee-boc>.

SECTION 3. AUDITOR REVIEW

The final report from the auditor review is included as Appendix 2 to this report. For more information, see Policies and Procedures (Section 9).

SECTION 4. BOND OVERSIGHT COMMITTEE BYLAWS

BOC meetings are conducted in accordance with its Bylaws. A copy of the current BOC Bylaws is available on the SFMTA website: <https://www.sfmta.com/committees/sfmta-bond-oversight-committee-boc>.

SECTION 5. REVENUE BONDS

The SFMTA Board of Directors has authorized the issuance of a total of \$365.8M in Revenue Bonds for projects. As of June 30, 2018 the SFMTA has issued \$403.8M of its 2012, 2013, 2014 and 2017 Revenue Bonds, with the full total authorized of \$365.8M available for projects and the remaining \$38.0M used to refund previously issued debt as shown in Section "A" below. Revenue Bond proceeds are invested in the City Treasury and interest earned on these funds is credited to the bond account to be available for bond funded projects. Information related to SFMTA indebtedness and detailed information on issuances –is available at the following link:

<http://www.sfmta.com/about-sfmta/investor-relations>.

This table displays bond proceeds of only the funds that were issued for project use.

Bond Series	Available amount for projects
2012B Bond	\$25,835,000
2013 Bond	\$75,000,000
2014 Bond	\$75,000,000
2017 Bond	\$190,000,000
Total	\$365,835,000

A. Series 2012A and 2012B Revenue Bonds

In July 2012, SFMTA issued \$63.8 million of its Revenue Bonds, comprised of two series of bonds. The first, Series 2012A (\$38.0 million) (Series 2012A Bonds), was issued for the purpose of refunding bonds previously issued by San Francisco Parking Authority and three non-profit parking corporations. The refunding transaction resulted in net present value savings of \$6.7 million, representing 15.8% debt service savings.

The second, Series 2012B (\$25.7 million) (Series 2012B Bonds) were issued to finance a portion of the costs of various capital projects for the SFMTA. The SFMTA Board of Directors and the Parking Authority Commission approved the issuance of these bonds on December 6, 2011 and May 1, 2012 (Resolution Numbers 11-150, 11-151, 12-065) and the Board of Supervisors concurred with the issuance on April 10, 2012 (Resolution Number 120-12).

B. Series 2013 Revenue Bonds

In December 2013, the SFMTA issued \$75 million of its Revenue Bonds, Series 2013 (2013 Bonds). The SFMTA Board of Directors approved the issuance of the 2013 Bonds on September 3, 2013 and October 15, 2013 (Resolution Numbers 13-206, 13-234) and the Board of Supervisors concurred with the issuance on September 24, 2013 (Resolution Number 337-13). The 2013 Bonds were issued to finance various transportation capital projects.

C. Series 2014 Revenue Bonds

In December 2014, the SFMTA issued \$75 million of its Revenue Bonds, Series 2014 (2014 Bonds), to finance various transportation capital projects. The SFMTA Board of Directors approved issuing the 2014 Bonds on September 3, 2013 and October 21, 2014 (Resolution Numbers 13-206, 14-154) and the Board of Supervisors concurred with the issuance on September 24, 2013 (Resolution Number 337-13).

D. Series 2017 Revenue Bonds

In June 2017, the SFMTA issued \$190 million of its Revenue Bonds, Series 2017 (2017 Bonds) to finance Mission Bay Transportation Capital Improvements, procurement of new Muni vehicles, and the Van Ness Transit Improvement Project. The SFMTA Board of Directors approved issuing the 2017 Bonds on April 5, 2016 (Resolution Number 16-044) and the Board of Supervisors concurred with the issuance on June 7, 2016 (Resolution 231-16).

SECTION 6. COMMERCIAL PAPER PROGRAM

The SFMTA established a \$100 million commercial paper (CP) program on September 10, 2013. The CP program was approved by the SFMTA Board of Directors on June 4, 2013 (Resolution Number 13-071) and the Board of Supervisors concurred on June 10, 2013 (Resolution Number 246-13). The CP program is intended to finance, on a short-term basis, the costs of transportation capital projects in advance of the issuance of revenue bonds. In certain instances commercial paper is issued in anticipation of the receipt of grants. By providing continuous flows of funds to SFMTA capital projects, the CP program can lower project costs by limiting schedule slippage.

At its November 6, 2013 meeting, the BOC reviewed the SFMTA's Commercial Paper Policies and Procedures to guide the use of CP. The procedures were jointly developed by the SFMTA and the Controller's Office of Public Finance. The Policies and Procedures were intended to define the steps to issue commercial paper and the related procedures and accounting to ensure appropriate internal controls and accountability. The BOC has no oversight responsibility for the use of CP on a day-to-day basis. As of November 2018, one CP note for \$41 million was issued on January 18, 2017 and repaid in 90 days, therefore, no CP notes are outstanding. Detailed information is available at the following link: <http://www.sfmta.com/about-sfmta/investor-relations>.

SECTION 7. PROJECT DELIVERY

A. Series 2012B Revenue Bond Funded Programs

The Series 2012B Bonds were authorized in July 2012 for a total of \$25.8. Of the \$25.8 million, \$5.0 million was designated for parking garage projects and \$20.8 million for state-of-good-repair improvements to existing assets as well as accessibility and reliability of the transportation system including transit, bicycle, pedestrian and signal improvements. The Series 2012B bond funds were fully expended in October 2016 and funded a total of 15 projects.

The following section summarizes the programs included in the 2012B Revenue Bonds.

Program Title

Program Description

Muni Metro Sunset Tunnel Rail Rehabilitation

The Muni Metro Sunset Tunnel Rail Rehabilitation upgrades and reconstructs aging N-Line railway infrastructure in the Sunset Tunnel, which includes replacing track work, overhead catenary system components, feeder cables, the curve signal system, and firefighting standpipe components; cleaning drain lines; and adding conduit for a future emergency blue light telephone system.

Muni Metro Turnback Rehabilitation

The Muni Metro Turnback (“MMT”) extends the Muni Metro Light Rail Transit Line underground approximately one mile from Embarcadero Station to a tunnel portal connecting to the Mission Bay surface line. The MMT includes 800 feet of bored tunnel, cut-and-cover structure, and an extensive underground turnback complex with two pocket tracks. The MMT was designed to improve turnback operations, reduce headways, and provide underground train storage to increase system capacity. The turnback and pocket track just east of Embarcadero Station have been damaged over time by water intrusion from the San Francisco Bay. The worn track has in the past caused service delays. The MMT Rehabilitation is designed to improve service reliability by reducing train and control failures and to improve safety. It is also expected to reduce on-going maintenance costs.

Muni Green Light Rail Facility Rehabilitation

The Muni Green Light Rail Facility Rehabilitation project will enhance system reliability while reducing the need for excess maintenance. The project calls for the replacement of approximately 11,200 track-feet of worn rails and track switches at the SFMTA's Green Light Rail Facility, where in excess of 89 Breda LRVs are regularly stored, and possibly improvements to the facility.

Muni System Radio Replacement Project

This project will replace and modernize SFMTA's radio communication system using 700 MHz voice and 800 MHz data channels as the basis for the communication network. The new system will utilize four base station sites and will meet the regional Intelligent Transportation Standard and the P25 interoperability criteria.

Muni Metro System Public Announcement and Public Display System Replacement

The Muni Metro System Public Announcement and Public Display System Replacement project would improve customer experience within the Muni Metro system by replacing existing 28-year-old subway Public Address System & Platform Display systems with new devices. Specific improvements include the installation of LED passenger information displays at nine stations, for a total of 108 signs. Station improvements will also include speakers, microphones, ambient noise sensors and a digital voice announcement system.

Parking Garage Projects

This program includes funds for assessing the condition of 18 garages and provides partial funding for waterproofing and ventilation projects.

B. Series 2013 Revenue Bond Funded Programs

On December 4, 2013, the SFMTA issued \$75 million in Revenue Bonds, Series 2013 (2013 Bonds). Of the \$75 million, \$1.7 million was programmed for garage projects and \$73.3 million for asset renewals, accessibility and reliability of the transit system (safe routes to transit including bicycle, pedestrian and signal improvements). As of June 30, 2018, the 2013 Bond funded 38 projects. A total of \$74.2 million was expended and \$0.1 million was encumbered in construction contracts leaving \$0.7 million unspent.

The following section summarizes the programs included in the Series 2013 Bonds.

Program Title

Program Description

Pedestrian Safety & Traffic Signal Improvements

This program is meant to promote walking and improve the safety and usability of City streets by providing the funds required to plan, design and construct pedestrian and traffic signal infrastructure. The program includes the installation of red light photo enforcement equipment; pedestrian islands in the medians of major thoroughfares; sidewalk bulb-outs and sidewalk widening; installation of traffic and pedestrian signals which include countdown and accessible pedestrian signal equipment; and targeted traffic calming projects.

Transit System Safety and Other Improvements

The Transit System Safety and Other Transit Improvements program is designed to improve the safety of the Muni transit system. It includes project development and capital costs for: (i) the replacement of the communication and dispatching system to provide interoperable digital voice communications for SFMTA staff and the Public Works Emergency Radio System; (ii) new vehicle on-board and fixed route components that will provide information for core operational capabilities including Computer Aided Dispatch and Automatic Vehicle Location, vehicle health monitoring, on-board ADA-compliant traveler information, transit signal priority, and automated fare collection; (iii) training equipment and simulators for Muni operators; (iv) replacement of fire-safety mandated emergency telephones including phone switches, phone stations, blue-light units, raceways, communication cables, uninterrupted power supply units, networking system, operator consoles and management servers; and (v) transit improvements including signal changes, bus bulbs, striping changes and other localized uses of the transit priority toolkit.

Street Capital Improvements

The Street Capital Improvements program focuses on the development of safe and complete streets through integrated major corridor capital projects. It includes project development and capital costs for: the construction of bicycle facilities and improvements to the existing bicycle network; bicycle sharing, new bicycle lanes and paths, bicycle parking facilities, bicycle boxes, bicycle boulevards, buffered bicycle lanes, cycle tracks, bicycle signals, and “green wave” traffic signal coordination; curb extensions, storm water management features, traffic signal timing changes, signs, installation of pedestrian signals, including countdown and accessible pedestrian signal equipment, sidewalk extensions, medians, refuge islands, and bulb outs.

Facility Improvements

The Facility Improvements program includes safety and seismic upgrades to SFMTA parking garages and expansion of Muni operations and maintenance facilities, including projects intended to maintain the state of good repair of certain existing garages and SFMTA operations facilities, to improve working conditions for staff and to otherwise expand existing facilities.

Transit Fixed Guideway Improvements

Transit Fixed Guideway Improvements is a capital program intended to address certain transit operational issues and maintenance needs, and to increase system reliability. It includes project development and costs relating to: replacement of overhead wires and related poles and traction power systems serving light rail and trolley coach lines; improvement to the transportation central control facility and systems; replacement of the trackway and related systems serving the light rail and cable car lines to mitigate excessive noise and/or vibration.

Muni Fleet

Under the Light Rail Vehicle Procurement program, SFMTA will purchase replacement light rail vehicles along with new vehicles to provide for growth in transit service.

Fiscal Year 2017-2018 project delivery milestones for the Series 2013 Revenue Bonds include:

1. Islais Creek Phase II Improvements: Reached substantial completion on May 4, 2018. This project included construction of a new motor coach maintenance and operations building

including maintenance bays, warehouse space, operations and maintenance offices, showers, a gilly room, locker rooms and training space. The project is funded with Series 2013 and Series 2014 bond funds.

2. Masonic Avenue Streetscape Improvements: The project was opened for use in June 2018 and brings safety upgrades for pedestrians, cyclists, transit riders and motorists, along with new infrastructure, landscaping, street trees and public art. This project is funded with Series 2013 and Series 2014 bond funds.
3. Muni Metro Sunset Tunnel Rail Rehabilitation: Work on the feeder cables that power the overhead wires was completed in October 2017. This marked the completion of the project after multiple weekends of construction over four years. Upgrading the aging track system and other infrastructure of the tunnel improves seismic and fire safety in the tunnel, provides a smoother and faster ride, and improves reliability on the N-Judah Metro line.
4. M-Ocean View Track Replacement: Phase 1 of the project at 19th Avenue and Junipero Serra Boulevard was completed in winter 2017. Improvements include new pedestrian refuge for people walking across 19th Avenue; intrusion treatments at track entrance to deter people from driving into the trackway; new train sensors to keep trains moving through the intersection; and restriping of traffic lanes and crosswalks.
5. Muni Metro Twin Peaks Tunnel Rail Replacement: Construction began on June 25, 2018. The project was completed on time on August 25 and regular service resumed following closure of the tunnel for two months. Extensive work to the tracks, seismic reinforcement of walls, and improvements to the drainage system was performed on the 100 year old tunnel so that service can continue to operate safely and reliably for years to come.
6. Pedestrian Countdown Signals: Construction was nearly fully completed with the installation of pedestrian countdown signals at 11 intersections and accessible pedestrian signals at another additional 8 intersections. Most of these intersections involved a full signal upgrade with new conduits, pullboxes, poles, and larger signal heads. This project is funded with Series 2013 and Series 2014 bond funds.
7. Procurement of New Light Rail Vehicles: Twenty cars were placed in revenue service and as of June 2018 another ten were on site in the process of testing, commissioning and burn-in. The project includes: first, the expansion of the current fleet by a total of 68 cars, followed by the replacement of the entire fleet of 151 Breda cars that are reaching the end of the useful lives. This project is funded with Series 2013, Series 2014, and Series 2017 bond funds.

8. **Safe Routes to School Project – Tenderloin:** Project was completed in August 2017. Pedestrian safety improvements were constructed in the vicinity of the Tenderloin Community Elementary School along Turk Street from Hyde to Franklin Streets. The project included bus and curb bulbs with curb ramps, continental crosswalks and advance stop bars. This project is funded with Series 2013 and Series 2014 bond funds.

9. **Van Ness Bus Rapid Transit (BRT):** Roadway and utility phase work on this major corridor project was fully underway. This massive civic improvement project will bring San Francisco its first bus rapid transit system to improve transit service and address traffic congestion on Van Ness Avenue. To maximize the benefits of construction impacts, the project also includes extensive utility maintenance, civic improvements and transportation upgrades. This project is funded with Series 2013, Series 2014, and Series 2017 bond funds.

C. Series 2014 Revenue Bond Funded Programs

On December 10, 2014, \$75 million of Revenue Bonds, Series 2014 (2014 Bonds) were issued to fund various transportation system, safety, traffic signal, and street and facility improvements. As of June 30, 2018, the 2014 Bonds funded 38 projects. A total of \$56.3 million bond funds were expended and \$1.3 million were encumbered in construction contracts leaving an unexpended balance of \$17.4 million.

The following section summarizes the programs included in the Series 2014 Revenue Bonds.

<u>Program Title</u>	<u>Program Description</u>
Pedestrian Safety & Traffic Signal Improvements	This program is meant to promote walking and improve the safety and usability of City streets by providing the funds required to plan, design and construct pedestrian and traffic signal infrastructure. The program includes the installation of red light photo enforcement equipment; pedestrian islands in the medians of major thoroughfares; sidewalk bulb-outs and sidewalk widening; installation of traffic and pedestrian signals which include countdown and accessible pedestrian signal equipment; and targeted traffic calming projects.

Transit System Safety and Other Improvements	The Transit System Safety and Other Transit Improvements program is designed to improve the safety of the Muni transit system. It includes: project development and capital costs for: (i) the replacement of the communication and dispatching system to provide interoperable digital voice communications for SFMTA staff and the Public Works Emergency Radio System; (ii) new vehicle on-board and fixed route components that will provide information for core operational capabilities including Computer Aided Dispatch and Automatic Vehicle Location, vehicle health monitoring, on-board ADA-compliant traveler information, transit signal priority, and automated fare collection; (iii) training equipment and simulators for Muni operators; (iv) replacement of the fire-safety mandated emergency telephones including phone switches, phone stations, blue-light units, raceways, communication cables, uninterrupted power supply units, networking system, operator consoles and management servers; and (v) transit improvements including signal changes, bus bulbs, striping changes and other localized uses of the transit priority toolkit.
Complete Street Capital Improvements	The Street Capital Improvements program focuses on the development of safe and complete streets through integrated major corridor capital projects. It includes project development and capital costs for: the construction of bicycle facilities and improvements to the existing bicycle network; bicycle sharing, new bicycle lanes and paths, bicycle parking facilities, bicycle boxes, bicycle boulevards, buffered bicycle lanes, cycle tracks, bicycle signals, and “green wave” traffic signal coordination; curb extensions, storm water management features, traffic signal timing changes, signs, installation of pedestrian signals, including countdown and accessible pedestrian signal equipment, sidewalk extensions, medians, refuge islands, and bulb outs.
Facility Improvements	SFMTA’s Facility Improvements program includes safety and seismic upgrades to SFMTA parking garages and expansion of Muni operations and maintenance facilities, including projects intended to maintain the state of good repair of certain existing garages and SFMTA operations facilities, to improve working conditions for staff and to otherwise expand existing facilities.
Muni Fleet	Under the Light Rail Vehicle Procurement program, SFMTA will purchase replacement light rail vehicles along with new vehicles to provide for growth in transit service.

Fiscal Year 2017-201 project delivery milestones for the 2014 Revenue Bonds include:

1. Geary Bus Rapid Transit (BRT) Phase I: Construction of the safety improvements at Geary Boulevard and Baker Street reached substantial completion.
2. Polk Streetscape: Construction was well underway to construct new ADA accessible curb ramps at nine locations, traffic sign modifications at five intersections, full traffic signal upgrades and related bus pad improvements on Polk Street. Polk Street has been the site of many traffic-related injuries and the corridor is currently on San Francisco's Vision Zero High Injury Network. This network represents 12 percent of San Francisco's surface streets and is where injuries, including severe and fatal injuries, are most concentrated.
3. 7th & 8th Streetscape: Phase 1 (7th Street from Market to Cleveland Street & 8th Street from Market to Harrison Street) was completed and opened for use. The project implements near-term bicycle and pedestrian improvements along 7th Street and 8th Street between Market Street and Townsend Street.
4. Columbus Avenue Streetscape: The project was completed at the end of 2017. Pedestrian bulb outs were constructed along Stockton Street at Green, Vallejo, and Grant streets. Five other bulb outs were installed in conjunction with a street paving contract
5. Masonic Avenue Streetscape Improvements: The project was opened for use in June 2018 and brings safety upgrades for pedestrians, cyclists, transit riders and motorists, along with new infrastructure, landscaping, street trees and public art. This project was funded with Series 2013 and Series 2014 bond funds.
6. Procurement of New Light Rail Vehicles: Twenty cars were placed in revenue service and as of June 2018 another ten were on site in the process of testing, commissioning and burn-in. The project includes first the expansion of the current fleet by a total of 68 cars followed by the replacement of the entire fleet of 151 Breda cars that are reaching the end of the useful lives. This project is funded with Series 2013, Series 2014, and Series 2017 bond funds.
7. Islais Creek Phase II Improvements: Reached substantial completion on May 4, 2018. This project included construction of a new motor coach maintenance and operations building including maintenance bays, warehouse space, operations and maintenance offices, showers, a gilley room, locker rooms and training space. The project is funded with Series 2013 and Series 2014 bond funds.
8. PARCS Replacement Project: This project includes the complete replacement of the parking access and revenue control system (PARCS) components at 22 parking facilities. Installation was substantially completed at the first six of 22 garage facilities.

9. **Pedestrian Countdown Signals**: Construction was nearly fully completed with the installation of pedestrian countdown signals at 11 intersections and accessible pedestrian signals at another additional 8 intersections. Most of these intersections involved a full signal upgrade with new conduits, pullboxes, poles, and larger signal heads. This project is funded with Series 2013 and Series 2014 bond funds.

10. **Safe Routes to School Project – Tenderloin**: Project was completed in August 2017. Pedestrian safety improvements were constructed in the vicinity of the Tenderloin Community Elementary School along Turk Street from Hyde to Franklin Streets. The project included bus and curb bulbs with curb ramps, continental crosswalks and advance stop bars. This project is funded with Series 2013 and Series 2014 bond funds.

11. **Van Ness Bus Rapid Transit (BRT)**: Roadway and utility phase work on this major corridor project was fully underway. This massive civic improvement project will bring San Francisco its first bus rapid transit system to improve transit service and address traffic congestion on Van Ness Avenue. To maximize the benefits of construction impacts, the project also includes extensive utility maintenance, civic improvements and transportation upgrades. This project is funded with Series 2013, Series 2014, and Series 2017 bond funds.

D. Series 2017 Revenue Bond Funded Programs

On June 7, 2017, \$190 million of Revenue Bonds, Series 2017 (2014 Bonds) were allocated to various transportation system, safety, traffic signal, and street and facility improvements. As of June 30, 2018, the 2017 Bonds were allocated to three projects. A total of \$132.9 million were expended and \$50.3 million were encumbered leaving \$6.8 million remaining.

The following section summarizes the projects included in the Series 2017 Revenue Bonds.

<u>Project Title</u>	<u>Project Description</u>
Mission Bay Transportation Capital Improvements	Construct a single-track transit loop for the Third Street Light Rail Line (T Line), including adjacent roadway surface improvements on Illinois Street, between 18 th and 19 th Streets. The addition of this short line to SFMTA's T Line is designed to double the frequency of light rail transit service to Mission Bay and provide enhanced connections between Mission Bay and downtown San Francisco.

Van Ness Bus Rapid Transit Project	Construct a package of transit, streetscape, and pedestrian safety improvements along a two-mile corridor of Van Ness Avenue between Mission and Lombard Streets. Key features include conversion of two mixed-flow traffic lanes into dedicated bus lanes, consolidated transit stops, high quality stations, transit signal priority, all-door low floor boarding, elimination of most left turn opportunities for mixed traffic, and pedestrian safety enhancements.
Muni Fleet: LRV Procurement	Under the Light Rail Vehicle Procurement program, SFMTA will purchase replacement light rail vehicles along with new vehicles to provide for growth in transit service.

Fiscal Year 2017-2018 project delivery milestones for the 2017 Revenue Bonds include:

1. **Procurement of New Light Rail Vehicles:** Twenty cars were placed in revenue service and as of June 2018 another ten were on site in the process of testing, commissioning and burn-in. The project includes first the expansion of the current fleet by a total of 68 cars followed by the replacement of the entire fleet of 151 Breda cars that are reaching the end of the useful lives. This project is funded with Series 2013, Series 2014, and Series 2017 bond funds.
2. **Van Ness Bus Rapid Transit (BRT):** Roadway and utility phase work on this major corridor project was fully underway. This massive civic improvement project will bring San Francisco its first bus rapid transit system to improve transit service and address traffic congestion on Van Ness Avenue. To maximize the benefits of construction impacts, the project also includes extensive utility maintenance, civic improvements and transportation upgrades. This project is funded with Series 2013, Series 2014, and Series 2017 bond funds.
3. **King Street Substation Upgrade:** Notice to proceed was issued in June 2018. This project will install upgrades and additional power capacity to provide capacity to support light rail vehicles along the Embarcadero. Additional capacity is needed to accommodate planned system growth as well as to support special events service associated with AT&T Park and Chase Arena.
4. **UCSF Platform Extension and Crossover Track:** Notice to proceed was issued in April 2018. This project will extend the University of California, San Francisco northbound platform by approximately 160 feet and potentially the southbound platform. Work will include replacement of the trackway due to existing trackway grades and platform, modifying the overhead catenary, and the construction of new track crossovers.

SECTION 8. REALLOCATION OF PROCEEDS

The SFMTA Board of Directors and BOC are both notified when reallocations are made between authorized programs and/or projects. In Fiscal Year 2017-18 there were three bond reallocations described below. Reallocations are numbered sequentially by bond issue irrespective of timing.

Series 2013 Bonds

Reallocation 7: In a memorandum dated July 10, 2017, the SFMTA Board was advised that \$524,145 was redirected from Facility Improvements and Transit System Safety & Other Transit Improvements categories to the Muni Fleet Program category to support the Procurement of Light Rail Vehicles project. The funds are being redirected as follows: 1) a total of \$524,200 from the Facility Improvements were identified from slower moving projects – Islais Creek Phase II (\$520,569), cost savings from Operator Convenience Facilities Phase I (\$3,576) and 2) cost savings from within Transit System Safety & Other Transit Improvements from Transit Spot Improvement - Columbus Bus Bulbs (\$55). In addition, \$12,091 in project cost savings from Above Grade PCS & Signal Viability Improvement was redirected from Pedestrian Safety & Traffic Signal Improvements to Street Capital Improvements - Masonic Avenue Streetscape to cover a small overage in the construction phase.

Reallocation 8: In a memorandum dated May 30, 2018, the SFMTA Board was advised that \$129,999 in project savings was redirected from the Transit Spot Improvement - Muni Forward – 5 Fulton Outer project within the Transit System Safety & Other Improvements program to the Muni Fleet Program category to support the Procurement of Light Rail Vehicles project.

Series 2014 Bonds

Reallocation 3: In a memorandum dated May 30, 2018, the SFMTA Board was advised that \$614,000 was redirected in project savings from the 1 California: Laurel Village Transit Priority project within the Transit System Safety & Other Improvements program to the Muni Fleet Program category to support the Procurement of Light Rail Vehicles project. The 1 California: Laurel Village Transit Priority Project encountered a delay and the funding will be replaced by GO Bonds.

SECTION 9. POLICIES & PROCEDURES

At the September 6, 2017 meeting, KPMG, the BOC's independent auditor, presented the draft Fiscal Year 2016-2017 Agreed-Upon Audit Procedures to evaluate sources and uses of SFMTA's series 2012, 2013 and 2014 bonds in compliance with the provisions of the MTA Board's Authorizing Resolution and SFMTA's internal procedures for the bonds. KPMG reported that the revenue bond procedures for Fiscal Year 2016-2017 are similar to the previous years with a sample size of

sixty-five transactions, to include representative coverage of large and small dollar amounts, interdepartmental charges, and other miscellaneous items. The final report from the auditor review is included as Appendix 2 to this report.

Also at the September 6, 2017 meeting the BOC received an update about ongoing efforts to improve coordination between the SFMTA and Public Works to improve project delivery. Committee members requested clarification on schedule development and public outreach through the duration of the project. BOC members suggested the need to ensure project schedules included time for adequate outreach, both initial and ongoing outreach particularly if there are delays in project implementation.

Also at the September 6, 2017 meeting BOC members discussed how the BOC could be notified if there was a whistleblower complaint alleging the misuse or waste of bond proceeds as whistleblower complaints are intended to be confidential. At the December 6, 2017 meeting a representative from the City whistleblower's program explained to the BOC that each complaint that comes to Whistleblower Program is analyzed by an investigator and referred to the respective departmental liaison. If a complaint came in about SFMTA bonds the investigator would review the authorizing legislation associated with the bond issue as part of their process and contact the departmental liaison if follow up is necessary. The SFMTA liaison will receive the results of the investigation if follow up is required to address the finding. On December 11, 2017 a letter was sent to the Whistleblower Program and SFMTA Whistleblower Liaison requesting that the BOC members be notified of any whistleblower findings related to the BOC's role related to SFMTA financings.

At the December 6, 2017 special meeting, BOC members requested that SFMTA evaluate whether a similar formal procedure to the SFMTA formal procedures for work authorization management and oversight established with DPW in 2016 is needed for work authorization with other departments in fiscal year 2018, taking into account the relative volume as well as the functionality of the City's new financial system.

At the June 15, 2018 meeting, KPMG, the BOC's independent auditor, presented the draft Fiscal Year 2017-2018 Agreed-Upon Audit Procedures to evaluate sources and uses of SFMTA's bonds in compliance with the provisions of the MTA Board's Authorizing Resolution and SFMTA's internal procedures for the bonds. KPMG reported that the revenue bond procedures for Fiscal Year 2017-2018 are similar to the previous years with a sample size of sixty-five transactions, to include representative coverage of large and small dollar amounts, interdepartmental charges, and other miscellaneous items. The final report from the auditor review is included as Appendix 2 to this report.

Also at the June 15, 2018 meeting, SFMTA staff proposed a modification to Policy 2.4 Use of Revenue Bond Interest to access the interest earnings to close project funding gaps on bond eligible projects. BOC members asked for review of the policy by Bond Counsel and review of the revised policy prior to their acceptance of the policy change at the next meeting. A policy change was approved at the subsequent meeting on September 18, 2018 to allow the use of revenue bond interest only under these conditions: (1) Interest allocations will be given to bond funded projects in the same series; (2) if projects in the same series do not need funding, then interest allocations will be given to bond funded projects in a subsequent series; and (3) notifications of allocations of interest will be communicated to the SFMTA Board of Directors and the BOC members by memorandum.

SECTION 10. SUBSEQUENT EVENTS

A. Allocation of Interest Earnings

A policy change was approved at the September 18, 2018 meeting to allow the use of revenue bond interest only under these conditions: (1) Interest allocations will be given to bond funded projects in the same series; (2) if projects in the same series do not need funding, then interest allocations will be given to bond funded projects in a subsequent series; and (3) notifications of allocations of interest will be communicated to the SFMTA Board of Directors and the BOC members by memorandum.

B. Bond Expenditures

As of October 31, 2018, the remaining bond funds (including encumbered funds) for each series and percentage spent are as follows: Series 2012B - \$0 (100% spent), Series 2013 - \$431,098 (99% spent), Series 2014 - \$13,878,755 (81% spent), Series 2017 - \$42,146,039 (78% spent). Series 2012B was fully expended by October 2016.

APPENDIX 1: FISCAL YEAR 2017-2018 MEETING SCHEDULE

Meetings occurred on the following dates at the SFMTA administration building at 1 South Van Ness Avenue, San Francisco. Meeting agendas and minutes of the SFMTA BOC meetings are posted at the following link: <http://sfmta.com/about-sfmta/organization/committees/bond-oversight-committee-boc>. Audio recordings are on file with the Committee Coordinator and can be made available upon request. Scheduled meetings are open to the public and the BOC encourages the participation of the public.

Fiscal Year 2017-2018 BOC Meeting Dates

- September 6, 2017
- December 6, 2017
- December 6, 2017 (special meeting)
- June 17, 2018

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APPENDIX 2: FISCAL YEAR 2017-2018 AUDIT

See attached report.



KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Independent Accountants' Report on Applying Agreed-Upon Procedures

**San Francisco Municipal Transportation Agency (SFMTA)
Bond Oversight Committee and SFMTA Board of Directors
City and County of San Francisco, California:**

We have performed the procedures enumerated in the Attachment, which were agreed to by San Francisco Municipal Transportation Agency (SFMTA), on SFMTA's sources and uses of funds related to bond Series 2012A, 2012B, 2013, 2014, and 2017 for the year ended June 30, 2018. SFMTA's management is responsible for SFMTA's sources and uses of funds related to bond Series 2012A, 2012B, 2013, 2014, and 2017 for the year ended June 30, 2018. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated in the Attachment, either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on SFMTA's uses and sources of funds related to bond Series 2012A, 2012B, 2013, 2014, and 2017 for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. 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 City and County of San Francisco Board of Supervisors, SFMTA Board of Directors, SFMTA Bond Oversight Committee, SFMTA management, and others within SFMTA, and is not intended to be and should not be used by anyone other than the specified parties.

KPMG LLP

San Francisco, California
November 30, 2018

Procedures and Results:

1. For the sample items selected in procedure c. below, confirm that debt proceeds and interest income have been recorded in the accounting system solely for uses, purposes, and projects authorized in the authorizing resolution by performing the following procedures:
 - a. We obtained and inspected the following bond resolutions that describe the authorized uses, purposes and projects authorized to be paid with the respective bond proceeds and interest income to use as a basis for determining that the debt proceeds and interest income (the sources) were used in accordance with the bond resolutions in procedure 2 below:
 - Board of Supervisors (BOS) Resolutions for Series 2012A, 2012B, 2013, 2014 and 2017 bonds and Municipal Transportation Agency Board (MTAB) Resolutions for Series 2012A, 2012B, 2013, 2014, and 2017 bonds
 - SFMTA Procurement Procedures
 - CCSF Accounting Policies and Procedures
 - Capital Funding Recommendations
 - b. We obtained and inspected the following bond resolutions that describe management's intention of the bond proceeds and interest income for the source, intended use, and expenditure and balances of bond revenue to use as a basis of determining that the debt proceeds and interest income were recorded correctly in procedure 2 below:
 - The SFMTA Board of Directors Resolutions 11-150, 13-205, and 16-044 resolving to issue Series 2012A, 2012B, 2013, 2014, and 2017 revenue bonds for the purpose of financing (as capital projects) the cost of transportation projects.
 - The SFMTA Board of Directors Resolutions 11-127, 13-206, and 16-044, which allow SFMTA to be reimbursed for costs for the above range of capital projects from the proceeds of revenue bond Series 2012A, 2012B, 2013, 2014, and 2017.
 - CCSF Board of Supervisors Resolutions 120-12, 337-13, and 231-16 authorizing the issuance of Series 2012A, 2012B, 2013, 2014, and 2017 bonds in concurrence with the resolutions passed by the SFMTA Board of Directors.
 - CCSF Board of Supervisors Resolutions required to appropriate the revenue collected from the bond issuances for the various capital projects to be undertaken by the Department of Public Works (DPW) on behalf of SFMTA.
 - c. We selected a sample of 65 expenditures from the general ledger detail (PeopleSoft data) provided by management, including a sample of trustee payments that included debt principal and interest amounts, and performed the agreed upon procedures listed in procedure 2 to determine whether the sources were used solely for uses, purposes, and projects authorized in the authorizing resolutions described above.

Results: No exceptions were found as a result of applying these procedures.

2. For a sample of transactions, perform the following procedures with respect to uses, expenditures, encumbrance, and balances for the year ending June 30, 2018:
 - a. Validate that uses are solely for purposes per the respective bond's authorizing resolution and applicable laws

- b. Validate that project expenditures and encumbrances are for authorized capital projects noted in the respective bond resolution
 - c. Validate that transactions are properly supported with documents required by City and Departmental policies and are processed in accordance with SFMTA's internal procedures obtained from management
 - d. Validate if the trustee payments for debt service is in accordance with the terms of the respective bond resolution, amounts are correct, and payments were made on or before the required due dates
 - e. Validate if bond dollar amounts reported are correct and trace to supporting records
- (A) As referenced in procedure 1(c) above, we selected a sample of 65 transactions from the PeopleSoft data, split as follows:
- 25 expenditures with the high-dollar amounts
 - 15 assorted expenditures for small-dollar amounts
 - 15 interdepartmental charges
 - 5 budget (funding) transfers between projects
 - 5 trustee payments

We obtained the PeopleSoft data related to bond Series 2012A, 2012B, 2013, 2014, and 2017 from management of all transactions recorded related to the aforementioned bond series during the year ended June 30, 2018. We selected the 25 highest dollar amounts by filtering the transaction amount in the detail from highest to smallest. Then, we selected 15 additional expenditures that were not within the highest dollar amounts.

We obtained separate work order files related to bond Series 2012A, 2012B, 2013, 2014, and 2017 from management that included general ledger (GL) accounts 431 and 423. The work order file containing the GL code 423 was organized by transaction type and description. We selected the 15 interdepartmental charges from the work order file that contained GL 431. We used the second work order file with GL 423 and selected 5 budget (funding) transfers between projects with transaction type of "budget setup" with description of 'project funding'.

We obtained a listing of all bond debt service payments to trustee related to bond Series 2012A, 2012B, 2013, 2014, and 2017 from management. We selected five payments from this listing.

- (B) We performed the procedures described above in procedure 2 on samples referenced in procedure 2(A) as follows:

High-dollar amounts and assorted smaller-dollar expenditures (Sample Size 40) Sample numbers 1-40 (Steps 2a-c described above). For samples #1-40 listed below, we validated:

- The uses of funds were for expenditures solely for purposes per noted in the respective bond resolution and applicable laws. For purposes of the revenue bonds, applicable laws refers to the related Revenue Bond Policies and Procedures published by SFMTA to maintain compliance with the debt policy approved by the SFMTA Board of Directors. KPMG compared the project description on the approved invoice and encumbrance payment provided by management to the respective bond resolution provided by management.

- The project expenditures and encumbrances were for authorized capital projects noted in the respective bond resolution by obtaining the approved invoice and Certificate of Progress Payment that were signed by the project manager and contract administrator provided by management.
- The transactions were properly supported based on City and Departmental policies in accordance with SFMTA's internal procedures by obtaining the approved invoice, encumbrance payment request form, the general ledger screen shot showing the amount paid prior to reimbursement, Certificate of Progress Payment, request for progress payment memorandum, and bank statement from management. We also agreed the amount per the progress payment memorandum to the amount in the encumbrance payment request form for each selection. Then, we agreed the amounts per the progress payment report to the respective bank statement. For samples #1-9, #11, #14-17, #20, #24, #34-35, and #37-38, progress payment reports were not provided because they were not direct construction costs. For these samples, we used the PeopleSoft payment screenshot from the general ledger system to compare the payment date to the respective bank statement. We also agreed the date of payment on the bank statement to the 30-day payment rule per CCSF's Prompt Payment Guideline. For sample #12, the 30-day payment rule did not apply because this transaction was an accrual and was subsequently reversed and a separate amount was paid. For samples #34-35 and #37-38, the 30-day payment rule did not apply because these payments were not construction contracts and therefore were not subject to the rule.

We further noted the following:

- Sample #12 was an accrual entry in the amount of \$3.5M. The related payment/invoice/progress payment amount was adjusted down from \$3.5M to \$2.6M based on the progress payment/invoice submitted by the vendor, due to projected personnel expenses being higher than actual personnel costs incurred at the time of the invoice. We obtained the subsequent payment to support the \$2.6M and agreed to the invoice.
- Samples #1-9, #11, #14-17, #20, and #24 were with the same vendor. We were informed by management that these samples were for a Light Rail Vehicle (LRV) purchase contract which does not require SBE form 7 or SFMTA Certificate of Progress Payment. SBE form 7 is only for construction contracts. We noted Exhibit 1 and 2 of the contract listed out schedule of prices and the payment schedule, respectively. We inspected the respective invoices and purchase orders, as well as the progress payment certification memo signed by SFMTA and the contract's Project Manager and vouched the payment detail to the bank statement.
- Samples #18, #23, and #25 were authorized by DPW, thus payment processing was performed according to work authorization procedures published by SFMTA for work authorizations between SFMTA & DPW in December 2016. DPW is authorized to charge expenditures and encumbrances to relevant index codes. We inspected the supporting documentation (contractor invoices, approved progress payment form 9 – HRC Payment Affidavit, completed progress payment checklist, payment approval support) to determine whether all charges included in the sample amount were appropriate based on SFMTA work authorization procedures.
- Sample #27 included a retention amount of \$63,211 that was deducted from the payment amount, as well as a \$21,938 earning amount from a separate phase of the project. As such, the encumbrance amount was \$1,264,229 (e.g., \$1,242,291+\$21,938) and the total progress payment amount for this project that we agreed to payment documentation was \$1,201,018 (e.g., \$1,264,229 - \$63,211). We obtained the encumbrance entries from management as well as the progress payment documents submitted by the vendor and compared the encumbrance balances in both documents, noting no exceptions.

- Samples #10, #26, #28, #31, and 39 included a 5% retention amount, which is the difference between the progress payment amount and the bank statement amount that is outlined on the progress payment form.
- Sample #30 is a sales tax transaction, so progress payment form 7 was not required for this transaction as noted by management. KPMG instead obtained other applicable supporting documentation, including vendor invoice for equipment purchased with tax accrual amount, SFMTA purchase order memorandum, and bid application.
- Samples #35 and #37 consisted of employee salaries, and samples #34 and #38 were related to division overhead. For these samples, we obtained relevant supporting documents including payroll register, timecards, and departmental overhead allocation rates to recalculate the sample amount.

Sample #	Project name	Project title	Transaction type	Transaction
1	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	\$ 15,105,353
2	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	10,258,087
3	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	8,799,634
4	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	1,829,988
5	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	1,829,988
6	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	6,319,038
7	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	5,323,600
8	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	4,802,409
9	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	3,988,150
10	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT640	High Dollar Value	3,958,014
11	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	3,659,975
12	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT640	High Dollar Value	3,515,058
13	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT641	High Dollar Value	3,446,368
14	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	3,175,000
15	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	3,175,000
16	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	3,007,492
17	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	2,976,563
18	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT640	High Dollar Value	2,624,292
19	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT641	High Dollar Value	2,555,422
20	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	2,495,438
21	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT640	High Dollar Value	2,482,599
22	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT640	High Dollar Value	2,326,267
23	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT640	High Dollar Value	2,226,817
24	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	High Dollar Value	1,996,350
25	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT640	High Dollar Value	1,928,441

Samples #4 and #5 were replaced with new selections after initial sampling due to the original selections not getting approval by City and County of San Francisco Controller's (Controller) office as of year-end close. The recording of the journal entries is a two-step approval process where the final approval is made by the Controller's office. Subsequently, while these entries were made by SFMTA, they were not approved in time to qualify as fiscal year 2018 revenue entries, and are still in the approval queue for Controller's office for fiscal year 2019.

Sample #	Project name	Project title	Transaction type	Transaction
26	Masonic Avenue Complete Streets	PW Masonic Ave Infra Impr	Small Assorted	\$ 1,867,421
27	Van Ness Corridor Transit Improvement Project	MT Van Ness Ave BRT-CPT640	Small Assorted	1,242,291
28	Infrastructure Improvements at Parking Garages-PARCS	PW MTA Prkg Controls Improve	Small Assorted	269,807
29	Broadway Chinatown Improvements Project	MS Jean Parker Sr2s Project	Small Assorted	119,399
30	Warriors Arena Improvements-King St Substation Upgrade	MT King St Substat Upgr-CPT735	Small Assorted	51,000
31	Lombard Garage Waterproofing & Improvement Construction	PW MTA Lombard Wtrprf Façade	Small Assorted	314,862
32	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Small Assorted	27,734
33	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Small Assorted	26,012
34	Columbus Avenue Safety Project	PW Columbus Ave Infra Impr	Small Assorted	22,432
35	Broadway Chinatown Streetscape Project Phase IV	MT Rail & Bus Services	Small Assorted	21,661
36	Mission and Valencia Streets Green Gateway	PW Polk St Infra Impr		17,389
37	Columbus Avenue Safety Project	PW Columbus Ave		11,752
38	Broadway Chinatown Improvements Project	PW Broadway		9,119
39	Mission and Valencia Streets Green	PW Polk St Infra Impr		7,667
40	Masonic Avenue Complete Streets	PW Masonic Ave Infra		6,140

Sample #31 was replaced with a new selection after initial sampling due to the original selection not being approved by Controller's office (refer to previous page's explanation) by year-end close.

Results: No exceptions found as a result of applying the above procedures.

Interdepartmental charges (Sample size 15) – Sample numbers 41-55 (Steps 2a-c described above)

- For each interdepartmental charge sample selected, we validated that the uses are solely for purposes per the respective bond authorizing resolution and applicable laws by obtaining the SFMTA Work Authorization to Department of Public Works (DPW) form, the general ledger screen shot, project description and project cost details provided by DPW and noted the project descriptions on the work authorization form were for capital projects referenced in the respective bond resolution.
- For each interdepartmental charge sample selected, we validated that the project expenditures and encumbrance were for authorized projects by obtaining the Work Authorizations to DPW form and compared the project descriptions to the respective bond resolutions. We obtained related invoices, encumbrance amounts, the Certificate of Progress Payment that is approved by the Project Manager and contract administrator, and progress payment reports from management for each sample. We agreed the encumbrance amount to the amount on the progress payment report, agreed the invoice amount to the encumbrance amount and to the subcontractor or contractor payment (check copy or wire transfer form). For samples #51-52, and #54-55, progress payment reports were not provided because the related charges were not direct construction costs. We used the PeopleSoft payment screenshot for these samples from the general ledger system in place of the progress payment report. We obtained the SFMTA Work Authorization to DPW from management to confirm these are interdepartmental transfers by comparing the project descriptions on the Work Authorization to the project descriptions on the general ledger detail.
- For each interdepartmental charge sample selected, we validated the transactions were properly supported based on the City and Departmental policies and were processed in accordance with

SFMTA's internal procedures by obtaining the work authorization from management and confirmed it was signed by a SFMTA project manager who verified that the documentation for charges was correct; the charges were in line with the project scope, schedule, and budget; and progress of work reasonably equated to the percentage of the budget expended. SFMTA's Work Authorization Procedure indicates that the SFMTA project manager is required to approve the charges related to DPW within 30 days of month-end for the applicable charges and requires that expenditures have a project description and project code to which the expenditures can be charged for tracking purposes. We obtained the invoices and work authorizations from management and compared the project descriptions to the project descriptions in the general ledger detail and to confirm that expenditures were for capital projects per authorization of bond revenues. We also confirmed that the invoices and supporting documents were submitted by DPW within 15 days of the month end, the general ledger screen shots were signed by a project manager, and the emails from DPW contained submission of the supporting documents. SFMTA established formal procedures for work authorization management and oversight with DPW in 2016 as DPW delivers a significant number of projects for SFMTA. However, SFMTA does not have a similar formal procedure with other departments. We were informed by management that they will assess whether a similar formal procedure is needed for work authorization with other departments for future years, taking into account the relative volume as well as the functionality of the City's new financial system.

Sample #	Mapping project title	Project title	Transaction type	Transaction amount
41	Masonic Avenue Streetscape	PW Masonic Ave Infra Impr	Interdepartmental	\$ 844,040
42	Masonic Avenue Streetscape	PW Masonic Ave Infra Impr	Interdepartmental	537,834
43	Masonic Avenue Streetscape	PW Masonic Ave Infra Impr	Interdepartmental	1,042,952
44	Masonic Avenue Streetscape	PW Masonic Ave Infra Impr	Interdepartmental	801,748
45	Masonic Avenue Streetscape	PW Masonic Ave Infra Impr	Interdepartmental	449,369
46	Lombard Garage Waterproofing & Improvement Construction	PW MTA Lombard Wtrprf Façade	Interdepartmental	374,521
47	Infrastructure Improvements at Parking Garages-PARCS	PW MTA Prkg Controls Improve	Interdepartmental	230,337
48	Lombard Garage Waterproofing & Improvement Construction	PW MTA Lombard Wtrprf Façade	Interdepartmental	197,582
49	Masonic Avenue Streetscape	PW Masonic Ave Infra Impr	Interdepartmental	104,819
50	Broadway Chinatown Improvements	MS Jean Parker Sr2s Project	Interdepartmental	68,951
51	Geary Rapid Project	PW Baker/Geary Bulbs MF	Interdepartmental	38,122
52	Masonic Avenue Streetscape	PW Masonic Ave Infra Impr	Interdepartmental	25,096
53	Pedestrian Countdown Signals	PW Pedestrian Countdown Signal	Interdepartmental	22,016
54	Masonic Avenue Streetscape	PW Masonic Ave Infra Impr	Interdepartmental	11,720
55	Operator Convenience Facility Project	MT Operator Convenience-CPT729	Interdepartmental	4,177

Samples #41 and #42 were replaced with new selections after initial sampling due to the original selections not being approved by Controller's office (refer to explanation on page 5) by year-end close.

- We noted sample #50 was revised after the original progress payment invoice was sent to DPW on 10/6/17. We noted the related purchase order (PO) was originally created in the FAMIS general ledger system but was not linked to the construction contract prior to the conversion from FAMIS to PeopleSoft general ledger systems. As such, the invoice was unable to be processed as it had no related contract in the system to link and provide funding from. A revised progress payment invoice

was sent on 10/31/17 that was appropriately linked to the correct project and was subsequently approved within 16 days of receipt by DPW.

- We noted sample #55 was for Overhead Allocation related to Public Utilities Commission (PUC) new service unit installation for the Operator Convenience Station on 3035 Fulton Street. We obtained the work authorization request and overhead calculation and recalculated to the sample overhead amount, which was based on 78% of the labor cost for the period.
- We noted samples #52 and #54 were for an art project performed as part of the Masonic Avenue Infrastructure Improvement Project. As this is considered professional services, there was no encumbrance, certificate of progress payment, or payment declaration documentation. Instead, we obtained the invoice sent directly from the artist to SF Public Arts Commission, and agreed the amount and nature of the payment to the authorized project in the bond resolution.
- We noted samples #51, #52, #54, and #55 did not have a progress payment report because these samples were not direct construction contracts; therefore we obtained the PeopleSoft payment screenshot as a replacement.

Results: No exceptions were found as a result of applying these procedures.

Budget Funding (Sample Size 5) Sample numbers 56–60 (Steps 2a-c described above)

- For the budget funding samples, we validated the uses of funds were solely for purposes per the respective bond authorizing resolution and applicable laws by obtaining the SFMTA Work Authorization Request from management and compared the project description to the respective bond resolution.
- For the budget funding samples, we validated the project expenditures and encumbrances were for authorized capital projects by obtaining the SFMTA Work Authorization Request from management and confirmed the form was signed by a project manager. The five samples all related to capital outlays for buildings, structures, and improvement projects included in the respective bond resolution. We were informed by management that the work authorization request is used for establishing the budget amount for the job order. The signature of a project manager authorizes that the funds are ready to be transferred from SFMTA to DPW (or another department).
- For the budget funding samples, we validated the transactions were properly supported based on City and Departmental policies and were processed in accordance with SFMTA's internal procedures by obtaining the work authorization request which requires an expenditure or encumbrance have a project description and a project code to which the expenditures can be charged for tracking purposes. All the work authorizations obtained had the project description and project code. We found the SFMTA project manager signed the request form prior to transactions being entered into the general ledger system by comparing the dates on the request form to the general ledger entry. We inspected general ledger screen shots that showed the funds authorized to be used for specific projects by code and we noted the entry to the system agreed to the amount authorized on the Work Authorization Request.

Sample #	Mapping project title	Project title	Transaction type	Transaction amount
56	Series 2013 Bond	MTA Rev Bond S2013 – Transit	Budget Funding	\$ 3,631
	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Budget Funding	(3,632)
57	Series 2017 Bond	MTA Rev Bond S2017 – Transit	Budget Funding	96,812,547
	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Budget Funding	(1,000,000)
	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Budget Funding	(1,000,000)
	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Budget Funding	(94,762,547)
	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Budget Funding	(50,000)
58	5 Fulton Rapid	MT Var Loc Fultn T 3 Co CPT739	Budget Funding	130,000
	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Budget Funding	(130,000)
59	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Budget Funding	(3,775,625)
	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Budget Funding	(1,349,375)
	Procurement of Light Rail Vehicles	MT PROCUREMENT OF NEW LIGHT RA	Budget Funding	(15,875,000)
	UCSF Mission Bay Arena Platform Upgrade	MT UCSF PlatfRm Ext & C-CPT735	Budget Funding	100,000
	UCSF Mission Bay Arena Platform Upgrade	MT UCSF PlatfRm Ext & C-CPT736	Budget Funding	350,000
	UCSF Mission Bay Arena Platform Upgrade	MT UCSF PlatfRm Ext & C-CPT737	Budget Funding	50,000
	UCSF Mission Bay Arena Platform Upgrade	MT UCSF PlatfRm Ext & C-CPT738	Budget Funding	570,000
	UCSF Mission Bay Arena Platform Upgrade	MT UCSF PlatfRm Ext & C-CPT739	Budget Funding	650,000
	UCSF Mission Bay Arena Platform Upgrade	MT UCSF PlatfRm Ext & C-CPT740	Budget Funding	834,804
	UCSF Mission Bay Arena Platform Upgrade	MT UCSF PlatfRm Ext & C-CPT741	Budget Funding	12,290,196
	Warriors Arena Improvements-King St Substation Upgrade	MT King St Substat Upgr-CPT735	Budget Funding	5,379,531
	Warriors Arena Improvements-King St Substation Upgrade	MT King St Substat Upgr-CPT735	Budget Funding	775,469
60	Safe Routes to School- Tenderloin	MS Tenderloin SRTS	Budget Funding	46,000
	Laurel Heights/Jordan Park Traffic Calming Project	MS Traffic Calming Backlog Imp	Budget Funding	(46,000)

Results: No exceptions were found as a result of performing these procedures.

Trustee Payments (Sample Size 5) Sample numbers 61–65 (Steps 2d-e described above)

- For the five trustee payments, we validated that the trustee payments for debt service amounts paid were correct and the payments were paid by the due date by obtaining the monthly payment request and bank statement from management, and comparing the due date on the monthly payment request to the payment date on the bank statement and to the debt maturity schedule in the respective bond resolution to show whether the payment date was before the due date. We also agreed each trustee payment amount selected to the amount on the bank statement.
- For the five trustee payments, we validated if bond liabilities as of the year-end date of June 30, 2018 were correct and if they were supported with a payment by obtaining the debt service schedules for Series 2012A, 2012B, 2013, 2014, and 2017 bonds as part of the fiscal year 2018 audit and agreeing each amount to the corresponding debt service schedule.

<u>Sample #</u>	<u>Project name</u>	<u>Project title</u>	<u>Transaction type</u>	<u>Transaction Amount</u>
61	Debt Service Revenue Bond 2017	Bond interest-expense	Trustee payment \$	846,129
62	Debt Service Revenue Bond 2017	Bond redemption	Trustee Payment	789,167
63	Debt Service Revenue Bond 2017	Bond interest-expense	Trustee Payment	604,378
64	Debt Service Revenue Bond 2017	Bond interest-expense	Trustee Payment	846,129
65	Debt Service Revenue Bond 2017	Bond redemption	Trustee Payment	789,167

Samples #61-#63 were replaced with new selections after initial sampling due to the original selections not being approved by Controller's office (refer to explanation on page 5) by year-end close.

We sent out third-party confirmations to the banks and confirmed the balance due (for both interest and principal) for each bond series. We agreed the confirmed amount from the creditor's information to the debt roll forward and debt service schedule provided by management.

Results: No exceptions were found as a result of applying these procedures.



Prepared By:
San Francisco Municipal Transportation Agency



Orange Tree HOA Annual Report

As we approach the Home Owners Annual Meeting it is appropriate to provide this annual report and inform homeowners of what we have been doing over the last year. It is a good time to tell you what the planned projects are, and those we hope to undertake during the next 12 months, assuming the existing Board members are retained following the Annual Meeting on September 17th.

Firstly let us remind you of the members of the Board and the respective committees.

Sue Bugden - President. Together with my husband, I have been a homeowner in Orange Tree since 2004 and a permanent resident in Orange Tree since 2008. My husband and I own and operate a number of businesses in the community. I am passionate that every decision the Board makes in running the affairs of the community are made for the good of all home owners.

John Gili-Ross - Treasurer. John and his wife bought their home in Heron Hill in 2005, having fallen in love with the community from the first time they visited. John has been involved with communities in the UK for more than 25 years where he holds both Treasurer and the President (Chairman) positions. John also owns and operates his own business.

Marjorie Benjamin - Secretary. Marjorie and her family moved into Egret Hill in 2007 where they immediately got involved in the community. She and her husband run a transportation business and Marjorie is employed by the Lake County School System.

The Board is complemented by two active sub-committees which are;

Architecture Review Committee ARC - This committee is a requirement of the Articles of Incorporation (Aol) and deals with approval notices for architectural related applications within the community. Members - Anthony Tucker, Rebekah Neeley, There is one vacant position which is hoped will be filled, and in the interim a Board Member fills this vacancy as required.

Landscape Committee - Whilst not a requirement of the Aol it does fulfill an important role in our community. Members - Lynn Tucker, Albert Benjamin and Darren Nolan

We have vacancies for volunteers on our committees as it is through these that we can provide a better service for all homeowners, more efficient work loading of the Board members and transparency of decision making.

During the last 12 months.

Following the HOA Annual Meeting and election in September 2011 the Board of Directors remained in office for a further term. This allowed the Board to progress some of its plans articulated through the 2011 Annual Report.

One of our first tasks was to approve the 2012 operating budget which was set for a zero rate increase to the HOA fees for a further year. The Treasurer introduced a monthly board financial summary report for the Board members and for sharing financial information with our homeowners. It also helps in making community spending decisions more effective and efficient. A copy of the monthly report appears on the web site for all homeowners to examine. The comprehensive report can still be obtained through Vista for any homeowner if required.

The web site and its reliability from a homeowners perspective was a source of concern in 2011. This issue has fortunately improved and no further instances of access problems have been reported to the Board in 2012. The Board intends to revamp the web site making it easier for home owners to find relevant information. This is complex and time consuming and one of our homeowners has volunteered to carry out work on this and is ongoing. We still believe it is essential that we have a web site that meets the needs of all home owners, permanent residents or vacation home owners.

One of our stated objectives in 2011 was to improve the condition of our citrus trees throughout the community. We have over 1000 trees of varying types and some had succumbed to various ailments over the period since the community was first established. A three year tree regeneration program was planned and 2012 is the second year of this plan. More than 200 trees were purchased and planted in two nursery areas near the tennis courts and the north entrance. To accommodate the new trees, many old and failed trees had to be removed and a contractor was bought in to efficiently remove the condemned trees ready for new planting. A small team of willing homeowners spent two hours planting the new trees and we should all be grateful for the time they gave to our community. The Board examined the new trees planted in 2011 and 2012 and is very pleased with the results. Our expectations were that out of more than 400 trees planted over two years that we could expect to lose up to 15%. At our last count less than 10 of these trees are in need of replacement which considering the problems we have with some aspects of the irrigation, we believe is an exceptionally good position. Trees planted in 2011 are showing good progress and many have already begun to bear fruit.

It is important to remember that our citrus trees are not a commercial enterprise and are there to provide homeowners and their guests with fruit when in season and to maintain a rural look to enhance the community. The tree replacement program has halted the deterioration of the groves as planned but contrary to our initial view when we were first elected to office, the groves cannot become a source of revenue generation for the community in an effective manner. Once this fact was proven the Board concluded it should use HOA funds in a manner more fitting of a residential community in line with our available funds.

Our Landscape Committee and in particular Darren Nolan, worked with the authorities to agree that restrictions that normally apply to a commercial operation should not be applied to our groves. If this had failed, there may have been unacceptable access restrictions placed on our homeowners when entering and leaving the groves as well as our contractors when carrying out any duties in the groves. The Board and landscape committee felt these potential restrictions were not acceptable and will take all necessary steps to maintain freedom of access to our groves for our homeowners.

Landscape Contract

In February our previous landscape contract came to an end. As announced in 2011 the Board intended to go to tender for a new contract in 2012 and open this to all interested parties. The landscaping needs of the community had increased over many years and the new contract needed to reflect these developing needs.

Prior to starting the tender process, the President's husband announced his intention to bid for the contract and she naturally recused herself from all aspects of the selection process. To ensure good practice the Board received attorney opinion to confirm it would be lawful for the President to remain in office should the contract be awarded to her husband's landscape business. The legal opinion

confirmed there was no barrier to the Presidents continued service to the community.

A contractor selection panel was formed at the end of 2011 and a process put in place for the panel to review potential contractors for a specific statement of works released to all interested parties. The panel consisted of Board Members, a landscape committee member and a homeowner. Vista was asked to use a pre-prepared scoring matrix to “score” each tender with the contractor identities kept separately from respective scores to help ensure fairness.

A shortlist of three contractors was agreed by the panel using the results from scoring matrix. It was only following this stage that the panel members were given the contractor identities that matched the respective score totals. Following a lengthy and comprehensive assessment of each shortlisted contractor the panel unanimously decided the contract should be awarded to Bugden Enterprises LLC. A new contract was drawn up to reflect the requirements of the community.

Our previous contractor Darrin Machack decided not to apply for renewal of the contract and did not submit a tender response preferring to concentrate on his other business interests both inside and out of the community. Darrin has developed a comprehensive understanding of our community over the years and he has been most willing and happy to share this knowledge with the landscape committee and Board whenever requested. Our thanks quite rightly go to Darrin and his wife Corrin for what they have done and continue to do for the community and its homeowners.

Common Area Irrigation

Irrigation of our common areas is a constant source of expenditure for our community. The irrigation infrastructure has in many respects evolved over the years and running repairs and maintenance is carried out in a manner the community can afford within the HOA budget and reserves.

At the start of 2012 there were no irrigation plans available that mapped out all the parts of our complex irrigation infrastructure and over time certain parts were in need of replacement and upgrade. It was therefore essential that we had a professional survey undertaken of the common area irrigation system to be used in our planning. This survey provided information that was previously not recorded and it gave an assessment of the efficiency of the entire system. A specialist irrigation contractor - Smithwell Irrigation Inc. was enlisted to carry out the work and having completed the survey has also been tasked with implementing some on-going remedial work.

The community has two fresh water wells and associated pumping equipment. These are located at the North Entrance and opposite the tennis courts. Water from these wells provides irrigation to all the common areas that require irrigation and this includes the playing fields, the groves, the entrances and associated road verges. This is a very large area for just two wells and the Board will consider adding a third to provide sufficient backup if funds permit and to balance the loading across the community. Well water is not metered and consequently the community does not pay water charges to irrigate the common areas in having its own wells.

Vandalism and Nuisance Behavior

Vandalism and nuisance behavior has occurred in our community during the year. The Board has listened to the concerns expressed by homeowners on this matter and we are aware that an on-going problem exists with the ease of access to

Orange Tree particularly from the neighboring Savannas community. Our priority project going forward is to install a suitable barrier between the two sub divisions to deter unwanted and uninvited trespass. This is likely to be an expensive project but one that we believe is necessary for the well being of all homeowners. Regrettably as detailed later in this report, our HOA funds and reserves are being needlessly eroded due to a small number of homeowners who appear intent on forcing their opinions and requirements above all others in our community.

Nature Trail - Jogging and walking

The Landscape Committee investigated the practicalities of providing a nature trail around the outside of the community. Working with the landscape contractor a route was agreed and we are almost complete in terms of the track being available for use. There are some areas that may need to be widened and we want to install marker posts to guide users around the trail and delineate the common areas from homeowner's property where the two aspects meet. We hope that homeowners and their guests will use the nature trail and enjoy our wild life and lake areas to the full. There are probably some homeowners that have never visited the lake because in the past it has been difficult to access the area unless you had a property that viewed the lake.

When using the trail please be cautious as there are sometimes alligators in the lake and retention areas and of course snakes are an ever present danger in Florida.

Our Lake Area

We reported last year that our lake was invested by cattails which were threatening to choke the lake with an unwanted and virulent growth. Having initially been quoted \$7,500 to clear the infestation, the Board decided to enlist the help of a lake specialist at a fraction of the costs and now retain their treatment services on a quarterly basis. This allows us to determine if regular treatments would remove or reduce the infestation to a manageable level. One year later and it has never looked better, the cattails are almost gone and we have a revised plan to keep the beautiful lily pad growth to a manageable level.

Other Projects Undertaken or Considered

The south entrance Tower and the signage at both entrances were cleaned and repainted during the year and this has made a great improvement to the initial look of our community.

We purchased a new flag which stands proudly at our south entrance and we felt it appropriate to purchase a higher quality flag in the expectations that it will provide much longer service in the extremes of our Florida weather conditions.

We have purchased a new notice board which we plan to locate near the tennis courts postal box area. It is hoped to complete this work shortly using community volunteers

Proposed Projects for the next 12 months

Our main project for 2013 is to provide a barrier between the Savannahs community and orange Tree as stated earlier. It may be more necessary to complete this in stages as funds permit.

The Board is considering suspending the third and final year of the tree replacement program started in 2011. The two programs already implemented are doing well and whilst there are still grove areas that ideally need new trees they

are in more manageable growth areas. We also need to conserve our funding and divert if necessary expenditure to other priority projects such as the Savannahs barrier. It is still hoped to carry out limited tree removal and subsequent planting particularly to the south of the recreation field.

Both the old and new landscape contractors have indicated in their reports that the areas of sod in the vicinity of the tennis courts and soccer field area is in need of replacement to improve the look of the area. The Board has felt it would be inappropriate to spend money on sod replacement in this area until the much needed irrigation enhancements had been carried out that serve this area. Part of the irrigation survey completed earlier this year identified what is needed for this area. Whilst the area is far from perfect in sod terms, it currently does look aesthetically pleasing. Sod replacement is planned when funds permit.

The nature trail will be completed and properly signed and widened where appropriate.

We still plan to revamp our web site and make it more “user friendly” and informative. A homeowner has volunteered to carry out this task on behalf of the community and we look forward to progress being made.

Install the new community notice board at a suitable location near the common area and tennis courts.

ARC Policy and Specifications

We have introduced an ARC policy to ensure that relevant home owner requests are dealt with in a timely manner and in line with the community By-Laws and Declaration of Covenants and Restrictions that homeowners agreed to when they purchased their homes in Orange Tree.

There are now also clear specifications available on the web site relating to trash bin enclosures which is a common request of the ARC.

HOA Golf Cart

The HOA golf cart was surplus to requirement and in need of battery replacement which would have cost over \$400. It was placed with a local golf cart retailer for disposal and sold for \$1,100 which has been placed in our funds.

Working Parties

The Board has organized a number of working parties throughout the year. These include the following projects

Orange Tree planting - 224 hundred new trees this year

Putting out the Christmas decorations at both entrances

The Board would like to say a big thank you to all those home owners that made up the working parties. Our community has certainly benefitted as a result.

Advertising Boards - South Entrance

The advertising board at the south entrance is obtrusive and detracts from the quality look of our community for homeowners and guests alike. Unfortunately the two tracks of land that are used by these ad boards are owned by Greater Groves Holdings who in turn have signed a lengthy agreement with an advertising company.

The Board's objective is to negotiate with the two companies involved to reach a compromise agreement whereby the ad boards are removed completely or as is more likely moved to another location on our community boundary. This will be a time-consuming and possibly costly initiative. So far this year time has not been available to further these discussions to full effect due to other priority issues and distractions in the running of our community. In the interim we have encouraged the trees at the south entrance to grow and help obscure the south entrance advertising board and therefore reduce the visual impact.

Finance Summary

The Board has begun work on the proposed budget for 2013. There is still work to do before the Board can feel confident of the projected income and expenditure and with unbudgeted legal fees being generated through the action of one or two homeowners our reserves are being negatively impacted. It is hoped that our work on the budget will be concluded before the September HOA meeting and if so it will be published as a draft on the web site. We hope to keep the 2012 homeowner fees equal to that of 2012 at \$400 but this may not be possible.

The current HOA financial position to the end of August 2011 remains positive. Naturally the majority of our income is generated through homeowner fees, most of which are paid at the start of the year. Regrettably some owners do pay later and this not only incurs additional late payment charges but also injects uncertainty as to HOA income to meet expenses. It is important therefore to maintain a healthy "Reserves Balance" to ensure we can meet any shortfall in fees received.

The main HOA planned operating expenditure items are incurred in the running of the community and they are as follows:

Operating Expenditure Items	2012 Budget	YTD (July 2012)	YTD % 7 Mths	2011 Year End	YTD (July 2011)
Utilities (Water and Electric)	\$32,550	\$16,061	49%	\$30,942	\$18,103
Contracted Labor - Landscape	\$74,160	\$41,405	56%	\$72,722	\$42,322
General Landscape	\$18,700	\$12,913	69%	\$10,889	\$7,080
Administration - Vista Management Charge	\$11,328	\$6,608	58%	\$11,328	\$6,608
General Administration Running Costs	\$29,912	\$16,924	57%	\$20,434	\$9,415

HOA Reserve Balances

The Reserve Income is mainly derived from aged owner diligent assessments recovered throughout the year. The income is therefore subject to delinquent assessments being paid by the existing owner or through the recovery of some of the outstanding aged assessments when a home is sold following foreclosure. Following on from 2011 the Board uses the Contingency Fund to allow more flexible use of our Reserves.

The total Reserve values ultimately determine whether the Home Owners fees need to increase each year, therefore it is important that a healthy reserve is maintained but this must be matched by the need to improve and maintain the community infrastructure when necessary.

Balances	End 2010	End 2011	2012 YTD
Front Entrance Wall	\$25,540	\$25,140	\$25,145
Entrance Isle Monument	\$23,900	\$22,700	\$22,692
Tennis Court	\$5,020	\$5,020	\$5,022
Tot Lots	\$19,700	\$19,700	\$19,700
Signage	\$15,000	\$15,000	\$15,000
Contingency Fund	\$9,590	\$56,150	\$57,011
Reserves and Fund Total	\$98,750	\$143,710	\$144,570

Delinquent Assessments

The Board monitors the number of Delinquent Assessments on a monthly basis. It is encouraging to see that numbers have reduced throughout the year, however the debt rises with each month and some DA's are now more than three years old and owing more than \$3,700.

In July 2012 the number of DA's is 29 (26 for the same 2011 period) with a balance of monies owed to the community of \$33,807 (\$32,185 2011 period). Whilst these figures have been cut substantially since February 2012 (81 and \$56,486 respectively), the balance of the outstanding income owed to the community is too high.

Delinquent Assessments that are more than three months in arrears are placed in the hands of our attorney for recovery activity. The homeowner account is charged interest for each month the debt is not paid together with any fees and costs associated with recovery of the debt.

2012 has seen a marked interest in legal fees against the projected budget. The budget for this item was \$6,000

Expenditure Authorization

When elected in September 2010 the Board declined to become authorized check signatories for expenditure, preferring to simply authorize expenditure when invoices were received from contractors or suppliers and these had been checked by either the Board, the responsible committee member or Vista as appropriate and only then after checking satisfactory completion of work.

Each homeowner has access to the monthly Board Financial Statements which are found on the web site and can examine the detailed general accounts by making a request by the eform process or mailing Vista. Any abnormalities should therefore be picked up either by the Treasurer, Vista's account staff or the CPA at the end of the financial year.

Legal Costs

During this financial year to July 2012, legal costs have been incurred to the value of \$6,474 which pertains to that associated with homeowner delinquent assessment actions and recovery. If these are fully resolved this cost may be recoverable.

Legal costs associated with drawing up the landscape contract was a further \$2,981

A further \$800 incurred that relates to HOA Board requests for opinions to ensure it operates within statute.

Legal costs attributable to demands made of one homeowner's attorney letter \$605 and follow up opinion relating to false accusations from the same owner \$670.

Legal fees are set to rise still further by the end of the year as a so called Orange Tree Forum membership insists on mediation.

Interest Earned on Accounts

Few homeowners need reminding that interest rates on savings and current accounts are poor. We currently receive 0.45% on our money market account and 0.1% interest on the funds in our operating account. It is the fiduciary duty of the Board not to place funds at risk and therefore we remain cautious of using other higher interest paying outlets. Working with Vista we have identified an alternate bank paying 0.75% on a money market account if we are able to invest \$100,000 or more. This will also allow us to maintain an operating account with our existing bank. The final decision on whether to open a new higher interest bearing account is on hold until after the September elections. If reelected the Board plan to initiate this change.

Summary Comments

This has been a very difficult 12 months for both the Board and the committees. Whilst the community continues to look better month by month, there are a small number of homeowners that seem determined to undermine the community by what ever means they believe necessary.

As a consequence HOA funds are being used, not to the benefit of the community but to defend and respond to the demands of this minority whose aim appears to be to discredit the Board, who give up a large amount of their time freely, by making false and unfounded allegations against them.

The community is looking better than ever in terms of the common areas and general landscape. A simple examination of the groves, lake, playing fields and other common areas demonstrate without any doubt that the community is getting an excellent return for the money paid to its landscape contractor.

Entirely false and exaggerated claims have been made, against the Board regarding the landscape, the landscape contractor, the irrigation, the irrigation contractor and other issues within the community, by what is believed to be a minority group calling themselves the Orange Tree Homeowners Forum. Only one homeowner and one individual with a power of attorney claim to be members of this Forum. Regrettably your HOA funds are being spent on attorneys' fees to address the demands and accusations of this minority, whose intentions are not fully understood. Their actions appear set against the wellbeing of the community and homeowners as a majority for no obvious benefit. Two members of this group have inspected all the HOA records and failed to uncover any major irregularities. They have then circulated mails and letters filled with untruths, unfounded threats of legal action and general exaggeration in their attempt to demonstrate an obscure point.

As a direct result of the demands from the forum, we have asked our attorney to send the legally required response to their demands. As a consequence the Board cannot comment on specifics at this time.

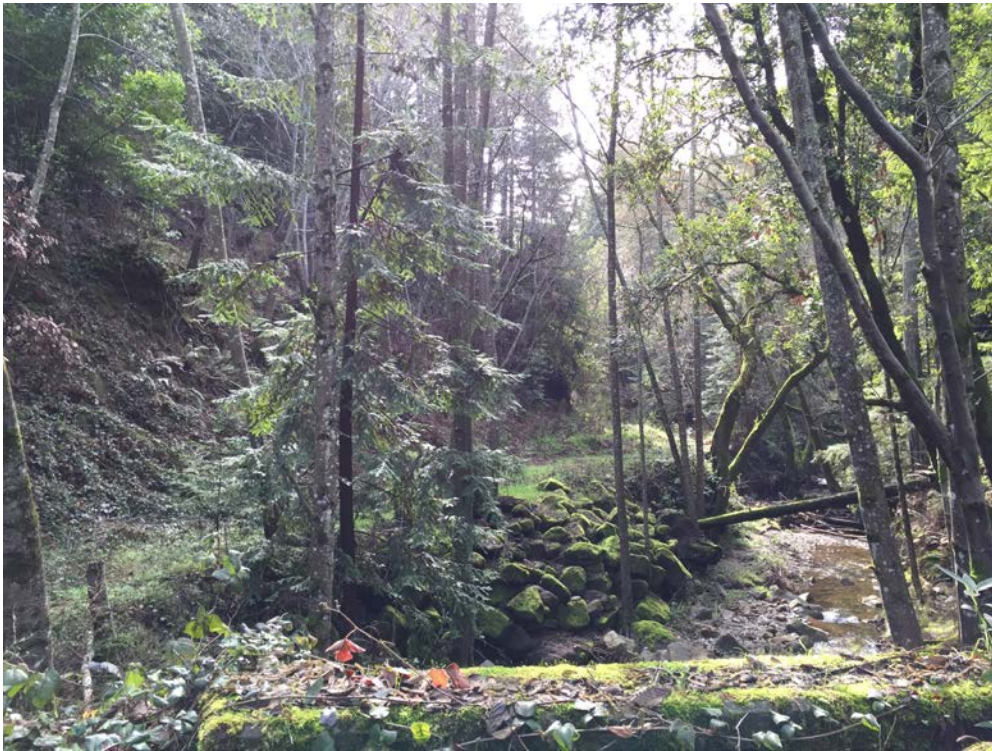
The Board and committee members are committed to ensuring Orange Tree remains a premier Lake County community and that our property values are maintained. Repeating last years annual report commitment, the Board regards every homeowner as being of equal importance and that each should have the right to an opinion on how we perform our voluntary duties. These opinions will always be considered. We will always make our decisions based upon what is right for the

majority whilst appreciating that in reality we cannot hope to please all homeowners, all of the time.

Finally we would like to thank the committee members for all their hard work over the last year. Thanks are also extended to all those homeowners that gave their time to the various working parties this year. We hope they will continue to support the community whenever needed.

In September you have the opportunity to vote for your HOA Board. We hope there will be other homeowners that will put themselves forward either as Board members or members of the various committees. If however you do believe the existing board members are doing a good job and you elect them for a further term then we will continue to improve the community in a manner that is right for the majority balanced to what our HOA funds will permit. If at all possible we want to provide both you and ourselves with the best value for our HOA dollars.

2019 FIRST LOMPICO ASSESSMENT DISTRICT ANNUAL REPORT



This report covers the time period from inception
June 1, 2016 through June 30, 2019

The Lompico Assessment District Oversight Committee (LADOC), with the approval of the San Lorenzo Valley Water District (SLVWD) Board of Directors (BoD) is pleased to present the 2019 FIRST LADOC ANNUAL REPORT. This report will cover the time period from 6/1/2016 through 6/30/2019.

LADOC will strive to deliver the report each remaining year of the Assessment District term, which is scheduled to continue through June of 2025.

We are committed to meeting the following Annual Report guidelines as specified in the LADOC Charter:

1. A statement indicating whether the proposed Assessment District expenditures are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report
2. A statement indicating whether the prior fiscal year Assessment District expenditures have been reviewed by LADOC and are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report. Said statement shall include an itemization and summary of the prior fiscal year Assessment District revenues and expenditures. Included in the itemization and summary shall be information about any loans related to completing the Assessment District projects (i.e., terms, interest and balances.)
3. Any other information LADOC deems as useful for furthering understanding of Assessment District revenue and expenses, projects, funding, history or purpose.
4. The Annual Report shall be based on the District Fiscal Year and will be completed as soon as possible after June 30, each year, using preliminary data.

Commented [D1]: Per workshop discussion, recom by Stephanie to use prelim #s rather than audited, due to time delay.

LADOC Mission Statement

To serve as a Liaison between the Lompico Assessment District customers and the District. To strive to advocate for the community and obtain answers to questions and concerns regarding Lompico Assessment District expenditures and projects.

Commented [D2]: Per workshop, add from pg 20, change to "to"

Commitment to Excellence. The Committee is committed to applying the highest standards to public outreach, research and reporting, with excellent representation on behalf of AD-16 property owners, exemplifying the District's commitment to transparency and support.

Commented [D3]: Per workshop moved from pg 18 to Mission Stmt

LADOC PURPOSE

The purpose of the Committee is to review and oversee income and expenses related to construction projects in Assessment District AD-16 Engineer's Report, to serve as liaison for customers residing within the Assessment District boundaries of the former Lompico County Water District, and to inform the Board and public at least annually concerning the revenue and expenditure of assessment district proceeds (the "Assessment District Proceeds") and on the projects approved by the voters of Lompico within AD-16 on March 6, 2015, by issuing a written report.

Commented [D4]: Revised wording TN 2.10

Commented [D5]: Amend per workshop

LADOC HISTORY

The Board of Directors (the "Board") of San Lorenzo Valley Water District (the "District") established the Lompico Assessment District Oversight Committee (the "Committee"), LADOC, in accordance with LAFCO resolution 953-A. On May 4, 2016, Lompico property owners voted in favor of a 10-year assessment district (AD 2016-1) to generate \$2.75 million in revenue to repair, replace and upgrade infrastructure in the Lompico service area, as part of annexation to the District. The resolution was amended from a "bond" to an "assessment" for the revenue source, and went into effect on June 1, 2016. . The first five members of the Lompico Oversight Committee were seated on July 21, 2016 by board action, in accordance with provisions of amendment to Section 14 of the Board Procedure Manual (May 19, 2016) and duties hereby amended on January 28, 2019. Many of these changes were initiated due to recommendations outlined in the Grand Jury Report "Encouraging the Flow of Information to the Public", published May 31, 2018. The Committee shall have the purposes and duties set forth in these guidelines.

Commented [D6]: From agenda pkt pg 2, insert per workshop, Pete's suggestion

Commented [D7]: Added explanation per workshop

Commented [D8]: Revised wording 2.10 TN

Commented [D9]: Revised wording 2.10 TN

Commented [D10]: Added per workshop pg 2 Agenda Pkt Section 2

LOMPICO ASSESSMENT DISTRICT BALANCE SHEET					
Running Totals Since Inception	TOTAL	FY1819	FY1718	FY1617	FY1516
REVENUE	\$768,787	\$155,899	\$301,377	\$282,580	\$28,930
EXPENSES					
METER PROGRAM	-\$197,888			-\$197,888	
SCADA	-\$19,540			-\$19,540	
SERVICE LINES	-\$39,591	-\$15,303	-\$24,288		
MAIN PRV	-\$23,181	-\$16,653	-\$6,528		
Lewis Tank	-\$8,689	-\$8,689			
Madrone Tank	-\$8,689	-\$8,689			
Kaski Tank	-\$8,689	-\$8,689			
NBS Administration Services*	-\$13,214				
	-\$319,481				
CASH BALANCE	\$449,307				
*Company that provides administrative services for Assessment Districts					

LOMPICO ASSESSMENT DISTRICT PROJECTS AND EXPENSES*				
ASSESSMENT DISTRICT PROJECTS	STATUS	Assessment Estimate	BID	Prelim Total
Install 3 New Bolted Steel Tanks		\$ 682,500		
Lewis Tank	Engineering and consulting completed-awaiting responses to RFQ			\$ 8,689
Madrone Tank	Engineering and consulting completed			\$ 8,689
Kaski Tank	Engineering and consulting completed			\$ 8,689
Refurbish Mill Creek WTP	Project cancelled - see details	\$ 105,000		\$ -
Service Line and Meter Replacements		\$ 862,500		
Meter Program	Complete			\$ 197,888
Service Line/Lateral	Ongoing - 34 replaced - see details	\$ 39,591		
Distribution System Interconnect	Ongoing - see details	\$ 301,000		\$ -
SCADA System	Partially - see details	\$ 441,000		\$ 19,540
Remove and Replace Existing PRV		\$ 358,000		
Main PRV	Expenses for consulting work inc			\$ 23,181

* Represents all revenue and expenses since inception of Lompico Assessment District. Please see Assessment District AD-16 Engineer's Report included for additional details regarding estimates

LOMPICO ASSESSMENT DISTRICT OVERSIGHT COMMITTEE

HOW WE GOT HERE

Toni Norton
Current Chair of LADOC

Dear Residents of the Lompico Assessment District and customers of SLVWD,

The citizens of Lompico, who chose to volunteer and serve as members of the LADOC have had a challenging three years. Most of us volunteered for the committee because we worked tirelessly to persuade our fellow Lompicans that merging with SLVWD was the right thing to do.

Passing the vote for the Assessment District:

At a Community meeting at the Zayante Firehouse the final votes were counted and the Lompico Assessment District Agreement passed overwhelmingly. This was after a Bond to supply the same required revenues for infrastructure improvements failed by one vote.

The benefit of the bond would have been that Santa Cruz County would have managed the distribution of the Bond dollars, as projects were initiated. With the Assessment District option, no oversight was provided by the county. Only the Lompico Assessment District Oversight Committee, appointed by the SLVWD Board had an eye on where and how the \$2.9 million dollars collected by the county via property taxes would be spent.

Part of the LAFCO/Annexation/Merger agreement included the formation of the Lompico Assessment District Oversight Committee consisting of 5 members of the Lompico community who must live within the Assessment District Service Area. The only instructions included in the agreement were to "review expenditure of the bond (changed to Assessment) proceeds on projects that directly benefit Lompico.

At that packed Zayante Firehouse meeting many of the attendees were persuaded to vote for the merger because of the responses they received to the many questions addressed to District Manager Brian Lee. He earnestly convinced the Lompico voters that with our positive vote he would immediately get to work on the long list of infrastructure improvements on

the Assessment District Engineer's list. He cited Lompico's agreement to cover the interest cost of a low interest loan, as a way to get an early jump start.

Why So Long for the First Annual Report?

District Manager, Brian Lee attended all of our first meetings and provided us with information about how public committee meetings must be run. He provided us with copies of the Brown Act and prepared our first agenda. Initially he was very helpful and committed to providing us with the financial, engineering and construction reports we needed to be able to perform our responsibilities as an **Oversight Committee**.

Unfortunately, we didn't receive the information we needed. We asked Mr. Lee if we could meet with the Finance Manager. We were told his staff was too busy. He provided us with reports he created, that only rehashed the same estimates that were included in the Assessment Engineer's report with project dates that were scheduled years out. He informed us in May 2017 that he would no longer attend our meetings and we must send our questions and concerns via email to BoD.

8/13/2016 First meeting of the LADOC with District Manager Lee in attendance. Mr. Lee agrees to provide all the information we need.

Oct 2016, Nov 2016, Dec 2016, Jan 2017, Mar 2017-No relevant information provided. Tensions, frustration grow.

4/13/2017 Brian Lee sends email indicating he will not be attending the LADOC Meeting scheduled for this evening. At the previous meeting he had committed to providing us with details about how Assessment revenue have been spent, tied to specific projects.

4/23/2017 Memo to Chair Ratcliff requesting a monthly report detailing Assessment District Expenses tied to Lompico Infrastructure Improvements.

5/11/2017 Brian Lee informs LADOC that he will no longer be available for our meetings. Moving forward we should email questions and requests to the SLVWD Board of Directors.

5/11/2017 LADOC drafts first list of questions to BoD included a request for a meeting with the Finance Manager to work together to design a monthly Finance Report and a quarterly meeting with Rick Rogers, the Director of Operations to obtain updates on Lompico Projects.

7/7/2017 LADOC members draft letter to send to Budget & Finance (B&F) Committee listing all the requirements needed for a Quarterly Lompico Assessment District Finance Report. This was based on a

suggestion made by the citizen committee of the B&F Committee.

8/1/2017 SLVWD B&F Committee approves our request to deliver a Lompico AD Quarterly Finance Report. This will be delivered at the end of the quarter.

10/19/2017 Brian Lee letter to BoD to limit LADOC to one meeting "at the most" annually. At the same BoD Director Bruce, who admits during that meeting that she partnered with Mr. Lee to prepare the letter sent by Mr. Lee, recommends that the committee be dissolved completely, she stated "No other community in SLVWD is entitled to a committee." Thanks to support from Citizen members of the other SLVWD Committees and several other members of the public, it was proposed that the LADOC be allowed to proceed, at least until after our First Quarterly Meeting with the Finance Manager. Chair Baughman stated that the LADOC Chair's statement that the LADOC is a requirement of the Merger agreement and must continue through the end of the Assessment District's term, through 2025 is correct.

11/15/2017 First Detailed Quarterly Finance Report delivered to LADOC by Finance Manager with Chair Chuck Baughman in attendance. Subsequently regular Quarterly LADOC meetings have been held with the Finance Manager and either Chair Baughman or more recently District Manager Rick Rogers in attendance. DM Rogers quarterly provides updates and plans for Lompico capital projects.

5/31/2018 Grand Jury Report published, titled "Encouraging the Flow of Information to the Public". A large portion of the report is devoted to mismanagement of Lompico Assessment District capital projects and support for the "Lompico citizen oversight committee"

8/9/2018 District Manager Brian Lee resigns and leaves SLVWD on 8/31.

10/18/2018 After serving as interim District Manager, Rick Rogers accepts the permanent assignment.

11/2018 Three existing members of the SLVWD are replaced. The new board majority fully supports recommendations of the Grand Jury. A new LADOC charters was created, with input from the public at a workshop in January 2019, and approved by the SLVWD board. The first workshop to create the First Lompico Assessment District Annual Report was held in April 2019. The actual report will be delivered after the end of the current fiscal year June 30, 2019.

The members of the LADOC have high hopes that under the guidance of the new board, and District Manager Rick Rogers, Lompico Assessment District projects will now move forward quickly. Many of the projects listed

on the Engineer's report are no longer necessary because Lompico now relies 100% on the Intertie to SLVWD. However, the remaining projects are critical to the well being of our water flow. Capital Costs have skyrocketed, but District Manager Rogers will explain in his statement how he plans to complete the projects within our Assessment budget.

**San Lorenzo Valley Water District
Lompico Assessment District Oversight Committee**

Mission

To serve as a Liaison between the Lompico Assessment District customers and the District.
To strive to advocate for the community and obtain answers to questions and concerns regarding
Lompico Assessment District expenditures and projects.

Commitment to Excellence

Per our Charter, we are committed to applying the highest standards to public outreach,
research and reporting, with excellent representation on behalf of AD-16 property owners,
exemplifying the District's commitment to transparency and support.

**Presentation of First Annual Report
For the period
June 1, 2016 to June 30, 2019**

Introduction

Lompico Assessment District Oversight Committee (LADOC) is required to generate a report to provide the findings of the use of the voter approved Assessment District (AD-16) revenues paid into a Special Fund for construction projects in Lompico, as reported in the San Lorenzo Valley Water District annual audited financial report.

This is the first report prepared by LADOC, and covers two full fiscal years, and one month of a third fiscal year, from June 1, 2016 to June 30, 2019. In accordance with our Charter, this report shall thereafter be done annually. Assessment District AD-16 was approved by Lompico voters on May 19, 2016, with payments for ten years, as part of the annexation of Lompico County Water District (LCWD) into San Lorenzo Valley Water District (SLVWD).

Annexation, also called the "Merger" was initiated when Lompico County Water District and San Lorenzo Valley Water District began discussions in 2010. Following a series of public meetings, both districts approached the Local Agency Formation Commission (LAFCo), and with further assistance from the County, put together a proposal to meet SLVWD and State conditional requirements, including system upgrades. This proposal was finalized and approved in August 2014 as LAFCo Resolution 953-A. LCWD formed a Citizens Advisory for public outreach, in both a website and public forums, to help answer questions and provide information to voters in deciding on a funding mechanism, the final step to complete the merger. A proposed 30-year bond in 2015 missed meeting a 2/3 majority by one vote. The next year, formation of an Assessment District (AD-16) with a 10-year Assessment was proposed and passed with 79.5% approval. The merger was completed and went into effect on June 1, 2016. The Assessment required an Engineer's Report, describing its specific purpose:

Established a fund for construction projects in Lompico	Six projects:
• Replacement of 6 redwood tanks	\$682,500
• Refurbish Mill Creek treatment plant	\$105,000
• Service line and meter replacement	\$862,500
• Distribution system Interconnection	\$301,000
• SCADA (<i>automated control system</i>)	\$441,000
• Replace PRVs (<i>pressure relief valves</i>)	\$358,000
Total Construction	\$2,750,000
• Loan Interest	\$183,734
Total Assessment	\$2,933,734

Executive Summary

- A) Findings: Total revenue collected since June 16, 2016, including interest, is \$768,767.
 Total expenses since June 16, 2016 are \$ 319,481.
 AD-16 Cash balance as of [Dec 30 2018] is \$449,307.

Summary of revenue and expenses for three FYperiod. Item 8. example to Q2 2018-19

- B) Recommendations: *brief summary of improvements. Item 12*

Table of Contents [separate page](#)

1. Brief History of Lompico County Water District

Lompico County Water District was formed in 1963 by the community of Lompico Canyon, located within the watershed of San Lorenzo River in the Santa Cruz Mountains. In 1964, the 70 registered voters in Lompico approved a 1.5 million dollar water infrastructure bond. In 1974 the State of California set a moratorium limiting customer hookups to no more than 500, based on a limited water supply. The system was completed in 1978, and the last of the four series of 40-year bonds paid off in 2018. The district's water sources were from Lompico Creek, a federally protected steelhead trout habitat, and half a dozen wells located in the low-yield Monterey aquifer. After several earlier attempts, in response to recommendations by State and County agencies, Lompico resumed talks in 2010 with larger neighboring water district SLVWD as to the possibility of merger. In 2015 Lompico County Water District was named by the State as one of 17 small water systems in danger of losing water resources during the drought. In that same year, LCWD received an emergency grant from the State to install an intertie with SLVWD. The intertie has been converted, via the merger, to a full-time water supply for Lompico Canyon residents, now customers of SLVWD after a successful annexation and Assessment vote was completed in 2016.

2. What is an Assessment District* and how much do we pay?

“Assessment districts have been in use in California for the past 150 years. Local agencies, including cities, counties, and special districts, may establish assessment districts for the purposes of financing all or a portion of the cost of certain public improvements and services. Each property within an assessment district is assessed an amount sufficient to cover the proportional cost of the special benefit that it receives from the improvements or services that are paid for by the assessment.”

“The proposed assessment must be supported by a detailed engineer's report prepared by a registered professional engineer, which would, under Proposition 218 ... include identifying the parcels that will receive a special benefit from the improvements or services to be funded by the assessment, determining the proportionality of the special benefit among the parcels, and making certain the assessment levied upon a parcel is not greater than its proportionate share of the costs of the special benefit received.” **From the California Debt and Investment Advisory Commission, State Treasurer's Office, www.treasurer.ca.gov/cdiac/*

The Assessment amount for each improved parcel having a water meter in Lompico is \$579 a year, per the Engineer's Report, calculated at 507 services. There are x properties having two meters, which pay X. In addition the Assessment District allows the County to add a small fee to collect the revenue on property taxes. (*ref copy of Assessment agreement provided to voters*)

3. Citizen Oversight Committee

A Lompico Citizens Oversight Committee was an element proposed and approved by SLVWD, and included in LAFCo Resolution 953-A. The SLVWD board reviewed applications and appointed its five Lompico members in July of 2016. Their first meeting was held at the old LCWD office in August. The original charter given by SLVWD included oversight of engineering, projects, the surcharge, and the assessment district funds. This was revised in 2017 to include only assessment district fund oversight, and the name changed to LADOC, for Lompico Assessment District Oversight Committee.

A new Charter was written by the committee in March 2019, and adopted by the Board, to meet recommendations of a Grand Jury investigation and report released May 2018.

Members of the Committee 2016 to present:

April Crittenden	July 2016 – Feb 2018	Secretary 2016-2018
John Grunow	July 2016 – April 2018	
Lydia Hammack	July 2016 – June 2018	Chair Jan 2018-June 2018
Ruth Shaw	July 2016 – June 2018	Vice chair Jan 2018-June 2018
Toni Norton	July 2016 to present	Chair July 2016-Jan 2018; Nov 2018 to present
Andrew Rippert	April 2018 – June 2018	
Mary Ann LoBalbo	April 2018 to present	Vice Chair Nov 2018 to present
Jennifer Gomez	Sept 2018 to present	
Dennis Lynch	Sept 2018 – Oct 2018	
John Wright	Sept 2018 to present	
Debra Loewen	March 2019 to present	

The Lompico Citizens Oversight Committee met monthly from August 2016, attended by the District Manager until March 2017, but with no written reports or documentation of expenses.

In October 2017 the committee chair wrote a memo to the Board of Directors: *“The committee has been meeting for fifteen months and has not yet been provided with a report that would assist us in this task [review of expenses].”* As a result, the District’s Finance Manager proposed providing written quarterly reports. Those first reports were received at the January 2018 LADOC meeting, and included water meter changeouts completed in June 2016, and a temporary SCADA (control system) installed in August of 2016. LADOC continued to meet monthly until February 2018, when a series of resignations resulted in periods having a lack of quorum, with meetings thereafter only in May and November of that year. The committee has since decided to meet quarterly for the financial reports, with special meetings between as needed.

In May 2018, the Grand Jury released a report with a portion devoted to investigation of the Lompico Oversight Committee function. In September 2018 the SLVWD board submitted a response agreeing to all recommendations, including a new LADOC charter and more staff support. LADOC had two special meetings in early 2019, a workshop to draft the Charter, and one to begin this report. The new charter was approved by the Board in March 2019. This report is a result of that Charter and Grand Jury recommendation. We thank the Grand Jury for their findings and support.

Quarterly financial reports on AD-16 revenue and expenses continue to be refined and improved, with Committee and Financial Manager collaboration, and LADOC has welcomed increased support from the new District Manager and Board.

All LADOC meetings are posted and open to the public. The Committee meets in Boulder Creek at SLVWD, or at Zayante Fire Station. Agendas and past meeting information and quarterly

financial reports are available on the SLVWD district website under LADOC. The Committee invites public participation or questions, and the Chair can be reached at LADOC@slvwd.com

4. Tracking Assessment Funds Water district tracking and financial reporting follows Government Accounting Standard Board (GASB) guidelines, including No. 6 which is financial reporting standards for capital improvements and services financed by special assessments. Revenue is collected from Lompico property taxes by the County and held in a special account. Assessment funds may not be used for any purpose other than described Lompico projects of AD-16 in the Engineer's Report.

5. Source of Report Data Quarterly reports to LADOC are generated by the Finance Manager. Included is itemization of revenue per quarter and to date; itemization of ongoing expenses per project, including labor and materials. Reports may also include receipts and labor timecards. The LADOC charter allows committee members to request and review all relevant data sources.

6. Assessment Collection Management is contracted by SLVWD to a consultant, NBS Government Finance Group via their Special Finance District (SFD) Administration service, for tasks not included by the County when collecting the Assessment on property taxes. NBS services include delinquency management, tracking parcel changes, calculations of penalties and interest, correspondence and follow up. The cost for this service has been about \$1,150.00 per quarter, charged to the Assessment District. *Description of NBS duties and fee, (\$4500 yr + exp ref addendum 6.9.16) can we see and include a copy of contract?*

7. Fiscal Year basis; Per the LADOC charter, annual reports will be based on the water district's Fiscal Year basis, from July 1 to June 30 of the following year.

8. Revenues and Expenditures *detail: descriptions, charts, graphs- Stephanie Hill help provide?*
 Example: Summary draft (or for Executive Summary above) to be expanded/detailed out/per project this section with itemized expenses; comparison to AD budget?
 Example: To date end of Q2 (Dec 30 2018) is

WO 129	Meter Changeout Program	Completed June 2016. Changeout from Lompico metric to new auto-texting gallon standard Badger, 500 meters.	\$ 197,888
	SCADA (temporary control system)	Temporary until SLVWD controls system fully upgraded.	\$ 19,540
	NBS AD-16 Services	Ongoing. Assessment collection management fee, billed quarterly.	\$ 13,214
WO 525	Service Line Replacement	Ongoing. 34 of 500 completed to date	\$ 39,591
WO 837	Water Main Pressure Reducing Valves Replacement.	In design stage. Eight valves total. \$ 1,945 SLVWD labor and overhead \$ 16,751 Design and project mgt WSC \$ 4,485 Survey work Paul Jensen	\$ 23,181
WO 1208	Lewis Tank replacement.	In design stage. All Project Mgmt and Prelim design Schaaf & Wheeler	\$ 8,689
WO 1209	Madrone Tank replacement.	In design stage. All Project Mgmt and Prelim design Schaaf & Wheeler	\$ 8,689
WO 1210	Kaski Tank replacement.	In design stage. All Project Mgmt and Prelim design Schaaf & Wheeler	\$ 8,689
		TOTAL TO DATE	\$319,481.00

Does GM have software for project management tracking that might show chart of progress?

9. Projects and Loan (or describe loan separately?)

Engineer's Report individual projects explained. Loan and interest as intended, how implemented. Why selected, SLVWD, State, and environmental advantages; more detail and photos, plans,

description of components (engineering, bids, construction) See attached example on redwood tank replacement. Help on projects from *R Rogers and J Furtado? Help from S Hill on loan?*

10. Timing and Planning Manager's Report?, expectations, budgeting; on progress, future? LADOC will want to review prior to presentation to the Board.

11. Final Summary and why it does or does not meet AD requirements, wrap up for the Board.

12. Analysis and Recommendations. . LADOC on SLVWD website; detail of projects online; public workshops; Improvements in organization and reporting; increase committee size, or add alternate(s); Procedures for questions and contact with the public (emails for all members); additions and improvements to charter; recommendations, target dates and tasks.

Outstanding questions by both staff & the committee on procedural items for an Assessment & AD.

Separate item on Grand Jury report and recommendations? The Grand Jury 2018 report recommends addition of a third party expert on Assessments to help resolve *What happens to projects that are withdrawn/ no longer funds available.* List of further documented unanswered questions.

Separate item listing of pertinent BOD dates and decisions/timeline?

15. References and Info: copy and/or links to SLVWD website, founding documents, assessment documents: Assessment doc voted on, LAFCO Resolution 953-A, financial reports; Grand Jury report; Lafco study and 5-year water report; State inspection reports; Charter; Natl Geo article on Lompico during drought; BOD presentations? Dates noted and links to full quarterly reports with backup documentation presented at LADOC meetings.

Ideas: Financial Report example of insert as from Fin Mgr Q2 2018-19 report to LADOC, as called out:

LOMPICO ASSESSMENT DISTRICT CASH RECONCILIATION
SUB-FUND 76530200

	7/1/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	FY1819 YTD
BEG. CASH BALANCE	\$ 353,723.75							
REVENUE								
ASSESSMENT						\$ 4,050.52	\$ 148,527.78	\$ 152,578.30
INTEREST		499.80	494.77	475.60	506.50	537.29	807.22	3,321.18
TOTAL REVENUE		\$ 499.80	\$ 494.77	\$ 475.60	\$ 506.50	\$ 4,587.81	\$ 149,335.00	\$ 155,899.48
EXPENSES								
NBS AD Services		\$ (1,145.52)			\$ (1,149.21)			\$ (2,294.73)
WO 525 - Service Lines				\$ (4,915.82)			\$ (10,387.39)	\$ (15,303.21)
WO 837 MAIN PRV				\$ (2,335.00)			\$ (14,317.65)	\$ (16,652.65)
WO 1208 Lewis Tank							\$ (8,688.67)	\$ (8,688.67)
WO 1209 Madrone Tank							\$ (8,688.67)	\$ (8,688.67)
WO 1210 Kaski Tank							\$ (8,688.67)	\$ (8,688.67)
TOTAL EXPENSES		\$ (1,145.52)	\$ -	\$ (7,250.82)	\$ (1,149.21)	\$ -	\$ (50,771.05)	\$ (60,316.60)
CASH BALANCE		\$ 353,078.03	\$ 353,572.80	\$ 346,797.58	\$ 346,154.87	\$ 350,742.68	\$ 449,306.63	\$ 449,306.63

SINCE INCEPTION RUNNING TOTALS	TOTAL	FY1819 YTD	FY1718	FY1617	FY1516
REVENUE	\$ 768,787	\$ 155,899	\$ 301,377	\$ 282,580	\$ 28,930
EXPENSES					
METER PROGRAM	\$ (197,888)			\$ (197,888)	
SCADA	\$ (19,540)			\$ (19,540)	
NBS AD Services	\$ (13,214)	\$ (2,295)	\$ (10,920)		
WO 525 - Service Lines	\$ (39,591)	\$ (15,303)	\$ (24,288)		
WO 837 MAIN PRV	\$ (23,181)	\$ (16,653)	\$ (6,528)		
WO 1208 Lewis Tank	\$ (8,689)	\$ (8,689)			
WO 1209 Madrone Tank	\$ (8,689)	\$ (8,689)			
WO 1210 Kaski Tank	\$ (8,689)	\$ (8,689)			
	\$ (319,480)				
CASH BALANCE	\$ 449,307				

Following page: draft example of Engineering Report project descriptions. Or expand district's existing CIP description of each item.

Project:	Redwood storage tank replacements
Engineer Report Title:	Install three new bolted steel tanks
Description :	The former Lompico Water District had 440,000 gallons of storage total in six redwood tanks, located in pairs on three sites, known as Lewis, Madrone and Kaski. The Lewis site on the east side had two tanks of 100 thousand gallons each; one was taken down prior to the merger due to its deteriorating condition, included to be replaced. The east side has the Madrone site of two 60 thousand gallon tanks, and the Kaski site also having two 60 thousand gallon tanks. Tanks range in age from 23 to over 40 years. In their May 2013 Inspection Report, California Department of Public Health (CDPH) said that all redwood tanks should be replaced with steel or concrete reservoirs. Redwood tanks are susceptible to bacteria, leaks and water loss, and are high maintenance. Redwood tanks are susceptible to earthquake damage. CDPH gave Lompico short term deadlines for at least three of the tanks to be replaced. SLVWD, as a condition of merger, asked that all tanks be replaced.
Proposed Work:	Replacement of redwood tanks, to be bolted steel or welded steel reservoirs, with earthquake security measures to protect water supply. Analysis to consider replacing paired tanks with a single reservoir, ie: two 100k Lewis tanks may be replaced by one 200k gal. tank.
Scope of the Project:	<ol style="list-style-type: none"> 1. Pre-engineering analysis of storage requirements 2. Pre-engineering—soils study of tank sites 3. Engineering Report on alternatives and costs 4. Engineered plan for replacement; materials, timeline, contractors 5. Demolition of old tanks and salvage; clear site 6. Installation of pads, tanks, and plumbing to system
Estimated Cost in 2015 Engineers Report	\$ 682,500
Estimated Timeline	Lewis; Madrone; Kaski; 3-8 years total for all tanks



Lewis Tank One

Madrone Tanks



Kaski Tanks

Assembly of data to be presented, consider some in graphic form numbers are examples to 2Q 2018-19 report

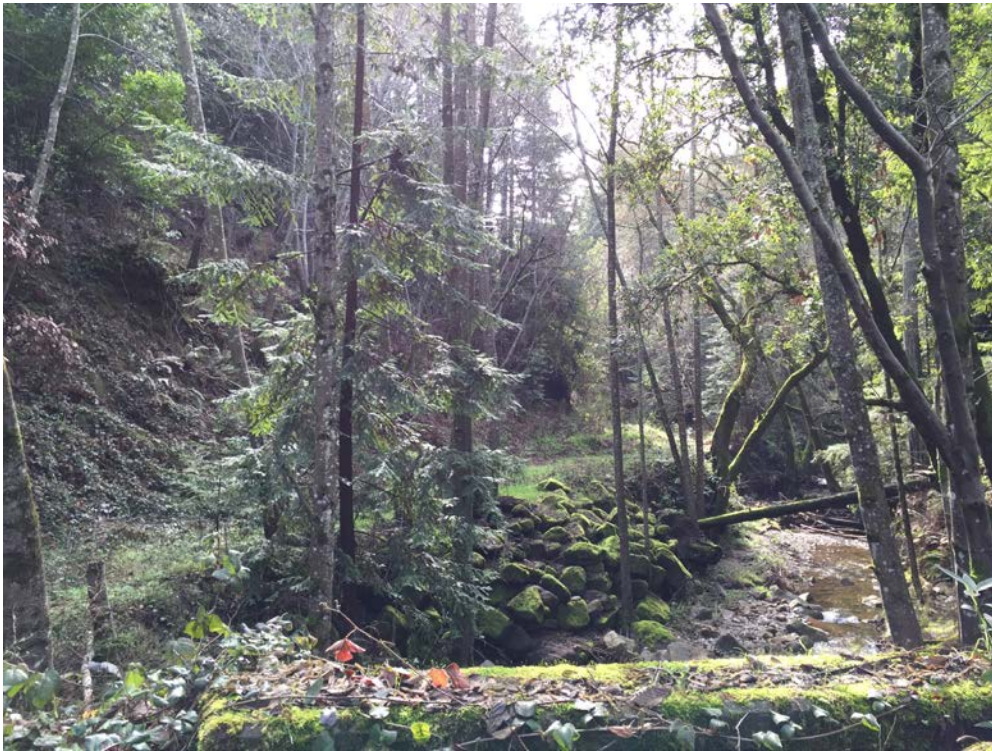
Engineers Report Project	Report Cost	District Project ID	Description	Status	Expenses to date	comment
Replacement of 6 redwood tanks	\$682,500	WO 1208	Lewis Tanks (2) replacement.	In design stage. All Project Management and Prelim design, geotechnical. Schaaf & Wheeler Civil Eng..	\$ 8,689	Est completion 3-5 years (or ?). Links: bid; BOD approval; LADOC agenda pckt
		WO 1209	Madrone Tanks (2) replacement.	In design stage. All Project Management and Prelim design, geotechnical. Schaaf & Wheeler Civil Eng..	\$ 8,689	
		WO 1210	Kaski Tanks (2) replacement.	In design stage. All Project Management and Prelim design, geotechnical. Schaaf & Wheeler Civil Eng..	\$ 8,689	
Refurbish Mill Creek treatment plant	\$105,000			Likely to be eliminated.	0	
Service line and meter replacement	\$862,500	WO 129	Meter Changeout Program	Completed by district staff June 2016. Changeout from Lompico metric to new auto-texting gallon standard Badger, 500 meters. Labor, overhead and materials..	\$ 197,888	approx \$396 each Links to LADOC agenda pkts approx. \$1165 each; bal \$625,021
		WO 525	Service Line Replacement	Ongoing by district staff, labor, overhead and materials. 34 of 500 completed to date	\$ 39,591	
Distribution system Interconnection	\$301,000			Using existing intertie from State grant . Unable to upsize supply on Zayante side until district Olympia distribution system improvements allow flow, estimated 3-5 years to schedule.	0	
SCADA (<i>automated control system</i>)	\$441,000	SCADA (temporary)		Until SLVWD controls system fully upgraded Materials only MuniQuip, LLC.	\$ 19,540	Link to LADOC agenda pkt w/info
Replace PRVs (<i>pressure relief valves</i>)	\$358,000	WO 837 Water Main Pressure Reducing Valves Replacement		In design stage. Eight valves total. \$ 1,945 SLVWD labor and overhead \$ 16,751 Design and project mgt WSC \$ 4,485 Survey work Paul Jensen Put out to bid, received 3 proposals	. \$ 23,181	Low bid awarded Feb 2019, \$468,000 Earthworks Link: bid ;BOD approval; LADOC agenda pkt with info
Total Construction	\$2,750,000					
Loan Interest	\$183,734			District to seek loan May 2019 for partial amount	0	
Total Assessment	\$2,933,734					
		NBS AD-16 Services		Ongoing. Consultant, contract for assessment collection, management fee billed quarterly	\$ 13,214	Link to contract and BOD approval
		Per 2Q 2018-19 report		TOTAL EXPENSES TO DATE	\$319,481.	=11% of total assessment
				TOTAL REVENUE COLLECTED TO DATE	\$768,767	=26% of total assessment
				Balance in account	\$449,307.	

MAP of Lompico service line replacements to show overall pattern. Specific addresses not included, but a “pin” to note location.

Question to District Manager on Homeland Security restrictions re: infrastructure locations.

2019 LOMPICO ASSESSMENT DISTRICT ANNUAL REPORT

2019 FIRST LOMPICO ASSESSMENT DISTRICT ANNUAL REPORT



This report covers the time period from inception
June 1, 2016 through June 30, 2019

The Lompico Assessment District Oversight Committee (LADOC), with the approval of the San Lorenzo Valley Water District (SLVWD) Board of Directors (BoD) is pleased to present the 2019 FIRST LADOC ANNUAL REPORT. This report will cover the time period from 6/1/2016 through 6/30/2019.

LADOC will strive to deliver the report each remaining year of the Assessment District term, which is scheduled to continue through June of 2025.

We are committed to meeting the following Annual Report guidelines as specified in the LADOC Charter:

1. A statement indicating whether the proposed Assessment District expenditures are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report
2. A statement indicating whether the prior fiscal year Assessment District expenditures have been reviewed by LADOC and are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report. Said statement shall include an itemization and summary of the prior fiscal year Assessment District revenues and expenditures. Included in the itemization and summary shall be information about any loans related to completing the Assessment District projects (i.e., terms, interest and balances.)
3. Any other information LADOC deems as useful for furthering understanding of Assessment District revenue and expenses, projects, funding, history or purpose.
4. The Annual Report shall be based on the District Fiscal Year and will be completed as soon as possible after June 30, each year, using preliminary data.

Commented [D1]: Per workshop discussion, recom by Stephanie to use prelim #s rather than audited, due to time delay.

LADOC Mission Statement

To serve as a Liaison between the Lompico Assessment District customers and the District. To strive to advocate for the community and obtain answers to questions and concerns regarding Lompico Assessment District expenditures and projects.

Commented [D2]: Per workshop, add from pg 20, change to "to"

Commitment to Excellence. The Committee is committed to applying the highest standards to public outreach, research and reporting, with excellent representation on behalf of AD-16 property owners, exemplifying the District's commitment to transparency and support.

Commented [D3]: Per workshop moved from pg 18 to Mission Stmt

LADOC PURPOSE

The purpose of the Committee is to review and oversee income and expenses related to construction projects in Assessment District AD-16 Engineer's Report, to serve as liaison for customers residing within the Assessment District boundaries of the former Lompico County Water District, and to inform the Board and public at least annually concerning the revenue and expenditure of assessment district proceeds (the "Assessment District Proceeds") and on the projects approved by the voters of Lompico within AD-16 on March 6, 2015, by issuing a written report.

Commented [D4]: Revised wording TN 2.10

Commented [D5]: Amend per workshop

LADOC HISTORY

The Board of Directors (the "Board") of San Lorenzo Valley Water District (the "District") established the Lompico Assessment District Oversight Committee (the "Committee"), LADOC, in accordance with LAFCO resolution 953-A. On May 4, 2016, Lompico property owners voted in favor of a 10-year assessment district (AD 2016-1) to generate \$2.75 million in revenue to repair, replace and upgrade infrastructure in the Lompico service area, as part of annexation to the District. The resolution was amended from a "bond" to an "assessment" for the revenue source, and went into effect on June 1, 2016. . The first five members of the Lompico Oversight Committee were seated on July 21, 2016 by board action, in accordance with provisions of amendment to Section 14 of the Board Procedure Manual (May 19, 2016) and duties hereby amended on January 28, 2019. Many of these changes were initiated due to recommendations outlined in the Grand Jury Report "Encouraging the Flow of Information to the Public", published May 31, 2018. The Committee shall have the purposes and duties set forth in these guidelines.

Commented [D6]: From agenda pkt pg 2, insert per workshop, Pete's suggestion

Commented [D7]: Added explanation per workshop

Commented [D8]: Revised wording 2.10 TN

Commented [D9]: Revised wording 2.10 TN

Commented [D10]: Added per workshop pg 2 Agenda Pkt Section 2

LOMPICO ASSESSMENT DISTRICT BALANCE SHEET					
		FY1819			
Running Totals Since Inception	TOTAL	YTD	FY1718	FY1617	FY1516
REVENUE	\$768,787	\$155,899	\$301,377	\$282,580	\$28,930
EXPENSES					
METER PROGRAM	-\$197,888			-\$197,888	
SCADA	-\$19,540			-\$19,540	
SERVICE LINES	-\$39,591	-\$15,303	-\$24,288		
MAIN PRV	-\$23,181	-\$16,653	-\$6,528		
Lewis Tank	-\$8,689	-\$8,689			
Madrone Tank	-\$8,689	-\$8,689			
Kaski Tank	-\$8,689	-\$8,689			
NBS Administration Services*	-\$13,214				
	-\$319,481				
CASH BALANCE	\$449,307				
*Company that provides administrative services for Assessment Districts					

LOMPICO ASSESSMENT DISTRICT PROJECTS AND EXPENSES*				
ASSESSMENT DISTRICT PROJECTS	STATUS	Assessment Estimate	BID	Prelim Total
Install 3 New Bolted Steel Tanks		\$ 682,500		
Lewis Tank	Engineering and consulting completed-awaiting responses to RFQ			\$ 8,689
Madrone Tank	Engineering and consulting completed			\$ 8,689
Kaski Tank	Engineering and consulting completed			\$ 8,689
Refurbish Mill Creek WTP	Project cancelled - see details	\$ 105,000		\$ -
Service Line and Meter Replacements		\$ 862,500		
Meter Program	Complete			\$ 197,888
Service Line/Lateral	Ongoing - 34 replaced - see details	\$ 39,591		
Distribution System Interconnect	Ongoing - see details	\$ 301,000		\$ -
SCADA System	Partially - see details	\$ 441,000		\$ 19,540
Remove and Replace Existing PRV		\$ 358,000		
Main PRV	Expenses for consulting work inc			\$ 23,181

* Represents all revenue and expenses since inception of Lompico Assessment District. Please see Assessment District AD-16 Engineer's Report included for additional details regarding estimates

LOMPICO ASSESSMENT DISTRICT OVERSIGHT COMMITTEE

HOW WE GOT HERE

Toni Norton
Current Chair of LADOC

Dear Residents of the Lompico Assessment District and customers of SLVWD,

The citizens of Lompico, who chose to volunteer and serve as members of the LADOC have had a challenging three years. Most of us volunteered for the committee because we worked tirelessly to persuade our fellow Lompicans that merging with SLVWD was the right thing to do.

Passing the vote for the Assessment District:

At a Community meeting at the Zayante Firehouse the final votes were counted and the Lompico Assessment District Agreement passed overwhelmingly. This was after a Bond to supply the same required revenues for infrastructure improvements failed by one vote.

The benefit of the bond would have been that Santa Cruz County would have managed the distribution of the Bond dollars, as projects were initiated. With the Assessment District option, no oversight was provided by the county. Only the Lompico Assessment District Oversight Committee, appointed by the SLVWD Board had an eye on where and how the \$2.9 million dollars collected by the county via property taxes would be spent.

Part of the LAFCO/Annexation/Merger agreement included the formation of the Lompico Assessment District Oversight Committee consisting of 5 members of the Lompico community who must live within the Assessment District Service Area. The only instructions included in the agreement were to "review expenditure of the bond (changed to Assessment) proceeds on projects that directly benefit Lompico.

At that packed Zayante Firehouse meeting many of the attendees were persuaded to vote for the merger because of the responses they received to the many questions addressed to District Manager Brian Lee. He earnestly convinced the Lompico voters that with our positive vote he would immediately get to work on the long list of infrastructure improvements on

the Assessment District Engineer's list. He cited Lompico's agreement to cover the interest cost of a low interest loan, as a way to get an early jump start.

Why So Long for the First Annual Report?

District Manager, Brian Lee attended all of our first meetings and provided us with information about how public committee meetings must be run. He provided us with copies of the Brown Act and prepared our first agenda. Initially he was very helpful and committed to providing us with the financial, engineering and construction reports we needed to be able to perform our responsibilities as an **Oversight Committee**.

Unfortunately, we didn't receive the information we needed. We asked Mr. Lee if we could meet with the Finance Manager. We were told his staff was too busy. He provided us with reports he created, that only rehashed the same estimates that were included in the Assessment Engineer's report with project dates that were scheduled years out. He informed us in May 2017 that he would no longer attend our meetings and we must send our questions and concerns via email to BoD.

8/13/2016 First meeting of the LADOC with District Manager Lee in attendance. Mr. Lee agrees to provide all the information we need.

Oct 2016, Nov 2016, Dec 2016, Jan 2017, Mar 2017-No relevant information provided. Tensions, frustration grow.

4/13/2017 Brian Lee sends email indicating he will not be attending the LADOC Meeting scheduled for this evening. At the previous meeting he had committed to providing us with details about how Assessment revenue have been spent, tied to specific projects.

4/23/2017 Memo to Chair Ratcliff requesting a monthly report detailing Assessment District Expenses tied to Lompico Infrastructure Improvements.

5/11/2017 Brian Lee informs LADOC that he will no longer be available for our meetings. Moving forward we should email questions and requests to the SLVWD Board of Directors.

5/11/2017 LADOC drafts first list of questions to BoD included a request for a meeting with the Finance Manager to work together to design a monthly Finance Report and a quarterly meeting with Rick Rogers, the Director of Operations to obtain updates on Lompico Projects.

7/7/2017 LADOC members draft letter to send to Budget & Finance (B&F) Committee listing all the requirements needed for a Quarterly Lompico Assessment District Finance Report. This was based on a

suggestion made by the citizen committee of the B&F Committee.

8/1/2017 SLVWD B&F Committee approves our request to deliver a Lompico AD Quarterly Finance Report. This will be delivered at the end of the quarter.

10/19/2017 Brian Lee letter to BoD to limit LADOC to one meeting "at the most" annually. At the same BoD Director Bruce, who admits during that meeting that she partnered with Mr. Lee to prepare the letter sent by Mr. Lee, recommends that the committee be dissolved completely, she stated "No other community in SLVWD is entitled to a committee." Thanks to support from Citizen members of the other SLVWD Committees and several other members of the public, it was proposed that the LADOC be allowed to proceed, at least until after our First Quarterly Meeting with the Finance Manager. Chair Baughman stated that the LADOC Chair's statement that the LADOC is a requirement of the Merger agreement and must continue through the end of the Assessment District's term, through 2025 is correct.

11/15/2017 First Detailed Quarterly Finance Report delivered to LADOC by Finance Manager with Chair Chuck Baughman in attendance. Subsequently regular Quarterly LADOC meetings have been held with the Finance Manager and either Chair Baughman or more recently District Manager Rick Rogers in attendance. DM Rogers quarterly provides updates and plans for Lompico capital projects.

5/31/2018 Grand Jury Report published, titled "Encouraging the Flow of Information to the Public". A large portion of the report is devoted to mismanagement of Lompico Assessment District capital projects and support for the "Lompico citizen oversight committee"

8/9/2018 District Manager Brian Lee resigns and leaves SLVWD on 8/31.

10/18/2018 After serving as interim District Manager, Rick Rogers accepts the permanent assignment.

11/2018 Three existing members of the SLVWD are replaced. The new board majority fully supports recommendations of the Grand Jury. A new LADOC charters was created, with input from the public at a workshop in January 2019, and approved by the SLVWD board. The first workshop to create the First Lompico Assessment District Annual Report was held in April 2019. The actual report will be delivered after the end of the current fiscal year June 30, 2019.

The members of the LADOC have high hopes that under the guidance of the new board, and District Manager Rick Rogers, Lompico Assessment District projects will now move forward quickly. Many of the projects listed

on the Engineer's report are no longer necessary because Lompico now relies 100% on the Intertie to SLVWD. However, the remaining projects are critical to the well being of our water flow. Capital Costs have skyrocketed, but District Manager Rogers will explain in his statement how he plans to complete the projects within our Assessment budget.

**San Lorenzo Valley Water District
Lompico Assessment District Oversight Committee**

Mission

To serve as a Liaison between the Lompico Assessment District customers and the District.
To strive to advocate for the community and obtain answers to questions and concerns regarding
Lompico Assessment District expenditures and projects.

Commitment to Excellence

Per our Charter, we are committed to applying the highest standards to public outreach,
research and reporting, with excellent representation on behalf of AD-16 property owners,
exemplifying the District's commitment to transparency and support.

**Presentation of First Annual Report
For the period
June 1, 2016 to June 30, 2019**

Introduction

Lompico Assessment District Oversight Committee (LADOC) is required to generate a report to provide the findings of the use of the voter approved Assessment District (AD-16) revenues paid into a Special Fund for construction projects in Lompico, as reported in the San Lorenzo Valley Water District annual audited financial report.

This is the first report prepared by LADOC, and covers two full fiscal years, and one month of a third fiscal year, from June 1, 2016 to June 30, 2019. In accordance with our Charter, this report shall thereafter be done annually. Assessment District AD-16 was approved by Lompico voters on May 19, 2016, with payments for ten years, as part of the annexation of Lompico County Water District (LCWD) into San Lorenzo Valley Water District (SLVWD).

Annexation, also called the "Merger" was initiated when Lompico County Water District and San Lorenzo Valley Water District began discussions in 2010. Following a series of public meetings, both districts approached the Local Agency Formation Commission (LAFCo), and with further assistance from the County, put together a proposal to meet SLVWD and State conditional requirements, including system upgrades. This proposal was finalized and approved in August 2014 as LAFCo Resolution 953-A. LCWD formed a Citizens Advisory for public outreach, in both a website and public forums, to help answer questions and provide information to voters in deciding on a funding mechanism, the final step to complete the merger. A proposed 30-year bond in 2015 missed meeting a 2/3 majority by one vote. The next year, formation of an Assessment District (AD-16) with a 10-year Assessment was proposed and passed with 79.5% approval. The merger was completed and went into effect on June 1, 2016. The Assessment required an Engineer's Report, describing its specific purpose:

Established a fund for construction projects in Lompico	Six projects:
• Replacement of 6 redwood tanks	\$682,500
• Refurbish Mill Creek treatment plant	\$105,000
• Service line and meter replacement	\$862,500
• Distribution system Interconnection	\$301,000
• SCADA (<i>automated control system</i>)	\$441,000
• Replace PRVs (<i>pressure relief valves</i>)	\$358,000
Total Construction	\$2,750,000
• Loan Interest	\$183,734
Total Assessment	\$2,933,734

Executive Summary

- A) Findings: Total revenue collected since June 16, 2016, including interest, is \$768,767.
 Total expenses since June 16, 2016 are \$ 319,481.
 AD-16 Cash balance as of [Dec 30 2018 } is \$449,307.

Summary of revenue and expenses for three FYperiod. Item 8. example to Q2 2018-19

- B) Recommendations: *brief summary of improvements. Item 12*

Table of Contents *separate page*

1. Brief History of Lompico County Water District

Lompico County Water District was formed in 1963 by the community of Lompico Canyon, located within the watershed of San Lorenzo River in the Santa Cruz Mountains. In 1964, the 70 registered voters in Lompico approved a 1.5 million dollar water infrastructure bond. In 1974 the State of California set a moratorium limiting customer hookups to no more than 500, based on a limited water supply. The system was completed in 1978, and the last of the four series of 40-year bonds paid off in 2018. The district's water sources were from Lompico Creek, a federally protected steelhead trout habitat, and half a dozen wells located in the low-yield Monterey aquifer. After several earlier attempts, in response to recommendations by State and County agencies, Lompico resumed talks in 2010 with larger neighboring water district SLVWD as to the possibility of merger. In 2015 Lompico County Water District was named by the State as one of 17 small water systems in danger of losing water resources during the drought. In that same year, LCWD received an emergency grant from the State to install an intertie with SLVWD. The intertie has been converted, via the merger, to a full-time water supply for Lompico Canyon residents, now customers of SLVWD after a successful annexation and Assessment vote was completed in 2016.

2. What is an Assessment District* and how much do we pay?

"Assessment districts have been in use in California for the past 150 years. Local agencies, including cities, counties, and special districts, may establish assessment districts for the purposes of financing all or a portion of the cost of certain public improvements and services. Each property within an assessment district is assessed an amount sufficient to cover the proportional cost of the special benefit that it receives from the improvements or services that are paid for by the assessment."

"The proposed assessment must be supported by a detailed engineer's report prepared by a registered professional engineer, which would, under Proposition 218 ... include identifying the parcels that will receive a special benefit from the improvements or services to be funded by the assessment, determining the proportionality of the special benefit among the parcels, and making certain the assessment levied upon a parcel is not greater than its proportionate share of the costs of the special benefit received." **From the California Debt and Investment Advisory Commission, State Treasurer's Office, www.treasurer.ca.gov/cdiac/*

The Assessment amount for each improved parcel having a water meter in Lompico is \$579 a year, per the Engineer's Report, calculated at 507 services. There are x properties having two meters, which pay X. In addition the Assessment District allows the County to add a small fee to collect the revenue on property taxes. (*ref copy of Assessment agreement provided to voters*)

3. Citizen Oversight Committee

A Lompico Citizens Oversight Committee was an element proposed and approved by SLVWD, and included in LAFCo Resolution 953-A. The SLVWD board reviewed applications and appointed its five Lompico members in July of 2016. Their first meeting was held at the old LCWD office in August. The original charter given by SLVWD included oversight of engineering, projects, the surcharge, and the assessment district funds. This was revised in 2017 to include only assessment district fund oversight, and the name changed to LADOC, for Lompico Assessment District Oversight Committee.

A new Charter was written by the committee in March 2019, and adopted by the Board, to meet recommendations of a Grand Jury investigation and report released May 2018.

Members of the Committee 2016 to present:

April Crittenden	July 2016 – Feb 2018	Secretary 2016-2018
John Grunow	July 2016 – April 2018	
Lydia Hammack	July 2016 – June 2018	Chair Jan 2018-June 2018
Ruth Shaw	July 2016 – June 2018	Vice chair Jan 2018-June 2018
Toni Norton	July 2016 to present	Chair July 2016-Jan 2018; Nov 2018 to present
Andrew Rippert	April 2018 – June 2018	
Mary Ann LoBalbo	April 2018 to present	Vice Chair Nov 2018 to present
Jennifer Gomez	Sept 2018 to present	
Dennis Lynch	Sept 2018 – Oct 2018	
John Wright	Sept 2018 to present	
Debra Loewen	March 2019 to present	

The Lompico Citizens Oversight Committee met monthly from August 2016, attended by the District Manager until March 2017, but with no written reports or documentation of expenses.

In October 2017 the committee chair wrote a memo to the Board of Directors: *“The committee has been meeting for fifteen months and has not yet been provided with a report that would assist us in this task [review of expenses].”* As a result, the District’s Finance Manager proposed providing written quarterly reports. Those first reports were received at the January 2018 LADOC meeting, and included water meter changeouts completed in June 2016, and a temporary SCADA (control system) installed in August of 2016. LADOC continued to meet monthly until February 2018, when a series of resignations resulted in periods having a lack of quorum, with meetings thereafter only in May and November of that year. The committee has since decided to meet quarterly for the financial reports, with special meetings between as needed.

In May 2018, the Grand Jury released a report with a portion devoted to investigation of the Lompico Oversight Committee function. In September 2018 the SLVWD board submitted a response agreeing to all recommendations, including a new LADOC charter and more staff support. LADOC had two special meetings in early 2019, a workshop to draft the Charter, and one to begin this report. The new charter was approved by the Board in March 2019. This report is a result of that Charter and Grand Jury recommendation. We thank the Grand Jury for their findings and support.

Quarterly financial reports on AD-16 revenue and expenses continue to be refined and improved, with Committee and Financial Manager collaboration, and LADOC has welcomed increased support from the new District Manager and Board.

All LADOC meetings are posted and open to the public. The Committee meets in Boulder Creek at SLVWD, or at Zayante Fire Station. Agendas and past meeting information and quarterly

financial reports are available on the SLVWD district website under LADOC. The Committee invites public participation or questions, and the Chair can be reached at LADOC@slvwd.com

4. Tracking Assessment Funds Water district tracking and financial reporting follows Government Accounting Standard Board (GASB) guidelines, including No. 6 which is financial reporting standards for capital improvements and services financed by special assessments. Revenue is collected from Lompico property taxes by the County and held in a special account. Assessment funds may not be used for any purpose other than described Lompico projects of AD-16 in the Engineer's Report.

5. Source of Report Data Quarterly reports to LADOC are generated by the Finance Manager. Included is itemization of revenue per quarter and to date; itemization of ongoing expenses per project, including labor and materials. Reports may also include receipts and labor timecards. The LADOC charter allows committee members to request and review all relevant data sources.

6. Assessment Collection Management is contracted by SLVWD to a consultant, NBS Government Finance Group via their Special Finance District (SFD) Administration service, for tasks not included by the County when collecting the Assessment on property taxes. NBS services include delinquency management, tracking parcel changes, calculations of penalties and interest, correspondence and follow up. The cost for this service has been about \$1,150.00 per quarter, charged to the Assessment District. *Description of NBS duties and fee, (\$4500 yr + exp ref addendum 6.9.16) can we see and include a copy of contract?*

7. Fiscal Year basis; Per the LADOC charter, annual reports will be based on the water district's Fiscal Year basis, from July 1 to June 30 of the following year.

8. Revenues and Expenditures *detail: descriptions, charts, graphs- Stephanie Hill help provide?*
 Example: Summary draft (or for Executive Summary above) to be expanded/detailed out/per project this section with itemized expenses; comparison to AD budget?
 Example: To date end of Q2 (Dec 30 2018) is

WO 129	Meter Changeout Program	Completed June 2016. Changeout from Lompico metric to new auto-texting gallon standard Badger, 500 meters.	\$ 197,888
	SCADA (temporary control system)	Temporary until SLVWD controls system fully upgraded.	\$ 19,540
	NBS AD-16 Services	Ongoing. Assessment collection management fee, billed quarterly.	\$ 13,214
WO 525	Service Line Replacement	Ongoing. 34 of 500 completed to date	\$ 39,591
WO 837	Water Main Pressure Reducing Valves Replacement.	In design stage. Eight valves total. \$ 1,945 SLVWD labor and overhead \$ 16,751 Design and project mgt WSC \$ 4,485 Survey work Paul Jensen	\$ 23,181
WO 1208	Lewis Tank replacement.	In design stage. All Project Mgmt and Prelim design Schaaf & Wheeler	\$ 8,689
WO 1209	Madrone Tank replacement.	In design stage. All Project Mgmt and Prelim design Schaaf & Wheeler	\$ 8,689
WO 1210	Kaski Tank replacement.	In design stage. All Project Mgmt and Prelim design Schaaf & Wheeler	\$ 8,689
		TOTAL TO DATE	\$319,481.00

Does GM have software for project management tracking that might show chart of progress?

9. Projects and Loan (or describe loan separately?)

Engineer's Report individual projects explained. Loan and interest as intended, how implemented. Why selected, SLVWD, State, and environmental advantages; more detail and photos, plans,

description of components (engineering, bids, construction) See attached example on redwood tank replacement. Help on projects from **R Rogers and J Furtado? Help from S Hill on loan?**

10. Timing and Planning Manager's Report?, expectations, budgeting; on progress, future? LADOC will want to review prior to presentation to the Board.

11. Final Summary and why it does or does not meet AD requirements, wrap up for the Board.

12. Analysis and Recommendations. . LADOC on SLVWD website; detail of projects online; public workshops; Improvements in organization and reporting; increase committee size, or add alternate(s); Procedures for questions and contact with the public (emails for all members); additions and improvements to charter; recommendations, target dates and tasks.

Outstanding questions by both staff & the committee on procedural items for an Assessment & AD.

Separate item on Grand Jury report and recommendations? The Grand Jury 2018 report recommends addition of a third party expert on Assessments to help resolve *What happens to projects that are withdrawn/ no longer funds available.* List of further documented unanswered questions.

Separate item listing of pertinent BOD dates and decisions/timeline?

15. References and Info: copy and/or links to SLVWD website, founding documents, assessment documents: Assessment doc voted on, LAFCO Resolution 953-A, financial reports; Grand Jury report; Lafco study and 5-year water report; State inspection reports; Charter; Natl Geo article on Lompico during drought; BOD presentations? Dates noted and links to full quarterly reports with backup documentation presented at LADOC meetings.

Ideas: Financial Report example of insert as from Fin Mgr Q2 2018-19 report to LADOC, as called out:

LOMPICO ASSESSMENT DISTRICT CASH RECONCILIATION
SUB-FUND 76530200

	7/1/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	FY1819 YTD
BEG. CASH BALANCE	\$ 353,723.75							
REVENUE								
ASSESSMENT						\$ 4,050.52	\$ 148,527.78	\$ 152,578.30
INTEREST		499.80	494.77	475.60	506.50	537.29	807.22	3,321.18
TOTAL REVENUE		\$ 499.80	\$ 494.77	\$ 475.60	\$ 506.50	\$ 4,587.81	\$ 149,335.00	\$ 155,899.48
EXPENSES								
NBS AD Services		\$ (1,145.52)			\$ (1,149.21)			\$ (2,294.73)
WO 525 - Service Lines				\$ (4,915.82)			\$ (10,387.39)	\$ (15,303.21)
WO 837 MAIN PRV				\$ (2,335.00)			\$ (14,317.65)	\$ (16,652.65)
WO 1208 Lewis Tank							\$ (8,688.67)	\$ (8,688.67)
WO 1209 Madrone Tank							\$ (8,688.67)	\$ (8,688.67)
WO 1210 Kaski Tank							\$ (8,688.67)	\$ (8,688.67)
TOTAL EXPENSES		\$ (1,145.52)	\$ -	\$ (7,250.82)	\$ (1,149.21)	\$ -	\$ (50,771.05)	\$ (60,316.60)
CASH BALANCE		\$ 353,078.03	\$ 353,572.80	\$ 346,797.58	\$ 346,154.87	\$ 350,742.68	\$ 449,306.63	\$ 449,306.63

SINCE INCEPTION RUNNING TOTALS	TOTAL	FY1819 YTD	FY1718	FY1617	FY1516
REVENUE	\$ 768,787	\$ 155,899	\$ 301,377	\$ 282,580	\$ 28,930
EXPENSES					
METER PROGRAM	\$ (197,888)			\$ (197,888)	
SCADA	\$ (19,540)			\$ (19,540)	
NBS AD Services	\$ (13,214)	\$ (2,295)	\$ (10,920)		
WO 525 - Service Lines	\$ (39,591)	\$ (15,303)	\$ (24,288)		
WO 837 MAIN PRV	\$ (23,181)	\$ (16,653)	\$ (6,528)		
WO 1208 Lewis Tank	\$ (8,689)	\$ (8,689)			
WO 1209 Madrone Tank	\$ (8,689)	\$ (8,689)			
WO 1210 Kaski Tank	\$ (8,689)	\$ (8,689)			
	\$ (319,480)				
CASH BALANCE	\$ 449,307				

Following page: draft example of Engineering Report project descriptions. Or expand district's existing CIP description of each item.

Project:	Redwood storage tank replacements
Engineer Report Title:	Install three new bolted steel tanks
Description :	The former Lompico Water District had 440,000 gallons of storage total in six redwood tanks, located in pairs on three sites, known as Lewis, Madrone and Kaski. The Lewis site on the east side had two tanks of 100 thousand gallons each; one was taken down prior to the merger due to its deteriorating condition, included to be replaced. The east side has the Madrone site of two 60 thousand gallon tanks, and the Kaski site also having two 60 thousand gallon tanks. Tanks range in age from 23 to over 40 years. In their May 2013 Inspection Report, California Department of Public Health (CDPH) said that all redwood tanks should be replaced with steel or concrete reservoirs. Redwood tanks are susceptible to bacteria, leaks and water loss, and are high maintenance. Redwood tanks are susceptible to earthquake damage. CDPH gave Lompico short term deadlines for at least three of the tanks to be replaced. SLVWD, as a condition of merger, asked that all tanks be replaced.
Proposed Work:	Replacement of redwood tanks, to be bolted steel or welded steel reservoirs, with earthquake security measures to protect water supply. Analysis to consider replacing paired tanks with a single reservoir, ie: two 100k Lewis tanks may be replaced by one 200k gal. tank.
Scope of the Project:	<ol style="list-style-type: none"> 1. Pre-engineering analysis of storage requirements 2. Pre-engineering—soils study of tank sites 3. Engineering Report on alternatives and costs 4. Engineered plan for replacement; materials, timeline, contractors 5. Demolition of old tanks and salvage; clear site 6. Installation of pads, tanks, and plumbing to system
Estimated Cost in 2015 Engineers Report	\$ 682,500
Estimated Timeline	Lewis; Madrone; Kaski; 3-8 years total for all tanks



Lewis Tank One

Madrone Tanks



Kaski Tanks

Assembly of data to be presented, consider some in graphic form numbers are examples to 2Q 2018-19 report

Engineers Report Project	Report Cost	District Project ID	Description	Status	Expenses to date	comment
Replacement of 6 redwood tanks	\$682,500	WO 1208	Lewis Tanks (2) replacement.	In design stage. All Project Management and Prelim design, geotechnical. Schaaf & Wheeler Civil Eng..	\$ 8,689	Est completion 3-5 years (or ?). Links: bid; BOD approval; LADOC agenda pckt
		WO 1209	Madrone Tanks (2) replacement.	In design stage. All Project Management and Prelim design, geotechnical. Schaaf & Wheeler Civil Eng..	\$ 8,689	
		WO 1210	Kaski Tanks (2) replacement.	In design stage. All Project Management and Prelim design, geotechnical. Schaaf & Wheeler Civil Eng..	\$ 8,689	
Refurbish Mill Creek treatment plant	\$105,000			Likely to be eliminated.	0	
Service line and meter replacement	\$862,500	WO 129	Meter Changeout Program	Completed by district staff June 2016. Changeout from Lompico metric to new auto-texting gallon standard Badger, 500 meters. Labor, overhead and materials..	\$ 197,888	approx \$396 each Links to LADOC agenda pkts approx. \$1165 each; bal \$625,021
		WO 525	Service Line Replacement	Ongoing by district staff, labor, overhead and materials. 34 of 500 completed to date	\$ 39,591	
Distribution system Interconnection	\$301,000			Using existing intertie from State grant . Unable to upsize supply on Zayante side until district Olympia distribution system improvements allow flow, estimated 3-5 years to schedule.	0	
SCADA (<i>automated control system</i>)	\$441,000	SCADA (temporary)		Until SLVWD controls system fully upgraded Materials only MuniQuip, LLC.	\$ 19,540	Link to LADOC agenda pkt w/info
Replace PRVs (<i>pressure relief valves</i>)	\$358,000	WO 837 Water Main Pressure Reducing Valves Replacement		In design stage. Eight valves total. \$ 1,945 SLVWD labor and overhead \$ 16,751 Design and project mgt WSC \$ 4,485 Survey work Paul Jensen Put out to bid, received 3 proposals	. \$ 23,181	Low bid awarded Feb 2019, \$468,000 Earthworks Link: bid ;BOD approval; LADOC agenda pkt with info
Total Construction	\$2,750,000					
Loan Interest	\$183,734			District to seek loan May 2019 for partial amount	0	
Total Assessment	\$2,933,734					
		NBS AD-16 Services		Ongoing. Consultant, contract for assessment collection, management fee billed quarterly	\$ 13,214	Link to contract and BOD approval
		Per 2Q 2018-19 report		TOTAL EXPENSES TO DATE	\$319,481.	=11% of total assessment
				TOTAL REVENUE COLLECTED TO DATE	\$768,767	=26% of total assessment
				Balance in account	\$449,307.	

MAP of Lompico service line replacements to show overall pattern. Specific addresses not included, but a “pin” to note location.

Question to District Manager on Homeland Security restrictions re: infrastructure locations.