



Midpeninsula Regional
Open Space District



BOND OVERSIGHT COMMITTEE – MEASURE AA

January 16, 2019

AGENDA ITEM 4

AGENDA ITEM

Affirm the Agreed-Upon Procedures for the Review of Measure AA Expenditures and Select Sample Transactions

GENERAL MANAGER'S RECOMMENDATIONS *denk*

1. Affirm the procedures and sampling size as previously approved and implemented for the review of the Annual Accountability Report of 6/30/2018, known as the Agreed-Upon Procedures.
2. Review the Measure AA expenditure reports and select sample expenditures from these reports based on the Agreed-Upon Procedures.

SUMMARY

The Agreed-Upon Procedures for the Measure AA General Obligation Bonds outline the Bond Oversight Committee's (BOC) responsibilities regarding their review of Measure AA project expenditures. These Agreed-Upon Procedures also affirm the sampling parameters for obtaining a reasonable assurance that expenditures incurred were solely for uses, purposes, and projects authorized in the ballot measure language for Measure AA. To verify conformity to the Measure AA expenditure plan, the BOC will select sample expenditures to review, which will enable the BOC to obtain reasonable assurance that expenditures incurred were solely for uses, purposes, and projects authorized in the ballot measure language for Measure AA.

DISCUSSION

The BOC has the following three responsibilities for each of the years the Measure AA general obligation tax is collected or revenues expended:

1. Review Plan expenditures on an annual basis to verify conformity with the Expenditure Plan.
2. Review the District's Annual Audit and Annual Accountability report and present the Committee's findings to the Board at a public meeting.
3. Review any proposed amendments to the Expenditure Plan.

For the BOC to perform responsibilities 1 and 2, it will verify expenditures to obtain or provide a reasonable assurance that the expenditures incurred were for projects authorized under Measure AA.

To achieve this verification and reasonable assurance, the Agreed-Upon Procedures (procedures and sample selection outlined below) provide a framework and guidelines for the BOC to work with District staff. The proposed procedures are consistent with the procedures used and adopted by the BOC in 2017 and 2018.

PROCEDURES

Perform the following with respect to uses, expenditures, encumbrances, and balances for the review period:

- Review MAA project expenditures to verify conformity with the Expenditure Plan.
- Review that the uses are solely for purposes per Measure AA ballot language, specifically EXHIBIT A ‘Expenditure Plan’, in accordance with Section 2, Priority Actions.
- Review the Priority Actions with respect to the portfolio definitions, portfolio descriptions, and the associated portfolio allocations contained in the Expenditure Plan.
- If applicable, review any proposed amendments to the Expenditure Plan.
- Review the District’ Annual Audit.
- Review the District’s Annual Accountability Report for Measure AA expenditures.

SAMPLE SELECTION

The standard selection of a sample of twenty (20) transactions would be split as follows:

- Five (5) expenditures related to land purchases/acquisitions
- Ten (10) non-land expenditures with the highest dollar values
- Five (5) assorted project expenditures not previously tested in prior BOC reviews

Considering there were four (4) land transactions under Measure AA for the fiscal year, it is recommended to adjust the split as follows to attain a sample review of twenty (20) total transactions:

- Four (4) expenditures related to land purchases/acquisitions
- Ten (10) non-land expenditures with the highest dollar values
- Six (6) assorted project expenditures not previously tested in prior BOC reviews

FISCAL IMPACT

No fiscal impact.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

After the BOC has selected the sample expenditures, District staff will compile copies of the documentation for each expenditure and provide this documentation to the BOC for review and discussion at the next BOC meeting.

Responsible Department Head:

Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services

Prepared by:

Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services

Attachments:

1. List of all Measure AA expenditures from July 1, 2017 to June 30, 2018 (Attachment to be provided by 1/15/19)
2. List of all Measure AA property acquisition expenditures
3. List of the 25 largest non-property Measure AA expenditures

Measure AA Expenditures from July 1, 2017 to June 30, 2018 Land Acquisitions

Project	Payment Date	Vendor	Description	Amount
AA 03-005	12/20/2017	Wells Fargo Wire	Wire to Old Republic - Chamberlin Lundell Easement	\$150,000.00
AA 19-001	2/28/2019	Wells Fargo Wire	Wire to Fidelity National - Gupta-Khan purchase	\$400,000.00
AA 19-002	5/31/2018	Wells Fargo Wire	Dunham Easement	\$15,000.00
AA 23-007	5/31/2018	Wells Fargo Wire	Wire to Old Republic - Twin Creeks property purchase	\$2,810,000.00

FUNDING BY



2014 OPEN SPACE BOND

TOTAL LAND ACQUISITION EXPENDITURES

\$3,375,000.00

As % of Total Net MAA expenditure

31.50%

Measure AA Expenditures from July 1, 2017 to June 30, 2018

25 Largest Non-Property Expenditures

Project	Payment Date	Vendor	Description	Amount
MAA23-004	08/30/2017	11709 - D-LINE CONSTRUCTORS, INC.	Mt Umunhum Summit Project	\$ 902,484.60
MAA23-004	10/02/2017	11709 - D-LINE CONSTRUCTORS, INC.	Mt. Um Summit Public Access Improvements Construction	\$ 687,035.60
MAA23-006	10/13/2017	11716 - O.C.. JONES & SONS, INC.	Mt. Umunhum Rd Rehab Project thru 9/30/17	\$ 389,187.25
MAA21-005	06/30/2018	10343 - GRANITE ROCK COMPANY	Bear Creek Redwoods Public Access Project thru 06/30/18	\$ 372,708.00
MAA23-006	09/21/2017	11716 - O.C.. JONES & SONS, INC.	Mt. Umunhum Road Rehab Project thru 8/31/17	\$ 313,704.75
MAA23-002	08/30/2017	11709 - D-LINE CONSTRUCTORS, INC.	Mt Umunhum Summit Project	\$ 299,984.50
MAA23-006	01/10/2018	11716 - O.C.. JONES & SONS, INC.	Mt. Umunhum Rd Rehab Project	\$ 261,724.54
MAA07-009	11/29/2017	11236 - GRADETECH	Sears Ranch Road Improvements & Parking	\$ 259,661.33
MAA07-009	09/19/2017	11236 - GRADETECH	Sears Ranch Road & Parking Lot Improvements & Demo of House	\$ 236,898.65
MAA23-004	11/07/2017	11709 - D-LINE CONSTRUCTORS, INC.	Mt. Um Summit Public Access Improvements Project	\$ 167,726.34
MAA07-009	10/17/2017	11236 - GRADETECH	Sears Ranch Road Improvements & Parking	\$ 151,024.70
MAA23-002	12/31/2017		MAA Labor Reimbursement - Q2	\$ 129,949.78
MAA03-004	10/03/2017	11820 - TOP LINE ENGINEERS, INC.	Harkins Bridge Replacement	\$ 117,985.00
MAA04-004	06/30/2018		MAA Labor Reimbursement - Q4	\$ 94,486.79
MAA23-006	08/31/2017	11716 - O.C.. JONES & SONS, INC.	Mt. Umunhum Rd Rehab Project	\$ 93,276.22
MAA23-002	10/02/2017	11709 - D-LINE CONSTRUCTORS, INC.	Mt. Um Summit Public Access Improvements Construction	\$ 89,995.60
MAA21-006	03/12/2018	11523 - PGA DESIGN, INC.	Alma College Cultural Landscape Rehab February 2018	\$ 88,057.46
MAA02-001	12/11/2017	11049 - CITY OF EAST PALO ALTO	Landscape Architect Reimbursement to City per Agreement	\$ 88,009.81
MAA04-004	11/16/2017	11820 - TOP LINE ENGINEERS, INC.	Harkins Bridge Replacement	\$ 84,300.00
MAA23-006	10/03/2017	11716 - O.C.. JONES & SONS, INC.	Release of Retainage on Invoice #69993, Acct#042-132673	\$ 81,259.24
MAA02-001	06/21/2018	11049 - CITY OF EAST PALO ALTO	Landscape Architect Services Reimbursement per Agreement	\$ 76,067.57
MAA21-005	06/30/2018		MAA Labor Reimbursement - Q4	\$ 74,445.95
AA07-009	09/30/2017		MAA Labor Reimbursement - Q1	\$ 73,275.10
MAA21-005	06/18/2018	11501 - HARRIS DESIGN	Design & Construction of BCR Parking Lot 2/24/18-4/27/18	\$ 53,436.81
MAA21-005	08/22/2017	11501 - HARRIS DESIGN	Public Access Design, Engineering & Consulting (BCR)	\$ 44,468.34

FUNDED BY



2014 OPEN SPACE BOND

TOTAL**\$5,231,153.93****As % of Total Net MAA expenditure****48.82%**