



“The City With a Heart”

Jim Ruane, Mayor
Irene O’Connell, Vice Mayor
Ken Ibarra, Councilmember
Rico E. Medina, Councilmember
Michael Salazar, Councilmember

AGENDA
SAN BRUNO CITY COUNCIL
September 24, 2013
7:00 p.m.

Meeting Location: Senior Center, 1555 Crystal Springs Road, San Bruno

City Council meetings are conducted in accordance with Roberts Rules of Order Newly Revised and City Council Rules of Procedure. You may address any agenda item by standing at the microphone until recognized by the Council. All regular Council meetings are recorded and televised on CATV Channel 1 and replayed the following Thursday, at 2:00 pm. You may listen to recordings in the City Clerk’s Office, purchase CD’s, access our web site at www.sanbruno.ca.gov or check out copies at the Library. We welcome your participation. In compliance with the Americans with Disabilities Act, individuals requiring reasonable accommodations or appropriate alternative formats for notices, agendas and records for this meeting should notify us 48 hours prior to meeting. Please call the City Clerk’s Office 650-616-7058.

Thank the **San Bruno Garden Club** for providing the beautiful floral arrangement.

- 1. CALL TO ORDER:**
- 2. ROLL CALL/PLEDGE OF ALLEGIANCE:**
- 3. ANNOUNCEMENTS:**
 - a. There will not be a City Council Meeting on December 24, the fourth Tuesday in December. The only Regular City Council Meeting in December will be held on December 10, 2013.
 - b. The deadline to apply for a Board member position on the San Bruno Community Foundation is 5:00 p.m. on September 30, 2013.
- 4. PRESENTATIONS:**
- 5. REVIEW OF AGENDA:**
- 6. APPROVAL OF MINUTES:** City Council Meeting of September 10, 2013.
- 7. CONSENT CALENDAR:** All items are considered routine or implement an earlier Council action and may be enacted by one motion; there will be no separate discussion unless requested by a Councilmember, citizen or staff.
 - a. **Approve:** Accounts Payable of September 3, 9 and 16, 2013.
 - b. **Approve:** Payroll of September 30, 2013.
 - c. **Accept:** Reconciliation of General Ledger to Bank Reports and the Investment Reports Dated August 31, 2013.
 - d. **Adopt:** Resolution Accepting the Street Rehabilitation – Slurry Seal Project as Complete and Authorizing Release of the Construction Contract Retention in the Amount of \$31,765.
 - e. **Adopt:** Resolution Accepting the Transit Corridors Pedestrian Connection Improvements Project as Complete and Authorizing the Release of the Construction Contract Retention in the Amount of \$9,786.
 - f. **Adopt:** Resolution Accepting the El Camino Real Median Phase II Upgrade Project as Complete and Authorizing Release of the Construction Contract Retention in the Amount of \$35,608.

- g. **Accept:** Resignation from Parks and Recreation Committee Member. Declare a Committee Member Vacancy and Direct the City Clerk to Initiate the Process for Appointment of a New Member.

8. PUBLIC HEARINGS:

- 9. PUBLIC COMMENT ON ITEMS NOT ON AGENDA:** Individuals allowed three minutes, groups in attendance, five minutes. If you are unable to remain at the meeting, ask the City Clerk to request that the Council consider your comments earlier. It is the Council's policy to refer matters raised in this forum to staff for investigation and/or action where appropriate. The Brown Act prohibits the Council from discussing or acting upon any matter not agendaized pursuant to State Law.

10. CONDUCT OF BUSINESS:

- a. Receive Oral Report and Provide Direction to Staff and the Caltrain JPB Regarding Parking on First Avenue.
- b. Approve Response to the Grand Jury Report: San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito District Embezzlement.
- c. Adopt Resolution Supporting an Application to the San Mateo County Transportation Authority for the Measure A Grade Separation Program for the Planning and Project Study Report Update of the Scott Street Grade Separation Project.

11. REPORT OF COMMISSIONS, BOARDS, & COMMITTEES:

12. COMMENTS FROM COUNCIL MEMBERS:

13. CLOSED SESSION:

- a. Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8
Property: 324 Florida Ave., San Bruno
Agency Negotiator: City Manager
Negotiating Parties: City of San Bruno, Clayton Family
Under Negotiation: Price and terms of payment
- b. Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8
Property: 105 Cabrillo Way, San Bruno
Agency Negotiator: City Manager
Negotiating Parties: City of San Bruno
Under Negotiation: Price and terms of payment.

14. ADJOURNMENT:

The next regular City Council Meeting will be held on October 8, 2013 at 7:00 p.m. at the Senior Center, 1555 Crystal Springs Road, San Bruno.

"The City With a Heart"



Jim Ruane, Mayor
Irene O'Connell, Vice Mayor
Ken Ibarra, Councilmember
Rico E. Medina, Councilmember
Michael Salazar, Councilmember

AGENDA – SPECIAL MEETING

SAN BRUNO CITY COUNCIL

September 24, 2013

(Immediately following the 7:00 Regular Council Meeting)

Meeting Location: Senior Center, 1555 Crystal Springs Road, San Bruno

City Council meetings are conducted in accordance with Roberts Rules of Order Newly Revised and City Council Rules of Procedure. You may address any agenda item by standing at the microphone until recognized by the Council. All regular Council meetings are recorded and televised on CATV Channel 1 and replayed the following Thursday, at 2:00 pm. You may listen to recordings in the City Clerk's Office, purchase CD's, access our web site at www.sanbruno.ca.gov or check out copies at the Library. We welcome your participation. In compliance with the Americans with Disabilities Act, individuals requiring reasonable accommodations or appropriate alternative formats for notices, agendas and records for this meeting should notify us 48 hours prior to meeting. Please call the City Clerk's Office 650-616-7058.

Thank the **San Bruno Garden Club** for providing the beautiful floral arrangement.

1. CALL TO ORDER:

2. ROLL CALL:

3. ANNOUNCEMENTS:

Present Proclamation Expressing Appreciation for the Distinguished Service of Arthur Jensen to both BAWSCA and BAWUA.

4. PUBLIC COMMENT ON ITEMS NOT ON AGENDA: Individuals allowed three minutes, groups in attendance, five minutes. If you are unable to remain at the meeting, ask the City Clerk to request that the Council consider your comments earlier. It is the Council's policy to refer matters raised in this forum to staff for investigation and/or action where appropriate. The Brown Act prohibits the Council from discussing or acting upon any matter not agendized pursuant to State Law.

5. CLOSED SESSION:

- a. Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8
Property: 1690 Claremont Drive, San Bruno
Agency Negotiator: City Manager
Negotiating Parties: City of San Bruno, Bullis Family
Under Negotiation: Price and terms of payment
- b. Conference with Legal Counsel: Anticipated Litigation--Initiation of Litigation pursuant to Government Code Section 54956.9(d)(4), One Case.

6. ADJOURNMENT:

The next regular City Council Meeting will be held on October 8, 2013 at 7:00 p.m. at the Senior Center, 1555 Crystal Springs Road, San Bruno.



Jim Ruane, Mayor
Irene O'Connell, Vice Mayor
Ken Ibarra, Councilmember
Rico E. Medina, Councilmember
Michael Salazar, Councilmember

MINUTES
SAN BRUNO CITY COUNCIL
&
SAN BRUNO SUCCESSOR AGENCY

September 10, 2013

7:00 p.m.

1. CALL TO ORDER: THIS IS TO CERTIFY THAT the San Bruno City Council met on September 10, 2013 at the San Bruno Senior Center, at 1555 Crystal Springs Rd., San Bruno, CA. The meeting was called to order at 7:00 p.m. **Mayor Ruane** thanked the Garden Club for the beautiful flower arrangement.

2. ROLL CALL/PLEDGE OF ALLEGIANCE:

Presiding was Mayor Ruane, Vice Mayor O'Connell, Council Members Medina, Ibarra and Salazar. **Robert Riechel** led the Pledge of Allegiance. Recording by City Clerk Bonner.

3. ANNOUNCEMENTS: None.

4. PRESENTATIONS:

a. Receive Update on the Planned Closure of San Bruno Ave. September 20 to 30, 2013 for Construction of the Caltrain Grade Separation.

Rafael Bolon, Caltrain gave a powerpoint update on the progress of the Caltrain Grade Separation and the planned closure September 20 to 30, 2013.

Councilmember Medina asked about lighting on First. He talked about the condition of the curbs being repaired at the end of the project. **Bolon** said they will be meeting with staff and they will look at it on a street by street basis. He also said if there is an issue on First they will look into.

Councilmember Medina said at the end there should be an event where everyone is invited.

Vice Mayor O'Connell asked about the loss of 42 parking spaces. **Bolon** said the total amount of street parking will increase but not on First. Another idea being looked at is a local parking restriction. He said it could be looked at again.

Councilmember Ibarra said First Ave. was discussed three years ago and parking was a major part of this discussion. **Bolon** said the curb has not been built and there is still time to fix it but he needs approval from the City to construct what is there today.

City Manager Jackson said this will be looked at and brought back for consideration by the City Council. **Mayor Ruane** asked for a special focus on emergency response.

b. **Mayor Ruane** Presented and Accepted a Proclamation Declaring September 2013 as National Prostate Cancer Awareness Month in San Bruno.

5. REVIEW OF AGENDA: No changes.

6. APPROVAL OF MINUTES: City Council Meeting of August 27, 2013, approved as submitted.

7. CONSENT CALENDAR:

- a. **Approve:** Accounts Payable of August 26, 2013.
- b. **Approve:** Successor Agency Accounts Payable of February 19, March 4, 11, 25, April 8, 15, May 6, 13, June 10, July 8 and 22, 2013
- c. **Approve:** Payroll of August 30, 2013.
- d. **Adopt:** Resolution Accepting the Cable and Technology Fire Suppression System Project as Complete and Authorizing the Release of the Construction Contract Retention in the Amount of \$3,477.
- e. **Adopt:** Resolution Authorizing the City Manager to Execute an Amended Agreement Between the City of San Bruno, City of Millbrae, and the Central County Fire Department for Shared Fire Chief Services.

M/S Medina/O’Connell to approve the Consent Calendar and passed with all ayes.

8. PUBLIC HEARINGS: None.

9. PUBLIC COMMENT ON ITEMS NOT ON AGENDA:

Marty Medina, Garden Ave. talked about his increased water/sewer bill. He said the Council voted on May 8, 2012 to increase our water and sewer by an average of 10% for five consecutive years. He invited everyone to look at his website, martymedinaforsanbrunocitycouncil2013.com, where he posted newspaper quotes and information stating why the rates are so high. He also posted his plan regarding his ideas for reduction of the utility rates.

At the last Council meeting he asked about the re-evaluation of the rate increases and asked if any progress has been made. He asked if there have been any study sessions on the increased water and sewer rates and are there any reports available to the public. He asked about the written off \$308,000 in sewer bills over the last five years. How much were the water right-offs. He commended Council for asking Caltrain to restore all the parking on 1st Ave. and insisting on light improvements for a new pedestrian corridor.

Robert Riechel, Mosquito & Vector Control District Board Member said they staffed the District’s information booth at the Chamber’s Sunday Farmers Market. He said many stopped at their booth and had questions which they answered. Mosquito questions should be directed to District Manager Robert Gay at 344-8592.

10. CONDUCT OF BUSINESS:

a. Receive Report on the Grand Boulevard Initiative's Complete Streets Case Study and Adopt Resolution Appropriating \$11,000 of Measure M Funds to Complete Preliminary (25%) Design Drawings.

Community Services Director Woltering gave an overview of the staff report.

Megan Wessel, ICF International talked about a complete street project.

Terry Bottomley, Bottomley Design & Planning talked about the design aspect from San Bruno Avenue to San Mateo Avenue and Taylor.

Councilmember Ibarra said we have a 25% chance of being selected. What if we are not selected, are there other options? **Woltering** said this is one opportunity there are other grants that may come along over time.

Vice Mayor O’Connell introduced the resolution for adoption and passed with a unanimous vote.

b. Receive Report on the Activities of the Successor Agency to the San Bruno Redevelopment Agency and Adopt Resolutions:

Approving the Recognized Obligation Payment Schedule 2013-14B for the period of January 1, 2014 through June 30, 2014.

Approving the Long Range Property Management Plan.

Approving Repayment of Amounts Owed to the City of San Bruno by the Former San Bruno Redevelopment Agency.

Finance Director Juran provided an update on the activities of the Successor Agency and while action is not required, she asked for the City’s approval.

City Manager Jackson gave an explanation of the resolutions before Council.

Councilmember Medina said he was not prepared to act on the long range property management plan. **Councilmember Ibarra** said we feel pressured to act but we also need to be on top of this.

Vice Chair O’Connell Introduced the resolution approving the recognized obligation payment schedule 2013-14B for the period for January 1, 2013 through June 30, 2014 and passed with a unanimous vote.

Vice Chair O’Connell Introduced the resolution approving the long range property management plan and passed with a vote of three, O’Connell, Salazar and Ruane, no votes by Medina (because of receiving the information late this afternoon) and Ibarra.

Vice Chair O’Connell Introduced the resolution approving repayment of amounts owed to the City of San Bruno by the Former San Bruno Redevelopment Agency and passed with a unanimous vote.

c. Receive Report and Provide Direction Regarding the Selection Process for Appointing Directors to the Board of the San Bruno Community Foundation.

City Attorney Zafferano gave an overview of the staff report. He said applications can be submitted with a cover letter and resume to the City Clerk’s office or sent by email to communitynonprofit@sanbruno.ca.gov.

Noel Ruane said she felt background checks are very important when handling large sums of money.

Vice Mayor O’Connell clarified the Board members will never be handling any money, they will make recommendations, similar in structure to the City Council.

Councilmember Medina said on the background checks, it would depend where someone lived. He said someone who lived in the same place their whole life would be expedited faster than someone living in several places. He said he was in favor of having the criminal and standard background. He said Council goes through an election process and are placed out in the face of the public.

Zafferano said Board members under State law are personally responsible for the distribution of the assets of the organization; irrespective whether the City Council has retained powers. In the

non-profit world of distributing funds, there are a number of organizations who are watch dog entities and regularly review and evaluate other non-profits on their transparency and governance.

Councilmember Ibarra asked to what extent qualifications will be checked? **Zafferano** said he would presume that reference checks would be done as part of the selection process.

Councilmember Ibarra said their applications should include more contact information to contact people that actually can verify their qualifications. He suggested the Board Secretary should have some connection with the Executive Director as far as records.

M/S Ibarra/Salazar to approve with suggested changes and passed with four ayes, one no, Vice Mayor O'Connell.

Zafferano asked if they wanted someone to do an initial screening of the applications. **Mayor Ruane** agreed but said they should have the option to review all applications. **Councilmember Salazar** said if there were a large number of applicants it would give a good opportunity to move the best to the top. **Councilmember Medina** said someone who does it on a routine basis could give us some ideas and suggestions; however, they would still have the whole list to review. He said it would be important to have the impartiality.

Councilmember Salazar said getting the word out is important.

Councilmember Medina suggested checking with the Silicon Valley folks might be helpful.

d. Adopt Resolution Authorizing the City Manager to Execute a Sole Source Contract with Oratech Controls Environmental Instrumentation to Furnish and Install Three (3) FLO-DAR Flow Meters for the Dry Weather Flow Monitor at 7th Avenue and Tanforan Avenue Project in the Amount of \$56,226 and a Construction Contingency of \$8,434.

City Engineer Kim gave an overview of the staff report and asked for questions.

Councilmember Ibarra asked how staff can measure without measuring. **Kim** said the other agencies are getting positive feedback from using these flow meters. He said the sewer mains need to be kept clean. There is no end flow sensor.

Councilmember Salazar asked if there is ongoing maintenance or operational costs. **Kim** said it is probably less than the other systems and the life expectancy is about the same.

Robert Riechel, 7th Ave. asked what influence does the effectiveness of the ultrasonic depth have if there is sediment not moving when measuring the flow by the radar, or can you tell all of it is moving? **Kim** said they are not required to raise the floor and 7th Ave. has a very shallow smoked main but it can still give readings but it has to be kept clean.

Vice Mayor O'Connell introduced the resolution for adoption and passed with a unanimous vote.

e. Adopt Resolutions:

Confirming Project Compliance as Required for the Acceptance of Metropolitan Transportation Commission Award of the Safe Route to Transit Grant Program in the Amount of \$500,000.

Authorizing the City Manager to Execute a Funding Agreement with the San Mateo County Transportation Authority for the Award of the Measure A Pedestrian and Bicycle Grant in the Amount of \$350,000 for the Transit Corridor Pedestrian Connection Improvement Project.

Associate Engineer Tseng gave an overview of the staff report and asked for questions.

Councilmember Ibarra expressed his pleasure at the progress.

Vice Mayor O’Connell echoed what Councilmember Ibarra said and asked about the timing. **Tseng** said staffing will be informed by a different agency that they will try to provide the agreements for execution at the end of this month. The design state can be entered early next year.

Vice Mayor O’Connell Introduced the resolution confirming project compliance and was passed with a unanimous vote.

Vice Mayor O’Connell Introduced the resolution authorizing the City Manager to Execute a Funding Agreement with the San Mateo County Transportation Authority for the Award of the Measure a Pedestrian and Bicycle and was passed with a unanimous vote.

11. REPORT OF COMMISSIONS, BOARDS, & COMMITTEES: None.

12. COMMENTS FROM COUNCIL MEMBERS: None.

13. CLOSED SESSION: None.

14. ADJOURNMENT:

Mayor Ruane closed the meeting at 8:54 p.m. The next regular City Council Meeting will be held on September 24 at 7:00 p.m. at the Senior Center, 1555 Crystal Springs Road, San Bruno.

Respectfully submitted for approval
at the City Council Meeting of
September 24, 2013

Carol Bonner, City Clerk

Jim Ruane, Mayor

09/03/13

CITY OF SAN BRUNO
WARRANT REGISTER
TOTAL FUND RECAP

FUND	FUND NAME	AMOUNT
001	GENERAL FUND	\$222,328.57
133	RESTRICTED DONATIONS	\$1,106.32
190	EMERGENCY DISASTER FUND	\$555,683.22
203	STREET IMPROVE. PROJECTS	\$5,158.07
611	WATER FUND	\$316,103.43
621	STORMWATER FUND	\$23.11
631	WASTEWATER FUND	\$874,936.42
641	CABLE TV FUND	\$103,702.07
701	CENTRAL GARAGE	\$42.21
702	FACILITY MAINT. FUND	\$6,231.39
707	TECHNOLOGY DEVELOPMENT	\$7,857.45
711	SELF INSURANCE	\$12,606.76
880	PROJECT DEVELOP. TRUST	\$2,400.00
TOTAL FOR APPROVAL		\$2,108,179.02

HONORABLE MAYOR AND CITY COUNCIL:

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 1 THROUGH 2 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 143707 THROUGH 143801 INCLUSIVE, TOTALING IN THE AMOUNT OF \$2,108,179.02 HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE CITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,



FINANCE DIRECTOR DATE

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0103202 ADVANCED MOBILE COMMUNICATIONS	143707	9/3/2013	91.56
0001170 AIRGAS NCN	143708	9/3/2013	331.42
0016688 ALPHA TECHNOLOGIES, INC.	143709	9/3/2013	92.65
0001202 ARAMARK UNIFORM SERVICES	143710	9/3/2013	16.10
0017191 AT&T	143711	9/3/2013	37.57
0017211 AUTOMATIC DOOR SYSTEMS INC	143712	9/3/2013	215.00
0000345 BAKER & TAYLOR BOOKS	143713	9/3/2013	1,485.69
0103924 BEAR DATA SOLUTIONS, INC.	143714	9/3/2013	1,220.41
0090082 C/CAG	143715	9/3/2013	139,610.00
0102937 CABLE LEAKAGE TECHNOLOGIES	143716	9/3/2013	1,199.00
0100986 CARMEL PARTNERS, INC.	143717	9/3/2013	14.52
0098934 CARMEN KRUPENIN	143749	9/3/2013	15.46
0105683 CENTURY MANUFACTURING CORP.	143718	9/3/2013	698.60
0013965 CH BULL CO.	143719	9/3/2013	793.52
0000386 CITY OF SOUTH SAN FRANCISCO	143720	9/3/2013	828,227.00
0017802 CLEANSOURCE, INC.	143721	9/3/2013	2,290.33
0018911 COMCAST CABLE COMMUNICATIONS	143722	9/3/2013	25,307.64
0104508 COMCAST SPORTSNET CALIFORNIA	143723	9/3/2013	20,511.90
0098656 COMPLETE LINEN SERVICE	143724	9/3/2013	160.61
0105823 CONSTANTINE KINIRIS	143748	9/3/2013	630.00
0015857 COUNTY OF SAN MATEO	143725	9/3/2013	3,567.12
0093286 COUNTY OF SAN MATEO-SHERIFF	143726	9/3/2013	225.00
0018331 CSG CONSULTANTS INC.	143727	9/3/2013	7,545.00
0102820 DEBRA HALL	143740	9/3/2013	289.00
0094204 DEPARTMENT OF CONSUMER AFFAIRS	143728	9/3/2013	115.00
0018092 DISCOVERY COMMUNICATIONS LLC	143730	9/3/2013	1,397.56
0093314 EDDIE FONSECA	143731	9/3/2013	83.36
0105800 ERNESTO DIAZ	143729	9/3/2013	37.04
0102362 ESPN	143732	9/3/2013	5,397.79
0000944 FEDEX	143733	9/3/2013	21.11
0001782 FLOWERS ELECTRIC & SVC.CO.INC.	143735	9/3/2013	591.75
0102869 FRANCHISE TAX BOARD	143736	9/3/2013	550.00
0103258 GC MICRO CORPORATION	143737	9/3/2013	1,411.01
0102139 GRANITE CONSTRUCTION COMPANY	143738	9/3/2013	9,296.24
0095966 GREATAMERICA FINANCIAL SVCS.	143739	9/3/2013	186.15
0101409 GREGORY WAREING	143800	9/3/2013	32.48
0017882 HOME BOX OFFICE	143741	9/3/2013	1,142.56
0103976 HUB TELEVISION NETWORKS, LLC	143742	9/3/2013	362.37
0105735 HYDROSCIENCE ENGINEERS, INC.	143743	9/3/2013	45,068.71
0018261 INTL MEDIA DISTRIBUTION, LLC	143744	9/3/2013	2,446.41
0097878 JASON WILLIAMS	143745	9/3/2013	124.46
0097746 JOE VALIENTE	143797	9/3/2013	487.03
0093434 JT2 INTEGRATED RESOURCES	143746	9/3/2013	7,419.41
0093434 JT2 INTEGRATED RESOURCES	143747	9/3/2013	5,187.35
0098936 KARINA MORIERA	143757	9/3/2013	37.99
0095766 LIFE-ASSIST, INC.	143750	9/3/2013	1,164.04
0015875 MANWIN MEDIA SARL	143751	9/3/2013	64.73
0103657 MBC AMERICA	143752	9/3/2013	396.20
0102770 METLIFE	143753	9/3/2013	1,205.08
0000027 MEYERS NAVE PROFESSIONAL LAW	143754	9/3/2013	531,276.97
0016863 MIDWEST TAPE, LLC	143755	9/3/2013	42.49
0001709 MILLBRAE LOCK	143756	9/3/2013	75.16
0000357 NATIONAL CABLE TV CO-OP, INC.	143758	9/3/2013	6,820.04

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0000902 NATIONAL PEN CORPORATION	143759	9/3/2013	363.78
0018319 NEAL MARTIN & ASSOCIATES	143760	9/3/2013	29,926.25
0018692 NHK COSMOMEDIA AMERICA, INC.	143761	9/3/2013	356.25
0105238 NORTHERN SERVICES INC.	143762	9/3/2013	4,001.32
0018157 OCLC INC	143763	9/3/2013	401.81
0092263 OFFICE DEPOT INC	143764	9/3/2013	338.37
0000012 PACIFIC GAS & ELECTRIC	143765	9/3/2013	60,399.22
0000101 PACIFIC NURSERIES	143766	9/3/2013	171.68
0001154 PENINSULA LIBRARY SYSTEM	143767	9/3/2013	3,613.05
0096705 PHASE2CAREERS	143768	9/3/2013	250.00
0018094 PLAYBOY ENTERPRISES, INC.	143769	9/3/2013	14.38
0102915 PRECISE PRINTING & MAILING	143770	9/3/2013	1,607.82
0013981 QUILL CORPORATION	143771	9/3/2013	31.01
0000071 R & B COMPANY	143772	9/3/2013	146.33
0000229 REEVES CO., INC.	143773	9/3/2013	27.32
0104548 RENNE SLOAN HOLTZMAN SAKAI LLP	143774	9/3/2013	13,356.12
0100796 ROGER SCHERMERHORN	143780	9/3/2013	58.72
0098941 RONALD ROSALEZ	143775	9/3/2013	76.58
0013581 ROVI GUIDES, INC.	143776	9/3/2013	10,262.14
0016213 ROZZI REPRODUCTION&SUPPLY INC.	143777	9/3/2013	3,209.92
0104555 SAFE DESIGNS	143778	9/3/2013	934.64
0099047 SAN MATEO CTY SHERIFF'S OFFICE	143779	9/3/2013	23,295.20
0000074 SFPUC - WATER DEPARTMENT	143782	9/3/2013	266,586.30
0098030 SHRED-IT USA - SAN FRANCISCO	143783	9/3/2013	39.60
0017339 SOUTH CITY REFRIGERATION	143784	9/3/2013	319.34
0097079 SPRINT	143785	9/3/2013	1,546.31
0018602 STARZ ENTERTAINMENT LLC.	143786	9/3/2013	835.54
0093284 STEVE FIRPO	143787	9/3/2013	483.00
0104834 SURPLUS SWITCHING INC.	143788	9/3/2013	264.95
0017659 THE CALIFORNIA CHANNEL	143789	9/3/2013	127.48
0103559 THE MLB NETWORK, LLC	143790	9/3/2013	1,351.88
0018088 THE UPS STORE #810	143791	9/3/2013	275.66
0105031 TMNDRT	143792	9/3/2013	1,083.58
0105824 TRIVAD, INC.	143793	9/3/2013	4,996.65
0102361 TURNER NETWORK SALES, INC.	143794	9/3/2013	114.59
0000019 U.S. POSTMASTER	143795	9/3/2013	3,800.00
0102865 UNIVERSAL SERVICE ADMINISTRATIVE CO.	143781	9/3/2013	6,944.36
0105133 UTILITY TELEPHONE, INC.	143796	9/3/2013	178.66
0102988 VANTAGEPOINT TRANSFER AGENTS	143798	9/3/2013	7,554.08
0095749 VERIZON WIRELESS	143799	9/3/2013	1,337.20
0100184 WILLIAM J. FEISTER	143734	9/3/2013	300.00
0000578 ZEE MEDICAL INC.	143801	9/3/2013	182.34

GrandTotal: 2,108,179.02

Total count: 95

09/09/13

CITY OF SAN BRUNO
WARRANT REGISTER
TOTAL FUND RECAP

FUND	FUND NAME	AMOUNT
001	GENERAL FUND	\$109,313.43
132	AGENCY ON AGING	\$4,403.45
133	RESTRICTED DONATIONS	\$177.67
190	EMERGENCY DISASTER FUND	\$413.15
201	PARKS AND FACILITIES CAPITAL	\$20,921.25
611	WATER FUND	\$587.22
631	WASTEWATER FUND	\$894.26
641	CABLE TV FUND	\$214,296.34
702	FACILITY MAINT. FUND	\$6,168.07
707	TECHNOLOGY DEVELOPMENT	\$515.51
TOTAL FOR APPROVAL		\$357,690.35

HONORABLE MAYOR AND CITY COUNCIL:

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 1 THROUGH 2 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 143802 THROUGH 143856 INCLUSIVE, TOTALING IN THE AMOUNT OF \$357,690.35 HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE CITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,


FINANCE DIRECTOR

9/10/13
DATE

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0000163 AIRPORT AUTO PARTS INC.	143802	9/9/2013	75.71
0017359 AMERICAN EXPRESS	143803	9/9/2013	3,404.69
0000096 AMERICAN LIBRARY ASSN.	143804	9/9/2013	75.00
0001965 ARISTA BUSINESS	143805	9/9/2013	653.68
0014617 AT&T	143806	9/9/2013	93.06
0016123 AT&T	143807	9/9/2013	723.63
0017211 AUTOMATIC DOOR SYSTEMS INC	143808	9/9/2013	386.76
0000345 BAKER & TAYLOR BOOKS	143809	9/9/2013	3,213.04
0098544 C & L SPORTS FLOORS	143810	9/9/2013	3,100.00
0016324 CINTAS CORPORATION #464	143811	9/9/2013	183.12
0096053 CINTAS DOCUMENT MANAGEMENT	143812	9/9/2013	45.00
0000227 CITY OF SAN BRUNO	143813	9/9/2013	3,066.07
0013595 CITY OF SAN BRUNO	143814	9/9/2013	14.16
0017802 CLEANSOURCE, INC.	143815	9/9/2013	72.99
0105091 COLE SUPPLY CO., INC.	143816	9/9/2013	518.28
0018389 CONTRA COSTA COUNTY SHERIFF'S OFFICE	143817	9/9/2013	422.00
0104729 CRESTMOOR AUTO CENTER	143818	9/9/2013	315.69
0096833 DEBORAH SCHEMBRI	143819	9/9/2013	139.17
0105006 DS CONSTRUCTION	143820	9/9/2013	276.00
0000046 EWING IRRIGATION PRODUCTS INC	143821	9/9/2013	342.29
0013714 FIRST NATIONAL BANK	143822	9/9/2013	14,683.59
0018117 FLYERS ENERGY, LLC	143823	9/9/2013	10,956.03
0016969 GOLDEN IDEAS	143824	9/9/2013	998.76
0000162 GRAINGER	143825	9/9/2013	80.27
0095966 GREATAMERICA FINANCIAL SVCS.	143826	9/9/2013	501.35
0100338 JESSE MARISCAL	143829	9/9/2013	500.00
0103884 JJ NGUYEN, INC.	143827	9/9/2013	54,437.48
0018050 KAISER FOUNDATION HEALTH PLAN	143828	9/9/2013	3,666.00
0099033 MASAO AND FUMIE TANAKA	143846	9/9/2013	1,000.00
0016041 METROMOBILE COMMUNICATIONS	143830	9/9/2013	6,931.33
0092285 MICROMARKETING LLC	143831	9/9/2013	24.99
0016863 MIDWEST TAPE, LLC	143832	9/9/2013	31.87
0100697 MOREEN PAHULU	143836	9/9/2013	500.00
0000357 NATIONAL CABLE TV CO-OP, INC.	143833	9/9/2013	210,154.72
0092263 OFFICE DEPOT INC	143834	9/9/2013	726.36
0000012 PACIFIC GAS & ELECTRIC	143835	9/9/2013	15,778.78
0001154 PENINSULA LIBRARY SYSTEM	143837	9/9/2013	9,252.00
0102915 PRECISE PRINTING & MAILING	143838	9/9/2013	531.97
0097558 PURCHASE POWER	143839	9/9/2013	200.00
0091044 R.A. METAL PRODUCTS, INC	143840	9/9/2013	2,578.20
0017111 RANDOM HOUSE INC	143841	9/9/2013	73.58
0000175 RECOLOGY SAN BRUNO	143842	9/9/2013	589.95
0017676 SIEMENS INDUSTRY, INC.	143843	9/9/2013	1,125.20
0097079 SPRINT	143844	9/9/2013	350.59
0000906 STAR MICROSYSTEMS INC	143845	9/9/2013	54.30
0018073 TEAMSTERS LOCAL 350	143847	9/9/2013	2,380.00
0097449 THYSSENKRUPP ELEVATOR CORP.	143848	9/9/2013	378.83
0096965 TINA TSENG	143851	9/9/2013	500.00
0018818 TOSHIBA BUSINESS SOLUTIONS CA	143849	9/9/2013	62.08
0018818 TOSHIBA BUSINESS SOLUTIONS CA	143850	9/9/2013	5.73
0000665 TSQ SOLUTIONS INC.	143852	9/9/2013	325.00
0001362 TV GUIDE MAGAZINE, LLC	143853	9/9/2013	159.82
0017917 WING WONG	143855	9/9/2013	115.00

Document group: komalley Bank: apbank 05507660

<u>Vendor Code & Name</u>	<u>Check #</u>	<u>Check Date</u>	<u>Amount</u>
0013841 WITMER-TYSON IMPORTS INC	143854	9/9/2013	878.23
0105831 ZALMIC, INC.	143856	9/9/2013	38.00
		GrandTotal:	357,690.35
		Total count:	55

09/16/13

CITY OF SAN BRUNO
WARRANT REGISTER
TOTAL FUND RECAP

FUND	FUND NAME	AMOUNT
001	GENERAL FUND	\$214,944.55
122	SOLID WASTE/RECYCL.	\$630.00
132	AGENCY ON AGING	\$2,585.35
133	RESTRICTED DONATIONS	\$1,441.63
190	EMERGENCY DISASTER FUND	\$2,188.23
201	PARKS AND FACILITIES CAPITAL	\$3,950.16
203	STREET IMPROVE. PROJECTS	\$1,851.38
611	WATER FUND	\$66,633.94
621	STORMWATER FUND	\$389.31
631	WASTEWATER FUND	\$52,826.96
641	CABLE TV FUND	\$45,080.83
701	CENTRAL GARAGE	\$9,058.15
702	FACILITY MAINT. FUND	\$2,674.07
703	GENERAL EQUIPMENT REVOLVING	\$762.41
707	TECHNOLOGY DEVELOPMENT	\$3,551.26
711	SELF INSURANCE	\$11,168.00
TOTAL FOR APPROVAL		\$419,736.23

HONORABLE MAYOR AND CITY COUNCIL:

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 1 THROUGH 4 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 143857 THROUGH 144041 INCLUSIVE, TOTALING IN THE AMOUNT OF \$419,736.23 HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE CITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,



FINANCE DIRECTOR

9/17/13
DATE

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0017341 AARONSON DICKERSON, COHN & LANZONE	143913	9/16/2013	125.00
0104680 ACCESS 24 COMMUNICATIONS INC.	143857	9/16/2013	175.10
0017053 ACCOUNTEMPS	143858	9/16/2013	4,160.00
0016499 ACTION SPORTS	143859	9/16/2013	342.78
0018601 ADVANCED MEDIA TECH., INC.	143860	9/16/2013	1,668.70
0001170 AIRGAS NCN	143861	9/16/2013	172.55
0000163 AIRPORT AUTO PARTS INC.	143862	9/16/2013	103.36
0000372 ALLIED SECURITY ALARMS	143863	9/16/2013	1,707.75
0096469 ALMADEN PRESS	143864	9/16/2013	1,160.32
0000082 AMERICAN MESSAGING	143865	9/16/2013	69.72
0014890 AMERICAN WATER WORKS ASSN.	143866	9/16/2013	98.00
0098107 ARACELI CHAVEZ	143894	9/16/2013	400.00
0001202 ARAMARK UNIFORM SERVICES	143867	9/16/2013	184.67
0001965 ARISTA BUSINESS	143868	9/16/2013	495.00
0000118 ART'S PENINSULA LOCKSMITH	143869	9/16/2013	36.52
0104233 ASTOUND BROADBAND	143870	9/16/2013	3,380.00
0014617 AT&T	143871	9/16/2013	12.26
0016123 AT&T	143872	9/16/2013	2,040.87
0017191 AT&T	143873	9/16/2013	349.44
0018367 AVAIL-TVN	143874	9/16/2013	5,692.28
0000345 BAKER & TAYLOR BOOKS	143875	9/16/2013	2,285.67
0017431 BAY AREA AIR QUALITY MANAGEMENT DISTRICT	143992	9/16/2013	176.00
0018653 BAY AREA BARRICADE SVC., INC.	143877	9/16/2013	2,198.20
0001849 BAY AREA WATER SUPPLY & CONSERVATION AGEN	144016	9/16/2013	3,175.03
0103924 BEAR DATA SOLUTIONS, INC.	143878	9/16/2013	6,371.29
0018835 BEN MEADOWS	143879	9/16/2013	359.61
0018688 BEST BEST & KRIEGER LLP	143880	9/16/2013	1,852.50
0018922 BICKMORE	143881	9/16/2013	5,800.00
0099361 BILL CAIN	143890	9/16/2013	22.67
0093259 BILL FORESTER	143882	9/16/2013	107.35
0093170 BOOKPAGE	143883	9/16/2013	300.00
0018000 BOUND TREE MEDICAL LLC	143884	9/16/2013	2,218.71
0102359 BRENT SCHIMEK	143885	9/16/2013	141.04
0099405 BRYAN PARKIN	143986	9/16/2013	16.16
0018323 BSK ASSOCIATES	143886	9/16/2013	669.66
0102737 BURKE, WILLIAMS & SORENSEN,LLP	143888	9/16/2013	2,405.00
0096798 BUSINESS PRODUCTS & SUPPLIES	143889	9/16/2013	414.15
0105324 CAINE COMPUTER CONSULTING, LLC	143891	9/16/2013	10,373.00
0099413 CARLOS SANTANA	144005	9/16/2013	5.41
0105833 CATHERINE FISH-ODDIE	143921	9/16/2013	800.00
0099211 CATHERINE UVAROV	144029	9/16/2013	14.25
0100791 CHANNING YIP	144041	9/16/2013	30.91
0099874 CHRIS NGUYEN	143974	9/16/2013	8.93
0016324 CINTAS CORPORATION #464	143895	9/16/2013	2,023.58
0097464 CINTAS FIRST AID & SAFETY	143896	9/16/2013	296.81
0098588 CITY OF BURLINGAME	143897	9/16/2013	3,388.50
0000227 CITY OF SAN BRUNO	143898	9/16/2013	458.04
0013595 CITY OF SAN BRUNO	143899	9/16/2013	751.13
0105091 COLE SUPPLY CO., INC.	143901	9/16/2013	391.68
0105233 COLLABORATIVE DESIGN ARCHITECTS INC.	143911	9/16/2013	3,950.16
0098656 COMPLETE LINEN SERVICE	143902	9/16/2013	197.12
0105823 CONSTANTINE KINIRIS	143949	9/16/2013	276.00
0000169 COSTA'S / "JUST THINGS"	143904	9/16/2013	163.50

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Vendor Code & Name	Check #	Check Date	Amount
0015857 COUNTY OF SAN MATEO	143906	9/16/2013	76.00
0018924 CYO TRANSPORTATION	143908	9/16/2013	2,051.00
0018188 DAU PRODUCTS	143909	9/16/2013	4,119.88
0100508 DAVINA LIM	143959	9/16/2013	37.08
0102820 DEBRA HALL	143935	9/16/2013	289.00
0103682 EAST BAY MUNI UTILITY DISTRICT	143914	9/16/2013	2,250.00
0105820 EAST BAY TIRE CO	143915	9/16/2013	4,031.94
0001646 ECOLAB INC.	143916	9/16/2013	519.55
0000630 ELMER JOHNSON	143917	9/16/2013	500.00
0017300 ENVIRONMENTAL HEALTH FEE	143918	9/16/2013	35,700.00
0093685 ERIC JACKSON	143943	9/16/2013	91.50
0105830 ERIC LUNDSTROM	143962	9/16/2013	630.00
0000046 EWING IRRIGATION PRODUCTS INC	143919	9/16/2013	2,379.28
0000944 FEDEX	143920	9/16/2013	21.38
0001782 FLOWERS ELECTRIC & SVC.CO.INC.	143922	9/16/2013	234.00
0018117 FLYERS ENERGY, LLC	143923	9/16/2013	12,895.06
0102869 FRANCHISE TAX BOARD	143924	9/16/2013	499.33
0018784 FRIEDLAND PAINTING	143925	9/16/2013	700.00
0016876 GAMA TROPHIES AND GIFTS	143926	9/16/2013	130.80
0100549 GAVIN LICHT	143957	9/16/2013	33.62
0105835 GILROY POLICE DEPARTMENT	143927	9/16/2013	70.00
0095666 GLOBAL TELECOM & TECHNOLOGY	143928	9/16/2013	2,093.10
0016154 GOETZ BROTHERS SPORTING GOODS	143929	9/16/2013	844.75
0000162 GRAINGER	143930	9/16/2013	2,522.61
0000541 GRANITE ROCK COMPANY	143931	9/16/2013	2,215.61
0017900 GREAT LAKES DATA SYSTEMS INC	143932	9/16/2013	1,850.00
0098071 GUADALUPE CORDERO	143903	9/16/2013	45.00
0000457 HAINES & COMPANY INC.	143934	9/16/2013	451.41
0105378 HOME MAID RAVIOLI COMPANY INC.	143938	9/16/2013	211.00
0103336 HUB INTERNATIONAL SERVICE INC.	143939	9/16/2013	214.80
0015531 INTERSTATE BATTERY SYS. OF SF	143940	9/16/2013	626.84
0104018 INTERSTATE TRAFFIC CONTROL	143941	9/16/2013	183.12
0099054 INTERSTATE TRS FUND	143942	9/16/2013	538.36
0099920 JAMES TABUSA	144018	9/16/2013	38.57
0100251 JILL RUSSELL	144000	9/16/2013	30.00
0099041 JOHN BARNARD	143876	9/16/2013	346.40
0018369 JOHN M. AQUILINA	143944	9/16/2013	150.00
0099346 JORGE GUZMAN	143933	9/16/2013	48.14
0018376 JT2 INTEGRATED RESOURCES	143945	9/16/2013	5,368.00
0097988 JUN LI	143956	9/16/2013	15.82
0000075 K-119 TOOLS OF CALIFORNIA INC.	143946	9/16/2013	28.23
0099239 KAI HOLLOWAY	143937	9/16/2013	69.53
0105834 KATHRYN MARINOS	143965	9/16/2013	320.00
0097403 KATHY CAMPAGNA	143892	9/16/2013	42.00
0000132 KELLY-MOORE PAINT CO INC.	143947	9/16/2013	74.67
0095646 KENNETH PHAN	143990	9/16/2013	28.22
0018498 KONICA MINOLTA BUSINESS SOL.	143950	9/16/2013	762.41
0000732 KRAFT INDUSTRIAL SUPPLY	143951	9/16/2013	981.52
0018561 LANCE BAYER	143953	9/16/2013	437.50
0103799 LDVALI LLC	143954	9/16/2013	726.70
0105752 LEVEL 3 COMMUNICATIONS, LLC	143955	9/16/2013	3,036.32
0104424 LIDIA'S ITALIAN DELICACIES	143958	9/16/2013	2,175.00
0099474 LINDA MITCHELL	143968	9/16/2013	8.23
0018177 LOWE'S	143960	9/16/2013	3,382.56

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0017026 LYNX TECHNOLOGIES, INC.	143963	9/16/2013	520.00
0098252 MADELINE CUTINO	143907	9/16/2013	106.00
0098486 MARGARITA RUBIO	143999	9/16/2013	400.00
0099581 MARIA CAMPOS	143893	9/16/2013	5.41
0097902 MARIAM MEGUERDITCHIAN	143966	9/16/2013	17.18
0099280 MARUTHU PANDIYAN	143985	9/16/2013	21.65
0099703 MELINA MANOOKIAN	143964	9/16/2013	110.00
0102770 METLIFE	143967	9/16/2013	1,205.08
0096800 MOBILE CALIBRATION SVCS. LLC	143969	9/16/2013	554.38
0099515 MONICA KUMAR	143952	9/16/2013	521.81
0000333 MOSS RUBBER & EQUIP. CORP.	143971	9/16/2013	550.51
0000357 NATIONAL CABLE TV CO-OP, INC.	143972	9/16/2013	4,395.73
0018319 NEAL MARTIN & ASSOCIATES	143973	9/16/2013	3,270.00
0099463 NEAL MOREHOUSE	143970	9/16/2013	144.00
0105238 NORTHERN SERVICES INC.	143975	9/16/2013	708.69
0092263 OFFICE DEPOT INC	143976	9/16/2013	2,370.99
0018284 OFFICEMAX INC.	143977	9/16/2013	479.94
0000210 OLE'S CARBURETOR & ELECTRIC INC	143978	9/16/2013	1,252.15
0095692 OLIVIA RODRIGUEZ	143998	9/16/2013	110.00
0097567 ONE HOUR DRY CLEANING	143979	9/16/2013	125.80
0018701 ORKIN INC.	143980	9/16/2013	504.66
0102557 PACIFIC DANCE COMPANY	143981	9/16/2013	650.81
0000012 PACIFIC GAS & ELECTRIC	143982	9/16/2013	20,583.64
0000101 PACIFIC NURSERIES	143983	9/16/2013	449.63
0000102 PACIFIC WEST SECURITY, INC.	143984	9/16/2013	1,242.00
0015163 PENINSULA SPORTS OFFICIALS ASSOC.INC.	144010	9/16/2013	1,144.00
0014961 PENINSULA UNIFORMS & EQUIPMENT	143987	9/16/2013	431.19
0018283 PERFORMANCE TOW LLC	143988	9/16/2013	45.00
0099255 PETER KHOURY	143948	9/16/2013	87.69
0017260 PETERSON TRUCKS, INC.	143989	9/16/2013	1,132.83
0095780 PHOENIX SATELLITE TELEVISION (US) INC.	144006	9/16/2013	894.77
0102915 PRECISE PRINTING & MAILING	143991	9/16/2013	1,206.75
0000071 R & B COMPANY	143993	9/16/2013	3,520.74
0017111 RANDOM HOUSE INC	143994	9/16/2013	134.89
0017712 RECALL SECURE DESTRUCTION SERVICES, INC.	143912	9/16/2013	70.44
0094546 RECORDED BOOKS, LLC	143995	9/16/2013	39.23
0090749 RED WING SHOE STORE	143996	9/16/2013	416.90
0016729 RICOH AMERICAS CORPORATION	143997	9/16/2013	417.01
0099290 RODNEY COHAN	143900	9/16/2013	148.49
0000569 SAN BRUNO AUTO CENTER, INC.	144001	9/16/2013	150.00
0017807 SAN MATEO COUNTY CONTROLLER'S OFFICE	143905	9/16/2013	9,693.10
0090790 SAN MATEO COUNTY TIMES	144002	9/16/2013	40.00
0099047 SAN MATEO CTY SHERIFF'S OFFICE	144003	9/16/2013	2,200.03
0017145 SAN MATEO LAWN MOWER SHOP	144004	9/16/2013	2,055.93
0018461 SERRAMONTE FORD, INC.	144007	9/16/2013	973.04
0098840 SHAW PIPELINE INC	144008	9/16/2013	105,237.59
0105770 SILICON VALLEY COMMUNITY FOUNDATION	144030	9/16/2013	645.00
0100792 SONDRALUCHETTI	143961	9/16/2013	18.65
0017508 SOUTH CITY LUMBER AND SUPPLY	144009	9/16/2013	116.91
0097079 SPRINT	144011	9/16/2013	64.89
0014075 STATE BOARD OF EQUALIZATION	144012	9/16/2013	660.00
0000801 STEWART AUTOMOTIVE GROUP	144013	9/16/2013	889.75
0105796 SUNRISE FOOD DISTRIBUTOR INC.	144014	9/16/2013	199.35
0017016 SUPERCO SPECIALTY PRODUCTS	144015	9/16/2013	773.40

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0102962 SWANK MOTION PICTURES, INC.	144017	9/16/2013	692.00
0018813 TANKO LIGHTING	144020	9/16/2013	6,245.38
0000036 THOMSON WEST	144021	9/16/2013	501.80
0017527 TIFCO INDUSTRIES INC.	144022	9/16/2013	94.21
0018818 TOSHIBA BUSINESS SOLUTIONS CA	144023	9/16/2013	563.08
0017134 TRINET CONSTRUCTION INC.	144024	9/16/2013	9,200.00
0105824 TRIVAD, INC.	144025	9/16/2013	1,453.50
0096844 USA BLUE BOOK	144027	9/16/2013	470.72
0000584 USA MOBILITY WIRELESS INC.	144028	9/16/2013	33.13
0100250 VAIBHAV TYAGI	144026	9/16/2013	8.12
0102988 VANTAGEPOINT TRANSFER AGENTS	144031	9/16/2013	7,554.08
0099208 VILMA DENYS	143910	9/16/2013	12.59
0099360 VIRGEN HERNANDEZ	143936	9/16/2013	400.00
0102429 VMWARE, INC.	144032	9/16/2013	1,800.00
0098917 VOLIKOS ENTERPRISES	144033	9/16/2013	593.05
0095212 WAIMEI TAI	144019	9/16/2013	6.39
0104660 WEST YOST ASSOCIATES, INC.	144034	9/16/2013	2,046.00
0000612 WESTVALLEY CONSTRUCTION CO.INC	144035	9/16/2013	2,806.35
0018385 WFCB - OSH COMMERCIAL SERVICES	144036	9/16/2013	165.28
0096605 WHITLEY, BURCHETT AND ASSOCIATES, INC.	143887	9/16/2013	31,417.19
0018585 WRIME INC.	144037	9/16/2013	4,820.00
0014850 XEROX CORPORATION	144038	9/16/2013	454.90
0102630 XO COMMUNICATIONS, LLC	144039	9/16/2013	3,516.84
0099304 YOKO YAMAMOTO	144040	9/16/2013	31.77
		GrandTotal:	419,736.23
		Total count:	185



**City Council Agenda Item
Staff Report**

CITY OF SAN BRUNO

DATE: September 24, 2013

TO: Honorable Mayor and Members of the City Council

FROM: Kim Juran, Finance Director

SUBJECT: Payroll Approval

City Council approval of the City payroll distributed September 13, 2013 is recommended. The Labor Summary report reflecting the total payroll amount of \$1,272,732.66 for the bi-weekly pay period ending September 8, 2013 is attached.

LABOR SUMMARY FOR PAY PERIOD ENDING : September 8, 2013

pyLaborDist

09/13/13

Fund: 001 - GENERAL FUND	956,058.85
Fund: 122 - SOLID WASTE/RECYCL.	1,456.88
Fund: 153 -RDA OBLIGATION RETIREMENT FUND	6,037.36
Fund: 190 - EMERGENCY DISASTER FUND	16,983.34
Fund: 201 - PARKS AND FACILITIES CAPITAL	2,953.17
Fund: 207 - TECHNOLOGY CAPITAL	5,735.05
Fund: 203 - STREET IMPROVE. PROJECTS	1,002.39
Fund: 611 - WATER FUND	73,408.78
Fund: 621 - STORMWATER FUND	14,543.58
Fund: 631 - WASTEWATER FUND	58,383.31
Fund: 641 - CABLE TV FUND	85,037.61
Fund: 701 - CENTRAL GARAGE	9,702.17
Fund: 702 - FACILITY MAINT.FUND	21,802.91
Fund: 707 - TECHNOLOGY DEVELOPMENT	13,163.98
Fund: 711 - SELF INSURANCE	6,463.28

Total

\$1,272,732.66



John E. Marty
City Treasurer

CITY OF SAN BRUNO
CITY TREASURER

RECONCILIATION OF GENERAL LEDGER TO BANK

MONTH ENDING AUGUST 2013

City of San Bruno Cash

City of San Bruno General Ledger

Investment Balance	\$ 45,102,831.83
Glenview Fire LAIF	3,031,508.66
Checking	7,559,923.61
Police Checking	13,407.19
Glenview Fire Recovery	4,749.41
Glenview Counseling Assist	14,876.00
Successor Agency of SB	
RDA	375,146.87
Successor Housing Agency	1.00
City of SB as Custodian - WFB	68,818,214.42

Bank Balances as of 8/31/13 124,920,658.99

General Ledger Balance \$124,016,679.26

Outstanding checks \$ (1,107,540.21)

FNB Deposit Transit	14,397.51
FNB Deposit Transit	61,819.94
FNB Deposit Transit	22,699.25
FNB Deposit Transit	43,264.80
Finance CC	382.00
Finance CC	6,114.77
CATV Merchant Bankcard	
CC	3,333.36
Online Billpay - ACH	36,893.84
Utility Online Billpay - cc	15,819.44

CATV Checkfree Deposit	983.89
(Library CC	180.54

Adjusted Balance \$ 124,017,843.69

Adjusted Balance \$124,017,843.69



John E. Marty
City Treasurer

CITY OF SAN BRUNO
CITY TREASURER

INVESTMENT REPORT

Month ending August 2013

INVESTMENTS					YIELD
INVESTMENT POOLS					
Local Agency Investment Fund	12,249,291.80				0.244
Glenview Fire LAIF	3,031,508.66				0.244
San Mateo County Pool	16,107,090.23				0.700
INVESTMENTS HELD AT UNION BANK	PAR VALUE	COST BASIS	MKT. VALUE	YIELD	
Federal home Loan Mtg 0.375 mat 10/30/13	\$ 2,000,000.00	\$2,003,356.08	\$2,000,900.00	0.370	
Federal Farm Credit Bank 0.20% mat 12/3/13	\$ 1,000,000.00	\$1,000,000.00	\$1,000,300.00	0.200	
Federal Farm Credit Bank 0.20% mat 2/26/14	\$ 1,000,000.00	\$1,000,000.00	\$1,000,490.00	0.200	
Federal Farm Credit Bank 0.25% mat 4/4/14	\$ 1,000,000.00	\$1,000,399.00	\$1,000,640.00	0.250	
Federal Home Loan Bank 1.42 mat 5/30/14	\$ 1,000,000.00	\$1,000,000.00	\$1,009,340.00	1.410	
Federal Farm Credit Bank 0.50% mat 11/5/15	\$ 1,000,000.00	\$1,000,000.00	\$ 999,360.00	0.500	
Federal Home Loan Mtg Corp 0.57% 6/20/2016	\$ 1,000,000.00	\$1,000,000.00	\$ 993,610.00	0.570	
Federal Home Loan Mtg 1.00% 7/29/16	\$ 1,000,000.00	\$1,000,000.00	\$1,000,760.00	1.000	
Federal Natl Mtg Assoc 1.00% 7/29/16	\$ 1,000,000.00	\$1,000,000.00	\$ 998,810.00	1.000	

Federal National Mortgage Assoc 0.50% 8/15/16	\$ 1,000,000.00	\$1,000,000.00	\$ 988,970.00	0.51
Federal National Mtg Assn 0.75% 12/19/16	\$ 1,000,000.00	\$1,000,000.00	\$ 989,510.00	0.760
Federal Natl Mtg Assoc 1.15% 1/25/17	\$ 1,000,000.00	\$1,000,000.00	\$ 998,450.00	1.150
Federal Natl Mtg Assoc 0.70% 12/26/17	\$ 2,000,000.00	\$2,000,000.00	\$,955,480.00	0.720
Federal Home Loan Bank 1.00% mat 12/27/17	\$ 1,000,000.00	\$1,000,000.00	\$ 973,180.00	1.030
US Govt Money Market	\$ 103,335.15	\$ 103,335.15	\$ 103,335.15	0.010
INVESTMENTS HELD AT WELLS FARGO BANK				
City of San Bruno as Temporary Custodian	\$68,818,214.42			0.142
TOTAL	\$116,309,440.26			

Expenditure Status Report

City of San Bruno
 8/1/2013 through 8/31/2013

Account Number	Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Prct Used
Total GENERAL FUND	34,938,672.00	2,942,359.26	5,376,423.96	16,944.54	29,545,303.50	15.44
Total GENERAL FUND RESERVE	0.00	0.00	0.00	0.00	0.00	0.00
Total ONE-TIME REVENUE	0.00	0.00	3,041.58	0.00	-3,041.58	0.00
Total GAS TAX	750,000.00	62,500.00	125,000.00	0.00	625,000.00	16.67
Total MEASURE A TRANSPORTATION TAX	0.00	0.00	0.00	0.00	0.00	0.00
Total POLICE ASSET FORFEITURE	10,000.00	0.00	0.00	7,760.01	2,239.99	77.60
Total SAFETY AUGMENT. -PROP.172	86,000.00	0.00	0.00	0.00	86,000.00	0.00
Total POLICE SPECIAL REVENUE	100,000.00	0.00	0.00	0.00	100,000.00	0.00
Total TRAFFIC SAFETY GRANT	0.00	0.00	0.00	0.00	0.00	0.00
Total FEDERAL/STATE GRANTS	0.00	0.00	0.00	0.00	0.00	0.00
Total SOLID WASTE/RECYCL.	65,593.00	3,100.31	7,340.63	0.00	58,252.37	11.19
Total LIBRARY SPECIAL REVENUE	39,000.00	3,250.00	6,500.00	0.00	32,500.00	16.67
Total IN-LIEU FEES	58,500.00	0.00	0.00	0.00	58,500.00	0.00
Total AGENCY ON AGING	203,761.00	7,071.50	10,786.24	0.00	192,974.76	5.29
Total RESTRICTED DONATIONS	102,473.00	3,436.34	4,430.49	0.00	98,042.51	4.32
Total ED JOHNSON BEQUEST FUND	0.00	0.00	0.00	0.00	0.00	0.00
Total GLENVIEW FIRE DONATIONS	0.00	0.00	0.00	0.00	0.00	0.00
Total PGE	0.00	0.00	0.00	0.00	0.00	0.00
Total SUCCESSOR AGENCY TO THE SB RDA - OPS	0.00	0.00	0.00	0.00	0.00	0.00
Total CITY OF SB AS SUCCESSOR HOUSING AGENCY	0.00	0.00	0.00	0.00	0.00	0.00
Total RDA OBLIGATION RETIREMENT FUND	511,357.00	12,170.37	24,370.89	0.00	486,986.11	4.77
Total EMERGENCY DISASTER FUND	3,633,907.00	55,439.89	101,879.80	6,473,399.00	-2,941,371.80	180.94
Total PARKS AND FACILITIES CAPITAL	0.00	12,051.38	15,604.05	94,984.69	-110,588.74	0.00
Total STREET IMPROVE. PROJECTS	0.00	13,342.29	24,266.65	0.00	-24,266.65	0.00
Total TECHNOLOGY CAPITAL	0.00	713.27	2,679.44	23,035.07	-25,714.51	0.00
Total SUCCESSOR AGENCY TO THE SB RDA - CAPITAL	0.00	0.00	0.00	0.00	0.00	0.00
Total LEASE DEBT SERVICE	1,604,381.00	0.00	193,178.75	0.00	1,411,202.25	12.04
Total SUCCESSOR AGENCY TO THE SB RDA-2000 COP	0.00	0.00	0.00	0.00	0.00	0.00

Expenditure Status Report
 City of San Bruno
 8/1/2013 through 8/31/2013

Account Number	Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Prct Used
Total WATER FUND	7,749,726.00	813,811.93	1,224,824.47	114,415.70	6,410,485.83	17.28
Total STORMWATER FUND	613,304.00	43,410.81	83,889.93	38,039.80	491,374.27	19.88
Total WASTEWATER FUND	8,184,913.00	1,239,491.45	1,492,633.70	678,879.06	6,013,400.24	26.53
Total CABLE TV FUND	9,904,533.00	772,685.62	1,374,970.76	2,838,702.90	5,690,859.34	42.54
Total CENTRAL GARAGE	614,865.00	45,624.31	72,580.98	8,449.00	533,835.02	13.18
Total FACILITY MAINT.FUND	867,962.00	80,912.67	137,920.54	0.00	730,041.46	15.89
Total GENERAL EQUIPMENT REVOLVING	5,600.00	0.00	566.59	0.00	5,033.41	10.12
Total TECHNOLOGY DEVELOPMENT	532,022.00	78,634.38	120,767.50	0.00	411,254.50	22.70
Total SELF INSURANCE	1,805,615.00	139,895.63	970,830.31	0.00	834,784.69	53.77
Grand Total	72,382,184.00	6,329,901.41	11,374,487.26	10,294,609.77	50,713,086.97	29.94

9/18/2013 2:22:51PM

Through period: 2

City of San Bruno
Through August 2013

		Cash	Investments	Fund Total
001	GENERAL FUND	6,839,002.42	53,670.93	6,892,673.35
002	GENERAL FUND RESERVE	2,908,916.11	0.00	2,908,916.11
003	ONE-TIME REVENUE	5,050,660.76	0.00	5,050,660.76
101	GAS TAX	909,996.15	0.00	909,996.15
102	MEASURE A TRANSPORTATION TAX	1,321,048.90	0.00	1,321,048.90
103	STREET SPECIAL REVENUE	307,657.09	0.00	307,657.09
104	TRAFFIC CONGESTION RELIEF	0.00	0.00	0.00
111	POLICE ASSET FORFEITURE	63,752.32	0.00	63,752.32
112	SAFETY AUGMENT. -PROP.172	76,354.09	0.00	76,354.09
113	POLICE SPECIAL REVENUE	89,813.49	0.00	89,813.49
114	TRAFFIC SAFETY GRANT	61,178.46	0.00	61,178.46
121	FEDERAL/STATE GRANTS	23,811.91 CR	0.00	23,811.91 CR
122	SOLID WASTE/RECYCL.	204,009.84	0.00	204,009.84
123	LIBRARY SPECIAL REVENUE	270,540.24	0.00	270,540.24
131	IN-LIEU FEES	3,657,560.98	0.00	3,657,560.98
132	AGENCY ON AGING	47.30 CR	0.00	47.30 CR
133	RESTRICTED DONATIONS	1,035,661.95	0.00	1,035,661.95
134	ED JOHNSON BEQUEST FUND	25,740.05	0.00	25,740.05
135	GLENVIEW FIRE DONATIONS	0.00	0.00	0.00
136	PGE	3,031,508.66	0.00	3,031,508.66
151	SUCCESSOR AGENCY TO THE SB RDA - OPS	0.00	0.00	0.00
152	CITY OF SB AS SUCCESSOR HOUSING AGENCY	0.00	0.00	0.00
153	RDA OBLIGATION RETIREMENT FUND	940,756.14	649,976.63	1,590,732.77
190	EMERGENCY DISASTER FUND	1,970,673.40 CR	0.00	1,970,673.40 CR
201	PARKS AND FACILITIES CAPITAL	548,462.64	0.00	548,462.64
203	STREET IMPROVE. PROJECTS	2,308,552.38	0.00	2,308,552.38
207	TECHNOLOGY CAPITAL	35,257.43	0.00	35,257.43
251	SUCCESSOR AGENCY TO THE SB RDA - CAPITAL	0.00	0.00	0.00
302	LEASE DEBT SERVICE	450,223.84 CR	193,169.21	257,054.63 CR
351	SUCCESSOR AGENCY TO THE SB RDA -2000 COP	0.00	0.00	0.00
611	WATER FUND	14,574,414.97	0.00	14,574,414.97
621	STORMWATER FUND	1,078,263.62	0.00	1,078,263.62
631	WASTEWATER FUND	8,400,725.21	629,723.87	9,030,449.08
641	CABLE TV FUND	3,627,161.47 CR	200.00	3,626,961.47 CR
701	CENTRAL GARAGE	525,004.74	0.00	525,004.74
702	FACILITY MAINT.FUND	965,465.32	0.00	965,465.32
703	GENERAL EQUIPMENT REVOLVING	3,692,389.42	0.00	3,692,389.42
707	TECHNOLOGY DEVELOPMENT	314,621.03	0.00	314,621.03
711	SELF INSURANCE	1,578,410.14	91,118.50	1,669,528.64
870	SAN BRUNO COMMUNITY RESTITUTION FUND	68,818,214.42	0.00	68,818,214.42
880	PROJECT DEVELOP. TRUST	121,584.71	0.00	121,584.71
891	S.B. GARBAGE CO. TRUST	333,073.50	0.00	333,073.50
	Grand Total:	124,016,679.26	1,617,859.14	125,634,538.40

Revenue Status Report

City of San Bruno
 8/1/2013 through 8/31/2013

Account Number	Adjusted Estimate	Revenues	Year-to-date Revenues	Balance	Prct Rcvd
Total GENERAL FUND	34,947,173.00	2,267,619.25	4,141,821.23	30,805,351.77	11.85
Total GENERAL FUND RESERVE	0.00	0.00	0.00	0.00	0.00
Total ONE-TIME REVENUE	1,067,500.00	162,681.86	162,681.86	904,818.14	15.24
Total GAS TAX	1,295,948.00	137,266.90	206,402.89	1,089,545.11	15.93
Total MEASURE A TRANSPORTATION TAX	838,861.00	87,835.75	151,045.34	687,815.66	18.01
Total STREET SPECIAL REVENUE	805.00	0.00	0.00	805.00	0.00
Total POLICE ASSET FORFEITURE	5,254.00	165.66	165.66	5,088.34	3.15
Total SAFETY AUGMENT. -PROP.172	92,300.00	9,356.39	19,283.34	73,016.66	20.89
Total POLICE SPECIAL REVENUE	100,056.00	0.00	0.00	100,056.00	0.00
Total TRAFFIC SAFETY GRANT	284.00	238.00	238.00	46.00	83.80
Total FEDERAL/STATE GRANTS	0.00	0.00	0.00	0.00	0.00
Total SOLID WASTE/RECYCL.	82,110.00	7,324.93	12,312.94	69,797.06	15.00
Total LIBRARY SPECIAL REVENUE	3,474.00	4,941.03	4,941.03	-1,467.03	142.23

Revenue Status Report

City of San Bruno
 8/1/2013 through 8/31/2013

<u>Account Number</u>	<u>Adjusted Estimate</u>	<u>Revenues</u>	<u>Year-to-date Revenues</u>	<u>Balance</u>	<u>Prc't Rcvd</u>
Total IN-LIEU FEES	539,631.00	27,163.41	27,163.41	512,467.59	5.03
Total AGENCY ON AGING	203,761.00	6,222.17	11,459.20	192,301.80	5.62
Total RESTRICTED DONATIONS	137,208.00	16,529.19	24,006.96	113,201.04	17.50
Total ED JOHNSON BEQUEST FUND	210.00	278.87	278.87	-68.87	132.80
Total GLENVIEW FIRE DONATIONS	0.00	0.00	0.00	0.00	0.00
Total PGE	0.00	0.00	0.00	0.00	0.00
Total SUCCESSOR AGENCY TO THE SB RDA - OPS	0.00	0.00	0.00	0.00	0.00
Total CITY OF SB AS SUCCESSOR HOUSING AGENCY	0.00	0.00	0.00	0.00	0.00
Total RDA OBLIGATION RETIREMENT FUND	125,000.00	0.00	4.59	124,995.41	0.00
Total EMERGENCY DISASTER FUND	0.00	0.00	0.00	0.00	0.00
Total PARKS AND FACILITIES CAPITAL	5,229.00	8,538.01	8,538.01	-3,309.01	163.28
Total STREET IMPROVE. PROJECTS	2,948.00	0.00	0.00	2,948.00	0.00

Revenue Status Report

City of San Bruno
 8/1/2013 through 8/31/2013

Account Number	Adjusted Estimate	Revenues	Year-to-date Revenues	Balance	Prct Rcvd
Total TECHNOLOGY CAPITAL	2,511.00	4,455.21	4,455.21	-1,944.21	177.43
Total SUCCESSOR AGENCY TO THE SB RDA - CAPITAL	0.00	0.00	0.00	0.00	0.00
Total LEASE DEBT SERVICE	1,604,381.00	215,836.99	235,085.99	1,369,295.01	14.65
Total SUCCESSOR AGENCY TO THE SB RDA -2000 COP	0.00	0.00	0.00	0.00	0.00
Total WATER FUND	12,236,641.00	165,995.41	1,357,737.37	10,878,903.63	11.10
Total STORMWATER FUND	632,089.00	21,938.98	21,938.98	610,150.02	3.47
Total WASTEWATER FUND	13,258,688.00	64,561.80	1,213,985.95	12,044,702.05	9.16
Total CABLE TV FUND	10,598,474.00	759,786.33	1,532,322.58	9,066,151.42	14.46
Total CENTRAL GARAGE	614,773.00	51,231.00	102,462.00	512,311.00	16.67
Total FACILITY MAINT.FUND	866,971.00	72,248.00	144,496.00	722,475.00	16.67
Total GENERAL EQUIPMENT REVOLVING	430,587.00	35,882.00	71,764.00	358,823.00	16.67
Total TECHNOLOGY DEVELOPMENT	520,773.00	43,398.00	86,796.00	433,977.00	16.67
Total SELF INSURANCE	1,805,615.00	150,468.00	300,936.00	1,504,679.00	16.67

Revenue Status Report

City of San Bruno
8/1/2013 through 8/31/2013

<u>Account Number</u>	<u>Adjusted Estimate</u>	<u>Revenues</u>	<u>Year-to-date Revenues</u>	<u>Balance</u>	<u>Prct Rcvd</u>
Grand Total	82,019,255.00	4,321,963.14	9,842,323.41	72,176,931.59	12.00



City Council Agenda Item
Staff Report

CITY OF SAN BRUNO

DATE: September 24, 2013

TO: Honorable Mayor and Members of the City Council

FROM: Klara A. Fabry, Public Services Director

SUBJECT: Adopt Resolution Accepting the Street Rehabilitation – Slurry Seal Project as Complete and Authorizing Release of the Construction Contract Retention in the Amount of \$31,765

BACKGROUND:

The City's Capital Improvement Program (CIP) includes the Street Rehabilitation Project to repair and apply preventative maintenance treatment to local, collector, and arterial streets. During FY 2012-13, the Street Rehabilitation Project was separated into two projects, a slurry seal project and a street reconstruction project.

On February 12, 2013, the City Council awarded the slurry seal construction contract to American Asphalt Repair and Resurfacing Co. in the amount of \$638,943 and approved a \$96,000 construction contingency. The contractor has completed all work under this contract. The street reconstruction project will start construction in October to rehabilitate nine street segments.

DISCUSSION:

The slurry seal project provided for crack sealing, patch pavement repairs at spot locations, slurry seal treatment of 25 street segments, new pavement striping and pavement markings throughout the City. Three contract change orders were processed. Change orders accounted for the reduction of the depth of the pavement base repair due to field conditions, additions of fire hydrant blue markers and pavement markings, and the adjustment of completed work quantities. These change orders resulted in a net contract reduction of \$3,636. None of the construction contingency (\$96,000) was used. There are no unresolved stop notices or outstanding construction claims and the Notice of Completion is ready to be filed. Staff recommends that the City Council accept the construction project as complete and approve the release of the contract retention. The construction contract required a 5% retention, which totals \$31,765 withheld by the City.

In accordance with the City established procedure, staff is requesting the City Council's acceptance of this project as complete and is seeking authorization to release the retention. After the City Council accepts the project, a Notice of Completion (NOC) will be filed with the County Recorder. There is a minimum 30 day waiting period after recordation of NOC for any third party claims before the City will release the contract retention amount. Before the retention is released, the contractor is also required to provide the City with guarantee and maintenance bonds, record drawings, manuals and warranties as well as a signed "Release of Any and All Claims Form".

7.d.

The Capital Improvement Program (CIP) Project Completion and Release of Retention Form for this project (Attachment 2) provides the actual project timetable and a comparison of the original project budget with the actual project expenditures.

FISCAL IMPACT:

Issued Change Orders:

- C.O. #1 –added 4-inch pavement base repair work, and deleted 8-inch and 10-inch pavement base repair bid items due to field conditions. This change order resulted in a credit of \$74,176.25.
- C.O. #2 –added blue fire hydrant pavement markers and miscellaneous pavement markings in the amount of \$3,245.
- C.O. #3 –adjusted 6-inch pavement base repair bid quantity to match actual completed quantities in the amount of \$67,295.54.

Total Change Orders = (\$3,636) credit

The final construction contract cost for the Street Rehabilitation – Slurry Seal Project is \$635,307, which is below the approved construction contract budget of \$734,943. A summary of the construction contract with American Asphalt Repair and Resurfacing is as follows:

Original Construction Contract	\$	638,943
Total Change Orders	\$	(3,636)
Final Construction Contract Amount	\$	635,307
Construction Contract Budget (includes \$96,000 contingency)	\$	734,943

RECOMMENDATION:

Adopt resolution accepting the Street Rehabilitation – Slurry Seal Project as complete and authorizing release of the construction contract retention in the amount of \$31,765.

ALTERNATIVES:

1. Do not accept the contract as complete and do not release retention.

DISTRIBUTION:

None

ATTACHMENTS:

1. Resolution
2. Contract Acceptance and Release of Retention Information Form

DATE PREPARED:

August 13, 2013

REVIEWED BY:

_____ CM

RESOLUTION NO. 2013 - ____

ACCEPTING THE STREET REHABILITATION – SLURRY SEAL PROJECT AS COMPLETE AND AUTHORIZING RELEASE OF THE CONSTRUCTION CONTRACT RETENTION IN THE AMOUNT OF \$31,765

WHEREAS, the City of San Bruno’s Capital Improvement Program (CIP) includes the Street Rehabilitation Project to repair and apply preventative maintenance treatment to local, collector, and arterial streets; and

WHEREAS, the completion of the Street Rehabilitation-Slurry Seal Project will maintain and extend the useful life of City streets; and

WHEREAS, the City Council awarded the construction of the Street Rehabilitation-Slurry Seal Project to American Asphalt Repair and Resurfacing Co. on February 12, 2013, in an amount of \$638,943; and

WHEREAS, all construction work as a part of this contract has been completed to the satisfaction of the City; and

WHEREAS, the construction contract retention in the amount of \$31,765 was withheld from the completed work.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby accepts the Street Rehabilitation-Slurry Seal Project as complete and authorizes the release of the construction contract retention in the amount of \$31,765.

Dated: September 24, 2013

ATTEST:

Carol Bonner, City Clerk

-o0o-

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 24th day of September 2013 by the following vote:

AYES: Councilmembers: _____

NOES: Councilmembers: _____

ABSENT: Councilmembers: _____



PUBLIC SERVICES DEPARTMENT

Capital Improvement Program

Project Acceptance and Release of Retention Information Form

As of Date: August 20, 2013

Project Information:

Contract Name	Street Rehabilitation – Slurry Seal Project	Contract Number	82666
Project Manager	Tina Tseng		
Design Consultant	Pavement condition report prepared by Nichols Consulting Engineers	Construction Contractor	American Asphalt Repair and Resurface
Design Contract Award Date:	N/A		
Const. Contract Award Date:	February 12, 2013		
Start of Construction:	May 8, 2013		
<p>Change Order:</p> <p>C.O. #1 – issued on May 21, 2013 to add 4-inch pavement base repair bid item, and deleted 8-inch and 10-inch pavement base repair bid items due to on field conditions. This change order resulted a credit of \$74,176.25 after deleting the 8-inch and 10-inch pavement repair items. The increased 6-inch pavement repair quantity was adjusted in C.O. #3.</p> <p>C.O. #2 – issued on June 11, 2013 to place blue fire hydrant pavement markers and miscellaneous pavement markings missed during contract preparation. This change was in an amount of \$3,245.</p> <p>C.O. #3 – issued July 25, 2013 to adjust estimated bid quantities to match actual completed quantities. This final change order was in amount of \$67,295.54, which was mostly from the 6-inch pavement base repair work.</p>			
Substantial Completion:	July 21, 2013		
Final Completion:	July 30, 2013		
Notice of Completion:	Scheduled for filing on September 11, 2013		
<p>Project Description:</p> <p>The contract work included sealing cracks; repairing spalls and potholes; repairing pavement base; placing polymer modified slurry seal over existing pavement streets; removing traffic pavement striping and markers; and installing temporary and permanent pavement markings, stripes, words, and arrows; at various locations in San Bruno.</p>			

Project Cost:

	Budget	Actual
TOTAL PROJECT	\$ 1,200,000	\$ 812,507
Design*		\$ 98,650*
Construction Contract	\$ 638,943	\$ 638,943
Contingency	\$ 96,000	(\$ 3,636)
Total Construction Contract	\$ 734,943	\$ 635,307
Project Management and Inspection		\$ 78,550
Total Construction		\$ 713,857
Retention to be Released (5% Contract)	\$ 31,765.36	

*Cost includes Project Management and Support



City Council Agenda Item
Staff Report

CITY OF SAN BRUNO

DATE: September 24, 2013

TO: Honorable Mayor and Members of the City Council

FROM: Klara A. Fabry, Public Services Director

SUBJECT: Adopt Resolution Accepting the Transit Corridors Pedestrian Connection Improvements Project as Complete and Authorizing Release of the Construction Contract Retention in the Amount of \$9,786

BACKGROUND:

The Transit Corridors Pedestrian Connection Improvements Project was included in the 2010-11 Capital Improvement Program (CIP) with the goal of improving safety and pedestrian connectivity in the City's Transit Corridors. On August 14, 2012, the City Council awarded the construction contract to Trinet Construction, Inc. This project included construction of six new concrete accessible curb ramps, one concrete curb connection to Centennial Trail, six street trees with tree wells, and irrigation systems along San Bruno Avenue.

DISCUSSION:

As of January 15, 2013, one change order was issued and the contractor has completed all work under this contract except for landscape maintenance. The change order was for additional work to resolve unforeseen utility conflicts and to change the type of irrigation controller. All work except for a one year landscape establishment and maintenance period has been completed. Staff recommends that the City Council accept the project and construction contract as complete and approve the release of contract retention in the amount of \$9,786. After the landscape maintenance period is deemed complete on January 15, 2014, a Notice of Completion will be filed with the County Recorder. There is a minimum 30 day waiting period after recordation of the Notice of Completion for any third party claims before the City will release the contract retention amount. Before the retention is released, the contractor is also required to provide the City with guarantee and maintenance bonds, record drawings, manuals and warranties as well as a signed "Release of Any and All Claims Form".

The Capital Improvement Program (CIP) Project Completion and Release of Retention Form for this project (Attachment 2) provides the actual project timetable and a comparison of the original project budget with the actual project expenditures.

FISCAL IMPACT:

At the time of construction contract award, staff estimated that the required construction support would be \$21,500, which was approximately 10 percent of the base construction contract. After the contract was awarded, staff sought services from a firm specializing in construction support services with an initial estimated service fee of \$19,500. The actual level of effort required for construction support was higher than estimated for this project by \$13,950. The number of submittal reviews and requests for information by contractor was unusually high due to

7.e.

numerous unforeseen sewer lateral conflicts. However, the construction support costs were fully reimbursed through the federal Transportation for Livable Communities grant.

The final construction contract cost for the Transit Corridors Pedestrian Connection Improvements Project is \$201,731, which is below the original construction budget. A summary of the construction contract with Trinet Construction is as follows:

Issued Change Order:

C.O. #1 –changed irrigation controller to solar power; additional work due to utility conflicts; adjustment of bid item quantities to actual field conditions. This change order resulted in a credit of \$7,769.

Original Construction Contract	\$	209,500
Change Order	\$	<u>(7,769)</u>
Final Construction Contract Amount	\$	201,731
Construction Contract Budget (includes 15% contingency)	\$	241,500

RECOMMENDATION:

Adopt resolution accepting the Transit Corridors Pedestrian Connection Improvements Project as complete and authorizing release of the construction contract retention in the amount of \$9,786 after completion of the landscape maintenance period.

ALTERNATIVES:

1. Do not accept the contract as substantially complete and do not release retention.

DISTRIBUTION:

None

ATTACHMENTS:

1. Resolution
2. Contract Acceptance and Release of Retention Information Form

DATE PREPARED:

August 13, 2013

REVIEWED BY:

_____ CM

RESOLUTION NO. 2013 - ____

RESOLUTION ACCEPTING THE TRANSIT CORRIDORS PEDESTRIAN CONNECTION IMPROVEMENTS PROJECT AS COMPLETE AND AUTHORIZING RELEASE OF THE CONSTRUCTION CONTRACT RETENTION IN THE AMOUNT OF \$9,786

WHEREAS, the goal of Transit Corridors Pedestrian Connection Improvements Project is to improve and expand transit connections particularly to and from BART and Caltrain, and to create a pedestrian-oriented setting; and

WHEREAS, the completion of this project improves pedestrian connectivity between residential buildings and neighborhoods, offices, retail, parks and transit centers; and

WHEREAS, the City Council awarded the construction of the Transit Corridors Pedestrian Connection Improvements Project to Trinet Construction, Inc. on August 14, 2012, in an amount of \$209,500; and

WHEREAS, all construction work under this contract has been completed, except for the landscape maintenance period bid item, to the satisfaction of the City's project management team; and

WHEREAS, the outstanding bid item is a one-year landscape establishment and maintenance work for the trees planted; and will be deemed complete on January 15, 2014; and

WHEREAS, the construction contract retention in the amount of \$9,786 was withheld from the completed work.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby accepts the Transit Corridors Pedestrian Connection Improvements Project as complete and authorizes the release of the construction contract retention in the amount of \$9,786 after completion of the landscape maintenance period.

Dated: September 24, 2013

ATTEST:

Carol Bonner, City Clerk

-o0o-

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 24th day of September 2013 by the following vote:

AYES: Councilmembers: _____

NOES: Councilmembers: _____

ABSENT: Councilmembers: _____



PUBLIC SERVICES DEPARTMENT

Capital Improvement Program

Project Acceptance and Release of Retention Information Form

As of Date: August 20, 2013

Project Information:

Contract Name	Transit Corridors Pedestrian Connection Improvements Project	Contract Number	82709
Project Manager	Tina Tseng		
Design Consultant	Golden Associates/BKF	Construction Contractor	Trinet Construction, Inc.
Design Contract Award Date:	N/A		
Const. Contract Award Date:	August 16, 2012		
Start of Construction:	October 15, 2013		
<p>Change Order:</p> <p>C.O. #1 issued on January 9, 2013 for additional work due to unforeseen utility conflicts and switch of AC powered to a solar powered irrigation controller. This change order also adjusted the variation between the estimated bid and actual quantities performed. This change resulted a net credit of \$7,769.37.</p>			
Substantial Completion:	January 15, 2013		
Final Completion:	January 15, 2014		
Notice of Completion:	Scheduled for filing on January 16, 2014		
<p>Project Description:</p> <p>The contract work included concrete accessible concrete curb ramps with detectable warning surfaces on San Bruno Avenue and Huntington Avenue; and street trees and tree wells and the associated irrigation system along San Bruno Avenue.</p>			

Project Cost:

	Budget	Actual
TOTAL PROJECT	\$ 350,000	\$ 337,071
Design*		\$ 81,490*
Construction Contract	\$ 210,000	\$ 209,500
Contingency	\$ 31,500	(\$ 7,769)
Total Construction Contract	\$ 241,500	\$ 201,731
Construction Project Management and Inspection		\$ 53,850
Total Construction		\$ 255,581
Retention to be Released (5% Contract)	\$ 9,786.53	

*Cost includes Design Project Management and Support



**City Council Agenda Item
Staff Report**

CITY OF SAN BRUNO

DATE: September 24, 2013

TO: Honorable Mayor and Members of the City Council

FROM: Klara A. Fabry, Public Services Director

SUBJECT: Adopt Resolution Accepting the El Camino Real Medians Phase II Upgrade Project as Complete and Authorizing Release of the Construction Contract Retention in the Amount of \$35,608

BACKGROUND:

The El Camino Real Medians Phase II Upgrade Project was included in the 2010-11 Capital Improvement Program (CIP) with the goal of continuing the rehabilitation of the street medians on El Camino Real, San Bruno Avenue and Sneath Lane to enhance aesthetic appeal and livability for the San Bruno residents. On October 11, 2011, the City Council awarded the construction contract to J.J. Nguyen, Inc. in the amount of \$808,170 and also authorized the execution of a Sponsor Agreement in the amount of \$145,000 to have the California Conservation Corps (CCC) perform construction planting, which was a requirement of the State grant funding agreement for this project. This project included re-landscaping of six existing median islands on El Camino Real. Landscaping of two median islands was eliminated in order to keep the cost of the project within the available budget which had been limited due to dissolution of the redevelopment agency.

DISCUSSION:

The contractor and the CCC have completed all work under this contract. Seven change orders were issued to the contractor including a reduction in the scope of construction from the contract and additions to the scope of work to accommodate unforeseen field conditions. All work has been completed and staff recommends that the City Council accept the project construction as complete, and approve the release of the contract retention in the amount of \$35,608. The contractor has provided the City with written guarantee and maintenance bonds to ensure project workmanship. The CCC, as a State entity, had no retention withheld.

After the City Council accepts the project, a Notice of Completion will be filed with the County Recorder. There is a minimum 30 day waiting period after recordation of the Notice of Completion for any third party claims before the City will release the contract retention amount. The contractor has also provided the City with guarantee and maintenance bonds, record drawings, manuals and warranties as well as a signed "Release of Any and All Claims Form."

The Capital Improvement Program (CIP) Project Completion and Release of Retention Form for this project (Attachment 2) provides the actual project timetable and a comparison of the original project budget with the actual project expenditures.

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FISCAL IMPACT:

The final construction contract cost for the El Camino Real Medians Phase II Upgrade Project for both J.J. Nguyen and the CCC is \$747,101, which is below the original construction budget. A summary of the construction contracts with J.J. Nguyen, Inc. and the CCC are as follows:

Contract bid item quantities were adjusted to actual quantities constructed in the field, in accordance with contract specifications. Issued Change Orders:

C.O. #1 – credit of \$174,000 for eliminating construction of 2 medians

C.O. #2 - remove concrete and rebar at 2 medians for \$20,250.

C.O. #3 – reset location of a Caltrans survey monument for \$3,737.

C.O. #4 - extra work for removal of concrete pavement, not identified during potholing of design phase for \$80,600.

C.O. #5 – extra work to assist the California Conservation Corp with their planting for \$13,188.

C.O. #6 - survey Caltrans survey monument for \$604.

C.O. #7 - repair irrigation and plantings outside of project area for \$2,818.

Total Change Orders = (\$52,803) credit

Original Construction Contract (J.J. Nguyen)	\$	808,170
Contract Quantity Adjustments	\$	(43,200)
Total Change Orders	\$	<u>(52,803)</u>
Subtotal Revised Contract Amount	\$	712,167
Original Construction Contract (CCC)	\$	145,000
Contract Quantity Adjustments	\$	<u>(110,066)</u>
Subtotal Revised Contract Amount	\$	34,934
Final Construction Contract Amount	\$	741,101
Construction Contract Budget (includes 15% contingency)	\$	1,096,400

RECOMMENDATION:

Adopt resolution accepting the El Camino Real Medians Phase II Upgrade Project as complete and authorizing release of the construction contract retention in the amount of \$35,608.

ALTERNATIVES:

1. Do not accept the contract as complete and do not release retention.

DISTRIBUTION:

None

ATTACHMENTS:

1. Resolution
2. Contract Acceptance and Release of Retention Information Form

DATE PREPARED:

September 13, 2013

REVIEWED BY:

_____ CM

RESOLUTION NO. 2013 - ____

RESOLUTION ACCEPTING THE EL CAMINO REAL MEDIANS PHASE II UPGRADE PROJECT AS COMPLETE AND AUTHORIZING RELEASE OF THE CONSTRUCTION CONTRACT RETENTION IN THE AMOUNT OF \$35,608

WHEREAS, the goal of the El Camino Real Medians Phase II Upgrade Project is to continue the rehabilitation of street medians on El Camino Real; and

WHEREAS, the completion of this project replaces landscaping, irrigation lines and hardscaping within six existing median islands along El Camino Real; and

WHEREAS, the City Council awarded the construction of the El Camino Real Medians Phase II Upgrade Project to J.J. Nguyen, Inc. on October 11, 2011, in an amount of \$808,170; and

WHEREAS, all construction work under this contract has been completed to the satisfaction of the City's project management team; and

WHEREAS, the construction contract retention in the amount of \$35,608 was withheld from the completed work.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby accepts the El Camino Real Medians Phase II Upgrade Project as complete and authorizes the release of the construction contract retention in the amount of \$35,608.

Dated: September 24, 2013

ATTEST:

Carol Bonner, City Clerk

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I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 24th day of September 2013 by the following vote:

AYES: Councilmembers: _____

NOES: Councilmembers: _____

ABSENT: Councilmembers: _____



PUBLIC SERVICES DEPARTMENT

Capital Improvement Program

Project Acceptance and Release of Retention Information Form

As of Date: August 22, 2013

Project Information:

Contract Name	El Camino Real Medians Phase II Upgrade Project	Contract Number	83904
Project Manager	Will Anderson		
Design Consultant	Callander Associates	Construction Contractors	J.J. Nguyen, Inc. and the California Conservation Corps (CCC)
Design Contract Award Date:	N/A		
Const. Contract Award Date:	October 11, 2011		
Start of Construction:	April 17, 2012		
<p>Change Orders:</p> <p>C.O. #1 issued on March 6, 2012 to eliminate construction of 2 medians. This change resulted a net credit of \$174,000.00.</p> <p>C.O. #2 issued on June 5, 2012 to remove concrete and unforeseen rebar at 2 medians. This change resulted a net increase of \$20,250.00.</p> <p>C.O. #3 issued on June 26, 2012 to tie out an unforeseen Caltrans survey monument. This change resulted a net increase of \$3,737.50.</p> <p>C.O. #4 issued on August 1, 2012 to remove unforeseen concrete pavement beyond contract thicknesses. This change resulted a net increase of \$80,600.00.</p> <p>C.O. #5 issued on August 16, 2012 to provide extra labor and equipment to assist the California Conservation Corp with their planting. This change resulted a net increase of \$13,188.31.</p> <p>C.O. #6 issued on October 24, 2012 to survey another Caltrans survey monument and check for displacement by construction operations. This change resulted a net increase of \$603.75.</p> <p>C.O. #7 issued on January 24, 2013 to repair irrigation and plantings damaged by a car accident. This change resulted a net increase of \$2,817.50.</p>			
Substantial Completion:	August 10, 2012		
Final Completion:	August 21, 2013		
Notice of Completion:	Scheduled for filing on September 25, 2013		

Project Description:

The contract work included the removal and replacement of landscaping, irrigation lines and hardscape within six existing median islands along El Camino Real including a plant establishment and plant maintenance period.

Project Cost:

	Budget	Actual
Design*		
Construction Contract (J.J. Nguyen)	\$ 808,170	\$ 808,170
Contingency (J.J. Nguyen)	\$ 121,230	\$ (96,003)
Subtotal Construction Contract (J.J. Nguyen)	\$ 929,400	\$ 712,167
Construction Contract (CCC)	\$ 145,000	\$ 145,000
Contingency (CCC)	\$ 22,000	\$ (110,066)
Subtotal Construction Contract (CCC)	\$ 167,000	\$ 34,934
Total Construction Contract	\$ 1,096,400	\$ 747,101
Total Construction	\$ 1,169,400	\$ 838,701
Retention to be Released (5% of Contract)		\$ 35,608.35

*Design was performed under the umbrella project and was not separated out for this phase.

August 1st, 2013

To the City of San Bruno Parks & Rec Commission,

I, Claudia Calonje, hereby resign my position as the Youth Representative for the Parks & Recreation Commission.

This opportunity has allowed me to learn about the infrastructure of my community and enhanced my abilities to voice my opinion as a leader. I am thankful for having served as the representative for the past two years and hope that the commission proceeds to work as efficiently and passionately as I have seen them.

My resignation is effective immediately.

Sincerely,

Claudia Calonje



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: September 24, 2013

TO: Honorable Mayor and Members of the City Council

FROM: Connie Jackson, City Manager

SUBJECT: Approve Response to the Grand Jury Report: "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito District Embezzlement"

BACKGROUND:

On July 18, 2013 the San Mateo County Grand Jury issued a report titled "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito District Embezzlement: Is it the Tip of the Iceberg?" The report makes a number of findings related to the District operations, oversight and the embezzlement incident that was uncovered in 2011. Among the recommendations are two specific items addressed to the attention of cities in San Mateo County. The City is required to provide specific response to each of these recommendations and to all of the findings made in the Grand Jury report. This response is due to the presiding judge responsible for the Grand Jury by October 16, 2013.

DISCUSSION:

As discussed in detail in the attached report, the Grand Jury report makes a number of specific findings and recommendations that are intended to address the operation of the San Mateo County Mosquito and Vector Control District and its accountability to this city, other cities in the County and to the County's residents. The embezzlement perpetrated by former District finance staff that was uncovered in 2011 resulted in a loss of as much as over \$700,000 to the District. This incident prompted the Grand Jury's comprehensive review and its report.

In order to assist the City in understanding and responding to the findings and recommendations contained in the Grand Jury report, staff met with Robert Riechel the City's appointee to the District Board of Directors and with Robert Gay, the District General Manager. These meetings and the information provided by both of these persons was very helpful to staff's understanding of the various issues presented in the report and the actions that the District has taken and is taking to address the deficiencies that may have contributed to the embezzlement occurring and not being detected early.

Among the most significant findings and conclusions of the Grand Jury report are that there should be additional evaluation of whether the District should be dissolved and its functions transferred to the County Environmental Health Department. As further discussed in the draft response from the City attached to this report, staff recommends that the City's response to the Grand Jury disagree

with this recommendation. This conclusion of the Grand Jury is based in large part on the Grand Jury's general finding that some cities do not have representation on the District Board and may not take seriously the need for good management and reporting by the District. Over the past several years that Mr. Riechel has represented the City on the District Board, he has provided regular reports to the City Council and he regularly provides information that staff uses to keep the public informed both through San Bruno Cable Television Channel 1 and through the City's FOCUS newsletter. As such, the concern about inadequate attention to the District and its operations may not be an issue that has immediate relevance for the City of San Bruno.

As it relates to the embezzlement that the District recently experienced, staff's discussions with Mr. Riechel and Mr. Gay offered clear demonstration of the work that the District has done, and is continuing to do to correct previous deficiencies in the District's management and financial reporting. Most notably, the District has completed a comprehensive review of its financial management policies and procedures through an outside expert financial management professional. Recommendations produced through this review have been implemented. Both Mr. Gay and Mr. Riechel demonstrate a strong understanding of the positions of trust and accountability that the District Manager and the Boardmembers occupy.

The Grand Jury report does not offer any detail about how a transfer of responsibilities from the District to the County would be accomplished or evaluated. The District is charged with an important responsibility for protection of public health from a variety of threats. As the City Council is aware from the reports provided by Mr. Riechel, among the important recent initiatives of the District is its combat and public information campaign against the threat of new disease including Yellow Fever being introduced to the region through mosquitos. Staff notes that the Grand Jury report does not make any observations about the effectiveness of the services that the District is currently providing or the possibility that the existing service level could be eroded by transfer to a County Department that already has a large work load of critical issues and responsibilities.

The draft cover letter and detailed response to the Grand Jury report and recommendations is attached to this report. The City Council is required to review the report at a regular City Council meeting and to respond to the Grand Jury by October 16, 2013.

FISCAL IMPACT:

There is no direct fiscal impact to the City related to this report and the proposed action to approve response to the Grand Jury report.

ALTERNATIVES:

1. Take no action. This approach would not meet the requirement for the City to respond to Grand Jury report findings and recommendations.
2. Direct that changes be made to the content of the draft letter and/or draft response to the Grand Jury report findings and recommendations.

RECOMMENDATION:

Approve Response to the Grand Jury Report: "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito District Embezzlement

DISTRIBUTION:

1. Robert Riechel, District Board
2. Robert Gay, District Manager

ATTACHMENTS:

1. Grand Jury Report
2. Draft Response to the Grand Jury Report

DATE PREPARED:

September 21, 2013

**DRAFT**

September 25, 2013

Hon. Richard C. Livermore
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655

Dear Judge Livermore:

At the regular meeting of the San Bruno City Council on September 24, 2013 the City Council carefully reviewed the Grand Jury Report titled "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito District Embezzlement: Is it the Tip of the Iceberg?" This letter provides the response that the Grand Jury requires of the City of San Bruno

On behalf of the entire San Bruno City Council, I would like to take this opportunity to commend and express appreciation to the Grand Jury for its thorough and thoughtful review of the issues that have arisen in our County related to the embezzlement incident at the San Mateo County Mosquito and Vector Control District. The Grand Jury report raises a number of important considerations and it makes a number of findings and recommendations that are intended to identify necessary improvements to Special District representation, management and oversight. Our specific response to each of the report's findings and recommendations is contained in the attachment to this letter.

The City of San Bruno agrees with many of the findings and recommendations, in particular the conclusion that cities should give priority to having representation on the Board and the conclusion that representation is an important component to the oversight of District operations. The City of San Bruno receives regular reports on operations and activities of the Mosquito and Vector Control District through its appointed representative to the District Board, Mr. Robert Riechel. The City Council welcomes these reports and provides time for Mr. Riechel to speak regularly at our City Council meetings. In addition, Mr. Riechel frequently provides information for dissemination to the public about various issues related to mosquito and vector control. The City routinely makes this information available to the public in a variety of ways including through our community information channel on the San Bruno Cable Television system, posting in our public buildings and with articles prepared for

publication in our City-wide FOCUS newsletter that is distributed to all residents and businesses in our city.

The City Council is pleased with the diligence that our representative provides in fulfilling his assignment as our community's representative to the Mosquito and Vector Control District Board and we believe that the San Bruno community is being well served both by the District and by our representative. At the same time, as outlined in our specific response to the attached findings and recommendations contained in the Grand Jury report, the City of San Bruno City Council is deeply concerned about the embezzlement incident and the breach of trust that this situation has created for taxpayers and elected officials in our county.

In addition to completing careful review of the Grand Jury report, our staff has met with our representative Mr. Riechel and with Mr. Robert Gay, District Manager to discuss the issues and the report. Our conclusion following this review is that the District leadership not only understands the significance of the issues but has taken the necessary corrective steps to restore the faith and confidence that we and our residents must have in the proper operation and management of this critical agency. For this reason the San Bruno City Council does not agree with the Grand Jury recommendation that the San Mateo County Local Agency Formation Commission (LAFCo) should reconsider dissolution of the District and transfer of its functions to the San Mateo County Health Department.

In closing, the City of San Bruno again commends the Grand Jury for its focus on the importance of the issues contained in this report on the Mosquito and Vector Control District. The City remains committed to the necessary representation and actions to assure that our residents are well served by the District. Thank you again for the opportunity to comment on this report.

Sincerely,

Jim Ruane
Mayor

Attachment

cc: City Council
Connie Jackson, City Manager
Robert Riechel, San Mateo County Mosquito and Vector Control District Board
Robert Gay, San Mateo County Mosquito and Vector Control District Manager

DRAFT

CITY OF SAN BRUNO RESPONSE TO SAN MATEO COUNTY GRAND JURY REPORT

“San Mateo County Special Districts: Who is Really in Charge of the Taxpayer’s Money? The Mosquito District Embezzlement: Is it the Tip of the Iceberg?”

FINDINGS:

F1. The Board and the Manager share in responsibility for the lack of oversight that was instrumental in allowing the embezzlement to occur.

The City of San Bruno agrees with this finding. After reviewing the issues surrounding the embezzlement incident with both the City’s representative to the Board and the District Manager, it is the City’s opinion that these individuals understand and share this conclusion and that they have taken seriously the implications of this finding. Importantly, it is San Bruno’s further opinion that the Manager and the Board have already taken significant action and are continuing to take the necessary actions for improvement and correction.

F2. The Manager and the Board’s finance committee did not recognize red flags in the financial reports that could have revealed the embezzlement far sooner.

The City of San Bruno agrees in part with this finding. Clearly, as outlined in the Grand Jury report, the fraudulent activities of the former District finance staff continued unnoticed by the Manager and the Board for some time resulting in a very large loss of funds to the District. What is less certain to the City of San Bruno following its review with its appointed Boardmember is whether the reports received by the Board were adequately understandable and clear such that a responsible Board member could have reasonably been expected to notice deficiencies and “red flags”. It is the City’s understanding that necessary corrections in the format and content of financial reports to the Board have been made.

F3. The insurance company’s denial of the District’s embezzlement loss claim reinforces the conclusion that there were inadequate management practices, insufficient accountability and inadequate oversight of the District.

The City of San Bruno agrees in part with this finding. Following review with its Boardmember and the District Manager, the City of San Bruno understands that there remains a dispute between the District and its insurance company regarding the payment of this claim related to the specific terms and conditions of the insurance coverage. As indicated above and elsewhere in this response, the City of San Bruno agrees with the conclusion that inadequate management practices and oversight

contributed to the embezzlement not being detected early and prevented. The insurance company's initial determination about payment of the District's claim appears to involve several other issues and may not be specifically indicative of the conclusion made in this finding.

F4. The District's Manager did not follow policies and procedures in the hiring of one of the employees subsequently charged with embezzlement.

The City of San Bruno agrees in part with this finding. In hindsight it is clear that the hiring practices, policies and procedures in place at the time in the District were wholly insufficient to prevent the hiring of District finance staff who subsequently perpetrated the embezzlement. Best hiring practice would have suggested that the District Manager complete a more robust pre-employment background review of finance staff for the District. However the City of San Bruno understands that the necessary policy was not in place at the District at the time of this hiring and that therefore it is not entirely accurate that the Manager either disregarded or violated District policy or procedure in this hiring decision.

F5. The District did not have adequate internal financial controls in place to prevent the embezzlement or lead to its early discovery.

The City of San Bruno agrees with this finding. As discussed in the Grand Jury report, the embezzlement identified the need for significant improvements to the District's internal controls and financial procedures. The City understands that the District has completed a comprehensive independent review of its internal controls and procedures by an outside expert and that the recommendations from this review have been implemented.

F6. Trustees and senior District staff should receive monthly financial reports.

The City of San Bruno agrees with this finding. It is the City's understanding that monthly reports are being provided to the Board. More importantly, the City understands that these reports have been improved over the previous format so that they are readily understandable to members of the Board and that they convey the important financial information that the Board needs to carry out its fiduciary responsibilities.

F7. The Board in general and its finance committee in particular did an inadequate job of overseeing the District's operations.

The City of San Bruno agrees in part with this finding. As identified in the Grand Jury report, the District, like many, if not most similar public agencies, employs a Manager to oversee its daily operations. While the Board has significant responsibility to assure appropriate operations of the District, they do so through the Manager who has the direct, daily responsibility for management oversight of the District. The embezzlement incident highlights the need for significant improvement in the District oversight on the part of the Manager and, for their part, by the District Board. The City of San Bruno is

confident that the necessary improvements are being made and that those responsible for assuring the capable, proper operation and management of the District understand their respective responsibilities.

F8. The Board's evaluation of the Manager revealed significant differences in the levels of confidence in the Manager's ability to manage the District.

The City of San Bruno agrees with this finding. This conclusion is based on the information gathered by the Grand Jury and discussed in the report that suggests there are a variety of opinions among the 21 members of the Board both about the Manager's performance of his responsibilities in oversight of District operations and about the level of responsibility Boardmembers themselves have related to operations of the District. That there are a variety of opinions and levels of confidence being expressed by this large number of Boardmembers is hardly surprising and should likely be expected if only because of the large number of persons on the Board and their individual observations and positions.

F9. The District could benefit from a redesigned Manager evaluation process.

The City of San Bruno agrees with this finding. The embezzlement situation raises a number of concerns about the need for improvement in District operation and oversight. The City believes that a clear definition and understanding of the role and responsibility of the Manager and of the Board is part of the improvement needed. As part of this process to clarify and define roles, the evaluation process can, and it should be redesigned to support the Board's clarified expectations for the Manager's role.

F10. Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feel they have more oversight responsibility.

The City of San Bruno agrees with this finding. This conclusion is based on the information gathered by the Grand Jury and discussed in the report. The City has discussed the content of the report with its appointed representative but is not directly aware of the opinions or understanding of other Boardmembers.

F11. Even though LAFCo Commissioners rejected the recommendation to dissolve the District and transfer its functions to the CEHD, this issue needs further evaluation.

The City of San Bruno disagrees with this finding. As the Grand Jury has clearly outlined and discussed in its report, the embezzlement incident highlights the need for significant change and improvement in the District's operations and management. These improvements and changes have been completed or are in the process of being completed and implemented by the District. What is not so clearly identified in the Grand Jury report is specifically how the transfer of responsibility to CEHD would improve accountability and performance of the District's critical functions. The City of San Bruno receives good quality, timely information from its representative to the Board and is quite satisfied with the actual service that the District performs in safeguarding the health and safety of residents of San Mateo County. The City of San Bruno strongly

questions whether the same or similar level of service could be expected of the County Department that is already charged with many other responsibilities and interests. The City of San Bruno further questions whether the priority focus and attention that our appointed Boardmember now devotes to providing information to the public in our community would be or could be replicated by the County Department with expanded responsibilities.

F12. Cost savings could possibly be achieved with a transfer of the District's functions to the CEHD.

The City of San Bruno disagrees with this finding. The City finds no specific discussion or evidence in the Grand Jury report to support this finding and conclusion. The City of San Bruno continues to believe that the District has provided, and continues to provide good service to residents of the San Bruno community and the County as a whole related to the important functions of mosquito and vector control. The recent public information and aggressive action by the District to combat the threat of West Nile Virus and Yellow Fever are good examples of this service. This service has continuously been provided within the confines of the District financial resources.

In addition, the City believes that it continues to be well-served by its appointed representative who takes active responsibility to assure that the City Council and members of the San Bruno community are well informed about the activities and issues related to the District. Without specific information about how the funds now directed specifically to the performance of the District's functions, would be deployed following transfer of the responsibilities to the County Department, the City remains concerned about whether these now-dedicated funds might be co-mingled or otherwise used for non-mosquito and vector control responsibilities. The City additionally finds that the Grand Jury report does not provide definitive information to describe how accountability for these specific functions, separate from all of the other County Department activities and responsibilities would be reported and assured.

F13. LAFCo would benefit from additional resources to ensure Service Reviews, as mandated by state law, are performed in a timely fashion.

The City of San Bruno agrees with this finding. This agreement is based on the information gathered by the Grand Jury and presented in the report. The City does not otherwise have an independent conclusion on this matter. The City believes that the performance of the State-mandated Services Reviews is an important function of each LAFCo. If the completion of this function is hampered by inadequate funding, as indicated by the Grand Jury, the City believes that this situation should be corrected.

F14. Not all cities appoint a representative to the Board in a timely fashion or select a qualified individual as stipulated in the Health Code.

The City of San Bruno agrees with this finding. This agreement is based on the information gathered by the Grand Jury and presented in the report. The City does not otherwise have an independent conclusion on this matter. At the same time, the City of

San Bruno has experienced some difficulty in its recent efforts to identify qualified and interested persons in the San Bruno community to serve on a variety of appointed Boards, Committees and Commissions (not including the District Board position that has capably been filled by Mr. Riechel for a continuing period of some years). Therefore, the Grand Jury finding that some cities do not timely select a representative is not surprising. The City Council is grateful to Mr. Riechel, the City's appointed representative to the District Board for his diligent service to the City Council and the community in representing the City's interests and assuring the provision of timely and important information about District activities and issues.

RECOMMENDATIONS:

R10. Appoint a council member to the District Board if a representative cannot be found after vetting applicants.

The recommendation will be implemented by the City of San Bruno if, in the future, the City is not successful in locating an interested and qualified representative for appointment to the Board. The San Bruno City Council takes seriously its responsibility to assure that the City is capably represented on the Mosquito and Vector Control District Board. As noted previously in this response, the City of San Bruno believes it is fortunate to have the capable and reliable representation that is currently provided by Mr. Riechel. If Mr. Riechel were to decide that he is no longer interested in serving in this capacity and if the City Council were then unsuccessful in locating a similarly qualified and interested representative to replace him, the City Council agrees that it would be desirable and important to appoint a member of the City Council to this position.

R11. Require regular reporting about the District's operations by their representative at a scheduled council meeting.

This recommendation has been implemented by the City of San Bruno. As discussed previously in this response, the San Bruno City Council receives regular updates and reports from its appointed representative to the District Board. These reports are made both in writing and are provided orally at regular meetings of the City Council. As needed, the City's representative has been joined at the City Council meeting by the District Manager and/or other District staff to provide information and answer questions. In addition, the City's representative regularly provides information about the District's initiatives and activities that is disseminated through the City's cable television channel and through the City's published newsletter. The City Council believes that citizens of San Bruno have been well served with the information that is available to them and their access to their appointed representative and other officials of the District. The City Council views this dissemination of information and this direct relationship with the District to be critical to the health and safety of residents of San Bruno and of San Mateo County as a whole.

Superior Court of California, County of San Mateo
Hall of Justice and Records
400 County Center
Redwood City, CA 94063-1655

JOHN C. FITTON
COURT EXECUTIVE OFFICER
CLERK & JURY COMMISSIONER

(650) 599-1210
FAX (650) 363-4698
www.sanmateocourt.org

July 18, 2013

RECEIVED

JUL 19 2013

CITY MANAGERS OFFICE

City Council
City of San Bruno
567 El Camino Real
San Bruno, CA 94066

Re: Grand Jury Report: "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money?
The Mosquito District Embezzlement: Is it the Tip of the Iceberg?"

Dear Councilmembers:

The 2012-2013 Grand Jury filed a report on July 18, 2013 which contains findings and recommendations pertaining to your agency. Your agency must submit comments, within 90 days, to the Hon. Richard C. Livermore. Your agency's response is due no later than October 16, 2013. Please note that the response should indicate that it was approved by your governing body at a public meeting.

For all findings, your responding agency shall indicate one of the following:

1. The respondent agrees with the finding.
2. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.

Additionally, as to each Grand Jury recommendation, your responding agency shall report one of the following actions:

1. The recommendation has been implemented, with a summary regarding the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
3. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.
4. The recommendation will not be implemented because it is not warranted or reasonable, with an explanation therefore.

Please submit your responses in all of the following ways:

1. Responses to be placed on file with the Clerk of the Court by the Court Executive Office.
 - Prepare original on your agency's letterhead, indicate the date of the public meeting that your governing body approved the response address and mail to Judge Livermore.

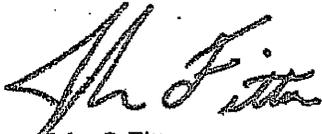
Hon. Richard C. Livermore
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655.

2. Responses to be placed at the Grand Jury website.
 - Copy response and send by e-mail to: grandjury@sanmateocourt.org. (Insert agency name if it is not indicated at the top of your response.)
3. Responses to be placed with the clerk of your agency.
 - File a copy of the response directly with the clerk of your agency. Do not send this copy to the Court.

For up to 45 days after the end of the term, the foreperson and the foreperson's designees are available to clarify the recommendations of the report. To reach the foreperson, please call the Grand Jury Clerk at (650) 599-1210.

If you have any questions regarding these procedures, please do not hesitate to contact Paul Okada, Chief Deputy County Counsel, at (650) 363-4761.

Very truly yours,



John C. Fitton
Court Executive Officer

JCF:ck
Enclosure

cc: Hon. Richard C. Livermore
Paul Okada

Information Copy: City Manager



**SAN MATEO COUNTY SPECIAL DISTRICTS:
WHO IS REALLY IN CHARGE OF THE TAXPAYER'S MONEY?
The Mosquito District Embezzlement: Is it the Tip of the Iceberg?**

SUMMARY

San Mateo County (County) has 22 independent special districts. Common in counties throughout California, independent special districts are local governmental entities that are legally separate from counties and cities.¹ They deliver special public services such as mosquito abatement, water management, and health care, to name a few. Special districts receive a significant amount of their operating funds from their portion of countywide property taxes and/or special assessments. They wield considerable influence with little oversight other than their own board of directors. In many cases, these boards are responsible for multi-million dollar budgets.

The recent embezzlement case in the Mosquito and Vector Control Abatement District (District) involving hundreds of thousands of dollars prompted the 2012-2013 San Mateo County Civil Grand Jury (Grand Jury) to investigate what led to the embezzlement. Two employees, who oversaw financial matters for the District pleaded no contest to embezzlement charges and will be sentenced in the latter part of 2013.

The Grand Jury finds that the Board of Trustees (collectively, Board, and individually, Trustee) and the District's District Manager (Manager) share in responsibility for the lack of oversight that was instrumental in allowing the embezzlement to occur. The Grand Jury finds that the Manager and the Board's finance committee did not recognize red flags in financial reports that should have revealed the embezzlement far sooner.

The Grand Jury also finds that the insurance company's denial of the District's embezzlement loss claim is further evidence that there were inadequate management practices, insufficient accountability, and oversight of the District.

The Grand Jury finds that the District's internal financial controls were inadequate and that important policies and procedures were not followed. The Grand Jury also finds that the Board did an inadequate job of overseeing operations and that there were significant differences of opinion regarding the Manager's ability to manage the District.

The Grand Jury finds that Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feeling they have more oversight responsibilities. The Grand Jury also finds that the issue of the dissolution of the District and transfer of its services to the County Environmental Health Department (CEHD) because of the District's poor management and the need for more operational efficiency and cost savings, merits further study even though the County's Local Agency Formation Commission (LAFCo) recently rejected the recommendation of its executive officer to do so. The Grand Jury further finds that

¹ For purposes of this report, the term "cities" includes "towns" and County government where the context so requires.

Cities do not give priority to having representation on the Board, which representation is an important component to the oversight of the District operations

The Grand Jury recommends that the Board require its Manager to follow the Policies and Procedures manual at all times and provide monthly financial reports to the Board.

The Grand Jury recommends that the Board emphasize the importance of its finance committee's role in ensuring that internal financial controls and policies are in place and are being followed. The Grand Jury recommends that the District hire a consultant to redesign the Manager's evaluation process to better assess job performance and to provide clarity and goal setting. The Grand Jury also recommends that the Board evaluate its policies and procedures on an annual basis and study a restructuring of the Board to better fulfill its oversight role.

The Grand Jury recommends that LAFCo continue to study the possible dissolution of the District and transfer of its services to the CEHD.

The Grand Jury recommends that cities give priority to having representation on the Board and, if unsuccessful in recruiting appointees, comply with Health & Safety Code section 2021 and appoint a council member in the interim. In addition, the Grand Jury recommends that cities require representatives to give their city councils regular updates on District's operations.

BACKGROUND

The District's budget is approximately \$6 million. It has an accumulated reserve of about \$5 million. Its funding comes from property taxes, parcel assessments, and a benefit assessment. It is governed by a Board composed of one member from each of the County's 20 cities plus County government. It employs a Manager to oversee its daily operations. Despite all of these "overseers," only one Trustee recognized a problem with an overage in operational expenses in 2011, thereby leading to the discovery of the embezzlement. After the discovery, only one city asked for a Grand Jury investigation.

The Grand Jury learned during interviews that the Manager did not follow normal employment vetting procedures when hiring the finance director accused of the embezzlement.

The LAFCo executive officer performed a Municipal Service Review and Sphere of Influence Review (Service Review) pursuant to Government Code Sections 56425 and 56430 following the alleged embezzlement. The report addressed public accountability and broadly examined district operations, fiscal health, opportunities for sharing resources, and governance alternatives. The study was not a financial audit and only identified measures the District has taken or could take to prevent such embezzlement events.²

Subsequent to the Service Review, the LAFCo executive officer recommended that the District be dissolved and incorporated into the CEHD, which might result in a cost savings. However, the LAFCo commissioners rejected the recommendation and deferred any further decision on the subject to a later review after the Manager completed a Performance Improvement Plan as

² June 12, 2012, LAFCo Municipal Service Review.

required by the District Board. However, LAFCo has taken no further action on the District matter.

It is important for County taxpayers to understand special district governance structure and the responsibility of special district boards with regard to such issues as embezzlement.

Concerns about special district management practices, accountability, and oversight were the impetus for a Grand Jury investigation.

METHODOLOGY

Documents

The Grand Jury reviewed the following documents:

- The LAFCO Service Review of the District, dated June 12, 2012
- The District's certified financial audits for fiscal years ending June 30, 2009, 2010, and 2011
- Letter of concern from a member city
- Documents from three former senior District employees including timelines of management judgments, financial invoices, and grievance letters to Trustees
- Personnel files of certain District employees
- Forensic audit performed in 2011 by C.G. Ulenberg, the District's regular auditor
- Correspondence regarding the Hartford Insurance claim
- Report issued by Dr. Peter Hughes, CPA, a consultant retained by the District to review its accounting policies.

Survey

- The Grand Jury sent a survey to all County independent special districts

Site Tours

- The Grand Jury toured the District's headquarters and laboratory located at 1351 Rollins Road, Burlingame.

Interviews

- The Grand Jury interviewed 13 individuals. Interviewees included representatives from the District and its Board; representatives from LAFCo and its Commission; former key

District employees; auditors; and County Counsel attorneys who have represented the District.

Subpoenas

- The Grand Jury's presiding judge issued five subpoenas in order to obtain information. (Relatedly, it is noted that the Board declined to waive its attorney client privilege with the County Counsel when the Grand Jury requested it to do so.)

DISCUSSION

District Embezzlement

The noticing by one Trustee in early 2011 of discrepancies between budgeted and actual expenditures led to the discovery of the embezzlement. This Trustee brought the information to the attention of the Manager and the other Trustees. In addition, annual certified audits by the District's outside accounting firm for fiscal years 2009 and 2010 identified significant deficiencies that went unresolved during the period of time in which the embezzlement took place. Examples of such deficiencies included the failure properly to record accounting transactions and petty cash management.

The District embezzlement was unique according to one qualified interviewee, because it involved the entire finance department, consisting of two employees. These two employees are no longer with the District, and the County District Attorney has charged them with embezzlement. The employees have pleaded no contest and are awaiting sentencing.

Prosecutors alleged that District funds were embezzled between 2009 and 2011 when the finance director and her assistant placed themselves at a higher pay rate, fraudulently took time off, contributed excessively to their deferred compensation funds, used credit cards for personal purchases, and electronically transferred money into personal accounts. The forensic audit (described below) showed more than \$635,000 missing but prosecutors charged them with embezzling only \$400,000 because they could not prove an actual loss of the greater amount³ The District's forensic auditor calculated the total loss resulting from the embezzlement to be \$796,781. (Appendix A.) This is the amount the District reported to its insurance company.

The annual certified audits of the District for fiscal years 2009 and 2010 suggested that there was a lack of sound management and fiscal responsibility. A subsequent forensic audit of the District listed "ten distinct loss activities that were executed against the District by 2 former employees...."⁴ These loss activities included incorrect pay calculations to employees, unauthorized and personal use of credit cards, and fraudulent reporting of time off for Family Medical Leave Act (FMLA). While taking FMLA, one employee served jail time for a previous embezzlement.

³ *End in sight for mosquito district case: Former finance chief expected to plead guilty on 10 charges related to embezzlement of public money*, March 22, 2013, Heather Murtagh - Daily Journal Staff.

⁴ See Appendix B.

After the allegations of embezzlement, some of the Trustees determined the Manager's skills were inadequate for the position.⁵ The Board hired an outside consultant to perform a review of the internal financial controls. Notwithstanding this state of affairs, the Trustees voted to extend the Manager's contract and paid the outside consultant to prepare a Performance Improvement Plan for the Manager to complete in an effort to avoid any further incidents.

The District's insurance company has declined to pay on its loss claim given the circumstances surrounding the embezzlement. The insurance company's outside legal counsel stated that the District "misrepresented" its computer controls and should have had systems in place to detect unusual activity. The District disputes this.⁶ The District has retained additional counsel to negotiate this matter.

The District indicated in its insurance application that no employee could control a process from the beginning to the end, e.g., request a check, approve a voucher, and sign the check. The District's internal controls required the Manager and a Board officer to approve requests for payment and to sign on checks.⁷ However, the finance department used signature stamps that seemed to by-pass this control. Attorneys for the District argue that "the insurance company was already aware of the lack of controls designed to prevent an embezzlement of this nature".⁸ It should be noted that insurance for these special districts frequently does not cover the costs for attorneys, audits, or other costs associated with embezzlement.

Embezzlement may be more prevalent in districts than has been revealed to date. For example, in addition to the District, employee fraud cases in the following County special or school districts have come to light in the last two years alone. Although three of the cases do not relate to special districts, the underlying problems, inadequate controls and oversight, are the same:

- Woodside Elementary School District
- Portola Valley School District
- Mid-Peninsula Water District (It should be noted that LAFCO's executive officer has also recommended that this district be dissolved.)
- San Mateo County Community College District

The District embezzlement case may be the *tip of the iceberg*. As one interviewee stated, with so many special districts in this county and counties throughout the Bay area and state, "embezzlements are not unusual," which is no comfort to the taxpayers. However, with sound internal financial controls and good management practices, the risk of embezzlement can be minimized.

⁵ Board Evaluations of the District Manager.

⁶ Letter dated April 11, 2012, from Meredith, Weinstein & Numbers, LLP pg 3 (See Appendix C).

⁷ *Ibid.*

⁸ *Ibid.*

District Operations

After extensive investigation, the Grand Jury learned of oversight shortcomings and management issues that include the following:

- Standard business practices, such as performing detailed background checks, were not followed in the hiring of the finance director accused of embezzling. As a result, the District hired an individual who was already under indictment in another embezzlement case.
- The Manager and the Board's finance committee did not recognize red flags in financial reports that could have revealed the embezzlement far sooner. Examples include the budget overage (ultimately noticed by a Trustee), lack of complete monthly financial packages as provided by the previous finance director, and discrepancies revealed in two years' annual audits. Board complaints to the Manager concerning financial reports were answered with the excuse that a new accounting system had been installed and that there were issues with the County Controllers staff.
- The Trustees' written evaluations of the Manager's performance revealed significant differences of opinion. Some Trustees gave the Manager high ratings while others expressed little confidence in the Manager's ability to manage the District. Others indicated they did not trust the Manager and felt the Manager was excessively controlling information provided to the Board.
- Internal financial controls in place at the time of the embezzlement were inadequately implemented. For example, controls required that both the Manager and a Board officer to sign checks issued by the finance department for payments. However, the finance department used signature stamps that seemed to by-pass this control.
- The Manager hired unlicensed and uninsured contractors to work on District facilities, a violation of District policies.
- Surplus vehicles were sold to employees and friends, a practice that the Grand Jury was informed has been discontinued.
- The issuance of Visa cards to employees for the purchase of materials led to abuse. The Visa cards had high limits and there was little oversight of their use. The finance director used a Visa card to pay her attorneys for a previous embezzlement case. Neither the Manager nor the Board's finance committee caught improper charges of up to \$15,000 placed on the card.
- There was an amendment to the District Policies and Procedures manual in 2007 that stated, "dismissal of the current District manager would require 90% of the Trustees' approval." The Grand Jury requested and received an updated version of the manual. The entire section 2160 titled "Separation from District Employment" is no longer in the current manual. It has been replaced by a new section 2160 titled "Salary and Benefit Survey." No further information was provided as to the reasons for this change.

The embezzlement incident was costly, with additional losses still being discovered. The loss submitted to the insurance company was over \$790,000 but does not include related costs such as attorney fees, consultants, and financial training.⁹ Some of the loss may be covered by insurance, but as of May 1, 2013, the insurance company has denied the claim citing misrepresentation of facts in the District's insurance application and the failure of the District to perform appropriate background checks.

Following the embezzlement and subsequent evaluation of the Manager, the Board chose to implement a Performance Improvement Plan in order to improve the Manager's financial management skills. The Board also extended the Manger's employment contract and increased the Manager's compensation.

Also after the embezzlement, a new consultant prepared eight recommendations to improve the district's internal financial controls. (See Appendix D, an excerpt of the consultant's report). The Grand Jury has been advised that these recommendations have been implemented. As a result, the financial system was rebuilt. An interviewee familiar with the consultant's review opined that the Manager had program skills but lacked the fiscal skills necessary for overseeing financial operations.

District Board

A 21-member Board governs the District. The voters elect other San Mateo County special district governing bodies, which differentiates them from the Board, whose members are selected by city councils. The District began covering the entire County in 2005. In this circumstance, the Health & Safety Code provides that cities may appoint a Trustee to the Board. The Trustees' direct responsibility is to the city councils that appointed them, not directly to the voters. The Health & Safety Code also states that the legislative intent is that members have experience, training, and education in fields that will assist in governing the district.¹⁰

One question raised during the investigation was whether a Board of 21 members could be effective. The Board president appoints members to the following standing committees: Finance, Policy, Strategic Planning, Environmental, and Manager Evaluation. One interviewee stated, "Authority may be dissipated when responsibility gets diffused over a large group." With a large board it can be difficult to have accountability for decisions made. A few Trustees expressed interest in studying another governance model that would reduce the size of the Board. Through document review and interviews, the Grand Jury learned that there are varying opinions regarding what Trustees believe to be their roles and responsibilities. Some Trustees feel their only role is to make policy, while others feel they have more oversight responsibility.

When a number of employees tried to approach Trustees to express concerns about the Manager, they were turned away for not following the chain of command. Relatedly, there was confusion about communications between staff and Trustees. In light of these communication issues, the Peninsula Vector Workers Association requested that the Trustees review and revise the District policies governing communication between staff and Trustees.

⁹ See Appendix A.

¹⁰ State Health Code section 2021.

The Grand Jury learned that Trustees requested financial information from the Manager during the embezzlement period but the request was not honored. The Trustees did not heed warnings from senior District employees about financial irregularities. The Trustees put total trust in the Manager to fulfill the mission of the District and seemed oblivious to the business operations and its problems.¹¹ Statements by Trustees in earlier reviews of the Manager showed confusion among the Trustees regarding the Manager's general performance capabilities. One Trustee told the Grand Jury that the evaluation process was inadequate and should be reviewed by a qualified human resources consultant.

LAFCo

Local agency formation commissions were established by the State of California in 1963 to oversee the formation, expansion, dissolution, and reorganization of all special districts. LAFCo is an independent seven-member commission with jurisdiction over the boundaries of the County's 20 cities, 22 independent special districts, and many of the 35 County-governed special districts. LAFCo is composed of two members of the County Board of Supervisors, two members of city councils, two board members of independent special districts, a public member, and four alternate members (County, city, special district, and public).

Local agency formation commissions oversee districts but have limited powers. The Cortese-Knox-Hertzberg Act of 2000 requires that they conduct Service Reviews every five years.¹² LAFCo's executive officer, with the help of a part-time administrative assistant, conducts the Service Reviews. LAFCo's current staffing level makes it difficult to conduct Service Reviews in a timely manner as required by law. The 2002-2003 Grand Jury recommended that the Board of Supervisors provide additional resources to LAFCo, but the recommendation has not been implemented.

Service Reviews provide the public with information about the special district including "[a]ccountability for community service needs, including governmental structure and operational efficiencies."¹³ They can also recommend whether a special district should be merged with another district or dissolved and services transferred to another agency. If LAFCo recommends that a district be dissolved or merged with another district, generally speaking, the approval of 75% of the voters in the special district is required. LAFCo's authority is thus limited. Recommendations made by LAFCo are usually the result of a Service Review.

Subsequent to the Service Review of the District, the LAFCo executive officer recommended that the District be dissolved and incorporated into the CEHD, which might result in a cost savings, from the sharing financial services, laboratories, and other facilities. It should also be noted that LAFCo's executive officer recommended dissolution of both special districts where embezzlements occurred, but the LAFCo Commissioners did not approve these recommendations.

¹¹ Grand Jury interview and evaluation document.

¹² LAFCo website.

¹³ Government Code Section 56430.

Cities' Responsibilities to the District

The District encompasses the entire County. Health & Safety Code Section 2021 states that the Board of Supervisors may appoint one person to the Board and the city councils of each city located in whole or in part within the District may appoint one person to the Board. Health & Safety Code Sections 2022(c) and (d), states:

- Applicants should be qualified in fields that will assist in governance of the district.
- Cities may appoint a councilmember to the Board if they are unable to find a qualified candidate.

The Board of Supervisors and city councils often suffer from a lack of applicants from which to select a representative. At the time of this report, the Town of Colma had no representation on the Board. This might be due in part to unsuccessful recruitment efforts. Although applicants may be conscientious and well meaning, they may not have the necessary skills or experience to sit on the Board. While all cities should have representation on the Board, it appears that providing representation is not a city priority.

During interviews, the Grand Jury learned that most cities do not mention the District on their websites, nor do they require their representatives to give regular updates to the city councils about the District's operations.

Survey of Independent Special Districts

The Grand Jury distributed a survey to all independent special districts to better understand the compensation for their board members and the amount of public funds for which they are responsible. The survey yielded the following information:

- Most districts have a 5 member elected board; a few have a 3 member elected board, while the District has a 21-member non-elected board.
- More than half of the board members are compensated from \$100 per month to \$600 per month. The District Board is paid \$100 per month
- More than half of the boards compensate members for workshop or conference events and some have medical and life insurance benefits. A few boards are not compensated at all. The District Board is also compensated for workshops or conferences events.
- The reserves of districts range from \$775,000 to \$47 million dollars. The District's reserves are \$5 million.

It should be noted that not all districts responded to the survey request.¹⁴

¹⁴ San Mateo County Grand Jury Special Districts Survey 2013.

FINDINGS

- F1. The Board and the Manager share in responsibility for the lack of oversight that was instrumental in allowing the embezzlement to occur.
- F2. The Manager and the Board's finance committee did not recognize red flags in the financial reports that could have revealed the embezzlement far sooner.
- F3. The insurance company's denial of the District's embezzlement loss claim reinforces the conclusion that there were inadequate management practices, insufficient accountability, and inadequate oversight of the District.
- F4. The District's Manager did not follow policies and procedures in the hiring of one of the employees subsequently charged with embezzlement.
- F5. The District did not have adequate internal financial controls in place to prevent the embezzlement or lead to its early discovery.
- F6. Trustees and senior District staff should receive monthly financial reports.
- F7. The Board in general and its finance committee in particular did an inadequate job of overseeing the District's operations.
- F8. The Board's evaluation of the Manager revealed significant differences in the levels of confidence in the Manager's ability to manage the District.
- F9. The District would benefit from a redesigned Manager evaluation process.
- F10. Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feel they have more oversight responsibility.
- F11. Even though LAFCo Commissioners rejected the recommendation to dissolve the District and transfer its functions to the CEHD, this issue needs further evaluation.
- F12. Cost savings could possibly be achieved with a transfer of the District's functions to the CEHD.
- F13. LAFCo would benefit from additional resources to ensure Service Reviews, as mandated by state law, are performed in a timely fashion.
- F14. Not all cities appoint a representative to the Board in a timely fashion or select a qualified individual as stipulated in the Health Code.

RECOMMENDATIONS

The Grand Jury recommends that the *Board* do the following:

- R1. Instruct the Manager to follow the Policies and Procedures manual at all times.
- R2. Instruct the Manager to provide complete financial reports to the Board on a monthly basis.
- R3. Improve its oversight of the District through an improved governance structure and hold the Manager accountable for its operations.

- R4. Evaluate its Policies and Procedures manual on an annual basis and make the manual available to employees and the public.
- R5. Emphasize the importance of the finance committee's role in ensuring that internal controls and policies are in place and are being followed.
- R6. Hire a human resources consultant to redesign the Manager's evaluation process in order to better assess the Manager's job performance.
- R7. Clarify Trustees' roles and reinforce and discuss expectations of the position at an annual meeting.

The Grand Jury recommends that the *County Board of Supervisors* do the following:

- R8. Provide increased resources to LAFCo so it can meet state mandates with regard to Service Reviews.

The Grand Jury recommends that *LAFCo* do the following:

- R9. Further study the dissolution of the District and evaluate the cost savings that might result from transferring the function to the County Environmental Health Department.

The Grand Jury recommends that the *City/Town Councils* do the following:

- R10. Appoint a council member to the District Board if a representative cannot be found after vetting applicants.
- R11. Require regular reporting about the District's operations by their representative at a scheduled council meeting.

REQUEST FOR RESPONSES

Pursuant to Penal code section 933.05, the Grand Jury requests the following to respond to the foregoing Findings and Recommendations referring in each instance to the number thereof:

- District Board of Trustees
- County Board of Supervisors
- LAFCo
- City/Town Councils

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

DISCLAIMER

This report is issued by the Grand Jury with the exception of one member who sits on the District Board. This individual was excluded from all parts of the Grand Jury's investigation and the making and acceptance of this report. This report is based on information from outside sources with none of the information being obtained from the excluded Grand Juror.

APPENDIX A



C. G. UHLENBERG LLP
 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

November 17, 2011

Robert Gay
 District Manager
 San Mateo County Mosquito and Vector Control District
 1251 Rollins Road
 Burlingame, CA 94015

As described in our letter dated October 26, 2011, we were engaged by the San Mateo County Mosquito and Vector Control District (the "District") to perform a forensic accounting investigation. The nature of our procedures were limited, therefore, additional fraud not identified may exist. In that letter and in the report accompanying that letter, *Results of Forensic Investigation by C.G. Uhlenberg LLP*, we identified ten loss activities that were executed against the District by 2 former employees. The loss activities identified and the amount of loss calculated by our firm are as follows:

Description of Loss	Amount
1. Unauthorized Pay to Wills and Jo Ann	\$ 55,451.87
2. Incorrect pay calculation to employees	\$ 20,895.37
3. Fraudulent Deferred Compensation	\$ 15,480.00
4. Unauthorized and personal use of credit cards	\$ 334,432.00
5. Unauthorized and personal use of electronic fund transfers	\$ 183,364.62
6. 2 trucks removed from property	\$ 4,500.00
7. Unsupported checks cashed	\$ 1,149.93
8. Unsupported checks written to 3rd parties	\$ 8,891.14
9. Rebuild of the 2010/2011 Books	\$ 153,067.00
10. Fraudulent reporting of time off for FMLA	\$ 3,750.00
Total Loss Identified	\$ 796,781.28

This summary should be read in conjunction with our letter dated October 26, 2011 and the report accompanying that letter, *Results of Forensic Investigation by C.G. Uhlenberg LLP*.

Sincerely,


 Jeffrey J. Ira, CPA

Attachment: Letter to District from C.G. Uhlenberg dated October 26, 2011

APPENDIX B



C. G. UHLENBERG LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

October 26, 2011

Robert Gay
District Manager
San Mateo County Mosquito and Vector Control District
1351 Rollins Road
Burlingame, CA 94010

We were engaged by the San Mateo County Mosquito and Vector Control District (the "District") to perform a forensic accounting investigation. The nature of our procedures are limited, therefore, additional fraud not identified in this report may exist. As a result of our investigation we identified ten distinct loss activities that were executed against the District by 2 former employees Jo Ann Doumen ("Jo Ann"), former Finance Director and Vika Sinigata ("Vika"), Accounting Supervisor. A "loss activity" is defined as a deliberate action by Jo Ann and/or Vika that resulted in monetary loss to the District.

This report describes each of loss activities identified by our firm during its investigation. They are listed as follows:

1. Unauthorized and excessive pay to Vika and Jo Ann - extra payments and incorrect pay rate
2. Incorrect pay calculation to employees
3. Fraudulent Deferred Compensation contributions - Vika and Jo Ann
4. Unauthorized and personal use of credit cards - Vika and Jo Ann
5. Unauthorized and personal use of electronic fund transfers (ACH) - Vika and Jo Ann
6. 2 Trucks removed from property (2011) - Jo Ann
7. Unsupported checks cashed - Jo Ann
8. Unsupported checks written to Irv Parties for personal benefit
9. Rebuild of the 2010/2011 Books
10. Fraudulent reporting of time off for FMLA - Jo Ann

The dollar value and description of their actions that created these losses are described in attachment *Results of Forensic Accounting Investigation by C.G. Uhlenberg LLP*. We have prepared two copies of supporting documentation of the losses in two binders, which have already been provided to you. The descriptions of what is contained in these binders are included in the *Results of Forensic Accounting Investigation by C.G. Uhlenberg LLP*.

Per your request, we have provided some of the information contained in this report to the District Attorney's office. If you have any questions, please do not hesitate to contact me or Jennifer Denton.

Sincerely,

Attachments: *Results of Forensic Accounting Investigation by C.G. Uhlenberg LLP*

333 Twin Dolphin Drive, Suite 210 • Redwood City, CA 94065 • Phone (650) 392-8669 • Fax (650) 392-0866

APPENDIX C

Meredith, Weinstein & Numbers, LLP

Attorneys at Law
115 Ward Street
Larkspur, California 94937

Telephone (415) 927-8820

Facsimile (415) 927-8929

April 11, 2013

Via E-mail and USPS

Gary J. Valeriano
Anderson, McPharlin & Connors LLP
444 South Flower Street, 31st Floor
Los Angeles, CA 90071-2901
Email: gfv@amclaw.com

Re: San Mateo County Mosquito and Vector Control District Employee Theft
Hartford Claim No.: 11392834
Your File No.: 0022-638

Dear Mr. Valeriano:

This will respond preliminarily to your letter dated March 5, 2013, in which you advise that Hartford has denied coverage in this matter. The District is both surprised and offended that after dragging this matter on for nearly two years, Hartford has chosen to avoid its responsibilities by denying coverage for the very misconduct that Hartford agreed to insure under policies for which Hartford received at least 5 years of premium! Hartford's "investigation" of this claim, including repeated requests for the same information it had already received, plainly demonstrates that Hartford has spent considerable resources looking for ways to avoid honoring its obligations, rather than assisting its insured in responding to this catastrophic loss. I will not review the chronology of events in this letter, but the correspondence over the past two years speaks for itself.

The District timely reported discovery of the scheme involving Seeney and Sinipata in June of 2011. There is no dispute that the loss is a covered loss under Section A.1.A of the Hartford policy. Seeney and Sinipata were "employees" who embezzled money from the District, causing a covered loss.

Hartford asserts that if the District had looked into Seeney's background prior to hiring her it would have discovered her criminal past. However, whether or not this is true, it is irrelevant. There was no requirement that the District check for past criminal activity. In fact, Section C of the application asks several questions about whether the District conducted pre-employment background checks, and the District answered "no" to each of them. Accordingly, the District's failure to conduct background checks does not support a denial of the claim, and Hartford's reference to background checks demonstrates Hartford's attempt to manufacture reasons for its denial.

Hartford also relies on Section F of the Policy, which is void in any case of fraud by you as it relates to this Policy at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning ... This Policy The terms "You or any other insured" clearly refer to the named insureds only; here, the District is the named insured. The term is not defined to include misrepresentations by employees or agents of the District, and there is no evidence that the District intentionally concealed or misrepresented a material fact concerning the Policy. Any ambiguities as to who must engage in the misrepresentations will be construed against Hartford. "[A]n insurer who wishes to condition its contractual liability upon the insured's conformance with certain conduct must do so in clear, unambiguous language." *Holt Rubber Co., Inc. v. Am. Star Ins. Co.*, 14 Cal. 3d 45, 59 (1975).

In addition, the policy also provides coverage for the failure of an employee to faithfully perform his or her duties as prescribed by law, which results in loss of money or other property. Endorsement 3. If Sinipata's failure to faithfully and accurately complete the application for insurance resulted in loss for which the District would otherwise be entitled to coverage under this policy, then this loss itself would be covered under the Policy.

The 2010 policy was renewed for the same premium as the previous years. Hartford received its full premiums to insure against this very risk. Hartford has earned its premium for continuous coverage, and it would be inequitable to allow Hartford to forfeit the coverage because of the very theft it agreed to cover, simply because the perpetrator happened to be the same person that was assigned the administrative task of filling out the renewal application. See *Root v. American Equity Specialty Ins. Co.*, 130 Cal.App.4th 926 (2005).

As far as the District was concerned, the answers on the application for 2010 were correct. The District concealed nothing. If anyone else had filled out the application instead of Seaney or Sinipata, the answers undoubtedly would have been the same and there would be no issue as to misrepresentation or concealment. Furthermore, the answers on the 2010 renewal application were virtually the same as on the prior application; nothing material in the District's procedures had changed.

Neither Seaney nor Sinipata was authorized to access the signature plates without prior approval. The fact that they improperly accessed the plates, unbeknownst to anyone else in the District, was part of how they perpetrated their embezzlement scheme. Moreover, in Section E.2 of the 2010 application the District states that facsimile plates are used for signatures, but does not respond to the question of who can use them or how they are safeguarded. Hartford did not even follow up on this question and, accordingly, the information clearly was not material to Hartford's underwriting.

Hartford argues that the District misrepresented the computer controls, and or should have had systems in place to detect unusual activity. However, on both the 2010

and the prior application, the District answered "no" to the question at Section E.5, "are internal control systems designed so that no employee can control a process from beginning to end (e.g. request a check, approve a voucher and sign the check)?" Hartford did not follow up on this, either. Hartford was aware of the District's lack of control systems designed to prevent the exact type of scheme that Seeney and Sinipata were able to perpetrate. Accordingly, Hartford cannot prove that the District misrepresented the safeguards in place, or that this was material to the decision to issue the policy.

Hartford argues that Seeney's and Sinipata's knowledge of their own wrongdoing should be imputed to the District, based on principles of agency, and therefore it should be absolved from any coverage responsibility. However, knowledge is not imputed where the agent is acting on his own behalf and adversely to the interests of the principal. "While in general the knowledge of an agent which he is under a duty to disclose is to be imputed to the principal, it is well established that where the agent acts in his own interest or where the interest of the agent is adverse to his principal, the knowledge of the agent will not be imputed to the principal." *People v. Park*, 87 Cal. App. 3d 560, 566 (Cal. Ct. App. 1975) (citations omitted); see also *River Colony Estates Gen. P'tship v. Bayview Fin. Trading Group, Inc.*, 267 F. Supp. 2d 1213, 1227 (S.D. Cal. 2003) ("Courts, furthermore, will not impute an agent's actions to his or her principal when the agent's action is adverse to the principal.").

Hartford relies on *In re Payroll Express Corp.*, 186 F.3d 196 (2nd Cir. 1999), for the proposition that the insured, rather than the insurer, should bear the risk in such a situation. *Payroll Express* relies on New Jersey law for this finding, and is not in accordance with other jurisdictions that have addressed this issue. See, e.g., *Maryland Cas. Co. v. Tulsa Indus. Loan & Inv. Co.*, 83 F.2d 14, 16-17 (10th Cir. 1936); *Fugal Sound Nat'l Bank v. St. Paul Fire & Marine Ins. Co.*, 32 Wash.App. 32, 643 P.2d 1122, 1126-28 (Wash.App.1982); *Bancinsure, Inc. v. U.K. Bancorporation Inc./United Kentucky Bank of Pendleton County, Inc.*, 830 F. Supp. 2d 294, 301 (E.D. Ky. 2011); *Federal Deposit Ins. Corp. v. Lott*, 460 F.2d 82, 88 (5th Cir.1972). But more importantly, *Payroll Express* is clearly distinguishable on the facts. There, the founder, President and CEO and his wife, who jointly owned 100% of the interest in the company were engaged in a long-standing embezzlement scheme prior to initially applying for the policies at issue. *Payroll Express Corp.*, 186 F.3d at 200.

Likewise, in *West American Finance Co. v. Pacific Indemnity Co.*, 17 Cal. App.2d 225 (1936), the individuals involved in the fraudulent scheme included the president and three other officers who jointly made up a majority of the board of directors and owned all the stock of the insured company. In effect, they were "taking out indemnity bonds insuring their own fidelity." *Id.* at 229. The Court made this a central focus of its decision to deny the company the benefits of the policy:

while this group of men were thus proceeding to fasten these losses on the corporation's shoulders they were at the same time, as the governing board of directors of the corporation, obtaining from the [insurer] fidelity

bonds insuring their own honesty for the very purpose of placing the corporation, and incidentally themselves as the owners of the majority of the vote controlling stock therein, in a position to recoup from the surety the losses which they were bringing about by their own wrongful acts.

Id. at 235. On these facts, the Court determined that the knowledge of the majority shareholders was imputed to the company. The Court refused to apply the adverse interest exception because it found that the officers were acting for the corporation in the transaction, even though they had an opposing personal interest. *Id.* at 236. The reason for this exception is obvious; where the officers control the corporation itself, their actions are deemed to be the actions of the corporation.

These cases are best explained by the "sole actor" exception to the adverse interests doctrine. "California courts have recognized a limited exception to the rule that the acts of an officer acting adversely to a company will not be attributed to it." *In re California TD Investments LLC*, 1:07-BK-13003-GM, 2013 WL 627718 (Bankr. C.D. Cal. Mar. 6, 2013); see also *Federal Deposit Ins. Corp. v. Lott*, 460 F.2d 82, 85 (5th Cir. 1972). This doctrine is used to impute the "fraudulent conduct of an officer and sole-shareholder to the corporation in spite of the fact that his actions were adverse to it." *Id.* (citing *Peregrine Funding, Inc. v. Sheppard Mullin Richter & Hampton LLP*, 133 Cal. App. 4th 655, 679 (2005)); see also *Coit Drapery Cleaners, Inc. v. Sequoia Ins. Co.*, 14 Cal.App.4th 1595 (1993). This exception does not apply in the present case, however, because Seaney and Sinipata were not the District's decision makers: "Courts have declined to impute this exception, however, where it has not been established that all relevant decision makers for the corporation were engaged in the fraud." *Id.* (citing *Casey v. U.S. Bank Nat'l Ass'n*, 127 Cal.App.4th 1138, 1143 (2005)).

Here, the District decided to obtain insurance from Hartford long before hiring Seaney and Sinipata. Neither Seaney nor Sinipata were members of the board, let alone owners and/or sole representatives of the District. Seaney and Sinipata were in no position to directly benefit from the policy, and the District obtained no benefit from their alleged misrepresentations. If Seaney or Sinipata had not filled out the application, some other employee would have, with the same answers. The failure to disclose losses due to their own fraud on the application for insurance only prevented the District from discovering it sooner and timely reporting the loss under the prior policy, which neither Seaney nor Sinipata was involved in procuring.

Hartford has cited no cases dealing with an innocent corporation where an officer who did not have sole control of the company lied on a renewal application. On the other hand, in *Bancinsure, Inc. v. U.K. Bancorporation Inc./United Kentucky Bank of Pendleton County, Inc.*, 830 F. Supp. 2d 294 (E.D. Ky. 2011), the court was faced with this very scenario. The court reviewed the state of the law nationally, and found that "the few jurisdictions that have addressed this particular issue have handed down opposite results." *Id.* at 301. The court disagreed with *Payroll Express*, and held that the actions of a dishonest officer who lied on a renewal application to cover up her own misdeeds was not imputed to the insured, and therefore the policy was not rescindable. *Id.* The

court found Wood "was acting adverse to [the insured's] interests when she lied on the renewal application. Had she been honest in completing the applications, [the insured] would have been able to submit a timely claim under the FIB [financial institution bond]. Thus, by lying on the application, [the insured] did not benefit in any way." *Id.* at 302. As in the current case, "had any other officer or director filled out the application, there would be no question that Wood's knowledge would not be imputed to [the insured] and the ... Policy would remain in effect. It would be unjust to rescind the policies now, simply because the [employee] happened to be the one who filled out the application." *Id.* at 305.

The same result was reached in *Puget Sound Nat'l Bank v. St. Paul Fire & Marine Ins. Co.*, 32 Wash. App. 32, 645 P.2d 1122 (Wash.Ct.App.1982). There the court held that the adverse interest exception applied, and even though the defalcating officer was a Director, he was not the "sole representative." The insured had a board of directors, at whose behest he filled out the application, and who had no knowledge of the director's wrongdoing. The Court found that concealment of his wrongdoing on the application "was not in the best interests" of the insured, and therefore their interests was adverse. *Id.* at 43; see also *Maryland Cas. Co. v. Tulsa Indust. Loan & Investment Co.*, 83 F.2d 14 (10th Cir.1936). In the present case, Seaney and Sinipata were not acting in the interest of the District and therefore their knowledge will not be imputed to defeat coverage.

Regardless of whether Hartford is able to convince a court that coverage under the 2010 policy was forfeited by the very fraud Hartford had agreed to insure, Hartford ignores the fact that when the fraud was committed, Hartford afforded coverage under its 2007 policy. Although the insured may not have "discovered" the theft during that policy period, because Hartford asserts that it would not have issued the 2010 policy but for the statements in the application, then a court certainly will find coverage under Hartford's earlier policy to avoid a forfeiture. "Forfeitures . . . are not favored; hence a contract, and conditions in a contract, will if possible be construed to avoid forfeiture. This is particularly true of insurance contracts." *O'Morrow v. Board*, 27 Cal. 2d 754, 800-801 (1946) (citations omitted); see also *Roof v. Am. Equity Specialty Ins. Co.*, 130 Cal. App. 4th 926, 948 (2005).

We appreciate Hartford's expressed willingness to continue discussing this matter. The District would be happy to meet for further discussion.

Very truly yours,



Barron L. Weinstein

BLW:cdy

APPENDIX D

June 15, 2012

Mr. Robert Gay
District Manager
San Mateo County
Mosquito and Vector Control District
(SMCMVCD)
1351 Rollins Rd
Burlingame CA 94010

Re: Assessment of SMCMVCD System of Internal Financial Controls and
Recommendations for Improvements

Dear Mr. Gay,

At your request I have conducted an assessment of SMCMVCD's system of financial internal controls for payroll, cash disbursements, equipment disposal, petty cash and credit card usage. Included are eight findings and recommendations for your consideration regarding potential control concerns along with additional procedures that address the concerns identified, that if implemented, would enhance your controls.

Background

In response to an embezzlement scheme that was discovered in June 2011, the District contracted for and obtained an extensive forensic audit by C. G. Uhlenberg for the period February 2009 through June 2011. In addition to the audit, C. G. Uhlenberg rebuilt the District's financial records for the Fiscal Year July 2010 through June 2011 and recommended several internal financial control improvements.

In addition, the San Mateo County Counsel's Office performed an investigation of the position of District Manager's financial oversight during the period the fraud was perpetrated and recommended performance measures for the District Manager.

Based upon C. G. Uhlenberg's audit, it was assessed that the embezzlement scheme was a complex fraud that "included elaborate efforts to cover up the embezzlement using falsified records presented to the District Manager and the Board of Trustees."

In addition, it was assessed that the "conspiracy between the alleged perpetrators was so elaborated and well concealed that it also was not detected in the District's annual audit processes."

June 15, 2012
Mr. Robert Gey
Re: Assessment of SHOCMAVD System of Internal Financial Controls and Recommendations for Improvements

Findings and Recommendations

Finding No. 1

The blank check stock while maintained in an office that is locked when no one is in attendance, is kept in an unlocked drawer.

Recommendation No. 1

Secure the blank check stock in a locked draw or safe. Unless immediately being used, the blank check stock should always be locked.

Finding No. 2

The blank check stock is not subject to periodic inventory counts to assure the entire supply is properly accounted for and tracked.

Currently the stock is enough for several months' worth of check writing. This fact presents an opportunity for an individual with access to blank check stock to steal blank checks that would not be used and therefore missed for months.

Recommendation No. 2

The District Manager along with the Financial Manager should periodically inventory the blank check stock and document their count for the record.

Finding No. 3

The Financial Manager and the Accounting Technician can individually access the blank check stock in the absence of the other.

This provides an opportunity for one to steal blank check stock in the absence of the other and thereby avoid detection. In the event of theft of this stock and the subsequent fraudulent use of it, this situation increases the difficulty of identifying the perpetrator and potentially identifies all individuals who would have access to the blank check stock.

Recommendation No. 3

Limit access to the locked blank check stock to the District Manager or no more than him and the Financial Manager.

Finding No. 4

There is no established limit to the amount a District check can be cashed for with the bank. This situation enables a fraudster to steal a sizable amount of money in one theft and immediately flee, thereby effectively thwarting the extensive internal controls established to detect a theft.

Recommendation No. 4

Establish an upper threshold with the bank for cashing any checks without direct confirmation or advanced clearance.

Finding No. 5

While the bank statement is reconciled monthly, this control typically takes place five to six weeks after the first of the former month thereby potentially giving a fraudster that interval to abscond with the proceeds.

Recommendation No. 5

The Financial Manager should review the online banking statement weekly as an added precaution.

Finding No. 6

There does not appear to be an upper limit to the credit card usage. If accurate, this situation increases the potential of a large theft or misuse.

Recommendation No. 6

Review the thresholds of the credit cards and seek to limit its upper limit to fall within a range of the typical transactions.

June 15, 2012
Mr. Robert Gray
Re: Assessment of SMC/VCED System of Internal Financial Controls and Recommendations for Improvements

Finding No. 7

The current practice is to issue a credit card to most staff. This situation increases the potential of misuse or fraud.

Recommendation No. 7

Evaluate the cost/vulnerabilities and business benefits of the issuance of credit cards and consider limiting their distribution. If the business needs justify the wide issuance of them the issue of upper limits and timely reconciliation's become even more important.

Finding No. 8

The District's new Internal Control Manual while a useful document, still remains a work in progress. It is important to have detailed desk procedures and clear and current policies readily available to management and staff. Well written and current policies and procedures serve as an essential quality assurance and check and balance internal control for any organization. They greatly facilitate the ability of management as well as the external auditors to conduct meaningful reviews and monitoring of the day-to-day business transactions.

Recommendation No. 8

Consider contracting with a firm that specializes in the preparation of business policies and procedures to ensure a timely, thorough and user/reviewer friendly manual.

Very truly yours,



Dr. Peter Hughes, Certified Fraud Examiner

ABOUT ORANGE COUNTY'S

Director of Internal Audit

Dr. Peter Hughes, CPA

CI4, CFE, CFF, CFP, CCEP

Dr. Hughes is a graduate of the highly selective UCLA Anderson Graduate School of Management's Corporate Board of Directors Oversight Program which qualifies him to serve as a board member on both a corporate or governmental entity. He also possesses a Ph.D. from Oregon State University, an MBA with an emphasis in Statistics from the University of California, Riverside, and a BA in Philosophy in Ethics and Political Philosophy from Pomona College in Claremont, California. Additionally, he is a Certified Public Accountant, Certified Corporate Compliance and Ethics Professional, an AICPA Certified Information Technology Professional, Certified Internal Auditor, a Certified Financial Forensic expert, an Institute of Internal Auditors' Accredited Peer Reviewer, a Certified Fraud Examiner and is trained in *Lateral and Creative Thinking techniques and methods*.

Along with his County internal auditing experience, Dr. Hughes has served as the Director of Internal Audit for three world-class organizations including the California Institute of Technology (Caltech), NASA's Jet Propulsion Laboratory (JPL) and the Oregon University System of Higher Education. Additionally, Dr. Hughes served as Acting Controller for Caltech and was a Divisional Director of General Accounting and Finance for a major subsidiary of Columbia Broadcasting System (CBS).

Dr. Hughes is recognized as a leading authority in improving the cost effectiveness and efficiencies of local governmental entities having designed and conducted over 100 Central Self Assessment and Process Improvement workshops involving 1600 participants that identified and implemented over 2000 improvements in County business processes. Dr. Hughes' use of *Lateral and Creative Thinking techniques* in combination with his business acumen and humor made these workshops the most popular and effective in recent County history.

He also led in the design and implement of Strategic Business Plans having served as the co-lead for the first Strategic Plan for Orange County. In addition, he is also recognized as a leading authority in the development of investment guidelines for municipal and county investment pools having conducted over 50 compliance and financial audits of Orange County's \$7 billion investment pool and in the design of "Best Practice" Audit Oversight Committees (AOC) having been instrumental in the creation of Orange County's AOC which is considered as one of the most successful oversight committees of its kind in local government.

Under the direction of Dr. Hughes, the County of Orange Internal Audit Department was the recipient of the prestigious Institute of Internal Auditors ROC, the Recognition of Commitment to Professional Excellence, Quality Service and Outreach Award. In addition, his department web page received the Bronze Medal for its utility and transparency from the International Association of Local Governmental Auditors (IALGA). Dr. Hughes has led his internal audit department successfully through four Peer Reviews and has developed the department into a world class audit function, with each of his 15 auditors possessing a CPA and at least one other internationally recognized certification; a standard of excellence no other comparably sized county or city has achieved.

Dr. Hughes is a noted speaker at international conferences and is an Adjunct Professor of Accounting at California State University at Fullerton's renowned and accredited School of Accounting where he teaches an advance course in internal controls, audit and risk assessment.



City Council Agenda Item
Staff Report

CITY OF SAN BRUNO

DATE: September 24, 2013

TO: Honorable Mayor and Members of the City Council

FROM: Klara A. Fabry, Public Services Director

SUBJECT: Adopt Resolution Supporting an Application to the San Mateo County Transportation Authority for the Measure A Grade Separation Program for the Planning and Project Study Report Update of the Scott Street Grade Separation Project

BACKGROUND:

Measure A is a half-cent sales tax approved by San Mateo County voters in 1988 to meet transportation needs of the County. In 2004, the voters approved an extension of the measure until 2033. The reauthorized measure, which went into effect in 2009, includes funds for more local community shuttle service, rail/street grade separations, ferry service, and pedestrian and bicycle projects. A provision of the Transportation Expenditure Plan provides that 15% of the sales tax revenues be allocated to eliminate at-grade rail crossings through the Grade Separation Program. The San Mateo County Transportation Authority (SMCTA) administers the proceeds from the Measure A Grade Separation Program to fund grade separation projects within the County.

On August 5, 2013, the SMCTA issued a call for projects for the Measure A Grade Separation Program. A total of \$200 million is available for eligible projects that would reduce traffic congestion on overcrowded commute corridors. The program reserves 80% of the available funds for construction projects, while 20% is available for preconstruction activities including project study report, preliminary engineering, environmental documentation, and final engineering design.

Consistent with the City Council's long term interest to eliminate at-grade rail crossings within the City, staff applied jointly with the City of South Francisco to the Measure A Grade Separation Program to perform an alternative analysis and feasibility study to eliminate the at-grade crossing on Scott Avenue in the north part of City of San Bruno and at South Linden Avenue in the City of South San Francisco.

DISCUSSION:

The preliminary project report was developed for the Scott Street rail crossing as part of the original San Bruno Caltrain Grade Separation project. The report also included an analysis to eliminate the South Linden Avenue at grade rail crossing in the City of South Francisco. These two rail crossings were removed from the San Bruno Caltrain Grade Separation project in 2005 due to Caltrain's funding limitations. Therefore, the current San Bruno Caltrain Grade Separation project only eliminates at grade crossings at San Bruno Avenue, San Mateo Avenue, and Angus Avenue.

10.c.

Since both Scott Street and South Linden Avenue at grade rail crossings cannot be eliminated without affecting the other. Staff worked with City of South San Francisco to submit a joint application to the Measure A Grade Separation Program. This is to ensure that both Cities' interests and concerns are represented throughout the project process.

This grant application is to update the original project study report, which will include a comprehensive engineering study and identify feasible project alternatives with estimated costs, benefits, and impacts. The project study report will also identify issues and challenges to be studied. The project study report effort will be closely coordinated between the Cities of San Bruno, South San Francisco, and Caltrain staff to collectively address both the local agency and railroad interests. If selected for funding, the project study report effort will also include community outreach to seek public input for the project.

In order to qualify for the program funding, the City is now required to submit a resolution supporting the project.

FISCAL IMPACT:

The estimated cost of performing the project study report for Scott Street rail crossing is approximately \$400,000. If the City's grant application is successful, this effort will be funded entirely by the Measure A Grade Separation Program funds. There is no local City match required for this funding.

ALTERNATIVES:

1. Do not pursue the Measure A Grade Separation Program funding opportunity.

RECOMMENDATION:

Adopt resolution supporting an application to the San Mateo County Transportation Authority for the Measure A Grade Separation Program for the planning and project study report update of the Scott Street Grade Separation Project.

DISTRIBUTION:

None

ATTACHMENTS:

1. Resolution
2. Location Map

DATE PREPARED:

September 17, 2013

REVIEWED BY:

_____ CM

RESOLUTION NO. 2013 - ____

**RESOLUTION SUPPORTING AN APPLICATION TO THE SAN MATEO COUNTY
TRANSPORTATION AUTHORITY FOR THE MEASURE A GRADE SEPARATION
PROGRAM FOR THE PLANNING AND PROJECT STUDY REPORT UPDATE OF THE
SCOTT STREET GRADE SEPARATION PROJECT**

WHEREAS, on June 7, 1988, the voters of San Mateo County approved a ballot measure to allow the collection and distribution by the San Mateo County Transportation Authority (TA) of a half-cent transactions and use tax in San Mateo County for 25 years, with the tax revenues to be used for highway and transit improvements pursuant to the Transportation Expenditure Plan presented to the voters (Original Measure A); and

WHEREAS, on November 2, 2004, the voters of San Mateo County approved the continuation of the collection and distribution by the TA of the half-cent transactions and use tax for an additional 25 years to implement the 2004 Transportation Expenditure Plan beginning January 1, 2009 (New Measure A); and

WHEREAS, the TA issued a Solicitation for Projects for the Measure A Grade Separation Program on August 5, 2013; and

WHEREAS, Scott Street will be the only at-grade rail crossing in San Bruno once the San Bruno Caltrain Grade Separation project is completed; and

WHEREAS, Scott Street is a candidate grade separation project listed in TA's Expenditure Plan; and

WHEREAS, based on history of accidents, the current vehicle traffic volume, and potential future increase in railroad crossing gate downtimes, the railroad grade separation is necessary; and

WHEREAS, in order to completely eliminate the hazard or risk of a vehicular or pedestrian accident with a railroad train, intersections of railroad corridors with roadways and pedestrian pathways must be completely separated; and

WHEREAS, the estimated cost for the planning and project study report for the Scott Street Grade Separation Project is approximately \$400,000; and

WHEREAS, the City wishes to sponsor the planning and project study report for the Scott Street Grade Separation Project; and

WHEREAS, the City seeks \$400,000 of the Measure A Grade Separation funds for the project for planning and project study report for the Scott Street Grade Separation Project; and

WHEREAS, the TA requires a governing board resolution from the City in support of the City's application for \$400,000 in San Mateo County Measure A Grade Separation Program funds for the planning and project study report for the Scott Street Grade Separation Project; and

WHEREAS, the TA requires a governing board resolution from the City committing the City to the completion of the planning and project study report for the project.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby:

1. Supports an application for San Mateo County Measure A Grade Separation Program funds for \$400,000 for the planning and project study report for the Scott Street Grade Separation Project.
2. Authorizes the City Manager to execute a funding agreement with the San Mateo County Transportation Authority to encumber any Measure A Grade Separation Program funds awarded.
3. Commits to the completion of the planning and project study report for the Scott Street Grade Separation Project if awarded the requested San Mateo County Measure A Grade Separation Program funds.

Dated: September 24, 2013

ATTEST:

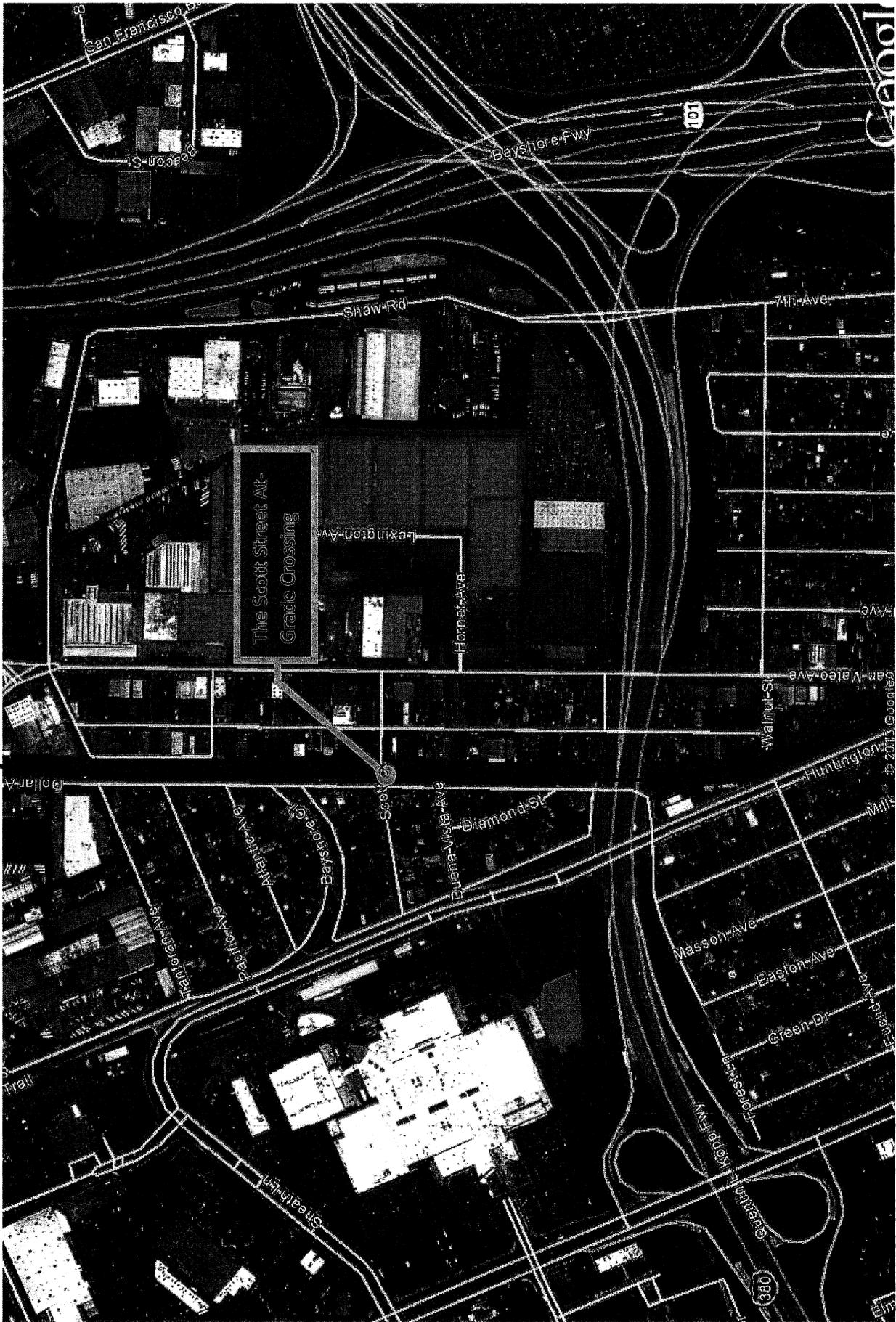
Carol Bonner, City Clerk

-o0o-

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 24th day of September 2013 by the following vote:

AYES: Councilmembers: _____
NOES: Councilmembers: _____
ABSENT: Councilmembers: _____

Project Location Map



— Caltrans Corridor