

**2013 Annual Report of the Local Sales Tax Oversight Committee**  
**Moraga, California**  
**March 3, 2014**

**Background**

On July 25, 2012, the Moraga Town Council approved Ordinance No. 238 which placed a local one-cent Transaction and Use Tax (i.e. sales tax) ballot measure on the November 6, 2012 General Election ballot. The measure was placed on the ballot as “Measure K”.

In November 2012, the voters of Moraga passed Measure K with 70.5% in support of the measure. On December 12, 2012, the Town Council certified the election results, confirming passage of Measure K and, as called for in Measure K, established the Measure K Local Sales Tax Oversight Committee.

**Introduction**

The Local Sales Tax Oversight Committee is charged with the responsibility to report to the Town Council on the revenue and expenditures of the Local Sales Tax (also referred to as “Transaction and Use Tax”. The committee shall consist of seven members, all residents of the Town of Moraga, appointed by the Town Council. Generally, terms will be limited to three, consecutive two-year terms for a total of six consecutive years. The Committee shall sunset in 2033. The Committee’s specific duties are as follows:

- Annually, review revenue receipts and expenditures of Transactions and Use Tax.
- Annually, review status and performance of the programs and services, funded wholly or partially with proceeds from the Transactions and Use Tax.
- Annually, prepare an independent report to the Town Council regarding the revenue and expenditures of the Transactions and Use Tax.

The Committee’s function is strictly that of oversight. It should be noted that it is not within the purview of the Committee to direct staff, recommend any particular contracts or define the scope of a repair project. These responsibilities remain under the authority of the Town Manager, Town Council and professional staff.

**Summary of 2013 Measure K Revenues and Expenditures**

In presenting this chart of Revenues and Expenditures, the Committee undertook a review of documentation provided by the Administrative Services Director, Public Works Director and Town Manager:

- The several sources of revenue applicable to general pavement maintenance and repair;
- Specific identification and accounting for Measure K revenue;
- The defined goals for the initial phase of the Measure K Pavement Repair Project; and
- What we believe to be the carefully monitored and judicious expenditure of Measure K funds in support of the Project.

**Town of Moraga - Pavement Repair Project Calendar Year 2013  
Revenues & Expenditures Detail**

<b>SOURCES OF FUNDS</b>	<b><u>Measure K</u> <u>Sales Tax</u></b>	<b><u>2013 COP</u> <u>Proceeds</u></b>	<b><u>Other Funds</u></b>	<b><u>Total</u></b>
<b>Measure K Sales Tax</b>				
- <i>Received from BOE through 12/31/2013</i>	793,714			<b>793,714</b>
2013 Certificates of Participation Proceeds		2,120,376		<b>2,120,376</b>
Fund 205 Gas Tax			50,594	<b>50,594</b>
Fund 210 Measure J			50,453	<b>50,453</b>
Fund 220 Prop 42 Traffic Cong. Relief			998	<b>998</b>
CalRecycle Grant funds			126,000	<b>126,000</b>
<b>Total Sources</b>	<b>793,714</b>	<b>2,120,376</b>	<b>228,045</b>	<b>3,142,135</b>
<b>EXPENDITURES</b>				
2013 Pavement Repair Project				-
- <i>Construction</i>		1,841,349	126,000	<b>1,967,349</b>
- <i>Project Management</i>			82,597	<b>82,597</b>
- <i>Design Services</i>		129,900		<b>129,900</b>
- <i>Construction Management</i>		149,126	11,994	<b>161,120</b>
- <i>Legal</i>			5,423	<b>5,423</b>
- <i>Misc. Expenses</i>			2,031	<b>2,031</b>
Repayment of 2013 COPs in 2014				-
- <i>Principal (due 4/1/14)</i>	295,000			<b>295,000</b>
- <i>Interest (due 4/1/14)</i>	203,347			<b>203,347</b>
Carryover to next calendar year (2014)	<b>295,367</b>	-	-	<b>295,367</b>
<b>Total Expenditures (Uses)</b>	<b>793,714</b>	<b>2,120,376</b>	<b>228,045</b>	<b>3,142,135</b>

The Town of Moraga leveraged the new revenue stream of Measure K to issue \$7.72 million in Certificates of Participation in August 2013. The proceeds from this issuance will be used to fund the Pavement Repair Project over the next three years. Of the \$7.72 million, \$2.12 million was used to pay 2013 project costs.

**Conclusion**

The Committee has concluded that

- The revenue from Measure K is being appropriately sequestered and routinely tracked, reported and monitored.
- Based on a review of sampled invoices for the period June 2013 through December 2013 we believe the Pavement Rehabilitation Program expenditures appear to be consistent and appropriate with the objectives and goals of Measure K. The sampled invoices amounted to \$2.2 million (96%) of the roughly \$2.3 million expenses reported for the period. The review relied solely on the stated purposes on the invoices or related financial records and included items funded directly with Measure K and Certificates of Participation (COP) funds, or jointly funded with other funding sources such as Measure J.
- The initial phase goals and objectives have been accomplished on time and within budget and a Certificate of Completion for the pavement improvements completed by VSS International, Inc. was filed with the County on November 14, 2013.
- The Pavement Repair Project is proceeding in a manner consistent with the commitments made to the voters of Moraga.

This report has been researched, assembled and presented in a manner the committee believes is consistent with the stated objectives of the Town of Moraga Transaction and Use Tax Ordinance (aka Measure K), Ordinance No. 238 dated December 12, 2012.

In accordance with those directives, the 2013 Annual Report of the Local Sales Tax Oversight Committee is respectfully submitted:

The Members of the Local Sales Tax Oversight Committee

Mr. Larry Rosenberg, Chairperson 

Mr. Dick Socolich, Vice Chair 

Mr. William Faoro 

Mr. Robert Foxall 

Mr. Benny Lee 

Ms. Angela Seitz 

Mr. Danny Yang 