

SFMTA Bond Oversight Committee

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

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

Email:BOCOversightCommittee@sfmta.com

January 29, 2020

SFMTA Board of Directors

Malcolm Heinicke, Chair

Gwyneth Borden, Vice-Chair

Cheryl Brinkman, Director

Amanda Eaken, Director

Steve Heminger, Director

Cristina Rubke, Director

Art Torres, Director

Dear SFMTA Board of Directors:

On behalf of the San Francisco Municipal Transportation Agency (SFMTA) Bond Oversight Committee (BOC), we are pleased to present the Fiscal Year 2018 - 2019 Annual Report.

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

Pursuant to its Bylaws, the BOC is required to provide its annual report to the SFMTA Board of Directors by January 31 of each year. The attached report describes BOC activities during Fiscal Year 2018 - 2019, and a description of any notable BOC actions since the end of the fiscal year.

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

Sincerely,



for Chairman Daniel Murphy

cc: Jeffrey Tumlin, Director of Transportation

Benjamin Rosenfield, Controller

Attachment: Fiscal Year 2018 - 2019 Annual Report

[Page Blank]

San Francisco Municipal Transportation Agency

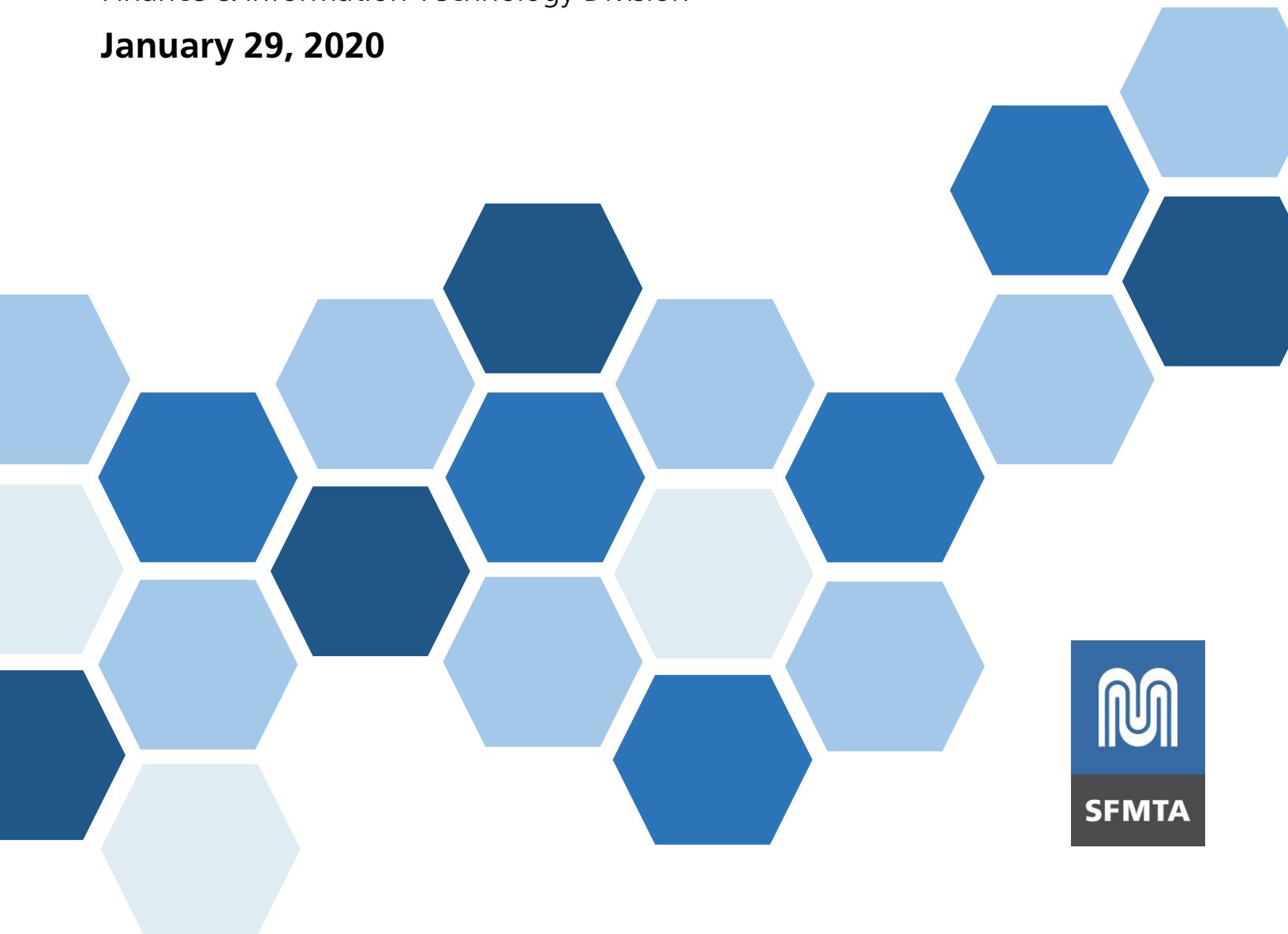
Annual Report to the SFMTA Bond Oversight Committee

FY 2018-2019

Budget, Financial Planning and Analysis

Finance & Information Technology Division

January 29, 2020



Contents

Section 1. Introduction.....	3
Section 2. Background	3
Section 3. Auditor Review	4
Section 4. Bond Oversight Committee Bylaws	4
Section 5. Revenue Bonds	4
A. Series 2012A and 2012B Revenue Bonds.....	5
B. Series 2013 Revenue Bonds	5
C. Series 2014 Revenue Bonds	6
D. Series 2017 Revenue Bonds	6
E. Bond Expenditures.....	6
Section 6. Commercial Paper Program.....	6
Section 7. Project Delivery	7
A. Series 2012B Revenue Bond Funded Programs.....	7
B. Series 2013 Revenue Bond Funded Programs.....	9
C. Series 2014 Revenue Bond Funded Programs.....	13
D. Series 2017 Revenue Bond Funded Programs.....	16
Section 8. Reallocation of Proceeds	18
Section 9. Policies & Procedures	18

Section 1. Introduction

The San Francisco Municipal Transportation Agency (SFMTA) or “Agency” Bond Oversight Committee (BOC) was created by the SFMTA Board of Directors. Under its Bylaws, the BOC is required to provide an annual report to the SFMTA Board of Directors by January 31 of each year. This report covers activities for Fiscal Year 2018 - 2019 and includes a brief description of events occurring since the end of the fiscal year.

Section 2. Background

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

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

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

The BOC consists of seven members as follows: (1) three members recommended by the SFMTA Board Chairman and approved by the SFMTA Board of Directors; (2) two members of the Citizens’ Advisory Council; (3) one member appointed by the SFMTA’s Director of Transportation; and (4) one member appointed by the Controller.

The three current members appointed by the SFMTA Board are Art Torres, Leona Bridges, and Robert Shaw, who replaced Pauline Marx on August 17, 2017. The two current members appointed by the Citizens’ Advisory Council are Daniel Murphy, and Neil Ballard, who replaced Stephen Taber on June 15, 2018. The current member appointed by the Controller is Anna Van Degna (Director of the Office of Public Finance) who replaced Nadia Sesay on May 24, 2018. The BOC elected Rudy Nothenberg as Chair and Daniel Murphy as Vice Chair at its meeting on June 1, 2016. However, as a result of Mr. Nothenberg’s departure on June 30, 2018, Daniel Murphy served as the Acting Chair and was eventually elected to Chair by the BOC at their November 27, 2018 meeting. Member Kathryn How (Assistant General Manager, San Francisco Public Utilities Commission) who was appointed by the Director of Transportation was most recently elected as

the new Vice Chair on March 5, 2019. BOC members do not receive compensation for their service on the Committee.

In Fiscal Year 2018 - 2019, the BOC convened four times: on September 18, 2018; November 27, 2018; March 5, 2019; and June 4, 2019.

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

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

Section 3. Auditor Review

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

Section 4. Bond Oversight Committee Bylaws

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

Section 5. Revenue Bonds

The SFMTA Board of Directors has authorized the issuance of a total of \$365.7 million in Revenue Bonds for projects. As of June 30, 2019, the SFMTA issued \$403.7 million of its 2012, 2013, 2014 and 2017 Revenue Bonds, with the full total authorized of \$365.7 million available for projects and the remaining \$38.0 million used to refund previously issued debt as shown in Section "A" below. Revenue Bond proceeds are invested in the City Treasury and interest earned on these funds is credited to the bond account to be available for bond funded projects. Information related to SFMTA indebtedness and detailed information on issuances is available at the following link: <http://www.sfmta.com/about-sfmta/investor-relations>.

The table below displays the bond principal amounts for each bond series.

Bond Series	Bond Amount for Projects
2012B Bond	\$25,700,000
2013 Bond	\$75,000,000
2014 Bond	\$75,000,000
2017 Bond	\$190,000,000
Total	\$365,700,000

A. Series 2012A and 2012B Revenue Bonds

In July 2012, SFMTA issued \$63.7 million of its Revenue Bonds, comprised of two series of bonds: (1) Series 2012A and (2) Series 2012B.

The Series 2012A allocated \$38.0 million for the purpose of refunding bonds previously issued by San Francisco Parking Authority and three non-profit parking corporations. The refunding transaction resulted in net present value savings of \$6.7 million, representing 15.8 percent debt service savings.

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

B. Series 2013 Revenue Bonds

In December 2013, the SFMTA issued \$75.0 million of its Revenue Bonds, Series 2013 (2013 Bonds). The SFMTA Board of Directors approved the issuance of the 2013 Bonds on September 3, 2013 and October 15, 2013 (Resolution Numbers 13-206, 13-234) and the Board of Supervisors concurred with the issuance on September 24, 2013 (Resolution Number 337-13). The 2013 Bonds were issued to finance various transportation capital projects.

C. Series 2014 Revenue Bonds

In December 2014, the SFMTA issued \$75.0 million of its Revenue Bonds, Series 2014 (2014 Bonds), to finance various transportation capital projects. The SFMTA Board of Directors approved issuing the 2014 Bonds on September 3, 2013 and October 21, 2014 (Resolution Numbers 13-206, 14-154) and the Board of Supervisors concurred with the issuance on September 24, 2013 (Resolution Number 337-13).

D. Series 2017 Revenue Bonds

In June 2017, the SFMTA issued \$190.0 million of its Revenue Bonds, Series 2017 (2017 Bonds) to finance Mission Bay Transportation Capital Improvements, procurement of new Muni vehicles, and the Van Ness Transit Improvement Project. The SFMTA Board of Directors approved issuing the 2017 Bonds on April 5, 2016 (Resolution Number 16-044) and the Board of Supervisors concurred with the issuance on June 7, 2016 (Resolution 231-16).

E. Bond Expenditures

As of June 30, 2019, the remaining bond funds (including encumbered funds) for each series and percentage spent are as follows: Series 2012B - \$0 (100.0 percent spent), Series 2013 - \$0 (100.0 percent spent), Series 2014 - \$4,863,274 (93.5 percent spent), Series 2017 - \$330,321 (99.8 percent spent). Series 2012B and Series 2013 were fully expended by October 2016 and by March 2019, respectively.

Section 6. Commercial Paper Program

The SFMTA established a \$100.0 million commercial paper (CP) program on September 10, 2013. The CP program was approved by the SFMTA Board of Directors on June 4, 2013 (Resolution Number 13-071) and the Board of Supervisors concurred on June 10, 2013 (Resolution Number 246-13). The CP program is intended to finance, on a short-term basis, the costs of transportation capital projects in advance of the issuance of revenue bonds. In certain instances, commercial paper is issued in anticipation of the receipt of grants. By providing continuous flows of funds to SFMTA capital projects, the CP program can lower project costs by limiting schedule slippage.

At its November 6, 2013 meeting, the BOC reviewed the SFMTA's Commercial Paper Policies and Procedures to guide the use of CP. The procedures were jointly developed by the SFMTA and the Controller's Office of Public Finance. The Policies and Procedures were intended to define the steps to issue commercial paper and the related procedures and accounting to ensure appropriate internal controls and accountability. The BOC has no oversight responsibility for the use of CP on a day-to-day basis. As of November 2018, one CP note for \$41.0 million was issued on January 18, 2017 and repaid in 90 days, therefore, no CP notes are outstanding. Detailed information is available at the following link: <http://www.sfmta.com/about-sfmta/investor-relations>.

Section 7. Project Delivery

A. Series 2012B Revenue Bond Funded Programs

The Series 2012B Bonds were authorized in July 2012 for a total of \$25.7 million. Of the \$20.7 million, \$5.0 million was designated for parking garage projects and \$20.7 million for state-of-good-repair improvements to existing assets as well as accessibility and reliability of the transportation system including transit, bicycle, pedestrian and signal improvements. The Series 2012B bond funds were fully expended by October 2016 and funded a total of 15 projects.

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

Program Title

Systemwide Transit Access and Reliability (Transit Signal Priority) Program

Program Description

The Systemwide Transit Access and Reliability (Transit Signal Priority) Program is intended to increase transit ridership and improve the path of travel to transit stops and stations while minimizing delays associated with customer boarding and alighting from Muni vehicles and reducing delays associated with traffic signals. It includes projects supporting development of pedestrian and bicycle amenities that expand the ridership area and increase the utility of public transit access points. Projects also include small signal upgrades and modification of signal phases at intersections, adding bus or pedestrian bulbs, and street design changes to reduce delays for transit vehicles at busy intersections.

Muni Metro Sunset Tunnel Rail Rehabilitation

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

Muni Metro Turnback Rehabilitation

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

Muni Green Light Rail Facility Rehabilitation

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

Muni System Radio Replacement Project

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

Muni Metro System Public Announcement and Public Display System Replacement

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

Parking Garage Projects

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

B. Series 2013 Revenue Bond Funded Programs

On December 4, 2013, the SFMTA issued \$75.0 million in Revenue Bonds, Series 2013 (2013 Bonds). Of the \$75.0 million, \$1.0 million was programmed for garage projects and \$74.0 million for asset renewals, accessibility and reliability of the transit system (safe routes to transit including bicycle, pedestrian and signal improvements). The Series 2013 bond funds were fully expended by March 2019 and funded 38 projects.

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

<u>Program Title</u>	<u>Program Description</u>
Pedestrian Safety & Traffic Signal Improvements	This program is meant to promote walking and improve the safety and usability of City streets by providing the funds required to plan, design and construct pedestrian and traffic signal infrastructure. The program includes the installation of red-light photo enforcement equipment; pedestrian islands in the medians of major thoroughfares; sidewalk bulb-outs and sidewalk widening; installation of traffic and pedestrian signals which include countdown and accessible pedestrian signal equipment; and targeted traffic calming projects.
Transit System Safety and Other Improvements	The Transit System Safety and Other Transit Improvements program is designed to improve the safety of the Muni transit system. It includes project development and capital costs for: (i) the replacement of the communication and dispatching system to provide interoperable digital voice communications for SFMTA staff and the Public Works Emergency Radio System; (ii) new vehicle on-board and fixed route components that will provide information for core operational capabilities including Computer Aided Dispatch and Automatic Vehicle Location, vehicle health monitoring, on-board ADA-compliant traveler information, transit signal priority, and automated fare collection; (iii) training equipment and simulators for Muni operators; (iv) replacement of fire-safety mandated emergency telephones including phone switches, phone stations, blue-light units, raceways, communication cables, uninterrupted power supply units, networking system, operator consoles and management servers; and (v) transit improvements including signal changes, bus bulbs, striping changes and other localized uses of the transit priority toolkit.

Street Capital Improvements

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

Facility Improvements

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

Transit Fixed Guideway Improvements

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

Muni Fleet

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

Fiscal Year 2018 - 2019 project delivery milestones for the Series 2013 Revenue Bonds include:

Pedestrian Countdown Signals: The project designed pedestrian countdown signals (PCS) at 11 intersections and accessible pedestrian signals (APS) at an additional 8 intersections. Of the 11 intersections where PCS was added, three APS were also added. PCS locations were prioritized using factors such as collision history, inclusion in a Walk First corridor, proximity to schools and commercial districts, and requests from the public. Most of these intersections will involve a full signal upgrade with new conduits, pullboxes, poles, larger signal heads, controllers, etc. Construction for this project has been completed and the SF Department of Public Works is working on closing out the project.

Safe Routes to School Projects at Tenderloin: The project entailed the construction of pedestrian safety improvements in the vicinity of the Tenderloin Community Elementary School, a public elementary school in District 6 along Turk Street from Hyde to Franklin Streets. The project included bus bulbs and curb bulbs with curb ramps, continental crosswalks, and advanced stop bars. The project has been completed and is now open for use. SFMTA is working with SFDPW to complete administrative closeout.

Broadway Chinatown Streetscape: The project is part of the San Francisco Department of Public Works' (SFDPW) larger Broadway Chinatown Streetscape project, an inter-agency effort led by the San Francisco Planning Department in partnership with the Chinatown Community Development Center, SFDPW, and the San Francisco Municipal Transportation Agency (SFMTA). The project area is along Broadway from Columbus Avenue to the Broadway Tunnel. The project improves pedestrian safety and access crossing Broadway and Powell Street and to clearly channel traffic on Broadway fronting Jean Parker Elementary School. The project has been completed.

Masonic Avenue Streetscape: The Masonic Avenue Complete Streetscape project's goal was to increase safety and accessibility for all modes of travel on Masonic Avenue, from Fell Street to Geary Boulevard (an eight-block segment that is about 2/3 of a mile). Masonic Ave. is a major north-south arterial in San Francisco and has been the chief bike and transit route through the area. The street is auto-dominated and has had a high rate of pedestrian and bicycle collisions. The project re-allocated space to calm traffic, dedicated space for people on bicycles, and provided pedestrian enhancements, such as median refuge islands, bus boarding islands, and sidewalk landscaping. The project is now open for use.

Islais Creek Phase II Improvements: The project entailed the construction of a 65,000 square foot motor coach maintenance and operations building including light and heavy

maintenance bays, warehouse space, operations and maintenance offices, showers, a galley room, locker rooms and training space. The project was issued a certificate of completion and occupancy by the Department of Building Inspection on September 4, 2018. The project is now in use, but pending is Leadership in Energy and Environmental Design (LEED) certification in order to close the project.

M Ocean View Track replacement: The project entailed replacing curved tracks crossing 19th Avenue (Caltrans) and Rossmoor Drive and additional tangent track up to Monte Vista Drive; replacement of two concrete OCS poles; upgrading traffic signal and install train detection to fully actuate the intersection; accessibility upgrades at track crossing including curb ramps crossing Rossmoor; and safety and accessibility upgrades for the north crosswalk at Junipero Serra Blvd. which included the relocation of the pedestrian refuge area and signal modification. The project has been completed and the contractor is working on close out.

C. Series 2014 Revenue Bond Funded Programs

On December 10, 2014, \$75.0 million of Revenue Bonds, Series 2014 (2014 Bonds) were issued to fund various transportation system, safety, traffic signal, and street and facility improvements. As of June 30, 2019, the 2014 Bonds has funded 38 projects. A total of \$67.0 million bond funds were expended and \$3.0 million were encumbered in construction contracts leaving an unexpended balance of \$4.9 million.

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

<u>Program Title</u>	<u>Program Description</u>
Pedestrian Safety & Traffic Signal Improvements	This program is meant to promote walking and improve the safety and usability of City streets by providing the funds required to plan, design and construct pedestrian and traffic signal infrastructure. The program includes the installation of red-light photo enforcement equipment; pedestrian islands in the medians of major thoroughfares; sidewalk bulb-outs and sidewalk widening; installation of traffic and pedestrian signals which include countdown and accessible pedestrian signal equipment; and targeted traffic calming projects.
Transit System Safety and Other Improvements	The Transit System Safety and Other Transit Improvements program is designed to improve the safety of the Muni transit system. It includes: project development and capital costs for: (i) the replacement of the communication and dispatching system to provide interoperable digital voice communications for SFMTA staff and the Public Works Emergency

Radio System; (ii) new vehicle on-board and fixed route components that will provide information for core operational capabilities including Computer Aided Dispatch and Automatic Vehicle Location, vehicle health monitoring, on-board ADA-compliant traveler information, transit signal priority, and automated fare collection; (iii) training equipment and simulators for Muni operators; (iv) replacement of the fire-safety mandated emergency telephones including phone switches, phone stations, blue-light units, raceways, communication cables, uninterrupted power supply units, networking system, operator consoles and management servers; and (v) transit improvements including signal changes, bus bulbs, striping changes and other localized uses of the transit priority toolkit.

Complete Street Capital Improvements

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

Facility Improvements

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

Muni Fleet

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

Fiscal Year 2018 - 2019 project delivery milestones for the 2014 Revenue Bonds include:

7th and 8th Street Streetscape Project: The project entailed bicycle and pedestrian improvements along 7th and 8th Street, between Harrison Street and Market Street, aligned with the Eastern Neighborhoods Transportation Implementation Planning Study

(ENTRIPS). The scope included a concrete buffered bike lane, concrete boarding islands, potential alley traffic signals, sidewalk bulbs, new striping, traffic lane reduction, safe hit posts, and possibly a limited amount of paving. The project is now open for use and SFMTA is working with SF Department of Public Works (SFDPW) to complete administrative closeout.

Excelsior and South Bernal Areawides: The project involved the construction of traffic calming elements to be coordinated with paving projects in the Excelsior and South Bernal Heights neighborhoods. The building of bulb-outs occurred at multiple intersections. The project has been completed.

Gough Street Pedestrian Improvements: As part of the San Francisco Department of Public Works' (SFDPW) paving of Gough Street, the San Francisco Municipal Transportation Agency (SFMTA) identified four intersections for pedestrian improvements. The intersections of Gough/Turk, Gough/Grove, Gough/Hayes, and Gough/Fell will have pedestrian bulb-outs implemented as part of the repaving project. These bulb-outs will reduce pedestrian crossing distances and improve pedestrian visibility to drivers. The project made improvements to the Gough, Franklin, and Van Ness corridors and was completed.

Mission Valencia Raised Cycletract: This project consisted of the construction management, meter and sign work portion of the Mission Valencia Green Gateway (MVGG), a Public Utilities Commission (PUC) led green infrastructure project on Valencia Street between Cesar Chavez and Mission Streets. The project has been open for use, and SFMTA is working with SFDPW to complete administrative closeout.

Parking Garage Project - Ellis O'Farrell Seismic Upgrade: The project consisted of seismic strengthening of the Ellis O'Farrell parking garage. The project was put on hold due to a fund reallocation to the PARCS replacement project for 20 garages.

Parking Garage Project - Lombard Garage Waterproofing: The project replaced the facade of the Lombard Parking Garage, repaired the concrete spall at the top deck and 2nd floor, and applied waterproofing. The project has been completed.

PARCS replacement project for 20 garages: The project entails a complete replacement of the Parking Access and Revenue Control System (PARCS) components at 22 parking facilities. The work includes new system servicers, cashier stations, ticket spitters, barrier gates, payment machines, etc. and the installation of new utility infrastructure required to support the new equipment. Six of 22 garage facilities have been substantially completed and it is still on-going.

Polk Streetscape: The goal of the Polk Streetscape project is to implement aesthetic and safety improvements for all users of Polk Street between McAllister and Union Streets, a 20-block segment. Specific improvements include pedestrian bulb-outs at Polk and California, and full traffic signal upgrades along Polk Street at Turk, Eddy, Ellis, and Geary. Substantial completion on the project has been achieved. A ribbon cutting for this project occurred on March 20, 2019, but the project remains to be closed out.

Operator Convenience Facilities: The project consisted of design and construction of a minimum of nine operator convenience facilities at various locations within the city. Construction was completed at the 20th Avenue and Buckingham site, and at the Fulton and 7th Street site. For the Sunnydale site, the bulb-out, curb ramp, utilities and road paving were completed. The contractor generated a work plan for the final shutdown that aimed to complete all remaining work and signal testing this past July 2019.

Traffic Calming Improvements and Program Implementation: The project consisted of design engineering, legislation, environmental clearance, neighborhood balloting, and construction of 18 traffic calming projects that were accepted as part of the 2014/2015 traffic calming program. The project is now open for use, and SFMTA is working with SFDPW to complete administrative closeout.

Muni Metro Twin Peaks Tunnel Rail Replacement: The project consisted of rail upgrades to bring the Twin Peaks tunnel into a state of good repair. Project includes: replacing track with 115RE rail, composite ties, ballast, and new rail plates and fasteners; replacing the crossover between West Portal and Forest Hill Stations; replacing turnouts; replacing electrified switch machines and track switch controllers and providing a spare switch machine; replacing tie and ballast tracks with direct fixation embedded track; repairing damaged drain line; installing flood lighting; and adding seismic upgrades. The installation of the overhead contact system foundation and the pole infrastructure was completed. The project has been completed and is now open for use.

D. Series 2017 Revenue Bond Funded Programs

On June 7, 2017, \$190.0 million of Revenue Bonds, Series 2017 (2014 Bonds) were allocated to various transportation system, safety, traffic signal, and street and facility improvements. As of June 30, 2019, the 2017 Bonds were allocated to three projects. A total of \$181.9 million were expended and \$7.8 million were encumbered leaving \$30,321 remaining.

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

<u>Project Title</u>	<u>Project Description</u>
Mission Bay Transportation Capital Improvements	Construct a single-track transit loop for the Third Street Light Rail Line (T Line), including adjacent roadway surface improvements on Illinois Street, between 18 th and 19 th Streets. The addition of this short line to SFMTA's T Line is designed to double the frequency of light rail transit service to Mission Bay and provide enhanced connections between Mission Bay and downtown San Francisco.
Van Ness Bus Rapid Transit Project	Construct a package of transit, streetscape, and pedestrian safety improvements along a two-mile corridor of Van Ness Avenue between Mission and Lombard Streets. Key features include conversion of two mixed-flow traffic lanes into dedicated bus lanes, consolidated transit stops, high quality stations, transit signal priority, all-door low floor boarding, elimination of most left turn opportunities for mixed traffic, and pedestrian safety enhancements.
Muni Fleet: LRV Procurement	Under the Light Rail Vehicle Procurement program, SFMTA will purchase replacement light rail vehicles along with new vehicles to provide for growth in transit service.

Fiscal Year 2018 - 2019 project delivery milestones for the 2017 Revenue Bonds include:

Procurement of LRVs: This procurement includes the purchase of 151 Light Rail Vehicles (LRVs) to replace the existing fleet, 24 LRVs to start new revenue service on Central Subway Extension and to handle current demand, and 85 LRVs to accommodate projected ridership increase in the coming ten years. The LRV procurement is underway and 68 expansion vehicles were purchased before replacing 151 Breda cars that were in operation. Completion date of the procurement of the 68 expansion cars is scheduled for July 2021. The first 68 vehicles that SFMTA is procuring for expansion are ahead of schedule. The retirement of the old and unreliable Breda vehicles will begin with the next phase of the LRV procurement and scheduled to be retired on a one for one basis with the new vehicles.

Van Ness BRT Project: The project entails the construction of a package of transit, streetscape and pedestrian safety improvements along a two-mile corridor of Van Ness Avenue between Mission and Lombard Streets. Key features include conversion of two mixed-flow traffic lanes into dedicated bus lanes, consolidated transit stops, high quality stations, transit signal priority, all-door low floor boarding, elimination of most left turn opportunities for mixed traffic, and pedestrian safety enhancements. Work on Phase 1B

of the project has been started. Sewer and water work are underway, and the full project completion date is scheduled for July 2023.

Section 8. Reallocation of Proceeds

The SFMTA Board of Directors and BOC are both notified when reallocations are made between authorized programs and/or projects. In Fiscal Year 2018 - 2019 there were bond reallocations, and these are described below. Reallocations are numbered sequentially by bond issue irrespective of timing.

Series 2013 Bonds

Reallocation 9: In a memorandum dated August 20, 2019, the SFMTA Board was advised that a total of \$143,366 in project cost savings from the Pedestrian Safety & Traffic Signal Improvements category was redirected to the Street Capital Improvements category and from the Transit System Safety & Other Transit Improvements category to Facility Improvements category.

The SFMTA Board was also advised that in regard to the Pedestrian Safety and Traffic Signal Improvements, a total of \$101,092 was redirected from the Excelsior & South Bernal Areawides and the Safe Routes to School Projects - Tenderloin projects to Bicycle Strategy Capital Projects - Wiggle Neighborhood Green Corridor, Masonic Avenue Streetscape, Traffic Calming Backlog Implementation, and Annual Traffic Calming Removal and Replacement projects.

Lastly, the SFMTA Board was advised that another \$42,274 was redirected from the Transit System Safety & Other Transit Improvements category through the Transit Spot Improvement - Muni Forward - 5 Fulton Outer project to the Operator Restrooms (Operator Convenience Facilities Phase I & Phase II) project.

Section 9. Policies & Procedures

At the September 18, 2018 BOC meeting, SFMTA staff reported that the revised use of revenue bond interest which was reviewed by bond counsel was only to be used under the following conditions:

- Interest allocations would be given to bond funded projects in the same series.
- If projects in the same series did not need funding, then interest allocations would be made to bond funded projects in subsequent series.
- Notifications of allocations of interest would be communicated to the SFMTA Board of Directors and the BOC members by memorandum.

Appendix 1: Fiscal Year 2018 - 2019 Meeting Schedule

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

Fiscal Year 2018 - 2019 Bond Oversight Committee Meeting Dates

- September 18, 2018
- November 27, 2018
- March 5, 2019
- June 4, 2019

Appendix 2: Fiscal Year 2018-19 Audit

See the following attached report.



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

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated in the Attachment, which were agreed to by San Francisco Municipal Transportation Agency (SFMTA), on SFMTA's sources and uses of funds related to bond Series 2012A, 2012B, 2013, 2014, and 2017 for the year ended June 30, 2019. SFMTA's management is responsible for SFMTA's sources and uses of funds related to bond Series 2012A, 2012B, 2013, 2014, and 2017 for the year ended June 30, 2019. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated in the Attachment, either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on SFMTA's uses and sources of funds related to bond Series 2012A, 2012B, 2013, 2014, and 2017 for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of City and County of San Francisco Board of Supervisors, SFMTA Board of Directors, SFMTA Bond Oversight Committee, SFMTA management, and others within SFMTA, and is not intended to be and should not be used by anyone other than the specified parties.

KPMG LLP

San Francisco, California
January 27, 2020

Attachment

Procedures and Results:

1. Select a sample of expenditures from the general ledger detail (PeopleSoft data) provided by management and determine whether the debt proceeds and interest income have been recorded in the accounting system solely for uses, purposes, and projects authorized in the authorizing resolution by performing the following procedures:
 - a. We obtained and inspected the following bond resolutions that describe the authorized uses, purposes and projects authorized to be paid with the respective bond proceeds and interest income to use as a basis for determining that the debt proceeds and interest income (the sources) were used in accordance with the bond resolutions in procedure 2 below:
 - Board of Supervisors (BOS) Resolutions for Series 2012A, 2012B, 2013, 2014 and 2017 bonds and Municipal Transportation Agency Board (MTAB) Resolutions for Series 2012A, 2012B, 2013, 2014, and 2017 bonds
 - SFMTA Procurement Procedures
 - CCSF Accounting Policies and Procedures
 - Capital Funding Recommendations
 - b. We obtained and inspected the following bond resolutions that describe management's intention of the bond proceeds and interest income for the source, intended use, and expenditure and balances of bond revenue to use as a basis of determining that the debt proceeds and interest income were recorded correctly in procedure 2 below:
 - The SFMTA Board of Directors Resolutions 11-150, 13-205, and 16-044 resolving to issue Series 2012A, 2012B, 2013, 2014, and 2017 revenue bonds for the purpose of financing (as capital projects) the cost of transportation projects.
 - The SFMTA Board of Directors Resolutions 11-127, 13-206, and 16-044, which allow SFMTA to be reimbursed for costs for the above range of capital projects from the proceeds of revenue bond Series 2012A, 2012B, 2013, 2014, and 2017.
 - CCSF Board of Supervisors Resolutions 120-12, 337-13, and 231-16 authorizing the issuance of Series 2012A, 2012B, 2013, 2014, and 2017 bonds in concurrence with the resolutions passed by the SFMTA Board of Directors.
 - CCSF Board of Supervisors Resolutions 59-12, 207-13, 92-15, 212-15, 105-16, and 16-0464 required to appropriate the revenue collected from the bond issuances for the various capital projects to be undertaken by the Department of Public Works (DPW) on behalf of SFMTA.

Results: KPMG selected a sample of 62 items including a sample of trustee payments that included debt principal and interest amounts. No exceptions were found as a result of applying these procedures.

2. For the sample of transactions selected in procedure 1, perform the following procedures with respect to uses, expenditures, encumbrance, and balances for the year ending June 30, 2019:
 - a. Validate that uses are solely for purposes per the respective bond's authorizing resolution and applicable laws

Attachment

- b. Validate that project expenditures and encumbrances are for authorized capital projects noted in the respective bond resolution
 - c. Validate that transactions are properly supported with documents required by City and Departmental policies and are processed in accordance with SFMTA's internal procedures obtained from management
 - d. Validate if the trustee payments for debt service is in accordance with the terms of the respective bond resolution, amounts are correct, and payments were made on or before the required due dates
 - e. Validate if bond dollar amounts reported are correct and trace to supporting records
3. As referenced in procedure 1 above, we selected a sample of 62 transactions from the PeopleSoft data, split as follows:
 - 25 expenditures with the high-dollar amounts
 - 15 assorted expenditures for small-dollar amounts
 - 15 interdepartmental charges
 - 2 budget (funding) transfers between projects
 - 5 trustee payments

We obtained the PeopleSoft data related to bond Series 2012A, 2012B, 2013, 2014, and 2017 from management of all transactions recorded related to the aforementioned bond series during the year ended June 30, 2019. We selected the 25 highest dollar amounts by filtering the transaction amount in the detail from highest to smallest. Then, we selected 15 additional expenditures that were not within the highest dollar amounts.

We obtained separate work order files related to bond Series 2012A, 2012B, 2013, 2014, and 2017 from management detailing the expenditure ledger and commitment control ledger. The files were organized by transaction type and description. We selected the 15 interdepartmental charges from the expenditure ledger work order file. We used the commitment control ledger work order file to select 2 budget (funding) transfers between projects with transaction type of "budget setup" with description of 'project funding' (which was 100% of the population for budget setup).

We obtained a listing of all bond debt service payments to trustee related to bond Series 2012A, 2012B, 2013, 2014, and 2017 from management. We selected 5 payments from this listing.

We performed the procedures described above in procedure 2 on samples referenced in procedure 3 as follows:

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

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

Attachment

- The project expenditures and encumbrances were for authorized capital projects noted in the respective bond resolution by obtaining the approved invoice and Certificate of Progress Payment that were signed by the project manager and contract administrator provided by management.
- The transactions were properly supported based on City and Departmental policies in accordance with SFMTA's internal procedures by obtaining the approved invoice, encumbrance payment request form, the general ledger screen shot showing the amount paid prior to reimbursement, Certificate of Progress Payment, request for progress payment memorandum, and check/EFT from management. We also agreed the amount per the progress payment memorandum to the amount in the encumbrance payment request form for each selection. Then, we agreed the amounts per the progress payment report to the respective check/EFT. For samples #1-2, #4-5, #8, #14, #16, #19-20, #23, #26, #28-#29, and #32-33, encumbrance requests were not provided because they were not direct construction costs. For these samples, we used the payment authorization or equivalent to agree the payment amount to the respective check/EFT. We also agreed the date of payment on the check/EFT to the 30-day payment rule per CCSF's Prompt Payment Guideline. For sample #10, #21, #27, #31, #34, #39 the 30-day payment rule did not apply because these transactions were journal entries that were not subject to the same procedural requirements as regular expenses funded by bonds. We further noted the following:
- Samples #1-2, #4-5, #8, #14, #16, #19-21, #23 and #26 were with the same vendor. We were informed by management that these samples were for a Light Rail Vehicle (LRV) purchase contract which does not require SBE form 7 or SFMTA Certificate of Progress Payment. SBE form 7 is only for construction contracts. We inspected the respective invoices and purchase orders, as well as the progress payment certification memo signed by SFMTA and the contract's Project Manager and vouched the payment detail to the check/EFT.
- Sample #15 had an invoice received date of 10/31/2018 and the payment relating to that invoice was dated 12/5/2018, as such the date of payments was 5 days past the due date which is 30 days from the receipt of invoice. The invoice was routed to the incorrect person and the intended recipient did not receive the invoice until 12/3/2018.
- Samples #10, #21, #27, #31, #34, and #39 are journal entries that are not subject to the same procedural requirements as regular expenses related to projects funded by bond revenue. KPMG instead viewed the approval chain on PeopleSoft. KPMG also viewed the PeopleSoft screens to agree the amount, and viewed the preparer and approver dates noting that the approver dates were after the preparer dates. Lastly we ensured the preparer name and the approver name were different. For sample #21, we ensured the preparer ID and approver ID were different as no name was shown.
- Samples #3, #6-7, #9, #12, #13, #15, #17, #22, #25, and #30 included a 5% retention amount, which is the difference between the progress payment amount and the check/EFT.
- Sample #32 is a sales tax transaction, so progress payment form 7 was not required for this transaction as noted by management. KPMG instead obtained other applicable supporting documentation, including vendor invoice for equipment purchased with tax accrual amount, SFMTA purchase order memorandum, and bid application.
- Samples #37 was related to division overhead, which is not normally an encumbered expense and does not require progress payments, therefore the 30-day payment rule does not apply. For this sample, we obtained relevant supporting documents including payroll register, timecards, and departmental overhead allocation rates to recalculate the sample amount.

Attachment

- Samples #35-36, #38 and #40 relate to salaries which are not normally encumbered expenses and do not require progress payments, therefore the 30-day payment rule does not apply. KPMG obtained the personnel's timesheets and payroll registers from SFMTA's labor distribution forms and recalculated the salaries charged.

Sample #	Project Number	Project Title	Transaction Type	Transaction Amount
1	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	\$ 5,023,905
2	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	3,684,197
3	10011740	MT Van Ness Ave BRT-CPT640	High-Dollar Value	3,604,519
4	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	3,571,875
5	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	3,000,000
6	10011740	MT Van Ness Ave BRT-CPT640	High-Dollar Value	2,635,439
7	10011740	MT Van Ness Ave BRT-CPT640	High-Dollar Value	2,593,172
8	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	2,507,220
9	10011740	MT Van Ness Ave BRT-CPT640	High-Dollar Value	2,347,502
10	10031817	PW MTA Golden Gateway Vent	High-Dollar Value	2,218,922
11	10030658	MT UCSF PlatfRm Ext & C-CPT735	High-Dollar Value	2,113,471
12	10011740	MT Van Ness Ave BRT-CPT640	High-Dollar Value	1,693,183
13	10030659	MT King St Substat Upgr-CPT735	High-Dollar Value	1,575,975
14	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	1,508,125
15	10030658	MT UCSF PlatfRm Ext & C-CPT735	High-Dollar Value	1,386,835
16	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	1,216,452
17	10011740	MT Van Ness Ave BRT-CPT640	High-Dollar Value	1,202,213
18	10030659	MT King St Substat Upgr-CPT735	High-Dollar Value	1,113,000
19	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	998,175
20	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	998,175
21	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	919,262
22	10030658	MT UCSF PlatfRm Ext & C-CPT735	High-Dollar Value	910,021
23	10011861	MT PROCUREMENT OF NEW LIGHT RA	High-Dollar Value	831,813
24	10030658	MT UCSF PlatfRm Ext & C-CPT735	High-Dollar Value	774,612
25	10031830	PW MTA Lombard Wtrprf Façade	High-Dollar Value	680,082

- Sample #25 was authorized by DPW, thus payment processing was performed by agreeing to Payment Authorization forms signed off by construction/contract administrator and project manager. We inspected the supporting documentation (contractor invoices, approved payment authorization, payment approval support) to determine whether all charges included in the sample amount were appropriate based on SFMTA work authorization procedures.

Attachment

Sample #	Project #	Project Name	Transaction Type	Transaction Amount
26	22380	MT PROCUREMENT OF NEW LIGHT RA	Small-Dollar Value	\$ 614,000
27	22395	MT Mta S2017 Rev Bond Coi - Tr	Small-Dollar Value	380,000
28	22960	PW MTA Prkg Controls Improve	Small-Dollar Value	250,123
29	22960	PW MTA Prkg Controls Improve	Small-Dollar Value	154,343
30	22395	MT Van Ness Ave BRT-CPT640	Small-Dollar Value	70,000
31	22380	Mta S2014 Rev Bond Coi - Trans	Small-Dollar Value	60,000
32	22395	MT King St Substat Upgr-CPT735	Small-Dollar Value	51,000
33	22395	MT PROCUREMENT OF NEW LIGHT RA	Small-Dollar Value	32,752
34	22950	Mta S2013 Rev Bond Coi - Susta	Small-Dollar Value	28,000
35	22395	MT PROCUREMENT OF NEW LIGHT RA	Small-Dollar Value	13,931
36	22960	PW MTA Prkg Controls Improve	Small-Dollar Value	2,801
37	22960	PW MTA Lombard Wtrprf Façade	Small-Dollar Value	2,533
38	22380	PW Operator Conv Stn VN and NP	Small-Dollar Value	2,287
39	22950	Mta Rev Bond S2013 Coi - Garag	Small-Dollar Value	2,000
40	22380	PW Operator Conv Stn Rivera-GH	Small-Dollar Value	1,866

Results: Other than Sample #15 payment, no exceptions found as a result of applying the above procedures.

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

- For samples #41-45, #48-49, #53, #55 we validated that the uses are solely for purposes per the respective bond authorizing resolution and applicable laws by obtaining the Department of Public Works (DPW) Payment Authorization form (DPW samples)/SFAC Payment and Encumbrance checklist (ART sample)/SFMTA Work Authorization Request to SFPUC (PUC sample), the general ledger screen shot, project description and project cost details provided by DPW/ART/PUC and noted the project descriptions on the work authorization form were for capital projects referenced in the respective bond resolution. We agreed the progress payment or work authorization amount to the amount on the contractor payment (check copy or EFT). We note none of the interdepartmental samples were related to construction costs, as such encumbrance forms were not applicable.
- For samples #41-45, #48-49, #53, #55 we validated the transactions were properly supported based on the City and Departmental policies and were processed in accordance with SFMTA's internal procedures by obtaining the work authorization from management and confirmed it was signed by a SFMTA project manager who verified that the documentation for charges was correct; the charges were in line with the project scope, schedule, and budget; and progress of work reasonably equated to the percentage of the budget expended. SFMTA's Work Authorization Procedure indicates that the SFMTA project manager is required to approve the charges related to DPW/ART/PUC within 30 days of month-end for the applicable charges and requires that expenditures have a project description and project code to which the expenditures can be charged for tracking purposes. We obtained the invoices and work authorizations from management and compared the project descriptions to the project descriptions in the general ledger detail and to confirm that expenditures were for capital projects per authorization of bond revenues.

Attachment

Sample #	Project #	Project Title	Transaction Type	Transaction Amount
41	10031830	PW MTA Lombard Wtrprf Façade	Interdepartmental	\$ 680,082
42	10031831	PW MTA Prkg Controls Improve	Interdepartmental	275,087
43	10031410	PW Polk St Infra Impr	Interdepartmental	166,281
44	10031831	PW MTA Prkg Controls Improve	Interdepartmental	113,785
45	10002361	PW Masonic Ave Infra Impr	Interdepartmental	63,544
46	10031831	PW MTA Prkg Controls Improve	Interdepartmental	31,549
47	10031817	PW MTA Golden Gateway Vent	Interdepartmental	15,787
48	10031831	PW MTA Prkg Controls Improve	Interdepartmental	7,199
49	10031546	PW Masonic Ave Infra Impr	Interdepartmental	5,190
50	10031438	PW Broadway Chinatown Phase IV	Interdepartmental	4,547
51	10031737	PW Lombard St Infra Impr	Interdepartmental	3,482
52	10031830	PW MTA Lombard Wtrprf Façade	Interdepartmental	3,044
53	10031438	PW Broadway Chinatown Phase IV	Interdepartmental	7,035
54	10031438	PW Broadway Chinatown Phase IV	Interdepartmental	1,112
55	10011573	MT Islais Creek, Maintenance a	Interdepartmental	10,899

- Samples #41-45, #48-49, #53, and #55 were non-personnel expenses; therefore, no labor reports are available.
- Samples #46-47 and #54 were journal entries that are not subject to the same procedural requirements as regular expenses related to projects funded by bond revenue. We viewed the approval chain on PeopleSoft and verified that the PeopleSoft screens agreed to the amount per the selections. Furthermore, we viewed the preparer and approver dates noting that the approver date was after the preparer's date.
- Samples #50-52 were project manager allocations of salaries, for which the project manager has discretion to allocate salaries once funding for an overall project is approved. We noted the Work Authorization Title/Description agreed with the Project description noted in the sample. We also noted that the work authorization was signed off as approved by the respective project manager.

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

Budget Funding (Sample Size 2) Sample numbers 56-57 (Steps 2a-c described above)

- For the budget funding samples, we validated the uses of funds were solely for purposes per the respective bond authorizing resolution and applicable laws by obtaining the SFMTA Work Authorization Request from management and compared the project description to the respective bond resolution.
- For the budget funding samples, we validated the project expenditures and encumbrances were for authorized capital projects by obtaining the SFMTA Work Authorization Request from management and confirmed the form was signed by a project manager. 1 sample was related to capital outlays for buildings, structures, and improvement projects included in the respective bond resolution. 1 sample was related to a request from the Controller's office to move budget funding from Internal Audit to fund other expenses within the same project code and using funding from the same bond series.
- For the budget funding samples, we validated the transactions were properly supported based on City and Departmental policies and were processed in accordance with SFMTA's internal procedures by obtaining the work authorization request which requires an expenditure or encumbrance have a project description and a project code to which the expenditures can be charged for tracking purposes. All the work authorizations obtained had the project description and project code. We found the SFMTA project manager signed the request form prior to transactions being entered into the general ledger system by comparing the dates on the request form to the general ledger entry. We inspected general

Attachment

ledger screen shots that showed the funds authorized to be used for specific projects by code and we noted the entry to the system agreed to the amount authorized on the Work Authorization Request.

Sample #	Project #	Project Title	Transaction Type	Transaction Amount
56	10009630	MTA Rev Bond S2012B - Parking	Budget Funding	\$ 138,913
	10002815	MX Waterproofing & Ventilation	Budget Funding	3,615
	10009627	MTA 2013 Rev Bond S2013 - SSD	Budget Funding	387,317
	10012872	MTA Rev Bond S2013 - Parking	Budget Funding	23,211
	10012883	MTA Rev Bond S2014 - Garage	Budget Funding	446,890
	10010035	MS TERRY FRANCOIS BLVD BIKEWAY	Budget Funding	(50,000)
	10010035	MS TERRY FRANCOIS BLVD BIKEWAY	Budget Funding	(231,800)
	10010035	MS TERRY FRANCOIS BLVD BIKEWAY	Budget Funding	(10,000)
	10010035	MS TERRY FRANCOIS BLVD BIKEWAY	Budget Funding	(25,000)
	10010035	MS TERRY FRANCOIS BLVD BIKEWAY	Budget Funding	(10,000)
	10010035	MS TERRY FRANCOIS BLVD BIKEWAY	Budget Funding	(118,200)
	10010035	MS TERRY FRANCOIS BLVD BIKEWAY	Budget Funding	(1,890)
	10010035	MS TERRY FRANCOIS BLVD BIKEWAY	Budget Funding	(142,528)
	10010035	MS TERRY FRANCOIS BLVD BIKEWAY	Budget Funding	(410,528)
57	10011922	Mta S2012B Rev Bond Coi - Tran	Budget Funding	(41,400)
	10011917	Mta S2013 Rev Bond Coi-Transit	Budget Funding	(120,000)
	10011918	Mta S2014 Rev Bond Coi - Trans	Budget Funding	(60,000)
	10031005	MT Mta S2017 Rev Bond Coi - Tr	Budget Funding	(380,000)
	10009625	Mta Rev Bond S2012B Coi - Sus	Budget Funding	(10,000)
	10009620	Mta S2013 Rev Bond Coi - Susta	Budget Funding	(28,000)
	10012881	Mta Rev Bond S2013 Coi - Garag	Budget Funding	(2,000)
	10009621	Mta S2014 Rev Bond Coi - Susta	Budget Funding	(32,000)
	10012882	Mta Rev Bond S2014 Coi - Garag	Budget Funding	(58,000)
	10011922	Mta S2012B Rev Bond Coi - Tran	Budget Funding	41,400
	10011917	Mta S2013 Rev Bond Coi-Transit	Budget Funding	120,000
	10011918	Mta S2014 Rev Bond Coi - Trans	Budget Funding	60,000
	10031005	MT Mta S2017 Rev Bond Coi - Tr	Budget Funding	380,000
	10009625	Mta Rev Bond S2012B Coi - Sus	Budget Funding	10,000
	10009620	Mta S2013 Rev Bond Coi - Susta	Budget Funding	28,000
	10012881	Mta Rev Bond S2013 Coi - Garag	Budget Funding	2,000
	10009621	Mta S2014 Rev Bond Coi - Susta	Budget Funding	32,000
	10012882	Mta Rev Bond S2014 Coi - Garag	Budget Funding	58,000

- Sample #56 relates to the transferring of bond interest earned from pooled cash towards construction projects. Per the resolutions for bonds from 2012A, 2012B, 2013, and 2014 the bonds are to be used for transit, transportation, and various capital projects, which agree to the authorized purpose of the project for MS Terry Francois Blvd Bikeway. SFMTA was not able to provide evidence of the Project Manager's approval as the approval was completed electronically through an e-workflow and disappears once the budget initiation and revision process is completed. Emails are transmitted to the responsible parties notifying them of the approval, however neither of the parties involved are still employed with MTA. In lieu of the Project Manager approval, we reviewed the approval chain in PeopleSoft by the accounting staff, as the accounting staff will not input the entry prior to the Project Managers approval. We viewed the PeopleSoft screens and agreed the amounts, as well as viewed the preparer and approver dates noting the approver date was after the preparer date. Finally we ensured the preparer ID and approver ID were different (no names were shown).

Attachment

- Sample #57 is a budget adjustment. We viewed an email from the Controller's office requesting the budget adjustment as the Controller's office decided to liquidate the department's work order. We note the Controller's office has the appropriate authority to initiate a budget revision and approve the entry. The funds were transferred to a different expense within the same project, therefore the descriptions still meet the authorized purpose as the projects have not changed. We agreed the budget revision request to the PeopleSoft entry and screenshot

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

Trustee Payments (Sample Size 5) Sample numbers 58-62 (Steps 2d-e described above)

- For the five trustee payments, we validated that the trustee payments for debt service amounts paid were correct and the payments were paid by the due date by obtaining the monthly payment request and bank statement from management, and comparing the due date on the monthly payment request to the payment date on the bank statement and to the debt maturity schedule in the respective bond resolution to show whether the payment date was before the due date. We also agreed each trustee payment amount selected to the amount on the bank statement.
- For the five trustee payments, we validated if bond liabilities as of the year-end date of June 30, 2019 were correct and if they were supported with a payment by obtaining the debt service schedules for Series 2012A, 2013, and 2017 (2012B and 2014 were not covered by the sample selection) bonds as part of the fiscal year 2019 audit and agreeing each amount to the corresponding debt service schedule.

<u>Sample #</u>	<u>Project #</u>	<u>Transaction Description</u>	<u>Transaction Type</u>	<u>Transaction Amount</u>
58	10001719	MTA TS DSF REVBD S2017 (NEW)	Trustee Payment	\$ 506,667
59	10001719	MTA TS DSF REVBD S2017 (NEW)	Trustee Payment	584,649
60	10001723	MTA SS OPR DEBT SERVICE-13A	Trustee Payment	91,172
61	10001725	MTA SS OPR DEBT SERVICE 12A	Trustee Payment	461,667
62	10001719	MTA TS DSF REVBD 2013A (NEW)	Trustee Payment	390,667

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