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MEETING NOTICE AND AGENDA

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TRANSNET INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (ITOC)

The ITOC may take action on any item appearing on this agenda.

SPECIAL MEETING

Thursday, September 22, 2005

9:15 to 11:30 a.m.

SANDAG, Conference Room 8A
 401 B Street, Suite 800
 San Diego, CA 92101-4231

Staff Contact: Craig Scott
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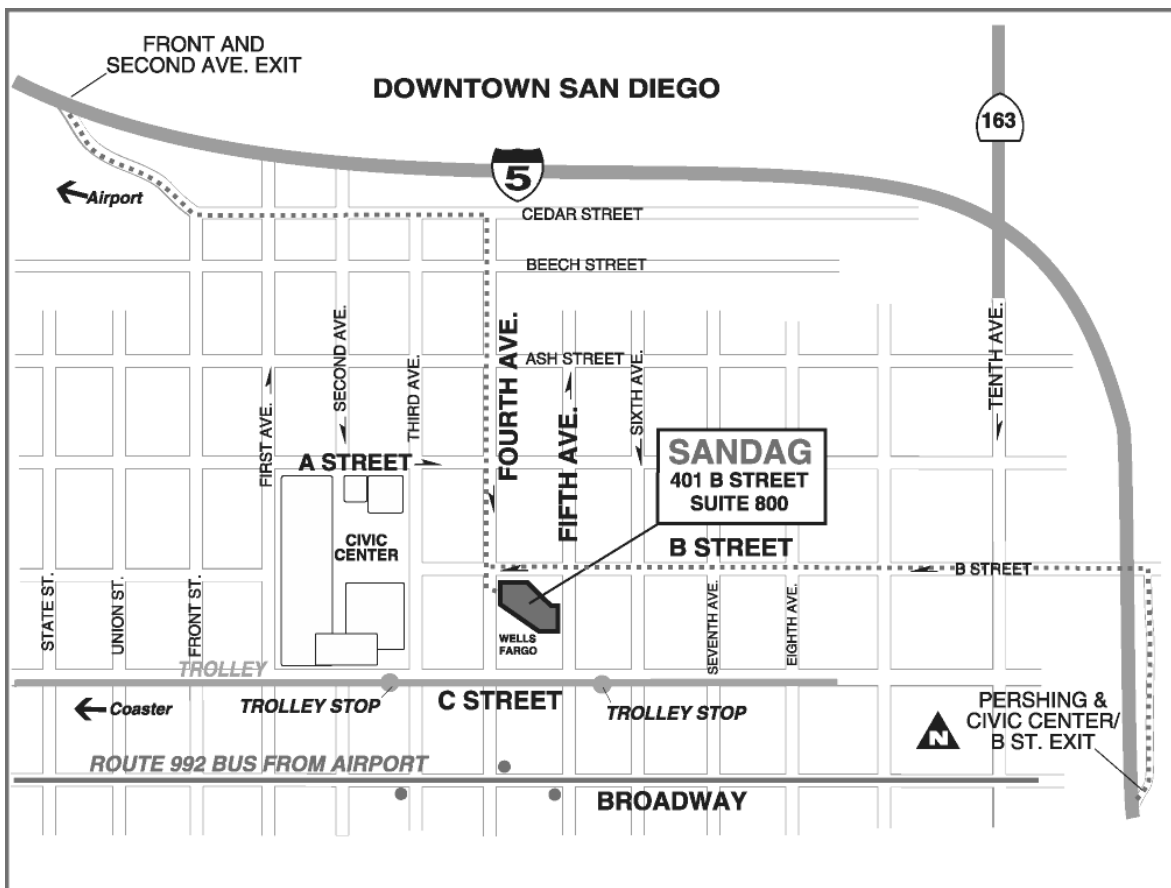


Welcome to SANDAG. Members of the public may speak to the *TransNet* Independent Taxpayer Oversight Committee (ITOC) members on any item at the time the ITOC is considering the item. Also, members of the public are invited to address the ITOC on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The ITOC may take action on any item appearing on the agenda.

This agenda and related staff reports can be accessed at www.sandag.org under Meetings on SANDAG's Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than noon, two working days prior to the ITOC meeting.

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**TRANSNET INDEPENDENT TAXPAYER
OVERSIGHT COMMITTEE (ITOC)
SPECIAL MEETING**

Thursday, September 22, 2005

ITEM #	RECOMMENDATION
1. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS	
<p>Members of the public will have the opportunity to address the ITOC on any issue within the jurisdiction of the ITOC. Speakers will be limited to three minutes each. Committee members also may provide information and announcements under this agenda item.</p>	
+2. ITOC'S INFORMATION NEEDS RELATED TO PROGRAM MANAGEMENT/QUARTERLY REPORTS	DISCUSSION
<p>This item is a follow-up to the discussion at the last ITOC meeting regarding project/program management and the <i>TransNet</i> Ordinance requirement to provide the ITOC with quarterly reports on the progress of the major <i>TransNet</i>-funded projects. SANDAG's consultants are seeking input from the ITOC on the type of information that would be of use to the ITOC in this quarterly reporting process and the format in which the ITOC would like the information reported. As provided in the agenda package for the last meeting, a copy of the scope of work describing SANDAG's planned work effort in this area has been included for reference, along with the draft "Implementation Procedures for ITOC's Major Project Oversight Responsibilities" relating to the ITOC's responsibilities (Paragraph #10) focusing on the review of quarterly reports regarding cost control and schedule adherence.</p>	
3. ADJOURNMENT	

+ next to an agenda item indicates an attachment

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

September 22, 2005

AGENDA ITEM NO.: **2**

Action Requested: DISCUSSION

ITOC's Information Needs Related To
Program Management/Quarterly Reports

File Number 1110200

Attachments related to this item include:

- Scope of Work for Program Management Services. This scope of work provides additional detail on the work just getting underway at SANDAG to develop a project/program management system to be used in the ongoing development of *TransNet*-funded projects.
- Implementation Procedures for ITOC's Major Project Oversight Responsibilities. This revised draft was developed through the Bylaws Subcommittee for the ITOC's review and comment.
- Implementation Procedures for ITOC's Performance Audit Responsibilities. This revised draft also was developed through the Bylaws Subcommittee for the ITOC's review and comment.

PROGRAM MANAGEMENT SERVICES

Agreement No. 1 Task Order Number One

Scan of Program Management Systems September 2005

1 DESCRIPTION OF SERVICES

PBS&J, as the Sub-CONSULTANT to HNTB for the San Diego Association of Governments (SANDAG), shall act as an extension of SANDAG staff for *TransNet* program planning and technical support. The services provided will include an overall program assessment that will include a review and update of program and project management processes. Phase I of this assignment will include data collection and an overall program assessment to determine the program requirements, level of effort and costs to SANDAG for the development of a comprehensive program management system for the *TransNet* 'Early-Action' program. Recommendations made from the Phase I assessment may be implemented during subsequent phase.

2 SCOPE OF SERVICES

PBS&J's services to be performed for this task order shall include, but are not limited to, the following:

2.1. Data Collection and Program Assessment

Consultant shall research, review, and evaluate existing program/project management processes and tools currently in use by SANDAG and Caltrans. The consultant shall review industry best practices for program management processes and tools. Consultant shall prepare a report with recommendations and a schedule for implementation. The Consultant shall make recommendations of best management practices for adoption by the agencies. This will include identifying specific program management tools that are necessary to most effectively and efficiently deliver the *TransNet* Program. The report shall take into full consideration the existing processes and tools that SANDAG and Caltrans currently utilize, and will provide recommendations to best utilize and integrate existing platforms.

Specific activities are described below:

- 2.1.1** Interview SANDAG and key stake holder's representatives as identified by SANDAG to understand existing program management processes, tools and desired outcomes. Collect necessary data and reports to document processes and needs.
- 2.1.2** Review industry use of program/project management tools. Review agencies with capital improvement programs of a magnitude and scope similar to the SANDAG program. Identify the tools and business processes utilized by the agencies and the successes/issues that are occurring, such as but not limited to: schedule and budget control, risk management, change control, and the use of analytical tools such as

'Earned Value.' Make recommendations as to the adoption of best practices to aid in the overall management of the TransNet program.

- 2.1.3** Review agencies program management staffing and make recommendations regarding the staffing required to effectively deliver the TransNet program; review the applicability of a 'program office' and determine the requirements to make recommendations on the appropriate mix of Caltrans and consultant staff for each corridor Early Action Plan project.
- 2.1.4** Review existing SANDAG and Caltrans program/project management systems to identify opportunities for automated, information sharing/collaboration using to maximize efficiencies. Identify specific steps necessary to implement. Describe how project managers from the various teams are to collaborate on developing and maintaining integrated project schedules; and identify the tools and systems that should be used to effect the creation of a single, unified schedule that describes the all work programmed for each major corridor.
- 2.1.5** Review existing project status processes and develop an integrated project status process. Identify the steps required to enable a program level dashboard report.
- 2.1.6** Review existing SANDAG and Caltrans financial, project accounting, and program budget tracking process and systems, and consider the use of existing budget tools to integrate into a consolidated program management tool.
- 2.1.7** Review SANDAG and Caltrans and Work Breakdown Structure (WBS) and recommend a WBS for use by SANDAG to enable integrated scheduling, budgeting and project accounting with Caltrans. If applicable, identify the steps required to by SANDAG to adopt and implement a revised WBS.
- 2.1.8** Develop a set of recommended requirements that SANDAG can insert into future project scope of work statements for development of TransNet projects to ensure that consultant teams adhere to project management, accounting, and reporting requirements.

Deliverables – At the completion of these activities, PBS&J shall prepare a draft report for SANDAG's review and approval. A final report shall be prepared based upon SANDAG and Caltrans comments. The report shall include findings from the assessment, list of action items with recommended priorities such as:

- Program Office Staff Requirement
- Draft Template of Dashboard Report and a process to update status of projects
- Ways for Caltrans/SANDAG/Consultants to coordinate on WBS
- Proposed Organization Chart for a decision making and Inter/Intra departmental communication process
- Discuss need for a process and propose such a process to develop Benchmark cost, schedules, and scope
- Provide a table summarizing recommendations with schedule for implementation. Categorize recommendations in regards to difficulty of implementation: low, medium, high.

- Recommend ways to use information from MS Project and P3 to develop a Program/Project level schedules
- Recommend ways to import pertinent data from independent financial systems of SANDAG and Caltrans to develop Dashboard Reports
- Detailed scope statement for inclusion in future consultant task orders, schedule to implement, risks, and an estimate of costs.

3 INFORMATION TO BE PROVIDED BY SANDAG

- 3.01 Update PBS&J on the current program/project management system status
- 3.02 List of SANDAG and key stake holder's representatives for interview and information gathering
- 3.03 Access to existing files pertaining to the Project/Program development including project development, costs, and schedules.
- 3.04 Provide access to SANDAG project management and accounting systems, and existing project management tools
- 3.05 Furnish invoicing and documentation standards for use by PBS&J

4 PROGRESS REPORTS

The Consultant shall meet with SANDAG as needed to discuss progress on the project. The Consultant shall deliver, within the time specified herein, all reports, and minutes of meeting.

- Monthly Progress Report showing actual hours per activity and percent product per deliverable.
- Total cost expended per activity, and per deliverable.

5 LENGTH OF SERVICES

The duration of these activities shall be from September 6, 2005 to November 4, 2005. The draft report is due to SANDAG no later than October 14, 2005.

Implementation Procedures for ITOC's Major Project Oversight Responsibilities

Ordinance Language

"Review the major Congestion Relief projects identified in the Ordinance for performance in terms of cost control and schedule adherence on a quarterly basis." [Paragraph #10]

Background/Discussion

- To date, the ITOC has been briefed on the Early Action Program approved by the SANDAG Board, which contains those projects from the 40-year *TransNet* Extension Expenditure Plan that have been targeted for accelerated implementation.
- Staff has been working with Caltrans staff and consultants to update the costs for these Early Action projects from the cost estimates in 2002 dollars used in the ballot measure to 2005 dollars for input to the *TransNet* Plan of Finance development process.
- The result of this initial Plan of Finance process will be the establishment of the baseline cost, schedule and scope for the projects moving forward to implementation. The quarterly review process will provide the mechanism for the ITOC's oversight of the major project implementation.
- Staff has initiated discussions with consultants regarding the development of a project management and tracking process for the implementation of these projects. Once the baseline cost, schedule and scope is established, this project management system would be used to establish:
 - Project/program controls
 - Project scheduling process
 - Risk management assessments
 - Project/program performance measures
 - Change control process
 - Conflict resolution process
- Staff will work with the ITOC to share information and develop the reports that the ITOC will need to carry out its responsibilities in terms of reviewing cost control and schedule adherence. Input from the ITOC at this early stage is important to ensure that the project management system is designed to provide the information that the ITOC requires.
- A regular quarterly reporting format will be established containing the key information needed by the ITOC to review the progress being made on the major *TransNet* Congestion Relief projects.
- Early action by the ITOC should focus on providing input to the staff on type of information the ITOC needs to carry out its responsibilities, including the format and level of detail, so that the ITOC's needs can be incorporated in the development of the project management system and the quarterly reporting process.

Schedule/Timing

- The review of major project cost control and schedule adherence will be conducted on a quarterly basis following the establishment of the baseline cost, scope and schedule which is scheduled to be completed in Fall, 2005.
- An item of discussion over the next few meetings should focus on the types of information needed by the ITOC and the reporting format for the quarterly reports so that the staff can work to develop the information in the desired format.

DRAFT

For discussion at 9/22/05 Meeting

Implementation Procedures for ITOC's Performance Audit Responsibilities

Ordinance Language

“Conduct triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet-funded projects and programs to review project delivery, cost control, schedule adherence and related activities. The review should include consideration of changes to contracting, construction, permitting and related processes that could improve the efficiency and effectiveness of the expenditure of TransNet revenues. These performance audits shall be conducted using the services of an independent performance auditor and should include a review of the ITOC's performance. A draft of the ITOC's report and recommendations regarding the performance audits shall be made available to the SANDAG Transportation Committee at least 60 days before its final adoption by the ITOC to resolve inconsistencies and technical issues related to the ITOC's draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and related recommendations, and adopt its report for presentation directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as objective and constructive as possible in the text and presentation of the performance audits. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.” [Paragraph #3]

Background/Discussion

- Performance audits are intended to examine the performance of agencies in delivering certain products and services. In this situation, it is the performance of SANDAG, Caltrans, MTS, NCTD, the County of San Diego, the cities and other agencies involved in the implementation *TransNet*-funded projects and services. This is not a financial audit, but a somewhat more subjective review of how well the agencies are doing in delivering projects on time and within budget.
- The performance audit should review the experience over the three-year period under evaluation, identify any problems encountered, and make recommendations for improving efficiency and effectiveness of expenditures under the *TransNet* program.
- The subsequent performance audit would include review the status of the implementation of the recommendations made in the prior performance audit and evaluate the effectiveness of those recommendations.
- The performance audit should include a review of the approaches being followed for contracting, construction management, permitting, and other processes related to project implementation and consider changes to improve the efficiency and effectiveness of the overall project development process.

- The independent contractor to be used to perform these performance audits should have experience in project design, construction management, and related project implementation activities.
- Prior to issuing the Request for Proposals (RFP) for the independent performance auditor, the ITOC should discuss the specific issues to be addressed in the performance audit, identify activities to be evaluated, and develop a specific scope of work to be included in the RFP. Certain issues may arise over the next three years that the ITOC would like to have the auditors consider as part of the audit scope.
- Depending on the level of detail in the scope of work, the cost for the triennial audit process could be in excess of \$100,000. The cost of these performance audits would come out of the ITOC's annual funding (\$250,000 as adjusted for inflation) which becomes available in FY 2008-09.

Schedule/Timing

- The first triennial performance audit should begin in Fiscal Year 2008-09 covering the three-year period from Fiscal Year 2005-06 – to Fiscal Year 2007-08. The consultant selection process should be initiated by April 1, 2008 so that a consultant can be under contract and begin work in early FY 2008-09.
- The schedule for the audit process should provide for a draft report and recommendations to be made available to the SANDAG Transportation Committee at least 60 days prior to the ITOC's scheduled approval of the final report.