

# INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

February 9, 2011

AGENDA ITEM NO.: **1B**

**Action Requested: APPROVE**

MEETING SUMMARY FOR THE JANUARY 12, 2011,  
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE MEETING

File Number 1500100

## Attendance

- Committee Members:
- Carolyn Lee, Chair
  - Jim Ryan, Vice Chair
  - Hamid Bahadori
  - Jesus Garcia
  - David Lloyd
  - Tracy Sandoval
- Absent:
- Paul Fromer
  - John Meyer
- Staff:
- Gary L. Gallegos
  - Kim Kawada
  - Ariana zur Nieden

The meeting of the *TransNet* Independent Taxpayer Oversight Committee (ITOC) was called to order by Chair Carolyn Lee at 9:34 a.m.

### 1. APPROVAL OF MEETING SUMMARY

A summary of the November 10, 2010, ITOC meeting was prepared for the Committee's review and approval.

Action: Action on the minutes was postponed to the February 9, 2011, ITOC meeting.

### 2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public comments, communications, or member comments.

## REPORTS (3 through 11)

### 3. SUMMARY OF TRANSPORTATION COMMITTEE AND BOARD OF DIRECTORS ACTIONS ON *TransNet*-RELATED AGENDA ITEMS (INFORMATION)

Kim Kawada, *TransNet* and Legislative Affairs Program Director, provided a summary of Transportation Committee and Board of Directors actions on agenda items that the ITOC has reviewed.

Ms. Kawada stated that Amendment No. 1 to the 2010 Regional Transportation Improvement Program (RTIP) was approved by the Transportation Committee on November 12, 2010, allowing Caltrans to leverage federal funds to reduce the amount of *TransNet* funds needed for the Interstate 805 High-Occupancy Vehicle/Managed Lanes project.

She also noted that Amendment No. 2 to the 2010 RTIP was on today's ITOC meeting agenda. Amendment No. 2, which programmed funding for the 2010 Plan of Finance Robust Scenario, was approved by the Transportation Committee at its December meeting.

Ms. Kawada mentioned that at its December 17, 2010, meeting, the Board of Directors accepted the Transportation Committee's recommendation to approve the Hybrid Scenario as the Preferred Revenue Constrained Transportation Network Scenario for use in developing the 2050 Regional Transportation Plan (RTP). Ms. Kawada also stated that the Board had approved amendments to various Board Policies, including Board Policy No. 031, which contains *TransNet* Ordinance and Expenditure Plan Rules.

Chair Lee asked about the proposed exchange of Traffic Congestion Relief Program (TCRP) funds with *TransNet* funds and the probability of receiving future TCRP funds, given the situation of the current state budget. Ms. Kawada responded that she felt SANDAG would receive these TCRP funds, although it may take longer than originally envisioned.

Action: This item was presented for information only.

#### 4. 2010 REGIONAL TRANSPORTATION PROGRAM: AMENDMENT NO. 2 (INFORMATION)

Michelle Merino, Financial Programming Analyst, stated that on September 24, 2010, the Board of Directors adopted the 2010 RTIP, the multiyear program of proposed major highway, arterial, transit, and bikeway projects in the San Diego region covering the period FY 2011 to FY 2015. This amendment was processed outside of the regular quarterly cycle in order to accommodate the 2010 Plan of Finance Robust Scenario for the *TransNet* Early Action Program. Amendment No. 2 was approved by the Transportation Committee on December 10, 2010, and this report is provided to the ITOC for information, focusing on the *TransNet* Program of Projects.

Action: This item was presented for information only.

#### 5. 2010 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 3 (DISCUSSION)

SANDAG processes amendments to the RTIP on a quarterly basis based on requests from member agencies. Ms. Merino presented the item, stating that significant comments would be forwarded to the Transportation Committee. The ITOC was asked to review and comment on Amendment No. 3, focusing on the *TransNet* Program of Projects. There were no significant comments from the ITOC members.

Action: This item was presented for discussion only.

6. FY 2011 BUDGET AMENDMENT: ENCINITAS PEDESTRIAN CROSSINGS FUNDING EXCHANGE (DISCUSSION)

Sookyung Kim, Financial Programming Manager, reported that the design for the Encinitas Pedestrian Crossings project is nearly complete. TCRP funds previously programmed for this project are not available at this time. A funding exchange, as permitted by the *TransNet* Extension Ordinance, would allow this project to proceed to advertisement for construction contract.

Hamid Bahadori expressed concern regarding the exchange of *TransNet* funds with other types of funds, such as TCRP funds. He stated that when those other funds are received, the repayment of *TransNet* funds should be a priority.

Gary L. Gallegos, Executive Director, stated that the proposal is for an even exchange of funds, and not a loan. *TransNet* funds on the Elvira to Morena project would be exchanged with the TCRP funds on the Encinitas Pedestrian Crossings project. Both projects are located in the coastal rail corridor and are *TransNet*-eligible. The Encinitas project is in need of immediate funding, since it is nearly construction-ready; the Elvira to Morena project is progressing on a slightly longer timeframe and is expected to be able to use the TCRP funds at a later date when they become available..

Action: Upon a motion by David Lloyd, and a second by Vice Chair Jim Ryan, the ITOC voted to direct staff to inform the Transportation Committee of the Committee's support for this fund exchange. The motion passed unanimously.

7. *TransNet* ENVIRONMENTAL MITIGATION PROGRAM: FIVE-YEAR FUNDING STRATEGY UPDATE, FY 2011 FUNDING ALLOCATION, AND FY 2011 LAND MANAGEMENT GRANT CRITERIA (DISCUSSION)

Keith Greer, Senior Regional Planner, provided an overview of a proposed update to the Five-Year Conceptual Funding Strategic Plan for the *TransNet* Environmental Mitigation Program (EMP), including a proposed FY 2011 budget allocation totaling \$4 million, and recommended modifications to the eligibility and evaluation criteria for land management grants for FY 2011.

ITOC members discussed the proposal for setting aside a portion of the EMP funding for emergency funds and how land managers would make emergency determinations. Mr. Greer provided additional details about how the proposed process would work.

Mr. Bahadori suggested that the proposed changes to the land management grants criteria for FY 2011 be sent to ITOC member Paul Fromer for his comments. Mr. Greer agreed to do so.

Jesus Garcia suggested that volunteer groups could be contacted to help with the removal of invasive plants along the state highway system. Mr. Gallegos said he would pass this suggestion along to Caltrans District 11 Director Laurie Berman.

Action: This item was presented for discussion. The ITOC directed staff to ask Mr. Fromer to review and provide comments on this item.

Chair Lee indicated that Item No. 8 would be delayed until the arrival of Paul Jablonski, Chief Executive Officer of the Metropolitan Transit System (MTS).

9. DRAFT APPROACH AND SCOPE OF WORK CONCEPTS FOR THE SECOND *TransNet* TRIENNIAL PERFORMANCE AUDIT (DISCUSSION/POSSIBLE ACTION)

Ariana zur Nieden, *TransNet* Program Analyst, stated that in accordance with the *TransNet* Extension Ordinance, the ITOC is responsible for triennial performance audits of the *TransNet* Program. The second of these performance audits is scheduled to be conducted in FY 2012. The ITOC was asked to review the information and discuss the process for finalizing and approving a scope of work. In particular, the ITOC was asked to select a project manager and an audit subcommittee from its membership to develop the scope of work, schedule, and other considerations to solicit a qualified independent consultant to conduct the second *TransNet* Triennial Performance Audit.

Mr. Bahadori noted the new auditor should review the recommendations from the first audit and report on the implementation of those recommendations as a separate task in this second audit cycle.

Committee discussion ensued regarding appointments to the audit subcommittee.

Ms. zur Nieden and Alexia Spivey, Associate Contracts and Procurement Analyst, reviewed the schedule and time commitment for the audit subcommittee.

Action: Mr. Bahadori, Mr. Lloyd, Mr. Ryan, and Tracy Sandoval agreed to serve as the performance audit subcommittee. Mr. Bahadori was selected to serve as Project Manager.

8. BLUE AND ORANGE LINE TROLLEY IMPROVEMENTS PROJECT UPDATE (INFORMATION)

John Haggerty, Principal Engineer, provided an update on the schedule, budget status, and issues for the Blue and Orange Line Trolley Improvements project. He stated that freight capacity on the line would be doubled from 10,000 to 20,000 cars per year.

Paul Jablonski, MTS Chief Executive Officer, provided information on the status of MTS infrastructure, noting that service for both passengers and freight movement would be improved with the implementation of this project.

Mr. Bahadori noted that the House of Representatives recently indicated it would be reducing the federal budget, including transportation funding, between 10 percent and 20 percent in the upcoming year. He asked how that action would affect this project. Mr. Jablonski stated that the federal portion for this project is \$75 million, which has already been received.

Mr. Lloyd asked when improvements would be made on the COASTER line. Mr. Gallegos stated that as part of the Robust Scenario developed as part of the 2010 Plan of Finance, there are approximately half a dozen coastal rail projects that are being readied for bid. SANDAG also has been successful in competing for Federal Railroad Administration dollars to implement Positive Train Control in the rail corridor, and to provide federal matching funds to the *TransNet* program. Several coastal rail projects are expected to advance to construction in the next four to five years.

Action: This item was presented for information only.

10. INTERSTATE 15 EXPRESS LANES AND BUS RAPID TRANSIT CORRIDOR UPDATE (INFORMATION)

This item was postponed to the February 9, 2011, ITOC meeting.

11. OVERVIEW OF DEVELOPMENTS IN THE FINANCIAL MARKETS (INFORMATION)

Marney Cox, Chief Economist, provided a status report on the latest developments in the financial markets and the economy.

Mr. Bahadori commented about the proposal in the new 112th Congress to reduce deficit spending. He asked how that would impact SANDAG. Mr. Cox said that the impact would depend on when expenditures take place.

Lauren Warrem, Director of Finance, briefed the ITOC on the variable rate bonds and liquidity facilities. She suggested bringing this report on a quarterly basis starting in April.

Mr. Cox provided an explanation regarding swap agreements as a funding mechanism for SANDAG. Ms. Warrem stated that staff refers to Board Policy No. 032 for guidance in the use of various funding mechanisms.

In response to a question about the availability of TCRP funds, Ms. Warrem stated the TCRP funds are in the Governor's budget. At issue is when the State can issue bonds at a competitive rate. The next state bond issuance is expected in fall 2011.

Action: This item was presented for information only.

12. FUTURE MEETING SCHEDULE (INFORMATION)

The next regular ITOC meeting is scheduled for Wednesday, February 9, 2011, at 9:30 a.m.

13. ADJOURNMENT

Chair Lee adjourned the meeting at 11:53 a.m.