

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

March 9, 2011

AGENDA ITEM NO.: **1**

Action Requested: APPROVE

MEETING SUMMARY FOR THE FEBRUARY 9, 2011,
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE MEETING

File Number 1500100

Attendance

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

The meeting of the *TransNet* Independent Taxpayer Oversight Committee (ITOC) was called to order by Chair Carolyn Lee at 9:36 a.m.

1. ITOC MEETING SUMMARIES (APPROVE)

Summaries of the November 10, 2010, and January 12, 2011, ITOC meetings were prepared for the Committee's review and approval.

Action: Upon a motion by David Lloyd and a second by Hamid Bahadori, the ITOC approved the November 10, 2010, and the January 12, 2011, meeting summaries.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public comments or communications.

CONSENT (3)

3. *TransNet* REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM (RTCIP) FEE ADJUSTMENT (INFORMATION)

The *TransNet* Extension Ordinance requires that the RTCIP transportation mitigation fee charged by local jurisdictions be adjusted every year on July 1 in order to maintain the purchasing power of the program for improvements to the Regional Arterial System. Staff evaluated construction cost trends and relevant indices, and based on this analysis, a 2 percent fee adjustment is recommended; this would raise the minimum RTCIP exaction from \$2,081 to \$2,123 beginning July 1, 2011. This item is scheduled for approval by the Board of Directors on February 25, 2011.

REPORTS (4 through 12)

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

Kim Kawada, *TransNet* and Legislative Affairs Program Director, provided the monthly briefing intended to keep the ITOC informed about relevant SANDAG actions taken on *TransNet*-related projects and programs by the SANDAG Transportation Committee and Board of Directors. Ms. Kawada stated that since the last ITOC meeting, the Board of Directors had approved the Five-Year Conceptual Funding Strategic Plan for the *TransNet* Environmental Mitigation Program (EMP). The Board also approved the EMP management and monitoring activities as well as the budget for FY 2011, including the modifications to the eligibility and evaluation criteria for FY 2011 land management grants. Ms. Kawada also stated that the Encinitas Pedestrian Crossing Funding Exchange that would allow the project to proceed to advertisement of the construction contract had been approved by the Board.

As requested by the ITOC, Ms. Kawada also provided a summary of the outcome of the Sweetwater Bikeway project. She noted that claims that had been asserted in arbitration between Caltrans and TM Engineering, originally exceeding \$6 million, had been settled as authorized by the Board of Directors in the amount of \$649,339.19, plus interest at the rate of \$110 per day since December 28, 2010. Payment of the arbitration award will be funded by the *TransNet* active transportation program.

Chair Lee asked for confirmation that the *TransNet* EMP report that the ITOC reviewed last month had been sent to Paul Fromer.

Mr. Fromer responded that he did receive the information, and he met with Keith Greer, Senior Regional Planner, and went through the items in the report. He stated that in general the program seems to be working, and all of the elements, including the new items, added were appropriate and made sense. Mr. Fromer thought SANDAG could provide the focus for further streamlining the process for these grants, noting that staff had a good start with the coordination of the North County and South County management groups. He stated that the individuals managing this program will be the key to the program's success, and that a well-coordinated program with efforts to reduce duplication would result in cost savings.

Jesus Garcia asked staff to follow through on each proposal to confirm that the work performed was according to the scope of work and that the funding resulted in the intended goals. He also requested staff to report back on lessons learned.

Action: This item was presented for information only.

5. QUARTERLY *TransNet* FINANCIAL REPORTS FOR THE PERIOD ENDING DECEMBER 31, 2010, AND OTHER FINANCIAL DATA (DISCUSSION)

Lisa Kondrat-Dauphin, Senior Accountant, provided the quarterly *TransNet* financial information in accordance with requests from the ITOC, as well as in response to a recommendation from the first *TransNet* Triennial Performance Audit. The FY 2012 ITOC annual operating budget will be submitted and approved by the Board of Directors as part of the SANDAG Program Budget (including the Overall Work Program and Capital Improvement Program) later this fiscal year. The ITOC was asked to review and discuss the draft FY 2012 ITOC budget.

Chair Lee asked for clarification regarding local jurisdictions' compliance with the 30 Percent Fund Balance Limitation Rule as noted in the chart in Attachment 2 to the report. Ms. Kondrat-Dauphin stated that these preliminary audit results for FY 2010 indicate that more cities may be in compliance with this rule than last year. She also noted that the draft report for the FY 2010 fiscal and compliance audit would be brought to the ITOC at its March 9, 2011, meeting.

Mr. Lloyd noted that the fiscal audit subcommittee had briefly discussed whether the 30 Percent Fund Balance Limitation Rule was necessary. Lauren Warrem, Director of Finance, clarified that at the November 19, 2010, Board meeting, a request was made by Chula Vista Mayor Cheryl Cox to revisit the need for the rule. Ms. Warrem stated that the rule is included in Board Policy No. 031, and not in the *TransNet* Extension Ordinance, and that regardless of whether the *TransNet* funds are held by SANDAG or the local jurisdiction, they would earn interest.

Mr. Bahadori stated that he felt the rule was critical to ensuring the local jurisdictions spend down *TransNet* funds in a timely manner. Ms. Warrem stated that staff could include this particular item for further discussion at the March ITOC meeting, as part of the independent auditor's annual report on the results of the FY 2010 fiscal and compliance audits.

Mr. Lloyd also reported that the fiscal audit subcommittee had received an update on the FY 2010 Fiscal and Compliance Audit reports from the auditing firm, Mayer Hoffman McCann L.P. Although draft reports were not yet finalized, some issues were brought to the attention of the subcommittee, including a significant delay in the processing of the City of San Diego's audit due to computer problems. The subcommittee was made aware of other potential general findings such as the need to properly allocate interest; however, when compared to the prior years' audit, the preliminary findings indicated that results had improved since last year.

Mr. Lloyd also stated that the fiscal audit subcommittee had received a report from the auditors noting the firm's involvement in the audit of the City of Bell and the findings reported by the State Controller's Office. Renée Wasmund, Chief Deputy Executive Director, stated that SANDAG management had held a meeting with the auditors to discuss how issues concerning the City of Bell would be addressed. Tracy Sandoval noted that the fiscal audit subcommittee had discussed asking

the auditors to return to a future ITOC meeting to provide a report on the status of the auditor's peer review currently underway. The ITOC members concurred that a report provided by a Senior Partner at the firm should be scheduled for the March 9, 2011, ITOC meeting.

Action: This item was presented for discussion.

6. *TransNet* PROGRAM FY 2011 REVENUE REVISIONS AND FY 2012 TO FY 2016 REVENUE ESTIMATES (INFORMATION)

Sookyung Kim, Financial Programming Manager, reported that based on receipts for the first two quarters of FY 2011, revenues were about 8 percent higher than for the same period last year, which is above the the originally expected increase for FY 2011. In light of the trends and following discussions with transit operators and the County of San Diego, a revision is being proposed to the FY 2011 *TransNet* sales tax estimate to reflect a 6 percent increase from actual FY 2010 receipts. Ms. Kim stated that this item is scheduled for action by the Transportation Committee on February 18, and by the Board of Directors on February 25, 2011.

Marney Cox, Chief Economist, provided additional information regarding the state of the economy and job growth, which were considered in developing the sales tax revenue forecasts.

Action: This item was presented for information only.

7. DRAFT SCOPE OF WORK AND UPDATE ON REQUEST FOR PROPOSALS PROCESS FOR THE SECOND *TransNet* TRIENNIAL PERFORMANCE AUDIT (DISCUSSION/POSSIBLE ACTION)

Ariana zur Nieden, Associate Regional Planner, stated that at the January 12, 2011, ITOC meeting, the Draft Scope of Work for the Second *TransNet* Performance Audit was discussed and the ITOC established a subcommittee to carry this effort forward.

Mr. Bahadori reported on progress regarding the scope of work development, in addition to other issues involved in the Request for Proposals (RFP) process. He noted that a new project manager would need to be selected as his term as ITOC member would expire in May 2011.

Mr. Fromer volunteered to participate as a member of the subcommittee, and Jim Ryan volunteered to assume the project manager responsibility for the triennial performance audit procurement.

ITOC members discussed revising the scope of work. Due to the extensive review conducted with the first audit, the ITOC agreed to revise the scope of work to focus only on the significant changes to the *TransNet* Early Action Program (EAP) that have occurred since the first audit, and to examine the performance of new *TransNet* programs that have been implemented since the first audit was conducted.

Alexia Spivey, Associate Contracts and Procurement Analyst, reviewed the RFP process and expected schedule. The ITOC was asked to accept the proposed scope of work and consultant evaluation forms.

Action: Upon a motion by Mr. Bahadori and a second by Mr. Fromer, the ITOC directed staff to revise the scope of work incorporating the comments received, including the option to conduct the third triennial performance audit at the discretion of ITOC and SANDAG, and to review these changes with the subcommittee prior to issuance of the RFP.

Further discussion ensued regarding the weighting of the criteria in the Consultant Interview Evaluation Form.

Action: Upon a motion by Mr. Bahadori and a second by Mr. Garcia, the ITOC approved a decrease in the points for the conflict of interest criterion and a corresponding increase in the points for the project experience criterion.

8. FUNDING RECOMMENDATIONS FOR FY 2012 AND FY 2013 *TransNet* SENIOR MINI-GRANT PROJECTS (DISCUSSION)

Danielle Kochman, Associate Regional Planner, stated that SANDAG is responsible for distributing *TransNet* Senior Mini-Grant funds through a competitive process as required by the *TransNet* Extension Ordinance. On April 2, 2010, the Transportation Committee approved a process and criteria for distributing funds. Ms. Kochman stated that of the 17 applications received, 12 were being recommended for funding. The ITOC was asked to review and discuss the list of recommended Senior Mini-Grant projects for funding eligibility. She stated that the Board of Directors was scheduled to take action on the grant recommendations on February 25, 2011.

Discussion ensued regarding the proposed NCTD Mobility/Travel Training program. ITOC members did not feel this project was an eligible use of the *TransNet* Senior Mini-Grant funds, because the Extension Ordinance states that the funds shall be used to provide specialized transportation services for seniors focusing on innovative and cost-effective approaches. ITOC members felt that this program was not cost-effective.

Action: Upon a motion by John Meyer and a second by Mr. Garcia, the ITOC found the first 11 Senior Mini-Grant projects to be consistent with *TransNet* funding eligibility requirements. The ITOC found that the 12th ranked grant proposal for the NCTD Mobility/Travel Training program was not compliance, and the ITOC did not support funding that grant. Mr. Lloyd voted in opposition to this motion; the motion passed.

9. I-15 EXPRESS LANES AND BUS RAPID TRANSIT CORRIDOR UPDATE (INFORMATION)

Gustavo Dallarda, Caltrans Corridor Director, presented an update on progress in the Interstate 15 (I-15) corridor. Mr. Dallarda stated that Caltrans and SANDAG are jointly developing the project as part of the *TransNet* EAP. He discussed the status of various projects in the corridor, including the implementation of the region's first bus rapid transit service; construction of the Express Lanes, Direct Access Ramps, and transit stations; and the expansion of the FasTrak® electronic toll collection system.

Action: This item was presented for information only.

10. *TransNet* FUNDING EXCHANGE: I-15 VIOLATION ENFORCEMENT SYSTEM STUDY AND I-15 FASTRAK® PROJECTS (DISCUSSION)

Ellison Alegre, Associate Transportation Planner, reported that in August 2010, Caltrans announced transportation planning grant awards to SANDAG totaling \$240,000 to fund the I-15 Violation Enforcement System (VES) Study. Mr. Alegre stated that the study was expected to result in the selection of technology for reducing dependency on manual enforcement through a pilot deployment on the I-15 Express Lanes. He noted that the grant funding would require local matching funds for the I-15 VES Study project, and therefore, a funding exchange of \$45,000 was proposed. The ITOC was provided with an overview of the funding exchange involving *TransNet* funds between the I-15 VES project and the I-15 FasTrak® Capital Improvement Program project necessary to making local matching funds available.

Action: This item was presented for information only.

11. I-15/MIRA MESA DIRECT ACCESS RAMP AND TRANSIT STATION: REQUEST FOR LETTER OF NO PREJUDICE (INFORMATION)

José Nuncio, Manager of Financial Programming and Project Control, stated that Caltrans would be ready to advertise the I-15/Mira Mesa Direct Access Ramp project in early summer 2011. Mr. Nuncio stated that the project has \$40.2 million in Proposition 1B Corridor Mobility Improvement Account funds programmed, in addition to *TransNet* funds. He noted that due to timing of the issuance of bonds by the State Treasurer, the California Transportation Commission (CTC) may not have funds available at its May 2011 meeting when the funding would be requested. Approval of a Letter of No Prejudice by the CTC would allow Caltrans to begin the advertisement and award process in anticipation of allocation of these funds.

Action: This item was presented for information only.

12. SOLICITATION OF APPLICATIONS FOR MEMBERSHIP ON THE *TransNet* ITOC (INFORMATION)

Ms. zur Nieden reported that the terms of four current ITOC members will be expiring in May 2011, and the ITOC is seeking qualified members of the public to fill these vacancies on its seven-member committee. Ms. zur Nieden stated that applications would be requested from individuals interested in serving on the ITOC through an open, publicly noticed solicitation process through Monday, February 28, 2011. She also noted that the application and information regarding ITOC and its responsibilities can be found on the SANDAG Web site.

Ms. Kawada explained that initial ITOC appointments were staggered with terms of two to four years, but that the *TransNet* Extension Ordinance stipulates that subsequent terms shall be four years.

Mr. Bahadori suggested that Caltrans may be able to provide a list of recently retired engineers that may be interested in applying.

Chair Lee asked how information regarding the solicitation was distributed. Ms. zur Nieden explained the outreach efforts.

13. FUTURE MEETING SCHEDULE (INFORMATION)

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

14. ADJOURNMENT

The meeting was adjourned at 12:35 p.m.

DRAFT