

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

April 13, 2011

AGENDA ITEM NO.: **1**

Action Requested: APPROVE

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

File Number 1500100

Attendance

- | | | |
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| Committee Members: | <ul style="list-style-type: none">▪ Carolyn Lee, Chair▪ Jim Ryan, Vice Chair▪ John Meyer | <ul style="list-style-type: none">▪ Paul Fromer▪ David Lloyd |
| Absent: | <ul style="list-style-type: none">▪ Jesus Garcia▪ Tracy Sandoval | <ul style="list-style-type: none">▪ Hamid Bahadori |
| Staff: | <ul style="list-style-type: none">▪ Renée Wasmund▪ Kim Kawada | <ul style="list-style-type: none">▪ Ariana zur Nieden |

The meeting of the *TransNet* Independent Taxpayer Oversight Committee (ITOC) was called to order by Chair Carolyn Lee at 9:37 a.m.

1. APPROVAL OF MEETING SUMMARY

Action: Upon a motion by Paul Fromer, and a second by from David Lloyd, the ITOC approved the February 9, 2011, meeting summary.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

David Smith, a member of the public, submitted written comments and read them into the record regarding his opposition to proposed streetscape improvements to Highway 101 in the City of Encinitas that will be funded in part by *TransNet* funds.

Chair Lee indicated that a response letter would be sent to Mr. Smith regarding the issues raised and an explanation of the role of the ITOC in the review of local *TransNet* projects.

CONSENT (3)

3. SORRENTO TO MIRAMAR DOUBLE TRACK (PHASE 1) PROJECT: REQUEST FOR LETTER OF NO PREJUDICE (INFORMATION)

The Sorrento to Miramar Double Track (Phase 1) project is funded in part by the Proposition 1B (Prop. 1B) Trade Corridor Improvement Fund program. The project is scheduled to advertise for construction this summer. Due to the planned timing in the issuance of bonds by the

State Treasurer's Office, the California Transportation Commission (CTC) may not have the Prop. 1B funds available when requested. Approval of a Letter of No Prejudice (LONP) by the CTC would allow SANDAG to move forward with advertisement and award of the construction contract. At its March 18, 2011, meeting, the Transportation Committee is scheduled to approve the submittal of the LONP to the CTC.

Action: This item was presented for information only.

REPORTS (4 through 11)

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 a summary of Transportation Committee and Board of Directors actions on agenda items that the ITOC has reviewed. Ms. Kawada provided an update on the following items: FY 2011 *TransNet* revenue estimates; submittal of a Letter of No Prejudice for the Interstate 15 (I-15)/Mira Mesa Direct Access Ramp and Transit Station project; I-15 Violation Enforcement Study funding exchange; the annual adjustment to the Regional Transportation Congestion Improvement Program; and the *TransNet* Senior Mini-Grant projects.

Ms. Kawada noted that staff had shared the ITOC concerns about the North County Transit District (NCTD) Mobility/Travel Training Program to both the Transportation Committee and Board, as well as additional information about the current performance of the program. The Board approved all Senior Mini-Grant projects, including the NCTD program. NCTD also noted that this would be the last year that it would submit the proposal for funding.

Chair Lee expressed her concerns regarding the Board's approval of the NCTD Mobility/Travel Training Program proposal. Chair Lee stated that the ITOC had not recommended it for approval and questioned whether the Board had taken that into consideration.

Chair Lee indicated that she would like the additional information the Transportation Committee and Board received about the NCTD program's performance provided to the ITOC.

Action: This item was presented for information.

5. FY 2010 *TransNet* FISCAL AND COMPLIANCE AUDITS

A. FY 2010 *TransNet* INDEPENDENT AUDITOR'S ANNUAL REPORT, DRAFT AUDIT REPORTS, AND OTHER AUDIT-RELATED ITEMS (ACCEPT)

In accordance with the *TransNet* Extension Ordinance, the ITOC has the responsibility to conduct the annual fiscal and compliance audits of *TransNet* recipients.

Lisa Kondrat-Dauphin, Senior Accountant, introduced the item, and Sam Perera and Marc Davis, Mayer Hoffman McCann P.C., presented the findings of the FY 2010 *TransNet* audits completed to date.

At the request of the ITOC, Mr. Davis also briefed the members on the audit that his firm conducted for the City of Bell. The ITOC members expressed some concern that the auditors did not identify issues with the high salaries paid to the city officials. Mr. Davis reviewed standard financial audit procedures and explained that his firm followed the procedures correctly. Mr. Davis stated that there are differences between the financial audit conducted by Mayer Hoffman McCann P.C. for the City of Bell and an audit designed to identify fraud.

Action: Upon a motion by Mr. Fromer, and a second by John Meyer, the ITOC reviewed the initial findings and recommendations and accepted the FY 2010 *TransNet* Fiscal and Compliance Audit as conducted by the certified public accounting firm of Mayer Hoffman McCann P.C. Vice Chair Jim Ryan opposed the action.

B. FY 2010 REQUESTS FOR EXCEPTIONS TO *TransNet* EXTENSION ORDINANCE REQUIREMENTS (RECOMMEND)

The San Diego Metropolitan Transit System (MTS) and the City of Oceanside did not meet certain eligibility requirements as noted in their draft FY 2010 *TransNet* annual compliance audits. In an effort to gain compliance, MTS is requesting an adjustment to the eligibility calculation per Section 4(C)5 of the *TransNet* Extension Ordinance, and the City of Oceanside is requesting additional time to make up the shortfall in its FY 2010 Maintenance of Effort level per Section 8 of the *TransNet* Extension Ordinance.

Ms. Kondrat-Dauphin presented the item.

Gary Kellison, Senior Engineer with the City of Oceanside, addressed the ITOC to further explain the special circumstances leading to the City's request.

Action: Upon a motion by Mr. Meyer, and a second by Mr. Lloyd, the ITOC recommended to the Transportation Committee and Board approval of the MTS and City of Oceanside requests for exceptions to the *TransNet* Extension Ordinance requirements. Mr. Fromer recused himself due to his firm's work with the City of Oceanside.

6. PROPOSED FY 2012 ITOC ANNUAL OPERATING BUDGET (RECOMMEND)

At the February 9, 2011, ITOC meeting, staff presented a draft of the proposed FY 2012 ITOC operating budget as part of the presentation on the Quarterly *TransNet* Financial Reports for the period ending December 31, 2010. In accordance with the *TransNet* Extension Ordinance, the ITOC must submit an annual operating budget for the upcoming fiscal year to the Board for approval 90 days prior to the beginning of the fiscal year.

Ariana zur Nieden, *TransNet* Program Analyst, presented the item. The ITOC discussed the proposed budget for the next triennial performance audit, and the consensus was to keep the budgeted amount as noted in the proposed FY 2012 ITOC operating budget.

Action: Upon a motion by Mr. Ryan, and a second by Mr. Lloyd, the ITOC recommended that the Board approve its FY 2012 annual operating budget.

7. 2010 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM AMENDMENT NO. 6 (DISCUSSION)

On September 24, 2010, the Board adopted the 2010 Regional Transportation Improvement Program (RTIP), the multiyear program of proposed major highway, arterial, transit, and bikeway projects in the San Diego region including the *TransNet* Program of Projects (POP). This amendment is being processed outside of the regular quarterly cycle to reflect the FY 2012 Transit Capital Improvement Program.

Michelle Merino, Financial Programming Analyst II, presented this item. The ITOC reviewed and discussed the proposed 2010 RTIP Amendment No. 6, focusing on the *TransNet* POP. Ms. Merino stated that significant comments would be forwarded to the Transportation Committee and Board.

Action: This item was presented for discussion.

8. FY 2012 *TransNet* EARLY ACTION PROGRAM BUDGET UPDATE (DISCUSSION)

Richard Chavez, Principal Engineer, presented the Draft FY 2012 Budget for the *TransNet* Early Action Program (EAP). The budget includes the expenditure and funding plans for the development and delivery of *TransNet* projects designed to improve mobility on the region's major transportation corridors. Mr. Chavez provided an overview of the FY 2012 EAP existing and proposed project budgets and noted that the changes would be incorporated into the Draft SANDAG FY 2012 Program Budget.

Action: This item was presented for discussion.

9. PROGRESS REPORT ON *TransNet* EARLY ACTION PROGRAM PROJECTS (INFORMATION)

Mr. Chavez presented an overview of the *TransNet* EAP projects in terms of cost control and schedule adherence based on quarterly data provided through the Dashboard reporting system. Mr. Chavez provided a detailed summary of the 2010 milestones reached and an overview of the progress made during the calendar year. In response to the recommendations from the first Triennial *TransNet* Performance Audit, Mr. Chavez presented a number of regional, corridor, and project-specific annual performance measures, including data showing the percentage of vehicles using the I-15 Express Lanes during peak hours in response to a prior request made by Jesus Garcia.

Action: This item was presented for information.

10. UPDATE ON LOSSAN RAIL CORRIDOR IMPROVEMENTS (INFORMATION)

The Los Angeles-San Diego-San Luis Obispo (LOSSAN) rail corridor is the second busiest intercity rail corridor in the nation supporting commuter, intercity, and freight rail services. The 2030 Regional Transportation Plan calls for double tracking the entire corridor, improving stations, and increasing commuter rail service over the next 20+ years in order to increase ridership and improve travel times and carrying capacity in the corridor.

Bill Prey, Principal Construction Engineer, presented the item and provided an update on the status of current projects.

Action: This item was presented for information.

11. 2010 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 8 (DISCUSSION)

On September 24, 2010, the Board 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. SANDAG is processing an administrative amendment for the Bayshore Bikeway project due to timing-related issues.

Ms. Merino presented the item. The ITOC was asked to review and discuss the proposed 2010 RTIP Amendment No. 8. Ms. Merino stated that significant comments would be forwarded to the Transportation Committee, which is scheduled to take action on the amendment at its March 18, 2011, meeting.

Action: This item was presented for discussion.

12. FUTURE MEETING SCHEDULE

The next regular ITOC meeting is scheduled for Wednesday, April 13, 2011, at 9:30 a.m.

13. ADJOURNMENT

Vice Chair Ryan adjourned the meeting at 12:01 p.m.