

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

May 10, 2017

AGENDA ITEM NO.: **1**

Action Requested: APPROVE

MARCH 8, 2017, MEETING MINUTES

File Number 1500200

The meeting of the *TransNet* Independent Taxpayer Oversight Committee (ITOC) was called to order by Chair Stewart Halpern at 9:33 a.m.

1. APPROVAL OF MEETING MINUTES (APPROVE)

Action: Upon a motion by Jonathan Tibbitts and a second by Vice Chair Dustin Fuller, the ITOC approved the minutes from the February 8, 2017, meeting. Yes — Chair Halpern, Vice Chair Fuller, Carolyn Lee, Kai Ramer, and Mr. Tibbitts. No — None. Abstain — None. Absent — Brad Barnum and Dick Vortmann.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Veronica Serrano, Associate Project Control Analyst, reminded the ITOC members that the annual Form 700 documents are due by April 3, 2017. The ITOC members are encouraged to file electronically, but hard copy documents also are available.

CONSENT

3. *TransNet* ENVIRONMENTAL MITIGATION PROGRAM: LAND MANAGEMENT GRANT PROGRAM QUARTERLY STATUS UPDATE (INFORMATION)

The Board of Directors has awarded eight cycles of the *TransNet* Environmental Mitigation Program Land Management Grant Program. This report provided information to the ITOC on the quarterly status of active projects.

Action: Consent Item No. 3 was presented for information.

REPORTS

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

This monthly briefing is intended to keep the ITOC informed about relevant SANDAG actions taken on *TransNet*-related projects and programs.

Ariana zur Nieden, Senior *TransNet* Program Manager, provided a summary of Transportation Committee and Board of Directors actions on agenda items that the ITOC has reviewed: Proposed SANDAG Data Accuracy and Modeling Work Plan; ITOC Term Limits: Proposed Amendment to the *TransNet* Extension Ordinance; FY 2017 *TransNet* Program Revenue Revision and Estimates for FY 2018 to FY 2022; *TransNet* Regional Transportation Congestion Improvement Program, Proposed Fee Adjustment; and *TransNet* Environmental Mitigation Program: Annual Status Report.

Action: This item was presented for information.

5A. INDEPENDENT AUDITOR'S ANNUAL REPORT ON RESULTS OF THE FY 2016 *TransNet* COMPLIANCE AUDITS (ACCEPT)

All recipients of *TransNet* funds are required to undergo an annual compliance audit. The independent audit firm of Davis Farr has completed its field work, and Marc Davis, Davis Farr, reported on the results of the FY 2016 *TransNet* compliance audits.

Lisa Kondrat-Dauphin, Senior Accountant, introduced the item.

Mr. Davis presented the item.

ITOC members requested that staff bring back a proposal for standardizing indirect cost plan updates. ITOC members also requested that the dollar amount of indirect costs as a percentage of project costs be provided.

Action: Upon a motion by Ms. Lee and a second by Mr. Tibbitts, the ITOC accepted the draft independent auditor's report of compliance audit results, including initial findings and recommendations, for presentation to the Transportation Committee on March 17, 2017, as amended. Yes — Chair Halpern, Vice Chair Fuller, Ms. Lee, Mr. Ramer, and Mr. Tibbitts. No — None. Abstain — None. Absent — Mr. Barnum and Mr. Vortmann.

5B. FY 2016 *TransNet* EXTENSION ORDINANCE FUNDING ELIGIBILITY REQUESTS (RECOMMEND)

The San Diego Metropolitan Transit System (MTS) and the City of Lemon Grove did not meet an eligibility requirement as noted in the draft FY 2016 *TransNet* annual compliance audit and have submitted requests to cure the requirements.

Ms. Kondrat-Dauphin presented the item.

Ms. Lee recommended to not allow any cost exclusions as requested by MTS.

ITOC members suggested that allowable non-cash transactions, approved to be excluded under the Transit Operator's *TransNet* annual operating cost requirements (e.g., Governmental Accounting Standards Board 68 net pension liability), be identified and monitored to ensure these are not used to artificially reflect profits in high performance years.

Action: Upon a motion by Mr. Tibbitts and a second by Chair Halpern, the ITOC recommended that the Board of Directors approve the request from the City of Lemon Grove. Yes — Chair Halpern, Vice Chair Fuller, Ms. Lee, Mr. Ramer, and Mr. Tibbitts. No — None. Abstain — None. Absent — Mr. Barnum and Mr. Vortmann.

Action: Upon a motion by Mr. Tibbitts and a second by Chair Halpern, the ITOC recommended that the Board of Directors approve the request from MTS. Yes — Chair Halpern, Vice Chair Fuller, Mr. Ramer, and Mr. Tibbitts. No — None. Abstain — Ms. Lee. Absent — Mr. Barnum and Mr. Vortmann.

6. INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE TERM LIMITS: PROPOSED AMENDMENT TO THE *TransNet* EXTENSION ORDINANCE (RECOMMEND)

The FY 2015 *TransNet* Triennial Performance Audit included a recommendation to alternate the ending terms of ITOC members so that no more than two terms end in any given year in order to maintain the strong level of historical knowledge among ITOC members.

Ms. zur Nieden presented the item.

Action: Upon a motion by Mr. Tibbitts and a second by Ms. Lee, the ITOC recommended that the Board of Directors approve proposed changes to the *TransNet* Extension Ordinance and ITOC Bylaws. Yes — Chair Halpern, Vice Chair Fuller, Ms. Lee, Mr. Ramer, and Mr. Tibbitts. No — None. Abstain — None. Absent — Mr. Barnum and Mr. Vortmann.

7. PROPOSED SANDAG DATA ACCURACY AND MODELING WORK PLAN (DISCUSSION/POSSIBLE ACTION)

At its February 24, 2017, meeting, the Board of Directors approved a data accuracy and modeling work plan (work plan) developed by staff to improve data integrity and accuracy. The ITOC was asked to provide input on the seven components of the work plan.

Ray Major, Director of Technical Services and Chief Economist, presented the item.

ITOC members supported the proposed work plan.

Chair Halpern suggested that, as part of the continuous process improvement for mapping the modeling process and flow, an explicit and regular review of the model itself be conducted on an ongoing basis to verify that models are working as intended.

Ms. Lee supported the proposed methods to ensure data and analytic transparency, including continued graphical representation of data in future presentations.

Chair Halpern suggested that, to ensure there are effective and efficient methods for employees to communicate, options such as a whistleblower program be reviewed for employees to be able to elevate concerns to senior staff or the Board of Directors.

Action: This item was presented for discussion/possible action.

8. DRAFT ASSUMPTIONS FOR THE ANNUAL *TransNet* MAJOR CORRIDORS PLAN OF FINANCE UPDATE (DISCUSSION)

At its February 8, 2017, meeting, ITOC members directed staff to present proposed key assumptions prior to incorporation in the upcoming *TransNet* Plan of Finance (POF) update.

José Nuncio, *TransNet* Department Director, presented draft cost and revenue assumptions for ITOC review and discussion.

ITOC members supported the draft assumptions for the upcoming POF update.

Chair Halpern requested that staff continue presenting draft revenue and cost assumptions in advance of each annual POF update.

Mr. Tibbitts supported presentation of the assumptions as a range.

Ms. Lee suggested that similar information be included in the ITOC onboarding materials.

Action: This item was presented for discussion.

9. FUTURE MEETING SCHEDULE (INFORMATION)

The next regular ITOC meeting is scheduled for Wednesday, April 12, 2017, at 9:30 a.m.

10. ADJOURNMENT

Chair Halpern adjourned the meeting at 12:12 p.m.

**INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE
 MEETING ATTENDANCE FOR MARCH 8, 2017**

JURISDICTION/ORGANIZATION	NAME	ATTENDING	COMMENTS
Finance/Budgeting	Stewart Halpern	Yes	Chair
Biology/Environmental	Dustin Fuller	Yes	Vice Chair
Contractor/Construction	Brad Barnum	No	
Right of Way Acquisition	Carolyn Lee	Yes	
Licensed Engineer	Kai Ramer	Yes	
Licensed Civil/Traffic Engineer	Jonathan Tibbitts	Yes	
Private Sector	Dick Vortmann	No	
ADVISORY MEMBERS LISTED BELOW (ATTENDANCE NOT COUNTED FOR QUORUM PURPOSES)			
San Diego County Auditor's Office	Tracy Drager (1st Alt.)	Yes	
SANDAG STAFF MEMBERS LISTED BELOW			
Kim Kawada, Chief Deputy Executive Director José Nuncio, <i>TransNet</i> Department Director Veronica Serrano, Associate Project Control Analyst Ariana zur Nieden, Senior <i>TransNet</i> Program Manager			