

**SAN DIEGO ASSOCIATION OF GOVERNMENTS
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (ITOC)**

**FISCAL YEAR 2021
TRANSNET TRIENNIAL PERFORMANCE AUDIT**

APRIL 23, 2021

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1

AUDIT REQUIREMENT & SCOPE

- **Triennial Performance Audits required by *TransNet* Extension Ordinance**
- **Audit Scope set by ITOC and refined with ITOC Audit Subcommittee**
- **Sjoberg Evashenk Consulting (SEC) Background**
- **Following Generally Accepted Government Auditing Standards (GAGAS, “Yellow Book”)**

March 10, 2021



2

2

2021 TRANSNET PERFORMANCE AUDIT SCOPE

ITOC Defined Focus Areas

1. Project Delivery
2. Program Management
3. Compliance
4. Fiscal Responsibility
5. Transparency & Accountability
6. Prior Audit Recommendations Follow-Up
7. Impact of Implementation of AB 805
8. Deep Dive into Safety
9. Deep Dive into Bike Early Action Program
10. Review of ITOC

3

REPORT OVERVIEW AT-A-GLANCE EXECUTIVE SUMMARY

AT-A-GLANCE EXECUTIVE SUMMARY

As required by the TransNet Extension Ordinance, the Independent Taxpayer Oversight Committee (ITOC) contracted with Sjoberg Evashenk Consulting, Inc. to conduct the Fiscal Year 2021 TransNet Triennial Performance Audit of the San Diego Association of Governments (SANDAG) and other implementation of TransNet Extension Ordinance-funded projects and programs between July 1, 2017 and June 30, 2020. Critical recommendations are summarized below and key audit results are highlighted on the next page.

TransNet FISCAL YEAR 2021 CRITICAL AUDIT RECOMMENDATIONS

Major Corridors Report Chapter 1

- Clearly identify whether the remaining TransNet Extension Ordinance projects will be part of the 2021 Regional Transportation Plan, before the SANDAG Board approves the 2021 plan, and provide a similar identification with any changes in future Regional Transportation Plans.

Finance Report Chapter 2

- Develop and submit a formal process to address issues identified during annual Plan of Finance updates that discusses short-term and long-term funding sources and how options specifically impact the scope and schedule of remaining TransNet Extension Ordinance projects. The plan should include clear methodology, criteria, and a trigger for making decisions on TransNet Extension Ordinance projects if funding does not materialize as expected and how to make choices to reduce scope, delay, or eliminate projects from the TransNet Extension Ordinance portfolio.

Compliance, Transparency, Accountability Report Chapter 3

- Clearly and comprehensively report on actual progress and accomplishments (or lack thereof) on a regular, set schedule for project scope, costs, schedule, accomplishments, and outcomes against TransNet Extension Ordinance plans.

Bike Early Action Program (Bike EAP) Report Chapter 6

- Consider submitting and communicating to the Board the quantifiable impact of permit delay on individual Bike EAP projects and to the overall Regional Bikeway Program.
- Work with the SANDAG Board to have leadership collaborate with its representatives from the City of San Diego to notify or local permit issues.
- Review existing quarterly status reports to compare program against initial Bike EAP goals for costs, schedule, and other reported and check to communicate whether the 10-year Bike EAP compliance goals or other future project goals are realistic or in jeopardy—in addition to proposing action steps and options to remedy any identified issues.

In addition, there was one critical audit recommendation from the FY 2018 TransNet Triennial Performance Audit that was still in progress as follows—SANDAG stated its implementation was dependent on the independent Transportation Performance Management Framework.

FISCAL YEAR 2018 IN-PROGRESS CRITICAL AUDIT RECOMMENDATION FY 2018 Report Chapter 2

Performance Framework

- Establish a comprehensive performance framework by:
 - Setting targets to measure TransNet performance against the TransNet Extension Ordinance goals in-line with Federally mandated deadlines or at a faster pace. At a minimum, some narrative could accompany performance reporting to help others understand whether data and results were favorable or unfavorable.
 - Clarify performance outcome data related to safety metrics, pavement condition, and bridge condition for highway, local roadways, and bicycle and pedestrian modes.

4

CHAPTER 1: MANY *TRANSNET* EXTENSION ORDINANCE MAJOR CORRIDOR PROJECTS WERE IMPLEMENTED OR IN-PROGRESS AS INTENDED, ALTHOUGH DELIVERY OF REMAINING PORTFOLIO IS UNCERTAIN

Key Results



Major Corridors

- SANDAG made significant progress completing many projects as intended by the *TransNet* Extension Ordinance, but delivery of remaining portfolio is uncertain.
- SANDAG still does not track progress against planned improvements outlined in the *TransNet* Extension Ordinance

Key Recommendations

- Clearly identify whether the remaining *TransNet* Extension Ordinance projects will be part of the 2021 Regional Transportation Plan, before the SANDAG Board approves the 2021 plan, and provide a similar identification for any key changes in future Regional Transportation Plans.

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5

5

CHAPTER 2: IMPROVED FINANCIAL MODELS AND CONTROLS WERE IN PLACE, BUT PLANS ARE NEEDED TO ADDRESS INSUFFICIENT FUNDS FOR REMAINING MAJOR CORRIDOR PROJECTS

Key Results



Finance

- Projected funding was insufficient to complete existing Major Corridor projects.
- No formal, annual process existed to address impacts of funding shortfalls on remaining projects.
- Fiscal safeguards were functioning as intended with quality assurance and quality control protocols in place.

Key Recommendations

- Develop and adopt a formal process to address issues identified during annual Plan of Finance updates that discusses short-term and long-term funding scenarios and how options specifically impact the scope and schedule of remaining *TransNet* Extension Ordinance projects. The plan should include clear methodology, criteria, and triggers for making decisions on *TransNet* Extension Ordinance projects if funding does not materialize as expected and how to make choices to reduce scope, delay, or eliminate projects from the *TransNet* Extension Ordinance portfolio.

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6

6

CHAPTER 3: SANDAG FOCUSED ON *TransNet* EXTENSION ORDINANCE COMPLIANCE AND TRANSPARENCY, BUT IT COULD BETTER DEMONSTRATE ACCOUNTABILITY

Key Results



Compliance, Transparency, Accountability

- SANDAG focused on compliance and transparency with *TransNet* Extension Ordinance provisions through its Plan of Excellence and conventional tools.
- Important information was presented to oversight bodies, but it did not communicate against *TransNet* Extension Ordinance plans and goals.

Key Recommendations

- Clearly and comprehensively report on actual progress and accomplishments (or lack thereof) against the *TransNet* Extension Ordinance on a regular, periodic basis—such as quarterly or annually—for project scope, costs, schedule, accomplishments, and outcomes against promises.

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7

7

CHAPTER 4: AB 805 WEIGHTED VOTING DID NOT SIGNIFICANTLY CHANGE DELIVERY OF *TransNet* EXTENSION ORDINANCE PROGRAMS AND PROJECTS

Key Results



AB 805 Impacts

- Out of approximately 200 items voted on between 2018 and 2020, Board members exercised the weighted vote option only 12 times and reversed tally vote results in only three instances related to the *TransNet* Extension Ordinance.
- None of the weighted vote outcomes significantly impacted the delivery of *TransNet* Extension Ordinance programs and projects.

No Recommendations.

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8

8

CHAPTER 5: ENHANCEMENTS COULD BE MADE TO SANDAG'S REGIONAL SAFETY PLANNING EFFORTS, ALTHOUGH BICYCLE & PEDESTRIAN SAFETY IMPROVED

Key Results



Safety

- SANDAG considered transportation safety planning, although it did not use a safety coordinator or regional safety plan like some other entities reviewed.
- Emergency evacuation capacity planning was outside of SANDAG's purview, but cross-agency collaboration would strengthen safety focus.
- Bicyclist and pedestrian safety improved since 2015.

Key Recommendations

- Consider the benefits of identifying a regional safety planning coordinator to synchronize safety efforts of the region and regularly communicate progress on safety goals to the Board and ITOC.
- Consider and prepare a regional safety plan that complements Caltrans' Statewide Plan and details SANDAG's vision, goals, objectives, and strategies to address regional trends, road conditions, and driving behaviors.

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9

9

CHAPTER 6: BIKE EAP WILL LIKELY NOT BE COMPLETED WHEN EXPECTED, AND IMPROVEMENTS ARE NEEDED TO COMMUNICATE CHALLENGES

Key Results



Bike Early Action Program

- Planned projects will likely not be completed by the expected 2024 target date.
- Approximately 76 percent of projects were delayed for a variety of reasons, often related to permitting.
- Progress was not tracked and reported against initial Bike Early Action Program plans and expectations.

Key Recommendations

- Consider estimating and communicating to the Board and ITOC the quantifiable impact of permit delays on individual Bike Early Action Program projects and the overall Regional Bikeway Program.
- Work with the Board to have leadership collaborate with its representatives from the City of San Diego to rectify critical Bike Early Action Program project permit issues.
- Revise existing quarterly status reports to compare progress against initial Bike Early Action Program plans for costs, schedules, and miles expected and clearly communicate whether the 10-year Bike Early Action Program completion goals or other future project goals are realistic or in jeopardy—in addition to proposing action steps to remedy any identified issues.

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10

10

CHAPTER 7: ITOC PRACTICES ALIGNED WITH OTHER ENTITIES REVIEWED

Key Results



ITOC

- Practices aligned with similar committees we reviewed.
- Conflict of Interest policy and new member selection could afford more clarity.
- Additional member expertise could assist with its oversight role.

Key Recommendations

- Incorporate existing conflict-of-interest policy clarifications from ITOC new member on-boarding resources into recruitment materials and emphasize in recruitment efforts that a potential conflict does not automatically disqualify prospective applicants and clarify when members should recuse themselves from certain decisions because of potential perceived conflicts.

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11

11

2021 TRANSNET PERFORMANCE AUDIT NEXT STEPS



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12

12

QUESTIONS

Questions?