

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

April 10, 2013

AGENDA ITEM NO.: **1**

Action Requested: APPROVE

MEETING SUMMARY FOR THE MARCH 13, 2013,
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE MEETING

File Number 1500100

Attendance

- Committee Members:
- Paul Fromer, Chair
 - Jonathan Tibbitts, Vice Chair
 - John Chalker
 - Carolyn Lee
 - Kai Ramer
 - Jim Ryan
 - Tracy Drager (alternate for Tracy Sandoval)
- Absent:
- Dick Vortmann
 - Tracy Sandoval
- Staff:
- Renée Wasmund
 - Ariana zur Nieden
 - Kim Kawada

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

1. APPROVAL OF MEETING SUMMARY

Action: Upon a motion by Jonathan Tibbitts and a second by Carolyn Lee, the ITOC approved the January 9 and February 27, 2013, meeting summaries.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public comments.

Kim Kawada, *TransNet* and Legislative Affairs Program Director, announced that the terms for three current ITOC members would expire in May 2013. Dick Vortmann and Ms. Lee would be eligible to continue serving a new four-year term. Due to term limitations, Jim Ryan would not be eligible to continue serving. Staff will be advertising the open positions during April 2013, and Ms. Kawada asked committee members to submit recommendations for the open positions.

CONSENT (Items 3 through 7)

Ms. Lee asked to pull Item Nos. 4, 5, and 6 from the Consent Agenda and requested a staff presentation from Marney Cox, Chief Economist.

3. QUARTERLY *TransNet* FINANCIAL REPORTS FOR THE PERIOD ENDING DECEMBER 31, 2012, AND OTHER FINANCIAL DATA (INFORMATION)

This report provided certain *TransNet* financial information in accordance with requests from the ITOC and *TransNet* Triennial Performance Audit recommendations.

7. *TransNet* ENVIRONMENTAL MITIGATION PROGRAM: ANNUAL STATUS REPORT (INFORMATION)

This report provided an annual status update on the implementation of the *TransNet* Environmental Mitigation Program.

Action: Upon a motion by Mr. Tibbitts and a second by John Chalker, the ITOC approved Consent Agenda Item Nos. 3 and 7.

REPORTS (Items 4 through 6 and 8 through 14)

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

Mr. Cox provided the quarterly briefing intended to keep the ITOC informed about the latest developments in the financial markets, the economy, and sales tax revenues, and the strategies being explored and implemented to minimize possible impacts to the *TransNet* program.

Action: This item was presented for information.

5. *TransNet* PROGRAM FY 2013 REVENUE REVISION AND FY 2014 TO FY 2018 PROGRAM REVENUE ESTIMATES (INFORMATION)

Mr. Cox presented information on the short-term forecast of revenues available for transit and local agencies within the *TransNet* program. The SANDAG Board of Directors approved revising the FY 2013 *TransNet* estimate and the estimates for the period FY 2014 to FY 2018 at its February meeting.

Action: This item was presented for information.

6. *TransNet* REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM: 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, the Board of Directors approved a 2 percent fee adjustment on February 22, 2013. This will raise the minimum RTCIP exaction from \$2,165 to \$2,209 beginning July 1, 2013.

Action: This item was presented for information.

12. MID-COAST CORRIDOR TRANSIT PROJECT UPDATE AND CONSTRUCTION SERVICES
PROCUREMENT STRATEGY (DISCUSSION)

John Haggerty, Division Director of Rail, provided an update on the status of the Mid-Coast Corridor Transit Project and summarized the analysis and recommendations for implementing construction services on the project. Mr. Haggerty stated that three primary construction contracting methods used in the transit industry for delivery of large projects were evaluated, and based on the evaluation, the Construction Manager/General Contractor (CM/GC) method would be recommended for Board approval on March 22, 2013. Mr. Haggerty requested the ITOC provide comments to be presented to the Transportation Committee and Board of Directors at their March meetings.

ITOC members expressed support for use of the CM/GC project delivery method for the Mid-Coast Corridor Transit Project.

Action: This item was presented for discussion.

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

Ms. Kawada provided the monthly briefing to keep the ITOC informed about relevant SANDAG actions taken on *TransNet*-related projects and programs.

Ms. Kawada provided an update on the following Transportation Committee and Board of Directors actions for agenda items that the ITOC has reviewed: Regional Transportation Improvement Program Amendment No. 1; Overview of Developments in Financial Markets; *TransNet* Program FY 2013 Revenue Revision and FY 2014 to FY 2018 Program Revenue Estimates; *TransNet* Senior Mini-Grant Program: Funding Recommendations for FY 2014 and FY 2015; *TransNet* Regional Transportation Congestion Improvement Program: Fee Adjustment; *TransNet* Environmental Mitigation Program: Annual Status Report; and Mid-Coast Corridor Transit Project Update and Construction Services Procurement Strategy.

Action: This item was presented for information.

9. 2012 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 3
(DISCUSSION)

The 2012 Regional Transportation Improvement Program (RTIP) is the multiyear program of major transportation projects in the San Diego region, including the *TransNet* Program of Projects (POP). This RTIP amendment reflects programming for the FY 2014 Transit Capital Improvement Program.

Michelle Merino, Associate Financial Analyst, presented the item and asked the ITOC to review and discuss the proposed 2012 RTIP Amendment No. 3, focusing on the *TransNet* POP. She stated that significant comments made by the ITOC would be forwarded to the Transportation Committee and the Board of Directors, which are scheduled to take action at their March meetings.

Action: This item was presented for discussion.

10. INDEPENDENT AUDITOR'S ANNUAL REPORT ON RESULTS OF THE FY 2012 *TransNet* COMPLIANCE AUDITS

A. FY 2012 *TransNet* INDEPENDENT AUDITOR'S ANNUAL REPORT, DRAFT AUDIT REPORTS, AND OTHER AUDIT-RELATED ITEMS (ACCEPT)

All recipients of *TransNet* funds are required to undergo an annual compliance audit. The independent audit firm of Mayer Hoffman McCann P.C. has completed its field work and provided a report on the results of the FY 2012 *TransNet* compliance audits.

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

Sam Perera, Mayer Hoffman McCann P.C., presented the item.

Action: Upon a motion by Ms. Lee and a second by Mr. Chalker, the ITOC accepted the draft independent auditor's report of compliance audit results for incorporation into the ITOC annual report on initial findings and recommendations of the independent audit.

B. FY 2012 REQUESTS FOR EXCEPTION TO *TransNet* EXTENSION ORDINANCE REQUIREMENTS (RECOMMEND)

The North County Transit District (NCTD) and Metropolitan Transit System (MTS) did not meet certain eligibility requirements as noted in their draft FY 2012 *TransNet* annual compliance audit. In an effort to gain compliance, NCTD and MTS requested adjustments to the eligibility calculation.

Ms. Kondrat-Dauphin presented the item.

Ryan Bailey, Chief Financial Officer (NCTD), addressed ITOC comments regarding potential future exception requests based on possible impacts associated with the recent SPRINTER shutdown.

Action: Upon a motion by Mr. Chalker and a second by Mr. Tibbitts, the ITOC recommended to the Transportation Committee that the SANDAG Board of Directors approve the requests of: (1) MTS to calculate the bus service and rail service requirements as an average over the previous three fiscal years; and (2) NCTD to calculate the rail service requirement as an average over the previous three fiscal years as permitted under Section 4(C)5 of the *TransNet* Extension Ordinance.

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

Richard Chavez, Principal Engineer, provided an overview of the *TransNet* Major Corridor projects in terms of cost control and schedule adherence based on data provided through the Dashboard reporting system.

Action: This item was presented for information.

13. *TransNet* ENVIRONMENTAL MITIGATION PROGRAM: REGIONAL MANAGEMENT STRATEGIC PLAN (INFORMATION)

Keith Greer, Senior Regional Planner, provided a status report on the creation of a Regional Management Strategic Plan to better guide future allocations of *TransNet* Environmental Mitigation Program funds.

Susan Wynn, U.S. Fish and Wildlife, spoke in support of this item and provided recommendations for a revised timeline for completion of the Strategic Plan.

Chair Fromer asked staff to return to the September 2013 ITOC meeting with a draft of the Management Strategic Plan, including a revised timeline for completion.

Action: This item was presented for information.

14. *TransNet* ENVIRONMENTAL MITIGATION PROGRAM: ECONOMIC BENEFIT (DISCUSSION)

The *TransNet* Extension Ordinance contains the provision of "Economic Benefit" to purchase large blocks of habitat lands in advance of need for transportation mitigation purposes.

Mr. Greer presented the proposed Policy Points that define the concept of economic benefit and a process for releasing the Economic Benefit funding. He requested that the ITOC discuss the proposed Policy Points.

Michael Beck, Endangered Habitats League, spoke in support of this item and made recommendations for some policy issues.

Susan Wynn, U.S. Fish and Wildlife, spoke in support of this item.

Action: This item was presented for discussion.

15. FUTURE MEETING SCHEDULE

The next regular ITOC meeting is scheduled for Wednesday, April 10, 2013, at 9:30 a.m.

16. ADJOURNMENT

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