



MEETING OF THE
TRANSPORTATION AUTHORITY OF MARIN
CITIZENS' OVERSIGHT COMMITTEE

November 20, 2017

5:00 p.m.

TAM Conference Room
900 Fifth Avenue, Suite 100
San Rafael, CA 94901

MEETING MINUTES

Members Present: V-Anne Chernock, Northern Marin Planning Area
Peter Pelham, Major Marin Employers
Joy Dahlgren, Central Marin Planning Area
Robert Burton, Southern Marin Planning Area
Scott Tye, West Marin Planning Area
Vince O'Brien, Bicyclists & Pedestrians Groups
Kate Powers, Environmental Organizations
Kevin Hagerty, League of Women Voters
Allan Bortel, Marin County Paratransit Coordinating Council
Paul Premo, Taxpayer Group

Alternates Present: Jeffrey Olson, Central Marin Planning Area
Kay Noguchi, League of Women Voters

Auditor Present: Ahmad Gharaibeh, Auditor of Vavrinek Trine Day & Co. LLP

Staff Members Present: Li Zhang, Chief Financial Officer
Bill Whitney, Deputy Executive Director
Grace Zhuang, Accounting and Administration Specialist

Chairperson V-Anne Chernock called the Citizens' Oversight Committee meeting to order at 5:05 p.m. and administered the oath to new League of Women Voters member, Kevin Hagerty. Mr. Hagerty was sworn in and welcomed by the rest of the Committee.

1. Introductions and Welcome

Chairperson Chernock welcomed everyone. No introductions were made.

2. Review and Approval of July 17, 2017 Meeting Minutes (Action)

Member Bob Burton moved to approve the Minutes of July 17, 2017. Vice-Chairperson Peter Pelham seconded the motion, which was approved unanimously, with Members Hagerty and Member Paul Premo abstaining.

3. TAM Staff Report (Information)

Bill Whitney, Deputy Executive Director (ED), expressed appreciation for the opportunity to serve as Deputy ED for the past nine months. He indicated that the position will rotate among other TAM managerial staff, including Li Zhang, Nick Nguyen and Dan Cherrier.

Mr. Whitney presented the staff report. He discussed the Local Partnership Program relating to competitive grants under Senate Bill 1 (SB1), which provides approximately \$500,000 of funding to

TAM for 2 years. He said staff is recommending that TAM applies for grants towards the design of Marin Sonoma Narrows and the multi-use path from Second Street to Anderson.

Mr. Whitney also responded to questions from the Committee regarding funding for the multi-use path in San Rafael and widening of the 101 off ramp at Bellam.

Mr. Whitney concluded his report with information on the status of the Richmond-San Rafael Bridge projects, noting that the expected completion date is the end of January, and commented on improved traffic flow. He also discussed the approaches to the bridge from Sir Francis Drake and Bellam, which will be the next areas that will need to be improved, followed by traffic signalization improvements.

In response to a question from Member Scott Tye, Mr. Whitney discussed the factors contributing to congestion on the underpasses and overpasses near the bridge and when the work is expected to be finished. Mr. Whitney noted that Caltrans provide regular updates, which are posted on the TAM website.

In response to a question from Vice-Chairperson Pelham, Mr. Whitney said the work on the Marin Sonoma Narrows and the bridge should be done in the spring. He confirmed there would be one bridge over San Antonio Creek, which will be utilized by north and southbound traffic.

- a. Update of LGS/CalPERS Contract Issue
- b. Update of TAM's Separation from LGS

Chief Financial Officer Li Zhang summarized the need for the new CalPERS contract (effective January 1, 2018) and for TAM to become its own employer of record in order to preserve the service credit of all current staff, employees affected, updated potential liability (approximately \$420,000), and the need to establish a trust to fund the liability. Ms. Zhang stated that the TAM Board has approved the separation from LGS and the TAM/CalPERS contract and discussed medical benefit options from the HR Ad Hoc Committee, next steps in the process, permanent staffing needs, and needed changes for TAM policies and practices moving forward.

Ms. Zhang also reiterated one of the goals in this process is that the impact will be cost-neutral and maybe the agency can even see some overall cost savings. After a comment from the Committee about the risks associated with unfunded liability costs, Ms. Zhang confirmed it was not unusual for an agency to carry that amount and she agreed it was not a serious risk to TAM. She confirmed that a 10-year payment plan is in place as set up by LGS and TAM may decide to pay down even sooner after the completion of the contracting with full understanding of the various funding options. Chairperson Chernock commented that the CalPERS liability issue has nothing to do with Measure A or B projects/programs the Committee is overseeing, except indirectly.

4. Review and Acceptance of TAM's FY2016-17 Financial and Single Audit Results (Action)

Ms. Zhang indicated that Items #4 and #5 would be presented together. She introduced Auditor Ahmad Gharaibeh of Vavrinek Trine & Day, who would assist with the staff report. Ms. Zhang said she was happy to confirm that findings were not made for either the FY 2016-17 TAM Financial Statements or Single Audit report.

Mr. Gharaibeh reviewed the components of the audits and results, TAM's records as well as compliance audit of Measure A half-cent sales tax revenue and expenditures, federal audit protocols and requirements, internal controls, verification of the financial records, the final presentation to the TAM Board including the results of the audits showing a clean opinion with no findings or concern or areas of noncompliance.

Mr. Gharaibeh and Ms. Zhang responded to questions/comments from the Committee regarding the difference between the various audits, concern about the accuracy of the sales tax percentage, whether TAM is fully in compliance with the sales tax, how project and administrative costs are allocated, the percentage of expenses that are funded by Measures A and B, rent costs for TAM facilities, multiple sources for the funds that TAM receives and manages, whether the renewal of Measure A would allow for a more streamlined financial process, clarifying the information for the public benefit, explanation of the "unrealized loss" mentioned on page 15 of the staff report from TAM's participation in the Investment Trust of California (CalTRUST), and why TAM took in more than it spent in the past year. Ms. Zhang noted that the all funds are committed to various projects and programs.

5. Review and Acceptance of TAM's 2017 Measure A Compliance Audit Results (Action)

Mr. Gharaibeh continued his report with a discussion of the 2017 Compliance Audit, the process followed, the member agencies and projects selected for audit according to the requirements of the Measure A Compliance Audit Policy, standards set for the audits, and the audit results – no exceptions, no findings and no areas of noncompliance with respect to Measure A requirements. He expressed appreciation to TAM staff and the staff at the audited agencies for their cooperation in completing the audit process.

Mr. Gharaibeh and Ms. Zhang responded to questions and concerns regarding the percentage of samples tested and reviewed as part of the audit process, how the agencies and strategies are selected for audit, why Marin Transit has a higher allocation but the amount they claimed is less, why Marin County has not claimed the full amount for its Sir Francis Drake Boulevard project, how project costs are paid, on a reimbursement basis or in advance, how multi-year projects are able to carry over unpaid fund balances from year-to-year, whether a footnote in the report could be used to explain how project savings are used (especially as TAM may be asking the voters for a renewal or increase of Measure A).

Member Scott Tye moved to accept TAM's FY2016-17 Financial and Single Audit Results, and 2017 Measure A Compliance Audit Results. Member Burton seconded the motion, and the motion was approved unanimously.

The Committee recessed for 10 minutes for dinner and reconvened with all members present as indicated.

6. Formation of the COC FY2016-17 Annual Report Subcommittee and Adoption of the Development Schedule (Action)

Ms. Zhang presented the staff report and discussed how the recommendation coming out of the Expenditure Plan Advisory Committee process might impact the annual report timeline. She discussed the usual process for selection of the subcommittee, which would consist of three COC members, and the anticipated timeline for reviewing and accepting the annual report, which she hopes Chairperson Chernock can present to the Board in January. She also responded to questions and comments from the Committee relating to how the featured COC member in each annual report is selected, and the need to consider others who represent the special interest groups.

Member Joy Dahlgren moved to approve the formation of the COC FY2016-17 Annual Report Subcommittee consisting of Member Burton, Vice-Chairperson Pelham, Member Hagerty, with the help of Member Kay Noguchi proof reading and reviewing, and Member Kate Power seconded the motion. The motion carried unanimously.

7. Review of the FY2017-18 First Quarter Financial Report and Proposed Budget Amendments (Information)

Ms. Zhang presented the staff report, noting this is the regular quarterly financial report. She explained that the expenditure numbers are low because it is the first report of the fiscal year, but by the end of the year the totals will be more closely aligned with the anticipated budget. She explained as well that the budgeted expense amounts are usually higher, to reflect best case project/program delivery scenarios.

There was discussion between Ms. Zhang and the Committee about some expenses paid in full in the first quarter, which Ms. Zhang noted are always incurred annually in the first quarter, similar to household expenses that happen annually, quarterly, or monthly.

Ms. Zhang also reviewed the proposed budget amendment related to the TAM Junction project (most of which was budget authority not spent last year due to project delay), and she corrected the amount (from \$1.2 billion to \$1.2 million) for the swap project, noting that SLPP (State Local Partnership Program) funds were swapped and are now being reimbursed. She also responded to questions/comments regarding the budget amendments including whether the Board reviews and approves the budget amendments, which are approved on a quarterly basis.

8. Committee Member Hot Items Report (Information)

Member Tye asked about the next steps in the process for the Expenditure Plan Advisory Committee, which Chairperson Chernock discussed. She said there would be a presentation to the Board on December 11, and that the materials would be distributed to the committee members beforehand. Staff confirmed they would keep everyone informed.

Ms. Zhang expressed appreciation from Public Outreach Coordinator Molly Graham for the hard work of the Committee during recent months.

Chairperson Chernock also reported on a public hearing by Marin Transit regarding the Short-Range Transit Plan, but a decision was delayed because of concerns from MTC (Metropolitan Transportation Commission) about future costs and revenue estimates.

Member Alan Bortel commented that Whistlestop has recently seen an increase in labor costs for drivers and mechanics. Another member stated that Marin Transit will be reviewing all their major contracts.

The annual TAM Christmas party was discussed, and Ms. Zhang indicated the Expenditure Plan Committee members and the COC members are invited at no cost to themselves, as appreciation to their dedication and support.

Member Hagerty asked for more information on the slowing rate of growth for the sales tax, which Ms. Zhang explained. Committee members briefly discussed possible causes and impacts, as well as other political and financial challenges including the effects of the fires on construction costs in the next few years.

9. Discussion of Next Meeting Date and Recommended Items for the Agenda

The next date was tentatively set for Tuesday, January 16, 2018. There was discussion regarding the statutory requirements for the Committee, as well as possibly expanding the membership.

10. Open Time for Public Input

As no members of the public wished to speak, the meeting was adjourned at 6:55 p.m.