



MEETING OF THE
TRANSPORTATION AUTHORITY OF MARIN
CITIZENS' OVERSIGHT COMMITTEE

NOVEMBER 21, 2022
5:00 PM

Virtual and In-Person Meeting

MEETING MINUTES

Members Present: Peter Pelham, Major Marin Employers (Chairperson)
Kevin Hagerty, League of Women Voters (Vice-Chairperson)
Debbie Alley, Southern Marin Planning Area
Charley Vogt, Northern Marin Planning Area
Vince O'Brien, Bicycle & Pedestrian Groups
Kate Powers, Environmental Organizations
Allan Bortel, Marin County Paratransit Coordinating Council
Zack Macdonald, School Districts
Kingston Cole, Taxpayer Groups

Alternates Present: Susannah Saunders, Ross Valley Planning Area
Nancy Okada, Environmental Organizations
Kay Noguchi, League of Women Voters
James Schmidt, Taxpayer Groups

Auditors Present: Nathan Edelman, Partner, Eide Bailly LLP
Bin Zeng, Principal, Moss, Levy & Hartzheim LLP

Staff Members Present: Li Zhang, Deputy Executive Director/Chief Financial Officer
Grace Zhuang, Accounting and Payroll Specialist
Jennifer Doucette, Executive Assistant/Clerk of the Board
Molly Graham, Public Outreach Coordinator

Chairperson Peter Pelham called the Citizens' Oversight Committee (COC) meeting to order at 5:04 p.m.

1. Introductions and Welcome

Chairperson Pelham asked Grace Zhuang, Accounting and Payroll Specialist, to conduct the roll call. Ms. Zhuang did so and confirmed that a quorum was present. Ms. Zhuang stated the meeting order rules and instructions for the public to provide comments.

2. Open Time for Public Expression

No public expression was received.

3. Review and Approval of October 24, 2022 Meeting Minutes (Action)

Member Allan Bortel stated he had asked at the October meeting if the construction contract for the Marin-Sonoma Narrows (MSN) project had protected the agency from cost increases due to inflation. Deputy Executive Director/Chief Financial Officer (DED/CFO) Li Zhang stated that staff would check with the project manager to confirm whether change orders due to inflationary cost increase are allowed under the current contract.

Vice-Chairperson Kevin Hagerty moved to approve the October 24, 2022 Meeting Minutes. Member Kingston Cole seconded the motion, and the Minutes were approved with Chairperson Pelham and Member Vince O'Brien abstaining.

Items # 5 and 6 were taken out of order.

5. Review of the 2022 Measure A/AA Compliance Audit Results (Action)

Ms. Zhang provided background on the differences between Items 5 and 6 for the benefit of the new members. She then introduced the 2022 Measure A/AA Compliance Audit Results item, which asked the COC to review the 2022 Measure A/AA Compliance Audit Results and refer them to the TAM Board for approval.

Ms. Zhang introduced Bin Zeng, Principal from Moss, Levy & Hartzheim LLP, to co-present the item. Ms. Zhang explained that the Compliance Audit is necessary to ensure that Measure A/AA funds distributed to partner agencies and contractor teams are spent in accordance with the requirements of the Expenditure Plans and the funding agreements/contracts. She stated that the COC helped staff to draft the policy in 2010, which was revised in 2020 when Measure AA was approved, and that the 2022 Compliance Audit would be the twelfth cycle.

Ms. Zhang discussed the frequency of audits per category: Category 1 (Highways) – at least one compliance audit is conducted annually for each major consultant support contract over \$1 million; Category 2 (Local Streets and Roads) – a project from a local jurisdiction is selected annually; Category 3.1 (Safe Access to schools) – a compliance audit is conducted every three years; Category 3.2 (Crossing Guard Program) – a compliance audit is performed at the end of the first year if the vendor is new, or else every two years; Category 3.3 (Safe Pathways to School) – a large project and a small project are selected annually; Category 4 (Local Transit) – audited on an annual basis because Marin Transit receives a significant amount of funding from TAM. Ms. Zhang discussed the funds for the Major Roads set aside, which provides funding from the Measure AA Expenditure Plan off the top to fulfill the major road projects funding commitments under the remaining years of Measure A; and Interest Funds, which are mostly allocated to agencies for bike and multi-use path maintenance and are audited every 3 years.

Ms. Zhang also pointed out the programs/projects that are still active under Measure A: Strategy 1 Local Transit, Strategy 3.1 Major Roads, Strategy 4.3 Safe Pathways to Schools, and Interest funds are under the same audit frequency as the same Measure AA programs/projects.

Ms. Zhang provided an overview of the annual process and timeline. She stated that the COC reviews the list of funding recipients selected for the compliance audit in May/June; the TAM Board approves the list in June; staff conducts a compliance audit workshop in August/September to which all funding recipients are invited; the agencies are usually offered a field meeting with the auditors in October/November; and then staff presents the final report to the COC at the November or December meeting for recommendation to the Board.

Ms. Zhang discussed the 6 auditees selected for the 2022 Audit Cycle, including the City of San Rafael and County of Marin for the use of Multi-Use Pathway Maintenance funds; Marin Transit for its FY2021-22 transit operation and capital needs; City of Mill Valley for Local Roads funding; All City Management Services for the Crossing Guard Program; and the Town of San Anselmo for Safe Pathway projects. Ms. Zhang asked Mr. Zeng to report on the audit results and process.

Mr. Zeng reported on a single observation that had been found for the City of San Rafael's use of Measure A interest revenue for Multi-Use Path Maintenance for Puerto Suello Hill Pathway. He explained that the City of San Rafael had not accurately reported the rates of pay for employees for path maintenance work and the hours of work had been estimated. Mr. Zeng stated that the City of San

Rafael should have submitted documented timesheets but since the hours of work and payments were similar to those in previous years, he recorded an observation and not a finding. M. Zeng also reported that the City of San Rafael has already implemented a remedy process for the observation and will be able to provide actual labor cost in the future.

Mr. Zeng confirmed there were no findings or observations for all the remaining projects that were audited.

In response to Vice-Chairperson Hagerty, Ms. Zhang confirmed that the City of San Rafael has set up codes and corrected the errors and that future invoices will include accurate information on pay rates and hours of work.

Alternate Kay Noguchi and Ms. Zhang discussed the errors reported for the City of San Rafael. Ms. Zhang confirmed the Agreement included the funding terms and the errors have been attributed to staff turnover. She confirmed TAM staff has worked with personnel from the City of San Rafael to correct the problems.

In response to Alternate Nancy Okada, Ms. Zhang discussed an issue with maintenance funding for the Puerto Suello Hill Pathway during a previous cycle because the City of San Rafael had invoiced TAM a total of \$40,000 without providing backup for actual costs. In that particular case, subsequent reimbursement payments were reduced to recover the excess payments that could not be supported with adequate backup.

In response to Member Powers, Ms. Zhang clarified the use of Measure A reserve funds and interest funds. She explained that interest accumulates on the fund balance, which is currently used to fund pathway maintenance. Ms. Zhang stated that 5% of Measure A funds were allocated to a reserve fund during the first five years of revenue collection and that the Board started to release the reserve funds under Measure A when Measure AA was passed and the collection of reserve funds started under Measure AA. She added that unspent funds for the Crossing Guard Program and Marin Transit are high due to service cuts and/or federal aid funding during the Pandemic.

Member Vogt moved to accept the 2022 Measure A/AA Compliance Audit Results and refer them to the TAM Board for approval. Member Cole seconded the motion, which was approved unanimously.

6. Review of the FY2021-22 TAM Annual Comprehensive Financial Report (Action)

Ms. Zhang presented the staff report, which asks the COC to review the Draft FY2021-22 TAM Annual Comprehensive Financial Report (ACFR) and refer it to the TAM Board for acceptance. Ms. Zhang introduced the Auditor, Nathan Edelman, Partner of Eide Bailly LLP to present part of the report. Ms. Zhang pointed out that although the financial report doesn't have the water mark "Draft" on it, it is a draft pending final review of the audit team.

Ms. Zhang provided an overview of the presentation and a discussion on the uncertain economic future, and potential negative growth of sales tax revenue. She discussed TAM's upcoming major projects, including the North-South Greenway Gap Closure Project, MSN and State Route (SR) 37 Projects, Direct Connector Project, and the Highway 101 Interchange and Approaching Roadway Study. TAM's routine programs include Safe Routes to School (SR2S) and the Crossing Guard Programs. Ms. Zhang reported that the agency will pursue sea-level rise projects and has started the planning process for the development of a Countywide Transportation Plan (CTP) in 2023. She confirmed that staff will provide updates on the projects/programs to the COC.

Ms. Zhang discussed the four sections of the report: Introductory, Financial, Statistical, and Compliance. She discussed the Introductory Section, which presents the profile of TAM and Marin's economic condition; the 0.30% reduction of the population in the State and an almost 0.66% reduction of the

population in the Bay Area. Ms. Zhang noted that the population in the North Bay has been declining since 2017 due to aging population, affordability, less diversity, and possible hidden population

Ms. Zhang discussed Marin's personal income trend, which is significantly higher than most of the Bay Area counties and the State; Marin's unemployment rate; , which was the third lowest in the State after San Mateo County and San Francisco; taxable sales growth rates from 1997 to 2021, which remained stable in Marin; the Per Capita Taxable Sales from 1997 to 2021, which were slightly higher in Marin than other Bay Area counties; and the increase in Measure A/AA revenue from \$30.8 million in FY2020-21 to \$34.75 million in FY2021-22. Member Bortel noted that the annual increase was significant and Ms. Zhang attributed the increase to several factors, including inflation; residents who worked from home and spent money in Marin rather than elsewhere; and homeowners who undertook construction projects during the Pandemic.

Mr. Edelman discussed the audit procedure, the requirements, the auditor's opinions, and the draft report. He confirmed the audit is complete with a clean and unmodified opinion. Mr. Edelman discussed changes to the audit standards and accounting principles; CalPERS (California Public Employees' Retirement System) pension liability, and the financial statements. Ms. Zhang noted that revenue surpassed expenditure in 2021 because there were no major project implementations, and that TAM's main funding source from Measure AA provides over 70% of the agency's total budgeted revenues.

Ms. Zhang concluded her report with a brief list of Marin's largest employers, including the County of Marin, Kaiser Permanente, and BioMarin Pharmaceutical; and the principal taxpayers in the County, which prompted discussion by the members.

Vice-Chairperson Hagerty moved to accept the Draft FY2021-22 TAM ACFR with the recommendation the TAM Board review and accept the report at its next meeting. Member Cole seconded the motion, which was approved unanimously.

4. TAM Staff Report (Information)

Ms. Zhang confirmed that a copy of the staff report had been emailed out earlier. She highlighted the TAM Holiday Luncheon Party on December 9 and asked the members to respond to the Evite invitation. In response to Member Powers, Public Outreach Coordinator Molly Graham provided an update on TAM's presentation to the City of San Rafael Council on October 7 on the US 101 to I-580 Multimodal and Local Access Improvement Project. She stated that the primary focus on a Proof-of-Concept study for a potential interchange in the vicinity of Home Depot on Shoreline Parkway; that the main project is in the planning phase; that 4 alternatives (reduced from 7) are expected to move forward to the environmental phase with funding from Regional Measure (RM) 3 and Measure AA Sales Tax in the summer of 2023; and that a final meeting with the Stakeholder Group is expected to occur in the early part of 2023.

Ms. Graham discussed a timeline for the project with Chair Pelham. She stated that a final choice for the preferred alternative should be made at the end of the environmental process, which should take 2 to 3 years to complete. Ms. Graham confirmed that the TAM Board will not make a decision on the final proposed project and preferred alternative until the end of the environmental process, which she noted has not begun.

Alternate Schmidt discussed his concern that the plans for the US 101 to I-580 Multimodal and Local Access Improvement Project do not address access to Westbound (WB) I-580 to Southbound (SB) US-101. Ms. Graham stated that the US 101 to I-580 Multimodal and Local Access Improvement Project is a one direction project and has been voter approved. Ms. Graham also responded to Member Powers question that the project will receive \$130 million from RM3; that \$16 million in funding from Measure AA for the planning process is being provided; and that it would not preclude a future connector

project for WB I-580 to SB US-101. Ms. Graham confirmed that additional funding will be needed for the US 101 to I-580 Multimodal and Local Access Improvement Project.

7. Committee Member Hot Items Report (Discussion)

Member Powers requested a report on the Metropolitan Transportation Commission's (MTC's) Next Generation Bay Area Freeways Study and an update from the General Manager of Marin Transit.

Ms. Graham confirmed the subcommittee for the FY2021-22 COC/2022 TAM Annual Report met recently and should have a final meeting in mid-January 2023. She stated that a presentation of the final report should be made to the COC January and TAM Board in February 2023.

Vice-Chairperson Hagerty requested an update on the CTP.

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

The next meeting was tentatively scheduled for Monday, January 30, 2023. Items for review will include the FY2021-22 COC/2022 TAM Annual Report.

The meeting was adjourned at 6:25 p.m.

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