



Measure A INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE **2nd Draft FUNCTIONAL GUIDELINES**

INTRODUCTION

The **New** Measure A Ordinance and Expenditure Plan, approved by Sacramento County voters in November 2004, establishes an Independent Taxpayer Oversight Committee (ITOC). The ITOC provides taxpayers with an increased level of accountability for **New** Measure A expenditures, beyond the annual fiscal and compliance audits already performed for the existing Measure A program. The ITOC functions in an independent, **open** and transparent manner to ensure that voter mandates are implemented as required by the Ordinance and Expenditure Plan and to generate constructive recommendations to enhance the financial integrity and performance of the **New** Measure A program. The ITOC makes recommendations and reports to the STA Governing Board, which has ultimate responsibility for policies related to implementation of **New** Measure A.

ROLES AND RESPONSIBILITIES

The **New** Measure A Ordinance sets forth the general responsibility of the ITOC *“to supervise fiscal and performance audits regarding the use of all sales tax funds and provide for independent review to ensure that all Measure funds are spent in accordance with provisions of the Expenditure Plan and Ordinance as approved by the voters.”*

Specific ITOC responsibilities include:

- Conduct an annual fiscal and compliance audit of all **New** Measure A-funded activities using the services of an independent fiscal auditing firm to assure compliance with the Ordinance and Expenditure Plan.
- Prepare and present an annual report to the Governing Board on the results of the annual audit process.
- Develop program performance standards related to project delivery, cost control, schedule adherence, and other applicable activities for consideration by the Governing Board.
- Conduct periodic (e.g. triennial) performance audits of STA and recipient Measure A entities relative to adopted performance standards.
- Review and report on the delivery status of **New** Measure A capital projects and on-going programs on a quarterly basis.
- Provide recommendations as part of the required 10-year Expenditure Plan review process. This process affords the STA an opportunity to undertake a comprehensive review of the **New** Measure A program after ten years to make recommendations for improving the program during the subsequent ten years.
- Review proposed debt financings to ensure that the benefits of accelerated project delivery exceed the cost of debt issuance.

The Committee is a functional partner to the STA Governing Board in the ongoing implementation of the **New** Measure A program. The ITOC will conduct sufficient analyses to prepare objective recommendations and to provide the Governing Board and public with pertinent information about the implementation of the **New** Measure A program. ITOC members and their designated auditors shall have complete and timely access to all public documents, records, and data associated with **New** Measure A revenues and expenditures. The ITOC will conduct its affairs in a manner that does not cause unnecessary delays in project and program delivery.

The following narrative provides general guidance for how the ITOC and Governing Board should interact as the ITOC performs its duties:

Advisory Resource – It is intended that the ITOC will function as an independent resource to assist STA in implementing **New** Measure A projects and programs. The Committee’s membership is designed to provide to STA a group of professionals who can collectively offer STA the experience and expertise to advance the timely and efficient implementation of the affected projects and programs. **All deliberations will be conducted in an open manner, and** the ITOC will provide regular reports to the public and to the Governing Board regarding project delivery and overall program performance.

Productivity & Cost Savings – It is intended that the ITOC will rely upon data and processes available at STA and the recipient Measure A entities, analyses and studies initiated by the ITOC, and other relevant information generated by reliable sources. The STA will continuously strive to improve the reliability and usefulness of its analytical processes. The ITOC will be kept abreast of such efforts, and will be invited to contribute to their development and assessment. It is intended that the ITOC not result in increased costs to deliver the **New** Measure A program. Rather, through a cooperative and complementary working relationship between the ITOC and Governing Board, it is anticipated that a savings in delivery costs will ultimately be realized.

Flexibility – It is intended that the ITOC will assist the STA in monitoring changing situations and technologies, and will make recommendations, as appropriate, for improving the financial integrity and performance of the **New** Measure A program.

IMPLEMENTATION PROCEDURES

Implementation procedures for each of the basic ITOC responsibilities set forth above will be developed by the ITOC and updated from time to time, as necessary. The implementation procedures will provide some detail on how the ITOC will approach each area of responsibility, along with a schedule or general timing for when each activity should be performed and reported. Implementation procedures may not contradict the Ordinance language.

MEMBERSHIP

There shall be three voting members of the ITOC with the characteristics described below. The criteria established for voting ITOC members are intended to provide the breadth of skills and experience needed for the ITOC to perform its duties and to function as a constructive partner in the on-going implementation of the **New** Measure A program. For each of the areas of expertise, an individual representing one of the colleges or universities in the County with a comparable level of academic experience shall be eligible for consideration. Interested persons will be requested to submit applications as part of an open, publicly-noticed solicitation process. The three voting members are:

- A professional—**active or retired**—in the field of municipal audit, ~~public~~ finance and/or budgeting with a minimum of 5 years in a relevant and senior decision-making position in the public or private sector.
- A licensed civil engineer or trained transportation planner—active or retired—**with at least five years of demonstrated experience** ~~applicable credentials~~ in the field of transportation ~~project design or construction and a minimum of 5 years in a relevant and senior decision-making position in the public~~ **in government and/or** the private sector.
- **A current or retired manager of major public and/or privately financed** professional with ~~demonstrated experience managing large-scale~~ development or construction projects, **who by training and experience would understand the complexity, costs and implementation issues involved in building large-scale infrastructure improvements.**

The ITOC also includes three non-voting, ex officio members:

- The current Chair of the STA Governing Board
- The Executive Director of the STA
- The County of Sacramento Auditor-Controller, or his/her designee

SELECTION OF MEMBERS

Technical Screening Committee

A technical screening committee shall be established to review applications received from interested persons. The screening committee will consist of four high-level professional staff persons recruited by the Executive Director from local, regional, or state transportation or finance agencies that do not receive Measure A funds and/or from the region’s colleges or universities. The committee will generate a list of candidates qualified to serve on the ITOC according to the membership eligibility criteria. It will forward up to 3 candidates for each open position for consideration by the ITOC selection committee. The technical screening committee will endeavor to submit its recommendations within 45 days of the noticed closing date for submittal of applications.

Selection Committee

A selection committee shall be established to select recommended ITOC members from the lists of qualified candidates forwarded by the technical screening committee. The selection committee shall consist of the following members of the STA Governing Board:

- 1 representative of the County Board of Supervisors
- 1 representative of the Sacramento City Council who sits concurrently on the governing board of the Sacramento Regional Transit District
- the representative of the Citrus Heights City Council
- 1 representative of the Elk Grove City Council
- the representative of the Folsom City Council

- the concurrent representative of the city councils of Galt and Isleton
- the representative of the Rancho Cordova City Council

The selection committee will endeavor to select its three preferred candidates within 45 days of receiving the technical committee's candidate lists. Should the selection committee be unable to agree on a preferred candidate(s), it will direct the technical screening committee to submit up to two additional candidates for each applicable position(s). The selection committee's recommendation will be presented to the governing board for confirmation at the next scheduled board meeting.

TERMS AND CONDITIONS FOR ITOC MEMBERSHIP

Term

Voting members of the ITOC shall serve terms of 4 years. The Governing Board may stagger initial appointments with terms of 2 or 4 years to preclude complete turnover at any one time. A voting member who desires to serve a second 4-year term must submit an application for re-appointment during the open application period for that position, which will begin 90 days prior to the end of the term. No voting member may serve more than two consecutive terms (8 years) on the ITOC. A committee member who has served two terms may re-apply for membership after a 2-year hiatus. The Governing Board may waive this 2-year requirement to fill an unexpected vacancy.

Removal from Membership / Vacancies

The Governing Board may remove a member for cause including, but not limited to, failure to attend at least 50% of regular ITOC meetings during a 2-year period or failure to comply with conflict of interest provisions. The Executive Director will notify the Governing Board when an ITOC member has failed to satisfy the attendance standard. The Governing Board will consider any appeal or review of extenuating circumstances prior to removing the member.

If a mid-term vacancy occurs, the process for replacement will be that set forth above for selection of members. The selection committee may modify the process to accommodate particular circumstances. The Governing Board will endeavor to fill an ITOC vacancy within 90 days.

Chair and Vice-Chair

The ITOC will select a Chair and Vice-Chair, both of whom must be voting members. Selection will occur at the first regular ITOC meeting following the beginning of STA's fiscal year. The Chair and Vice Chair will serve 2-year terms.

The Chair will run the ITOC meetings, coordinate with staff on meeting agendas, and serve as the primary ITOC spokesperson before the Governing Board and public. The Vice-Chair assumes the Chair's functions when the Chair is unavailable.

Conflict of Interest

The three voting ITOC members shall be subject to the STA's conflict of interest policy. Members are prohibited from participating in any commercial activity directly or indirectly

involving the STA during their tenure. ITOC members shall have no direct commercial interest or employment with any public or private entity that receives **New** Measure A funds, and shall not serve in elective office within Sacramento County. Each voting ITOC member will receive AB 1234 ethics training, and will be required to submit an initial and annual statement of economic interests (FPPC Form 700).

Compensation

ITOC members shall serve without compensation except for direct expenses incurred in related ITOC activities.

ITOC FUNDING AND ADMINISTRATION

Annual Funding

Beginning with the effective date of the **New** Measure A sales tax program on April 1, 2009, costs incurred in administering the ITOC, including related fiscal and performance audit costs, shall be derived annually from the 0.75% of **New** Measure A proceeds set aside for STA administration. Funds earmarked specifically for the ITOC shall not exceed \$150,000 per year, adjusted annually for inflation during the 30-year term. Any earmarked ITOC funds not expended for this purpose during a fiscal year will be distributed in a supplemental allocation to the Measure A entities for expenditure on eligible on-going programs.

ITOC expenditures incurred prior to the formal commencement of **New** Measure A will be accommodated within the 1% administrative cap of the current (*old*) Measure A program. Staff will coordinate with the ITOC on key activities that will become ITOC responsibilities after April 1, 2009, and will consult with the ITOC as appropriate during the transition period.

Budgets / Audits

An annual ITOC operating budget shall be prepared and submitted to the Governing Board as part of the cumulative STA administrative budget. ITOC expenditures shall be audited annually as part of the same fiscal audit process required of all other **New** Measure A expenditures.

Meetings

The ITOC will meet quarterly during the fiscal year. The Chair may schedule additional meetings or may cancel meetings as needed. The ITOC shall conduct its meetings according to generally accepted parliamentary procedures based on the principles set forth in *Roberts Rules of Order*. A quorum of the ITOC shall consist of two voting members. Actions and recommendations of the ITOC must be approved by at least two voting members.

All ITOC meetings shall be publicly noticed, and conducted in full compliance with the Brown Act open meeting requirements. STA will assist the ITOC in complying with public meeting laws, including posting meeting notices and agendas and recording ITOC actions. **The STA will maintain a list of interested persons to whom ITOC meeting agendas and associated materials will be distributed.** An Internet webpage containing ITOC agenda materials, reports, and related information will be developed and maintained as part of the STA website. Staff will strive to distribute agendas and related materials one week prior to scheduled ITOC meetings.

Consultants

Consultants recommended by the ITOC shall be selected based on an open and competitive solicitation of proposals from the widest possible number of qualified firms. The scope of work for all consultant activities shall be developed by the ITOC prior to any such solicitation. All consultant contracts valued at \$10,000 or more must be approved by the Governing Board.

ITOC STAFFING AND SUPPORT

General Support

At the ITOC's request, STA shall provide reasonable staff support and technical assistance, and shall arrange ***adequate, accessible*** space for regularly scheduled meetings. STA will provide supplies and incidental materials needed for the ITOC to conduct its affairs.

The costs associated with such staffing and administrative support will be charged against the \$150,000 cap on annual funding set aside for ITOC administration. Under no circumstances will ITOC activities result in the hiring of additional administrative staff.

Independence

The Governing Board and staff will fully cooperate and provide necessary support to the ITOC. STA will limit its direct involvement to the provision of information and assistance requested by the ITOC in order to promote the ITOC's independence as it conducts its fiscal and performance assessments of the **New** Measure A program and develops recommendations for improved implementation.

EFFECTIVE DATES AND AMENDMENTS

These Functional Guidelines will become effective upon adoption by the Governing Board. As it conducts its affairs, the ITOC may recommend amendments for subsequent consideration by the Governing Board.