

**San Mateo County Transit District
1250 San Carlos Avenue, San Carlos, California**

**Measure W Citizens' Oversight Committee (COC)
Meeting Minutes**

March 6, 2023

Members Present (In Person): J. Baker, A. Brandt, R. Foust (Chair), R. Hedges, S. Lang, J. Lind Rupp (Vice Chair), E. Mizzi, M. Wooley-Ousdahl

Members Present (Via Teleconference): A. Madrid (left at 3:57 pm), M. Robinson

Members Absent: A. Levin, J. Londer, M. Rendon, I. Torres

Staff Present: A. Linehan, J. Cassman, S. van Hoften, K. Kelly, J. Ye, P. Skinner, D. Seamans, J. Brook

1. Call to Order

Chair Rosanne Foust called the meeting to order at 3:03 pm.

2. Roll Call

Jean Brook, COC Secretary, called the roll and confirmed that a quorum was present.

3. Public Comment for Items Not on the Agenda

There were no public comments.

4. Approval of Meeting Minutes from October 18, 2022

Motion/Second: Hedges/Lang

Ayes: Baker, Brandt, Foust, Hedges, Lang, Lind Rupp, Madrid, Mizzi, Robinson, Wooley-Ousdahl

Noes: None

Absent: Levin, Londer, Rendon, Torres

5. Public Hearing: Annual Audit of Measure W Tax Revenues and Expenditures in Accordance with Congestion Relief Plan for the Fiscal Year Ended June 30, 2022

Chair Foust announced the public hearing.

a. Independent Auditor's Presentation

Kathleen Kelly, Interim Chief Financial Officer, introduced Ahmad Gharaibeh, Partner, Eide Bailly LLP, who provided the presentation. He said that the purpose of the audit is to ensure that the financial statements for Measure W are fairly stated and segregated from the District's financial statements. He also said that the audit shows that Measure W expenditures comply with the ballot language that was approved by the voters. Mr. Gharaibeh acknowledged that

the Measure W expenses were tracked independently from the District's expenses and offered a clean opinion on Measure W.

b. Committee Questions

Sandra Lang asked if there is a designation that draws a distinction between something that's a nonoperating expense and an operating expense. Mr. Gharaibeh said the distinction between the different types of expenses is reflected on Page 5 of the financial statements. Chair Foust noted that there is further explanation of that distinction on Page 8.

John Baker asked if the projects were exclusively funded by Measure W or if it was a proportion of the total project cost, and if it is a proportion of the Measure W funds, does the audit firm have to audit the whole budget for that project or just the project portion that is funded by Measure W. Jennifer Ye, Director of Accounting, confirmed that the audit just looks at the portion funded by Measure W.

Rich Hedges noted that the 20 percent income for 2022 was greater than the rate of inflation. Mr. Gharaibeh said it is referring to the sales tax and all transit agencies have had substantial increases in their sales tax collections.

Adrian Brandt noted that approximately half of Measure W expenditures were for school-related bus service. Joan Cassman, Legal Counsel, said technically those services are referred to as "tripper" services. Chair Foust said for purposes of the audit, use of the term "school bus services" should be avoided.

Ethan Mizzi asked regarding Page 12 if "RW" meant right of way, which Ms. Cassman confirmed.

Mr. Brandt asked why electric bus procurement was a separate item from purchasing the actual buses. Ms. Ye said it was set up as two different projects in the financial system. Mr. Brandt said he was surprised that the procurement process cost more than the actual purchases. Ms. Ye said she would get back to him with more information.

Malcolm Robinson noted that the standard abbreviation for right of way is "ROW," rather than "RW."

Mr. Mizzi asked why the TA and Caltrain website development is listed under SamTrans. Ms. Cassman said Measure W doesn't pay for Caltrain expenditures and that the wording in the report is based on how the District's financial system is set up. She suggested Finance staff make a list of expenditures that is not tied to the financial system, which she said will make more sense to the public.

Mr. Brandt suggested spelling out many of the acronyms in the report. He suggested showing percentages for each category of Measure W spending rather than showing the financial system categories. Chair Foust said that the categories can be explained and clarified in the written report and presentation to the community, while tying them back to the auditor's report and the expenditure plan.

Mr. Robinson said asked how the City of Belmont received extra funding, while no other municipalities did. Mr. Skinner said it represents the expenditures on a particular project that

the City was reimbursed. He said the TA holds the money in their account until a city invoices them. Chair Foust concurred that other cities would show up as receiving funds on future reports as they are reimbursed for completed projects.

Mr. Hedges noted the \$272,000 for the US 101/SR 92 interchange, but said that the TA had awarded \$2.2 million for that project. Mr. Skinner explained that the \$272,000 represented only the expenditures, even though the project had been awarded \$2.2 million. Chair Foust said the auditors only show monies that have been expended of the funds that have been committed.

Mr. Mizzi suggested that future reports have a page indicating allocations that have not yet been expended. He asked why the Measure W expenses of \$61,000 on Page 11 do not add up with the \$23,000 in expenditures indicated on Page 12. Ms. Ye clarified that Page 11 only shows the expenditures since inception to date.

Chair Foust suggested having several pages summarizing the history of Measures A and W.

Mr. Brandt asked where the money in the Measure W Allocations column sits. Ms. Ye said for the TA, the money sits in separate accounts in the TA's investment pool; she said for SamTrans, the money sits in SamTrans' bank account.

Mr. Skinner said under Local Investment Share, the monies go directly to the cities and County on a monthly basis.

Mr. Hedges noted that it is an accounting principle to disclose if there are any unrestricted funds that were deposited with respect to Measure W.

Ms. Lang asked for clarification on the terminology of "restricted" and "nonrestricted." Mr. Gharaibeh said it is just an accounting principal requirement to disclose the spending policy for any unrestricted funds that are deposited, which he said would never happen with respect to Measure W.

Mr. Robinson said that Page 11 shows over \$2 million in investment income loss. Chair Foust said it had to do with the way that the investment mechanisms are reported. She said they are recorded as showing a loss where it is an unrealized loss or gain. Mr. Gharaibeh explained that the District holds investments until maturity but from an accounting perspective must record the change in market value of those investments to comply with accounting standards.

Alex Madrid left the meeting at 3:57 pm.

Mr. Mizzi asked if grade separations were included in the distributions to the TA shown on Page 11. Mr. Skinner said Measure W includes a grade separation category, but no allocations or expenditures have been made at this time. Ms. Cassman suggested in the future they could list the five categories and assign the numbers rather than collapsing the categories. Chair Foust concurred, suggesting cleaning up the language and having it match what is in the expenditure plan and also providing further explanation in the summary. Mr. Skinner concurred, and said they could expand the categories in future reports.

c. Public Comment

There were no comments.

d. Close Public Hearing

Motion/Second: Hedges/Brandt

Ayes: Baker, Brandt, Foust, Hedges, Lang, Lind Rupp, Mizzi, Robinson, Wooley-Ousdahl

Noes: None

Absent: Levin, Londer, Madrid, Rendon, Torres

e. Committee Comments

There were no additional comments.

f. Committee Discussion on Drafting of Committee Report

Ms. Kelly suggested that staff try to improve upon last year's report by considering the Committee's comments and then bringing a new draft back for approval in May or June.

Ms. Lang suggested having more detail that is consistent with Measure W and presenting the information in the report more clearly.

Chair Foust said the meeting minutes would provide staff with input on how to modify the draft of the report.

6. Committee Member Comments/Communications Regarding Transportation Matters

Mr. Brandt said that Caltrain had a large budget gap for its electrification project as a result of the pandemic and cost overrun issues, and noted that additional state and federal funding has closed this gap.

Mr. Robinson said he looked forward to bullet trains running from Los Angeles to the Bay Area. He noted there were a lot more potholes on area roadways.

Mr. Baker asked for follow-up from staff on the Bay Pass – confirming that Measure W funding is being used for SamTrans to participate in it.

Chair Foust announced the SamTrans Board Special Meeting/Finance Workshop on March 17, the JPB Finance Committee meeting on March 27, and the JPB Board Special Meeting/Finance Workshop on March 29.

Mr. Hedges said he was pleased with the new Central Subway Muni Metro service connecting Caltrain to Chinatown in San Francisco.

Mr. Mizzi said Butte County Association of Governments is studying a rail link between Sacramento and Chico.

Mr. Hedges noted that the Link 21 project is seeking to connect all rail service and cross the Bay via a tunnel.

Ms. Lang said that speeding is still a problem in the County and that additional infrastructure is needed to mitigate it.

7. Next Meeting: Date to Be Announced

Chair Foust said that staff would poll the Committee members for the date of the next meeting to be held after the draft audit report has been updated.

8. Adjournment

The meeting adjourned at 4:19 pm.

An audio/video recording of this meeting is available online at <https://www.samtrans.com/about-samtrans/video-board-directors-cac-and-measure-w-coc>. Questions may be referred to the District Secretary's office by phone at 650-508-6242 or by email to board@samtrans.com.