

Measure B Citizens Watchdog Committee
Tuesday, February 5, 2016
Minutes

1. Call to Order/Roll Call

Chair Dolores Morales called the meeting to order at 10:08 a.m. Roll Call was conducted by Clerk Crump.

Members Present:

Hope Cahan	Kevin Maitski
David Cameron	Dolores Morales
Sharlene Carlson	Andrew Nussbaum
Betty Duong	Esther Peralez-Dieckmann

Members Present Via Conference Call: None

Members Absent: Bena Chang, Melissa Erickson, Mary Gloner, Kevin Maitski, & Marty Michaels.

Measure B and County Staff: Fran Palacio, Administrative Services Manager III, Office of County Executive; Aggie Goltiao, Office of County Executive; Samantha Ybarra, Assistant, Office of County Executive; Dennis Christian, Vavrinek, Trine, Day, and Company (VTD); Wendy Jhong, Department Fiscal Officer, Office of the County Executive.

2. Public Comment: None

3. Introduction of New Members and Staff: Each member and staff introduced themselves and provided a brief background.

4. Approval of Draft Minutes from January 14, 2015 Meeting:

Moved by Member Cameron and seconded by Member Duong, to approve the CWC January 14, 2015 Draft Minutes. The motion passed unanimously.

5. Measure B Financial Audits for FY 2015 and Public Hearing Regarding how Measure B Funds are being Spent:

a. Open Public Hearing – None

b. Close Public Hearing - Closed

c. Approve Audit Reports (Dennis Christian, Vavrinek, Trine, Day & Co., LLP)

- Mr. Christian directed attention to the Independent Auditor's Reports and Fund Financial Statements prepared by VTD, for FY 2015 and provided a brief synopsis of the internal control opinion and financial statement opinion for FY 2015. Mr. Christian advised that the financial statements were an unqualified opinion, a clean opinion, with no exceptions or adjustments. He added that the financial statements are fairly stated.
- Committee Member Cameron asked if there was a comparative study done for year-over-year in previous audits.

Mr. Christian said the reports issued only had that year's balances and what has been traditionally done.

- Committee Member Cahan asked for clarification on the California State Board of Equalization (BOE) (page 8) regarding its determination of overpayments for 2015-16 FY, asking if VTA's receipt of the money is justified.

Mr. Christian said the BOE shows a credit balance and VTD has not reported it and, the BOE has not asked to return any funds.

Ms. Jhong, County Fiscal Officer, said she attempted several times to contact BOE for confirmation of whether the State intends to have the County pay the money back. BOE told Ms. Jhong that they are not in a position to make that statement so, at this point it is only disclosed in the Financial Statement.

Ms. Cahan asked if the money came to the County before dispersal to VTA.

Ms. Jhong said the money came to the County and was then dispersed to VTA.

Ms. Cahan asked if VTA is aware that the money could be called back.

Ms. Jhong said she has communicated openly with VTA.

Member Cameron said to Mr. Christian that VTD made an evaluation that the overpayments to VTA are not recordable as a liability.

Mr. Christian agreed, saying it has been VTD's experience that BOE usually does not ask for credit balances back, adding there are continually more audits and he has seen credit balances reversed.

Ms. Jhong said due to residual sales tax being added quarterly, the money was an off-set, saying there would be very little sales tax coming in and the deficit would remain.

Member Cahan asked Ms. Jhong if she has kept records of all communication with BOE.

Ms. Jhong affirmed she has kept all records.

Member Nussbaum asked that if BOE requested return of the money and VTA did not have the funds, is it possible BOE would ask the County to pay it back.

Mr. Christian said VTD believes that if BOE asks for the money back, it would be VTA's responsibility.

Member Cameron suggested the County draft an agreement with VTA, saying VTA is liable for any fund balance deficit.

Ms. Jhong said the total deficit is \$943,000.

Chair Morales asked Ms. Palacio if the County has pursued such an agreement with VTA.

Ms. Palacio said the County has not been directed to do so but was amenable if the CWC directs the County to draft an agreement.

Moved by Member Cahan and seconded by Member Peralez-Dieckmann to draft an agreement with VTA stating VTA is liable for any fund balance deficit and, to ask for a report back at next CWC Measure B meeting on VTA's confirmation it will be in charge of covering the deficit. The motion passed unanimously.

Moved by Member Carlson and seconded by Member Cameron to approve the audit report for FY 2015. The motion passed unanimously.

d. Authorize Administration to Publish Report

Moved by Member Peralez-Dieckmann and seconded by Member Cameron to authorized administration to publish the audit report. The motion passed unanimously.

6. Informational Report on financial closeout of projects:

Ms. Jhong distributed a list VTA Measure B and Roads & Airports Close-Out projects:

VTA Measure B Close-out projects (Anticipated Close-out Date):

- Vasona Light Rail (June 2017)
- RT 85/101 Interchange North (June 2017)
- RT 152 Improvement (June 2017)
- Combined Biological Mitigation Site (December 2017)
- Habitat Conservation Plan (In Perpetuity)
- Coyote Ridge Butterfly Habitat (In Perpetuity)
- Measure B Bike Program 0 Bicycle Facility Improvements (June 2016)

The balance of the Pre-paid account by Measure B to VTA is \$6,852,139.41. Per close-out documents, any remaining funds after Measure B projects are completed, can be moved to Caltrain or Roads projects.

Roads and Airport of Santa Clara County Measure B Close-out projects:

- Measure B projects budgeted at Roads as of 6/30/2015 . \$450,785.00
- FY16 already spent as of 2/3/2016 (\$151,093.70)
- FY17 proposed projects for Measure B (\$299,691.30)
- Balance as of June 2017.0

Member Cahan asked for clarification of the VTA project list, asking if all but two projects have anticipated close-out dates. She asked if the balance of \$6,852,139.41 could be used to fund the Habitat Conservation Plan or the Coyote Ridge Butterfly Habitat (in perpetuity projects.)

Ms. Jhong said the \$6,852,139.41 is 2015’s ending balance, and after this year’s expenditures, the remaining funds will go to those projects.

7. Set Next Meeting Date for the Following Year 2017.

After a brief discussion the next meeting date was set for February 3, 2017 at 10:00 a.m.

Adjourn:

Moved by Member Cahan and seconded by Member Nussbaum to adjourn the meeting. The motion passed unanimously. Chair Morales adjourned the meeting at 10:40 a.m.

Minutes recorded and prepared by Barbara Crump.