

SAN JOAQUIN COUNCIL OF GOVERNMENTS
MANAGEMENT AND FINANCE

Meeting held at
Commercial Exchange Club
2305 Washington Street, Stockton

May 19, 2010

MINUTES

1. The meeting was called to order by Chairman Rad Bartlam.

Attendance and Self Introductions:

Rad Bartlam, Lodi Interim City Manager; Leon Churchill, Tracy City Manager; Leon Compton, Ripon City Administrator; Donna DeMartino, SJRTD General Manager/CEO; Henry Hesling, Escalon Interim City Manager; Cary Keaten, Lathrop City Manager; Manuel Lopez, County Administrator; Stacey Mortensen, SJRRC Executive Director; Kevin O'Rourke, Stockton Interim City Manager; Steve Pinkerton, Manteca City Manager; Steve Dial, SJCOG Deputy Executive Director/CFO; Dana Cowell, SJCOG Deputy Director; Rosie Vargas, SJCOG Office Services Supervisor.

2. Public Comment:

None.

3. Approve Minutes of March 17, 2010:

It was moved/seconded (Lopez/Pinkerton) to approve the minutes from March 17, 2010.

4. SJCOG Assuming Auditor-Controller & Treasurer Functions:

Mr. Steve Dial informed the committee members that Andy Chesley is at the CTC meeting in Sacramento regarding the CMIA funds for I-5 HOV widening project.

Mr. Steve Dial briefly discussed this item stating currently the Auditor-Controller and Treasurer for the County serve in those functions which has been the way since COG was created. Since then there has been some issues with COG and the Auditor-Controller and the Treasurer related to the nature of our business. The Auditor-Controller suggested and fully supports the fact that COG would be better off separating from the County, and he would be better off not having to deal with the differences that COG has. The County Treasurer has suggested that we separate because we manage our own investments on the MK side.

COG has internally done what the Auditor-Controller does and the Treasurer type functions with the Measure K and General funds. The only statutory requirement for using the Auditor-Controller and Treasurer is for TDA which would be solely with those funds.

Mr. Dial stated staff will be moving forward and asking the Board at their May meeting for direction of a JPA amendment to make that switch.

Mr. Keaten asked if this would add employees. Mr. Dial said no, the logical solution would be that he would become the Auditor-Controller and an independent audit would be conducted on an annual basis, which is already done. Mr. Keaten asked in regards to payroll is the cost the same as the County. Mr. Dial said it's a little more expensive; however staff didn't have any choice in that regards. Mr. Keaten asked if COG's banking institution does the payroll. Mr. Dial said no it's process by a 3rd party.

Mr. Lopez said that Andy Chesley called him and expressed his appreciation to the Auditor-Controller for all their cooperation and help in making this transition, so it seems like it was mutual.

Ms. Mortensen asked if there are any firewall issues. Mr. Dial said no, but we will maintain our internal controls.

Mr. Bartlam asked what the timing of transfer is. Mr. Dial said staff would like to initiate the JPA Amendment in June then forward it to all the member agencies for ratification and have in place by August.

This item was for discussion only, no action was taken.

5. San Joaquin Regional Transit District (SJRTD) Line of Credit:

Mr. Dial presented this item stating a few months ago the Board approved a \$10 million line of credit for RTD. Mr. Dial discussed the terms of the LOC and stated RTD is requesting a modification regarding the LOC interest rate. Mr. Dial stated the Loan Policy allows for two different calculations of the interest rate. RTD has not drawn down on the LOC, but anticipates needing the funds next month. Staff is requesting a recommendation to the Board to modify RTD's terms based upon an alternative formula that's in the loan policy.

Mr. Compton expressed concern on projects suffering at the expense of the buses. Mr. Dial stated the interest that is earned is not included in the overall revenue that has been programmed to fund other programs, there will be less interest earnings, but those interest earnings are not already allocated to other projects.

Ms. DeMartino explained that the LOC is only going to be used to replace funds and to help them move forward on projects and services. Mr. DeMartino explained they are waiting on receiving federal and other funds. Ms. DeMartino said RTD will only use the funds as necessary and will repay it as quickly as they receive the funds and said the funds have to be paid back by December 2011.

Mr. Bartlam asked in regards to the fiscal impact of the total interest of \$7.6 million is that the worst case scenario. Mr. Dial said that is correct.

It was moved/seconded (Mortenson/Pinkerton) to recommend the Board approve the modification of the interest terms of the RTD Line of Credit. Motion passed 8/2 with City of Ripon and County Administrator opposing.

6. Measure K Renewal Policy Considerations; Railroad Crossing Safety Program:

Mr. Cowell briefly discussed this item stating there are some policy issues that need to be addressed. Mr. Cowell said because there has been so much fluctuating with the revenue estimate staff has put off with the update of the plan until of November 2010 and in the meantime staff has been using a \$2.9 billion figure as the best judgment estimate at this time in managing the program. Mr. Cowell stated the current programming of \$8.5 million in MK funding for the eight projects and the 10% reserve is no longer feasible. Mr. Cowell discussed the three identified policy considerations which are listed on page two and other key policy considerations in the existing MK Renewal Strategic Plan. Mr. Cowell stated funds are intended allocating to individual projects and are not intended to be consolidated or transfer to another project.

At the TAC meeting the City of Stockton indicated their desire is to see an option that would get them the \$8.5 million for their projects, and favored option 1 of the staff report. San Joaquin County indicated that they believe there was going to be cost savings accrued in the MK program overtime and felt that would make up some of the deficit in the grade separation program and were also in favor of option 1. Staff explained that in the MK Renewal fund estimate is currently at 6.35% growth rate and indicated to the County we shouldn't be expecting something beyond the current estimate.

City of Manteca suggested that City of Stockton give up Alpine Road Project, City of Tracy indicated that Moccoco Line is a definite consideration and City of Lodi indicated giving up the reserve.

Mr. Compton suggested another alternate would be to leave it at \$8.5 million and have first come first serve basis.

Mr. O'Rourke said the City of Stockton staff is concerned about Prop 1B funds clause "use it or lose it". Mr. O'Rourke stated according to staff an advertize of award for construction contract will be late this summer for the three projects and would not want to jeopardize or slow that down.

Mr. Pinkerton asked what would be the cost savings if these projects came in under budget than expected. Mr. Cowell said staff thinks bids will come in 20% below than the original estimate. Mr. Dial stated that staff is trying to find a reasonable number that we can plan on.

Mr. Cowell asked Mr. Compton if he would keep the reserve in place. Mr. Compton said yes.

Ms. Mortenson suggested prioritizing projects *ready to go* because of RRCs experience of sitting on funds in the past.

Mr. Bartlam suggested waiting until the bids come in, which would make the most since. Mr. Bartlam said he agrees with Mr. Compton's comment, on cities that are working on how to get funded.

Mr. Dial stated that the City of Stockton is asking for some consideration.

Mr. Pinkerton asked when the Prop 1B funds turn into a profit. Mr. Cowell said in October and would have to be in construction.

This item was for discussion only, no action was taken

7. Airport Land Use Commission (ALUC) Fee Structure:

Mr. Cowell presented this item discussing staff's duties, responsibilities, and estimated annual average costs per task. Mr. Cowell stated the fee structure is 21 years old and has not been updated since 1989. On page two of the staff report is an estimated cost of \$105,000 in order to operate as an ALUC on an annual basis. On page three there are a number of other entities fee structures. Staff is in the process of assembling a stakeholder committee to meet as the ALUC Fee Advisory Committee and expected to hold their first meeting in July to discuss this.

Mr. Cowell also stated for two consecutive years LTF were approved by the COG Board to use to update the ALUP because there was not adequate funding.

Mr. Churchill stated for the record that he's seeking legal advised regarding his ability to participate in discussion's because of current litigation.

This item was for discussion only, no action was taken.

8. Annual Programmatic Adjustment of the Regional Transportation Impact Fee (RTIF):

Mr. Cowell briefly discussed this item stating the RTIF Operating Agreement states that the fee be adjusted every fiscal year. Staff reviewed it in April and it goes in effect in July, this year the California Construction Code Index (CCCI) is down by half of percent. Therefore, the action would be taken automatically to decrease the fees by half of percent starting in July 2010. There is no formal action that is required.

Mr. Pinkerton commented on the letter that was sent from the City of Manteca regarding deferring fees. Mr. Dial said staff is currently drafting a letter in response to Mayor Weatherford on the SJMSCP fees and with a response on the RTIF.

This item was for information only, no action was taken.

9. Ratification of FY 2010/2011 Annual Financial Plan (AFP):
Mr. Dial stated this is just a reminder that, pursuant to the JPA, the AFP will be distributed for the ratification by your Council's and Board of Supervisor's, which is done annually. The COG Board approved it at their March meeting. Mr. Dial asked for it to be presented for ratification by member agencies prior to July 2010.

This item was for information only, no action was taken.

10. Executive Director's Report:
Mr. Dial reported that information regarding funds for I-5 should be received today by Mr. Andy Chesley.
11. Other Matters of Business:
Mr. Kevin O'Rourke asked if all City Managers can stay right after the M&F meeting for a few minutes.
12. Adjournment
There being no further business to discuss, the meeting was adjourned to Wednesday, June 16, 2010.