

# BOARD GOVERNANCE ASSESSMENT

Santa Clara Valley Transportation Authority (VTA)



## Project Overview and Status

Community and Public Meeting, November 20, 2019

Virtual Town Hall Webinar, November 21, 2019

# Today's Speakers

## Project Leadership Team



Pat Hagan, Project Director

- Former National Government Industry Leader (Deloitte LLP and RSM LLP)
- Former VTA Auditor General
- Transit subject matter specialist



Steve Mermelstein, RSM Project Leader

- RSM National State & Local Government Consulting Leader
- Governance structure project leader
- Operational and process improvement focus

# WELCOME AND PURPOSE

We are seeking community and public input to help VTA enhance its Board Governance

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# SECTION I.

## BOARD GOVERNANCE BACKGROUND AND PROJECT SCOPE

Why is VTA undertaking this study? What work is being done?

# VTA Overview

## VTA Organizational Facts

- Multiple responsibilities – bus, light rail, highways, bike and pedestrian, congestion management, countywide planning
- One of 27 transportation providers in Bay Area
  - Partner with multiple agencies, including Caltrain, ACE, Highway 17, and Capital Corridor
- Metrics (fiscal year 2020):
  - Operating budget of \$505.4 million
  - Capital budget \$216.8 million
  - Headcount 2,150 FTEs
  - Ridership: Bus 27.0 million; Rail 8.4 million
- Board composition:
  - 12 members and 6 alternates, and 3 ex-officio (non-voting)
  - Members represent 16 jurisdictions (county-wide)
  - All elected officials



# Background and Purpose

## Background

- VTA Board Chair identified Governance as a 2019 priority
- Ad Hoc Board Enhancement Committee (BEC) established
- RSM engaged to perform independent and unbiased study
- Project kick-off in August; expected deliverable in December
- Multiple BEC public meetings and presentations
- Project and report are NOT final, and are subject to updates

## Objectives

- Seek input from Board, Santa Clara counties and cities, community stakeholders and the public
- Benchmark to national transportation organizations
- Identify leading practices (public and private sector)
- Provide performance and effectiveness options and recommendations

# Why is VTA assessing its Board Governance?

## Key Themes



- VTA's Board composition was created over 28 years ago
- VTA's governance structure and board member selection process is relatively unique
- Santa Clara County is one of the fastest growing counties in CA; and is among the nation's most congested urbanized areas
- The Board has addressed major issues recently (BART project, budget and/or route changes)
- Governance is complicated by the multiple transportation providers in the nine county Bay Area
- VTA's Board is seeking to enhance their governance, in accordance with their fiduciary oversight role



# Project Scope

## Overall Scope

- VTA Board and Committee decision-making processes
  - Not individual VTA Board decisions, or individual city projects or grants
  - Not a review of operations or management
- Relevant studies and information:
  - Organizational Reports by consultant(s)
  - California State Auditor Report
  - Grand Jury reports; cities and VTA responses
  - National Transit Database

## Scope Areas

- Board Selection Methods
- Average Board Size
- Term Length: Board members, Chair and Vice Chair
- New Member Orientation
- Meeting Frequency
- Committee Structure
- Transportation Board Responsibilities
- Board Effectiveness Self Ratings Areas
- Improving Effectiveness
- Measures to Assess Board Effectiveness
- Test VTA Compliance with Governance Documents

# Project Challenges

## Project Challenges

- There have been limited studies on transportation governance
- “There is no universal formula for what transit Boards should look like or how they should function”
  - From “*Public Transit System Boards: Organization and Characteristics*” study by Transportation Research Board.
- Local agency connecting services and overlapping riders
- VTA has limited “peers” from an operational size, modes of service, breath of responsibility, and governance perspective
- VTA Board and Member Agencies achieving consensus
- Potential changes may be required to State enabling legislation

# Board Governance Project Methodology

An unbiased, independent diagnostic evaluation that helps boards identify key initiatives that lead to improved governance and mission achievement.

Through discovery and analysis of clients' governing practices, we help boards strike the right balance of optimized stewardship, accountability and effective governance.

## Discovery

### Project Team

We take the time to understand board capabilities, structure, and governing practices.

## Analysis

### Subject Matter Experts

We survey, observe, and interview board members and senior executives and compare to leading practices.

## Roadmap

### Executive Discussions

We provide a detailed strategy and roadmap to put the organization on the right track for success.

## Implement

We help implement roadmap initiatives including:

- Mission strategy
- People – Board capabilities and structure
- Process - Governance policy and procedures
- Technology – Platforms for board management and communications

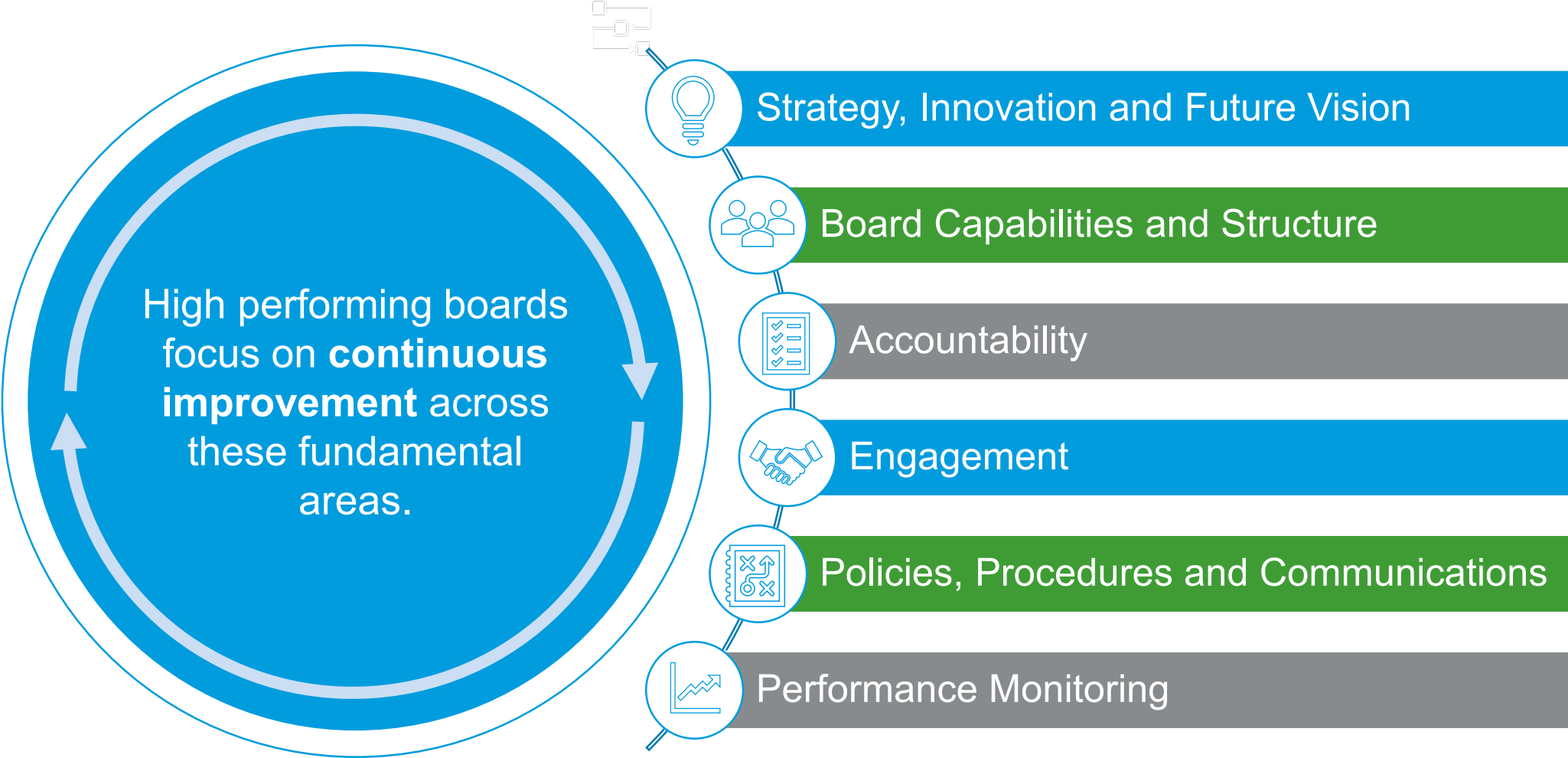
## Optimize

We provide ongoing periodic reviews of progress:

- Progress monitoring checkpoints
- Succession planning
- Continuous improvement and innovation

# RSM Board Governance Framework

Our Framework focuses on the following board governance fundamentals.



# Work Streams

Our approach included these multiple work streams:



**Current State Analysis**

**National Transportation & Corporate Research**

**Comparison Against Leading Practices**

**Community and Stakeholder Outreach**

**Board Member Interviews and Surveys**

**Compliance with Governing Policy**

**Transportation Agency Benchmarking**

**Periodic Reporting**

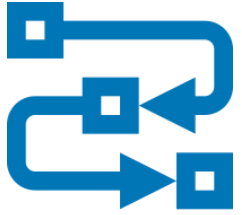


## SECTION II.

# COMMUNICATIONS

What outreach efforts have been undertaken?

# Communications



## Multiple Opportunities for Input

- Multiple methods for public and community input:
  - Community meeting (11/20/19)
  - Webcast – live (11/21/19); to be posted and remain online
  - VTA website page and survey (<https://www.vta.org/projects/vta-governance-study>)
  - Dedicated phone line (408-952-4200)
  - City Councils, social media, community and stakeholder outreach
- Presentation to VTA’s Policy Advisory Committee (9/12/19) and Citizens Advisory Committee (9/11/19)
- Presentation to Cities Managers (10/09/19) and Cities Association of Santa Clara County (10/10/19)
- Interviews and survey questionnaire to Board members

All input is confidential and will not be attributed to any person or group.



## SECTION III.

# NATIONAL TRANSPORTATION RESEARCH

Are there national best practices?



# National Best Practices



## National Best Practices

- **National Associations and Industry Groups**
  - American Public Transportation Association (APTA)
  - Transportation Research Board (TRB)
  - Mineta Transportation Institute (MTI)
  - National Association of Corporate Directors (NACD)
  
- **Relevant Studies and Information:**
  - Organizational Reports by consultant(s)
  - California State Auditor Report
  - Grand Jury reports, Cities and VTA responses
  - National Transit Database (by Federal Transit Administration)

# National Transportation Research

## *“Public Transit System Boards: Organization and Characteristics”* by Transportation Research Board

- There have been limited studies on transit / transportation governance
- *“There is no universal formula for what transit Boards should look like or how they should function.”*
- Scope: National survey of Board Chairs and CEOs/GMs. 254 responses.
- Objectives: Identify Board powers, role, responsibilities, size, structure, composition, and perceptions of effectiveness
- Survey Topics:
  - Board Selection Methods
  - Average Board Size
  - Length of Board Term
  - Board Chair Employment Status
  - New Member Orientation
  - Meeting Frequency
  - Committee Structure
  - Transit Board Responsibilities
  - Board Effectiveness Self Ratings Areas
  - Improving Effectiveness
  - Measures to Assess Board Effectiveness

# National Transportation Research (continued)

## *“Transforming Public Transportation Institutional and Business Models”* by Transportation Research Board

Objectives: Describe how transit agencies are making transformative changes, to equip them to for long term efficiency, effectiveness, reliability, safety, and security. Analyzed 14 case studies.

### Drivers of Change:

- Funding and finance
- New technology
- Demographics and society
- Sustainability, energy, and environmental concerns
- Travel, land use, and development patterns
- Infrastructure condition

### Themes of Successful Change:

- Collaboration and partnerships
- Clear vision
- Stable and supportive leadership
- Effective governance structure
- Sufficient internal and external resources
- Targeted workforce development
- Realignment of agency authority with other regional agencies
- Risk of failing to change



## SECTION IV.

# BENCHMARK AGENCIES

What can be learned from other complex transportation agencies?

# Benchmark Agencies

We selected agencies nationally that serve multiple jurisdictions, operate different modes, and have varying governance models.

Agency	Agency Information (From 2017 NTD reports)			Board Structure
	Operating Costs (\$ millions)	Service Area Population (million)	Modes	Member Representation
Los Angeles County Metropolitan Transportation Authority (LA Metro)	\$1,742.0	8.4	Bus, heavy rail, light rail, bikes, planning, CMA	14 members: LA County Supervisors (5); LA Mayor and appointees (4), elected officials from the 87 cities in LA County, through a Selection Committee (4), and Caltrans non-voting appointee (1).
Chicago Transit Authority (CTA)	\$1,415.0	3.2	Bus, rail	7 members: Business, community and labor representatives. Appointed by Chicago Mayor (4) and Illinois Governor (3).
Portland Tri-County Metropolitan Transportation District (TriMet)	\$688.5	1.6	Bus, light rail, heavy rail	7 members: Business and community representatives who live in geographical districts they represent. Appointed by Governor.
Denver Regional Transportation District (RTD)	\$534.8	2.9	Bus, light rail, heavy rail	15 members: Representing separate geographical districts. Directly elected.
Dallas Area Rapid Transit (DART)	\$503.3	2.4	Bus, light rail, heavy rail, HOV	15 members: Appointed by local governments, primarily proportionate to population. Dallas (7) and other cities (8).
Utah Transit Authority (UTA)	\$257.7	1.9	Bus, light rail, heavy rail	3 full-time members (changed from 16 part-time members in 2018). Nominations from county districts; approved by Governor.
Santa Clara Valley Transportation Authority (VTA)	\$381.8	1.9	Bus, rail, highway, bike, CMA	12 members. Elected officials from San Jose (5), Santa Clara County (2) and 14 cities (5, rotating).



## SECTION V.

# AREAS OF ANALYSIS

What analysis has been done to date?

# Areas of Analysis



These are the key areas that have been analyzed during our review.

**Committee Structure**



**Enabling Act and Administrative Code**



**Compliance with VTA's Policies**



**Strategies and Priorities**



**Population, Sales Tax and Ridership**



**National Transit Database Analysis**





## SECTION VI.

# TIMELINE AND MILESTONES

When is RSM's work estimated to be completed?



# Timeline and Key Milestones (estimated)

Tasks	Week Starting																				2020
	August		Sept					Oct				Nov				Dec					
	19	26	2	9	16	23	30	7	14	21	28	4	11	18	25	2	9	16	23	30	
BEC Meetings	■						■				■			■				■			
Community Meeting and Webcast/Virtual Meeting														■							
City Managers and Cities Association meetings								■													
Phase I - Project Kickoff; Document Review	■		■	■																	
- Evaluate Governance; Test Adherence				■	■	■	■														
Phase II – VTA and Member Agency Interviews					■			■			■		■								
- Peer Comparisons; Best Practices									■	■		■	■		■	■	■				
Final Reporting and Board Meeting (dates TBD)																				■	

Note: Some tasks may overlap. VTA Board discussion or approval is not included in this timeline.





## SECTION VII.

# QUESTIONS AND INPUT

Questions or input?

# Questions

## Topics

- Questions related to the governance study, or input to help VTA enhance its Board Governance
- Comments about VTA operations or other topics should be directed to VTA's Customer Service line at 408-321-2300
- Comments related to governance can be provided at:
  - VTA website page and survey: <https://vta.org/governanceassessment>
  - Dedicated voicemail line: 408-952-4200
- Subscribe to updates: <https://vta.org/governanceassessment>

Thank you!

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