

BOARD GOVERNANCE ASSESSMENT

Santa Clara Valley Transportation Authority (VTA)



Presentation to the Cities Association of Santa Clara County

October 10, 2019



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, Project Leader

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

VTA Organizational Facts

- Multiple responsibilities – bus, light rail, highways, bike and pedestrian, congestion management, countywide planning
- One of 26 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

Background and Objectives

Background

- VTA Board Chair identified Governance as a 2019 priority
- Ad Hoc Board Enhancement Committee established
- RSM engaged to independently perform study
- Project commenced in August; expected completion by end of December

Objectives

- Seek input from Board, Member Agencies, community stakeholders and the public
- Benchmark governance practices to national transportation organizations
- Identify leading practices (public and private sector)
- Provide performance and effectiveness options

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
 - California State Auditor Report
 - Grand Jury reports and VTA responses
 - National Transit Database (by Federal Transit Administration)

Potential Scope Areas (not final)

- Board Selection Methods
- Average Board Size
- Term Length
 - Board members, Chair and Vice Chair
- New Member Orientation
- Meeting Frequency
- Committee Structure
- Transit Board Responsibilities
- Board Effectiveness Self Ratings Areas
- Improving Effectiveness
- Measures to Assess Board Effectiveness

Communications and Best Practices

Communications

- Treat input confidentially
- Inform public and solicit community input:
 - Community meeting (location TBD)
 - Webcast – recorded and posted on-line (date TBD)
 - VTA website page
 - Dedicated phone voicemail
 - Information to councilmembers and city managers
- Survey questionnaire released to VTA Board Members
- Report on status and observations at VTA's Ad-hoc Board Enhancement Committee meetings (open to public)

National Best Practices

- Benchmark agencies selected
 - Different governing models
 - Varying operating budgets and populations served
 - Multiple modes
 - Level of complexity
 - Geographic distribution
- National Associations and Industry Groups
 - American Public Transportation Association (APTA)
 - Transportation Research Board (TRB)
 - Mineta Transportation Institute
 - National Association of Corporate Directors (NACD)

Project Methodology

- **An independent, unbiased**, diagnostic evaluation
- **A thorough analysis** of VTA's governing practices and documents
- Designed to help the VTA's Board **improve its governance** and mission achievement.
- **Goal is to strike the right balance** between 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 have implemented roadmap initiatives:

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

Optimize

We have provided ongoing progress reviews:

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

Project Challenges and Key Dates

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.
- Agencies overlap service areas and riders
- Limited number of true “peers” from an operational size, modes of service, breath of responsibility, and governance perspective
- VTA Board and Member Agencies achieving consensus
- Some changes may be required to State enabling legislation

Milestone Dates

- August 19 – project kick-off. Board Enhancement Committee meeting
- October 9 – Cities Managers Association meeting
- October 10 – Cities Association meeting
- October TBD – Community meeting, and webcast
- October TBD – Board Enhancement Committee meeting
- December – expected final deliverable
- December TBD – Board Enhancement Committee meeting
- January 2020 TBD – report to VTA Board of Directors and/or Governance and Audit Committee

Questions and Discussion

RSM US LLP

+1 800 274 3978

rsmus.com

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. Internal Revenue Service rules require us to inform you that this communication may be deemed a solicitation to provide tax services. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed.

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

RSM, the RSM logo and *the power of being understood* are registered trademarks of RSM International Association.

© 2019 RSM US LLP. All Rights Reserved.

