

BOARD GOVERNANCE ASSESSMENT

Santa Clara Valley Transportation Authority (VTA)



Deliverable Report

Analysis, Observations and Recommendations

December 20, 2019

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SUMMARY

Introductory Comments

Use of this Report

- Readers of this report should note that *governance* is distinct from *management*. While both are in sync in successful organizations, this report did not assess VTA's management or operations.
- This report contains RSM's recommendations and identifies a number of actual and perceived issues with VTA's governance structure.
- These recommendations have not been adopted or approved by the VTA Board or Ad Hoc Board Enhancement Committee (BEC), as of the date of this report. We anticipate that certain recommendations will generate feedback and discussion, from the Board and outside groups.

Board Responsibility

- The ultimate acceptance and decision to implement any of these recommendations is the responsibility of the VTA Board.
- Many recommendations will require further Board discussion and agreement, and vetting by VTA's General Counsel for potential Enabling Act, Brown Act or other implications.
- The Road Map provides our input on the timing and sequencing of the implementation of the recommendations, upon final acceptance. Certain recommendations will be more challenging and require more time to implement. All adopted recommendations will require a detailed implementation plan.

Summary



Background:

Board governance was identified as a priority by VTA's 2019 Board of Directors Chairperson. The Ad Hoc Board Enhancement Committee (BEC) was established to look at a broad range of board governance practices to identify ways that Board engagement and effectiveness could be improved. RSM US LLP was engaged to perform an independent and unbiased evaluation.



Summary:

This report represents the culmination of significant research, dialogue and analysis over the last five months.

We provided multiple methods to receive community and public input through live meetings, a town hall webinar, a VTA website survey and public meetings with the BEC, the VTA Board and other Committees. This report provides 27 observations and recommendations, as well as supporting research and facts, in a transparent fashion. These recommendations may require further Board discussion and agreement, and vetting by VTA's General Counsel for potential Enabling Act, Brown Act or other implications.



Opportunity:

VTA's Board has the opportunity to utilize this report to improve its Board and Committee governance. We believe that these leading practice ideas can support VTA as it continues to evolve in response to Santa Clara County's demographics, transit ridership, highway, and congestion management needs.



Appreciation:

We thank the VTA Board Enhancement Committee, Board and Committee members, management, community organizations, public participants, and benchmark transportation agency representatives for their time and thoughtful input.

RSM US LLP
December 20, 2019

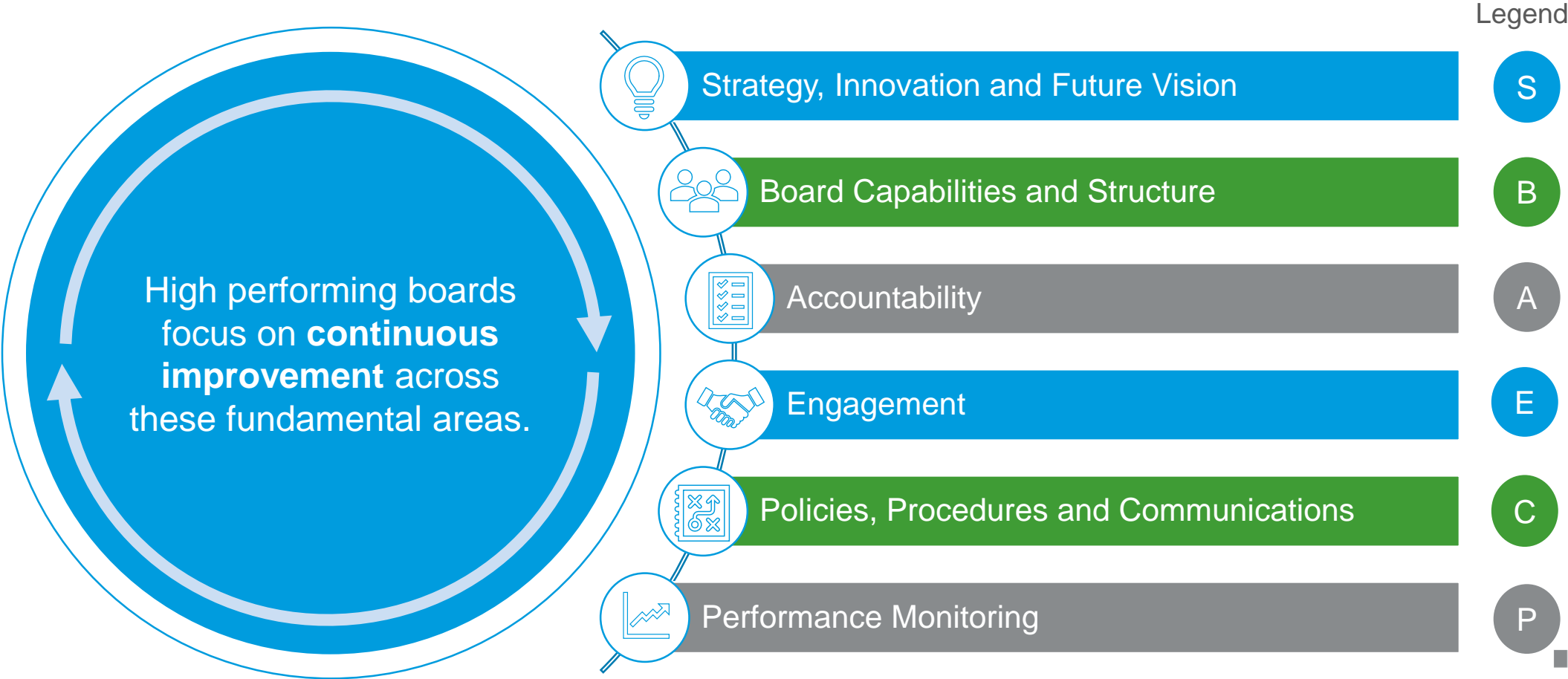


RECOMMENDATIONS AND HEAT MAP

RSM Board Governance Framework

Our Framework focuses on the following board governance fundamentals.

Our work streams and recommendations have been aligned with this framework.



Summary Recommendations and Problem Statement

Key Themes and Problem Statement

- We heard a number of issues, which are articulated and analyzed further in the body of this report.
- While there was not always consensus, some of the key challenges and problems were identified as:
 - Relative engagement of individual Board members
 - Local jurisdictional viewpoints vs. a regional perspective
 - Voting patterns for small cities vs. big cities
 - Too much information, or not the right information, provided at Board or Committees meetings
 - Execution on lists of tactical projects or initiatives, without tying into an overarching plan

Key Recommendation Categories

- Our recommendations attempt to define and address the root cause of many of the above symptoms.
- Broadly, our individual recommendations are aggregated into the following categories:
 - **Increased strategic thinking** and focus as established by the Board, and executed by Management
 - **Initiatives to improve engagement**, participation and value of Board members
 - **Revised Committee structure** and meeting management processes

Recommendations Summary

Framework	No.	Recommendation Title	Complexity	Priority	Type	Slide
1. Strategy, Innovation and Future Vision	S1	Revise the Strategic Plan, and Add Performance Measures	M	H	Policy	42
	S2	Establish an Innovation Advisory Committee	M	H	Policy	43
2. Board Capabilities and Structure	B1	Empower Standing Committee and Chairs	L	H	Policy	48
	B2	Hold Standing Committee Meetings On One Day	L	H	Policy	50
	B3	Reduce the Number of Standing Committees and Realign Certain Duties	M	H	Admin Code	51
	B4	Combine Selected Advisory Committees and Designate the PAC Chair as an Ex-Officio Member of the Board	M	M	Admin Code	53
	B5	Reduce Duplicative Presentations to Multiple Committees	L	M	Policy	55
	B6	Revise Member Agency Appointment Guidelines and Adopt a Nominating Process	H	H	Admin Code	57
	B7	Close Inactive Committees and Define Working Groups	L	L	Policy	58
	B8	Adopt a Four Year Board Term	H	H	Enabling Act	61
3. Accountability	A1	Build Accountability into Management Measurements, to Link Strategy to Execution	M	H	Policy	69
	A2	Adopt a Budget Annually and Review Results Quarterly	H	M	Policy	72
	A3	Perform Outreach to Address Community and Public Survey Input	L	L	Policy	78

Note: This slide summarizes the individual recommendations, which may be found in the remainder of this report. Recommendations are plotted on the Heat Map according to the Complexity and Priority ratings.

Recommendations Summary (continued)

Framework	No.	Recommendation Title	Complexity	Priority	Type	Slide
4. Engagement	E1	Set Member Attendance Expectations	L	H	Policy	84
	E2	Eliminate the Use of Alternate Board Members	M	M	Enabling Act	85
	E3	Revise Meeting Logs to Better Reflect Alternates' Attendance	L	L	Policy	86
5. Policies, Procedures and Communications	C1	Increase Meeting Management and Productivity	M	H	Policy	92
	C2	Revise Guidelines for Public Comment	L	M	Admin Code	94
	C3	Enhance Monitoring of Conflicts and Statements of Economic Interests	L	M	Policy	96
	C4	Update Administrative Code for Capital Program Committee's Voting Requirement	L	L	Admin Code	97
	C5	Provide Presentations Prior to Public Meetings	L	L	Policy	98
	C6	Require a Supermajority Vote for Key Items	M	M	Admin Code	100
	C7	Reduce the High Number of Canceled Meetings	L	H	Policy	102
	C8	Increase the Contractual Amount That Requires Board Approval	L	L	Admin Code	104
	C9	Increase the Meeting Per Diem Compensation	M	L	Enabling Act	105
6. Performance Monitoring	P1	Implement a Board Self-Assessment Tied to Strategic Priorities	M	H	Policy	111
	P2	Provide Development and Mentoring Programs and an Annual Member Scorecard	M	H	Policy	112

Note: This slide summarizes the individual recommendations, which may be found in the remainder of this report. Recommendations are plotted on the Heat Map, according to the Complexity and Priority ratings.



Introduction to Heat Map

Purpose

- The heat map is intended to visually depict all of our recommendations, arrayed by “Complexity / Level of Effort” and “Priority”.
- Each sector within the Heat Map is color shaded, to help represent a higher or lower value.

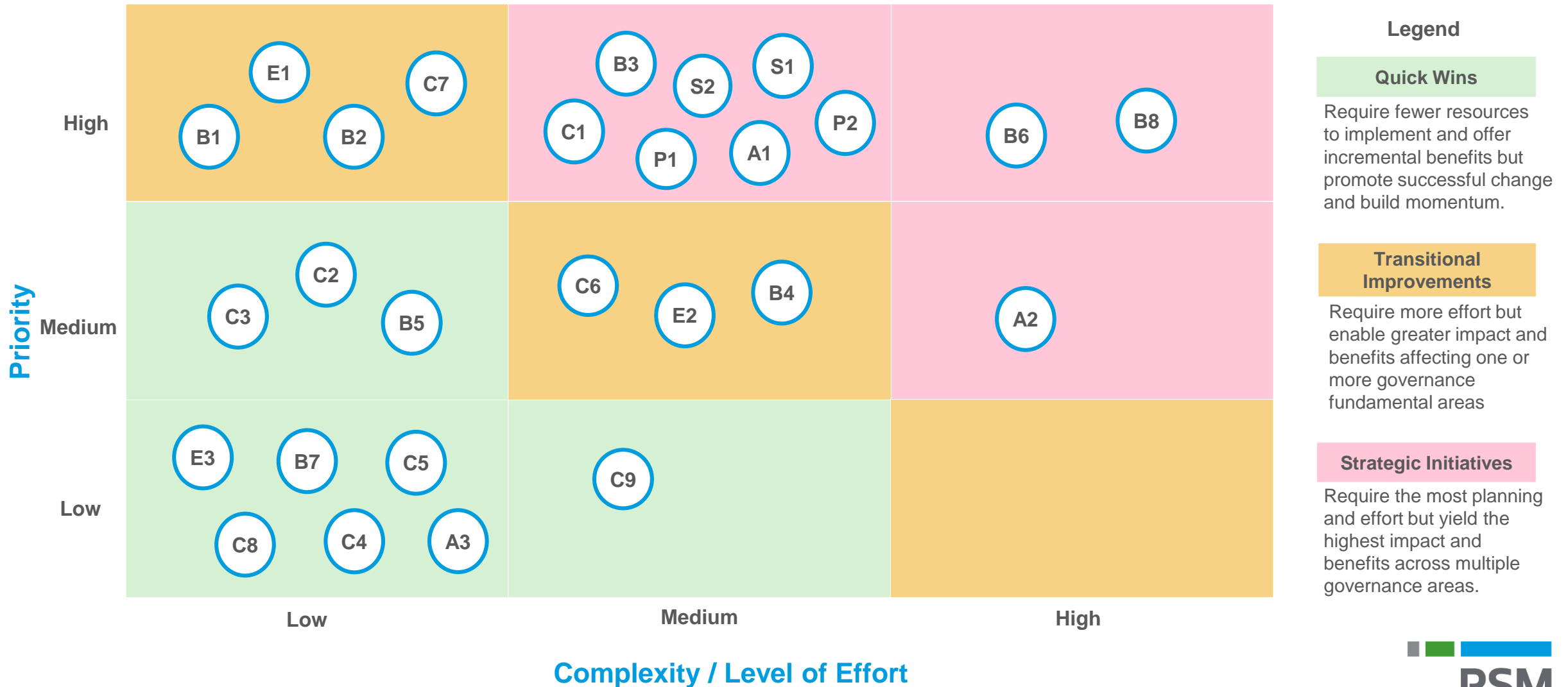
Definition

- “Complexity / Level of Effort” - the level of involvement required from VTA or others, along with the likely ease or difficulty of implementation of the governance recommendation. For example, Low Complexity recommendations could require modest time and improve the related process or area in a minor, although still important, way.
- “Priority” - the assigned importance and urgency of the recommendation. For example, High Priority recommendations could improve multiple processes, address core issues and significantly influence VTA’s ability to achieve the governance objective.

Notes

- Several recommendations are intertwined. While they are plotted separately to express the intent of the recommendation, many topics should be considered together for maximum effectiveness. Please see the “Road Map” section, where the recommended actions are shown in a suggested implementation timeline.
- The majority of recommendations may be implemented through Board policy change. Recommendations summarized by type of change are:
 - Policy - 17
 - Administrative Code - 7
 - Enabling Act - 3

Heat Map and Recommendations



Legend

Quick Wins

Require fewer resources to implement and offer incremental benefits but promote successful change and build momentum.

Transitional Improvements

Require more effort but enable greater impact and benefits affecting one or more governance fundamental areas

Strategic Initiatives

Require the most planning and effort but yield the highest impact and benefits across multiple governance areas.



ROAD MAP AND IMPLEMENTATION TIMEFRAMES

Introduction to Road Map and Implementation

Purpose

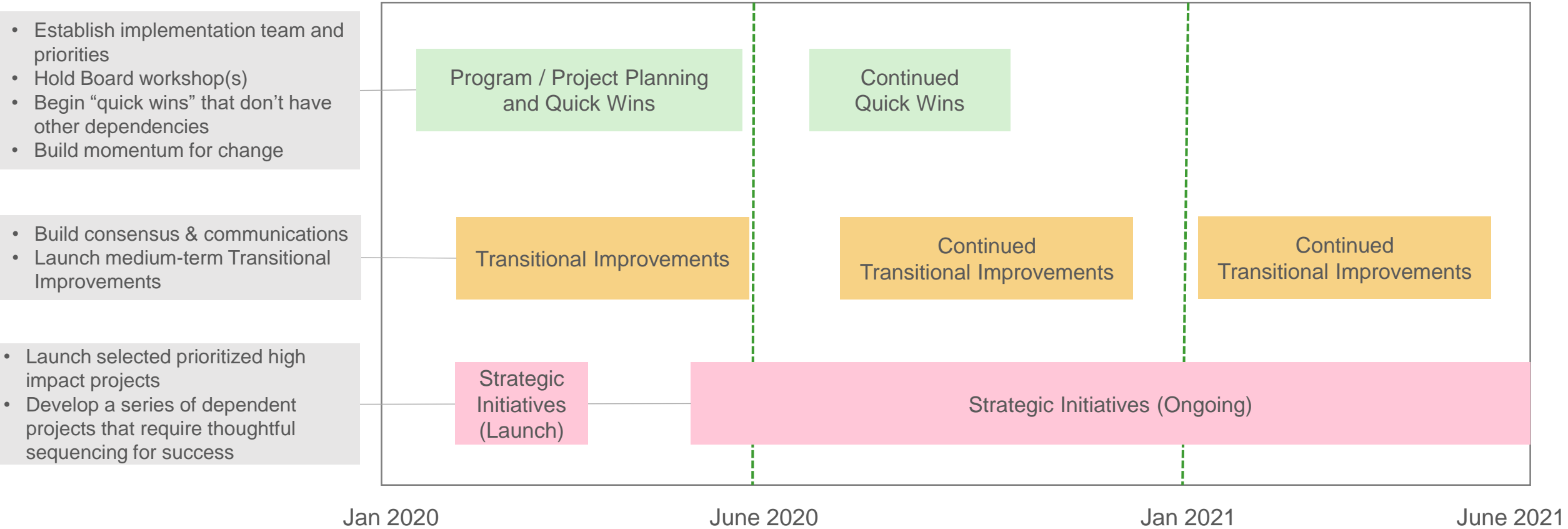
- The Road Map is intended to provide visual alternatives on the timeline and order of implementation of the recommendations.
- Implementing the recommendations and road map will require ongoing Board leadership and a dedicated management team.
- Recommendations that can be enacted through policy changes or Administrative Code updates are identified separately from those that may require changes to VTA's Enabling Act or legislation.

Critical Success Factors

- The implementation team will need:
 - Ongoing Board communication and direction
 - Stable and supportive management and participation
 - Confirmed prioritized areas of improvement, including quick wins and momentum for longer-term initiatives
 - Detailed implementation plans, including assigned resources, and periodic organization-wide communications
 - A clear and consistent communications plan with VTA Committees and staff, external parties and transportation partners
 - Change management during transitions
 - Ability to execute the ongoing improvements
 - Recognition of the reputational risk of failing to effectively implement change

Road Map Summary

This Road Map is meant to be a representative example view for developing a working timeline of prioritized initiatives. It should consider project sequencing, logical dependencies, required resources, and legislative strategy.



- Establish implementation team and priorities
- Hold Board workshop(s)
- Begin “quick wins” that don’t have other dependencies
- Build momentum for change

- Build consensus & communications
- Launch medium-term Transitional Improvements

- Launch selected prioritized high impact projects
- Develop a series of dependent projects that require thoughtful sequencing for success



Road Map Linked to Recommendations



Quick Wins (10)

- B5 - Reduce Duplicative Presentations to Multiple Committees
- C2 - Revise Guidelines for Public Comment
- E3 - Revise Meeting Logs to Better Reflect Alternates' Attendance
- C8 - Increase the Contractual Amount That Requires Board Approval
- C3 - Enhance Monitoring of Conflicts and Statements of Economic Interests
- B7 - Close Inactive Committees and Define Working Groups
- C4 - Update Administrative Code for Capital Program Committee's Voting Requirement
- C5 - Provide Presentations Prior to Public Meetings
- A3 - Perform Outreach to Address Community and Public Survey Input
- C9 - Increase the Meeting Per Diem Compensation



Transitional Improvements (7)

- B1 - Empower Standing Committee and Chairs
- E1 - Set Member Attendance Expectations
- B2 - Hold Standing Committee Meetings On One Day
- C7 - Reduce the High Number of Canceled Meetings
- C6 - Require a Supermajority Vote for Key Items
- E2 - Eliminate the Use of Alternate Board Members
- B4 - Combine Selected Advisory Committees and Designate the PAC Chair as an Ex-Officio Member of the Board



Strategic Initiatives (10)

- S1 - Revise the Strategic Plan, and Add Performance Measures
- A1 - Build Accountability into Management Measurements, to Link Strategy to Execution
- P2 - Provide Development and Mentoring Programs and an Annual Member Scorecard
- B6 - Revise Member Agency Appointment Guidelines and Adopt a Nominating Process
- C1 - Increase Meeting Management and Productivity
- B3 - Reduce the Number of Standing Committees and Realign Certain Duties
- P1 - Implement a Board Self-Assessment Tied to Strategic Priorities
- S2 - Establish an Innovation Advisory Committee
- B8 - Adopt a Four Year Board Term
- A2 - Adopt a Budget Annually and Review Results Quarterly



PROJECT OBJECTIVES, APPROACH AND METHODOLOGY

RSM's Governance Assessment Approach

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.



Project 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; report and deliverable in December
- Five BEC public meetings and presentations

Objectives

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

VTA Overview

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, Altamont Corridor Express (ACE0, Highway 17, and Capital Corridor
- Metrics (fiscal year 2020):
 - Operating budget: \$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



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 (by FTA)

Scope Areas

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

Why is VTA Assessing Its Board Governance?

Key Themes and Background Considerations

- VTA's Board is seeking to enhance its governance effectiveness, in accordance with its fiduciary role
- 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
- There is some public perception of leadership challenges (from the BART project, budget and/or route discussions)
- VTA's governance complexity is increased due to the multiple transportation providers / partners in the nine county Bay Area region
- VTA's governance responsibility includes multiple modes (bus, rail, highway, congestion management)
- There is some desire for change among Board members, but no apparent consensus
- Some VTA Board members feel that members' engagement and/or accountability can be increased

Project Challenges

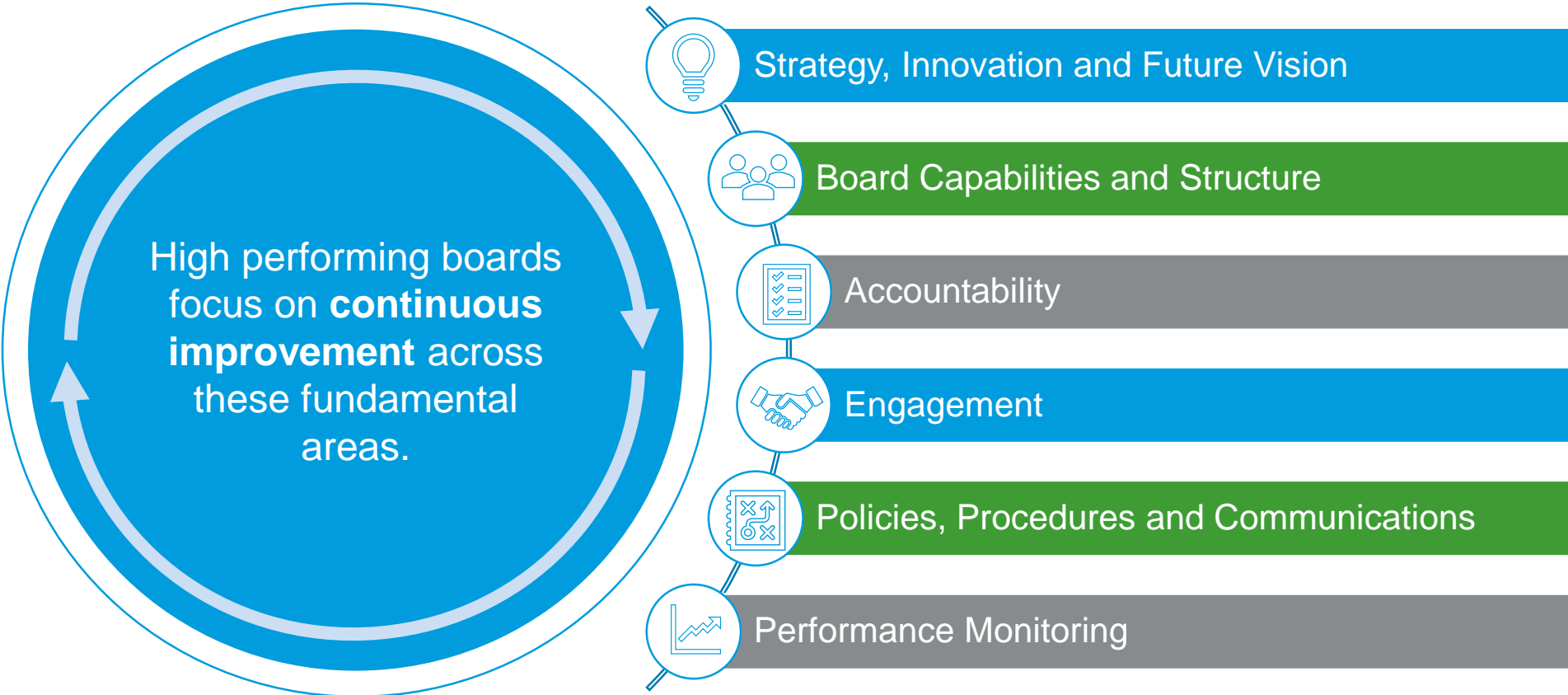
Items Considered During Our Review

- 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
- Some changes may be required to VTA’s state enabling legislation
- Implementation requires dedicated resources, and some timeframes may be lengthy

RSM Board Governance Framework

Our Framework focuses on the following board governance fundamentals.

Our work streams and recommendations have been aligned with this framework.



See definitions and leading practice examples on slide 25.

RSM Board Governance Framework: Definitions



Strategy, Innovation and Future Vision

- Members devote more time to generating ideas and affirming key strategic priorities for the organization. Accordingly, board meetings have more time available for structured and non-structured strategic thinking about the way forward.
- Boards should balance time spent on current monitoring of the organization with future visioning.
- Societal changes and technological developments require constant adaptation and innovation, both in the organization's operations, and in how it identifies and addresses the changing needs of constituents.



Board Capabilities and Structure

- The best performing boards are more than the sum of their parts: the members ideally share a common goal in the organization's mission and work well together to achieve this end.
- A good balance is created including: skills and expertise, a diversity of background and thinking, and having the right number of members, committees, project teams and task forces.



Accountability

- Board members have ultimate fiduciary responsibility but they also need to be aligned to organization's core purpose.
- Governance is about setting the agenda, challenging assumptions about the organization, and identifying the underlying values that drive strategy to determine "what exactly are we trying to accomplish?"...and demonstrating active governance to achieve aligned objectives.



Engagement

- Members commit and engage, apply their talents, and where appropriate, consult with constituents and other interested parties to provide the desired level of individual contribution optimizing the collective board's impact.



Policies, Procedures, and Communications

- The board directs the affairs of the organization, and ensures that it is financially stable, well-run, and delivering outcomes for the benefit of the constituents it serves.
- A solid foundation of policies and procedures and effective platform for the board members to conduct business and communicate are necessary.

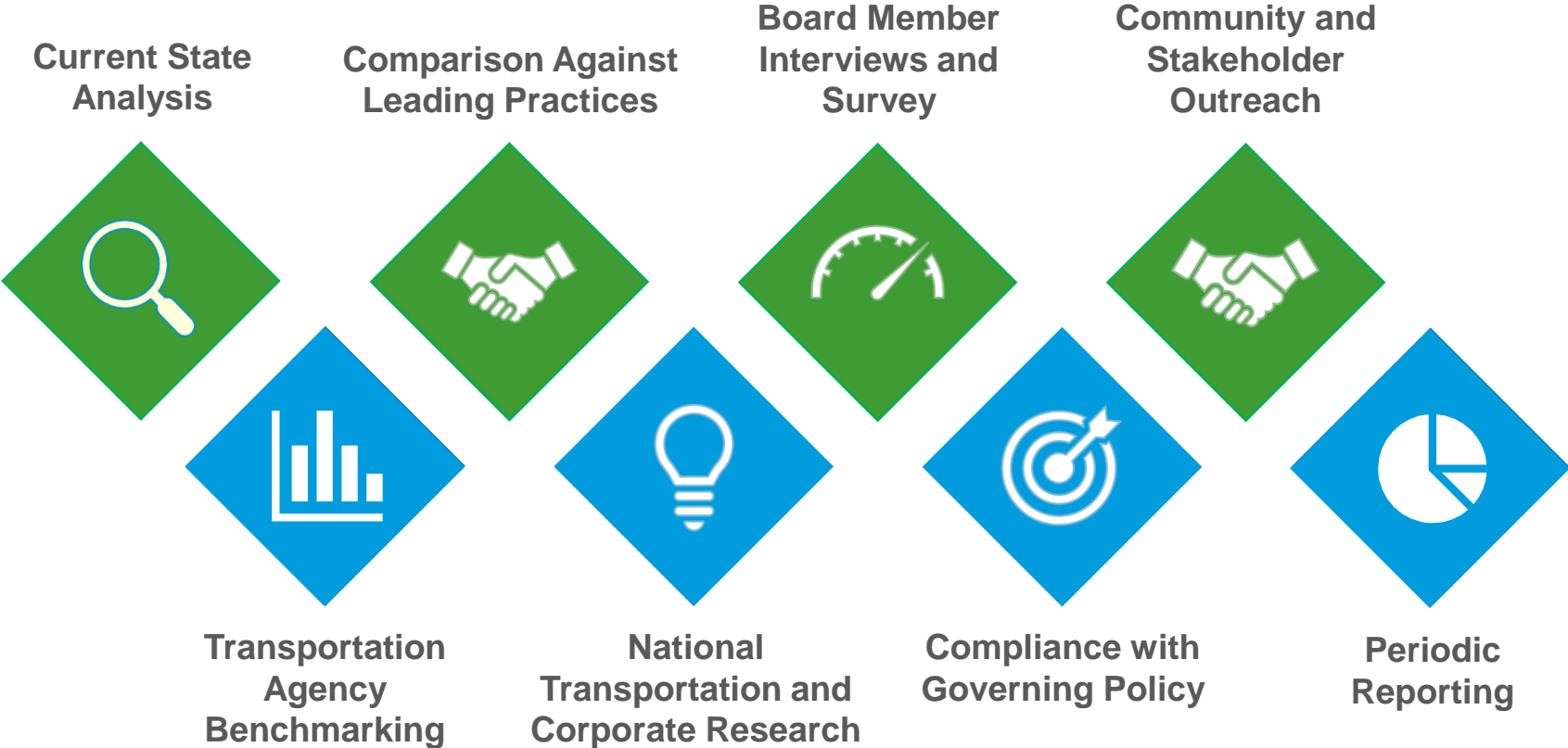


Performance Monitoring

- Continual appraisal of board members and their relative performance is considered to be a leading practice for ensuring that engagement and contributions are sufficient.

Assessment Work Streams

Our approach has included these multiple work streams



Documents Reviewed



Documents

- Benchmark Agency information, including:
 - Board Bylaws
 - Enabling Legislation
 - Committee Charters
 - Rules of Procedures
 - Board Approved Policies
 - Meeting Agendas
- Organizational report by Hay Group consultants
- California State Auditor Report
- Grand Jury reports, city responses and VTA response
- National Transit Database, published by the Federal Transportation Administration (FTA)



Documents

- Organizational Models for Public Transportation, by the American Public Transportation Association (APTA)
- Public Transit Board Governance Guidebook, by the Transportation Research Board (TRB)
- Transforming Public Transportation Models Report, by the Transportation Research Board (TRB)
- Getting to the Route of It, The Role of Governance in Regional Transit, by the Eno Center for Transportation
- Public Company Governance Survey 2018-2019, by the National Association of Corporate Directors (NACD)
- Public Officials as Fiduciaries, by Santa Clara University, Markkula Center for Applied Ethics

Key Dates Chronology

Transparency: RSM made four public presentations, and participated in eight public VTA Board, Board Enhancement Committee or other Committee meetings, to provide information and seek feedback and input.



Project Key Dates (Aug, Sept and Oct)

- 08/23/19 - Ad Hoc Board Enhancement Committee meeting
- 9/11/19 - VTA Citizens Advisory Committee meeting
- 9/12/19 - VTA Policy Advisory Committee meeting
- 9/30/19 - Ad Hoc Board Enhancement Committee meeting
- 10/09/19 - Cities Managers Association meeting
- 10/10/19 - Cities Association of Santa Clara County meeting
- 10/29/19 - Ad Hoc Board Enhancement Committee meeting



Project Key Dates (Nov and Dec)

- 11/07/19 – VTA Board of Directors meeting
- 11/18/19 – Ad Hoc Board Enhancement Committee meeting
- 11/20/19 – Community and public meeting
- 11/21/19 – Virtual Town Hall Webinar
- 11/11/19 – 11/22/19 - Benchmark agency interviews
- 12/20/19 - Ad Hoc Board Enhancement Committee meeting

Project Participant Acknowledgement

Numerous surveys, discussions, interviews, and presentations were performed with many participants who helped make this assessment possible. RSM thanks you for your participation!

VTA Board Members

Teresa O'Neill, Chair	Glenn Hendricks, Alternate
Larry Carr, Member	Dev Davis, Alternate
Cindy Chavez, Member	Adrian Fine, Alternate
Lan Diep, Member	Marie Blankley, Alternate
Chappie Jones, Member	Howard Miller, Alternate
Sam Liccardo, Member	Jeannie Bruins, Ex-Officio
John McAlister, Member	
Raul Peralez, Member	
Rob Rennie, Member	

VTA Management

Nuria Fernandez, GM/CEO	Jim Lawson, Director of External Affairs
Elaine Baltao, Board Secretary	Aaron Quigley, Senior Policy Analyst
Brandi Childress, Media and Public Affairs Manager	Michael Smith, Finance Manager
Stephen Flynn, Senior Policy Analyst	Raj Srinath, Deputy GM and CFO
Manolo Gonzalez-Estay, Policy Analyst	Evelynn Tran, General Counsel
Scott Haywood, Deputy Director of Planning	Jay Tyree, Service Planning and Scheduling Manager
Austin Jenkins, Interim COO	
Cody Kraatz, Administrator of Digital Communications	

VTA Committees

Policy Advisory Committee	Citizens Advisory Committee
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Prior VTA or CMA Management

Joanne Benjamin, Former CMA Member	Sandy Weymouth, Former Board Secretary
Michael Burns, Former General Manager	

Project Participant Acknowledgement (continued)

Numerous surveys, discussions, interviews, and presentations were performed with many participants who helped make this assessment possible. RSM thanks you for your participation!

Benchmark Agencies

Los Angeles County Metropolitan Transportation Authority (LA Metro)	Michele Jackson	Board Secretary
Chicago Transit Authority (CTA)	Gregory Longhini	Board Secretary
Portland Tri-County Metropolitan Transportation District (TriMet)	Shelley Devine	General Counsel
Denver Regional Transportation District (RTD)	Barbara McManus	Executive Director
Dallas Area Rapid Transit (DART)	Nancy Johnson	Director of the Office of Board Support
Utah Transportation Authority (UTA)	Jana Ostler	Board Manager
Utah Transportation Authority (UTA)	Annette Royle	Director of Board Governance

Groups and Advisors

Cities Association of Santa Clara County
Cities Managers Association
Mineta Transportation Institute, Karen Philbrick



FRAMEWORK AREA 1.

STRATEGY, INNOVATION AND
FUTURE VISION

Contents: Strategy, Innovation and Future Vision

Area or Analysis

- Strategic Planning: Overview and Definitions
- VTA Priorities and Strategies Comparison
- Mission, Vision, Goals and Strategies:
VTA and Benchmark Agencies
- Board Member Survey Results

- Innovation

Recommendations

S1. Revise the Strategic Plan, and Add Performance Measures

S2. Establish an Advisory Innovation Committee

Strategic Planning: Where is the Organization Going?

Strategy sets the course for how the organization will achieve its vision and mission.

Make strategy continuous

- Link executive performance to strategic achievement
- Link strategy and budget
- Strategy and outcome focused board and management meetings
- Transparent reporting processes and systems

Incorporate strategy into everyone's role

- Communication / management training
- Strategic awareness
- Measured outcomes
- Linked incentives where possible



Align the organization to foster accountability

- Cascade to process level
- Cascade within key processes
- Align within and across scorecards

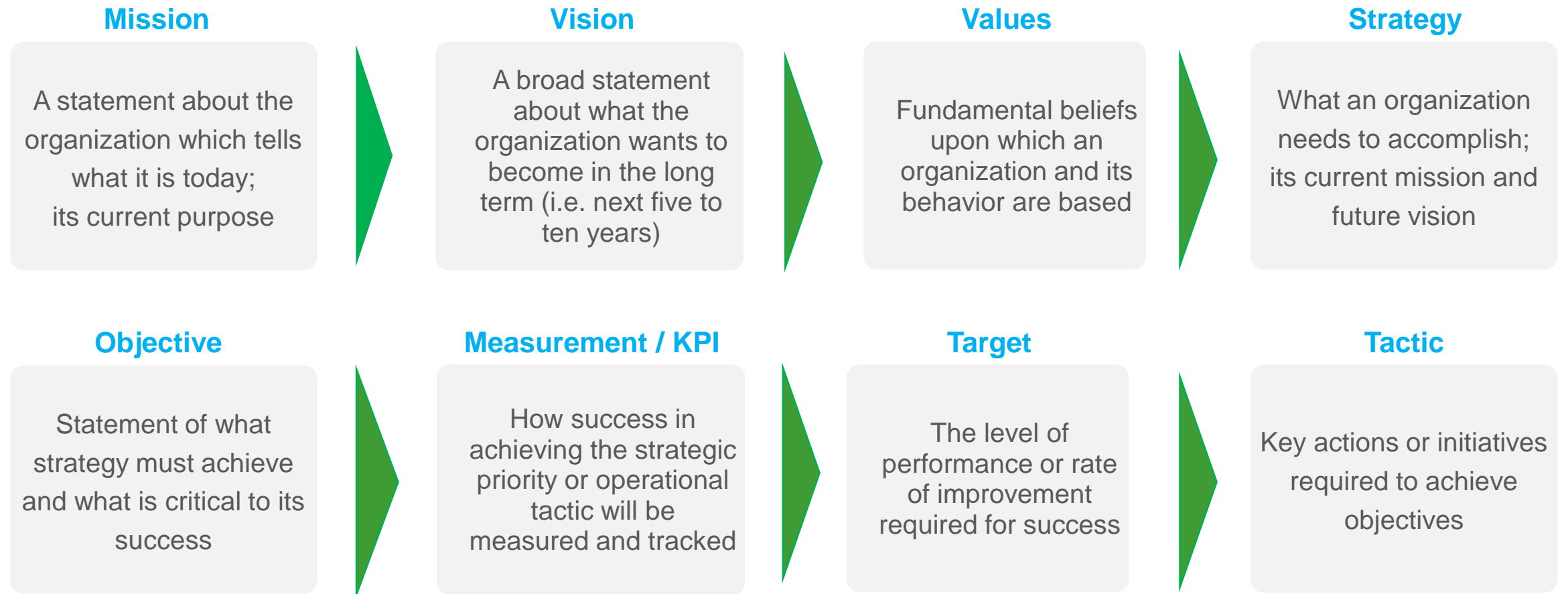
Define the shared vision and “strategic destination”

- Board and Executive Team commitment
- Mobilize change
- Set common definitions
- Defines what you do and don't do

Translate strategy to operational tactics

- Develop and align tactics throughout the organization
- Set measurable goals and tactics
- Gain agreement on strategic alignment
- Create scorecards to measure

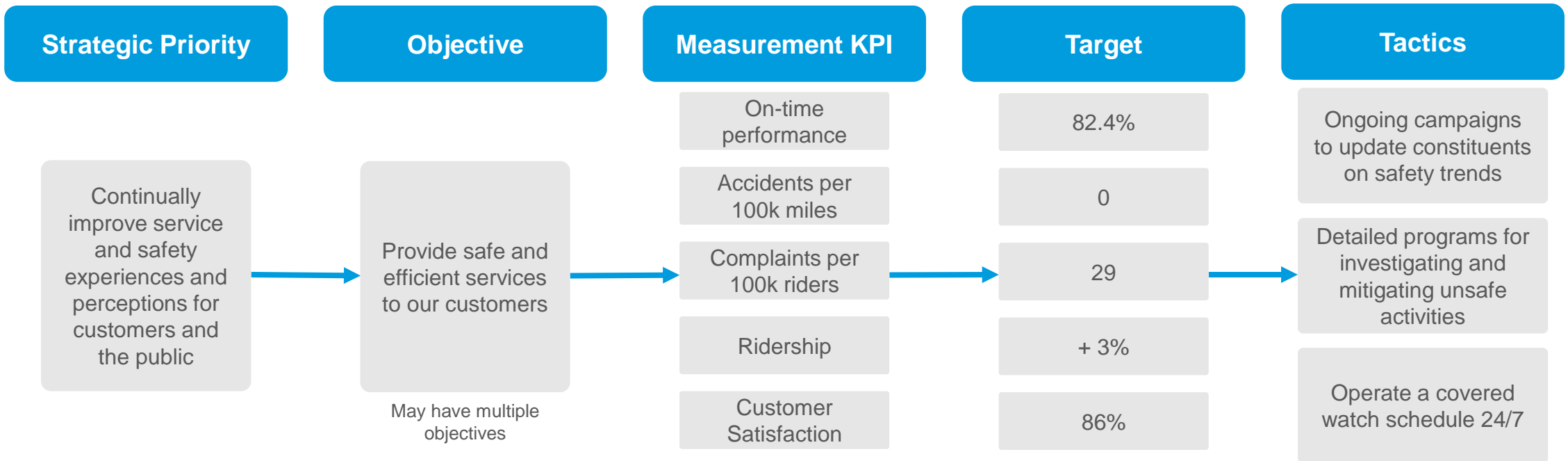
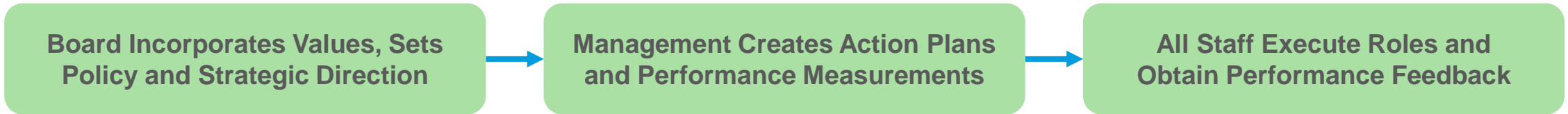
Strategic Planning: Definitions



Cascading – Flowing the strategic priorities and tactics throughout the organization, in an aligned and measurable fashion



Strategic Planning: Cascading Example



VTA Priorities and Strategies Comparison

Topic or Strategic Element	Source				
	2019 Board Chair Priorities	2019 Priorities ("VTA Overview")	2018 Annual Report (on VTA website)	2018 Board Chair Priorities	2017 – 2022 Strategic Plan (on VTA website)
Financial Sustainability / Ad Hoc Committee	X	X	X	X	
Transportation Innovation / Define the Future	X	X		X	
Measure B / Deliver on the Promise		X	X	X	
Workforce Development / Investment	X		X		
Board Governance	X				
Improve Congestion Management		X			
Champion County Projects and Programs		X			
Ridership and Financial Picture			X		
Reconfiguring VTA's Service			X	X	
Business Diversity Program			X		Core value
Safety and Security			X		Core value
Paratransit Updates			X		
BART Silicon Valley Extension			X	X	
Our People and Our Community			X		
Faster, Frequent, Reliable Transit					Strategy
Delivering Projects and Programs					Strategy
Transportation System Management					Strategy
Integrity					Core value
Quality					Core value
Sustainability (environmental)					Core value
Accountability					Core value
Bridge Tolls Measure				X	
Importance of Thinking Regionally				X	
Land Use				X	

Please see slide 38 for notes and analysis.

VTA Topics – Aligned into Categories

Observation: Most of VTA’s stated topics and themes appear to be Values or Objectives, without a related overarching strategy, and lacking measureable metrics.

Topic or Theme	Category (see definitions on prior slides)							
	Mission	Vision	Value	Strategy	Objective	Measure	Target	Tactic
Financial Sustainability / Ad Hoc Committee					X			
Transportation Innovation / Define the Future					X			
Measure B / Deliver on the Promise					X			
Workforce Development / Investment			X					
Board Governance				X				
Improve Congestion Management				X				
Champion County Projects and Programs					X			
Ridership and Financial Picture					X			
Reconfiguring VTA’s Service					X			
Business Diversity Program			X					
Safety and Security			X					
Paratransit Updates					X			
BART Silicon Valley Extension								X
Our People and Our Community			X					
Faster, Frequent, Reliable Transit					X			
Delivering Projects and Programs					X			
Transportation System Management					X			
Integrity			X					
Quality			X					
Sustainability (environmental)			X					
Accountability			X					
Bridge Tolls Measure					X			
Importance of Thinking Regionally			X					
Land Use					X			

Purpose:
To assess VTA’s themes and topics, based on strategic planning definitions. (See prior slides for definitions).

Priorities and Strategies Comparisons (continued)

Analysis and Comments

- We assessed stated topics, priorities or strategies in five separate, publicly available documents
 - While these documents had separate purposes, we looked for consistency in messaging
 - There was minimal correlation between the Strategic Plan, the 2019 VTA Priorities, and the 2018 and 2019 Chairpersons' priorities
- There were 24 separate themes identified in the documents
 - Only three topics were mentioned three or more times: Financial Stability, Transportation Innovation, and Measure B
- There were no stated performance measures, metrics or action plans
 - There has been follow-up activity related to several topics
 - VTA Divisions have their own additional goals, priorities and performance metrics
 - There is reference in the Budget document to the strategic themes
- The 2017 – 2022 Strategic Plan was adopted unanimously by the Board at its December 8, 2016 meeting
 - Staff led the effort over 18 months to meet with employees, unions, and the Governance and Audit Committee to gather input
 - A two-year Business Plan was to be developed, including implementation goals for each of the strategic goals, in coordination with the FY 2018 and 2019 biennial budget. However, it has not been completed.
 - The Citizens Advisory Committee (CAC) recommended that specific metrics and accountability be included
 - The Bicycle and Pedestrian Committee recommended the Plan not be adopted because it did not include specific goals

Mission and Vision, VTA and Benchmark Agencies

	Los Angeles County Metropolitan Transportation Authority (LA Metro)	Chicago Transit Authority (CTA)	Portland Tri-County Metropolitan Transportation District (TriMet)	Denver Regional Transportation District (RTD)	Dallas Area Rapid Transit (DART)	Utah Transit Authority (UTA)	Santa Clara Valley Transportation Authority (VTA)
Mission	To provide a world-class transportation system that enhances quality of life for all who live, work and play within LA County.	We deliver quality, affordable transit services that link people, jobs and communities.	Connect people with valued mobility options that are safe, convenient, reliable, accessible and welcoming for all.	Meet our constituents' present and future public transit needs by providing safe, clean, reliable, courteous, accessible, and cost-effective service throughout the District.	To build, establish and operate a safe, efficient and effective transportation system that, within the DART Service Area, provides mobility, improves the quality of life, and stimulates economic development through the implementation of the DART Service Plan.	Provide integrated mobility solutions to service life's connections, improve public health and enhance quality of life.	Solutions that move you.
Vision	<ul style="list-style-type: none"> Increased prosperity for all by removing mobility barriers Swift and easy mobility throughout LA County, anytime. Accommodating more trips through a variety of high-quality mobility options. 	N/A	TriMet will be the leader in delivering safe, convenient, sustainable and integrated mobility options necessary for our region to be recognized as one of the world's most livable places.	N/A	DART: Your preferred choice of transportation for now and in the future.	<p>We move people.</p> <p>Provide an integrated system of innovative, accessible and efficient public transportation services that increase access to opportunities and contribute to a healthy environment for the people of the Wasatch region.</p>	To innovate the way Silicon Valley moves.

Note: Information is based upon RSM's analysis and interpretation.

Goals and Strategies, VTA and Benchmark Agencies

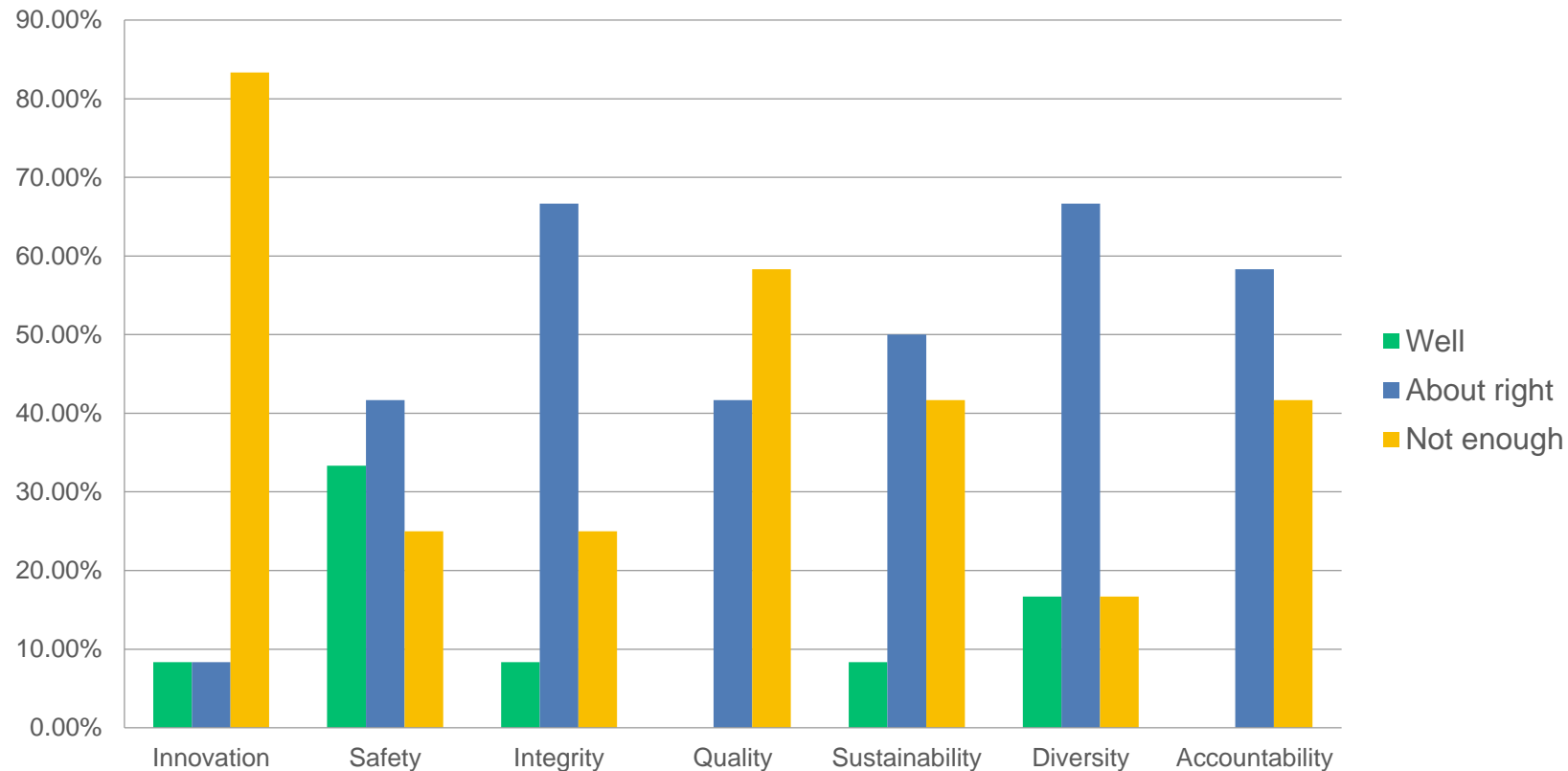
	Los Angeles County Metropolitan Transportation Authority (LA Metro)	Chicago Transit Authority (CTA)	Portland Tri-County Metropolitan Transportation District (TriMet)	Denver Regional Transportation District (RTD)	Dallas Area Rapid Transit (DART)	Utah Transit Authority (UTA)	Santa Clara Valley Transportation Authority (VTA)
Values	<ul style="list-style-type: none"> Safety Service Excellence Workforce Development Fiscal Responsibility Innovation and Technology Sustainability Integrity Teamwork 	<ul style="list-style-type: none"> Courteous Innovative Motivated Professional Reliable Results-Oriented 	<ul style="list-style-type: none"> Safety Inclusivity Equity Community Teamwork 	N/A	N/A	<ul style="list-style-type: none"> Service People Stewardship 	<ul style="list-style-type: none"> Safety Integrity Quality Sustainability Diversity Accountability
Business Goals or Strategy	<p>Strategies:</p> <ul style="list-style-type: none"> Provide high-quality mobility options Deliver outstanding trip experiences Enhance communities and lives Transform LA County through regional collaboration and national leadership. Provide responsive, accountable and trustworthy governance 	<ul style="list-style-type: none"> Setting clear goals, standards and priorities Communicating openly with customers and employees Helping all of our employees develop to their fullest potential through enhanced training and education Being accountable to fellow employees and customers Supporting employees so that they can serve customers Engaging employees in decisions that affect them and their work and creating a stronger sense of ownership among our employees 	<p>Strategic Priorities:</p> <ul style="list-style-type: none"> Enhance customer experience Increase the share of trips in the region on transit and other low-impact options Reduce customer travel times Help counter global climate change threat Support Regional Transportation Plan Improve system safety and security Optimize internal systems & processes Improve farebox recovery Improve state of good repair Ensure highly rated by the FTA 	<p>Strategies:</p> <ul style="list-style-type: none"> Deliver Customer-Oriented Service Foster a Safety Culture Strengthen Fiscal Resiliency Improve Customer Access and Support Transit-Oriented Communities Optimize Service Delivery Use Technology to Operate Efficiently and Improve Customer Experience Foster a Dynamic and Sustainable Workforce 	<p>Strategic Priorities:</p> <ul style="list-style-type: none"> Continually improve service and safety experiences Optimize and preserve the transit system Optimize influence in regional transportation planning Expand the system to serve cities inside and outside the current area Pursue excellence through employee engagement, development, and well-being Innovate to improve service, business processes & funding 	<p>Strategic Areas:</p> <ul style="list-style-type: none"> Customer Experience Leadership & Advocacy Access to Opportunity Strategic Funding Workforce of the Future 	<p>Strategies:</p> <ul style="list-style-type: none"> Faster, Frequent, Reliable Transit Deliver Projects and Programs Transportation System Management <p>Action Values:</p> <ul style="list-style-type: none"> Create Collaborate Lead

Board Member Survey Results: Linkage to Vision

Observation:

Over 80% of Board member respondents believe that meeting agendas and discussion could better be linked to VTA's Innovation goals.

Q16. The Board's actions, agendas and discussions are linked to the VTA's Vision and Core Values:



Recommendations: Strategic Plan

S1. Revise the Strategic Plan, and Add Performance Measures

Heat Map Rating

Complexity: Medium

Priority: High

Observation	#	Recommendation
<p>VTA has identified over 24 disparate strategic themes, action values or Chairpersons’ priorities over the last two years. The Strategic Plan approved by the Board in 2016 reflects primarily core values and employee-oriented themes.</p> <p>VTA does not have a traditional strategic plan, with related tactics. There are no identified enterprise-wide performance measures. It is not clear whether any metrics are built in the General Manager’s or senior leadership’s performance objectives, to help drive strategy into the organization. Therefore, the Board can not perform an effective annual assessment against its strategic goals.</p> <p>Most of the benchmark agencies had extensive strategic plans, driven by their Boards, with accompanying tactics and measures. Some plans were tied into budget objectives and project criteria.</p>	S1	<p>Create a Board-driven, comprehensive Strategic Plan, which will identify the VTA’s goals and priorities, set operational tactics to implement them, and measure the results on a recurring basis.</p> <p>To accomplish this:</p> <ul style="list-style-type: none"> • Utilize an offsite facilitated retreat or a series of workshops • Establish the Board’s active “tone from the top”, while working collaboratively with management • Re-focus and align VTA’s strong execution abilities to the strategies • Revise Board Memos to indicate an item’s alignment to a strategic goal • Assess potential projects and budget items vs. the strategies • Conduct and publish an annual assessment of the Board’s performance against the overall goals

Recommendations: Strategy, Innovation and Future Vision

S2. Establish an Innovation Advisory Committee		
		Heat Map Rating
		Complexity: Medium
		Priority: High
Observation	#	Recommendation
<p>VTA’s vision is to “To innovate the way Silicon Valley moves”. In 2019, VTA created an Office of Innovation, drafted an Innovation 2020 plan, and identified pilots or future deployments. VTA also has an Innovation Center meeting room.</p> <p>VTA’s innovation efforts have been impacted by minimal Board direction, limited staff resources and lack of dedicated funding. Incremental ideas, such as bus electrification and accessible electric autonomous vehicles, remain in various planning stages.</p> <p>Several benchmark agencies had active Innovation groups. Recent examples of transit innovation ideas include:</p> <ul style="list-style-type: none"> • 3D printed parts • Mobility as a Service (MaaS) transit apps that allow both ticket purchase and Uber/Lyft ridesharing orders • Unsolicited proposals for new processes or technology • FTA’s Integrated Mobility Innovation demonstration program 	S2	<p>Create a new Innovation Committee, consisting of a hybrid of Board members, tech company representatives, and visionary Silicon Valley leaders.</p> <p>The mission of the Committee would be to:</p> <ul style="list-style-type: none"> • Encourage broader innovation, by considering non-incremental, riskier and industry leading ideas • Support the VTA Office of Innovation’s development • Seek external investment or incubation funding, to create a sustainable R&D budget • Create more partnerships, to enhance idea generation • Leverage Board members’ contacts with transportation leaders at local tech companies • Establish an “Unsolicited Proposal” program, to assess creative or privately funded ideas from vendors and contractors • Follow-up on the Future of Transportation Workshop ideas (including first and last-mile connectivity, drastic vs. incremental approach, and new business models)



FRAMEWORK AREA 2.

BOARD CAPABILITIES AND STRUCTURE

Contents: Board Capabilities and Structure

Area or Analysis	Recommendations
<ul style="list-style-type: none">• Committee Structure: VTA• Committee Structure: Benchmark Agencies• VTA Board and Standing Committee Schedule	<ul style="list-style-type: none">B1. Empower Standing Committees and ChairsB2. Hold Standing Committee Meetings On One DayB3. Reduce the Number of Standing Committees and Realign Certain Duties
<ul style="list-style-type: none">• Analysis: Presentations to Multiple Committees	<ul style="list-style-type: none">B4. Combine Selected Advisory Committees and Designate the PAC Chair as an Ex-Officio Member of the BoardB5. Reduce Duplicative Presentations to Multiple Committees
<ul style="list-style-type: none">• Board Member Survey: Board Committees	<ul style="list-style-type: none">B6. Revise Member Agency Appointment Guidelines and Adopt a Nominating ProcessB6. Close Inactive Committees and Define Working Groups
<ul style="list-style-type: none">• Term Length: Board Member Survey Results• Term Length: Benchmark Agencies	<ul style="list-style-type: none">B7. Adopt a Four Year Board Term
<ul style="list-style-type: none">• Analysis: Population, Sales Tax and Ridership	
<ul style="list-style-type: none">• Analysis: Governance Models and Board Seats	

Committee Structure: VTA

Active Committee

Inactive Committee

Standing Committees

Administration & Finance (A&F)	Governance & Audit (G&A)	Congestion Management Program & Planning (CMMP)	Capital Program (CPC)	Safety, Security, & Transit Planning & Operations (SSTPO)
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Advisory Committees

Bicycle & Pedestrian Advisory Committee (BPAC)	Citizens Advisory Committee (CAC)	Committee for Transportation Mobility & Accessibility (CTMA)	Policy Advisory Committee (PAC)	Technical Advisory Committee (TAC)
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Policy Advisory Boards

Diridon Station Joint Development	Eastridge to BART Regional Connector	State Route 85 Corridor	El Camino Real Rapid Transit	Downtown East Valley	Silicon Valley Rapid Transit Corridor / Warm Springs Extension
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Ad Hoc Committees

Ad Hoc Board Enhancement	Ad Hoc Financial Stability	Ad Hoc Envision Silicon Valley	VTA's BART Silicon Valley Ad Hoc
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Other Committees

Board of Pensions	Board of Pensions Investment	Deferred Compensation	Other Post-Employment Benefits	2016 Measure B Citizens' Oversight	2000 Measure A Citizens Watchdog
Land Use / Transportation Integration Working Group (of TAC)	Joint VTA / BART Working Committee	Mobility Partnership	SVRT Program	Levi's Stadium Transit Program	Committee of the Whole

Purpose: To assess VTA's Committees, as shown on the Board Portal.

Summary:

- 5 Standing Committees
- 5 Advisory Committees
- 3 Policy Advisory Boards
- 1 Ad Hoc Committee
- 8 Other Committees
- 1 Working Group (of a Committee)
- 9 Inactive Committees



Committee Structure: Benchmark Agencies

Agency	Board Committees (not all Committees)								
Most Common Structure (per TRB National Survey)	Executive	Audit	Human Resources	Planning	Legislative / Government Relations	Marketing	Other	Other	Other
Los Angeles County Metropolitan Transportation Authority (LA Metro)	Executive Management	Finance, Budget and Audit		Planning and Programming			Operations, Safety, and Customer Experience	Construction	
Chicago Transit Authority (CTA)		Finance, Audit and Budget	Human Resources	Strategic Planning and Service Delivery			Transit Services		
Portland Tri-County Metropolitan Transportation District (TriMet)		Finance and Audit							
Denver Regional Transportation District (RTD)	Executive	Financial Administration and Audit	GM Oversight & Performance Management	Planning / Capital Programs and FasTracks	Communications and Government Relations		Operations / Customer Service		Civil Rights
Dallas Area Rapid Transit (DART)		1. Audit 2. Budget and Finance		Planning					Defined Benefits
Utah Transit Authority (UTA)		Audit							
Santa Clara Valley Transportation Authority (VTA)	Governance and Audit	Administration and Finance		Congestion Management Program & Planning			Safety, Security, and Transit Planning and Operations	Capital Program	

Note: Information is based upon RSM's analysis and interpretation.

Recommendation: Standing Committees

B1. Empower Standing Committees and Chairs

Heat Map Rating

Complexity: Low

Priority: High

Observation	#	Recommendation
<p>The Administrative Code states that Standing Committees, comprised solely of Board members, “shall serve in an advisory capacity to the Board” and “review and recommend” Board policy decisions. Standing Committees generally do not have any capacity to bind the Board on any policy matter or any dollar value. The Rules of Procedure do allow the Governance and Audit Committee to approve administrative bylaws, changes to the Auditor General’s workplan and other duties.</p> <p>The Board agendas are not organized by Committee topics or actions. The Committee Chairs’ reports to the Board are usually very brief. Some Committee members felt their time and contributions were undervalued or not significant, since the topic would be resolved at the full Board meeting.</p> <p>The separate Measure A and Measure B oversight Committees, comprised of citizens, have oversight responsibilities and the ability to bind the Board on limited ballot-defined matters, such as the selection of an independent auditor.</p>	<p>B1</p>	<p>The Board should grant expanded approval duties to all of its Standing Committees. The Committees should be empowered to bind the Board in defined circumstances, or up to a defined dollar threshold (i.e., \$500,000 above the General Manager’s approval authority).</p> <p>Standing Committee Chairs should present and actively lead discussion of their Board agenda action and consent items. The Board agendas should be re-aligned by Committee.</p> <p>Permitting the Committee Chairs to present their topics will empower their Committees to make better use of their members’ time, and help develop members’ expertise in their assigned areas. Any Board member would still have the ability to discuss, challenge or pull any Committee item off consent.</p>



VTA Board and Standing Committee Schedule

Purpose: To summarize scheduled Board and Standing Committee meeting times, during fiscal year 2019.

Observation: All of the five Standing Committees met less than the scheduled number of times during fiscal year 2019.


- Notes:**
- VTA’s Rules of Procedure state: “Standing Committee meetings **shall generally be held once a month** when there is sufficient business for the committee to consider, or as otherwise determined by the Board. The Governance & Audit Committee and the Capital Program Committee shall meet at least once each quarter”.
 - Committee Chairs have the discretion to cancel or postpone meetings.
 - VTA in practice has historically not held Board meetings in July, and has scheduled multiple meetings in other months.

Committee	Scheduled Meeting Time	Scheduled Number of Meetings	Actual Number of Meetings
Board of Directors	1 st Thursday of each month, at 5:30pm	15	15
Congestion Management Program & Planning (CMPP)	3 rd Thursday of each month, at 10:00am	10	9
Administration & Finance (A&F)	3 rd Thursday of each month, at 12:00 noon	10	8
Safety, Security & Transit Planning and Operations (SSTPO)	3 rd Thursday of each month, at 3:00pm	10	6
Governance & Audit (G&A)	1 st Thursday, quarterly at 4:00pm	8	6
Capital Program (CPC)	Quarterly	4	3

Recommendation: Standing Committees

<h2>B2. Hold Standing Committee Meetings On One Day</h2> <th data-bbox="2068 254 2491 315">Heat Map Rating</th>			Heat Map Rating
			Complexity: Low
			Priority: High
Observation	#	Recommendation	
<p>The Administrative Code states that Standing Committee meetings are generally to be held once per month, and the Governance and Audit and Capital Program Committees are to meet at least quarterly.</p> <p>Three Committees are scheduled monthly on the 3rd Thursday. Board meetings are scheduled monthly on the 1st Thursday. Given this timing, business conducted at 3 of the 5 committees is brought to the Board within two weeks.</p> <p>All of the five Standing Committees met less than the scheduled number of times during fiscal year 2019. (See our recommendation C7 on Meeting Cancellations).</p>	B2	<p>Schedule the Standing Committees on one day.</p> <p>Limit each meeting to two hours, and encourage Chairs to manage meetings to focus on the most critical and timely issues. (Also see our separate observation C1 on Meeting Management).</p> <p>Retain the timing of Board meetings to be scheduled two weeks following the Committee meetings, to facilitate timely Board decision making and receipt of the Committees' business and policy recommendations.</p> <p>If lack of a quorum delays a meeting, allow other Board members who are on-site to be sworn in for one meeting only.</p> <p>This meeting cadence could increase attendance, as well as reduce the need for Alternates. Staff would have adequate time to prepare between meetings.</p>	

Recommendation: Standing Committees

B3. Reduce the Number of Standing Committees and Realign Certain Duties			Heat Map Rating
			Complexity: Medium
			Priority: High
Observation	#	Recommendation	
<p>VTA has five Standing Committees. Certain duties have been reallocated over time, such as the creation of CPC in 2018 and the creation of SSTPO from the reformulation of the Transit Planning and Operations Committee in 2017.</p> <p>The Committees have established charters and are to report to the Board on matters “within their respective assigned areas of responsibility”. However, the Committees’ assigned topics have been diluted over time (see recommendation B4 on the number of duplicative items presented to multiple Committees).</p> <p>Further, some committees have experienced poor attendance and some meet fewer times than others. The Board member survey indicated that none of the Committees was considered to be highly effective (see slide 99). As a result, the perceived value of the committees and the relative engagement and attendance of its members may vary.</p>	<p>B3</p>	<p>Reduce the number of Standing Committees to four, to help make committee assignments more meaningful and less time intensive. Increase the meeting cadence for the G&A Committee to monthly. Do not schedule meetings in July or December.</p> <p>Set a Board expectation that meetings are to be held as scheduled, and that members attend 100% of scheduled meetings (excluding emergency).</p> <p>Realign the functions of certain Committees:</p> <ul style="list-style-type: none"> • Governance and Audit (G&A) – add: <ul style="list-style-type: none"> ○ Strategic planning (see recommendation S1) ○ Board member mentoring, scorecard and member vetting (see recommendation P2) ○ Legislative Agenda (from A&F) • Administration and Finance (A&F) – add: <ul style="list-style-type: none"> ○ Audit topics (from G&A) ○ Capital Project oversight (from CPC) • Capital Program Committee (CPC) - merge into A&F 	

VTA Advisory Committees

Purpose: To summarize the VTA Advisory Committees' membership and purpose.

Note: The PAC and CAC committees were established in the Congestion Management Agency's (CMA) Joint Powers Agreement (JPA) executed in 1991 between all the member agencies, and are still in effect.

Committee	Membership and Purpose	Members
Policy Advisory Committee (PAC) (Note)	City council members from each of the 15 cities and a Board Supervisor from Santa Clara County. The PAC represents the prioritized transportation policy views of the Member Agencies, individually and collectively, to the VTA Board, and permits all jurisdictions within the county with access to the development of VTA's policies.	16
Technical Advisory Committee (TAC) (Note)	Senior staff member (usually the public works or planning director) from each of the 15 cities, Santa Clara County, and other local government jurisdictions. The TAC advises the Board on technical aspects of transportation-related policy issues and initiatives.	16
Citizens Advisory Committee (CAC)	Members representing community and societal interests or business and labor. The CAC serves: <ul style="list-style-type: none"> • As the ballot-defined independent Citizens Watchdog Committee (CWC) for the 2000 Measure A Sales Tax • To advise the Board on transportation policy issues 	13
Committee for Transportation Mobility and Accessibility (CTMA)	Seniors/persons with disabilities, representatives of human service organizations and VTA's paratransit provider, and the VTA Board. The CTMA advises the Board on transportation mobility and accessibility issues, paratransit services, and VTA's compliance with the Americans with Disabilities Act (ADA).	17
Bicycle and Pedestrian Advisory Committee (BPAC)	Bicyclists or pedestrians from each of the 15 cities and Santa Clara County. The BPAC advises the Board on funding and planning issues for bicycle and pedestrian projects. It also serves as the countywide bicycle advisory committee for Santa Clara County.	16

Recommendation: Advisory Committees

B4. Combine Selected Advisory Committees and Designate the PAC Chair as an Ex-Officio Member of the Board			Heat Map Rating
			Complexity: Medium
			Priority: Medium
Observation	#	Recommendation	
<p>VTA has five Advisory Committees, reflecting certain constituents. Each committee’s duties are described in their individual bylaws.</p> <p>The Policy Advisory Committee (PAC) has a broad range of transit policy oversight, and several Board members have prior experience on the PAC.</p> <p>The Citizens Advisory Committee (CAC) has a dual purpose, and has the authority to bind the Board, when acting in its role as the 2000 Measure A Citizens Watchdog Committee.</p> <p>For the Advisory Committees:</p> <ul style="list-style-type: none"> • Attendance rates ranged from 58% to 83% in 2019 (January through August). • Meeting cancelations ranged from 17% to 33% in CY 2018. • Averaged 8 meetings per Committee, per year. • Certain committee meeting agendas have no Action Items, and received limited Information Items. 	B4	<p>Reduce the number of Advisory Committees to three, to make committee assignments more valuable and less time intensive.</p> <p>Designate the PAC Chair as an ex-officio board member, to provide a direct mechanism to bring the PAC’s views to the Board.</p> <p>Specifically refocus the charters and enhance the content for the:</p> <ul style="list-style-type: none"> • Policy Advisory Committee - maintain a jurisdictional point of view, but also consider the region-wide effects • Technical Advisory Committee – increase communication with PAC counterparts from the same jurisdiction • Citizens Advisory Committee – assume responsibility for the Committee for Transportation Mobility and Accessibility, and Bicycle and Pedestrian Advisory Committee. Create efficient agendas, to allow all topics to be heard. 	

Analysis: Presentations to Multiple Committees

Purpose: To analyze items which are presented to multiple Standing Committees, from January 2018 through November 2019.

Source: VTA MinuteTraj Board agenda system

- Observation:**
- 1). 11 topics were brought to 3 or 4 separate Committees, before being brought to the Board.
 - 2). Two topics were repeated, and brought a total of six times each.
 - 3). An additional 13 topics were brought to two separate Committees, before being brought to the Board.
 - 4). Some topics are further brought to Advisory Committees, which are not reflected in the analysis below.

Title of Item	No. of Times	Type of Item	Committees
2016 Measure B Update	4	Info	CMPP, A&F, SSTPO, CPC
2016 Measure B Innovative Transit Service Models Competitive Grant Program			
• Draft, Feb 2019	3	Action	CMPP, A&F, SSTPO
• Draft, Nov 2019	3	Action	CMPP, A&F, SSTPO
2019 New Transit Service Plan			
• Proposal, Feb 2019	3	Info	CMPP, A&F, SSTPO
• Plan, April 2019	3	Action	CMPP, A&F, SSTPO
TOD Master Planning Agreement for the VTA Block in Downtown San Jose	3	Action	CMPP, A&F, SSTPO
Revised VTA Transit-Oriented Development Policy	3	Action	CMPP, A&F, SSTPO
VTA Joint Development Program 2018 Results and A Look Ahead for 2019	3	Info	CMPP, A&F, SSTPO
Transit Ridership Trends Review (Fall 2018)	3	Info	CMPP, A&F, SSTPO
Express Bus Partnership Program Status Update	3	Info	CMPP, A&F, SSTPO
Automated Driving Systems Policy (Draft)	3	Action	CMPP, A&F, SSTPO



Recommendation: Reduce Duplicative Presentations

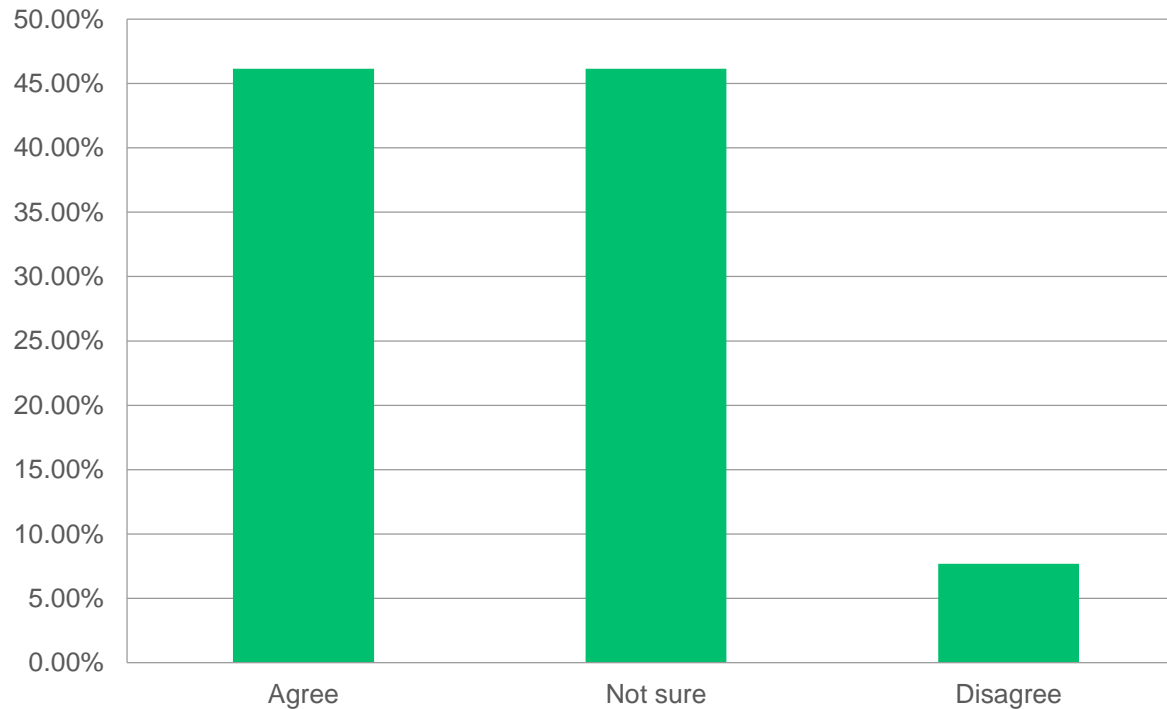
B5. Reduce Duplicative Presentations to Multiple Committees			Heat Map Rating
			Complexity: Low
			Priority: Medium
Observation	#	Recommendation	
<p>VTA's Standing Committees have well-defined and generally distinct duties, as specified in the Administrative Code.</p> <p>However, we observed that agenda items may be brought to multiple Standing Committees, for action or information. Eleven items were brought to three or four committees, from January 2018 through November 2019. This process is time-consuming, can result in conflicting input to staff, and may not result in consensus feedback to the full Board.</p> <p>Also, the volume of Administration & Finance (A&F) Committee agenda items has increased. This change in practice could bifurcate the discussion of the same topic, with A&F discussing the financial attributes of an item, and another committee addressing the subject matter. Examples include technology projects and the Sheriff's Office security contract.</p>	B5	<p>Bring agenda items to the primarily responsible Standing Committee. Benefits would include:</p> <ul style="list-style-type: none"> • Better alignment of topics to Committee member skillsets • Empowerment of the primary committee, if those members know that the topic will not be reviewed several more times. • Faster decision making, since less time is required between committee meetings and Board discussion. • More efficient use of staff time <p>Bring broad items of interest to multiple Committees to the full Board, and facilitate the appropriate discussion. In some cases where consensus was not reached at a Committee meeting, we noted that members expected to re-visit the topic at the full Board meeting.</p> <p>Offer individual briefings to members who have a stated interest in a certain topic, or provide the relevant committee meeting information.</p>	

Board Member Survey Results: Board Committees

Observation:

Board member respondents were split on whether there should be a process to support or evaluate Members' effectiveness.

Q 23. There should be a VTA Board process or Committee charged with supporting Members' effectiveness, considering succession planning, and/or evaluating individual Board Members.



Recommendations: Board Capabilities and Structure

B6. Revise Member Agency Appointment Guidelines and Adopt a Nominating Process			Heat Map Rating
			Complexity: High
			Priority: High
Observation	#	Recommendation	
<p>The Governance and Audit Committee approved “Recommended Guidelines for VTA Member Agency Use in Making Appointments to the VTA Board of Directors or Policy Advisory Committee” in 2015. The Guidelines apply to all member agencies and are intended to make the Board appointment process more efficient and help identify the “most qualified and engaged representatives”.</p> <p>However, the Guidelines are solely recommendations. The Board lacks any feedback mechanism or nominee assessment process. The Board member survey identified concerns about the selection process, qualifications and subsequent member engagement.</p> <p>LA Metro uses an external selection agency to nominate and appoint members from 88 city jurisdictions broken into four population-based sectors. This can result in:</p> <ul style="list-style-type: none"> • Elected officials who express a desire to serve on the transit board. • Competition to be elected by vote of their city peers to the transit board. • Candidates who acknowledge their commitment and responsibility. • A sense of desirability for the board positions, rather than a sense of duty. • Identification of members with specific subject matter expertise. 	B6	<p>Charge the Governance and Audit (G&A) Committee with enacting a process to encourage qualified candidates, vet them upon recommendation from any of the member agencies and formally nominate them for a Board position.</p> <p>The Enabling Act appears to neither require nor prohibit the Board’s ability to vet, review or interview appointees from the member agencies. The Act states that appointments are made by the County Board of Supervisors, the San Jose City Council and the “city councils of all other cities, as provided by agreement among those cities”.</p> <p>VTA’s 2016 Measure B Committee selection process is a successful example of the use of an application, vetting and nomination process by the G&A Committee, to approve members.</p> <p>Encourage the Cities Association or other groups to help locate and develop potential candidates, to best represent their jurisdictions.</p>	



Recommendations: Board Capabilities and Structure

B7. Close Inactive Committees and Define Working Groups

Heat Map Rating:

Complexity: Low

Criticality: Low

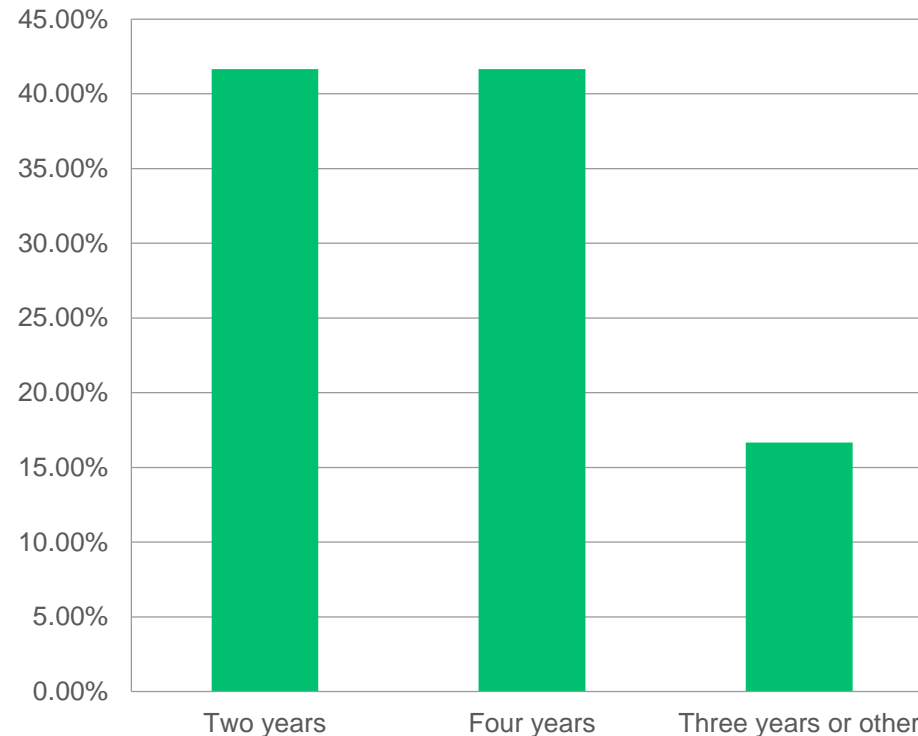
Observation	#	Recommendation
<p>VTA currently has 23 active committees and 9 inactive committees that are shown on the public Board Portal.</p> <p>Also, working groups, which are subsets of Advisory Committees, are treated inconsistently on the Board Portal. The Technical Advisory Committee (TAC) has three working groups: 1) Land Use/Transportation Integration (LUTI), 2) Capital Improvement Program (CIP), and 3) Systems Operations & Management (SOM). The LUTI working group is shown as a separate group on the Board Portal. The other two working groups are not identified.</p> <p>The Administrative Code and Rules of Procedure do not contain any reference to working groups, or their role, creation or dissolution.</p>	<p>B7</p>	<p>Close or wind-down the inactive Committees.</p> <p>Automatically sunset Ad Hoc Committees and working groups after one year, unless they are re-authorized by the Board.</p> <p>Archive or segregate the materials from inactive Committees in a separate section of the Board Portal.</p> <p>Specify the actions required by the Board or Committee Chair to close or wind down committees in the Rules of Procedure or elsewhere.</p> <p>Define the roles of Working Groups, and post the Working Group agendas and information under the related Committee.</p>

Term Length: Board Member Survey Results

Observation:

Board member respondents were generally split on the desired term length.

Q17. The VTA Board term length that would best develop Members and enhance commitment should be:



Term Length: Benchmark Agencies

Observation: Four of the six benchmark agencies have a four year Board term.

Note: A Transportation Research Board study found that the average length of a board Director's term was 3 to 4 years.

Agency	Term Length		
	Director	Board Chair	Limit?
Chicago Transit Authority (CTA)	7 years	7 years	No
Utah Transit Authority (UTA)	4 years	4 years	No
Portland Tri-County Metropolitan Transportation District (TriMet)	4 years	2 years	2 terms
Denver Regional Transportation District (RTD)	4 years	1 year	No
Los Angeles County Metropolitan Transportation Authority (LA Metro)	4 years	1 year	No
Dallas Area Rapid Transit (DART)	2 years	2 years	No
Santa Clara Valley Transportation Authority (VTA)	2 years	1 year	No

Note: Information is based upon RSM's analysis and interpretation.

Recommendation: Term Length

B8. Adopt a Four Year Board Term

Heat Map Rating

Complexity: High

Priority: High

Observation	#	Recommendation
<p>VTA's term for Directors is two years, as specified in the Enabling Act and Administrative Code. The Board Chair and Vice Chair are elected annually.</p> <p>These short periods result in extensive rotation, which may cause:</p> <ul style="list-style-type: none"> • Lack of follow through on changing annual priorities • Less consistency in leadership • Reduction of members' ability to learn transit matters • Less time for staff to execute Board or Committee priorities <p>Four of the six benchmark agencies had Director terms of four years.</p>	<p>B8</p>	<p>Increase the Director term length to four years.</p> <p>Allow Board Chairs and Vice Chairs to serve two year terms.</p> <p>Retain the rotation cycle established in the Administrative Code between the smaller city groups, and City of San Jose / Santa Clara County.</p>

Analysis: Population, Sales Tax and Ridership

Analysis

- **Purpose:** To assess each jurisdiction's proportionate share of various metrics.
- **Observation:** San Jose's percentage of the total metrics evaluated ranged from 44% to 68%.
 - Current Board seats for city groupings would remain the same (if there were no other changes).
- Investment, capital projects or grant funding may span multiple jurisdictions and was not readily estimable for each city.
- **Conclusion:** San Jose Board seats allocated pro-rata on these measures (and assuming 12 seats) would remain the same or increase.

Data Sources

- **Population:** Based upon US Department of Labor, estimates based upon 2010 census.
- **Sales Tax:** Based upon Bradley-Burns sales tax collections statistics from the California Department of Tax and Fee Administration. Jurisdictional sales tax receipts may not include unallocated or countywide amounts, or internet based sales.
- **Ridership:** Based upon average bus and rail weekday boardings from October 2018, as a month representative of annual patterns, from VTA Service Planning statistics.

Limitation of Data Sources:

- Data is static, as of specific points in time.
- Data does not anticipate potential future demographic or ridership changes.
- Santa Clara County's unincorporated areas population data was not readily available.

Analysis: Population, Sales Tax and Ridership

Jurisdiction	Population		Sales Tax Receipts		Ridership	
	Rank	%	Rank	%	Rank	%
San Jose	1	55.6%	1	43.1%	1	67.6%
Sunnyvale	2	8.3%	4	6.8%	2	6.2%
Santa Clara	3	7.0%	2	12.2%	3	5.9%
Mountain View	4	4.5%	7	5.4%	5	3.9%
Milpitas	5	4.3%	6	5.5%	4	4.3%
Palo Alto	6	3.6%	3	7.4%	6	2.7%
Cupertino	7	3.2%	5	6.7%	8	2.2%
Gilroy	8	3.2%	8	4.1%	10	1.0%
Morgan Hill	9	2.4%	10	2.2%	12	0.7%
Campbell	10	2.4%	9	2.6%	7	2.6%
Los Gatos	11	1.7%	11	1.7%	15	< 1.0%
Saratoga	12	1.7%	14	< 1.0%	13	< 1.0%
Los Altos	13	1.6%	13	< 1.0%	11	< 1.0%
Los Altos Hills	14	< 1.0%	15	< 1.0%	14	< 1.0%
Monte Sereno	15	< 1/0%	16	< 1.0%	16	< 1.0%
Santa Clara County	16	< 1/0%	12	1.2%	9	1.1%

Analysis: Population by City Grouping

City Grouping	City	Population Estimate 2018	%	Growth from 2010	Number of Board Seats
1	San Jose	1,030,119	55.6%	8.9%	5
2	Los Altos	30,531	1.6%	5.4%	
	Los Altos Hills	8,559	0.5%	8.0%	
	Mountain View	83,377	4.5%	12.6%	
	Palo Alto	66,666	3.6%	3.5%	
	Subtotal Group 2	189,133	10.2%	7.8%	1
3	Campbell	42,466	2.3%	7.9%	
	Cupertino	60,170	3.2%	3.2%	
	Los Gatos	30,680	1.7%	4.3%	
	Monte Sereno	3,487	0.2%	4.4%	
	Saratoga	30,599	1.7%	2.2%	
	Subtotal Group 3	167,402	9.0%	4.4%	1
4	Gilroy	58,756	3.2%	20.3%	
	Morgan Hill	45,135	2.4%	19.1%	
	Subtotal Group 4	103,891	5.6%	19.8%	1
5	Milpitas	80,430	4.3%	20.4%	
	Santa Clara	129,488	7.0%	11.2%	
	Sunnyvale	153,185	8.3%	9.4%	
	Subtotal Group 5	363,103	19.6%	12.3%	2
6	Santa Clara County	0	0.0%	0.0%	2
	Grand Total	1,853,648	100.0%	9.6%	12

Please see slide 62 for notes and analysis.

Analysis: Governance Models

	Assessment of Governance Model Attributes (not specific agencies)	
Governance Model	Pros	Cons
Elected officials from local jurisdictions	<ul style="list-style-type: none"> • Representative population based selections. • Officials are known to local constituents. 	<ul style="list-style-type: none"> • Not full-time dedicated to agency.
Appointed by elected officials	<ul style="list-style-type: none"> • Specific external expertise can be obtained (i.e., audit or engineering). • Potentially stronger private sector management skills and practices. 	<ul style="list-style-type: none"> • Possible politically-influenced appointments. • Still not a full-time job. • Members may not be known by local constituents / riders.
Directly elected	<ul style="list-style-type: none"> • Directly accountable to constituents. • Possible benefit if members must live in their elected districts. 	<ul style="list-style-type: none"> • May not be a full-time job. • Cost of a separate election.
Full time	<ul style="list-style-type: none"> • Faster decision making. • Potentially beneficial on-site presence. 	<ul style="list-style-type: none"> • Potential lack of separation of management activities vs. policy-setting roles. • Not necessarily transportation experts.
Hybrid of Elected Officials and Appointed Members	<ul style="list-style-type: none"> • Specific external expertise can be obtained (i.e., audit or engineering). • Mix of skillsets and styles 	<ul style="list-style-type: none"> • Appointment is by an Elected Official.

Analysis: Governance Models

Observations

- Each governance model has inherent strengths and weaknesses. The relative success of each transit agency, based solely upon their governance model, is difficult to quantify.
- Most of the organizational models can experience the same issues the VTA is assessing, related to member engagement, accountability and voting patterns.
- Similarly, each agency has individuals with varying skill sets that may offset or enhance the organizational design. However, the long-term organizational model should not be revised to meet the current leadership's personal attributes.
- An organization's success depends heavily on other factors, such as: its committee structure, term limits and continuity, board leadership expertise, strategic planning and revenue sources.
- At other agencies, some governance models were established due to major precipitating events, such as Board or Executive fraud, major financial insolvency, or population upheavals. VTA has not experienced any of these extenuating circumstances.
- A Transportation Research Board study found that 60% of the agencies surveyed had Board members appointed by elected officials.

Conclusions:

- We did not observe a specific **type of governance model**, or a specific **number of board members**, which clearly drove substantial, measurable and transferable improvements to an organization's governance or operational performance.
- VTA's Board performance, meeting processes, and member engagement can be more readily enhanced through improvement to its current governance model – if VTA adopts several recommended new practices concurrently. Incremental or one-off changes will not provide sustainable results.



FRAMEWORK AREA 3.

ACCOUNTABILITY

Contents: Accountability

Area or Analysis	Recommendation
<ul style="list-style-type: none">• Measuring the Strategic Plan's priorities• Budget: Benchmark Agencies• Budget: Board Member Survey Results	<p>A1. Build Accountability into Management Measurements, to Link Strategy to Execution</p> <p>A2. Adopt a Budget Annually and Review Results Quarterly</p>
<ul style="list-style-type: none">• Accountability: Board Member Survey Results• Outreach: Multiple Methods• Outreach: Community and Public Survey Feedback	<p>A3. Perform Outreach to Address Community and Public Survey Input</p>

Accountability for Execution of Strategy

A1. Build Accountability into Management Measurements, to Link Strategy to Execution		Heat Map Rating
		Complexity: Medium
		Priority: High
Observation	#	Recommendation
<p>VTA has identified multiple disparate strategic themes and values in its recent Strategic Plan, Annual Reports and other documents. We also noted that there are no identified enterprise-wide performance measures. The strategic priorities should be reflected in defined performance measures, which should cascade into management’s performance goals and evaluations.</p> <p>It is not clear whether any metrics are built in the General Manager’s or senior leadership’s performance objectives, to link the strategy to execution. Therefore, it is not clear how the Board can measure management’s performance against stated and objective measures, to establish accountability towards achieving the goals.</p> <p>Certain benchmark agency Boards discuss collaboratively with their General Managers and the GM’s submit annual performance goals, aligned to the Strategic Plan. The Board or a Committee then annually reviews the progress and achievement against those goals, in a public meeting.</p>	A1	<p>We have separately recommended that the Board drive an update to the Strategic Plan, which will identify VTA’s goals and priorities, and set operational tactics to implement them.</p> <p>The Board should further measure the results on an annual basis. To do this, stated and objective goals should to be established by or for the General Manager and senior leadership.</p> <p>The Board should demonstrate its oversight and accountability, by conducting an annual evaluation of VTA leadership’s results, compared to their planned performance measures.</p>

Budget: Benchmark Agencies

Observation:

All of the benchmark agencies prepare an annual budget document.

Agency	Budget Preparation
Los Angeles County Metropolitan Transportation Authority (LA Metro)	Annual
Chicago Transit Authority (CTA)	Annual
Portland Tri-County Metropolitan Transportation District (TriMet)	Annual
Denver Regional Transportation District (RTD)	Annual
Dallas Area Rapid Transit (DART)	Annual
Utah Transit Authority (UTA)	Annual
Santa Clara Valley Transportation Authority (VTA)	Biennial (two years)

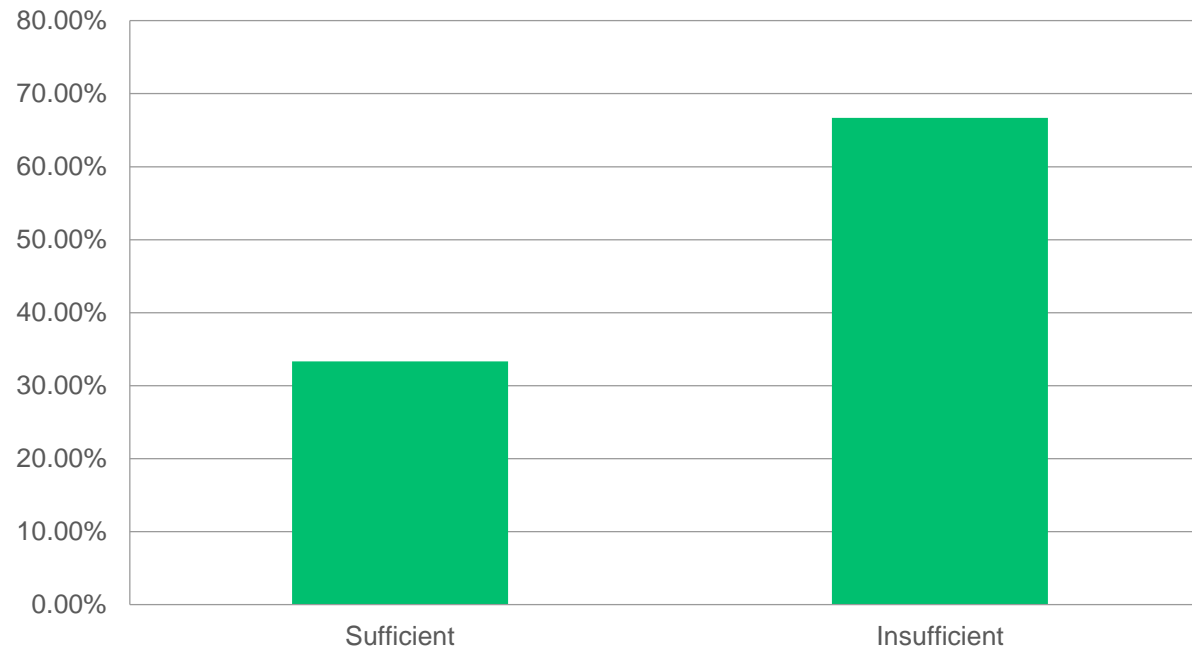
Note: Information is based upon RSM's analysis and interpretation.

Budget: Board Member Survey Results

Observation:

The majority of Board member respondents thought the budget document should be prepared annually.

Q11. The preparation and presentation of financial data including a biennial operating and capital budget (vs. an annual one) for the Board's oversight and policy setting purposes is:



Recommendation: Budget

A2. Adopt the Budget Annually and Review Results Quarterly

Heat Map Rating

Complexity: High

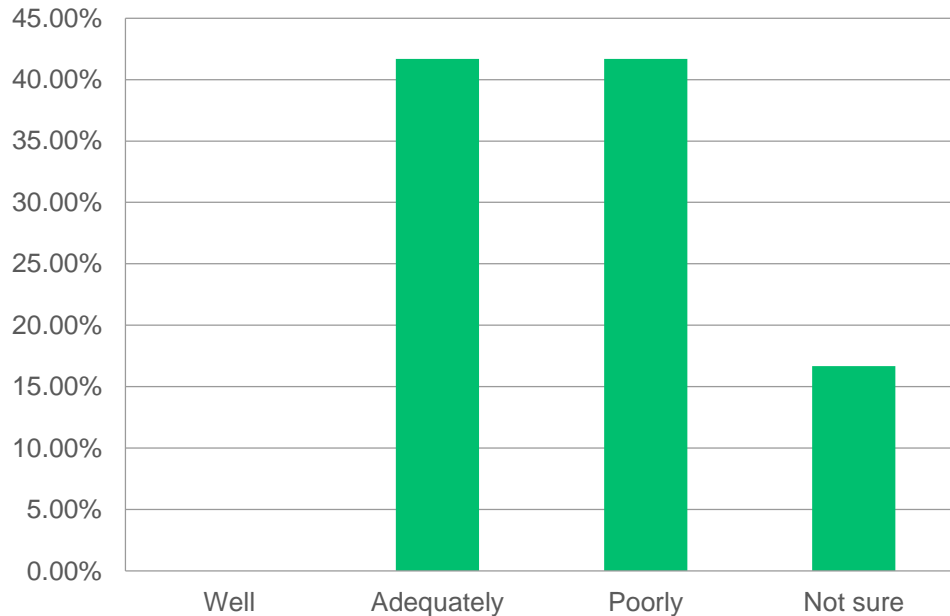
Priority: Medium

Observation	#	Recommendation
<p>The budget document is a comprehensive summary of VTA’s planned revenues, expenditures, capital program, debt, key programs (such as the tax measures and congestion management), and financial statistics and policies.</p> <p>The Board has adopted a Biennial Budget, which most recently appropriated operating expenditures of \$509.9 million and two-year capital expenditures of \$216.8 million.</p> <p>The adopted Budget can be amended during the interim period through a supermajority vote of eight members of the Board, as established in the Administrative Code.</p> <p>The six benchmark agencies reviewed each prepared an annual budget document for Board review and approval. The majority of Board member survey respondents indicated that an annual budget was insufficient for the Board’s oversight and policy setting purposes.</p>	<p>A2</p>	<p>The Board should approve an annual Operating and Capital Budget.</p> <p>The Board should enhance its financial monitoring oversight through quarterly reviews of Budget to Actual results. Consideration should continue to be given to the recent budget structural deficit, VTA’s continued growth in actual expenditures, and the farebox recovery implications of ridership vs. coverage routes.</p> <p>The Board should also improve the linkage to an updated Strategic Plan, and use the budget process to direct resources to the agreed-upon priorities.</p> <p>The Administrative Code allows for an annual or biennial budget, so no change is required.</p>



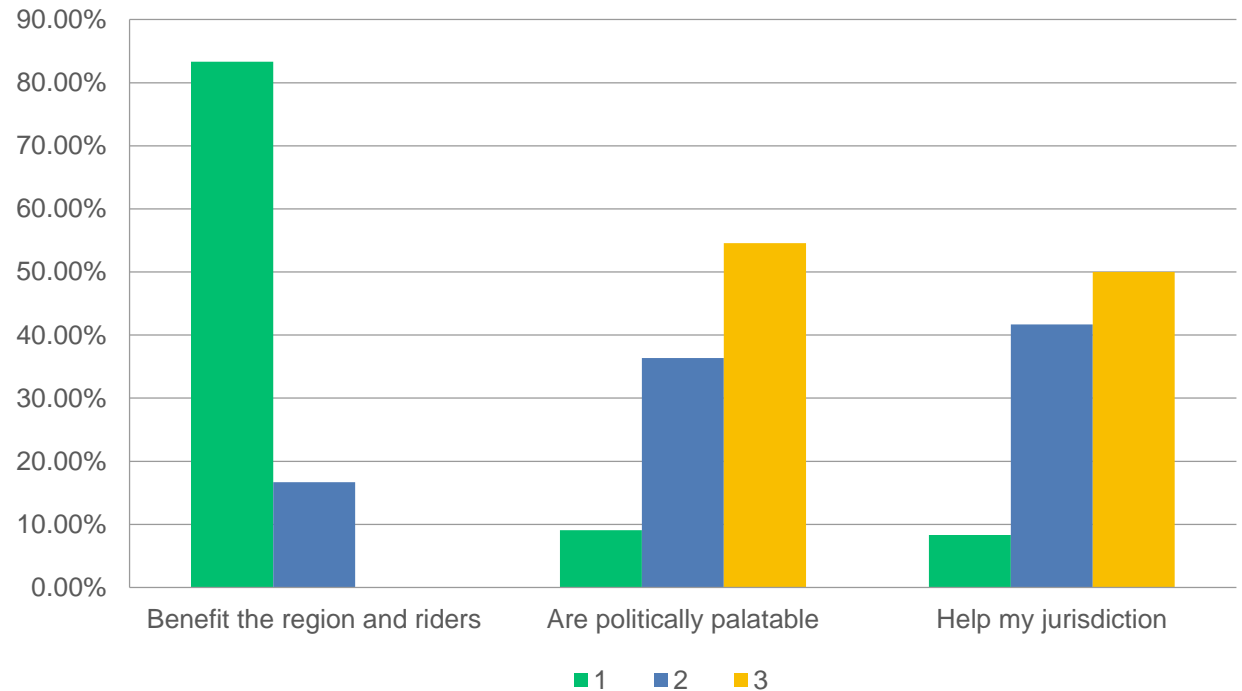
Board Member Survey Results: Accountability

Q8. The VTA Board's role is region-wide, while Board members represent multiple jurisdictions. Members handle this split responsibility through their votes and comments:



Observation: No Board member respondents thought members handled this responsibility well.

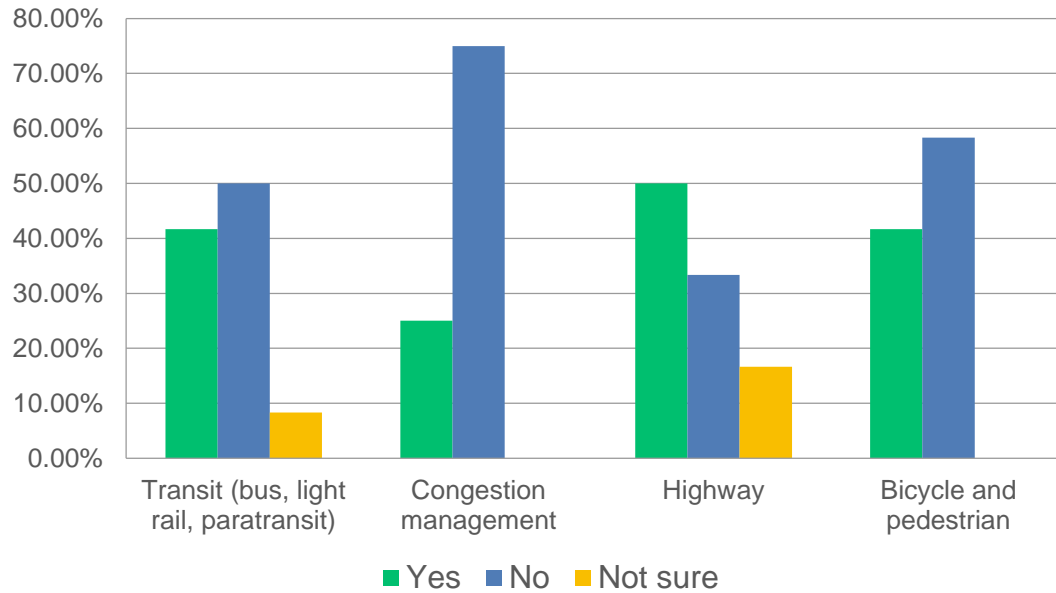
Q9. Changes to VTA's governance structure, Administrative Code or other rules or regulations should be made by the Board, if they: (1 = highest, 3 = lowest).



Observation: The majority of Board member respondents thought any potential changes to VTA's governance structure should benefit the region and riders.

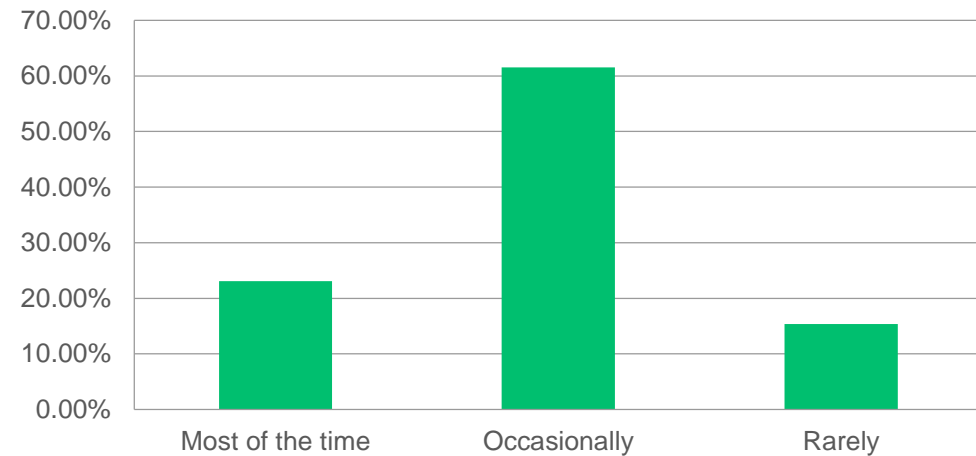
Board Member Survey Results: Accountability

Q12. The VTA Board has adequate time to monitor and provide policy oversight for its various functions/modes:



Observation: Board member respondents generally felt that they should be spending more time on Congestion Management.

Q21. The VTA Board shares a common understanding and strong ownership of issues and key decisions (including fares, routes and financial condition) that has been stress tested through discussion:

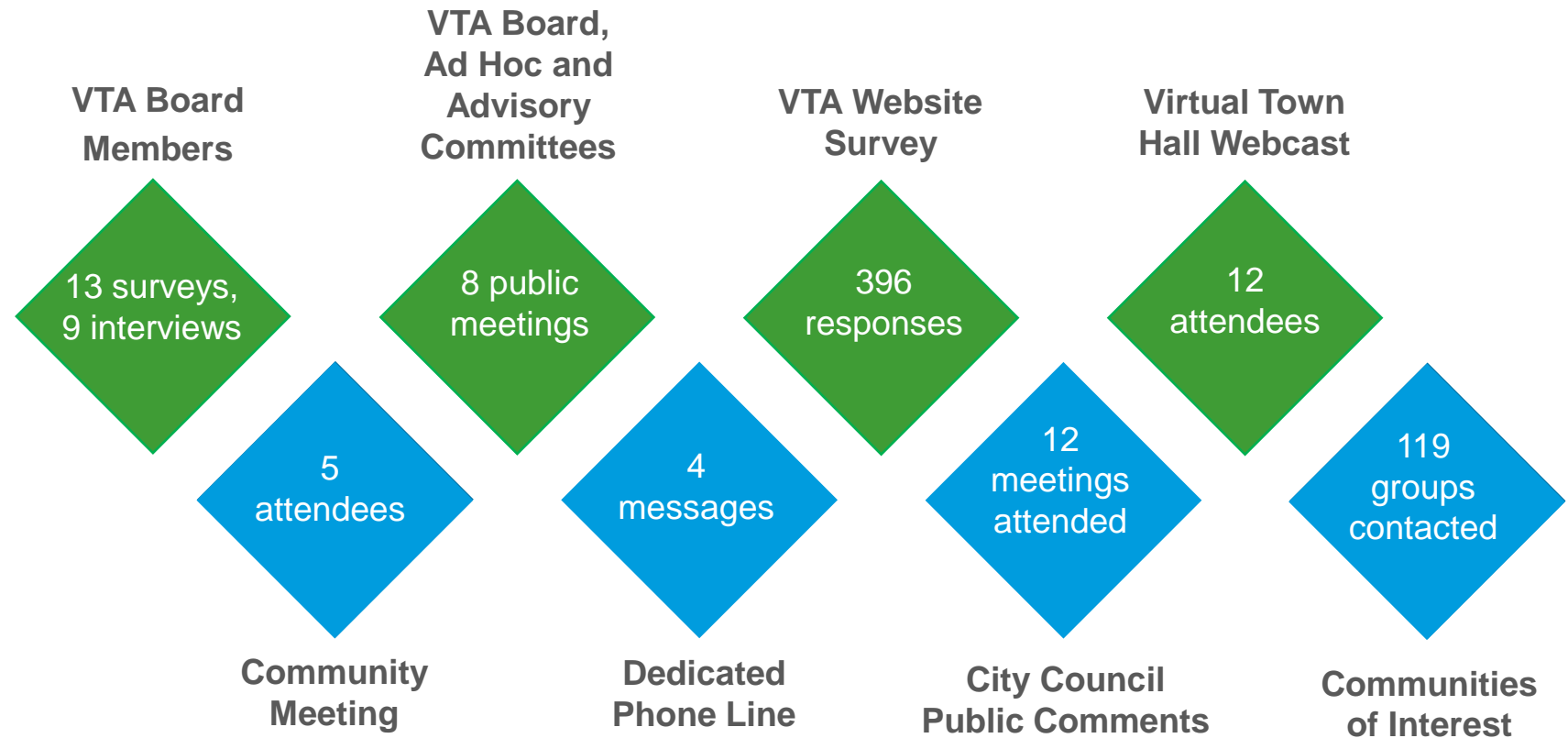


Observation: Board member respondents felt that VTA's Board shares a common understanding of issues occasionally.

Outreach: Multiple Methods

Multiple methods were provided to receive anonymous and confidential input and feedback from:

- VTA Board members
- VTA Advisory Committee members
- General public and riders
- Communities of interest
- Cities in Santa Clara County



- Governance assessment updates will be provided by VTA at <https://vta.org/governanceassessment>.
- A recording of the Virtual Town hall webcast may be found at <https://youtu.be/xHfzRINdM9k>.

Outreach: Community and Public Survey Feedback

Participation

- A total of 396 respondents participated in the on-line survey. We thank all those that participated.
- The respondents self-identified as transit users, highway drivers and partner (Caltrain, etc.) users.

Key Themes

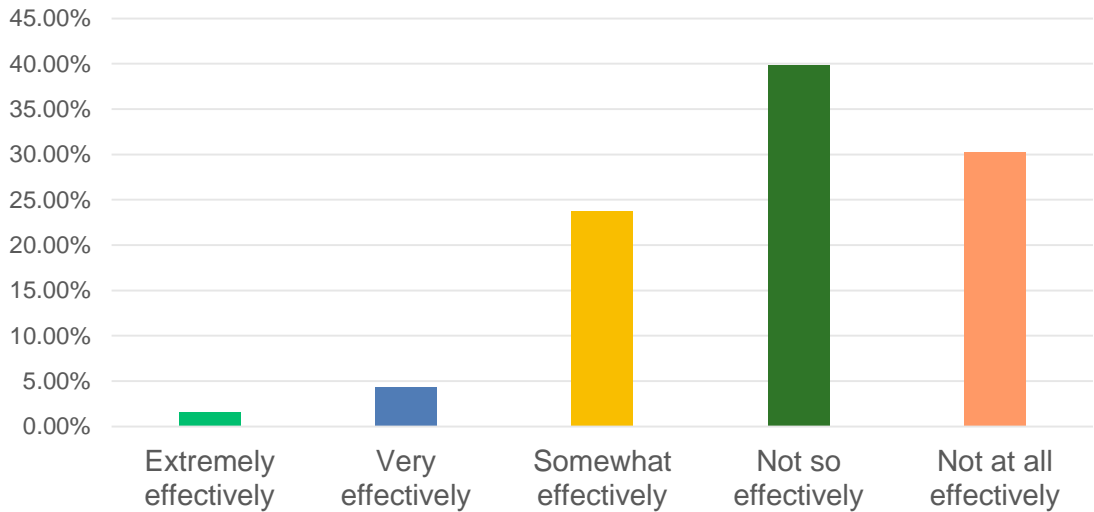
- Key themes from specific comments received, that related to governance, can be summarized as (in descending order):
 - Change to a directly elected Board
 - Have Board members pay attention at meetings
 - Have a regional view, not only city view
 - Watch the budget and financial condition
 - Learn more about transportation planning; study other cities or models
 - Provide stronger guidance to staff
 - Be more transparent and accountable
 - Participate more in social media and surveys

Outreach: Community and Public Survey Feedback

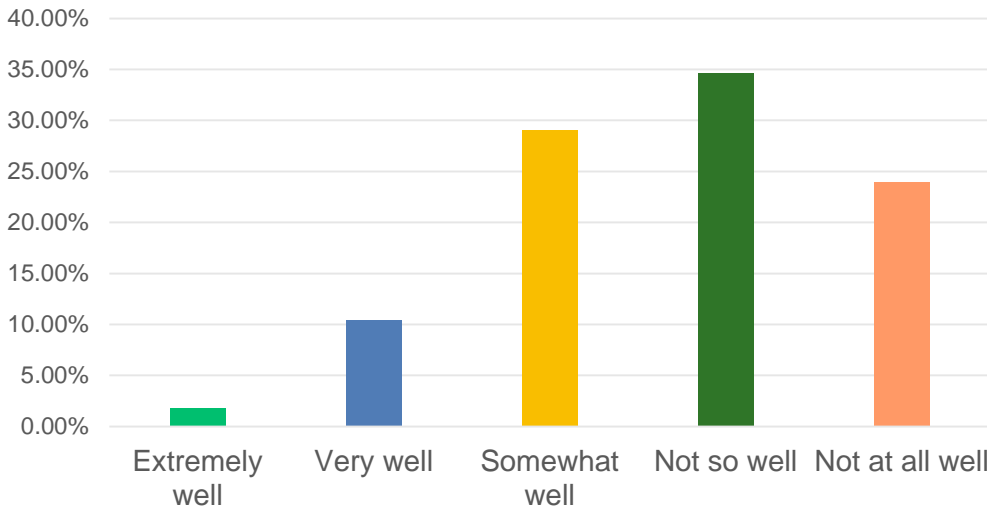
Observation:

Public survey respondents indicated that VTA does not serve their community or communicate their decisions very well.

How effectively does the VTA Board make decisions that affect you or your community?



How well does VTA communicate its decisions to the community and public?



Recommendations: Accountability

A3. Perform Outreach to Address Community and Public Survey Input			Heat Map Rating
			Complexity: Low
			Priority: Low
Observation	#	Recommendation	
<p>The governance assessment sought community and public input, through multiple channels. The on-line survey on VTA’s website received 396 unique responses, from a variety of transit riders, motorists and partner agency users (such as Caltrain).</p> <p>The majority of public survey respondents indicated that VTA does not serve their community or communicate their Board decisions very well.</p> <p>Key themes from specific comments suggested that the Board:</p> <ul style="list-style-type: none"> • Change to a directly elected group • Have a regional view, not only city view • Watch the budget and financial condition • Learn more about transportation planning • Provide stronger guidance to staff • Be more transparent and accountable • Participate more in social media and surveys 	A3	<p>Perform community and public outreach, as follow-up to the governance assessment, to acknowledge the level of interest and input received.</p> <p>Continue to utilize the VTA website Governance Assessment project page to post updates and seek future feedback from VTA system users.</p>	





FRAMEWORK AREA 4.

ENGAGEMENT

Contents: Engagement

Area or Analysis

- Analysis: VTA Board and Committee Attendance
- Board Member Survey Results: Time Spent on Board and Committees
- Compliance Testing: Meeting Attendance

Recommendation

- E1. Set Member Attendance Expectations
- E2. Eliminate the Use of Alternate Board Members
- E3. Revise Meeting Attendance Logs to Better Reflect Alternates' Attendance

Analysis: VTA Board and Committee Attendance

Observation: 1). Board and Committee attendance ranged from 72% to 100% over the period reviewed.
 2). Attendance for each Standing Committee decreased in 2019 (January through August) compared to 2018.

Note: 1). Attendance percentage reflects the percentage of members compared to the entire Board or Committee’s voting membership.
 2). Attendance is on a calendar year basis. 2019 includes January through August meetings.
 3). Percentages do not reflect Members who arrived late.

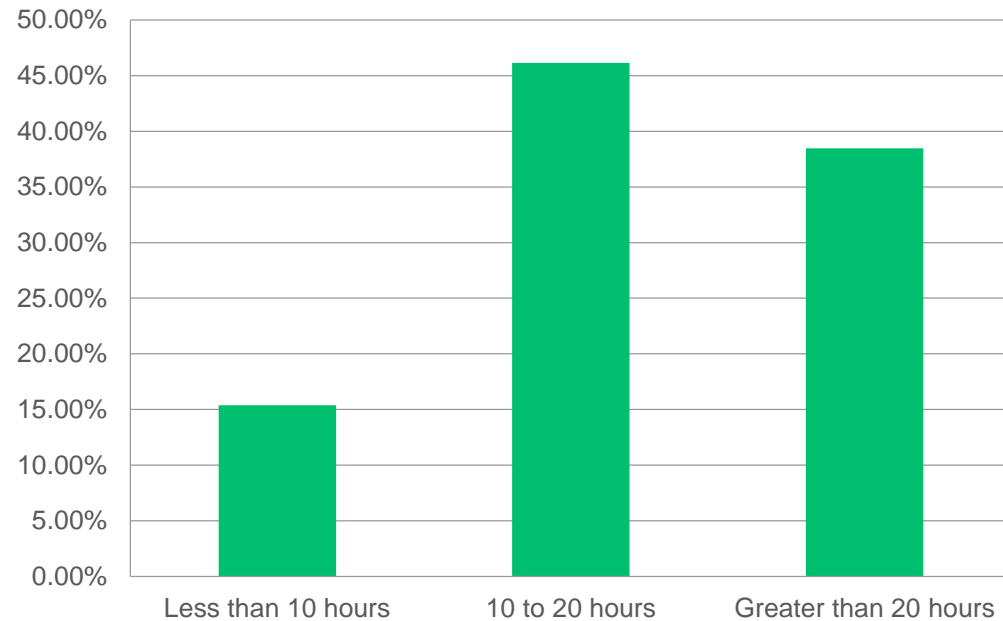
Board and Standing Committees	Board of Directors		Administration & Finance	Governance & Audit	Capital Program	Congestion Management Program & Planning	Safety, Security & Transit Planning and Operations
2019 / 2018	92% / 91%		65% / 83%	90% / 100%	89% / 92%	81% / 96%	81% / 92%

Advisory Committees	Policy Advisory	Citizens Advisory	Technical Advisory	Bicycle & Pedestrian Advisory	Transportation Mobility & Accessibility
2019 / 2018	66% / 64%	82% / 76%	83% / 85%	83% / 85%	58% / 72%

AD Hoc and Policy Advisory Boards	Ad Hoc Board Enhancement	Ad Hoc Financial Stability		Diridon Station Joint PAB	Eastridge to BART Regional Connector PAB	SR 85 Corridor PAB
2019 / 2018	100% / NA	NA / 94%		93% / 80%	100% / 75%	74% / 74%

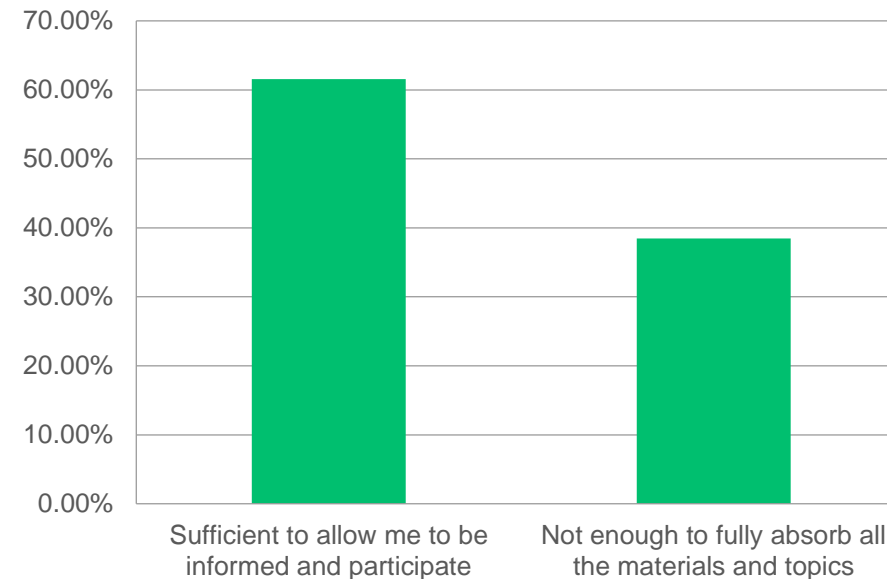
Board Member Survey Results: Time Spent on Board and Committees

Q14. The amount of time I spend each month on VTA Board and Committee meetings, preparation, follow-up or related areas is:



Observation: 85% of Board member respondents spent over 10 hours per month on VTA matters.

Q15. The amount of time I spend each month on VTA Board and Committee meetings, preparation, follow-up or related areas is:



Observation: About 40% of Board member respondents felt that they were not able to spend sufficient time to fully absorb materials and topics.

Compliance Testing: Meeting Attendance

Compliance Testing: Meeting Attendance

Governance	Administrative Code, Board Rules of Procedure and Committee Bylaws
Scope	VTA Board and Committee meetings during calendar year 2018 and 2019 to date (January through August)
Procedures	<ol style="list-style-type: none">1. Review VTA Meeting schedule on website and Meeting Portal2. Review Attendance Logs and information on the VTA Board Portal
Conclusion	Members' attendance as reported on VTA's Board Portal varied from a reported 17% to over 90%.

Recommendations: Member Attendance Expectations

E1. Set Member Attendance Expectations

Heat Map Rating

Complexity: Low

Priority: High

Observation	#	Recommendation
<p>Board and Committee average member attendance rates ranged from 72% to 100% during calendar year 2018 and from January through August in 2019. (Averages were based upon Standing, Advisory, and Ad Hoc Committees and Policy Advisory Boards). Attendance for each Standing Committee decreased in 2019 (January through August) compared to 2018.</p> <p>The Board member survey results noted that attendance rates were a concern to members.</p> <p>Also, quorums were not present in some cases at the beginning of meetings, as Members or Directors arrived late. While official business was ultimately conducted in most cases, efficiency may have been affected, and some Members voted on matters shortly after arriving.</p> <p>We noted that due to a lack of a quorum, one Committee operated properly as a Committee of the Whole, and was therefore unable to provide any recommended actions to the Board.</p>	<p>E1</p>	<p>Set a Board expectation that Members will attend all meetings, and arrive on time to actively participate.</p> <p>Incorporate attendance results, along with several other developmental factors, into an annual Member Scorecard. See our recommendation P2.</p>



Recommendations: Alternate Board Members

E2. Eliminate the Use of Alternate Board Members		Heat Map Rating
		Complexity: Medium
		Priority: Medium
Observation	#	Recommendation
<p>The Administrative Code states that “Alternate members shall regularly attend Board meetings and sit for and vote in the place of a Director for his or her City or County Grouping if the Director is absent”. The position of Alternates is specified in VTA’s Enabling Act.</p> <p>However, Alternates are typically notified if the regular Member is expected to attend, and then frequently do not attend themselves. Some Alternates’ absence rates are as high as 83%, partially because they have been provided the option not to participate in meetings.</p> <p>Alternates were needed in a minimal number of actual Board or Standing Committee voting situations. No Board meetings in calendar year 2018 required an Alternate member to achieve a quorum. Members in some cases did not contact or brief their Alternate, if needed for a meeting absence.</p>	E2	<p>Eliminate the role of Alternates, since they are not often needed for votes or to achieve a Board quorum, and their average attendance rate is low.</p> <p>If a Standing Committee is lacking a quorum, Board members who are in attendance but not assigned to that Committee could be authorized to participate and vote on that Committee for that day. (See our separate recommendations on Committees).</p> <p>Clarify the Board’s intent and revise the Administrative Code accordingly. Currently, it could be reasonably be interpreted as requiring Alternate members to attend meetings.</p>

Recommendations: Meeting Attendance

E3. Revise Meeting Logs to Better Reflect Alternates' Attendance			Heat Map Rating
			Complexity: Low
			Priority: Low
Observation	#	Recommendation	
<p>VTA internally produces Attendance Logs for its Board and Committee meetings. Board Alternates are shown as "Absent" rather than "Not Applicable" (as is used for Committees) if they are not needed for a meeting.</p> <p>This inconsistency leads to lower than actual attendance records reported for Board Alternates.</p>	E3	<p>Revise methodology to assess Members' attendance (if Alternates will continue to be used).</p> <p>Share this information with Members and the Board on at least an annual basis.</p>	



FRAMEWORK AREA 5.

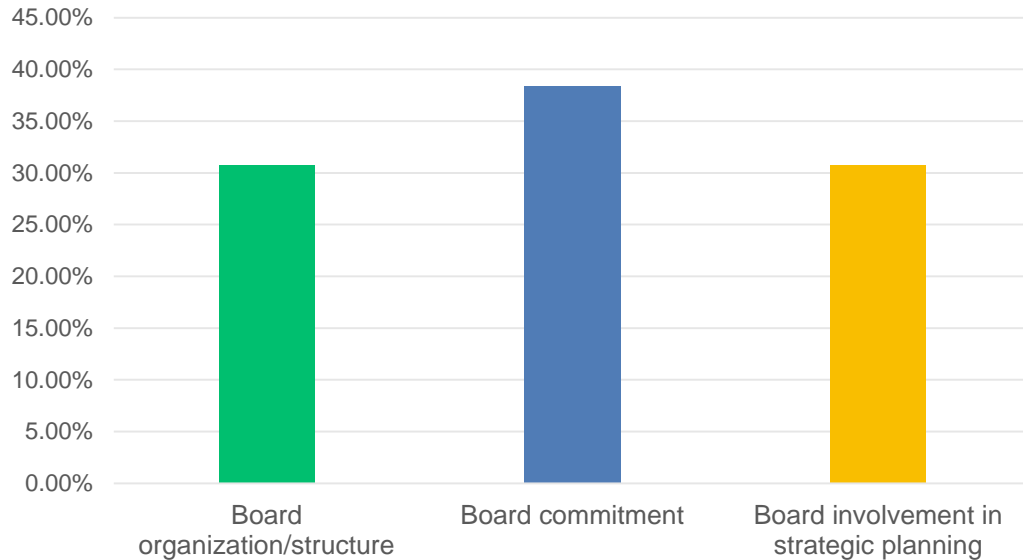
POLICIES, PROCEDURES AND COMMUNICATIONS

Contents: Policies, Procedures and Communication

Area or Analysis	Recommendation
<ul style="list-style-type: none">• Board Member Survey Results• Analysis: Meeting Agendas	C1. Increase Meeting Management and Productivity
<ul style="list-style-type: none">• Benchmark Agencies: Public Comment	C2. Revise Guidelines for Public Comment
<ul style="list-style-type: none">• Compliance Testing Summary Scorecard	C3. Enhance Monitoring of Conflicts and Statements of Economic Interests
<ul style="list-style-type: none">• Board Member Survey Results: Committees	C4. Update Administrative Code for Capital Program Committee's Voting Requirement
<ul style="list-style-type: none">• Analysis: Meeting Cancellations	C5. Provide Presentations Prior to Public Meetings
<ul style="list-style-type: none">• Survey Results: Board Meeting Time Allocation	C6. Require a Supermajority Vote for Key Items
	C7. Reduce the High Number of Cancelled Meetings
	C8. Increase the Contractual Amount That Requires Board Approval
	C9. Increase the Meeting Per Diem Compensation

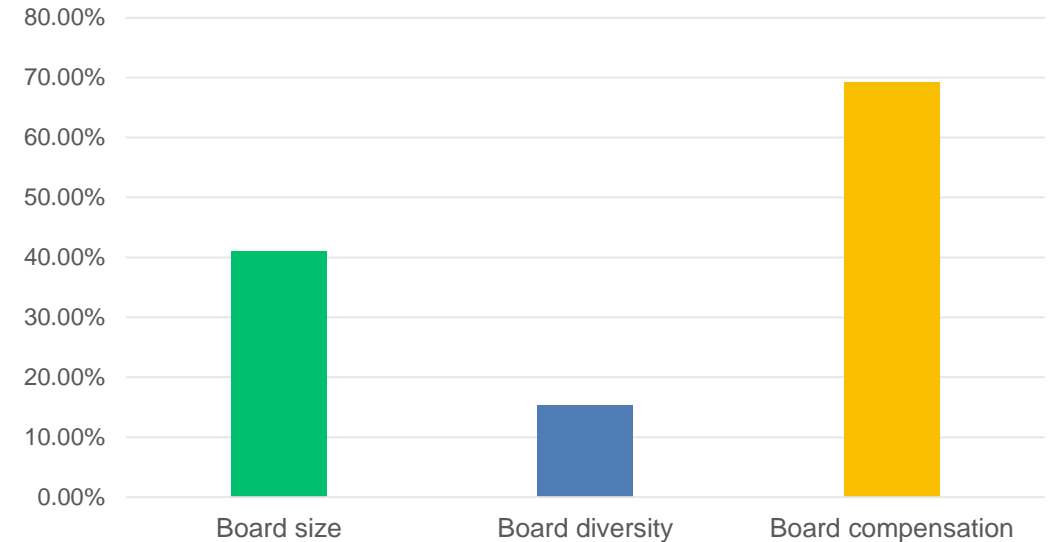
Board Member Survey Results: Critical Success Factors

Q19. Ranking of Factors Affecting Board Effectiveness: **Three Most Critical Areas**



Observation: Board member respondents ranked Board Commitment and Board Involvement in Strategic Planning as the most critical factors impacting the Board's effectiveness.

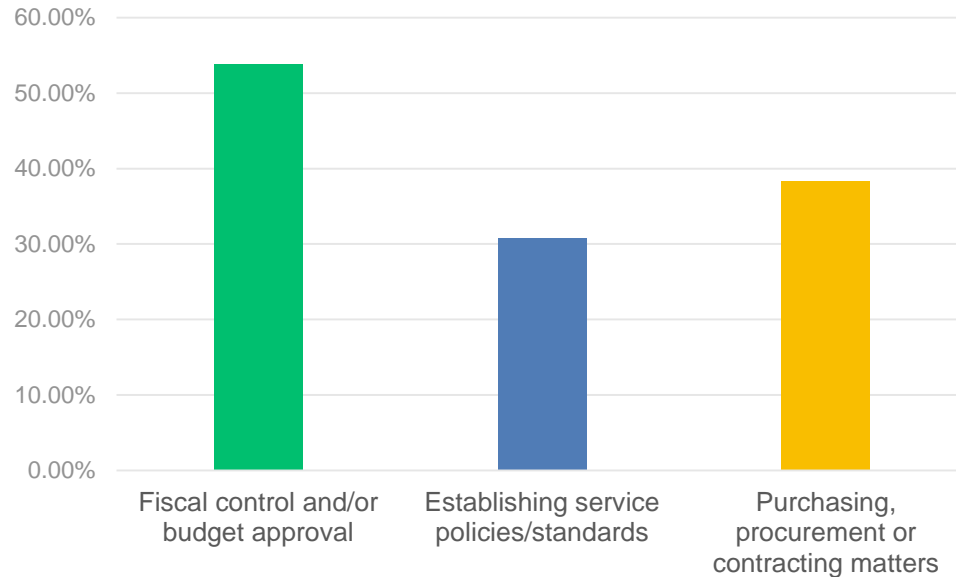
Q19. Ranking of Factors Affecting Board Effectiveness: **Three Least Critical Areas**



Observation: Board member respondents ranked Board Diversity and Board Size as the least critical factors impacting the Board's effectiveness.

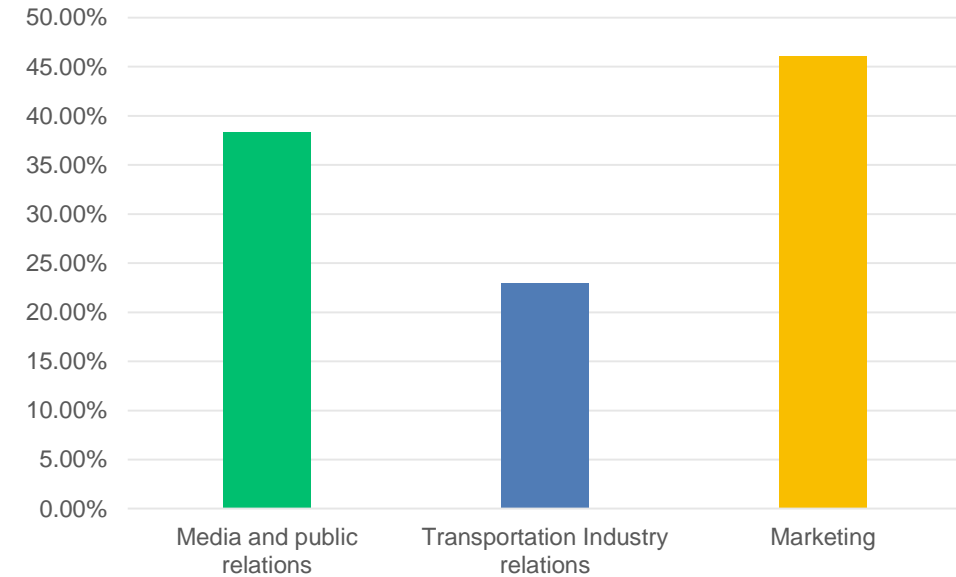
Board Member Survey Results: Time Consuming Activities

Q20. Ranking of **Most Time Consuming** VTA Board Activities



Observation: Board member respondents ranked Fiscal Control and Procurement as the most time consuming VTA Board activities.

Q20. Ranking of **Least Time Consuming** VTA Board Activities



Observation: Board member respondents ranked Marketing and Public Relations as the least time consuming VTA Board activities.

Analysis: Meeting Agendas

Meeting Agenda Analysis – Fiscal Year 2019

Purpose: Determine the number of meetings items on the agendas for the Board and Standing Committees.

Source: VTA's Board Portal

Note: Other Items include Call to Order, Awards, Public Comment, Committee Reports, Closed Sessions and Other Items.

- Observation:**
- 1). Consent and Regular Agenda items ranged from 27% to 48% of all business items at Board and Standing Committee meetings.
 - 2). A&F had the highest average number of total items and consent agenda items, of the five Standing Committees.
 - 3). There are only 3 to 4 Regular Agenda items per meeting.
 - 4). VTA Board meetings averaged 4 hours and 28 minutes each in FY 2019

Meetings	Average Number of Items Per Meeting			
	Consent Agenda	Regular Agenda	Other Items	Total Items
Board of Directors	12	3	19	34
Standing Committees:				
Administration & Finance (A&F)	6	4	11	21
Safety, Security, and Transit Planning & Operations (SSTPO)	2	4	12	18
Congestion Management Program & Planning (CCMP)	3	4	10	17
Governance & Audit (G&A)	3	3	10	16
Capital Program (CPC)	1	3	11	15

Recommendations: Meeting Facilitation

C1. Increase Meeting Management and Productivity

Heat Map Rating

Complexity: Medium

Priority: High

Observation	#	Recommendation
<p>We observed the following trends:</p> <ul style="list-style-type: none"> VTA meetings have increased in duration during FY 2019. The average length of a Board meeting in FY 2019 was 4.5 hours. The Board meeting in December 2019 exceeded 7.5 hours. Meeting cancellations have increased. 27% of Board, Standing, Advisory and PAB meetings in calendar year 2018 were canceled. Member attendance at meetings has decreased. Standing Committee attendance ranged from 65% to 90% of their members in 2019 (January through August). Advisory Committee attendance ranged from 58% to 84% over this period. There were only three to four Regular Agenda items per meeting of the Board and Standing Committees in fiscal year 2019. Consent and Regular Agenda items ranged from 27% to 48% of all items. <p>These factors impact productivity and efficient governance. Some Board member survey respondents felt that they did not have enough time to spend on the meeting and preparation. Combined, these issues can lead to member disengagement and lack of participation.</p>	<p>C1</p>	<p>Distribute guidelines to facilitate better management of meetings and increase productivity:</p> <ul style="list-style-type: none"> Chairs start and end meetings on time (even if some items are not covered) and actively manage agendas Members are prepared with their comments and convey ideas succinctly Staff actively supports stated time frames and refines scripted comments <p>Increase use of meeting technology solutions, including:</p> <ul style="list-style-type: none"> Online, video meeting and VoIP tools (i.e. Zoom) Visual designs, for ease of phone and tablet viewing Summaries, using slides and/or bullet points, in lieu of dense text documents Hyperlink text, to easily access individual items <p>Move awards and commendations from the Board meeting to a separate meeting or a different venue.</p>

Benchmark Agencies: Public Comment

Agency	Public Comment		
	General Rules of Procedure	Non-Agenda Items	Agenda items
Los Angeles County Metropolitan Transportation Authority (LA Metro)	<ul style="list-style-type: none"> • Must complete speaker request form. • Public comment not taken on items previously considered at a public committee meeting (per Brown Act). 	<ul style="list-style-type: none"> • Comments at end of meeting. • 1 minute per speaker. • 20 minutes total. 	<ul style="list-style-type: none"> • Comments taken before or during an item (not after). • 1 minute per speaker. • Max of five people per item.
Chicago Transit Authority (CTA)	<ul style="list-style-type: none"> • Must complete speaker request form the day before the meeting. 	<ul style="list-style-type: none"> • No distinction between agenda and non-agenda items. • Maximum of 5 speakers (or groups) each month. • Priority to those who have not recently spoken. • 3 minutes per speaker. 	
Portland Tri-County Metropolitan Transportation District (TriMet)	<ul style="list-style-type: none"> • Must complete speaker request form before meeting. • Written comments also accepted. 	<ul style="list-style-type: none"> • No distinction between agenda and non-agenda items. • Comments prior to meeting. • 3 minutes per speaker. * 45 minutes total. 	
Denver Regional Transportation District (RTD)	<ul style="list-style-type: none"> • Must sign up to speak. 	<ul style="list-style-type: none"> • Comments prior to meeting. • Priority to elected officials. * 3 minutes per speaker. 	
Dallas Area Rapid Transit (DART)	<ul style="list-style-type: none"> • Must complete speaker request form. 	<ul style="list-style-type: none"> • Comments before meeting, for 30 minutes. • Comments after the meeting, if needed. • Priority to persons who have not spoken within past 30 days. * 3 minutes per speaker. 	<ul style="list-style-type: none"> • Comments taken prior to an item • 3 minutes per speaker.
Utah Transit Authority (UTA)	<ul style="list-style-type: none"> • Public Comment Report is provided before each meeting, based upon on-line comments 	<ul style="list-style-type: none"> • No distinction between agenda and non-agenda items. • Comments prior to meeting. * 2 minutes per speaker. 	
Santa Clara Valley Transportation Authority (VTA)	<ul style="list-style-type: none"> • No speaker request form or sign up. • Written comments accepted. 	<ul style="list-style-type: none"> • Comments at beginning of meeting. • No total time limit. * 2 minutes per person. 	<ul style="list-style-type: none"> • Comments before and after items. • No limit on speakers. * 2 minutes.

Recommendations: Public Comment

C2. Revise Guidelines for Public Comment		Heat Map Rating
		Complexity: Low
		Priority: Medium
Observation	#	Recommendation
<p>VTA operates in a transparent fashion and in accordance with the Brown Act, and provides multiple options for the public to comment on its proceedings, including:</p> <ul style="list-style-type: none"> • Non-agenda items, prior to meetings • Agenda items, sometimes before and after the item • On-line for inclusion in Board meeting packets • On-line for topics or news releases on VTA’s website <p>The public comment period is generally not limited and no advance sign-up is required. In some cases, the public comment period has exceeded 90 minutes, when multiple members from the same group speak on the same item. These situations could delay the general orders of business and impact the efficiency of meetings.</p> <p>Most benchmark agencies required speaker sign-up before a meeting, and set a limit on the public comment time period. Santa Clara County also sets limits on the duration and number of speakers on a matter.</p>	C2	<p>To encourage public input in accordance with the Brown Act, while increasing the efficiency of meetings, VTA should:</p> <ul style="list-style-type: none"> • Move comment on non-agenda items to the end of the meeting • Establish an on-line speaker sign-up process • Request groups to provide one speaker, not multiple persons • Allow comments before or after an agenda item, but not both • Give priority to those who have not recently spoken, by assigning a maximum number of times that a person can speak • Do not take comment on items at Board meetings that have been discussed at prior Standing Committee meetings, where the public had an opportunity to comment • Provide a Public Comment Report at each meeting, summarizing on-line or pre-meeting input <p>The Board Chair should continue to exercise their discretion, as defined in the Administrative Code, to allow additional speakers or add time for major topics.</p>



Compliance Testing Summary Scorecard

Purpose:

- To test VTA’s compliance with its governing requirements and procedures, as outlined in its governing documents.
- Governing documents included: Administrative Code, Conflict of Interest Code, Board Rules of Procedure, and Committee Bylaws.

Summary of Testing Results:

- No significant deviations or lack of compliance from VTA’s governance documents and procedures were noted.
- There are opportunities for enhancing governance. Please see Recommendations.
- Note: Meeting Attendance recommendations are included in “Engagement” section.

Testing Area	Testing Results
Meeting Attendance	Medium
Ethics and Conflicts	Good
Meeting Quorum	Good
Public Meeting Notice	Good

Legend:
High: Significant compliance deviations or errors were noted.
Medium: Moderate compliance deviations or errors were noted.
Good: Minimal compliance deviations or errors were noted.

Recommendations: Conflicts Monitoring

Ethics / Conflicts

Objective	Assess whether VTA Board and oversight Committee Members are complying with ethics governance requirements.
Risk	Board or Committee members are out of compliance, possibly causing VTA or legal violations.
Governance	Administrative Code, Conflict of Interest Code, and Committee Bylaws.
Scope	All VTA Board Members and Alternates, and 5 Committee Members (judgmentally selected by RSM)
Procedures	Review Form 700, Statement of Economic Interests, as filed with Santa Clara County’s Clerk of the Board of Supervisors.
Conclusion	The Members’ Form 700s that were tested were complete and filed on a timely basis, except as noted below.

C3. Enhance Monitoring of Conflicts and Statements of Economic Interests

Heat Map Rating

Complexity: Low

Priority: Medium

Observation	#	Recommendation
One Committee Member had filed a Form 700 indicating that additional (real estate) information was included, but it was not attached. The Form 700 was either incomplete or incorrect for four months, until the Member filed an Amended Form, which changed the submission to not requiring the information.	C3	<p>Monitor or test the Members’ filing of their Form 700s, or determine whether Santa Clara County has any oversight procedures.</p> <p>Ask General Counsel to opine on the validity of a vote taken by a member who is not in compliance with Form 700 filing requirements.</p>



Recommendations: Policies, Procedures and Communications

Meeting Quorum

Objective	Assess whether VTA is holding meetings and making voting decisions in accordance with its governance requirements.
Risk	VTA meeting decisions not made in accordance with governance requirements may not provide valid results.
Governance	Administrative Code, Board Rules of Procedure, and Committee Bylaws.
Scope	VTA Board and Committee meetings during 2019 to date (January through August).
Procedures	<ol style="list-style-type: none"> 1. Review VTA Meeting schedule on website and Meeting Portal. 2. Review Attendance Logs for all Board and Standing Committee meetings from July 2018 through August 2019. 3. Review meeting minutes from VTA web site, to note whether a quorum was documented as being present. 4. Review the number of affirmative votes required and taken for passage of an action.
Conclusion	Meeting actions were taken with quorums present, for the majority of meetings tested.

C4. Update Administrative Code for Capital Program Committee's Voting Requirement			Heat Map Rating
			Complexity: Low
			Priority: Low
Observation	#	Recommendation	
The Administrative Code does not reflect the correct number of members required for the Capital Program Committee's affirmative voting.	C4	Update the Administrative Code to reflect the correct number of members required for affirmative voting.	

Recommendations: Policies, Procedures and Communications

Public Meeting Notice

Objective	Assess whether the public was appropriately notified in advance of VTA public meetings.
Risk	VTA is not in compliance with its Administrative Code, or the State of California's Brown Act requirements.
Governance	Administrative Code, Board Rules of Procedure, and Ralph M. Brown Act.
Scope	VTA Board and Committee meetings during 2019 to date (January through August).
Procedures	<ol style="list-style-type: none"> 1. Review VTA Meeting schedule on website and Meeting Portal. 2. Review source documentation maintained by Board Secretary's Office.
Conclusion	Meetings tested (both held and canceled) were appropriately noticed.

C5. Provide Materials Prior to Public Meetings

Heat Map Rating

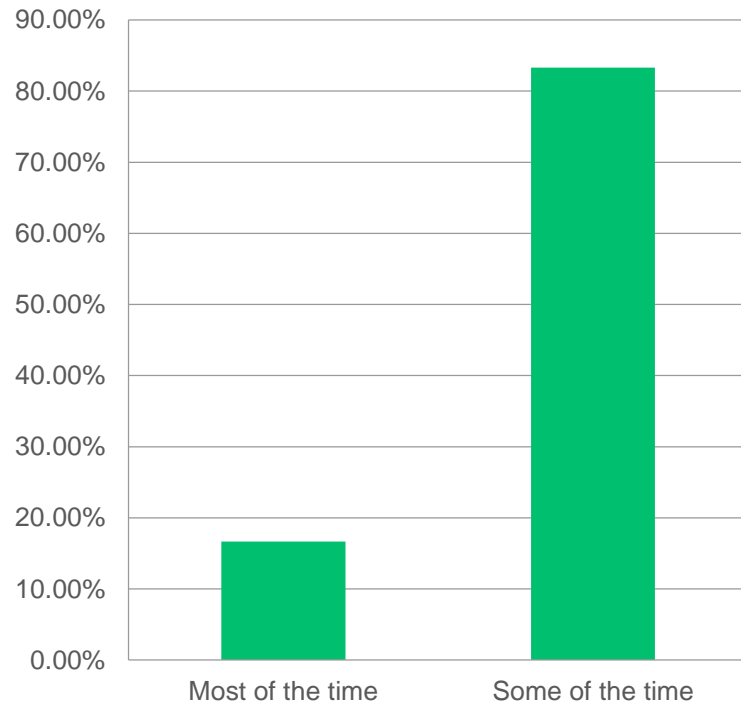
Complexity: Low

Priority: Low

Observation	#	Recommendation
Presentations accompanying agenda items are not always available when agenda is distributed. (Note: this is not a violation of the Brown Act or the Administrative Code).	C5	Post the meeting materials online, within a specified period of time prior to the meeting, to enhance transparency and meeting effectiveness.

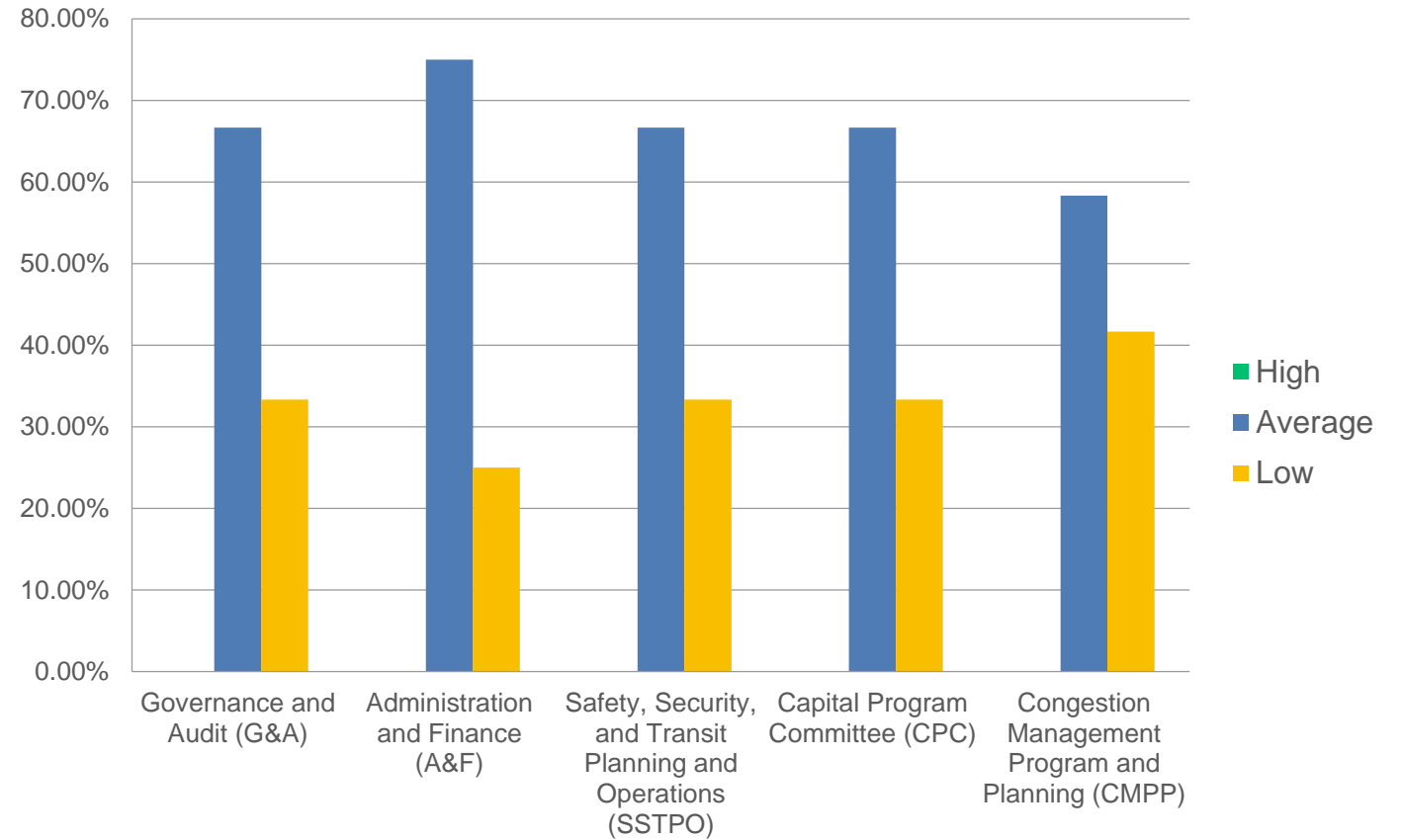
Board Member Survey Results: Committees

Q3. The Board seeks and utilizes feedback from its Committees in the course of its deliberations:



Observation: 15% of Board member respondents thought that the Board utilized feedback from its Committees most of the time.

Q4. The effectiveness of the VTA Standing Committees is:



Observation: No Board member respondents thought that any Committee was highly effective.

Recommendations: Supermajority Votes

C6. Require a Supermajority Vote for Key Items		Heat Map Rating
		Complexity: Medium
		Priority: Medium
Observation	#	Recommendation
<p>The Enabling Act and the Administrative Code require the affirmative vote of at least seven of the 12 members for the majority of items to be approved.</p> <p>A supermajority vote, of more than seven members, required for approval when required by law, for budget amendment or eminent domain proceedings.</p> <p>The benchmark agencies reviewed required a supermajority vote for approval of additional items. These included:</p> <ul style="list-style-type: none"> • Allocation of grant funding • Fare increases • Large capital projects • Alternate procurement methods • Certain outsourced arrangements • Large labor contracts or back pay 	C6	<p>Expand the existing supermajority affirmative voting requirements for key items with a critical community or ridership impact, or exceeding a significant dollar threshold.</p> <p>Consider these areas:</p> <ul style="list-style-type: none"> • Allocation of Measure A or B grant funding • Fare increases • Large capital projects, above a specified amount • Major contracts, above a specified amount • Alternate procurement methods, such as sole source awards above a specified amount • Certain outsourced arrangements • Large labor contracts or back pay, above a specific amount

Analysis: Meeting Cancellations

Meetings (including Workshops and Special Meetings)	2018 Calendar Year			2017 Calendar Year		
	Meetings Canceled	Meetings Scheduled	% Canceled	Meetings Canceled	Meetings Scheduled	% Canceled
Board of Directors	3	15	20%	2	18	11%
Standing Committees:						
• Governance & Audit (G&A)	2	7	29%	0	7	0%
• Administration & Finance (A&F)	1	10	10%	0	10	0%
• Capital Program (CPC)	1	3	33%	0	2	0%
• Congestion Management Program & Planning (CCMP)	0	10	0%	1	10	10%
• Safety, Security, and Transit Planning & Operations (SSTPO)	4	10	40%	3	9	33%
Advisory Committees:						
• Policy Advisory Committee (PAC)	4	12	33%	2	12	17%
• Citizens Advisory Committee (CAC)	3	12	25%	4	12	33%
• Technical Advisory Committee (TAC)	3	12	25%	2	12	17%
• Bicycle & Pedestrian Advisory Committee (BPAC)	3	12	25%	3	12	25%
• Committee for Transportation Mobility & Accessibility (CMTA)	1	6	17%	2	8	25%
Policy Advisory Boards:						
• Diridon Station Joint PAB	4	5	80%	3	4	75%
• Eastridge to BART Regional Connector PAB	4	7	57%	1	3	33%
• SR 85 Corridor PAB	1	4	25%	0	5	0%
Totals	34	125	27%	23	124	19%

Recommendations: Meeting Cancellations

Meeting Cancellations

Purpose: Determine the number of meetings canceled in calendar years 2018 and 2017.

Meetings reviewed included Board, Standing Committees, Advisory Committees and Policy Advisory Boards.

Source: VTA's Board Portal

Observation: 1). 27% of meetings were canceled in CY 2018. This is an increase from 17% of meetings canceled in CY 2017.

2). The Capital Program Committee met twice in CY 2018 and twice in CY 2017.

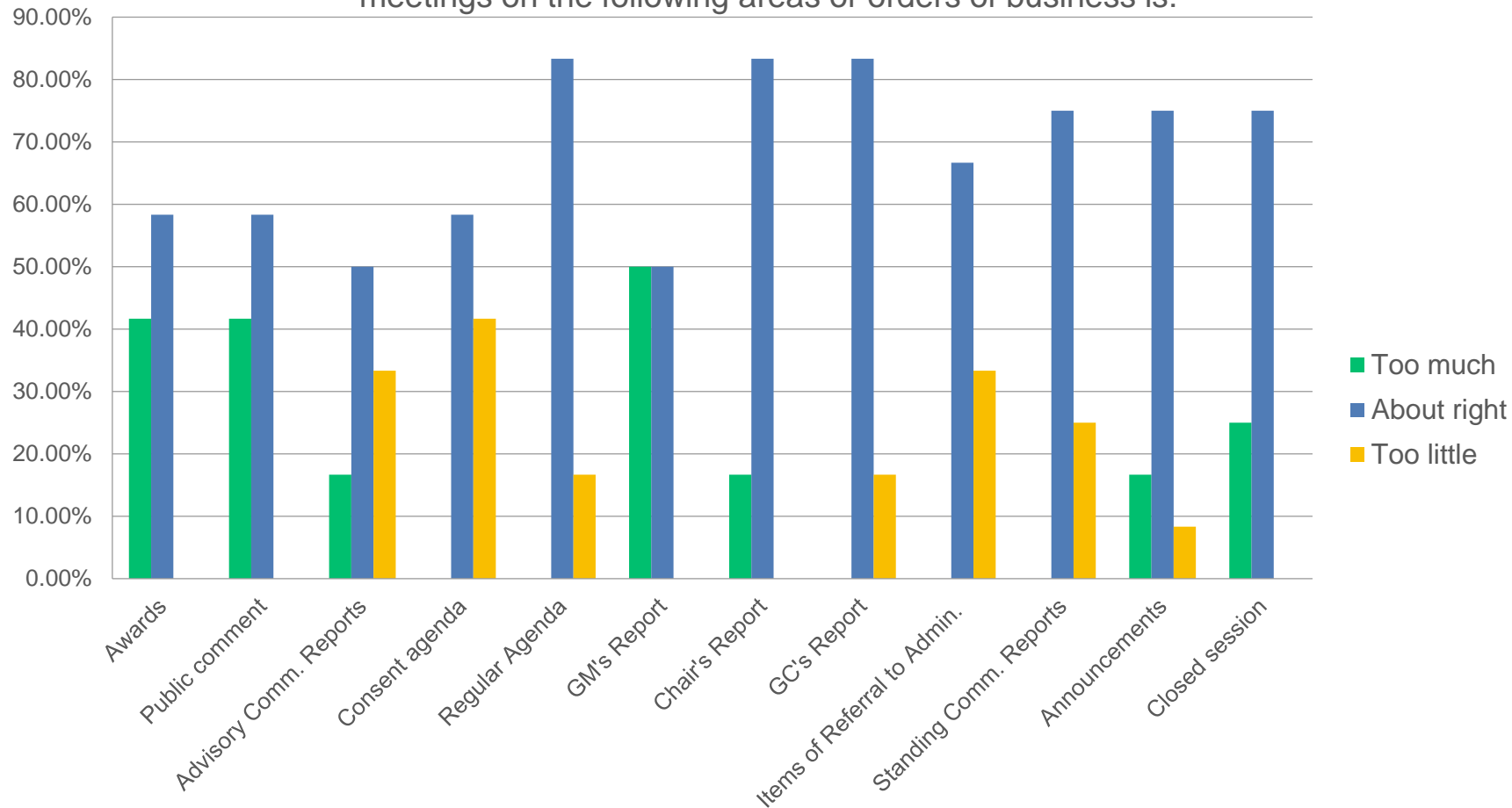
C7. Reduce the High Number of Cancelled Meetings			Heat Map Rating
			Complexity: Low
			Priority: High
Observation	#	Recommendation	
27% of VTA's Board and primary Committee meetings were cancelled in calendar year 2018 (Board, Standing Committees, Advisory Committees and Policy Advisory Boards). This is an increase from 17% in calendar year 2017. This churn can reduce member's interest and engagement, burn staff resources at a high level, and impact potential public speakers and public perception.	C7	a). Set Board and Committee level expectations that meetings will be cancelled infrequently and only for significant or emergency reasons. b). Continue to calendarize meetings as far in advance as possible. Analyze the underlying reasons for the significant and increasing cancellations, to allow them to be addressed. c). Prepare and release an annual summary of the number and percentage of meetings canceled, for discussion at the Governance and Audit Committee.	

Board Member Survey Results: Board Meeting Time Allocation

Observation:

Over 40% of Board member respondents thought too much time was being spent on Awards, Public Comment and General Manager's Report.

Q24. The amount of time that is spent at each of the VTA Board meetings on the following areas or orders of business is:



Recommendations: Contractual Approval Limits

C8. Increase the Contractual Amount That Requires Board Approval

Heat Map Rating

Complexity: Low

Priority: Low

Observation	#	Recommendation
<p>The Administrative Code requires Board approval of contracts for the purchase of supplies, materials, equipment or contractor services over \$500,000.</p> <p>This limit may be low, given that:</p> <ul style="list-style-type: none"> • VTA’s annual operating expenses exceed \$487 million • The external auditors have not reported any significant deficiencies in internal control • The Administration and Finance Committee receives a Quarterly Purchasing Report listing all contracts under the Board threshold. The March 31, 2019 report contained 43 items, averaging \$137,000 each. • Benchmark agencies have increased contract approval limits to expedite approval and reduce meeting time, without sacrificing Board monitoring responsibilities. 	<p>C9</p>	<p>Increase the Board-required approval limit for contracts to \$1,000,000.</p> <p>Maintain the existing transparency, public reporting and A&F Committee review of the Quarterly Purchasing report.</p> <p>Concurrently, permit Standing Committees to approve contracts up to \$.5 million over the GM’s level (or \$1.5 million). This creates tiered approval limits. (See our separate recommendations on Standing Committees).</p>

Recommendations: Meeting Per Diem Compensation

C9. Increase the Meeting Per Diem Compensation

Heat Map Rating

Complexity: Medium

Priority: Low

Observation	#	Recommendation
<p>VTA's Enabling Act allows the Board establish compensation for members' attendance, not to exceed \$100 maximum for each meeting of the Board (including Standing and Ad Hoc Committees), and not exceeding a total of six days in any month, plus expenses, with no cap.</p> <p>There has been no change in meeting compensation since the Act was passed in 1995. There is no escalation or inflationary clause specified in the Act.</p> <p>Also, the Administrative Code sets the number of days per month that may be reimbursed at five (vs. six).</p>	<p>C10</p>	<p>Increase the Board approved compensation to a prudent amount. Establish an escalator provision, or allow the Board to exercise its judgment.</p> <p>Require a minimum on-time attendance and participation rate at meetings, to be eligible for compensation.</p> <p>Amend the Enabling Act, and then revise the Administrative Code to parallel the revisions.</p>

Analysis: Enabling Legislation and Administrative Code

Purpose: To compare VTA's enabling legislation and Administrative Code, to assess consistency, and to help determine which recommended governance actions can be achieved through policy update, Administrative Code changes or enabling act legislative revisions.

Observation: The CMA Joint Powers Agreement remains in effect, and any changes must be agreed upon by the member agencies.

Note: Specific comments are found on the following two slides.

Source	Year	Comments
Santa Clara County Transit District (District)	1972	<ul style="list-style-type: none">• Part of Santa Clara County
Santa Clara County Congestion Management Agency (CMA) Joint Powers Agreement (JPA)	1991	<ul style="list-style-type: none">• Agreement with all member agencies to coordinate transportation and related land-use planning within Santa Clara County.• Remains in effect after the enabling legislation.
Santa Clara Valley Transportation Authority Act (or Enabling Act)	1995	<ul style="list-style-type: none">• Creation by the California legislature of a special district to provide transit services, operate highways, construct capital projects and serve as the CMA for Santa Clara County.• Merged the County's Transit District with the CMA.
VTA Administrative Code	1995	<ul style="list-style-type: none">• Developed subsequent to the enabling legislation• Updated periodically

Analysis: Enabling Legislation and Administrative Code

Area	Enabling Act	VTA Administrative Code	Comments
Board Membership	<ul style="list-style-type: none"> • Santa Clara County: 2 members + 1 alternate • City of San Jose: 5 members + 1 alternate • 13 cities: 5 members, “as provided by agreement among those cities” + “may provide for appointment of alternates” 	<ul style="list-style-type: none"> • City groupings established in 1997 • City groupings determine their appointment process • Alternates for all city groupings 	<ul style="list-style-type: none"> • Enabling Act requires only 2 alternates. • Enabling Act does not refer to city groupings.
Appointment Term for Directors, Chair and Vice Chair	<ul style="list-style-type: none"> • Term of office for each director shall be two years and until the appointment of his or her successor. • Board annually elects a Chair and Vice Chair. 	<ul style="list-style-type: none"> • The Board Chairperson or Vice Chairperson positions shall be rotated annually between the smaller city groups, and City of San Jose / Santa Clara County. • Term of appointment for Standing Committee Chairs and members is one year. 	<ul style="list-style-type: none"> • Admin Code could explicitly define the term of office of Board members. • Enabling Act does not specify any term limits. • Enabling Act requires annual election of Chair and Vice Chair. • Enabling Act specifies the position of Vice Chair.
Qualifications	<ul style="list-style-type: none"> • Appoint individuals who have expertise, experience, or knowledge relative to transportation issues. 	<ul style="list-style-type: none"> • Appoint individuals with appropriate experience and qualifications in transportation. 	<ul style="list-style-type: none"> • Enabling Act is silent on VTA Board’s right to accept or vet appointed individuals, or the appointment methodology. • Enabling Act and Admin Code do not refer to land use expertise, as outlined in the “Recommended Guidelines for Making Appointments to the VTA Board”.

Analysis: Enabling Legislation and Administrative Code (continued)

Area	Enabling Act	Administrative Code	Comments
Rules for Proceedings and Actions	<ul style="list-style-type: none"> Majority of 12 Board members constitutes a quorum. No act of the Board shall be valid unless at least seven concur. 	<ul style="list-style-type: none"> Majority of 12 Board members constitutes a quorum. No act of the Board shall be valid unless at least seven concur, “unless law, statute or convention requires a higher threshold”. 	<ul style="list-style-type: none"> Grant agreements or state statutes could require a higher threshold than specified in the Enabling Act. Supermajority votes could be required by Board action.
Committees	<ul style="list-style-type: none"> The Board shall establish at least one advisory committee. Advisory committees provide advice to the board on policy matters, and have additional duties as provided by the board. 	<ul style="list-style-type: none"> For each Standing committee, not more than two of its members shall come from the same City Grouping. Standing committees shall work jointly where issues overlap the assignments of two or more standing committees. 	<ul style="list-style-type: none"> Enabling Act does not distinguish between “Standing” and “Advisory” committees, or members (Board vs. non-Board). Committees could have ability to bind the Board. Admin Code imposed restrictions on number of Standing Committee members from a City Grouping.
Compensation	<ul style="list-style-type: none"> \$100 maximum for each meeting of the board attended, plus expenses (no cap noted). May not exceed <u>six</u> days in any month. 	<ul style="list-style-type: none"> \$100 maximum for each meeting of the board attended, plus expenses (no cap noted). May not exceed <u>five</u> days in any month. 	<ul style="list-style-type: none"> Board cannot set compensation in excess of \$100 per meeting. No escalation factor for compensation.



FRAMEWORK AREA 6.

PERFORMANCE MONITORING

Contents: Performance Monitoring

Area or Analysis

- Board Self-Assessment
- Board Member Scorecard

Recommendation

- P1. Implement a Board Self Assessment, Tied to Strategic Priorities
- P2. Provide Development and Mentoring Programs and an Annual Member Scorecard

Recommendations: Board Self-Assessment

P1. Implement a Board Self-Assessment Tied to Strategic Priorities			Heat Map Rating
			Complexity: Medium
			Priority: High
Observation	#	Recommendation	
<p>VTA performs an annual Board Self-Assessment survey, which has historically had very low response rates (11% in 2016).</p> <p>In 2017, facilitated phone interviews yielded a higher response rate, with several key themes:</p> <ul style="list-style-type: none"> • Impact of Member Turnover and Learning Curve Realities • Jurisdictional vs. County-wide Focus • Attracting Members with an Interest In Transportation • Structure of Board and Divided Commitments <p>The survey did not self-assess the Board’s performance against strategic objectives (partially because specific measures don’t exist). Thus, there is no baseline for comparison from year to year. There were no questions related to members’ personal effectiveness or satisfaction levels.</p> <p>There has been limited follow-up on any of the key themes noted, except for the commission of this governance study in 2019.</p>	P1	<p>Revise the Board self-assessment and questions to:</p> <ul style="list-style-type: none"> • Measure the members’ assessment of performance against specific strategic objectives • Establish baselines for future comparison • Consider self-effectiveness ratings and related training and development programs • Add a satisfaction element or score <p>The Governance & Audit Committee should enhance their discussion of future results and assign follow-up on key themes.</p>	

Recommendations: Member Development and Scorecard

P2. Provide Development and Mentoring Programs and Annual Member Scorecards		
		Heat Map Rating
		Complexity: Medium
		Priority: High
Observation	#	Recommendation
<p>VTA provides new Board members with an orientation, an on-boarding overview of operations and governance, and an opportunity for senior management briefings and meetings. Not all new members avail themselves of these or other transportation learning opportunities, such as a tour of VTA facilities.</p> <p>The Board survey results indicates concerns with member engagement and accountability.</p> <p>Benchmark agencies and corporate leading practices include more extensive or required learning opportunities. Some agencies fund member attendance at annual America Public Transportation Association (APTA) or other industry events.</p>	P2	<p>The Governance & Audit Committee should actively:</p> <ul style="list-style-type: none"> • Execute its duty to “Develop standards for and conduct annual Board member evaluations on governing body effectiveness, personal effectiveness and satisfaction” as defined in the Board Rules of Procedure. • Adopt Board development programs, from member on-boarding to continuous learning opportunities, to support members’ personal effectiveness • Create a Member Scorecard, to provide confidential feedback on their performance and contributions. Scorecard measures could include: <ul style="list-style-type: none"> ○ Performance against basic Board-set expectations, such as attendance ○ Committee leadership and participation ○ Specific expertise provided, such as land use or budget knowledge ○ Alignment to the Board’s strategic goals and relevant measures • Provide a summary of the Member Scorecard, including attendance results, to the respective city groups. • Determine the ramifications and consequences for Members unable to fulfill expectations, for any reason (sickness, business conflicts, lack of interest)



BENCHMARK AGENCIES

Benchmark Agencies: Selection Criteria

Purpose: Benchmark agencies were selected to compare governance models and research governance documents (Board bylaws, etc.).

Note: Comparative analysis can be found in the relevant topical sections of this report.

Selection Criteria	Selection Summary
<ul style="list-style-type: none">• Varying financial and ridership performance• Multi-modal (but not all modes)• Level of governance complexity / range of responsibility• Geographical distribution• Multi-jurisdictional entities• Varying Board structures• Varying operating size• Varying Board size	<ul style="list-style-type: none">• Not necessarily peers by operating measures• Mixture of bus, light rail, heavy rail, highways, funding and regional planning• Moderate to high complexity• CA, CO, IL, UT, TX and WA• Up to 87 participating cities, jurisdictions or districts (combined jurisdictions)• Elected officials and appointed members. Full time and part time.• Larger and smaller than VTA• Range from 3 to 15 members

Note: We reviewed National Transit Database (NTD) performance metrics for over 2,500 national full reporters.

Result: Six selected agencies.

Benchmark Agencies: Operating Information and Board Structure

Transit 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	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, light 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, proportionate to population. Dallas (7) and other jurisdictions (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, light rail, bikes, CMA	12 members. Elected Officials from San Jose (5), Santa Clara County (2) and 14 cities (5, on a rotating basis).

Benchmark Agencies: Selected Leading Practices

Purpose: Summarize RSM’s view of leading practices employed by the benchmark agencies that increased efficiency or improved governance.

Note: Other comparative analysis on specific topics can be found in the relevant sections of this report.

Los Angeles County Metropolitan Transportation Authority (LA Metro)	Chicago Transit Authority (CTA)	Portland Tri-County Metropolitan Transportation District (TriMet)	Denver Regional Transportation District (RTD)	Dallas Area Rapid Transit (DART)	Utah Transit Authority (UTA)
<ul style="list-style-type: none"> • Has a separate LA County City Selection Committee to appoint 4 members from 88 jurisdictions • Requires super-majority vote on a number of key topics. • Non-agenda public comment takes place at end of meeting • Office of Extraordinary Innovation and Unsolicited Proposal process 	<ul style="list-style-type: none"> • Number of committee meetings has been reduced over the years • Pre-meeting prep and education sessions with Board members and management • Increased limits for contracts requiring Board approval • Board Secretary interfaces with public speakers and arranges meetings with management as needed 	<ul style="list-style-type: none"> • Strategic Plan has detailed objectives and measures. • GM presents annual goals to Board, and discussed annual Performance Evaluation in public meeting. • Lunch and Learn session are used for deep dives into finance, transit and other topics. • “Transparency and Accountability” website 	<ul style="list-style-type: none"> • Bylaws state “Directors in attendance may... compel the attendance of absent members in such manner and under such penalties as the Board of Directors ... may provide.” • Extensive Board training every six months or so • Annual Board retreat for strategic planning purposes • Operations goals are reported quarterly, in the Operations Committee 	<ul style="list-style-type: none"> • Holds an annual Board retreat • Population and census reviewed every five years, to assess changes to jurisdictional representation. • Board and President’s goals are aligned by project, and included in Budget Document • Chair may initiate evaluation of committees to seek efficiencies. 	<ul style="list-style-type: none"> • Full time Board members work in same offices as management and are accessible • Newly developed, succinct Board Policies and Board Bylaws • Pubic Comment Report provided at Board meetings, from online input • Director of Board Governance position



NATIONAL TRANSPORTATION AND CORPORATE RESEARCH

National Transportation and Corporate Research

Purpose and Objective:

- We assessed a variety of public sector and private sector resources
- We sought best practices and lessons learned that might be applicable to VTA's situation
- The following are brief summaries of each source
- These summaries are not necessarily intended to represent VTA's circumstances
- See our recommendations elsewhere in this report for specific comments applicable to VTA

Public Transit System Boards: Organization and Characteristics

A Study by the Transportation Research Board (TRB)

- 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.
- There are some common topics:
 - Board Selection Methods (elected officials, appointed, hybrid)
 - Average Board Size
 - Length of Board Term
 - Board Chair Employment Status (corporate, elected official, retired)
 - New Member Orientation (workshop, materials, informal orientation)
 - Meeting Frequency (monthly or as-needed)
 - Committee Structure (Executive, Finance/Budget, Planning, Legislative/Government Relations, Marketing)
 - Transit Board Responsibilities (policy setting vs management)
 - Board Effectiveness Self Ratings Areas (political support, funding, planning, transit image, governance, ridership)
 - Improving Effectiveness (committed members, transit knowledge, committee structure, external agency communication)
 - Measures to Assess Board Effectiveness (achieves strategic goals, appearance of equipment, balanced budget, increased ridership, labor relations, employee morale, public opinion, service quality, reputation with media)

Transforming Public Transportation Institutional and Business Models

A Study by the Transportation Research Board (TRB)

- Objectives: Describe how transit agencies are making transformative changes, to equip them to for long term efficiency, effectiveness, reliability, safety, and security. Resulted in 14 case studies.
- Drivers of Change:
 - Funding and finance — funding shortfalls, grant availability
 - New technology – ride sharing, autonomous driving, fare acceptance and ticketing
 - Demographics and society – population shifts, aging and diverse population, housing prices and homelessness
 - Sustainability, energy, and environmental concerns – carbon emissions, electrification
 - Travel, land use, and development patterns – Transit oriented development, millennial driving habits, growth of single-person households, increase in trip “chaining”
 - Infrastructure condition – state of good repair, deferred maintenance
- Themes of Successful Change:
 - Collaboration and partnerships - external partner relationships
 - Clear vision – With regional planning organization, the business community, elected officials, community stakeholders
 - Stable and supportive leadership – building support, experienced leadership, engaging stakeholders
 - Effective governance structure – changes in the composition or role of the Board, and impact on staff
 - Sufficient internal and external resources - modifications to organizational structure, outside expertise, reallocation of tasks.
 - Targeted workforce development – training, key hires.
 - Realignment of agency authority with other regional agencies - re: multimodal planning, project delivery, finance match
 - Risk of failing to change – motivation supports success

Public Transit Board Governance Guidebook

A Study by the Transportation Research Board (TRB)

- Objectives:
 - A reference tool to provide information on the organization and composition of transit boards
 - Describes the structure and practices of transit boards
 - Includes information on board-selection methods, board size, board length of service, and board composition
 - Guidelines for determining the roles and responsibilities of board members and the characteristics of an effective board
 - Intended for use by Board policymakers, General Managers, legal advisors, and board support personnel
 - Provides six case studies
- Board Member Selection Methods (based upon 177 responses):
 - 60% Appointed by Elected Officials
 - 17% Elected Official Boards
 - 11% No Transit Board
 - 5% Mixed Boards
 - 3% Publicly Elected Boards
 - 2% Appointed by Joint Powers Authorities
 - 1% Appointed by Non-Elected Officials
 - 1% Transportation Advisory Board

Public Officials as Fiduciaries

A Report by Santa Clara University, Markkula Center for Applied Ethics

Objectives: Summarizes fiduciary obligations in the government context, as:

- **Duty of Care** - requires that the public official competently and faithfully execute the duties of the office. Under duty of care fall such obligations as the duty to manage assets competently and be good stewards of the public treasury, to use due diligence in the selection and supervision of staff, to follow the rules and to uphold the constitution and laws of the jurisdiction.
- **Duty of Loyalty** - an absolute obligation to put the public's interest before their own direct or indirect personal interests. The public fiduciary breaches this obligation when he or she benefits at the public expense. Prohibited benefits can be financial, career related or personal.
- **Duty of Impartiality** - a duty to represent all of their constituents fairly. This means that the public fiduciary cannot favor those of his or her own party over other constituents, or let the fact that someone voted against him or her impact the ability to act fairly.
- **Duty of Accountability** – relates to the duty of transparency and the concepts of disclosure, open meetings, and accessibility of public records. Such access permits checks against the arbitrary exercise of official power and secrecy in the political process.
- **Duty to Maintain Public Trust in Government** - the public is willing to delegate authority and sacrifice some freedoms in exchange for an orderly and civilized society, but only if it believes that government is acting in the public's best interest. When the public loses trust in government, public cooperation suffers, and compliance with laws fail.

Public Company Governance Survey 2018 - 2019

By the National Association of Corporate Directors (NACD)

Key Survey Findings:

- Quarterly Board agendas typically cover six to seven major governance issues. (This reflects the growing mandate of public-company boards and underlines the difficulty for directors in balancing the breadth and depth necessary for effective oversight).
- Board oversight of corporate culture is more robust than last year.
- Most Directors agree that their Board's primary role is to guide the organization's long-term strategic direction.
- Directors spent nearly twice as much time reviewing materials from management as they allocated to reviewing relevant information from external sources. (This reveals a heavy dependence on management views and analysis in fulfilling their oversight duties).
- Strengthening oversight of strategy execution and risk management are top improvement priorities. Changes in the regulatory climate, the prospect of an economic slowdown, growing cybersecurity threats, business-model disruptions, and worsening geopolitical volatility will most significantly impact corporations.
- Most Boards would like to enhance oversight of environmental, social, and governance (ESG) issues.
- Most Boards demonstrate mixed performance as being a strategic asset to their organizations.
- Most Directors believe that their Boards' understanding of cyber risks has improved.
- Progress on gender diversity on public company boards has been limited.
- Artificial intelligence (AI) is the biggest technology disruptor, but also is the biggest business enabler.



APPENDIX A.

BOARD MEMBER INTERVIEW QUESTIONS

Board Survey: Questions

Note: Survey was distributed to Board, Alternate and Ex-Officio Members.

VTA Survey

1. The VTA Board effectively reaches consensus on its agenda items:

- Always
- Most of the time
- Some of the time
- Never
- Not sure

2. The VTA is a multi-modal agency. The Board is supported by five Standing Committees, five Advisory Committees, and approximately 20 other Policy Advisory Boards and Ad-hoc committees. This structure is:

- Too many
- About right
- Too few

3. The Board seeks and utilizes feedback from its Committees in the course of its deliberations:

- Always
- Most of the time
- Some of the time
- Never
- Not sure

Board Survey: Questions (continued)

VTA Survey

4. The effectiveness of the VTA Standing Committees is:

- Governance and Audit (G&A)
- Administration and Finance
- Safety, Security, and Transit Planning and Operations (SSTPO)
- (A&F) Capital Program Committee (CPC)
- Congestion Management Program and Planning (CMPP)

High	Average	Low
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

5. The Standing Committees' (collective) amount of responsibility, decision making, and ability to bind the Board should be:

- Increased
- Decreased
- Left as is

6. Please priority rank the following items in terms of importance of a Board Member's or prospective Member's skills and qualifications (1 = highest, 6 = lowest):

- Transportation experience
- Being an Elected Official
- Business acumen
- Strategic vision
- Experience on other boards
- Ability to reach or represent Silicon Valley businesses or interest groups

Board Survey: Questions

VTA Survey

7. The Board can receive various items on its agenda. The number of each is:

Too many About right Too few

<input type="radio"/> Information items	0	0	0
<input type="radio"/> Action items	0	0	0
<input type="radio"/> Consent agenda items	0	0	0
<input type="radio"/> Regular agenda items	0	0	0

8. The VTA Board's role is region-wide, while Board Members represent multiple jurisdictions. Members handle this split responsibility through their votes and comments:

- Well
- Poorly
- Not sure

9. Changes to VTA's governance structure, Administrative Code or other rules or regulations should be made by the Board, if they: (please rank in prioritized order. 1 = highest, 3 = lowest).

- Benefit the region and riders
- Are politically palatable
- Help my jurisdiction

Board Survey: Questions

VTA Survey

10. Please priority rank the effectiveness of the VTA Board, under the following measure (1 = highest, 10 = lowest):

- Overall governance
- Community image
- Press coverage
- Ridership levels
- Funding
- Political support
- Strategy/Long-rang planning
- Management of large capital projects
- Financial condition and results
- Commitment of Members

11. The preparation and presentation of financial data including a biennial operating and capital budget (vs. an annual one) for the Board's oversight and policy setting purposes is:

- Sufficient
- Insufficient
- Not sure

12. The VTA Board has adequate time to monitor and provide policy oversight for its various functions/modes:

	Yes	No	Not sure
<input type="radio"/> Congestion management	0	0	0
<input type="radio"/> Highway	0	0	0
<input type="radio"/> Bicycle and pedestrian	0	0	0
<input type="radio"/> Transit (bus, light rail, paratransit)	0	0	0

VTA only and should not be used or relied on for any other purpose.

Board Survey: Questions

VTA Survey

13. Please rank the impediments to effective change to the VTA's governance structure (1 = highest, 3 = lowest):
- Lack of a need to change
 - Desire/Political will to change
 - Board members' assignments based on a jurisdictional model
14. The amount of time I spend each month on VTA Board and Committee meetings, preparation, follow- up or related areas is:
- Less than 10 hours
 - 10 to 20 hours
 - Greater than 20 hours
15. The amount of time I spend each month on VTA Board and Committee meetings, preparation, follow- up or related areas is:
- Sufficient to allow me to be informed and participate
 - Not enough to fully absorb all the materials and topics
 - Too much

16. The Board's actions, agendas and discussions are linked to the VTA's Vision and Core Values:

	Well	About right	Not enough
<input type="radio"/> Innovation	0	0	0
<input type="radio"/> Safety	0	0	0
<input type="radio"/> Integrity	0	0	0
<input type="radio"/> Quality	0	0	0
<input type="radio"/> Sustainability	0	0	0
<input type="radio"/> Diversity	0	0	0
<input type="radio"/> Accountability	0	0	0

Board Survey: Questions

VTA Survey

17. The VTA Board term length (excluding re-appointment) that would best develop Members and enhance commitment should be:

- One year
- Two years
- Four years
- Other (please specify) _____

18. The VTA Board size that would best allow for effective decision-making, jurisdictional coverage, balanced assignments and member cohesiveness would be (excluding alternates):

- 3 to 5 members
- 6 to 9 members
- 12 members (current size)
- 16 members
- More than 16 members

19. Please priority rank the level of impact of the following factors on the VTA Board's effectiveness

(1 = highest, 14 = lowest):

- Board size
- Board committee structure
- Board diversity
- Board political responsiveness
- Board orientation / training
- Board knowledge of transit
- Board receipt of accurate, timely information for decision-making
- Measurement of Board effectiveness
- Board organization/structure
- Board compensation
- Transit dedicated funding
- Board chair leadership
- Board commitment
- Board involvement in strategic planning
- Clarity of Board's role

Board Survey: Questions

VTA Survey

20. Please priority rank the most time consuming activities in which the VTA Board is involved (1 = most, 15 = least):

- Strategic planning
- Establishing service policies/standards
- Fiscal control and/or budget approval
- Setting organizational priorities
- Media and public relations
- Community relations (business or special interest groups)
- FTA or ADA rules and regulations
- Labor contract and/or labor relations
- Purchasing, procurement or contracting matters
- Liaison with other Elected Officials
- Liaison with federal, state or other funding organizations
- Transportation industry relations
- Marketing Funding/Revenue/Fares

21. The VTA Board shares a common understanding and strong ownership of issues and key decisions (including fares, routes and financial condition) that has been stress tested through discussion:

- Always
- Most of the time
- Occasionally
- Rarely Never

22. The VTA 2017 to 2022 Strategic Plan outlines the Authority's mission, vision, core values and business themes. The Plan was discussed at Board meetings or workshops and is incorporated into the Board's actions and agendas:

- Very well
- Adequately
- Not well
- Don't know/not sure

Board Survey: Questions

VTA Survey

23. There should be a VTA Board process or Committee charged with supporting Members' effectiveness, considering succession planning, evaluating individual Board Members, or monitoring against the Board's adopted "Recommended Guidelines for VTA Member Agency Use in Making Appointments to the VTA Board of Directors or Policy Advisory Committee:"

- Agree strongly
- Not sure
- Disagree strongly
- Agree
- Disagree
- Disagree strongly

24. The amount of time that is spent at each of the VTA Board meetings on the following areas or orders of business is:

Too much About right Too little

- Awards and commendations
- Public comment
- Committee reports
- Consent agenda
- Regular Agenda (non-consent items)
- Report from the Chairperson
- Report from the General Manager
- Report from the General Counsel
- Items of Concern and Referral to Administration
- Reports from Committees, Policy Advisory Boards (PABs), etc.
- Announcements
- Closed session

Board Survey: Questions

VTA Survey

25. What mechanisms, programs or tools could help individual Board members perform better? _____

26. How could the VTA Board operate more effectively as a group? _____

27. Please add any other comments. _____

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