



Board of Directors Agenda

Friday, February 11, 2022

9 a.m.

****Teleconference Meeting****

MEETING ANNOUNCEMENT AMIDST COVID-19 PANDEMIC:

The Board of Directors meeting scheduled for Friday, February 11, 2022, will be conducted virtually in accordance with Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak, Government Code Section 54953(e), Assembly Bill 361 (Rivas, 2021), and the COVID-19 Emergency Temporary Standards issued by the California Department of Industrial Relations. Board members will primarily participate in the meeting virtually, while practicing social distancing, from individual remote locations.

To participate via Zoom webinar, click the link to join the meeting: <https://zoom.us/j/95296570823>

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Public Comments: Persons who wish to address the members on an item to be considered at this meeting, or on non-agendized issues, may email comments to the Clerk at clerkoftheboard@sandag.org (please reference February 11, 2022, Board meeting in your subject line and identify the item number(s) to which your comments pertain). Comments received by 4 p.m. on Thursday, February 10, 2022, will be provided to members prior to the meeting. If you desire to provide live verbal comment during the meeting, please join the Zoom meeting by computer or phone and use the "Raise Hand" function to request to provide public comment. On a computer, the "Raise Hand" feature is on the Zoom toolbar. By phone, enter *9 to "Raise Hand" and *6 to unmute. Requests to provide live public comment must be made at the beginning of the relevant item, and no later than the end of any staff presentation on the item. The Clerk will call on members of the public who have timely requested to provide comment by name for those joining via a computer and by the last three digits of for those joining via telephone. All comments received prior to the close of the meeting will be made part of the meeting record. Please note that any available chat feature on the Zoom meeting platform should be used by panelists and attendees solely for procedural or other "housekeeping" matters as comments provided via the chat feature will not be retained as part of the meeting record. All comments to be provided for the record must be made via email or orally per the instructions above.

San Diego Association of Governments

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Message from the Clerk

In compliance with Government Code §54952.3, the Clerk hereby announces that the compensation for legislative body members attending the following simultaneous or serial meetings is: Executive Committee (EC) \$100, Board of Directors (BOD) \$150, and Regional Transportation Commission (RTC) \$100. Compensation rates for the EC and BOD are set pursuant to the SANDAG Bylaws, and the compensation rate for the RTC is set pursuant to state law.

Vision Statement

Pursuing a brighter future for all.

Mission Statement

We are the regional agency that connects people, places, and innovative ideas by implementing solutions with our unique and diverse communities.

Our Commitment to Equity

We hold ourselves accountable to the communities we serve. We acknowledge we have much to learn and much to change; and we firmly uphold equity and inclusion for every person in the San Diego region. This includes historically underserved, systemically marginalized groups impacted by actions and inactions at all levels of our government and society.

We have an obligation to eliminate disparities and ensure that safe, healthy, accessible, and inclusive opportunities are available to everyone. In 2021, SANDAG will develop an equity action plan that will inform how we plan, prioritize, fund, and build projects and programs; frame how we work with our communities; define how we recruit and develop our employees; guide our efforts to conduct unbiased research and interpret data; and set expectations for companies and stakeholders that work with us.

We are committed to creating a San Diego region where every person who visits, works, and lives can thrive.



Board of Directors

Friday, February 11, 2022

Item No.		Action
1.	Public Comments/Communications Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Public speakers are limited to three minutes or less per person. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Subjects of previous agenda items may not again be addressed under public comments.	
2.	Chief Executive Officer's Report <i>Hasan Ikhata, SANDAG</i> An update on key programs, projects, and agency initiatives will be presented.	Discussion
Consent		
+3.	Approval of Meeting Minutes <i>Francesca Webb, SANDAG</i> The Board of Directors is asked to approve the minutes from its January 28, 2022, meeting.	Approve
+4.	Policy Advisory Committee Actions <i>Francesca Webb, SANDAG</i> The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees since the last Board meeting.	Approve
+5.	San Diego Regional Military Working Group Chair Appointment <i>April DeJesus, SANDAG</i> The Board of Directors is asked to appoint City of National City Mayor Alejandra Sotelo-Solis as the San Diego Regional Military Working Group Chair.	Approve

- +6. **Proposed FY 2022 Program Budget Amendment:
Rail Regional Infrastructure Accelerator** Approve
Dawn Vettese, SANDAG

The Board of Directors is asked to approve an amendment to the FY 2022 Program Budget to:

1. Create new Overall Work Program Element No. 3401700 for the Rail Regional Infrastructure Accelerator project; and
2. Accept up to \$1,465,254 from the U.S. Department of Transportation through the Federal Highway Administration to fund the project.

- +7. **Continuation of Teleconferenced Meetings*** Adopt
Melissa Coffelt, SANDAG

The Board of Directors is asked to adopt Regional Transportation Commission (RTC) Resolution No. RTC-2022-06, ratifying state and local health emergency conditions due to COVID-19 and the need for continuation of teleconferenced public meetings to ensure the health and safety of attendees.

Reports

- +8. **TransNet Extension Ordinance Funding Overview*** Discussion
Susan Huntington and Ariana zur Nieden, SANDAG

A comprehensive regional funding overview, including a breakdown of each TransNet subprogram, will be presented.

- +9. **Mid-Coast Extension of the UC San Diego Blue Line Trolley** Information
Ramon Ruelas and Greg Gastelum, SANDAG

An overview of the Mid-Coast Extension of the UC San Diego Blue Line Trolley will be presented.

- +10. **Salaries and Compensation Audit**

- +10A. **Action Plan Progress Report** Information
Melissa Coffelt, SANDAG

An update on progress achieved to date regarding the Salaries and Compensation Audit Action Plan will be presented.

- +10B. **Corrective Action Plan Reporting Results** Discussion
*Mary Khoshmashrab, SANDAG Independent
Performance Auditor*

The Board of Directors is asked to comment on the progress and testing results of the Corrective Action Plan actions that occurred last for the quarter ending September 30, 2021.

- +11. Closed Session: Significant Exposure to Litigation -
Government Code Section 54956.9(d)(2): (One Potential Case)
Amberlynn Deaton, SANDAG
Mark Meyerhoff, Liebert Cassidy Whitmore

12. Member Comments

Board members shall have the opportunity to provide information and announcements on any issue within the jurisdiction of SANDAG that is not on this agenda. Subjects of previous agenda items may not again be addressed under member comments.

13. Upcoming Meetings

The next Board of Directors meeting is scheduled for Friday, February 25, 2022, at 9 a.m.

14. Adjournment

+ next to an agenda item indicates an attachment

* next to an agenda item indicates that the Board of Directors also is acting as the San Diego County Regional Transportation Commission for that item

January 28, 2022, Board of Directors Meeting Minutes

Chair Catherine Blakespear (City of Encinitas) called the meeting of the Board of Directors to order at 9 a.m.

Action: Approve

The Board of Directors is asked to approve the minutes from its January 28, 2022, meeting.

1. Public Comments/Communications

Drew Cady, member of the public, spoke in opposition to North County Transit District's recent decision to add fencing along a portion of the Del Mar Bluffs.

2. Chief Executive Officer's Report (Discussion)

Chief Data Analytics Officer Ray Major presented an update on key programs, projects, and agency initiatives.

Action: Discussion only.

Consent

3. Approval of Meeting Minutes (Approve)

The Board of Directors was asked to approve the minutes from its January 14, 2022, meeting. There were no public comments on this item.

4. New Grant Funding: Project Safe Neighborhoods Fiscal Agent (Approve)

The Public Safety Committee recommends that the Board of Directors approve a budget amendment to the FY 2022 Overall Work Program and Budget to accept \$1.94 million in funding from the U.S. Department of Justice on behalf of four U.S. Attorney's Offices in California.

There were no public comments on this item.

5. 2022 Performance Management Rule 1 Safety Target Setting (Approve)

The Transportation Committee recommends that the Board of Directors approve supporting the 2022 statewide safety targets established by Caltrans in accordance with performance management requirements under Title 23 – Sec. 150 National Goals and Performance Management Measures.

There were no public comments on this item.

6. TransNet Environmental Mitigation Program Land Management Grant Program: Amendment Request (Approve)

The Board of Directors is asked to approve the amendment for Contract No. 5005511.

There were no public comments on this item.

7. Chief Executive Officer's Delegated Actions (Information)

In accordance with various Board Policies, this report summarizes delegated actions taken by the Chief Executive Officer.

There were no public comments on this item.

8. Meetings and Events Attended on Behalf of SANDAG (Information)

Board members provided brief reports on external meetings and events attended on behalf of SANDAG since the last Board meeting.

There were no public comments on this item.

9. Equal Employment Opportunity Program (Information)

In accordance with SANDAG Board Policy No. 007: Equal Employment Opportunity (EEO) Program, this report summarizes employment results for FY 2021 and reviews EEO Program goals for the upcoming year.

There were no public comments on this item.

Action: Upon a motion by Vice Chair Todd Gloria (City of San Diego), and a second by Councilmember Bill Sandke (City of Coronado), the Board voted to approve Consent Item Nos. 3 through 9.

The motion passed.

Yes: Chair Blakespear, Vice Chair Gloria, Second Vice Alejandra Chair Sotelo-Solis (City of National City), Mayor Matt Hall (City of Carlsbad), Mayor Mary Salas (City of Chula Vista), Councilmember Sandke, Supervisor Joel Anderson (County of San Diego), Councilmember Terry Gaasterland (City of Del Mar), Mayor Bill Wells (City of El Cajon), Mayor Pro Tem Ed Spriggs (City of Imperial Beach), Mayor Racquel Vasquez (City of Lemon Grove), Councilmember Jack Shu (City of La Mesa), Councilmember Christopher Rodriguez (City of Oceanside), Mayor Steve Vaus (City of Poway), Mayor Rebecca Jones (City of San Marcos), Mayor John Minto (City of Santee), Mayor Lesa Heebner (City of Solana Beach), and Mayor Judy Ritter (City of Vista).

No: None.

Abstain: None.

Absent: City of Escondido.

Reports

10. Update on SANDAG Equity Action Plan (Information)

An update on work to advance Diversity, Equity, and Inclusion within the organization; early actions to implement the SANDAG Commitment to Equity statement; and plans for external engagement to continue development of SANDAG's Equity Action Plan in 2022, will be presented.

There were no public comments on this item.

Action: Information only.

11. Office of the Independent Performance Auditor Results for the State Route 125 Agreed Upon Procedure Review (Accept)

Independent Performance Auditor Mary Khoshmashrab and Principal Management Internal Auditor Toufic Tabshouri presented the item.

Dr. Tim Bilash, member of the public, inquired about the increases in Table 3 and Table 5 of the report attachments, and whether they were due to specific, one-time costs.

Action: Upon a motion by Mayor Minto, and a second by Second Vice Chair Sotelo-Solis, the Board voted to accept the report.

The motion passed.

Yes: Chair Blakespear, Vice Chair Gloria, Second Vice Chair Sotelo-Solis, Mayor Hall, Mayor Salas, Councilmember Sandke, Supervisor Anderson, Councilmember Gaasterland, Mayor Wells, Mayor Pro Tem Spriggs, Mayor Vasquez, Councilmember Shu, Councilmember Rodriguez, Mayor Vaus, Mayor Jones, Mayor Minto, Mayor Heebner, and Mayor Ritter.

No: None.

Abstain: None.

Absent: City of Escondido.

12. Office of the Independent Performance Auditor Results for the Vendor Operational and System Controls Review (Accept)

Mary Khoshmashrab and Management Internal Auditor Mike Ryan presented the item.

There were no public comments on this item.

Action: Upon a motion by Second Vice Chair Sotelo-Solis, and a second by Councilmember Shu, the Board voted to accept the report.

The motion passed.

Yes: Chair Blakespear, Vice Chair Gloria, Second Vice Chair Sotelo-Solis, Mayor Hall, Mayor Salas, Councilmember Sandke, Supervisor Anderson, Councilmember Gaasterland, Mayor Wells, Mayor Pro Tem Spriggs, Mayor Vasquez, Councilmember Shu, Mayor Jones, Mayor Heebner, and Mayor Ritter.

No: None.

Abstain: None.

Absent: City of Escondido, City of Oceanside, City of Poway, and City of Santee.

13. Member Comments

Mayor Gaasterland spoke regarding the recent NCTD vote and other issues related to the installation of fencing along the Del Mar Bluffs.

Councilmember Sandke spoke regarding the Coronado Bridge suicide barrier project and thanked Board members for their support in making the project a regional priority.

Ann Fox, Caltrans, provided an update on milestones of the Coronado Bridge suicide barrier project.

Councilmember Jewel Edson, NCTD, spoke regarding the recent NCTD vote related to Del Mar Bluffs fencing.

14. Upcoming Meetings

The next Board meeting is scheduled for February 11, 2022, at 9 a.m.

15. Adjournment

Chair Blakespear adjourned the meeting at 11:09 a.m.

Confirmed Attendance at Board of Directors Meeting

January 28, 2022

Board of Directors	Title	Name	Attend Virtually
City of Carlsbad	Mayor	Matt Hall (Primary)	Yes
City of Chula Vista	Mayor	Mary Salas (Primary)	Yes
City of Coronado	Councilmember	Bill Sandke (1st Alt.)	Yes
County of San Diego	Supervisor	Terra Lawson-Remer (Primary)	No
County of San Diego	Supervisor	Joel Anderson (Primary)	Yes
City of Del Mar	Councilmember	Terry Gaasterland (Primary)	Yes
City of El Cajon	Mayor	Bill Wells (Primary)	Yes
City of Encinitas	Chair	Catherine Blakespear (Primary)	Yes
City of Escondido		Vacant	No
City of Imperial Beach	Mayor	Serge Dedina (Primary)	Yes
City of La Mesa	Councilmember	Jack Shu (1st Alt)	Yes
City of Lemon Grove	Mayor	Racquel Vasquez (Primary)	Yes
City of National City	Second Vice Chair	Alejandra Sotelo-Solis (Primary)	Yes
City of Oceanside	Councilmember	Christopher Rodriguez (Primary)	Yes
City of Poway	Mayor	Steve Vaus (Primary)	Yes
City of San Diego	Vice Chair	Todd Gloria (Primary)	Yes
City of San Diego	Council President	Sean Elo-Rivera (Primary)	Yes
City of San Marcos	Mayor	Rebecca Jones (Primary)	Yes
City of Santee	Mayor	John Minto (Primary)	Yes
City of Solana Beach	Mayor	Lesia Heebner (Primary)	Yes
City of Vista	Mayor	Judy Ritter (Primary)	Yes
Caltrans		Ann Fox (Alternate)	Yes
Metropolitan Transit System	Councilmember	Paloma Aguirre (Primary)	Yes
North County Transit District	Councilmember	Jewel Edson (Primary)	Yes
Imperial County	Supervisor	Sup. Jesus Escobar (Primary)	No
U.S. Department of Defense		Caitlin Ostomel (Alternate)	Yes
Port of San Diego	Commissioner	Joe Stuyvesant (Primary)	Yes
San Diego County Water Authority	Councilmember	Mel Katz (Primary)	No
San Diego County Regional Airport Authority		Gil Cabrera (Primary)	Yes
Mexico	Consul General	Natalia Figueroa (Alternate)	No
SCTCA	Chair	Cody Martinez (Primary)	Yes

Board of Directors

February 11, 2022

Policy Advisory Committee Actions**Overview**

SANDAG Board Policy No. 001 delegates certain responsibilities to the Policy Advisory Committees to allow SANDAG to effectively address key public policy and funding responsibilities. All items delegated to the Policy Advisory Committees are subject to Board of Directors ratification. Below are the delegated actions taken by the Policy Advisory Committees that are subject to ratification.

Action: Approve

The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees since the last Board meeting.

Fiscal Impact:

None.

Schedule/Scope Impact:

None.

Public Safety Committee: January 21, 2022¹

Approved a budget amendment to the FY 2022 Overall Work Program and Budget to accept \$300,000 in funding for the Data-Driven Study: Alternatives to Incarceration project from the County.

Approved a budget amendment to the FY 2022 Overall Work Program and Budget to accept \$496,166 in funding for the Bureau of Justice Assistance Smart Policing Initiative from the U.S. Department of Justice.

Hasan Ikhata, Chief Executive Officer

Key Staff Contact: Francesca Webb, (619) 699-1985, francesca.webb@sandag.org

¹ Any changes to the delegated actions will be reported to the Board of Directors following the Transportation Committee meeting on January 7.

Board of Directors

February 11, 2022

San Diego Regional Military Working Group Chair Appointment**Overview**

The San Diego Regional Military Working Group (Military Working Group) Charter requires that its Chair be a member of the Board of Directors and appointed by the Board. The Chair shall oversee the meetings of the Military Working Group but shall not be a voting member.

Key Considerations

The previous Military Working Group Chair, Garry Bonelli, has completed his term.

The City of National City Mayor

Alejandra Sotelo-Solis has agreed to act as the new Military Working Group Chair.

The City of National City shares a unique relationship with the U.S. Military, sharing a border with Naval Base San Diego. Mayor Alejandra Sotelo-Solis represents a large military community living within National City's jurisdictional boundaries and has taken a leadership role with the military installations in her city to make sure all residents—including military families—have a high quality of life. As second Vice Chair of the Board of Directors, Mayor Alejandra Sotelo-Solis wants to help improve mobility and access issues for our military community region-wide and is well-suited to serve in this leadership capacity. Her collaborative spirit working with a variety of stakeholders makes her an ideal person to serve as the Military Working Group Chair.

Next Steps

Upon appointment, the City of National City Mayor Sotelo-Solis will serve a two-year term through the end of calendar year 2023.

Coleen Clementson, Deputy Chief Executive Officer, Planning, Projects, and Programs

Key Staff Contact: April DeJesus, (619) 699-7322, april.dejesus@sandag.org

Action: Approve

The Board of Directors is asked to appoint City of National City Mayor Alejandra Sotelo-Solis as the San Diego Regional Military Working Group Chair.

Fiscal Impact:

None.

Schedule/Scope Impact:

None.

Board of Directors

February 11, 2022

**Proposed FY 2022 Program Budget Amendment:
Rail Regional Infrastructure Accelerator****Overview**

The Rail Regional Infrastructure Accelerator (RIA) project implements the San Diego Regional Rail Infrastructure Accelerators Strategy to develop an initial evaluation and assessment for the future success of regional rail improvements in the San Diego region that can be expedited through Build America Bureau financing programs. The project will assess a pipeline of projects to identify innovative funding and implementation strategies. The pipeline of projects will include: (1) critical shovel-ready improvements to the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor that increase capacity, address resiliency, and replace aging railway structures; (2) upgrades and increases to track capacity along the SPRINTER rail corridor; and (3) realignment of key segments of the LOSSAN Rail Corridor to enhance the attractiveness and increase the competitiveness of rail for both passenger travel and goods movement.

Key Considerations

The Fixing America's Surface Transportation (FAST) Act, enacted in December 2015, authorized the establishment of a Regional Infrastructure Accelerators Demonstration Program to assist entities in developing improved infrastructure priorities and financing strategies for the accelerated development of a project that is eligible for funding under the Transportation Infrastructure Finance and Innovation Act (TIFIA) Program under Chapter 6 of Title 23, United States Code. The Further Consolidated Appropriations Act, 2020, enacted on December 20, 2019, appropriated \$5 million for this Program. In 2021, the Build America Bureau issued a Notice of Funding Opportunity to implement the Program and solicit applications for designating and funding RIA that will: (1) serve a defined geographic area; (2) act as a resource to qualified entities in the geographic area in accordance with Section 1441 of the FAST Act; and (3) demonstrate the effectiveness of an RIA to expedite the delivery of eligible projects through the TIFIA credit program and, to the extent applicable, the Railroad Rehabilitation and Improvement Financing credit program, Private Activity Bonds, and other innovative financing methods.

Action: Approve

The Board of Directors is asked to approve an amendment to the FY 2022 Program Budget to:

1. Create new Overall Work Program Element No. 3401700 for the Rail Regional Infrastructure Accelerator project; and
2. Accept up to \$1,465,254 from the U.S. Department of Transportation through the Federal Highway Administration to fund the project.

Fiscal Impact:

Approval of the proposed budget amendment will add \$1,465,254 to the FY 2022 Program Budget to fund the Rail Regional Infrastructure Accelerator project.

Schedule/Scope Impact:

The duration of the project is anticipated to be 23 months.

The LOSSAN and Sprinter corridors present unique opportunities to establish a RIA demonstration program. The pipeline of projects, as show in Attachment 1, reflects projects at various stages of development, with some ready for construction, some in preliminary engineering, and some not yet started. These rail improvements are a key component of the Regional Transportation Plan adopted by the Board of Directors in December 2021.

The proposed Board action would amend the FY 2022 Program Budget and establish a new Work Element (No. 3401700) within the Overall Work Program and accept up to \$1,465,524 in funding from the U.S. Department of Transportation through the Federal Highway Administration (FHWA) to support the effort. Attachment 2 shows an initial project budget.

Next Steps

If approved, SANDAG and FHWA will execute a cooperative agreement. Upon execution of the agreement staff will prepare and release a Request for Proposals to procure consultant support. Work on the project will commence in FY 2022 and be completed in FY 2024.

Hasan Ikhata, Chief Executive Officer

Key Staff Contact: Dawn Vettese, (619) 595-5346, dawn.vettese@sandag.org

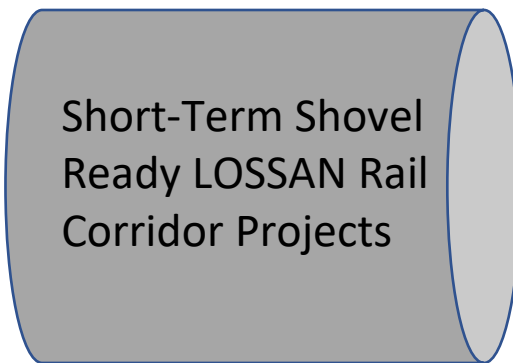
Attachments: 1. SANDRIA Proposed Project Pipeline, San Diego Regional Rail Infrastructure Accelerators Strategy
 2. Proposed FY 2022 Program Budget Amendment for Overall Work Program Element No. 3401700, Rail Regional Infrastructure Accelerator



SANDRIA Proposed Project Pipeline

San Diego Regional Rail Infrastructure Accelerators Strategy

Proposed Pipeline



Short-Term Shovel Ready LOSSAN Rail Corridor Projects



Benefits

- Five critical segments of track and signal improvements.
- Adds 6.4 miles of new double track, 8% of additional track capacity.
- Replaces 6 aging lagoon bridges
- Straightens curves along slowest segment
- Facilitates additional passenger and freight service
- Improves travel time and reliability
- Closes single-track bottlenecks
- \$70M invested to date
- \$750-\$800M needed for Construction

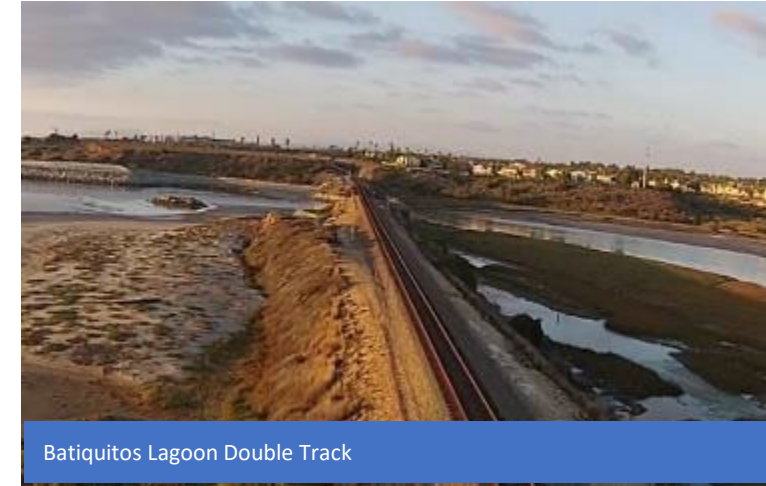
Short-Term Shovel Ready LOSSAN Rail Corridor Projects



- Adds 1.5 new miles of double track
- Replaces 3 aging trestle bridges
- Improves key hand off between dispatching regions
- \$85M needed for design and construction



- Adds 0.6 new miles of double track
- Improves vehicular/pedestrian underpass
- Replaces aging 700' San Luis Rey bridge
- Eliminates single track bottleneck
- Results in 10 miles of continuous double track
- 90% design and environmental permits
- \$75M needed for construction



- Adds 0.6 new miles of double track
- Replaces aging 320' trestle bridge
- Results in 12 miles of continuous double track
- 90% design and environmental permits
- \$90M needed for construction

Short-Term Shovel Ready LOSSAN Rail Corridor Projects



Sorrento to Miramar Double Track Phase 2

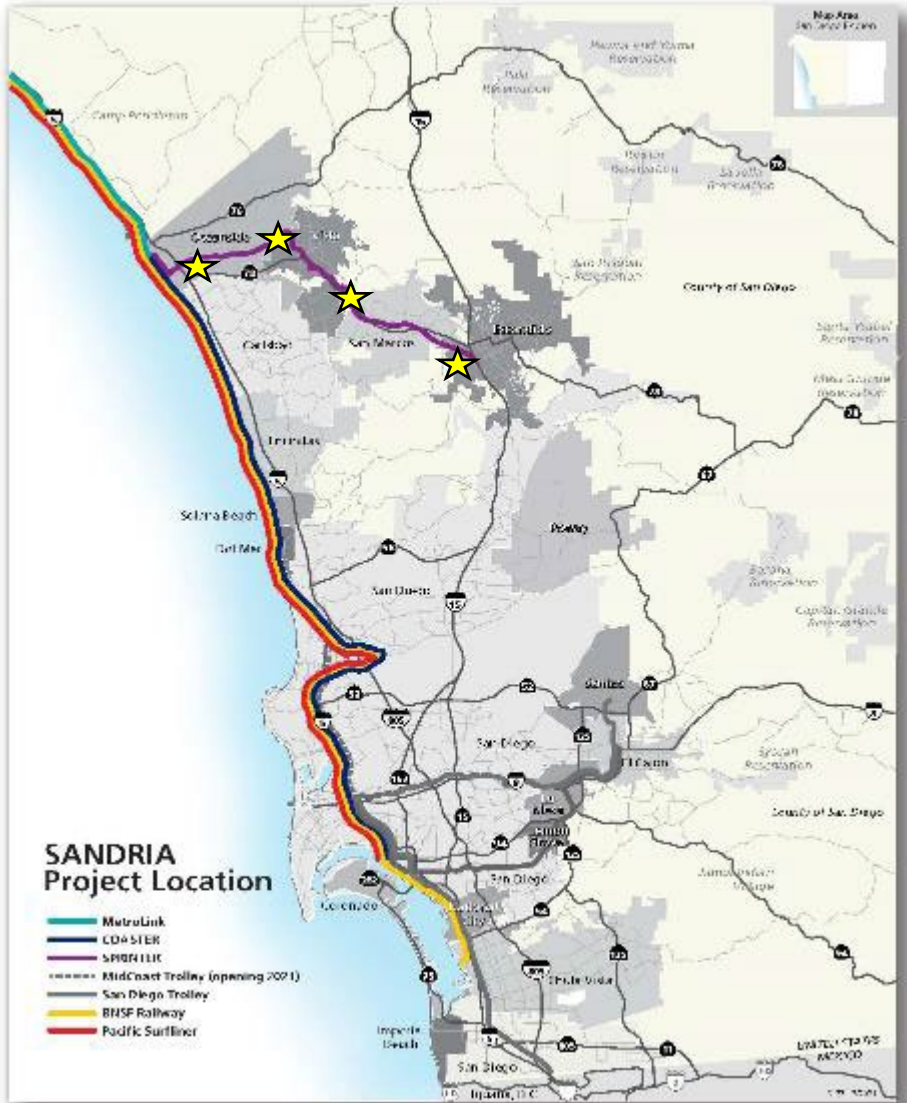
- Adds 2.0 new miles of double track
- Straightens existing curves (increased speeds, reduce risk of freight derailments)
- Eliminates a single-track bottleneck
- Project will result in 19+ miles of continuous double track
- 60% design and environmental permits
- \$200M needed for construction



San Dieguito Double Track and Special Events Platform

- Adds 1.7 new miles of double track
- Replaces the aging 1050' trestle bridge
- Adds special events platform for the Del Mar Fairgrounds
- Eliminates a single-track bottleneck
- Results in 6 miles of continuous double track
- 90% design
- \$230M needed for construction

SPRINTER CAPACITY IMPROVEMENTS



SANDRIA Proposed Project Pipeline

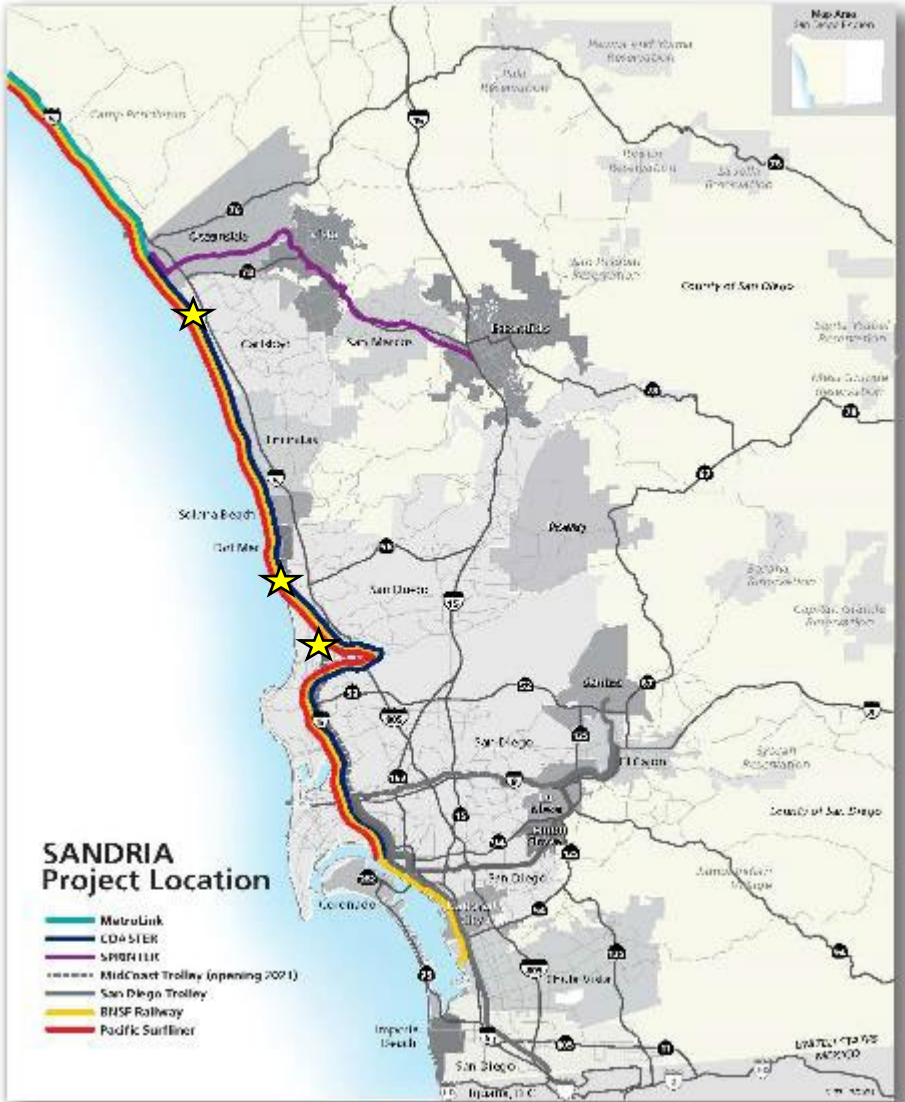
Benefits

- 5.8 miles of additional double track at four locations along corridor
- Facilitates service increases from 30 minutes to 15 minute all day weekday service
- Signal and crossing improvements
- \$200M needed for Construction

Existing Constraints



Long-Term LOSSAN Rail Corridor Realignment Projects



Benefits

- Removes rail corridor from sensitive coastal bluffs subject to erosion and sea level rise
- Removes rail corridor from slowest segment between San Diego and Los Angeles around Miramar Hill
- Grade separates busy intersections in Carlsbad Village
- Adds capacity
- Reduces travel time
- Enhances safety
- \$5-6B needed for Design and Construction

WORK ELEMENT: 3401700 NEW - Rail Regional Infrastructure Accelerator
FY 2022 BUDGET: ~~\$0~~ **\$321,315**
AREA OF EMPHASIS: Sustainable Development: Planning and Funding Strategies

Amendment Title: Rail Regional Infrastructure Accelerator

Note: This project supports the agency objective to pursue new funding and funding strategies for a pipeline of rail infrastructure projects in the LOSSAN and Sprinter corridors as identified in SANDAG's application for federal Build America Bureau Regional Infrastructure Accelerator grant program funds.

Funds Source				
	Prior	FY 2022	FY 2023 - 2024	Total
U.S. Department of Transportation	\$0	\$0 \$321,315	\$0 \$1,143,939	\$0 \$1,465,254
TOTAL	\$0	\$0 \$321,315	\$0 \$1,143,939	\$0 \$1,465,254

Note: Funding is from Build America Bureau passed thru FHWA.

Funds Application				
	Prior	FY 2022	FY 2023 - 2024	Total
Salaries, Benefits, Indirect	\$0	\$0 \$20,124	\$0 \$58,834	\$0 \$78,958
Other Direct Costs	\$0	\$0 \$2,600	\$0 \$13,000	\$0 \$15,600
Contracted Services	\$0	\$0 \$298,591	\$0 \$1,072,105	\$0 \$1,370,696
TOTAL	\$0	\$0 \$321,315	\$0 \$1,143,939	\$0 \$1,465,254

OBJECTIVE

This project supports the agency objective to pursue new funding. The San Diego Regional Rail Infrastructure Accelerators Strategy (SANDRIA) develops an initial evaluation and assessment for the future success of regional rail improvements in the San Diego region that can be expedited through Build America Bureau financing programs. SANDAG will establish the SANDRIA program by completing an assessment of a pipeline of projects and identifying innovative funding and implementation strategies for these projects. The pipeline of projects will include (1) critical shovel-ready improvements to the LOSSAN Rail Corridor that increase capacity, address resiliency, and replace aging railway structures, (2) upgrades and increases to track capacity along the SPRINTER rail corridor and (3) realignment of key segments of the LOSSAN Rail Corridor to enhance the attractiveness and increase the competitiveness of rail for both passenger travel and goods movement.

PREVIOUS ACCOMPLISHMENTS

This is a new multi-year project.

Project Manager: Vettese, Dawn

Committee(s): Transportation Committee

Working Group(s):

PRODUCTS, TASKS, AND SCHEDULES FOR FY2022

Task No.	% of Effort	Task Description / Product / Schedule	
1	50	Task Description:	Study Management and Coordination - SANDAG will establish the study team, scheduling, and quality assurance plan and coordinate key activities including the kickoff meeting, annual review meeting, and project partner outreach. This also includes \$15,600 in travel expenses.
		Product:	Project management and quality assurance plans
		Completion Date:	6/30/2022
2	50	Task Description:	Corridor Assessment - SANDAG will develop a detailed assessment of the pipeline of projects for each rail corridor including opportunities and constraints, cost estimates, and construction details, complete a Market Analysis, including the established market for rail and connectivity to state and national markets, complete a Financial Analysis, including potential local revenue sources as leverage mechanisms and federal programs applicability, and assess potential governance structures.
		Product:	Market Analysis, Financial Analysis
		Completion Date:	6/30/2022

FUTURE ACTIVITIES

This project is anticipated to begin in FY 2022 and end in FY 2024. Six components of work have been identified, five of which will begin in 2022: study management and coordination; corridor assessment; best practices and peer review; investment strategy; public benefits analysis; and a final report that will be delivered in 2024.

Board of Directors

February 11, 2022

Continuation of Teleconferenced Meetings

Overview

Executive Orders issued during the COVID-19 pandemic provided local government agencies with temporary relief from many of the usual teleconferencing requirements that are part of open meeting laws. Assembly Bill 361 (AB 361) (Rivas, 2021) provides legislative bodies of local agencies, including the Board of Directors, Policy Advisory Committees, and working groups that report to the Board, an opportunity to continue teleconferenced or virtual public meetings if certain conditions are met pertaining to the health and safety of meeting attendees. Resolution No. RTC-2022-06 is provided for the Board's consideration to allow for continued teleconferenced meetings.

Background

For almost two years, the COVID-19 pandemic has caused schools, businesses, governments, and other organizations to make significant adaptations to ensure continuity of services and functions while protecting the health and safety of families, workers, customers, and the community at large. Governor Newsom proclaimed a state of emergency in California on March 4, 2020, and that remains in effect to this day. Various state and local health orders outline measures that are required to be taken, or recommended, to limit the transmission of COVID-19, including vaccination, wearing of face coverings, and social distancing. COVID-19 continues to be a health risk throughout the region; the Centers for Disease Control and Prevention consider San Diego County to be a high transmission area.

Among its provisions, Executive Order N-29-20, issued March 17, 2020, authorized exemptions to certain requirements under the Brown Act and the Bagley-Keene Open Meeting Act to allow for government entities to conduct teleconferenced, or virtual, public meetings while social distancing orders were in place. All meetings of the Board, Policy Advisory Committees, and working groups have been conducted using an internet-based platform since March 2020, with a high degree of effectiveness and increased levels of engagement and participation by the public. The decision to continue conducting virtual public meetings has been a matter of health and safety for attendees. SANDAG's meeting facilities are not large enough to accommodate Board members, presenters, support staff, and members of the public and allow for appropriate levels of social distancing given the ongoing risk of COVID-19 transmission.

Action: **Adopt**

The Board of Directors is asked to adopt Regional Transportation Commission (RTC) Resolution No. RTC-2022-06, ratifying state and local health emergency conditions due to COVID-19 and the need for continuation of teleconferenced public meetings to ensure the health and safety of attendees.

Fiscal Impact:

There is no financial impact to the continuation of teleconferenced public meetings.

Schedule/Scope Impact:

If Resolution No. RTC-2022-06 is approved, meetings of the Board of Directors, Policy Advisory Committees, and working groups would continue per their usual meeting schedule. The Board Chair will provide direction regarding timing for the resumption of in-person meetings.

Assembly Bill 361, signed on September 16, 2021, incorporates into state law some aspects of the teleconferencing rules that have applied to local public agencies by Executive Order N-29-20. The intent of AB 361 is to enable governing bodies, such as the Board, to make a determination, via a majority vote of the Board, about the safety of holding in-person meetings when a state of emergency exists. Should the Board wish to conduct virtual public meetings, it may consider adoption of Resolution No. RTC-2022-06. This action would find that continuing to allow all SANDAG's legislative bodies to meet virtually is in SANDAG's best interest based on the continued state of emergency arising from the COVID-19 pandemic as well as state and/or local officials continuing to recommend measures to promote social distancing, thereby allowing use of the adapted teleconferencing rules allowed for under AB 361. The Board may reconsider continuation or cessation of teleconferenced meetings every 30 days through adoption of a subsequent resolution.

The number of confirmed COVID-19 cases in the region has increased significantly this winter. The influx is largely attributed to the Omicron variant combined with winter weather and the holiday season. While it is uncertain whether this increase will persist through the coming month, the Board's adoption of the proposed resolution will provide flexibility to either continue with teleconferenced meetings or to meet in-person should conditions improve. SANDAG continues to monitor and comply with public health orders and takes precautions to reduce the risk of spreading the COVID-19 virus. As an added layer of mitigation to protect public health and well-being amid spread of the Omicron variant, the California Department of Public Health announced a requirement for masks to be worn in all indoor public settings, irrespective of vaccine status, between December 15, 2021, and February 15, 2022.

Next Steps

Should Resolution No. RTC-2022-06 be adopted, meetings of the Board, Policy Advisory Committees, and working groups could, in the discretion of the Board Chair, be conducted virtually through March 13, 2022. The Board Chair will provide direction regarding timing for the resumption of in-person meetings. Should the Board wish to consider continuation of teleconferenced public meetings, an item may be included on its agenda for March 11, 2022.

Hasan Ikhata, Chief Executive Officer

Key Staff Contact: Melissa Coffelt, (619) 699-1955, melissa.coffelt@sandag.org

Attachment: 1. Resolution No. RTC-2022-06: A Resolution of the SANDAG Board of Directors Authorizing Remote Teleconference Meetings of the Legislative Bodies of SANDAG



San Diego, CA 92101
 Phone (619) 699-1900
 Fax (619) 699-1905
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Regional Transportation Commission
Resolution No. 2022-06

A Resolution of the SANDAG Board of Directors Authorizing Remote Teleconference Meetings of the Legislative Bodies of SANDAG

WHEREAS, the San Diego Association of Governments (SANDAG) is committed to preserving and nurturing public access and participation in meetings of the Board of Directors, as well as SANDAG Policy Advisory Committees and working groups; and

WHEREAS, the Board also acts as the San Diego County Transportation Commission and provides oversight of SANDAG committees and working groups; and

WHEREAS, all meetings of SANDAG's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code Sections 54950 – 54963), so that any member of the public may attend, participate, and watch SANDAG's legislative bodies conduct their business; and

WHEREAS, Assembly Bill 361 (AB 361), which was signed into law on September 16, 2021, amended Government Code section 54953, and thereby makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3) (including the requirement that all teleconference meeting locations be open to the public), subject to the existence of specified conditions; and

WHEREAS, a required condition under AB 361 is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, it is further required under AB 361 either that state or local officials have imposed or recommended measures to promote social distancing, or that the legislative body finds that the state of emergency continues to directly impact the ability of the members to meet safely in person; and

WHEREAS, such conditions now exist in San Diego County, specifically, a State of Emergency has been proclaimed by the Governor on March 4, 2020, and is still in effect; and

WHEREAS, the San Diego County Health Officer Order (effective June 15, 2021) has directed all governmental entities in the County to take necessary measures within the governmental entity's control to ensure compliance with State and local laws, regulations, and orders related to the control of COVID-19; and

WHEREAS, the California Department of Industrial Relations has recognized the fact that social distancing, in combination with other preventative measures, helps to decrease the spread of COVID-19; and

WHEREAS, as a consequence of the local emergency, the Board does hereby find that the legislative bodies of SANDAG may conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953 of the Government Code; and

WHEREAS, SANDAG has taken the following measures to ensure public access to SANDAG's Board, Policy Advisory Committee, and working group meetings:

- Written public comments may be submitted to SANDAG, and
- A live public participation option is provided to the public and detailed on the cover page of each meeting agenda package.

NOW THEREFORE, THE BOARD, ALSO ACTING AS THE SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, DOES HEREBY FIND AND RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Remote Teleconference Meetings. The SANDAG Chief Executive Officer and his designee(s) and all legislative bodies of SANDAG are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, in the discretion of the Chair of the SANDAG Board of Directors, conducting open and public teleconferenced meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 3. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of March 13, 2022, or such time as the Board adopts a subsequent finding in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of SANDAG may continue to conduct teleconferenced public meetings without compliance with paragraph (3) of subdivision (b) of section 54953 of the Government Code.

PASSED, APPROVED, AND ADOPTED at the meeting of the Board of Directors this 11th day of February, 2022.

Ayes

Noes

Absent

**Chair of the Board of Directors
of the San Diego County Regional
Transportation Commission**

[Seal]

Attest

**Secretary of the Board of Directors of the
San Diego County Regional
Transportation Commission**

Board of Directors

February 11, 2022

TransNet Extension Ordinance Funding Overview

Overview

SANDAG is committed to improving transparency, delivering on our commitments to the region, and ensuring the financial integrity of the TransNet Program and SANDAG budget portfolio overall.

To support these goals, staff is developing a package of potential amendments to the TransNet Ordinance that the Board of Directors will be asked to consider in the coming months.

Considerations

At its November 19, 2021, meeting, the Board discussed [draft concepts for potential TransNet Extension Ordinance amendments](#) stemming from the Board's TransNet Ten-Year Comprehensive Review, prior TransNet Triennial Performance Audits, as well as adoption of the 2021 Regional Plan.

At its December 3, 2021, meeting, the Board discussed the [updated TransNet revenue forecast](#), expenditures to date, and remaining TransNet revenues available by subprogram. The Board requested staff return with an overview of other revenues the region receives by subprogram.

At the February 11, 2022, meeting, staff will provide a comprehensive regional funding overview, including a breakdown of each TransNet subprogram (Attachment 1). The 2021 Regional Plan anticipates that the revenue generated from the TransNet program represents only 6.4% of the total revenue coming to the region between 2021 and 2050 to support the planning, development, and operations of the region's transportation network. This overview will provide information on non-TransNet funding sources, which are currently used to advance the TransNet Ordinance priority projects and programs.

Next Steps

Staff will continue this series of presentations to receive direction and help inform the Board as it considers the potential Ordinance amendments in spring 2022. Any proposed amendments ultimately brought forward would reflect 2021 Regional Plan priorities established by the Board.

Susan Huntington, Director of Financial Planning and Budgets

Key Staff Contact: Ariana zur Nieden, (619) 699-6961, ariana.zurnieden@sandag.org

Attachment: 1. TransNet Flow of Funds

Action: **Discussion**

A comprehensive regional funding overview, including a breakdown of each TransNet subprogram, will be presented.

Fiscal Impact:

None.

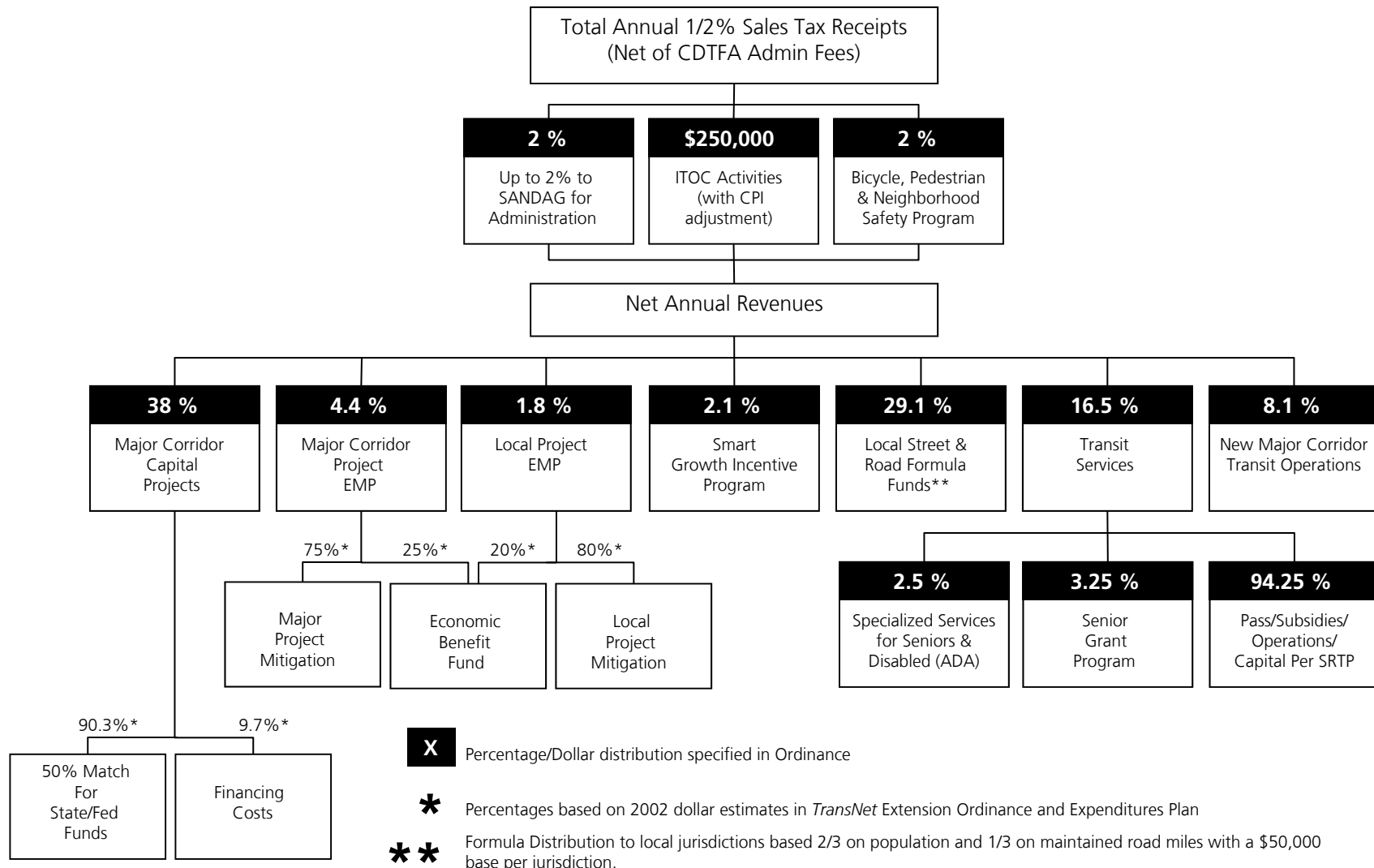
Schedule/Scope Impact:

Staff anticipates bringing forward potential Ordinance amendments for consideration in spring 2022.



Extension

Flow of Funds — FY 2009 to FY 2048*



* On May 14, 2021, the SANDAG Board of Directors, acting as the San Diego County Regional Transportation Commission, approved an adjustment to increase the administrative expense limitation from 1% to 2% beginning in FY 2022.



Board of Directors

February 11, 2022

Mid-Coast Extension of the UC San Diego Blue Line Trolley

Overview

The Mid-Coast Extension of the UC San Diego Blue Line Trolley (Project) was open to the public in November 2021. The Project is the culmination of decades of thorough planning, design, and implementation, and will provide improved regional transit connectivity for generations to come.

The Project adds 11 miles of new light rail track to the San Diego Metropolitan Transit System (MTS) Trolley network, extending Blue Line Trolley service from Downtown San Diego north to the University community. With nine new stations, the Trolley extension significantly expands regional access to major recreation, education, healthcare, and employment centers such as Old Town San Diego, UC San Diego, the San Diego Veterans Affairs Medical Center, and Westfield UTC. Additionally, the region's most heavily traveled Trolley line offers a one-seat ride between the U.S.–Mexico border and San Diego's University community.

The \$2.17 billion project is one of the largest transportation infrastructure projects in the San Diego region's history. TransNet is funding just over half of the Project, and the remaining funding is being provided through a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA).

Key Considerations

Project Update

The Project received its final environmental clearance from the Board of Directors and the FTA in fall 2014. SANDAG chose to utilize the Construction Manager/General Contractor project delivery method to advance the project into construction. Major construction was able to commence soon after the award of the FFGA in fall 2016. Construction reached its halfway point in early 2019, and the Trolley extension opened to the public in November 2021, ahead of the FFGA required date for commencing revenue operations. The successful opening of the Project ahead of schedule and within budget is the result of years of extraordinary cooperation and coordination between SANDAG and several local, state, and federal agencies including MTS, North County Transit District, Caltrans, the City of San Diego, UC San Diego, and the FTA. Project construction had a substantial impact on the local economy generating more than 5,200 on-site jobs, most of which were local to the region. To commemorate SANDAG's successful delivery of the Project, a grand opening was held on November 21, 2021. The public celebration was attended by over 8,500 people and included remarks from local, binational, and federal leaders.

Action: **Information**

An overview of the Mid-Coast Extension of the UC San Diego Blue Line Trolley will be presented.

Fiscal Impact:

The Trolley extension is expected to be completed within its budget of \$2.17 billion.

Schedule/Scope Impact:

The Trolley extension opened on schedule in November 2021.

The Project is a successful example of a past Regional Plan project coming to fruition, and SANDAG's ability to deliver on promises made to the region. Shortly following the opening of the Project, the Board adopted the 2021 Regional Plan. This Project serves as the benchmark for SANDAG's ability to deliver transformative projects like those identified in the 2021 Regional Plan, projects that are necessary to move the San Diego region forward in our efforts to meet regulatory requirements, address traffic congestion, and provide equal access to jobs, education, healthcare, and other community resources.

Next Steps

With the Project operational, staff will continue to work on remaining minor construction, finalize right-of-way, and administrative activities required to successfully close out the Project.

Ramon Ruelas, Mid-Coast Corridor Director

Key Staff Contacts: Ramon Ruelas, (619) 699-6940, ramon.ruelas@sandag.org
Greg Gastelum, (619) 699-7378, greg.gastelum@sandag.org

Attachment: 1. Project Fact Sheet

Mid-Coast Extension of the UC San Diego Blue Line Trolley

FACT SHEET



The Project

The Mid-Coast Extension of the UC San Diego Blue Line Trolley is a SANDAG priority project that adds 11 miles of light rail to the San Diego Metropolitan Transit System, from Downtown San Diego to the University Community. The extension serves major activity centers such as Old Town; Mission Bay; University of California, San Diego (UC San Diego); and Westfield UTC.

The Trolley extension includes nine new stations: Tecolote Road, Clairemont Drive, Balboa Avenue, Nobel Drive, VA Medical Center, UC San Diego Central Campus, UC San Diego Health La Jolla, Executive Drive, and the terminus at the UTC Transit Center.

The Need

Freeways and arterials in the Mid-Coast corridor are generally congested, and traffic congestion is projected to increase as the region grows. By 2030, the corridor's population is forecast to increase 19 percent and employment is expected to increase by 12 percent. Additionally, the University Community has developed as a major employment and high-density residential area, similar to Downtown San Diego. The University Community is San Diego's second downtown, and UC San Diego is a high transit use area with students and employment. Lastly, in October 2017, SANDAG opened a regional transit center at Westfield UTC, and the Trolley extension connects directly to the transit center.

The Trolley extension project provides an effective alternative to congested

freeways and roadways for travelers, improves public transit services, and enhances travel options by connecting the corridor with areas served by the existing Trolley system.

Project Costs

The project budget is \$2.17 billion, which includes financing costs.

Project Status

The Trolley extension was first introduced as a project in SANDAG's 1986 Regional Plan. In fall 2014, the SANDAG Board of Directors and the Federal Transit Administration (FTA) gave final environmental clearance to the project. Pre-construction activities—consisting of the relocation of underground utilities—began in early 2016, and primary construction activities started in fall 2016. The Trolley extension opened for revenue service in November 2021, on time and within budget.

Funding Status

The Mid-Coast Extension of the UC San Diego Blue Line Trolley is fully funded and one of the highest priorities for SANDAG in its TransNet Early Action Program. The FTA provided approximately half of the project funding, with TransNet providing the remaining local match.

In September 2016, through its New Starts Program, the FTA signed a Full Funding Grant Agreement with SANDAG to provide the nearly 50 percent federal match needed to fund the project and allow construction to start in fall 2016. In June 2017, SANDAG secured a loan from the federal Transportation Infrastructure Finance and Innovation Act (TIFIA)

401 B Street, Suite 800
San Diego, CA 92101
(619) 699-1900
Fax (619) 699-1905

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(Continued on reverse)

program, which reduced borrowing costs and increased flexibility, saving taxpayer dollars in building the largest transit project in the region's history. In July 2019, SANDAG issued \$335 million in Capital Grant Receipt Revenue Bonds to lower interest rates on initial funding sources for the project. In June 2021, the project received just over \$57 million in additional funding through the American Rescue Plan Act of 2021, increasing federal funding and decreasing the necessary TransNet contribution.

Summary

SANDAG delivered the Mid-Coast Extension of the UC San Diego Blue Line Trolley on time and on budget. A SANDAG priority project, the Trolley extension improves regional transit access by providing a new and efficient way for people to travel to jobs, schools, hospitals, and recreation areas in addition to creating a one-seat (no transfer) ride from the international border and communities south of Downtown San Diego all the way north to the University Community. The project is a successful example of SANDAG's ability to deliver large-scale, transformational projects that will serve the San Diego region for generations to come.



For More Information

- » Visit: sandag.org/MidCoast
- » Call: (877) 379-0110

Extensión Mid-Coast del Tranvía de la Línea Blue de UC San Diego

HOJA DE DATOS



El proyecto

La extensión Mid-Coast del Tranvía de la Línea Blue de UC San Diego es un proyecto de prioridades de SANDAG que agrega 11 millas de tren ligero al Sistema de Tránsito Metropolitano de San Diego, desde el centro de San Diego hasta la comunidad universitaria. La extensión presta servicios a los principales centros de actividades como Old Town; Mission Bay; la Universidad de California, San Diego (UC San Diego); y Westfield UTC.

La extensión del Tranvía incluye nueve estaciones nuevas: Tecolote Road, Clairemont Drive, Balboa Avenue, Nobel Drive, VA Medical Center, UC San Diego Central Campus, UC San Diego Health La Jolla, Executive Drive, y la estación terminal en UTC Transit Center.

La necesidad

Las autopistas y arterias en el corredor de Mid-Coast generalmente están congestionadas y se proyecta que la congestión del tráfico aumentará a medida que la región crezca. Se pronostica que para 2030 la población en el corredor aumentará un 19 por ciento y se espera que el empleo aumente un 12 por ciento. Además, la comunidad universitaria se ha desarrollado como un área residencial de alta densidad y empleo importante, similar al centro de San Diego. La comunidad universitaria es el segundo centro de San Diego, y UC San Diego es un área de alto uso de tránsito con estudiantes y empleo. Por último, en octubre de 2017, SANDAG abrió un centro de transporte regional en Westfield UTC, y la extensión del tranvía se conecta directamente al centro de transporte.

El proyecto de extensión del Tranvía proporciona una alternativa eficaz a las autopistas y carreteras congestionadas para los viajeros, mejora los servicios de transporte público y mejora las opciones de viaje al conectar al corredor con áreas atendidas por el sistema de Tranvía existente.

Costos del proyecto

El presupuesto del proyecto es de \$2.17 mil millones, que incluye costos de financiamiento.

Estado del proyecto

La extensión del Tranvía fue presentada por primera vez como un proyecto en el Plan Regional de SANDAG de 1986. En el otoño de 2014, la Mesa Directiva de SANDAG y la Administración Federal de Tránsito (FTA) otorgaron la autorización ambiental final al proyecto.

Las actividades previas a la construcción, que consisten en la reubicación de servicios públicos subterráneos, comenzaron a principios de 2016 y las actividades de construcción primaria comenzaron en el otoño de 2016.

La extensión del Tranvía abrió para servicio de ingresos, a tiempo y dentro del presupuesto en noviembre de 2021.

Estado de financiación

La extensión Mid-Coast del Tranvía de la Línea Blue de UC San Diego está totalmente financiada y es una de las más altas prioridades para SANDAG en su Programa de acción temprana TransNet., la FTA proporcionó aproximadamente el 50 por ciento de la financiación del proyecto, y TransNet proporciona el complemento local restante.

401 B Street, Suite 800
San Diego, CA 92101
(619) 699-1900
Fax (619) 699-1905

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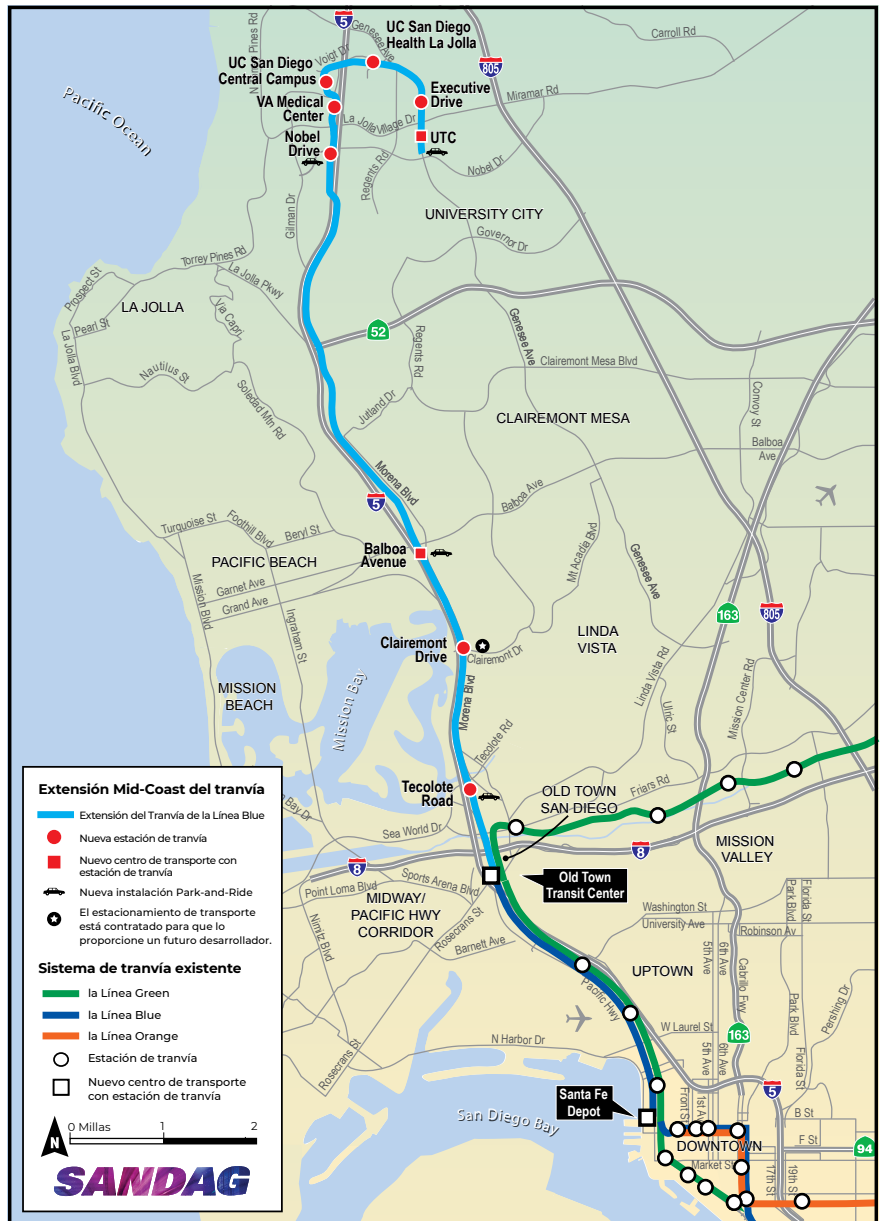


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En septiembre de 2016, a través de su Programa New Starts, la FTA firmó un acuerdo de subvención de financiamiento completo con SANDAG para proporcionar casi el 50 por ciento de contrapartida federal necesaria para financiar el proyecto y permitir que la construcción comenzara en el otoño de 2016. En junio de 2017, SANDAG obtuvo un préstamo del programa federal de la Ley de Innovación y Financiamiento de la Infraestructura del Transporte (TIFIA, por sus siglas en inglés), que reduce los costos de los préstamos y aumenta la flexibilidad, lo que ahorra dinero a los contribuyentes en la construcción del proyecto de transporte más grande en la historia de la región. En julio de 2019, SANDAG emitió \$335 millones en Bonos de ingresos por recibo de subvención de capital para reducir las tasas de interés en las fuentes de financiamiento inicial para el proyecto. En junio de 2021, el proyecto recibió poco más de \$57 millones en fondos adicionales a través de la Ley del Plan de Rescate Estadounidense (American Rescue Plan Act) de 2021, lo que aumentó los fondos federales y disminuyó la contribución necesaria de TransNet.

Resumen

SANDAG realizó la extensión Mid-Coast del Tranvía de la Línea Blue de UC San Diego a tiempo y dentro del presupuesto. Es un proyecto de prioridades de SANDAG que mejora el acceso de tránsito regional al proporcionar una manera nueva y eficiente para que las personas viajen a sus trabajos, escuelas, hospitales y áreas de recreo. También ofrece un viaje corrido (sin transferencia) desde la frontera internacional y las comunidades al sur del centro de San Diego hasta el norte hasta la comunidad universitaria. El proyecto es un ejemplo exitoso de la capacidad de SANDAG de entregar proyectos transformadores y de alta escala que servirán a la región de San Diego para las futuras generaciones.



Para obtener más información

- » Visite: sandag.org/MidCoast
- » Llame: (877) 379-0110

Board of Directors

February 11, 2022

**Salaries and Compensation Audit:
Action Plan Progress Report****Overview**

In November 2020, at the recommendation of the Audit Committee, the SANDAG Board of Directors approved a Compensation Audit Action Plan (Plan) responsive to the Salaries and Compensation Compliance Audit (Audit) conducted by the SANDAG Office of the Independent Performance Auditor (OIPA). Management committed to providing periodic updates regarding the status of the Plan; this is management's third progress report.

Status Update

The Plan is comprehensive and describes 27 actions that the Board will consider or that management will undertake in response to the Audit recommendations. From management's perspective, the actions reflect the agency's commitment to continual improvement and acknowledge that adoption of additional policies and controls directly supports the highest levels of organization performance. Management and OIPA are working collaboratively as items in the Plan are addressed.

Two actions, related to employee performance evaluations and compensation adjustments, were completed by September 30, 2021. The Plan (Attachment 1) incorporates the following status notes:

1. Completed: Action VI.2 – Strengthen Procedures Related to Awarding Compensation Adjustments

Management took two actions in response to Recommendation VI.2.

- The Performance Management Program Policy (Attachment 2), which is part of the Employee Handbook, was updated in January 2021 to include a new Performance Rewards section. In summary, this section defines the types of performance rewards available to employees, eligibility criteria, performance standards, the recommendation and approval processes, and program controls.
- A new Human Resources policy/procedure guide, pertaining to Employee Performance Rewards (Attachment 3), was developed and implemented. This guide describes and documents existing procedures and practices; incorporates administrative and process improvements designed to ensure compensation decisions are consistent, fair, and defensible; and confirms that appropriate oversight, management, and controls are in place. As part of its commitment to continuous improvement, management intends to review and update the policy/procedure guide as part of preparing for future annual compensation adjustments.

Action: Information

An update on progress achieved to date regarding the Salaries and Compensation Audit Action Plan will be presented.

Fiscal Impact:

The Compensation Audit Action Plan includes activities that will incur expenses. Those that are anticipated were included in the FY 2022 program budget.

Schedule/Scope Impact:

The Compensation Audit Action Plan describes a series of activities to be completed by June 2022.

2. Completed: Action VI.3 – Training Regarding Performance Evaluations and Compensation Recommendations

The Employee Performance Rewards policy/procedure describes a new ‘Overall Performance Rating’ process. Implemented in spring 2021, this process is designed to calibrate or normalize inconsistencies in employee performance evaluation ratings within and between departments, with the goal of ensuring fair and consistent compensation recommendations throughout the agency. The Manager of Human Resources facilitated training on the use of this new procedure.

- The ‘Overall Performance Rating’ methodology incorporates several controls that drive consistency in providing performance rewards for employees at varying levels of contribution, results, and impact on agency success. These include six defined performance rating levels that may be assigned to an employee, expectations for the distribution of performance ratings within a department, and guidelines for maximum and minimum performance rewards (as a percentage of base pay) that also must fit within the portion of the compensation adjustment pool allocated to each department. The methodology also includes defined oversight and approval responsibilities for Senior Management, supported by Human Resources.
- The training included providing Overall Performance Ratings Guidelines (Attachment 4) to Directors in addition to other instructions for preparation of compensation recommendations. The Manager of Human Resources provided one-on-one consultations with Directors as needed.

Next Steps

Management submitted the 11 actions due for completion by December 31, 2021, to OIPA for review and testing. These activities were primarily tied to financial policies and procedures, compensation program administration, and recruitment practices. Management and OIPA will provide an update to the Audit Committee at its February 25, 2022, meeting and to the Board in spring 2022. Further, management is working to complete the one remaining Action Plan item due June 30, 2022.

Hasan Ikhata, Chief Executive Officer

Key Staff Contact: Melissa Coffelt, (619) 699-1955, melissa.coffelt@sandag.org

- Attachments:
1. Salaries and Compensation Audit: Action Plan (February 2022)
 2. Documentation: Performance Management Program Policy
 3. Documentation: HR Policy/Procedure – Employee Performance Rewards
 4. Documentation: Guidelines – Overall Performance Ratings

ACTION PLAN FOR IMPLEMENTING THE SALARY AND COMPENSATION PERFORMANCE AND COMPLIANCE AUDIT RECOMMENDATIONS

The SANDAG Office of the Independent Performance Auditor (OIPA) completed a Salaries and Compensation Performance and Compliance Audit (audit) in August 2020. The SANDAG Board of Directors (Board), at the recommendation of the Audit Committee, approved an Audit Action Plan (Plan) responsive to the audit in November 2020. The Plan incorporates Board input, Audit Committee recommendations, and feedback from OIPA, and summarizes the actions SANDAG intends to undertake. Management committed to providing periodic updates regarding the status of the Plan.




Progress-at-a-Glance

The Plan is comprehensive and describes 27 actions that the Board will consider or that management will undertake in response to the recommendations noted in the audit. A status summary is provided below; detailed information about each proposed action and reported information starts on page 4.



Progress is noted as:

 Completed
  Complete/pending OIPA review
  Underway
  Not started


Recommendation I. To ensure that SANDAG's Board properly governs and develops a system of internal controls over salaries, compensation, and benefits:

<u>Status</u>	<u>Proposed Action</u>	<u>Due Date</u>
	I.1. Update Bylaws and Board Policy No. 017 (Delegation of Authority) to define the Executive Director's scope of responsibility regarding creating and maintaining the SANDAG Employee Handbook.	6/30/2021
	I.2. Update Bylaws and Board policies to document the relationship between the Bylaws, Board policies, and Employee Handbook, and clarify the Executive Director's responsibilities regarding personnel administration.	6/30/2021
	I.4. Require all employees to acknowledge receipt of the Employee Handbook and Bylaws at the time of employment and annually thereafter.	3/31/2021







Recommendation II. To ensure that management cannot approve termination payments that exceed the amounts set forth in Board policies and rules and regulations:

<u>Status</u>	<u>Proposed Action</u>	<u>Due Date</u>
	II.2. Develop an administrative policy related to separation/ termination pay; Update Bylaws and Board policies pertaining to setting and reporting any future severance payments to the Board.	6/30/2021
	II.3. Develop and provide training to designated employees regarding agency processes and procedures related to separation/termination pay.	12/31/2021







Recommendation III. To ensure that management and Board members cannot approve salary increases and large dollar payouts without justification:

<u>Status</u>	<u>Proposed Action</u>	<u>Due Date</u>
	III.3. Update Bylaws and Board policies to clarify the authority of Board leadership, as well as reporting protocol, for actions related to compensation.	6/30/2021





Recommendation IV. To ensure that SANDAG's Board is properly informed of SANDAG business and information is presented clearly, accurately, and timely:

<u>Status</u>	<u>Proposed Action</u>	<u>Due Date</u>
	IV.1. Seek Board approval of a resolution defining special compensation; Update the Employee Handbook regarding items of special compensation.	2/28/2021 6/30/2021
	IV.2. Develop an administrative policy related to approval of salary range and special compensation tables by the Board.	6/30/2021
	IV.3. Strengthen practices related to budgeting, reporting, and communication of salary and benefits information to the Board.	6/30/2021
	IV.4. Strengthen practices related to preparation and communication of the annual compensation adjustment pool recommended to the Board.	6/30/2021
	IV.5. Document procedures for reconciling the annual compensation adjustment pool to the actual compensation adjustment amounts awarded; review procedures with employees with related job responsibilities.	12/31/2021
	IV.6. Employee acknowledgement of an administrative policy related to approval of salary range and special compensation tables by the Board (Action IV.2).	12/31/2021 6/30/2021



Recommendation V. To ensure that SANDAG has adequate procedures in place to ensure accuracy and reliability of SANDAG's financial information:

<u>Status</u>	<u>Proposed Action</u>	<u>Due Date</u>
	V.1. Strengthen procedures related to appropriately allocating bonuses <u>lump sum merit pay</u> to projects.	12/31/2021
	V.2. Strengthen procedures for correctly reporting special compensation items to CalPERS.	12/31/2021
	V.3. Review cost allocation for past bonuses and take remedial steps if past expenses should have been charged differently; clarify procedures for allocating the costs associated with bonus <u>lump sum merit</u> payments to projects.	12/31/2021
	V.4. Update accounting procedures to ensure appropriate controls for payroll processing functions.	12/31/2021
	V.5. Employee acknowledgment of policies and procedures for financial practices.	12/31/2021
	V.6. Require employee acknowledgement of Board Policy Nos. 041 (Internal Control Standards) and 042 (Policy of Reporting Procedures and Forms for Fraud, Waste and Abuse).	3/31/2021



Recommendation VI. To ensure adequate controls over approvals over performance incentives and special compensation:

<u>Status</u>	<u>Proposed Action</u>	<u>Due Date</u>
	VI.1. Present a special compensation table to the Board for approval.	6/30/2021
	VI.2. Strengthen procedures for awarding compensation adjustments (merit increases and bonus awards) to employees.	9/30/2021
	VI.3. Provide training to designated employees regarding processes for completing performance evaluations and preparing and approving compensation adjustment recommendations.	9/30/2021
	VI.4. Establish procedures for reconciling compensation adjustments provided to employees.	12/31/2021


Recommendation VII. To ensure adequate processes for determining and setting salary ranges:

<u>Status</u>	<u>Proposed Action</u>	<u>Due Date</u>
	VII.1. Develop an administrative policy for maintaining salary ranges to include the methodology for conducting salary range studies, analyzing survey results, and preparation of recommendations.	12/31/2021
	VII.3. Develop and maintain job descriptions for all positions, with input from supervisors and employees.	6/30/2022

Recommendation VIII. To ensure justification and approval of number of executive team members and associated salaries:

<u>Status</u>	<u>Proposed Action</u>	<u>Due Date</u>
	VIII.1. Develop processes to maintain systems and documents with accurate and consistent use of employees and job titles and other relevant information.	12/31/2021
	VIII.4. Complete a salary range study to determine market rates for agency benchmark positions, including newly defined management positions.	6/30/2021

Recommendation IX. To ensure SANDAG has fair, objective, and competitive hiring practices:

<u>Status</u>	<u>Proposed Action</u>	<u>Due Date</u>
	IX.3. Strengthen procedures related to the recruitment program that support fair and competitive hiring practices.	12/31/2021

Finding I Recommendations

To ensure that SANDAG's Board properly governs and develops a system of internal controls over salaries, compensation, and benefits, the Board should:


OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
<p>1. Assume ownership of and update the Board's Administrative Rules and Regulations, including but not limited to,</p> <ul style="list-style-type: none"> Citations of the applicable laws and regulations for which SANDAG will follow with regard to salaries, compensation, and benefits. Define the responsibility for SANDAG management to create and update an Employee Handbook that is aligned with Board Bylaws, Policies, Administrative Rules and Regulations, and Manuals. 	<p>Management shall review and propose updates, including additional language, to the SANDAG Bylaws and Board Policy No. 017 (Delegation of Authority), for Board consideration and approval, that further defines the Board's expectations and the Executive Director's scope of responsibility regarding creating and maintaining the SANDAG Employee Handbook.</p> <p>Consistent with the Audit Committee's recommendation, management shall present the Employee Handbook to the Board for ratification of the employment decisions made by the Executive Director pursuant to the standards set forth in the Handbook.</p>	<p>General Counsel and Director of Organization Effectiveness</p> <p>Due: 6/30/2021</p>	<p>● Completed.</p> <p>At its meeting on June 11, 2021 (Agenda Item 16), the Board approved amendments to the SANDAG Bylaws and Board Policy No. 017 (Delegation of Authority) that clarify the Executive Director's scope of responsibility, including developing and maintaining the SANDAG Employee Handbook.</p> <p>Further, at its meeting on June 25, 2021 (Agenda Item 14A), the Board ratified that the employment decisions made by the Executive Director, that were the subject of the audit, were made pursuant to the standards set forth in the Employee Handbook.</p>
<p>2. Strengthen and amend the Board's Bylaws, and other Board Policies as necessary, to ensure consistency and clarity of Board documents, including but not limited to,</p> <ul style="list-style-type: none"> Document that the Executive Director's authority is limited subject to the Administrative Rules and Regulations, rather than Administrative policies and 	<p>Management shall propose updates to the SANDAG Bylaws and applicable Board policies, for Board consideration and approval, that</p> <ul style="list-style-type: none"> Fully document the scope and limit of the Executive Director's authority, Document the hierarchy and relationship of the Bylaws, Board 	<p>General Counsel</p> <p>Due: 6/30/2021</p>	<p>● Completed.</p> <p>At its meeting on June 11, 2021 (Agenda Item 16), the Board approved amendments to the SANDAG Bylaws and Board Policy No. 017 (Delegation of Authority) that clarify the Executive Director's scope of responsibility, including developing and maintaining an Employee Handbook and other</p>


OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
<p>manuals, for administration of SANDAG business.</p> <ul style="list-style-type: none"> Document the hierarchy of Board Bylaws, Policies, Administrative Rules and Regulations, and management procedures and the Employee Handbook to ensure that management is aware of and adhering to the highest authority. Clarify Board policy to ensure that sections pertaining to the Executive Director's authority to administer SANDAG's personnel system are clearly indicated. 	<p>policies, Employee Handbook, and other administrative policies, and</p> <ul style="list-style-type: none"> Clarify the Executive Director's responsibilities with respect to administering the personnel system. 		administrative policies, for use in administering the SANDAG personnel system.
<p>3. Evaluate retaining General Counsel for the Board to conduct legal research, prepare ordinances, resolutions, memoranda, administrative rules and regulations, and other legal documents, and advise the Board of Directors, and keep the Board apprised of its obligations for following applicable laws and regulations, and to ensure that Board documents are properly retained and changes approved by the Board to Board Bylaws, policies, and other documents are completed and tracked.</p>	<p>No action proposed. The Office of General Counsel currently performs these tasks and is accountable to the Board of Directors pursuant to both SANDAG's organizational structure as well as per ethical mandates.</p>	n/a	Implementation of this recommendation is not planned.

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
4. Require SANDAG management to acknowledge that they are aware of and complying with the Board Bylaws, Policies, Administrative Rules and Regulations, and Manuals upon being hired and on an annual basis thereafter.	Consistent with the Audit Committee's recommendation, management shall require all employees to acknowledge receipt of the Employee Handbook and SANDAG Bylaws at the time of employment and annually thereafter. Language reflecting this requirement will be incorporated into the next version of the Handbook; processes and procedures related to this activity will be documented. For new employees, acknowledgement will be incorporated into existing job offer/job acceptance practices. A new process will be developed and implemented for the annual acknowledgement by existing employees.	Director of Organization Effectiveness Due: 3/31/2021	<p>● Completed.</p> <p>Management has</p> <ul style="list-style-type: none"> Revised the Employee Handbook and notified employees of the new acknowledgement requirement; Revised offer of employment letters to incorporate the new acknowledgement process; Developed and documented processes and procedures related to the acknowledgement requirement; and Implemented a process for obtaining employee acknowledgement of the Handbook and Bylaws on an annual basis, including recordkeeping.

Finding II Recommendations

To ensure that management cannot approve termination payments that exceed the amounts set forth in Board policies and rules and regulations, the Board should:

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
1. Formally investigate the legality of management's actions of granting severance pay to employees who resigned without pending litigation, and the granting of the exception for paying more than 25% of sick leave to employees who voluntarily resign from SANDAG, and failure to report payouts to the Board in order to determine whether any personnel action should be taken against individuals for breach of fiduciary duty.	Consistent with the Audit Committee's recommendation, and at the direction of the Board, no action is proposed.	n/a	Implementation of this recommendation is not planned.
2. Require management to develop and formalize procedures, including but not limited to, <ul style="list-style-type: none"> Ensuring termination pay is paid consistent with the Administrative Rules and Regulations set forth in Board policy. Process for requesting approval from the Board for making termination payments not expressly written stated in the Board Policies and Administrative Rules and Regulations. 	Management shall review and clarify existing administrative policies, and develop additional procedures, related to separation/termination pay, including a process for seeking Board approval in the event a proposed transaction is not expressly covered by Board policy. Further, consistent with the Audit Committee's recommendation, management shall propose updates to the SANDAG Bylaws and/or relevant Board policies, for Board consideration and approval, pertaining to setting and reporting any future severance payments to the Board.	General Counsel; Chief Financial Officer , and Director of Organization Effectiveness Due: 6/30/2021	 Completed. At its meeting on June 11, 2021 (Agenda Item 16), the Board approved an amendment to Board Policy No. 017 (Delegation of Authority) to clarify the Executive Director's authority to offer severance to an employee in accordance with the employee's contract and/or at the discretion of the Executive Director. Any discretionary action taken, shall be reported to the Board in summary form.

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
3. Require staff responsible for implementing procedures related to termination pay training on updated procedures.	Following implementation of Recommendation II.2, management shall develop and provide training to designated employees regarding new and/or revised agency processes and procedures related to separation/termination pay.	Chief Financial Officer and Director of Organization Effectiveness Due: 12/31/2021	 This work has been completed and is pending review by OIPA. Management has implemented a process to train and review agency policies pertaining to severance pay with designated employees on at least a biannual basis and obtain written acknowledgement.

Finding III Recommendations

To ensure that management and Board members cannot approve salary increases and large dollar payouts without justification, the Board should:

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
1. Formally investigate the legality of management's actions of granting large dollar salary increases and bonuses to the former Chief Deputy Executive Director, and failure to report the payouts to the full Board in order to determine whether any personnel action should be taken against individuals for breach of fiduciary duty.	Consistent with the Audit Committee's recommendation, and at the direction of the Board, no action is proposed.	n/a	Implementation of this recommendation is not planned.

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
2. Rescind all delegated authority to award salary increases and bonuses until such time as the investigation has taken place and appropriate controls have been implemented to ensure that abuse of the performance incentive program does not occur.	Consistent with the Audit Committee's recommendation, no action proposed. The actions described in response to Recommendations III.3, IV.1, VI.1, VI.2, and VI.3 address the introduction of policies and procedures, at both the Board and management level, related to the award of performance rewards.	n/a	Implementation of this recommendation is not planned.
3. Clarify the responsibility of the Board Members acting in the capacity of the Chair and Vice Chair, to report actions taken on behalf of the full Board to ensure the Board is aware concerning awarding salaries increase and performance incentive pay.	Consistent with the Audit Committee's recommendation, management shall propose updates to the SANDAG Bylaws and/or relevant Board policies, for Board consideration and approval, that clarify the authority of Board leadership, as well as any reporting protocol for specified actions.	General Counsel Due: 6/30/2021	<p>● Completed.</p> <p>At its meeting on June 11, 2021 (Agenda Item 16), the Board approved an amendment to Board Policy No. 001 (Allocation of Responsibilities) to clarify that in time sensitive situations when a quorum of the Executive Committee cannot be convened, the Chair, with written concurrence from the First Vice Chair and Second Vice Chair, may act on behalf of the Executive Committee. Such actions, if taken by the Chair, shall be reported to the Executive Committee at its next meeting.</p>

Finding IV Recommendations

To ensure that SANDAG's Board is properly informed of SANDAG business and information is presented clearly, accurately, and timely, the Board should:

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
1. Create and promulgate a Board policy defining special compensation for SANDAG employees.	<p>Consistent with the Audit Committee's recommendation, management shall develop, for Board consideration and approval, an administrative policy defining a special compensation policy/table, and including the conditions for payment, that meets the requirements of California Code of Regulations, Title 2, sections 571(b) <u>and 571.1</u> and any other applicable laws and regulations. The approved administrative policy shall be incorporated into the Employee Handbook shall reflect the Board <u>approved policy pertaining to items of special compensation</u>; future updates to the administrative policy policies shall be presented to the Board for approval.</p> <p><i>Note: This action is responsive to the CalPERS Retroactive Special Compensation Adjustment audit completed in June 2020.</i></p>	<p>Director of Organization Effectiveness</p> <p>Due: 2/28/2021</p> <p>Due: 6/30/2021</p>	<p>● Completed.</p> <p>This work was initially postponed. Management elected a course of action for addressing the findings noted in the CalPERS Retroactive Special Compensation Adjustment audit that was not dependent on the Board's approval of a Special Compensation policy. As such, the 2/28/2021 deadline was no longer relevant.</p> <p>Consistent with 2 CCR §571(b) and §571.1, the Board approved the FY 2022 Special Compensation Policy (Table) as part of adopting the FY 2022 Program Budget on May 14, 2021 (Agenda Item 12).</p> <p>The sections of the SANDAG Employee Handbook pertaining to items of special compensation (Shift Differential and Statutory Holiday Pay) mirror the language approved by the Board in the Special Compensation Policy.</p> <p>The newly established Classification Salary Range and Special Compensation Tables administrative policy (see Rec. IV.2) includes a requirement for seeking Board approval of a Special Compensation policy on an annual basis.</p>



OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
<p>2. Create and promulgate a policy which addresses the nature and timing of information that SANDAG management and staff should present to the Board and the public, including but not limited to,</p> <ul style="list-style-type: none"> Responsibility of management to present salary and special compensation tables as a separate agenized resolution at least annually, properly date approved schedules, and post the approved schedules on SANDAG's website. 	<p>Consistent with the Audit Committee's recommendation, management shall develop and document an administrative policy and procedure for presenting changes to salary range and special compensation tables to the Board for consideration and approval, and other related actions, that meets the requirements of California Code of Regulations, Title 2, sections 570.5, and 571(b), <u>and 571.1</u>, and any other applicable laws and regulations.</p>	<p>Chief Financial Officer and Director of Organization Effectiveness</p> <p>Due: 6/30/2021</p>	<p>● Completed.</p> <p>Management developed and implemented an administrative policy and procedure guide that describes activities and responsibilities for maintaining, seeking Board approval, communicating, recordkeeping, and other actions pertaining to the Classification Salary Range and Special Compensation tables, consistent with applicable laws and regulations.</p>
<p>3. Require management to develop and formalize procedures for budgeting and reporting financial information, specifically salaries and benefits information, to the Board in accordance with applicable laws, regulations, Board Bylaws, and Board Policies.</p>	<p>Management shall review and clarify existing practices and procedures, and prepare additional documentation, regarding the budgeting, reporting, and general communication of salary and benefits information to the Board.</p>	<p>Chief Financial Officer and Director of Organization Effectiveness</p> <p>Due: 6/30/2021</p>	<p>● Completed.</p> <p>Management has reviewed, updated, and documented the processes used for preparing the Personnel Cost Summary, one of core elements of Chapter 11 (Human Resources) of the annual Program Budget document.</p> <p>Management also established new practices and standards for transparently communicating salary and benefits information to the Board via staff reports and presentations prepared in conjunction with developing the Draft and Final Program Budgets.</p>



OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
4. Require management to update its methodology and formalize procedures for determining the total Annual Compensation Pool and in alignment with Board defined special compensation and approved special compensation tables.	Management shall review and clarify existing practices and procedures, and prepare documentation, regarding preparation and communication of the annual compensation adjustment pool recommended to the Board, and consistent with the special compensation administrative policy.	Chief Financial Officer and Director of Organization Effectiveness Due: 6/30/2021	<p>● Completed.</p> <p>Management has reviewed, updated, and documented the processes used for preparing the compensation adjustment pool for inclusion in the annual Program Budget.</p> <p>Management also established new practices and standards for transparently communicating the purpose and components of the compensation adjustment pool to the Board.</p>
5. Requirement (sic) management to develop and formalize a procedure for reconciling the Annual Compensation Pool to amounts awarded to employees and report performance incentives earned by employee name, title, amount, and period earned in accordance laws and regulations.	Management shall develop and document procedures for reconciling the annual compensation adjustment pool to the actual compensation adjustment amounts awarded. Further, management shall review the procedures with those employees with responsibilities related to the reconciliation of annual compensation adjustments upon implementation, and in advance of each reconciliation process. Procedures for reporting bonus payments (performance incentives) in accordance with applicable laws and regulations shall be developed as part of implementing Recommendation V.2.	Chief Financial Officer Due: 12/31/2021	<p>○ This work has been completed and is pending review by OIPA.</p> <p>Management has reviewed, updated, and documented the processes used for reconciling the annual compensation adjustment pool to the actual amounts awarded.</p> <p>Management implemented a review process with employees in the Accounting and Finance department whose responsibilities include reconciliation of annual compensation adjustments. This process was initiated in December 2021 and will reoccur in advance of each future compensation adjustment cycle. Employees who participate in the review sign an acknowledgment form indicating their</p>



OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
			<p>awareness and understanding of agency processes.</p> <p>Note: At the beginning of 2021, SANDAG ceased its practice of reporting performance bonuses to CalPERS and has since eliminated performance bonuses from the agency's compensation program. Therefore, activities related to developing procedures for reporting bonus payments to CalPERS that were originally noted the Action Plan have not been addressed.</p>
6. Require staff to review formalized policies and procedures to ensure staff is aware of their roles and responsibilities for receiving and documenting approvals of salary schedules and special compensation.	Following implementation of Recommendation IV.2, management shall require those employees with responsibilities related to the preparation and presentation of salary range and special compensation tables to the Board to review and acknowledge their understanding of related policies and procedures on an annual basis.	<p>Director of Organization Effectiveness</p> <p>Due: 12/31/2021</p> <p>Due: 6/30/2021</p>	<p>● Completed early.</p> <p>As part of the newly established Classification Salary Range and Special Compensation Tables administrative policy (see Recommendation IV.2), employees with responsibilities for preparing and presenting Classification Salary Range and Special Compensation Tables to the Board have signed acknowledgement forms attesting they have reviewed and understand the policy and procedure. This practice will recur on an annual basis.</p>

Finding V Recommendations

To ensure that SANDAG has adequate procedures in place to ensure the accuracy and reliability of SANDAG's financial information the Board should:

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
<p>1. Require Financial Services to create and formalize procedures for reallocating special compensations costs to projects, including but not limited to</p> <ul style="list-style-type: none"> Verifying that fringe benefits and overhead are not charged when bonuses are charged to projects. Reallocations are supported by employee timesheets to ensure that costs are correctly allocated to projects. The total amount of bonuses charged to projects reconciles to the bonuses approved by the Executive Director. 	<p>Management shall review and clarify existing procedures, and develop, document, and implement additional procedures, for appropriately allocating the costs associated with employee performance bonuses <u>lump sum merit pay</u> to projects.</p>	<p>Chief Financial Officer</p> <p>Due: 12/31/2021</p>	<p> This work has been completed and is pending review by OIPA.</p> <p>In mid-2021, SANDAG eliminated performance bonuses from the agency's compensation program. As a new practice, some employees may be eligible to receive Lump Sum Merit Pay in lieu of a base pay merit increase.</p> <p>To support administration of this new form of compensation, Management developed, documented, and implemented a new procedure for appropriately allocating the cost of Lump Sum Merit Pay to projects.</p>
<p>2. Require Financial Services to develop and formalize procedures for reporting special compensation to CalPERS in accordance with applicable laws and regulations, including documenting that Financial Services has reviewed that amounts were accurately reported for periods earned.</p>	<p>Management shall review and clarify existing procedures, and develop, document, and implement additional procedures, for correctly reporting special compensation items to CalPERS, consistent with applicable laws and regulations.</p>	<p>Chief Financial Officer</p> <p>Due: 12/31/2021</p>	<p> This work has been completed and is pending review by OIPA.</p> <p>Management has reviewed, updated, and documented the process for reporting special compensation items to CalPERS consistent with California Code of Regulations, Title 2, Sections 571(b) and 571.1, and in compliance with payroll reporting guidelines published by CalPERS.</p>



OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
3. Require Financial Services to review the allocations for bonuses paid, identify whether bonus amounts were accurately reallocated to projects based on supporting time sheets and other documentation, and correct any amounts not properly charged to projects.	Management shall review the cost allocation for past bonus payments with the agency's outside auditors and will take remedial steps if expenses should have been charged in a different manner. Further, as noted in response to Recommendation V.1, management shall review and clarify existing procedures, and prepare additional documentation for appropriately allocating the costs associated with bonus payments <u>lump sum merit pay</u> to projects.	Chief Financial Officer Due: 12/31/2021	 This has been completed and is pending review by OIPA. Management consulted with SANDAG's external financial auditors to review and confirm practices used for allocating expenses for past bonus payments. Based on this review, no changes were made to past bonus payment transactions.
4. Require Financial Services to update accounting procedures to address the issues identified in this report, including but not limited to, ensuring procedures are clearly and concisely written, control activities are clearly stated, the document is properly indexed and dated, and login information, passwords, and other confidential information is removed.	Management shall review existing accounting practices and update procedures to ensure proper controls are in place related to payroll processing functions. As part of this review, management will address the issues noted in the audit report.	Chief Financial Officer Due: 12/31/2021	 This work has been completed and is pending review by OIPA. Management has reviewed, updated, and documented payroll processing functions to further clarify procedures and to ensure proper controls are in place.

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
5. Require staff to review formalized policies and procedures to ensure staff is aware of their roles and responsibilities for ensuring sound financial practices within SANDAG.	Management shall require designated employees to review and acknowledge receipt of policies and procedures related to the agency's financial practices, on at least on a biannual basis, or upon implementation of significant policy/procedure updates, to ensure employees understand their roles and responsibilities.	Chief Financial Officer Due: 12/31/2021	<p> This work has been completed and is pending review by OIPA.</p> <p>Management implemented a review process of agency financial practices and any significant changes or updates to policies or procedures, prior to implementation, to ensure that each staff member is clear on their roles and responsibilities in the department.</p> <p>Management implemented a process for obtaining Accounting and Finance staff acknowledgments on a bi-annual basis and as needed for any significant changes or updates.</p>
6. Require all SANDAG employees to acknowledge that they have read and understand their fiduciary duties as provided in Board Policy 041 and their obligation to report fraud, waste, and abuse, as well as, their protection as a whistleblower as provided in Board Policy 039.	Management shall require all employees to acknowledge awareness of SANDAG Board Policy Nos. 041 (Internal Control Standards) and 042 (Policy of Reporting Procedures and Form for Fraud, Waste, and Abuse). This activity is anticipated to occur in conjunction with the annual employee acknowledgement of the Employee Handbook.	Director of Organization Effectiveness Due: 3/31/2021	<p> Completed.</p> <p>Management has implemented a process to obtain employee acknowledgment of Board Policy Nos. 041 and 042 on an annual basis. For efficiency purposes, this activity occurs in conjunction with the annual acknowledgement of the Handbook and Bylaws by employees (refer to Recommendation I.4).</p>

Finding VI Recommendations


Based on the auditor's review, and to ensure adequate controls over approvals over performance incentives and special compensation the Board of Directors should:

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
1. Require management to develop and seek Board approval a special compensation table, which defines the amounts to be awarded to employees, in accordance with applicable laws and regulations and aligned with the Board's defined special compensation plan on an annual basis.	Consistent with the Audit Committee's recommendation, management shall present a special compensation table to the Board for consideration and approval on an annual basis, as part of the annual program budget, that meets the requirements of California Code of Regulations, Title 2, section 571(b) and any other applicable laws and regulations.	Director of Organization Effectiveness Due: 6/30/2021	<p>● Completed.</p> <p>Consistent with 2 CCR § 570.5, 571(b), and 571.1, the Board approved the FY 2022 Special Compensation Table as part of adopting the FY 2022 Program Budget on May 14, 2021 (Agenda Item 12).</p> <p>The newly established Classification Salary Range and Special Compensation Tables administrative policy (see Recommendation IV.2) describes management's responsibility for seeking Board approval of the Special Compensation Table on an annual basis.</p>
2. Require management to develop and formalize procedures for a consistent methodology which identifies the performance ratings employees should attain in order to qualify for performance incentives on an annual basis, including but not limited to, documenting approvals, recommendations, and justification of amounts awarded.	Management shall review and clarify procedures, and prepare additional documentation, to further support the award of compensation adjustments (<u>base pay</u> merit increases and bonus awards <u>lump sum merit pay</u>) to employees, including eligibility criteria, the review and approval process, and preparation and maintenance of supporting documentation.	Director of Organization Effectiveness Due: 9/30/2021	<p>● This work has been completed and is pending review by OIPA.</p> <p>The newly established Compensation Adjustment administrative policy describes the procedures used for recommending and approving performance-based pay increases for employees, including documentation and recordkeeping.</p>

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
3. Require staff to review formalized procedures for completing performance evaluations, recommending performance incentives, and approving performance incentives to staff to ensure they understand their roles and responsibilities.	In conjunction with implementing Recommendation VI.2, management shall develop additional reference materials and provide training to supervisors and management regarding the completion of performance evaluations, and the preparation and approval of compensation adjustment recommendations for employees.	Director of Organization Effectiveness Due: 9/30/2021	<p> This work has been completed and is pending review by OIPA.</p> <p>Management has developed and implemented new tools, systems, and practices to ensure fair, equitable, and consistent distribution of performance rewards within departments and across the organization, including oversight and review by Senior Leadership. Training and reference materials have been provided to Executive Team members to use when preparing compensation adjustment recommendations.</p>
4. Require Financial Services to develop and formalize a procedure for reconciling the performance incentives paid to employees to the amounts approved by management.	In conjunction with implementing Recommendation IV.5, management shall develop and document procedures for reconciling the compensation adjustment amounts provided to employees with the amounts approved by management.	Chief Financial Officer Due: 12/31/2021	<p> This work has been completed and is pending review by OIPA.</p> <p>As noted in Item IV.5, Management has reviewed, updated, and documented the process used for reconciling the annual compensation adjustment pool awarded to employees with the amounts approved by management.</p>


Finding VII Recommendations


To ensure that SANDAG has an adequate process for determining and setting salary ranges, SANDAG's Board should:

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
<p>1. Establish and formalize policies and procedures to regularly complete salary comparison surveys and analysis, including but not limited to</p> <ul style="list-style-type: none"> Explain when and how it will complete a salary survey, including a methodology it will use to determine these entries against which it compare itself, and how it uses the results to determine the increases in salaries and benefits. Further it should provide justification to the Board when deciding to increase salaries above the amounts that the salary survey. E.g. Chief Economist, Clerk of the Board, and other key positions identified by SANDAG. Develop a schedule for ensuring that salary positions are included on the salary comparison surveys. Require that SANDAG create duty statements for each position within the organization. 	<p>Management shall develop an administrative policy and procedures for maintaining SANDAG salary ranges including the general methodology used for conducting periodic market salary range studies, analyzing survey results, and preparing recommendations for salary range changes. Action pertaining to the development of duty statements is addressed in the response to Recommendation VII.3.</p>	<p>Director of Organization Effectiveness</p> <p>Due: 12/31/2021</p>	<p> This work has been completed and is pending review by OIPA.</p> <p>Management has prepared a new administrative policy to document the practices used for maintaining the salary ranges for each position classification used by SANDAG. Processes include conducting periodic market studies to evaluate competitiveness with similar public agencies and private sector employers, as well as salary range maintenance activities, conducted with guidance from expert compensation consultants. Updates to the Classification Salary Range table are presented to the Board of Directors for consideration and approval as part of the annual Program Budget.</p>

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
2. Request management to conduct a job analysis by gathering, documenting, and analyzing information about the job duties to determine the activities and responsibilities.	No action proposed. Management shall continue to monitor and maintain the classification specifications (Class Specs) that were comprehensively reviewed, updated, and implemented in FY 2017 as well as the additional Class Specs developed and implemented in 2019 as part of the agency reorganization. Job analysis will continue to be performed as needed, and information obtained during the preparation of job descriptions for all positions (see Recommendation VII.3) also will be used to maintain Class Specs.	n/a	Implementation of this recommendation is not planned.
3. Request management to develop job duty statements in compliance with applicable laws, regulations, and best practices for each position within SANDAG. The qualifications necessary for performing the job and the conditions under which work is performed.	Management shall require development and maintenance of job descriptions for all positions. Human Resources shall be assigned responsibility for researching current best practices and recommending a job description template; developing, documenting, and implementing a process and procedure to support development and ongoing maintenance of job descriptions; and coordinating the preparation of job descriptions with input provided by supervisors and employees.	Director of Organization Effectiveness Due: 6/30/2022	○ This work shall be initiated in early 2022.

Finding VIII Recommendations


OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
1. SANDAG should update agency documents, including its organizational charts and job titles to reflect accurate employee names, job titles, and other relevant information.	Management shall review and update agency systems and documents to ensure accurate and consistent use of employee names, job titles, and other relevant information. Further, processes and standards will be developed and implemented to ensure maintenance of systems and documents.	Director of Organization Effectiveness Due: 12/31/2021	 This work has been completed and is pending review by OIPA. Management has made a conscientious effort to review and update agency systems and documents with accurate employee name and job title information. Further, a new administrative policy and procedure has been implemented to help ensure the accuracy and consistency of employee names, job classification titles, and other relevant information in the systems, records, and documents maintained by various program areas.
2. Revert salaries for high level positions to salaries prior to the September 2019 salary schedule revisions.	Consistent with the Audit Committee's recommendation, no action is proposed.	n/a	Implementation of this recommendation is not planned.
3. SANDAG should complete a needs assessment, which includes a cost benefit analysis for positions added and promotions in place to the level of Chief Executive Director, Director II, and manager to determine whether the number of management positions at the current levels is necessary and can be justified. Further, the reporting structure and hierarchy should be reviewed to ensure consistency and that positions within job classifications are reporting	Consistent with the Audit Committee's recommendation, no action is proposed. Furthermore, as described in the Management Revised Response (see p.27), an examination of the agency's organization structure was included as part of the strategic planning project undertaken in 2019. The review was conducted, and recommendations were prepared, by experienced management consultants, who worked in a deliberative and collaborative manner	n/a	Implementation of this recommendation is not planned.

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
to management with the necessary skills and experience to management the workload.	with Executive Director to address the needs of the agency with respect to leadership oversight and operational effectiveness. The Management Revised Response (see p.25) also addresses the conclusion that a significant number of executive-level positions have been added to SANDAG and explains how existing executive-level roles have been repurposed to achieve the recommended organization structure.		
4. Based on the result of the Needs Assessment, management should complete a salary comparison analysis to determine the market value of management positions based on the job duties and responsibilities.	An alternate action is proposed. While the needs assessment described in Recommendation VIII.3 and referenced in this recommendation is not planned to be undertaken, management intends to complete a salary range study in 2021 to determine the market pay rates for benchmark positions, and shall include the newly defined management positions that can be reasonably compared as part of this project. The salary range study shall be conducted by the agency's compensation consultant.	Director of Organization Effectiveness Due: 6/30/2021	 Completed. The SANDAG compensation consultant was engaged in late 2020 to conduct a salary range study. The study compared existing salary ranges for 42 benchmark positions, including 6 Executive-level positions, relative to similar positions at 15 comparable public agencies as well as the private sector. Recommendations from the study were approved by the Board, in the form of the FY 2022 Classification/Salary Range Table as part of the FY 2022 Program Budget adopted on May 14, 2021 (Agenda Item 12).

Finding IX Recommendations

To ensure that SANDAG has fair, objective, and competitive hiring practices SANDAG should:

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
1. SANDAG should identify all employees who were appointed or promoted without undergoing a fair and competitive hiring process.	No action proposed. As described in the Management Revised Response (see p.29), the Executive Director acted within delegated authority and consistent with employment policies established as part of the Employee Handbook in appointing appropriately qualified individuals to executive-level positions during the 2019 agency reorganization.	n/a	Implementation of this recommendation is not planned.
2. For those positions determined to be filled without a fair and competitive hiring process, SANDAG should perform an evaluation to identify: <ul style="list-style-type: none"> Whether the position and level of the position is necessary for the organization, this shall be supported a needs assessment, organization chart, span of control review and, complete duty statement. Vacate and properly re-advertise the position and follow the competitive hiring process for filling the position. 	<p>No action proposed. As noted in response to Recommendation IX.1, the Executive Director acted within delegated authority and consistent with employment practices as part of the Employee Handbook in making the 2019 staffing decisions and these are considered legal actions.</p> <p>As noted in response to Recommendation VIII.3, an examination of the agency's organization structure was included as part of the strategic planning project undertaken in 2019 which resulted in a plan to repurpose existing executive-level positions to achieve the recommendation organization structure.</p>	n/a	Implementation of this recommendation is not planned.

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
	With respect to vacating currently filled positions, the Office of General Counsel has identified potential legal risks associated with violation of employee contract rights and does not recommend this action. Furthermore, the Audit Committee recommended against making any changes to positions in response to Finding VIII.		
<p>3. Develop and formalize procedures for openly advertising and competitively hiring for SANDAG positions in accordance with applicable laws and regulations and Board Bylaws, Policies, and Administrative Rules and Regulations, that include but are not limited to,</p> <ul style="list-style-type: none"> Documenting justification for advertising internally or externally including timeframes for advertisement. Documenting applications and resumes of all job applicants who applied for each open and filled position, including rating of whether candidates met the minimum qualifications. Documenting interview questions, candidate ratings and scores by each interviewer, and justification for candidate selection. 	Management shall develop, document, and implement procedures and processes related to the recruitment program that support fair and competitive hiring practices, including preparation of position announcements, advertising strategies, application submittal and review procedures, selection activities, and approval of job offers.	<p>Director of Organization Effectiveness</p> <p>Due: 12/31/2021</p>	<p> This work has been completed and is pending review by OIPA.</p> <p>Management has documented the processes and procedures coordinated by Human Resources for the recruitment and selection of new employees, consistent with the agency's Equal Employment Opportunity policy and objectives. The documentation comprehensively describes all phases: approval to add or backfill an existing position; recruitment planning; preparation of the job announcement and advertising/outreach strategy; receipt of Employment Applications and applicant communication; application evaluation; candidates interviews and selection; preparing and negotiating job offers; pre- and post-employment checks, and onboarding.</p>

Finding X Recommendation

The OIPA recommends that SANDAG:

OIPA Recommendation	Proposed Action	Responsible Official and Estimated Completion Date	Status
1. Create and establish policies and aligned with applicable laws and regulation set forth in the Administrative Rules and Regulations to ensure the regular full-time employees' rights are not violated and are consistent.	No action proposed. As described in the Management Revised Response (see p.30) and its Appendix A (p.12), SANDAG already has established, documented, and communicated, via the Employee Handbook and procedural guides, legally sound policies and practices that appropriately ensure the rights of employees while also protecting the operational interests of the agency.	n/a	Implementation of this recommendation is not planned.

Board Comments

In addition to the OIPA recommendations, the SANDAG Board:

Board Direction	Proposed Action	Responsible Official and Estimated Completion Date	Status
1. Direct staff that information in audit reports never be redacted, except for names and personal information.	Management shall fully comply with this direction.	Executive Director Due: Immediately	Management acknowledges the direction provided by the Board and will ensure this is reflected in future practices and actions.

Performance Management Program Policy

Performance management is about transforming goals into results. SANDAG strives to provide an environment where all employees understand the impact their contributions have on the achievement of agency goals and objectives and are provided opportunities for ongoing growth and development. This is accomplished through a strong performance-based management program.

The SANDAG Performance Management program offers a system of processes and tools that coordinate the efforts of employees in making contributions to the agency's programs, projects, and services. To be most effective, performance management requires effective collaboration and communication between supervisors and employees. Core activities include establishing performance expectations, setting goals and objectives, periodic check-in meetings to assess progress toward meeting goals and resetting priorities if new projects or tasks arise, and feedback discussions that support employee growth and development.

There are four key elements to the SANDAG Performance Management program: Defining Performance Expectations, Providing Feedback and Measuring Performance, Growth and Development, and Rewarding Performance. As noted, the Performance Management Program has a connection to the agency's Compensation Program in that the outcomes of an employee's performance throughout the year are considered in decisions related to merit pay and performance bonuses; performance results also are considered in decisions related to promotions and equity pay increases.

This policy is intended to describe the overall framework of the SANDAG Performance Management program and is applicable to all employees. The agency also has established forms, tools, and training, as well as a comprehensive Performance Evaluation Program Resource, to support employees, supervisors, and Executive Team members with performance management activities.

Note: In FY 2021, SANDAG is implementing a new framework to support continuous performance management. New systems and processes are being introduced to supervisors and employees, including the transition to a quarterly cadence for program activities. Training and resources will be developed and provided to clarify new and ongoing expectations.

Responsibilities

The Senior Leadership Team, with support from the Director of Organization Effectiveness, has overall responsibility for ensuring this policy and associated procedures are implemented and the necessary resources for the program are made available to Directors, supervisors, and employees. Below is a non-exhaustive list of other responsibilities.

Executive Team members are responsible for:

- Clarifying and communicating organizational priorities and objectives.
- Ensuring the Performance Management program is consistent with agency needs.
- Ensuring fair and actionable feedback is provided to employees, and compensation rewards are equitably distributed.
- Ensuring employees complete Performance Check-Ins in a timely manner.

Supervisors are responsible for:

- Ensuring goals and objectives, in the form of 3-month Performance Plans, are 1. discussed and agreed upon with each employee they supervise, 2. are reviewed and updated, if needed, and 3. are documented.
- Holding feedback and coaching discussions with employees on a regular basis.
- Ensuring employees have the knowledge, skills, and abilities necessary to perform their job functions, and identifying opportunities and providing support for employee growth and development.
- Completing Performance Check-ins (brief performance evaluations) with employees at the end of each quarter throughout the fiscal year to discuss and document goal achievement and performance highlights, and to hold feedback and development planning conversations to support professional and/or technical growth of the employee.

Employees are responsible for:

- Actively participating in performance management activities, including developing goals and objectives, preparing for and contributing to regular discussions with their supervisor, and identifying career development opportunities that are of interest.
- Monitoring personal performance against goals and objectives and informing their supervisor of achievements or issues as they arise.
- Proactively notifying their supervisor of any potential impacts to their ability to perform their job duties including any training or other support required.

Human Resources is responsible for:

- Coordinating and communicating the overall Performance Management program.
- Preparing, updating, and distributing forms, resources, and other program materials.
- Providing training for supervisors and employees.
- Supporting supervisors and employees with growth and development-related activities.

Element 1: Defining Performance Expectations

Clarity around “what needs to be accomplished, by when, and by whom” is one of the foundational tenets of effective performance management. Each supervisor and/or program manager is responsible for communicating and clarifying the priorities and significant upcoming activities to their team or work group, describing the role each employee has in achieving the goals.

In conjunction with program managers, each Director is responsible for determining how the work groups in their department will demonstrate alignment of quarterly goals and objectives to the agency’s strategic initiatives, priority projects, and/or enduring programs/services.

Beginning with the first quarter of FY 2021 (July through September 2020), and on a quarterly basis thereafter, supervisors and employees will jointly develop and document goals and objectives that focus on the projects, programs, and assignments the employee works on that contribute to the agency’s overall success. Also, supervisors and employees identify professional development goals that are geared toward enhancing technical skills/knowledge, or opportunities for gaining management or leadership experience. This collection of goals and objectives is referred to as a Performance Plan.

Goals and objectives are intended to be challenging and ambitious with measurable key results.

- Objective: Describes what is to be achieved; objectives are significant, concrete, action-oriented, and (ideally) inspirational.
- Key Results: Describes the measurable progress or outcomes of an objective (i.e., are you on track?); key results are specific and time-bound, aggressive yet realistic.

Element 2: Providing Feedback and Measuring Performance

Supervisors and employees are expected to hold frequent (weekly or biweekly) conversations about progress toward meeting objectives described in the Performance Plan, to assess whether work performed is meeting expectations, and to ensure employees have the knowledge, skills, and resources to perform their job functions effectively.

At the end of each quarter, the supervisor and employee complete a brief Performance Check-in to document achievements, discuss feedback, and identify/refine goals and objectives for the upcoming 3-month period.

Completion of quarterly Performance Check-ins require collaboration between employees, supervisors, and Directors. The core activities that make up this effort include the preparation of brief written summaries of performance, by both the employee and supervisor, conversations that provide feedback about the quarterly accomplishments; and discussions about project/task goals and development goals that will be part of the upcoming Performance Plan. As part of the Performance Check-in process, supervisors assess employee skill levels as they relate to current and future work assignments and prepare development goals to either address gaps between actual and expected performance or identify potential development opportunities.

Year-End Performance Check-in

The fourth quarterly Performance Check-in, which coincides with the end of fiscal year, will include a summary of goal achievements and technical and/or professional growth demonstrated during the prior 12-month period. The results documented as part of the year-end Performance Check-in will be used by Directors in the consideration and distribution of performance rewards, in the form of merit increase and bonuses, to employees.

Tools for Measuring Performance

- Performance Check-in Forms

SANDAG has established standardized forms for employees and supervisors to use when completing Performance Check-ins. These allow the employee to self-evaluate on their achievement of goals and objectives, including progress toward technical and/or professional growth and development, supervisors to evaluate and provide feedback, and Directors to provide comments. All Performance Check-in forms are signed by the employee, supervisor, and approved by the Director.

- Rating Scales

SANDAG has established a 4-point rating scale for evaluating the achievement of goals and objectives; this is outlined in Table 1. Brief definitions of the ratings scales also are included within the Performance Check-in form.

Performance Management for New Employees

- Initial Goals and Objectives

During the first four weeks of employment, the supervisor and employee discuss and agree upon job-related and professional development goals for the first six months. These goals often focus on learning the technical aspects of the role as well as practices and procedures for accomplishing various tasks and functions.

- Performance Evaluations

- Three-month and Six-month Evaluations (Regular Employees)

New Regular employees participate in a three-month Introductory Period Check with their supervisor to review progress toward meeting the initial goals and objectives established for the position. New Regular employees are evaluated again at their six-month anniversary date to determine if they can successfully perform the core responsibilities of the position for which they were hired.

- Six-month Performance Evaluation (Limited-Term and TIPS employees)

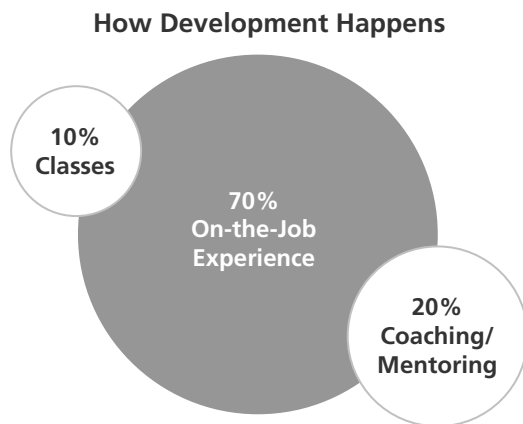
New Limited-Term and TIPS employees participate in a six-month Performance Evaluation with their supervisor to review progress toward meeting the initial goals and objectives established for the position.

Element 3: Growth and Development

The agency's continued success rests on sustaining and developing employees so they have the skills necessary for accomplishment of today's goals and objectives as well as those needed for the future. The diversity and complexity of agency responsibilities provides a rich environment from which employees and supervisors can identify and cultivate ongoing learning opportunities.

Development goals relate to competencies and technical skills/knowledge specific to a particular function or role. Goals and objectives are established at levels that are achievable and attainable by employees in their current position. There may be components of goals that stretch an employee's development and bridge them to a higher-level position within their job family.

Employees and supervisors identify and incorporate a variety of skill-building opportunities into every day experiences at work, and the agency supplements these efforts by supporting coaching and mentoring and providing access to a broad range of training opportunities.



Element 4: Performance Rewards

SANDAG uses a pay-for-performance compensation model to support the highest levels of organization performance. The intent is to reward individual employee effort and results commensurate with their contributions and impact toward achieving the goals and objectives of the agency. As part of this program, SANDAG provides annual performance rewards to eligible employees in the form of base pay merit increases and performance bonuses. Funding for performance rewards is included in the compensation adjustment pool which is identified in the annual program budget and approved by the Board of Directors. Performance rewards are not guaranteed and may not be available due to budget constraints or other business reasons.

The results of year-end Performance Check-ins are used by the Senior Leadership Team and Directors in recommending and approving performance rewards. Employees whose overall performance is rated as Meets Expectations (3.0) or above, are eligible for consideration. In limited cases, and with written justification from the supervisor, manager, and Director, an employee with an overall performance rating of less than Meets Expectations (3.0), may be considered for a reduced performance reward, commensurate with performance results, if there has been demonstrated and sustained effort and attitude by the employee toward improvement.

Performance rewards are considered on an individual basis and the amount awarded is determined as a percentage of the employee's base pay. The primary factors affecting the percentage amount awarded to an employee include availability of funds in the compensation adjustment pool and overall performance relative to other employees. A typical compensation adjustment pool is 3 to 5 percent of the annual salary budget. Performance rewards shall not exceed 10 percent of an employee's base pay.

Table 1: Rating Scale used for Evaluating Goal Achievement

4	<p>EXCEEDS EXPECTATIONS</p> <p>Performance consistently exceeds expectations in all primary areas of responsibility.</p> <ul style="list-style-type: none"> Overall quality of work is consistently excellent and is completed on schedule with a high degree of accuracy and independence; the employee demonstrates the skills and ability to complete major goals and projects. Significant contributions to agency goals, processes, and procedures are made on a regular basis; the employee can apply a superb level of skill and knowledge. Performance goes above and beyond work expectations and is characterized by high levels of accomplishment; the employee consistently demonstrates a drive for achievement and rarely makes or repeats errors in judgment. Work is consistently completed in a manner that models excellent performance.
3	<p>MEETS EXPECTATIONS</p> <p>Performance meets expectations in primary areas of responsibility.</p> <ul style="list-style-type: none"> Completed work meets expectations in all or almost all areas and requires minimal oversight or supervision for routine tasks and projects; the employee is capable and knowledgeable in most aspects of their work and can be relied on to achieve results in a timely and efficient manner. Contributions to the overall success of the department, section, or team are made through the consistent performance of core job duties; the employee demonstrates initiative and work products are generally good. Performance is at the level expected and is characterized by meeting goals and objectives; the employee demonstrates skills and behaviors that result in the effective performance of current position requirements. Work is usually completed in a manner that represents acceptable levels of performance.
2	<p>NEEDS IMPROVEMENT</p> <p>Performance does not consistently meet expectations in all primary areas of responsibility.</p> <ul style="list-style-type: none"> Work results are not consistent and assigned duties are not satisfactorily completed; the employee possesses many of the fundamental skills required for the position and may demonstrate success at times; significant guidance, direction, and monitoring is required to achieve consistent results for core responsibilities. Contributions to the overall success of the department, section, or team are minimal and the lack of performance may in fact be detrimental; the employee may demonstrate initiative for some duties but not for all assignments. Performance is often below the level expected relative to the employee's knowledge and experience; the employee has demonstrated limited ability to perform the requirements of the position but does not do so on a routine basis. Work habits could be improved to increase efficiency, technical competence, and professionalism.
1	<p>UNACCEPTABLE</p> <p>Performance consistently fails to meet minimum position requirements.</p> <ul style="list-style-type: none"> Work results are consistently poor even with excessive direction, follow-up, or intervention by the supervisor; the employee does not demonstrate the knowledge or ability to perform the fundamental duties of the position and is unwilling or unable to make efforts to improve. Poor performance is having a negative impact on the team, department, and agency overall; the employee's contributions are generally minimal if they occur at all. Performance is well below the level expected; the employee fails to use the skills necessary for success or demonstrate any effort toward improvement. Work habits must be substantially improved through a corrective performance plan in order to meet minimum job requirements.

In approving performance rewards, the Senior Leadership Team and Directors may provide a base pay merit increase, a performance bonus, or a combination of both. Regardless of the form of the performance reward, the total amount shall not exceed 10 percent of an employee's base pay. The primary form of a performance reward is a merit increase. These base pay increases move an employee through their salary range and support the agency's retention goals by ensuring employee pay remains competitive with similar roles in the market. Bonuses also may be used to reward employees when superior performance, as defined below, has been demonstrated in achieving goals and objectives. In most cases, performance bonuses are used to supplement merit increases, or instead of merit increases, when an employee is at or close to the top of their salary range.

With respect to bonus recommendations, "superior performance" is evidenced by an employee receiving a rating of 4.0 (Exceeds Expectations) on one or more goals that, in total, represent at least 25% of the employee's assigned work during the year. "Superior performance" also may be evidenced by an employee receiving an overall rating of 3.5 or higher on their year-end Performance Check-in. Recommendations for performance bonuses must be justified in writing by the supervisor and/or manager, and fully describe the efforts put forth by the employee that demonstrate superior performance. The written justification, and approval of the bonus, are retained by Human Resources.

Performance rewards are typically considered and approved by a member of the Senior Leadership Team or Director in September/October and are paid, retroactively, to the first pay period of the current fiscal year. Bonus payments, if awarded, are not reported to CalPERS and therefore will not be considered in the calculation of pension benefits. Performance rewards will not be provided to employees, including supervisors, managers, and Directors, who fail to complete their portion of the year-end Performance Check-in in a timely manner unless an exception to the due date is approved by a member of the Senior Leadership Team. Even if an exception to the due date is granted, the performance reward shall not be processed until the Check-in form is fully completed. An alternate schedule for completion of the year-end Performance Check-in shall be identified for employees on a leave of absence at time these are due.

Promotions for employee progression through a flexibly-staffed position series and pay equity increases also are considered and approved, when appropriate, on an annual basis, typically in conjunction with the consideration of performance rewards. Base pay increases approved for flexibly-staff promotions and pay equity adjustments do not impact the amount of the performance reward an employee may receive.

Amended January 2021

Employee Performance Rewards

Policy

SANDAG maintains and administers a market-competitive compensation program designed to attract, reward, and retain a well-qualified workforce. SANDAG uses a pay-for-performance program to reward employees through base pay merit increases and lump-sum merit awards.

Responsibilities

- The Board of Directors (Board) is responsible for considering and approving a pool of funds for performance-based rewards (compensation adjustments) for employees; as a practice, this typically occurs in conjunction with approval of the annual Program Budget.
- The Chief Executive Officer is responsible for establishing administrative rules and regulations for agency personnel functions. (SANDAG Bylaws; SANDAG Board Policy 017: Delegation of Authority), including policies pertaining to administration of the performance management and compensation programs.
- The Senior Leadership Team is responsible for providing operational input and reviewing proposed changes to policies, practices, and processes used to administer the pay-for-performance program, including oversight for the distribution and approval of performance-based compensation adjustments.
- The Director of Organization Effectiveness is responsible for overseeing the development, maintenance, and administration of the pay-for-performance program, including implementation of policies, practices, and processes that ensure fair, equitable, and consistent distribution of performance-based compensation adjustments within departments and throughout the organization.
- The Manager of Human Resources is responsible for allocating funds for performance-based compensation adjustments to each department; developing and implementing tools and resources that support Directors with the preparation of compensation recommendations; and communication and coordination of activities and actions.
- The Directors are responsible for ensuring performance evaluations for department employees, that are the basis for compensation adjustments, are completed in a timely manner; and for preparing compensation recommendations following established practices and processes.
- Payroll is responsible for processing approved compensation adjustments and reconciling the total cost of performance-based pay with the Board-approved budget.

Pay-for-Performance Program

SANDAG uses a pay-for-performance compensation model to support the highest levels of organization performance. The intent is to reward individual employee effort and results commensurate with their contributions and impact toward achieving the goals and objectives of the agency.

The Performance Management Program Policy, included as part of the Employee Handbook, describes policies and practices for completion of quarterly Performance Check-ins by employees, supervisors, and Directors. The results of the Performance Check-ins are used as the basis for performance-based compensation adjustment recommendations.

Performance rewards, in the form of base pay merit increases or lump-sum merit pay, are typically awarded to eligible employees on an annual basis, assuming a compensation adjustment pool has been approved as part of the program budget by the Board. Variations to the standard annual performance period may be approved by the Senior Leadership Team for budgetary or operational reasons.

Preparing for Distribution of Performance Rewards

The Manager of Human Resources is responsible for the following actions that support preparation, coordination, and distribution of the compensation adjustment pool:

- Prepare an overall schedule of activities, including identification of responsible parties, a communication plan, overall timelines, and milestone dates.
- Recommend an appropriate performance period applicable to consideration of the compensation adjustments; seek input from the Director of Organization Effectiveness and approval from the Senior Leadership Team.
- Review and propose updates to the Eligibility Criteria for Performance Rewards; seek input from the Director of Organization Effectiveness and approval from the Senior Leadership Team.
- Review and propose updates to the guidance and procedures to be used by Directors for determining Overall Performance Ratings for department employees; seek input from the Director of Organization Effectiveness and approval from the Senior Leadership Team.
- Prepare recommendations for the use and distribution of the approved compensation adjustment pool, seek input from the Director of Organization Effectiveness and approval from the Senior Leadership Team.
- Prepare tools, instructions, and guidelines to be used by Directors for compiling and documenting performance-based compensation adjustments.

Employee Eligibility for Performance Rewards

The Manager of Human Resources is responsible for ensuring employees meet the following eligibility criteria prior to receiving a performance reward:

- Employment classification: Must be hired as a Regular, Limited-Term, or TIPS employee; annuitants, temporary employees, and contractors are not eligible.

- Tenure: Must have continuous employment with SANDAG in the 6-months prior to the end of the defined performance period.
- Employment status: Must be an active employee at the time performance rewards are processed by Payroll.
- Work schedule: Performance rewards shall be pro-rated for employees who work less than full-time hours.
- Performance Check-ins:
 - For employees - must have completed their portion of all Check-ins covering the defined performance period.
 - For supervisors, managers, and Directors – must have completed their portion of their Check-ins covering the defined performance period, as well as their portion of Check-ins for team and/or department members.
 - Leaves of Absence - a custom plan shall be developed for the completion of Performance Check-ins for employees who were on a leave of absence during all or part of the defined performance period, or at the time compensation adjustments are being considered.
- Performance: Must receive an overall performance rating of 3.0 or higher for the defined performance period.
 - In limited cases, and with written justification from the supervisor, manager, and Director, an employee with an overall performance rating of less than 3.0 may be considered for a reduced performance reward, commensurate with performance results, if there has been demonstrated and sustained effort and attitude by the employee toward improvement, or approval granted by the Senior Leadership Team.

Overall Performance Ratings

The Manager of Human Resources is responsible for reviewing and updating resource materials, providing training, and communicating the Overall Performance Rating process to Directors in advance of each compensation adjustment cycle.

- The process of Directors assigning an Overall Performance Rating to each department employee eligible for a compensation adjustment is designed to normalize any discrepancies or inconsistencies in goal rating scores derived from the quarterly Performance Check-ins.
- Six Overall Performance Rating levels are defined:
 - Exceptional Contributor
 - Excellent Contributor
 - Highly Effective Contributor
 - Valued Contributor
 - Inconsistent Contributor
 - Unsatisfactory Contributor
- The Overall Performance Rating administrative guidelines, a companion to this policy, contains background information about the use of this tool, including definitions.

Allocation of the Compensation Adjustment Pool

The Manager of Human Resources is responsible for the following actions that allocate the funds in the approved compensation adjustment pool for the purpose of providing performance rewards:

- Confirm the total Board-approved compensation adjustment pool; identify the portion of the pool to be used for performance rewards (merit increases/lump-sum merit pay).
 - Note: The balance of the pool accounts for benefit-cost increases arising from increases in employee compensation and is not directly distributed as performance rewards.
- Identify a portion of the pool, typically in the range of 0.5 to 1%, to be used to provide enhanced performance rewards for top performers. This amount is set-aside from the pool of funds available for general compensation adjustments.
 - Note: Funds for enhanced performance rewards are contemplated only when there is capacity within the approved compensation adjustment pool.
- Identify a portion of the pool to be used to cover the additional cost of merit increases when an employee receives a promotional pay increase or pay equity adjustment in conjunction with their merit-based pay increase. This amount is set-aside from the pool of funds available for general compensation adjustments.
 - Note: The amount will vary each cycle depending on the anticipated number of promotional and pay equity increases.
- Determine the balance of the compensation adjustment pool; this is the amount that will be distributed to each department, on a pro-rated basis, for performance rewards.
- Compile a data file containing a list of all employees eligible for consideration for a performance reward, their pay rate at the end of the performance period, and department.
 - Note: All Executive Team members (excluding the CEO) are considered a 'department' for the purpose of preparing performance reward recommendations.
- Determine the total base pay for all eligible employees, and the total base pay for eligible employees in each department. Calculate the proportion of base pay relative to the total base pay for all eligible employees for each department.
- Apply the base pay proportion to the balance of funds available for general performance rewards to determine the pro-rated share of the compensation adjustment pool for each department.
- Prepare documentation supporting all assumptions and calculations used for allocation of the compensation adjustment pool.
- Review the proposed calculations and allocations with the Director of Organization Effectiveness; seek approval from the Senior Leadership Team.

Determining the Range of Performance Rewards

The Manager of Human Resources is responsible for preparing guidelines that set the range of performance rewards (expressed as a percentage of base pay) that may be recommended by a Director. The guidelines are applicable to all departments.

- A performance reward amount is identified for each Overall Performance Reward level.
 - Note: The reward amount may vary each cycle depending on funds available in the compensation adjustment pool.
- A minimum reward amount is set for the Valued Contributor level.
- A maximum reward amount is set for the Exceptional Contributor level.
- Approximate reward amounts are identified for the Excellent and Highly Effective Contributor levels.
- Directors have discretion to adjust the reward percentages for each level of performance based on the distribution of Overall Performance Ratings in the department while staying within the minimum and maximum amounts.
- The performance reward guidelines are included in the Compensation Recommendation spreadsheets prepared for each department.

Preparing and Documenting Compensation Recommendations

The Manager of Human Resources is responsible for developing tools and resources, and providing instruction to Directors, for preparing compensation recommendations, as follows:

- Prepare Compensation Recommendation spreadsheets for each department that:
 - Provide a list of all employees eligible for a performance reward, their current salary, and results from Performance Check-ins from the applicable performance period.
 - Include a column for input of an Overall Performance Rating for each employee.
 - Provide information about the expected distribution of Overall Performance Ratings and calculate the distribution for the department based on the Director's inputs.
 - Contain information about the proposed performance reward amounts based on the assigned Overall Performance Rating.
 - Identify the pool of funds available to the department for compensation adjustments.
 - Contain a separate tab to be used by the Director for briefly justifying and documenting the Overall Performance Rating assigned to each employee.
- Prepare instructions and communicate timelines to Directors to effectively coordinate the compensation recommendation process.
- Review the proposed Compensation Recommendation spreadsheets and corresponding instructions with the Director of Organization Effectiveness.

Each Director is responsible for completing the Compensation Recommendation spreadsheet for their department in a timely manner and following the process instructions provided the Manager of Human Resources.

Consideration of Enhanced Performance Rewards

Assuming there is capacity in the approved compensation adjustment pool, a portion of the pool, typically in the range 0.5 to 1%, is set-aside to provide additional rewards to the agency's top performers. If enhanced performance rewards are to be considered, the Manager of Human Resources and Senior Leadership Team are responsible for coordinating the following activities:

- The Manager of Human Resources shall compile a list of employees who receive an Overall Performance Rating of 3.75 (Exceptional Contributor) and provide to the Senior Leadership Team.
- The Senior Leadership Team, in consultation with the Director and CEO, will consider the demonstrated and documented performance of each Exceptional Contributor and determine if an additional performance reward is merited.
- For each Exceptional Contributor, the Senior Leadership Team may find
 - the performance reward recommended by the Director is commensurate with the employee's overall contributions to the organization, relative to others considered to be Exceptional Contributors, therefore no additional reward shall be granted.
 - the demonstrated and documented performance by the employee had a significant positive impact on the agency's successes and results and is deserving of an additional reward amount.
- The Senior Leadership Team will prepare documentation to support the additional reward decisions and provide this to the Manager of Human Resources.
- The Manager of Human Resources shall prepare information that summarizes the allocation of the enhanced reward pool to the approved Exceptional Contributors.
 - The Senior Leadership Team may allocate the same additional reward percentage to each approved Exceptional Contributors or may adjust the amounts commensurate with demonstrated performance.
 - The total performance-based pay increase provided to an employee may not exceed 10% of their current base pay.

Review and Approval of Compensation Recommendations

The Senior Leadership Team is responsible for reviewing the compensation recommendations prepared by Directors and ensuring these are fair and consistent across the organization, and that recommendations are appropriately documented.

The Manager of Human Resources shall support the Senior Leadership Team with the review and approval process as follows:

- Perform an initial review of the Compensation Recommendation spreadsheets prepared by each Director.
 - Verify that the distribution of Overall Performance Ratings and performance reward amounts align to program guidelines, that the cost of the recommended performance rewards fits with the budget allocated to the department, and that the documentation of overall performance is adequate.

- Follow-up, as needed, to gather any missing or incomplete information, and/or to guide Directors as to program expectations.
- Prepare summary tables showing the distribution of Overall Performance Ratings and performance reward recommendations for each department, and other summary information that assists in the evaluation of fairness and consistency.
- Provide the Senior Leadership Team with access to all department spreadsheets.
- Coordinate and assist the Senior Leadership Team with their review activities.
- Obtain written approval from the Senior Leadership Team regarding their concurrence with the compensation recommendations prepared by the Directors.

Processing Performance Rewards

The Manager of Human Resources is responsible for coordinating various activities that support the processing and communication of approved performance rewards to employees, as follows:

- General: Human Resources shall
 - Compile a master list of all approved performance rewards, including enhanced performance rewards if provided.
 - Refine the master list by noting any transactions or special circumstances that need to be considered while processing compensation adjustments; examples include department transfers, recent promotions, acting assignments, etc. that may have occurred since the end of the performance period and the time when performance rewards are processed.
 - Confirm that the total cost of approved performance rewards falls within the approved budget for compensation adjustments.
 - Verify that quarterly Performance Check-ins have been fully completed and approved by employees, supervisors, and Directors for all employees scheduled to receive a performance reward.
- Payroll processing:
 - Human Resources shall
 - Prepare a data file for each department with details of base pay changes or lump-sum payments for each eligible employee, and any other supporting information needed by Payroll for reconciliation and record-keeping functions.
 - Update payroll records for eligible employees to input the revised pay rate and retroactive effective date for the approved compensation adjustment.
 - Payroll shall
 - Verify and confirm the payroll record updates made by Human Resources.
 - Calculate the amount of retroactive pay due to each eligible employee.
 - Prepare and process payroll changes.

- Communication: Human Resources shall
 - Prepare custom letters for each employee informing them of the performance reward, the resulting change in base pay (or lump-sum merit pay if applicable), and the effective date.
 - Coordinate with Directors to distribute the letters to employees.

Documentation and Recordkeeping

The Manager of Human Resources shall maintain various records and documents, including spreadsheets and data sets, instruction guides and materials, emails, approval notices, etc. documenting the preparation, review, and approval of employee compensation adjustments. Records shall be stored in the HR Program folder on the main network drive.

Handbook References

- Section 7.4: Merit Increases
- Policy: Delegation of Authority by the Executive Director
- Policy: Performance Management Program Policy

This document was reviewed and approved by
Melissa Coffelt, Director of Organization Effectiveness, on September 30, 2021

Effective date: September 2021

Revision date/s: None

Overall Performance Ratings

Background

SANDAG committed to adopting new practices to ensure fairness and equity in the distribution of performance rewards to employees within and between departments in FY 2021. The Overall Performance Rating tool provides each Director an opportunity to normalize any discrepancies or inconsistencies in goal rating scores derived from the quarterly Performance Check-ins. For example, an employee who is highly regarded and known for excellent work may not have received one of the higher goal rating scores in the department. Similarly, an employee may have received a high goal rating score which may not be commensurate with their total performance.

These, and other types of discrepancies, have been known to occur because of poorly developed goal plans or when goals are incorrectly weighted; when multiple supervisors within a department are not using the same 'performance standards' to evaluate all employees; or because of rater bias. These types of concerns are not unique to SANDAG; most organizations implement processes to ensure consistency. SANDAG intends to introduce improvements to its performance management program, including training for supervisors and Directors, that will address many of these concerns.

Decisions regarding compensation must be fair, equitable, and defensible. The use of Overall Performance Ratings strengthens the performance reward process in two ways: it ensures consistent and equitable rewards to employees based on their contributions to the agency and creates more robust documentation of compensation decisions. Accurate documentation of an employee's goals, and the achievement of those goals in each performance period, is a critical part of the program. This information is used to evaluate equitable pay practices and will be relied upon if questions are raised about fairness.

Determining and Documenting Overall Performance Ratings

The Overall Performance Rating documents the Director's assessment of an employee's contributions to the agency in the performance period. For each employee, the Director will

- Review the contributions made by the employee in the performance period, including the feedback provided via the Quarterly Check-in forms, and consult with the employee's supervisor and manager.
- Enter the Overall Performance Rating score to the Compensation Recommendations spreadsheet for their department.
- Document the basis for the Overall Performance Rating. In situations where the Overall Performance Rating deviates significantly from the average goal rating score from the Performance Check-ins, information justifying the Overall Performance Rating must be provided. Directors must include this documentation within the Compensation Recommendations spreadsheet. These files and records are maintained by Human Resources.

As part of their oversight functions, Human Resources and the Senior Leadership Team will review the Overall Performance Ratings assigned to employees and will verify that adequate supporting documentation exists and/or has been developed. Information prepared by the Directors to support performance ratings and subsequently, compensation recommendations, is subject to audit.

Distribution of Overall Performance Ratings

As part of the Overall Performance Rating process, an expected distribution of ratings has been established. The distribution ranges are noted with the Overall Performance Rating criteria below and in the Compensation Recommendation spreadsheets provided to each department. The range widths recognize SANDAG's high-performance culture where many employees are regarded as going 'above and beyond' in achieving one or more of their goals in the performance period.

The distribution ranges are intended to serve as a guide for Directors and communicate the expectation to differentiate the performance levels of employees within the department. If a Director's distribution of scores falls outside the recommended ranges, this must be documented and justified within the department spreadsheet and will be considered by the Senior Leadership Team when they perform their agencywide review of compensation recommendations. The distribution ranges may not be applicable to departments with few employees, and this is considered by the Senior Leadership Team as part of their review.

Overall Performance Ratings and Compensation Recommendations

The Overall Performance Rating is used to determine performance rewards. Employees within the same department who receive the same Overall Performance Rating will receive the same performance reward (as a percentage of base pay).

Each department is allocated a pro-rated share of the compensation adjustment pool; the performance rewards recommended for employees must fall within the assigned budget. Minimum and maximum reward percentages (for Valued and Exceptional Contributors respectively) are pre-determined. Directors have discretion to modify the reward percentages for each level of performance based on the distribution of Overall Performance Ratings in the department while staying within the minimum and maximum amounts.

Goal Ratings in Performance Evaluations and the Overall Performance Rating Scale

The Overall Performance Rating system ties to SANDAG's established a 4-point rating scale used to evaluate an employee's achievement of assigned goals:

- 4.0 – Exceeds Expectations
- 3.0 – Meets Expectations
- 2.0 – Needs Improvement
- 1.0 - Unacceptable

Under current processes, a goal rating score is calculated at the end of each quarterly Performance Check-in; this is based on the rating assigned for each goal and the relative weighting of each goal. If an employee is rated as 'Meets Expectations' on all goals, the goal rating score would be 3.0. If an employee is rated 'Exceeds Expectations' on one or more goals, the goal rating score will fall between 3.0 and 4.0. Most employees receive a goal rating score of between 3.0 and 4.0.

The Overall Performance Rating system recognizes there are gradations in contribution levels between a 3.0 and 4.0 Goal Rating score. In general

- A 3.75 Overall Performance Rating means an employee has gone above-and-beyond in achieving almost all assigned goals in the performance period.
- A 3.5 Overall Performance Rating means an employee has gone above-and-beyond in achieving most, or the most significant, assigned goals in the performance period.
- A 3.25 Overall Performance Rating mean an employee has gone above-and-beyond in achieving at least one significant assigned goal in the performance period.
- A 3.0 Overall Performance Rating means an employee has achieved the goals assigned to them during the performance period.

The Overall Performance Rating system also includes categories for employees who are not meeting performance expectations; ratings of <3.0 and <2.0 have been defined.

Note: SANDAC's established guidelines for conducting quarterly Performance Check-ins require a supervisor and Director to consult with Human Resources if an employee will be rated as Unacceptable on any goal. The purpose is to ensure the poor performance has been appropriately and adequately documented, and that a plan for addressing the performance deficiencies has been implemented.

Criteria for each level of Overall Performance Rating is described below. Again, each Director must document information that supports the assigned rating.

Overall Performance Ratings: Categories and Criteria

3.75 - Exceptional Contributor

Expected Distribution: 0 to 10% of department

During the performance period, the employee:

- Achieved outstanding results in almost all of their work efforts, well beyond what was expected when goals and objectives were initially defined.
- Made notable contributions in several critical areas that have positively impacted and brought substantial value to the organization overall.
- Demonstrated high level capabilities and excellent judgment; proactively assumed higher levels of responsibility with excellent results.
- Consistently demonstrated highly effective workplace behaviors that support a culture of innovation, collaboration, and teamwork.

The employee is easily recognized as a top performer compared to peers, highly regarded for mastery in all facets of their work, and is considered a role model for exemplary performance.

3.5 - Excellent Contributor

Expected Distribution: 10 to 30% of department

During the performance period, the employee:

- Achieved excellent results in their primary work efforts, beyond what was expected when goals and objectives were initially defined.
- Made significant contributions that have brought value and improvements to the department and/or organization.
- Demonstrated high level capabilities and independently assumed higher levels of responsibility with successful results.
- Consistently demonstrated effective workplace behaviors that promote innovation, collaboration, and teamwork.

The employee is recognized as a strong, consistent, and highly reliable performer, well regarded for their expertise, experience and ability to achieve results, and is considered a role model within the department and/or organization.

3.25 - Highly Effective Contributor

Expected Distribution: 30 to 50% of department

During the performance period, the employee:

- Achieved admirable results in their primary work efforts, including examples of going above-and-beyond what was expected when goals and objectives were initially defined.
- Made meaningful contributions that have resulted in improvements to the team and/or department.

- Demonstrated initiative and could be counted on to deliver sustained results without extra supervision or reminders.
- Regularly demonstrated workplace behaviors aligned to innovation, collaboration, and teamwork.

The employee is recognized as a consistent and reliable performer, known for their subject-matter expertise and ability to contribute to a variety of projects and assignments.

3.0 - Valued Contributor

Expected Distribution: 20 to 60% of department

During the performance period, the employee:

- Reliably and consistently achieved all goals and objectives assigned.
- Contributed to projects or completed assignments that have resulted in improvements to the team and/or department, or learned new skills that improved their overall performance.
- Assumed additional responsibilities when requested and/or assisted with extra project work.
- Regularly demonstrated workplace behaviors aligned to innovation, collaboration, and teamwork.

The employee is recognized as a solid, dependable performer, a 'team player' who does their part to ensure their team and department are successful.

<3.0 - Inconsistent Contributor

During the performance period, the employee:

- Was inconsistent in achieving assigned goals and objectives.
- Was not reliable in accomplishing goals with respect to quality, quantity, and timeliness.
- Required more supervision and guidance than typically necessary for the role.
- Was inconsistent in demonstrating workplace behaviors aligned to innovation, collaboration, and teamwork

The employee is recognized as someone who must immediately improve their performance; a Performance Improvement Plan (PIP) is recommended.

<2.0 - Unsatisfactory Contributor

During the performance period, the employee:

- Consistently underperformed; was unable to complete assigned goals and objectives at a satisfactory level.
- Was frequently unable to accomplish goals with respect to quality, quantity, and timeliness.
- Required more supervision and guidance than typically necessary for the role, including frequent redirection and/or reinstruction.
- Seldom demonstrated workplace behaviors aligned to innovation, collaboration, and teamwork.

The employee is recognized as someone who must immediately and significantly improve their performance; a Performance Improvement Plan (PIP) is required.

General Notes

- The **Exceptional Contributor** rating should be used sparingly and only to acknowledge truly outstanding performance. This rating means the employee's overall performance exceeded expectations due to extraordinary quality of work performed in all essential areas of responsibility, including the completion of a major goal, and a special or unique contribution to the department or organization. These results are clearly documented in the employee's performance evaluation/s.
- The **Excellent Contributor** rating means overall performance consistently exceeded expectations in the employee's essential areas of responsibility, and the quality of work overall was excellent. All expected goals were met and this is evidenced in the employee's performance evaluation/s.
- The **Highly Effective** and **Valued Contributor** rating levels will likely be used most frequently since they indicate solid, effective performance and that the employee met the expectations set at the beginning of the performance period, as evidenced in the employee's performance evaluation/s. These ratings mean critical goals were achieved, expectations were consistently met in all essential areas of responsibility, at times possibly exceeding expectations (Highly Effective), and the quality of work overall was very good.
- The rating should consider the entire performance period and not be based on a few isolated performance incidents, regardless of whether they are positive or negative. This is a form of rater bias, and results in the overall rating being unfairly influenced by non-typical performance.

Overall Performance Ratings

(This is the same information as above, provided in an alternate format to compare elements)

3.75 Exceptional Contributor	3.5 Excellent Contributor	3.25 Highly Effective Contributor	3.0 Valued Contributor	<3.0 Inconsistent Contributor	<2.0 Unsatisfactory Contributor
During the performance period, the employee:	During the performance period, the employee:	During the performance period, the employee:	During the performance period, the employee:	During the performance period, the employee:	During the performance period, the employee:
<ul style="list-style-type: none"> Achieved outstanding results in almost all of their work efforts, well beyond what was expected when goals and objectives were initially defined. 	<ul style="list-style-type: none"> Achieved excellent results in their primary work efforts, beyond what was expected when goals and objectives were initially defined. 	<ul style="list-style-type: none"> Achieved admirable results in their primary work efforts, including examples of going above-and-beyond what was expected when goals and objectives were initially defined. 	<ul style="list-style-type: none"> Reliably and consistently achieved all goals and objectives assigned. 	<ul style="list-style-type: none"> Was inconsistent in achieving assigned goals and objectives. 	<ul style="list-style-type: none"> Consistently underperformed; was unable to complete assigned goals and objectives at a satisfactory level.
<ul style="list-style-type: none"> Made notable contributions in several critical areas that have positively impacted and brought substantial value to the organization overall. 	<ul style="list-style-type: none"> Made significant contributions that have brought value and improvements to the department and/or organization. 	<ul style="list-style-type: none"> Made meaningful contributions that have resulted in improvements to the team and/or department. 	<ul style="list-style-type: none"> Contributed to projects or completed assignments that have resulted in improvements to the team and/or department, or learned new skills that improved their overall performance. 	<ul style="list-style-type: none"> Was not reliable in accomplishing goals with respect to quality, quantity, and timeliness. 	<ul style="list-style-type: none"> Was frequently unable to accomplish goals with respect to quality, quantity, and timeliness.

3.75 Exceptional Contributor	3.5 Excellent Contributor	3.25 Highly Effective Contributor	3.0 Valued Contributor	<3.0 Inconsistent Contributor	<2.0 Unsatisfactory Contributor
<ul style="list-style-type: none"> ▪ Demonstrated high level capabilities and excellent judgment; proactively assumed higher levels of responsibility with excellent results. 	<ul style="list-style-type: none"> ▪ Demonstrated high level capabilities and independently assumed higher levels of responsibility with successful results. 	<ul style="list-style-type: none"> ▪ Demonstrated initiative and could be counted on to deliver sustained results without extra supervision or reminders. 	<ul style="list-style-type: none"> ▪ Assumed additional responsibilities when requested and/or assisted with extra project work. 	<ul style="list-style-type: none"> ▪ Required more supervision and guidance than typically necessary for the role. 	<ul style="list-style-type: none"> ▪ Required more supervision and guidance than typically necessary for the role, including frequent redirection and/or reinstruction.
<ul style="list-style-type: none"> ▪ Consistently demonstrated highly effective workplace behaviors that support a culture of innovation, collaboration, and teamwork. 	<ul style="list-style-type: none"> ▪ Consistently demonstrated effective workplace behaviors that promote innovation, collaboration, and teamwork. 	<ul style="list-style-type: none"> ▪ Regularly demonstrated workplace behaviors aligned to innovation, collaboration, and teamwork. 	<ul style="list-style-type: none"> ▪ Regularly demonstrated workplace behaviors aligned to innovation, collaboration, and teamwork. 	<ul style="list-style-type: none"> ▪ Was inconsistent in demonstrating workplace behaviors aligned to innovation, collaboration, and teamwork. 	<ul style="list-style-type: none"> ▪ Seldom demonstrated workplace behaviors aligned to innovation, collaboration, and teamwork.
The employee is easily recognized as a top performer compared to peers, highly regarded for mastery in all facets of their work and is considered a role model for exemplary performance.	The employee is recognized as a strong, consistent, and highly reliable performer, well regarded for their expertise, experience, and ability to achieve results, and is considered a role model within the department and/or organization.	The employee is recognized as a consistent and reliable performer, known for their subject-matter expertise and ability to contribute to a variety of projects and assignments.	The employee is recognized as a solid, dependable performer, a 'team player' who does their part to ensure their team and department are successful.	The employee is recognized as someone who must immediately improve their performance; a Performance Improvement Plan (PIP) is recommended.	The employee is recognized as someone who must immediately and significantly improve their performance; a Performance Improvement Plan (PIP) is required.

Board of Directors

February 11, 2022

**Salaries and Compensation Audit:
Corrective Action Plan Reporting Results****Overview**

In November 2020, the Board of Directors at the recommendation of the Audit Committee, approved a Corrective Action Plan (CAP) to address audit recommendations relating to the Salaries and Compensation Compliance Audit conducted by the Office of the Independent Performance Auditor (OIPA). Part of OIPA's roles and responsibilities include quarterly reviews of all CAP's that resulted from an audit or review performed by the OIPA. This report is the result of the quarterly review that ended September 30, 2021.

Action: Discussion

The Board of Directors is asked to comment on the progress and testing results of the Corrective Action Plan actions that occurred last for the quarter ending September 30, 2021.

Fiscal Impact:

None.

Schedule/Scope Impact:

FY 2022.

Key Considerations

The CAP includes actions that management are to undertake in response to the recommendations noted in the audit. The OIPA's responsibility is to review the CAP on a quarterly basis for actions that are due based on time commitments provided by management at the time the CAP was approved in November 2020 and perform a review of the actions taken. The review consists of verifying that the actions taken were accomplished within the time committed, the outputs or outcomes (e.g., policies, procedures, tracking sheets, system controls, or other tangible outputs) are reviewed, and findings are addressed. Attachment 1 is the report that details the CAP action steps and OIPA's testing results for the two action items due this quarter. Additionally, the Independent Performance Auditor will report the results of the review of the employee compensation adjustments awarded for FY 2021 and FY 2022.

During discussions with members of the Audit Committee on December 17, 2021, in regard to the funding used for employee compensation, it was noted that management determined that additional funding gained from FY 2023 salary savings would be used to cover additional compensation funding needs titled General Increases to provide a parity to some current employees. Human Resources confirmed that according to the Chief Financial Officer, the amount is planned to be included in the FY 2023 proposed budget.

Next Steps

The OIPA will continue to work with management, proactively and collaboratively, as the CAP items are completed. The next quarterly action items for this CAP are due to OIPA on December 31, 2021, with the results reported to the Audit Committee at its February 2022 meeting.

Mary Khoshmashrab, Independent Performance Auditor

Key Staff Contact: Mary Khoshmashrab, (619) 595-5323, mary.khoshmashrab@sandag.org

Attachment: 1. Corrective Action Plan Report as of September 30, 2021



THE OFFICE OF THE INDEPENDENT PERFORMANCE AUDITOR

December 17, 2021

Chair Zito,
SANDAG Audit Committee

Dear Chair Zito:

**Subject: Testing Results on Corrective Action Plan – Salary and Compensation
Performance and Compliance Audit Items due as of September 30,
2021**

Background

The SANDAG Office of the Independent Performance Auditor (OIPA) completed a Salaries and Compensation Performance and Compliance Audit (audit) in August 2020. In November 2020, the Board of Directors at the recommendation of the Audit Committee, approved a Corrective Action Plan (CAP) to address audit recommendations relating to the Salaries and Compensation Compliance Audit conducted by the OIPA. As part of the OIPA's roles and responsibilities, quarterly reviews are performed on all CAP's that resulted in an audit finding.

Objective

The objective of this review to ensure that the Corrective Action Plan items approved by the Board of Directors that were due by September 30, 2021 have been implemented and are consistently followed and to ensure that the finding identified in the audit has been corrected.

As stated by Management, there were two action items from the CAP that were due to be completed by September 30, 2021. Both items - *Action V1.2 – To strengthen procedures for awarding compensation adjustments to employees and Action V1.3 – to provide training for completing performance evaluations and preparing and approving compensation recommendations* have been completed. Additionally, testing for proper documentation and consideration on salary increases and lump sum performance bonuses for both FY21 and lump sum merit pay for FY22 was performed.

The CAP includes actions that management are to undertake in response to the recommendations noted in the audit. The OIPA's responsibility is to review the CAP on a quarterly basis for actions that are due based on time commitments that were provided by management.

The review consists of applying the following actions:

1. Vouching that the time commitment was accomplished.
2. Testing the outcomes/outputs (e.g., policies, procedures, tracking sheets, system controls, or

other tangible outputs) exists, are reviewed and to ensure that the matter addresses specific findings and the related causes and effects; and

3. That testing is performed on the action items to ensure that the actions have been successfully implemented, enforced, are sufficiently documented, and that it has corrected the matter in an efficient and effective manner.

It is important to note that testing on a quarterly basis is not the only involvement that the OIPA has in the implementation of the CAP and board approved action items. The OIPA and Management are working proactively and collaboratively on a continuous basis to ensure the success of the CAP implementation.

This review of two action items was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

These procedures do not constitute an audit, and we do not express an opinion on the specified elements, accounts, or items. In addition, we have no obligation to perform any procedures beyond those listed in the report that were designed to address the action items requested by the Board in the form of an approved CAP for the Salaries and Compensation Audit.

Action Items and Results

The procedures performed and the results are as follows:

Action Item V1.2:

Recommendation. To strengthen procedures for awarding compensation adjustments to employees:

- ✓ The Performance Management Program policy, which is part of the Employee Handbook, was updated in January 2021 to include a new Performance Rewards section. In summary, this section defines the types of performance rewards available to employees, eligibility criteria, performance standards, the recommendation and approval processes, and program controls.
- ✓ A new Human Resources policy/procedure guide, pertaining to Employee Performance Rewards, has been developed and implemented. This describes and documents existing procedures and practices and incorporates administrative and process improvements designed to ensure compensation decisions are consistent, fair, and defensible, and that appropriate oversight, management, and controls are in place.

OIPA Results – In regard to the two actions above, the OIPA noted the following:

- A Review of the Performance Management Program policy - The OIPA reviewed the documents provided by Human Resource (HR) titled **Performance Management Program Policy**, which is incorporated into the Employee Handbook and noted that the policy includes sufficient detail regarding the types of rewards (merit increases and /or one time performance bonus) that are available to employees, stated criteria, standards and the approval process and program controls that will be implemented to help ensure fairness of treatment within the process.

The policy is divided into four elements which includes the need for both the reviewer and the employee to first define performance expectations, the next an ongoing, frequent and continuous basis, have check-

in conversations to assess if defined expectations are being achieved, and making adjustments as needed. The third element addresses the area of employee's growth and development which involves the employer encouraging and supporting the employee to develop and set professional goals (e.g., develop and improve professional skill sets) that will help to carry the employee into the future and create possibilities for more opportunities. Finally, the fourth discusses the type of rewards which are obtainable to the employee which include merit increase and/or one time performance bonuses.

Based on our review, the OIPA determined that the level of detail provided is sufficient to help guide both the employer and the employee in applying effective tools to support the success around employee performance while ensuring proper documentation and consistent methods in the performance evaluation process.

IPA follow-up Recommendation: Recently there has been a shift in SANDAG's performance review process that moves away from a quarterly formal and documented review to a more informal continuous ongoing process with an annual formal and documented performance review. The OIPA agrees with SANDAG management regarding this change because annual reviews are typically viewed as a more effective and efficient method of performing employee's performance reviews. However, the OIPA suggested that the following recommendations be considered:

1. The policy be updated to reflect the changes in process and the employees be formally noticed.
 2. SANDAG's management are encouraged to actively communicate on an informal basis regarding employee's growth and development and also properly document any areas that require improvements or where work performed is above normal and or outstanding.
 3. SANDAG management ensure proper documentation exists that support the percentage of annual merit increases and bonus and are consistent with merit increases and performances of others with similar successes.
 4. SANDAG management ensure proper documentation exists when employees that are underperforming and expectations are not being achieved.
 5. All documentation should be contemporaneous.
- A Review of the new Human Resources policy/procedure guide, pertaining to Employee Performance Rewards, has been developed and implemented. The OIPA reviewed the document provided by Human Resource (HR) titled **Employee Performance Rewards**. Based on the OIPA review the document clearly defines the roles and responsibilities of those assigned. Additionally, the policy provides detail information on the steps required to be performed by the department, documentation and timelines that the assigned tasks are to be performed. Further, the policy provides additional detail information on other types of pay increases and/or adjustments available that are outside that of merit and performance bonuses that where employee's performance is not a factor.

IPA follow-up Recommendation: Recently there has been a shift in SANDAG's performance review process that moves away from a quarterly formal and documented review to a more informal continuous ongoing process with an annual formal and documented performance review. The OIPA agrees with SANDAG management regarding this change because annual reviews are typically viewed as a more effective and efficient method of performing employee's performance reviews. In addition to the noted changes recommended on the previous policy, OIPA suggest the document reflect similar changes in regard to the

quarterly vs. annual basis for performance reviews, where applicable.

Action Item V1.3:

Recommendation. To provide training for completing performance evaluations and preparing and approving compensation recommendations strengthen procedures for awarding compensation adjustments to employees:

- ✓ According to SANDAG management - An 'Overall Performance Rating' procedure (HR Guidelines – Overall Performance Rating document was provided to the OIPA) was designed and implemented in Spring 2021 as part of enhancing existing tools and practices. This is essentially a "calibration" process that provides Directors an opportunity to normalize any discrepancies or inconsistencies in goal rating scores derived from the quarterly Performance Check-ins by assigning one of six performance levels to each team member. As part of assigning an Overall Performance Rating, Directors must prepare summary documentation that justifies and supports the rating. The process was used to prepare compensation recommendations for distribution of the 2% Compensation Adjustment Pool approved by the Board in early 2021 and will be used again in the upcoming preparation of performance rewards.
 - One of the controls introduced with the Overall Performance Rating process, was to establish an expected distribution of ratings. The range widths recognize SANDAG's high-performance culture where many employees are regarded as going 'above and beyond' in achieving one or more of their goals in the performance period. The distribution ranges serve as a guide for Directors in assigning ratings and reinforce the importance of differentiating the performance levels of employees within the department.
 - Another control measure introduced with the Overall Performance Rating process ensures consistency in compensation adjustments provided to the employees within a department who have demonstrated similar levels of performance. This was accomplished by setting minimum and maximum performance reward amounts (as a percentage of base pay) and requiring that all employees with the same Overall Performance Rating receive the same performance reward. This process also supports consistency in rewards between departments.
 - A summary report compiled from the Department Compensation Recommendation spreadsheet demonstrates overall consistency in performance rewards was provided to the OIPA. The summary was reviewed by the Senior Leadership Team (among other documents) in their overall review and approval of the compensation recommendations.
- ✓ According to SANDAG Management, with respect to training, Human Resources facilitated several group discussions with Directors in Spring 2021 at the onset of the compensation recommendation cycle, and when the Overall Performance Rating process was introduced, to provide training and answer questions. A version of the 'Overall Performance Rating' procedure was provided as a resource, and the Manager of Human Resources provided one-on-one consultations with Directors as needed. This document was provided to the OIPA for review.

OIPA Results – The OIPA reviewed the HR Guidelines – Overall Performance Rating document and determined that the document provided significant details and guidance regarding the process for Management to score and rate employees. The document provides step by step guidance on the scoring process to help ensure consistency and fairness to the performance review and merit increase process. The document provides further guidance based on a 4-point rating scale with both a narrative

explanation and summarized matrix to simplify the guidance. From an audit perspective, the document was impressive, providing ease of understanding and form. Additionally, it further re-enforced the importance of proper documentation in supporting the scores provided.

The OIPA was provided a compiled spreadsheet consisting of scoring by each department regarding the percentage of score rankings that was supportive of the evaluators (directors, managers, supervisors) understanding and demonstrating consistent employee behavior from SANDAG's total employee population with a majority of the scores between 3.0 and 3.25 (*A 3.25 Overall Performance Rating means an employee has gone above-and-beyond in achieving at least one significant assigned goal in the performance period. A 3.0 Overall Performance Rating means an employee has achieved the goals assigned to them during the performance period*).

Although, the OIPA was not provided support such as training sign-in sheets or name logs identifying managers or directors that attended training, the results of the compensation scoring sheet by department demonstrates that there was sufficient understanding of the guidelines provided to the evaluators.

IPA follow-up Recommendation: Recently there has been a shift in SANDAG's performance review process that moves away from a quarterly formal and documented review to a more informal continuous ongoing process with an annual formal and documented performance review. Once the annual performance process is finalized and established any changes that would impact these guidelines should be revised to reflect the annual performance review process and additional training should be provided. Additionally, a sign-in log should be maintained that supports training effort.

Follow-up Testing on FY21 and FY22 compensation awards:

The OIPA performed testing over final pay increases and lump sum performance bonuses for FY21 and FY22 salary adjustments as a result of documented performance reviews. Additionally, the OIPA performed testing over increases and salary adjustments due to other events that were not based on an employee's performance. The OIPA's tests included a review over the methods used to evaluate other adjustments not based on employee's performance to ensure consistency in the process and that the method and results applied were properly documented and supported adjusted salaries.

OIPA Results:

- ✓ The OIPA reviewed salary increases for FY21 to determine if the methodology, process and practices were properly documented and stated guidelines were consistently followed. Additionally, the OIPA reviewed the payroll salary adjustments for all employees to determine if the percentage increases were consistent with the board approved Compensation Adjustment Pool of 2% awarded by the Board in early 2021 and if those percentages awarded were consistent and fairly distributed.

Based on our review SANDAG employees were compensated and within the percentage range allotted by the Board.

- ✓ The OIPA reviewed FY22 salary pay increases for both performance-based merit increases, lump sum merit increases, and for other pay type adjustments that were not based on a performance

review.

Background – the board awarded a 3% of salary and benefits for merit pay increases plus additional funds for market adjustments based on the recent salary range study that was performed in early 2021 and other considerations. The following pay type adjustments were available for consideration.

1. Merit Increase – based on employee performance reviews
2. Market Adjustments – based on the salary range study that was completed in early 2021
3. Flex Promotion – based on an employee's progression through the entry levels of their position classification (step increases within their classification)
4. General Pay – based on various considerations that were given to bring employees that are currently working for SANDAG to parity within their range and for the level of effort.

Based on discussions with Human Resources and a review of the methodology and the itemized pay type adjustments calculated by department and for each employee, the OIPA found the adjustment to be sufficiently documented, itemized, and supported with the board approved salary range study. Based on a review of all departments and salary adjustments for each employee within a department, the OIPA reports the following results.

1. Merit Increases – based on the OIPA's review, a majority of SANDAG staff received merit pay increases, based on performance reviews, between 3% to 7.5% with an average of 5% increase, with some employees receiving less and others more: however, still within a the provided overall board approved increase. As a result, there are a total of 306 employees that received merit pay increases.
2. Market Adjustments – Employees whose classifications were identified in the salary range study received pay adjustments that were reflective of the study results. As a result, there are 79 employees that received adjustments. The percentage increase varied and was based on the board approved salary range study.
3. Flex Promotion – Employees in various classifications were considered for pay step increases based on the employee's progression of time with SANDAG. As a result, there were 26 employees that received step increases. The percentage increase varied by employee, based on the employees next step in their classification.
4. General Pay – Some employees received additional percentages from 1.5% up to 10% in addition to other pay type adjustments to provide a parity within their range. Employees considered for this adjustment were employees that had been working for SANDAG, providing a higher level of effort and a higher level of performance and commitment to their assigned task. Additionally, the process included additional justification by a member of the SANDAG Management team with a final approval by the SANDAG Leadership team. The increase was based on the belief that the employee should receive additional compensation in order to reach a fair and equitable salary (parity) within their range. As a result, there are 89 employees that received this adjustment.

It should be understood that all employees were eligible, and some did receive more than one pay adjustment type as described above. However, in no case did an employee receive all pay adjustment type increases. The highest percentage pay increase was 25.54% however,

with the exception of three employees that fell within the 20% or higher percentage range, these increases resulted from a mixture of pay type adjustments and a promotion.

The OIPA noted that a number of employees received increases that included receiving a combination of a Merit, Market and General pay adjustment type; the percentage increase ranged between 7.5% and 19% with three employees receiving an increase of 22.7%, 23% and 24.17%.

In regard to the performance-based merit increases, based on the support provided, a larger percentage of employees received an overall performance rating of 3.75 with an average merit increase of 5% with some employees receiving additional pay percentage adjustment types. Based on the OIPA's review of the methodology and other documents provided, it was determined that the salaries increases were sufficiently supported with adequate justification. The items due as of September 30, 2021 have been successfully accomplished and considered closed for further review by OIPA.

The OIPA would like to thank the Executive Director, Hasan Ikhata and SANDAG management and staff for their professionalism, responsiveness, and cooperation during this inquiry.

If you have additional questions, please contact me at (619) 595-5323 or mary.khoshmashrab@sandag.org.

Respectfully,



MARY E. KHOSHMAHRAB, MSBA, CPA
Independent Performance Auditor
Office of the Independent Performance Auditor
SANDAG

cc: Members of the Board of Directors (SANDAG)
 Members of the Audit Committee (SANDAG)
 Hasan Ikhata, Executive Director (SANDAG)
 Jhon Kirk General Counsel (SANDAG)
 Andre Douzjian Chief Financial Officer
 Senior Executive Team (SANDAG)
 Melissa Coffelt Director of Human
 Resources
 OIPA Files
 OIPA website