



ITOC Membership

MICHAEL KENNEY
Chair Civil/Traffic Engineer
Term ends May 2022

SUNNIE HOUSE
Vice Chair CEO, Private Sector
Term ends May 2025

BRAD BARNUM
 Construction Project Management
Term ends May 2021

DUSTIN FULLER
 Biology/Environmental Science
Term ends May 2023

STEWART HALPERN
 Municipal/Public Finance
Term ends May 2023

LES HOPPER
 Engineer/Transportation
Term ends May 2024

JONATHAN FRANKEL
 Real Estate/Land Economics
Term ends May 2024

TRACY DRAGER
 Ex-Officio Member

Incoming Members

PEDRO ORSO-DELGADO
 Construction Project Management

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#TransNetSD

Letter From The ITOC Chair

The new 2021 Regional Plan has set ambitious goals for the future as we head toward 2050, and the projects funded by the *TransNet* program are closely aligned with those Regional Plan goals – chief among them enhanced mobility, equity, and reduced greenhouse gas emissions. Transportation projects funded by the *TransNet* ordinance support the Regional Plan’s updated vision – including the 5 Big Moves. These projects include the Mid-Coast Trolley extension, the Central Mobility Hub, the Otay Mesa East Port of Entry, and the Del Mar Bluffs stabilization project along the LOSSAN corridor. The *TransNet* program will continue to support our Regional Plan, a living and evolving plan for mobility in our region.

TransNet was originally approved by San Diego County voters for 20 years, from 1988 to 2008, and then extended to 2048 back in 2004. Revenue from the half-cent sales tax is leveraged with funds from federal, state, and other local sources along with borrowings against future revenue. Together, these resources pay for highway, transit, and bike/pedestrian improvements, as well as smart growth and environmental conservation across our region. The Independent Taxpayer Oversight Committee (ITOC) was established by the original voter-approved ordinance and is composed of volunteer citizens who offer an enhanced level of accountability for the expenditure of funds under the Plan, help to ensure that all Ordinance mandates are carried out as required, and develop recommendations for improving the financial integrity and performance of the program. The ITOC is the taxpayer’s advocate when it comes to the *TransNet* program. This annual report is an important part of our commitment to accountability, to ensure the general public and our many stakeholders that the region’s tax dollars are being spent carefully and with purpose.

The 2021 Triennial Performance Audit, the results of which are profiled in this annual report, is a powerful tool to evaluate our progress. Conducted every three years, the TPA, as it’s known, includes an evaluation on progress and recommendations for improvement. The 2021 TPA shows that SANDAG and its partners are generally compliant with *TransNet* Extension ordinance provisions, have made significant progress toward implementing many planned Major Corridor projects, have strengthened financial models and controls, and that bicycle and pedestrian safety in the region has improved. The audit also noted areas for improvement, including better tracking and reporting against *TransNet* Ordinance goals, more enhanced quality control documentation, and the need for Board of Directors collaboration on permitting issues for the Regional Bikeway Early Action Program. More results and recommendations from the TPA can be found on pages 2 and 3 of this Annual Report.

Also in this report you will find fiscal and compliance audit highlights, followed by *TransNet* funding highlights, a review of activities and accomplishments by ITOC, and finally a review of progress on some of the program’s highest profile projects now underway – some of which I mentioned earlier.

As this Annual Report is being published, our region is emerging from a terrible coronavirus pandemic. Vaccinations have been produced at lightning speed, and it’s hoped that by the summer the pandemic will largely be behind us. People are already returning to work and school, and restaurants, retail businesses, and other attractions are reopening. And traffic on our roadways is returning. People everywhere will rely on mobility as our regional, national, and international economies recover. The *TransNet* program will help that happen in our corner of the world, here in the San Diego region.

As always, I thank you for your interest and participation in our important ongoing effort to make our region a better place to live for all San Diegans. To learn more about what the ITOC does and how you can get involved, visit sandag.org/itoc.

Michael Kenney, ITOC Chair



The 2021 TPA: At-A-Glance Executive Summary

As required by the *TransNet* Extension Ordinance, the Independent Taxpayer Oversight Committee (ITOC) contracted with Sjoberg Evashenk Consulting, Inc. to conduct the [Fiscal Year 2021 *TransNet* Triennial Performance Audit](#) of the San Diego Association of Governments (SANDAG) and implementation of *TransNet* Extension Ordinance-funded projects and programs between July 1, 2017 and June 30, 2020. Critical audit recommendations for the 2021 TPA, and a review of progress on critical audit recommendations for the 2018 TPA, are summarized below. Key audit results for the 2021 TPA are highlighted on the next page.

FISCAL YEAR 2021 Critical Audit Recommendations



Major Corridors

Report Chapter 1

- Clearly identify whether the remaining *TransNet* Extension Ordinance projects will be part of the 2021 Regional Transportation Plan, before the SANDAG Board approves the 2021 plan, and provide a similar identification with any changes in future Regional Transportation Plans.



Finance

Report Chapter 2

- Develop and adopt a formal process to address issues identified during annual Plan of Finance updates that discusses short-term and long-term funding scenarios and how options specifically impact the scope and schedule of remaining *TransNet* Extension Ordinance projects. The Plan should include clear methodology, criteria, and triggers for making decisions on *TransNet* Extension Ordinance projects if funding does not materialize as expected and how to make choices to reduce scope, delay, or eliminate projects from the *TransNet* Extension Ordinance portfolio.



Compliance, Transparency, Accountability

Report Chapter 3

- Clearly and comprehensively report on actual progress and accomplishments (or lack thereof) on a regular, periodic basis for project scope, costs, schedule, accomplishments, and outcomes against *TransNet* Extension Ordinance promises.



Bike Early Action Program (Bike EAP)

Report Chapter 6

- Consider estimating and communicating to the Board the quantifiable impact of permit delays on individual Bike EAP projects and to the overall Regional Bikeway Program.
- Work with the SANDAG Board to have leadership collaborate with its representative from the City of San Diego to rectify critical permit issues.
- Revise existing quarterly status reports to compare progress against initial Bike EAP plans for costs, schedules, and miles expected and clearly communicate whether the 10-year Bike EAP completion goals or other future project goals are realistic or in jeopardy—in addition to proposing action steps and options to remedy any identified issues.

The 2018 TPA: Progress on Critical Audit Recommendation

In addition, there was one critical audit recommendation from the [FY 2018 *TransNet* Triennial Performance Audit](#) that was still in progress as follows—SANDAG stated its implementation is dependent on the in-development Transportation Performance Management Framework.

Performance Framework

FY 2018 Report Chapter 2



Establish a comprehensive performance framework by:

- Setting targets to measure *TransNet* performance against *TransNet* Extension Ordinance goals in line with federally mandated deadlines or at a faster pace. At minimum, some narrative could accompany performance reporting to help others understand whether data and results were favorable or unfavorable.
- Capturing performance outcome data related to safety metrics, pavement condition, and bridge condition for highways, local roadways, and bicycle and pedestrian modes.

FISCAL YEAR 2021 Key Audit Results



Major Corridors

- SANDAG made significant progress completing many projects as intended by the *TransNet* Extension Ordinance, but delivery of remaining portfolio is uncertain.
- SANDAG still does not track progress against planned improvements outlined in the *TransNet* Extension Ordinance.



Finance

- Projected funding was insufficient to complete existing Major Corridor projects.
- No formal, annual process existed to address impacts of funding shortfalls on remaining projects.
- Fiscal safeguards were functioning as intended with quality assurance and quality control protocols in place.



Compliance, Transparency, Accountability

- SANDAG focused on compliance and transparency with *TransNet* Extension Ordinance provisions through its Plan of Excellence and conventional tools.
- Important information was presented to oversight bodies, but it did not communicate against *TransNet* Extension Ordinance plans and goals.



AB 805 Impacts

- Weighted voting on *TransNet* Extension Ordinance only reversed results during our audit period in three instances.
- None of the weighted vote outcomes significantly impacted the delivery of *TransNet* Extension Ordinance programs and projects.



Safety

- SANDAG considered transportation safety planning, although it did not use a safety coordinator or regional safety plan like some other entities reviewed.
- Emergency evacuation capacity planning was outside of SANDAG's purview, but cross-agency collaboration would strengthen safety focus.
- Bicyclist and pedestrian safety improved since 2015.



Bike Early Action Program (Bike EAP)

- Planned projects will likely not be completed by the expected 2024 target date.
- Approximately 76 percent of projects were delayed for a variety of reasons, often related to permitting.
- Progress was not tracked and reported against initial Bike Early Action Program plans and expectations.



ITOC

- Practices aligned with similar committees we reviewed.
- Conflict of Interest policy and new member selection could afford more clarity.
- Additional member expertise could assist with oversight role.



Fiscal and Compliance Audit Highlights – FY 2020

The *TransNet* Extension Ordinance requires recipients of *TransNet* funds to undergo an independent annual fiscal and compliance audit. These audits are in the form of agreed-upon procedures (AUP), and include certain requirements of the Ordinance, SANDAG Board Policy, and requests of the ITOC. The ITOC is responsible for issuing an annual audit statement for each jurisdiction's compliance with these requirements. The Summary of Results and AUP reports for the year ended June 30, 2020 are available on the SANDAG website at sandag.org/itoc. FY 2020 was the 12th year that an audit of the recipient agencies was required under the Ordinance. Recipient agencies were generally in compliance with the major *TransNet* provisions with a few exceptions.

The audit noted the following key results:

- Revenues for each recipient agency were recorded, and expenditures reported by all recipient agencies were allowable in accordance with the *TransNet* Ordinance, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031. In addition, the Cities of Chula Vista, Coronado, and El Cajon are in the process of obtaining proper approvals for inter-project transfers during the draft report period. The Cities anticipate obtaining all approvals and to be in compliance prior to issuing the final reports.
- All local street and road recipient agencies met their Maintenance of Effort (MOE) requirement, with the exception of City of Poway, for the year ended June 30, 2020 ensuring that *TransNet* revenues were used to augment and not supplant local revenues.
- All reporting agencies, with the exception of the City of Del Mar, were in compliance with Board Policy No. 031, Rule #17, Section IV, requiring *TransNet* recipient agencies to maintain a fund balance that does not exceed 30 percent of its annual apportionment. Local Street and Road funds will be withheld from the City of Del Mar, until the Director of Finance certifies that the city is compliant.
- SANDAG appropriately allocated *TransNet* revenues – at least 70 percent for congestion relief purposes and up to 30 percent for maintenance purposes – in accordance with the Ordinance.
- Revenues collected by each city and the County of San Diego under the Regional Transportation Congestion Improvement Program were compliant with the *TransNet* Extension Ordinance and Board Policy No. 31, except for the Cities of Coronado, Lemon Grove, and National City.
- The North County Transit District (NCTD) and the Metropolitan Transit System (MTS) did not meet their operator eligibility requirements for both rail and bus services. In accordance with Ordinance provisions, the ITOC recommended Board approval of certain cost exclusions in calculating the bus and rail requirement for both operators. With the cost exclusion adjustments, NCTD achieved compliance for both the bus and rail services. MTS met the rail services requirement, but remained noncompliant with bus services. Due to the COVID-19 pandemic and the statewide shelter-in-place order from the State of California beginning in March 2020, the Board of Directors also approved the MTS bus services request for exception.



Aerial view of Mid-Coast Trolley project, looking south over I-5.



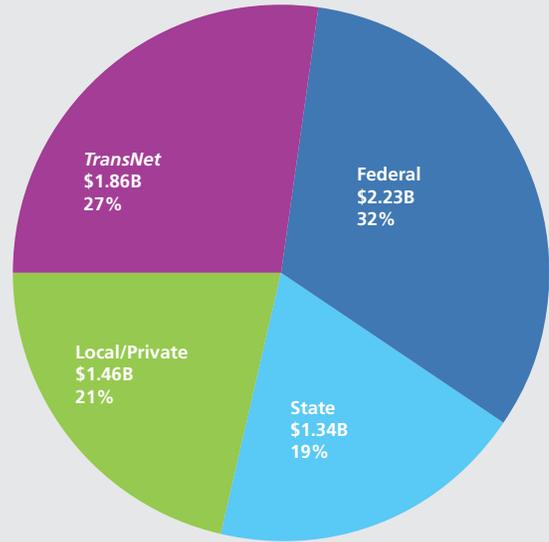
TransNet Dollars, Compared with Other Sources

The 2021 Regional Transportation Improvement Program (RTIP) is a multi-billion-dollar program of projects planned by SANDAG and jurisdictions throughout the county between FY 2021 and FY 2025. The RTIP relies on several sources of funding, which include *TransNet* funds and contributions from the federal government, the State of California, and other local sources. The ITOC reviews projects proposed for funding with *TransNet* funds as part of its review of the RTIP. Local sales tax dollars raised by *TransNet* represent a relatively stable source of funding. However, when compared with the total number of dollars contributed by federal, state, and other funding sources, *TransNet* represents about 27 percent of the approximately \$6.9 billion projected between FY 2021 and FY 2025.

*Increase in Local Funds is due to the addition of the Airport Development Plan projects.

Source: 2020 Regional Transportation Improvement Program

**TransNet and Other Funds (\$000)– \$6.9 Billion
FY 2021–FY 2025**

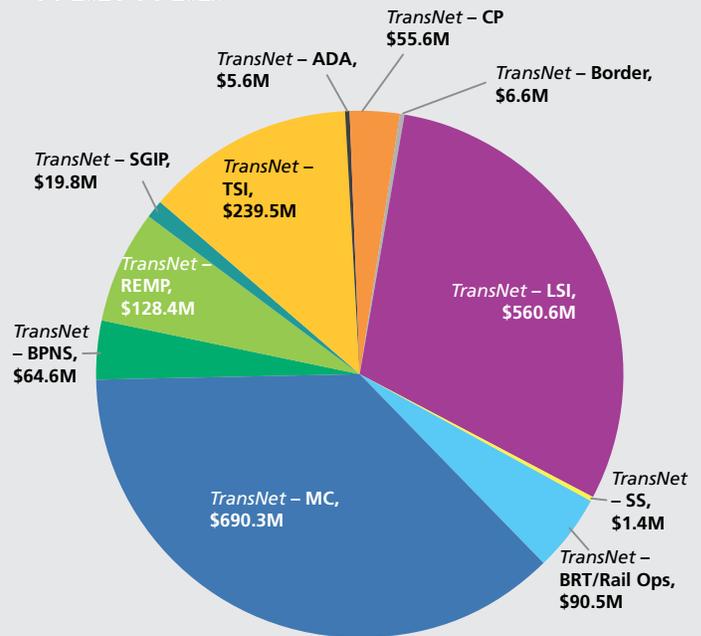


TransNet Focuses Resources on Improving Major Corridors and Local Streets

TransNet funding between FY 2021 and FY 2025 is expected to improve the quality of life for people in the region as the program focuses funding on major corridors where many people travel to and from work, and local streets and roads where people live, shop, and go to school. Between FY 2021 and FY 2025, more than \$690 million (36.3%) is earmarked for improving major corridors in the region such as I-5, I-15, and SR 78, while nearly \$561 million (29.5%) is planned for local street improvements. Meanwhile, more than \$239 million (12.6%) is planned for improving the regional transit system; more than \$90 million (4.7%) will go to operating Bus Rapid Transit and rail service; and nearly \$65 million (3.4%) is budgeted for bicycle, pedestrian, and neighborhood safety improvements. Over \$128 million (6.7%) is earmarked for the region's environmental mitigation program.

Source: 2020 Regional Transportation Improvement Program

**TransNet Funding (\$000)– \$1.9 Billion
FY 2021–FY 2025**



ADA – Americans with Disabilities Act
BPNS – Bicycle, Pedestrian and Neighborhood Safety
BRT – Bus *Rapid* Transit
CP – Commercial Paper
LSI – Local Street Improvements

MC – Major Corridor
REMP – Regional Environmental Mitigation Program
SGIP – Smart Growth Incentive Program
SS – Senior Services
TSI – Transit System Improvement



The ITOC reviewed and provided recommendations on many key *TransNet*-supported programs during the 2021 fiscal year. These included:

- **The development of the vision for the 2021 Regional Plan**, which is the blueprint for a sustainable future for the San Diego region. It answers questions about how we will get around, where we will live, and how our region will grow through 2050 and beyond.
- **The State of the Commute Report**, an annual report that provides data on how people use the region's freeways, transit services, and local roadways.
- **The Comprehensive Multimodal Corridor Plans**. In alignment with the 2021 Regional Plan, these data-driven plans aim to reduce congestion and generate transportation choices while preserving community character and creating opportunities for enhancement projects.
- **Progress and status reports on a variety of *TransNet* programs**, including quarterly updates on the Regional Bikeway program and *TransNet* Major Corridors, *TransNet* Senior Mini-Grant program, Smart Growth Incentive program, and Active Transportation Grant program.
- **The *TransNet* Environmental Mitigation Program**, which provides funds to protect, preserve, and restore native habitats. Specifically, ITOC discussed the FY 2021-2022 work plan, FY 2021 annual funding, and the *TransNet* Interfund Loan.
- **The status of the regional Bikeway program and City of San Diego bikeway approvals and projects.**
- **Implementation updates for the FY 2018 *TransNet* Triennial Performance Audit**, including Transit operator funding eligibility, and reporting on *TransNet* goals and provisions.
- **The FY 2021 *TransNet* Triennial Performance Audit (TPA)**, detailed in this Annual Report.
- **The Call for Projects for the Specialized Transportation Grant program**, which funds projects and programs that expand mobility options for seniors and people with impairments.
- **Reports about the *TransNet* Local Street and Road program**, including the [FY 2020 Annual Status Report](#), 2021 Output and Outcome Report, and City of San Diego Transportation Capital Improvement Program.
- **Performance Management and Safety Targets for the Fixing America's Surface Transportation Act**, which authorizes billions of federal funds for highway, highway and motor vehicle safety, and public transportation.
- **The 2021 Regional Transportation Improvement Program (RTIP)**, including the Draft Air Quality Conformity Determination. The RTIP is a multi-billion-dollar, multi-year program of proposed major transportation projects in the San Diego Region.
- **ITOC also received updates on major SANDAG projects**. These included the highway, rail, environmental, and coastal access improvement projects underway along North I-5 through the SANDAG and Caltrans Build NCC program. Also included was the Mid-Coast Trolley project, which will extend the UC San Diego Blue Line 11 miles north to the University community area.

TransNet Progress Highlights



Five regionally significant projects will be the recipients of focused investments in the coming year. They are considered direct outputs of SANDAG's strategic planning, and the *TransNet* program is aligned with these priorities. These major projects are described below.



2021 Regional Plan

The bold new transportation vision for the 2021 Regional Plan addresses traffic congestion, social equity, and state and federal mandates to create a balanced transportation system that will serve generations to come. Data-driven planning and five strategies known as the "5 Big Moves" — Complete Corridors, Transit Leap, Mobility Hubs, Flexible Fleets, and Next Operating System (Next OS) — are at the heart of the Plan. The 5 Big Moves create a framework for transformed mobility. The draft Plan and the draft Environmental Impact Report (EIR) will be released and undergo public review in mid-2021. The Board of Directors will be asked to consider adoption of the 2021 Regional Plan and certification of the Final EIR in late 2021.

Central Mobility Hub/Navy Old Town Campus Revitalization

For decades, San Diego has explored ways to improve regional connectivity to San Diego International Airport. SANDAG envisions this solution to be the Central Mobility Hub, a multimodal transportation center that could connect all regional public transit in addition to providing a direct connection to the airport. Concurrent with the Central Mobility Hub project, SANDAG is working with the U.S. Navy to explore redevelopment opportunities for the Naval Base Point Loma Old Town Campus, a 70.5-acre property that currently houses the Naval Information Warfare Systems Command (NAVWAR) facilities. In FY 2022, SANDAG expects to conduct additional public outreach and complete the environmental clearance process for the Central Mobility Hub project.



*The Central Mobility Hub is a federally funded project. However, due to the imminent opportunity for a Central Mobility Hub as part of the Navy Old Town Campus Revitalization Project, *TransNet* funds are being used to advance the project, to be repaid with federal funds when they are available.



Del Mar Bluffs Stabilization

In the City of Del Mar, construction was completed in January 2021 on the fourth phase of stabilization efforts for the railroad tracks along the coastal bluffs to ensure that train traffic continues uninterrupted for several decades. The tracks are integral to the Los Angeles-San Diego-San Luis Obispo (LOSSAN) corridor — the second busiest passenger and freight corridor in the nation. Two more phases of stabilization projects are planned. SANDAG is also studying how to move tracks off the bluffs. The study will continue through 2021.

*The Del Mar Bluffs Stabilization project does not currently rely on *TransNet* funds. However, it is integral to the North Coast Corridor program of projects, which received *TransNet* funding in FY 20.

Mid-Coast Trolley Project

Launched in late 2016, the Mid-Coast Trolley is the largest infrastructure project in the history of the San Diego region, adding 11 miles and nine stations to the Trolley system. The \$2.1 billion project remains on schedule to be completed in late 2021. The project will extend the UC San Diego Blue Line north of the historic Santa Fe Depot in Downtown San Diego by 11 miles, providing a one-seat ride between the U.S./Mexico Border and the University community. Trolley testing is anticipated to begin at the end of FY 2021 and continue through the early part of FY 2022.



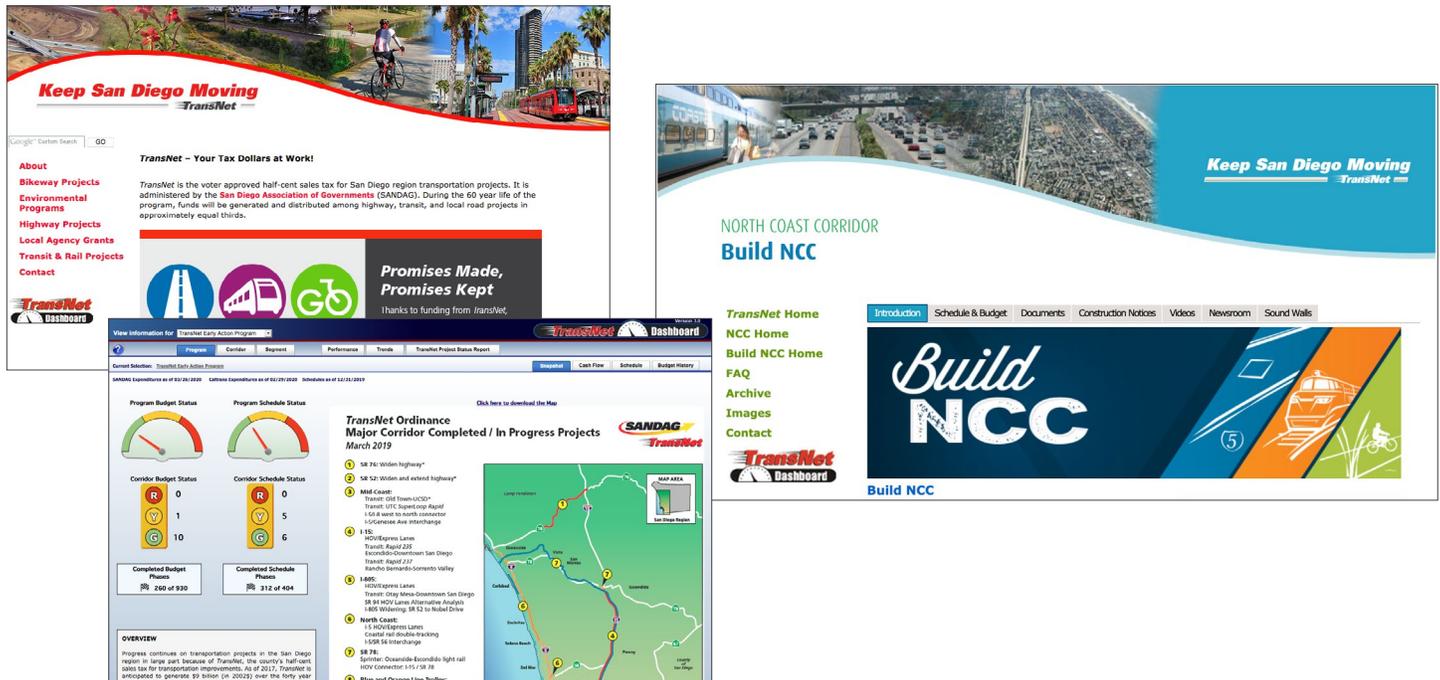
Otay Mesa East Port of Entry and State Route 11

A joint venture between SANDAG and Caltrans, in collaboration with state and federal partners in the U.S. and Mexico, Otay Mesa East POE will create a third border crossing for the San Diego-Baja California mega-region that will enhance regional mobility and fuel economic growth and binational trade. In FY 2022, construction of the Siempre Viva Road interchange improvements will begin, and the final State Route 11 segment and State Route 125 southbound connectors to eastbound State Route 905 and State Route 11 will be completed. The project team also expects to finish the investment grade Traffic and Revenue Study, which will estimate the traffic demand and subsequent toll revenue potential from the State Route 11 toll road.

How to Get Involved

As of June 30, 2020, 35 percent of the 48 major corridor capital construction projects were completed and 23 percent were in progress -- a significant accomplishment 13 years into the 40-year program. Completed projects include the modernization of the Blue and Orange Trolley lines, construction of the I-15 Express Lanes; the widening of SR 76; I-15, Mid-City, and South Bay Rapid Transit projects, and others. For specific information on the status of projects under the *TransNet* program, readers can go to the following sources online:

- [FY 2021 TransNet Triennial Performance Audit \(FY 2021 TPA\)](#) Appendix C details the status of major corridor projects.
- A status of all *TransNet* Major Corridor projects can be found on the *TransNet* Dashboard at transnettrip.com.



KeepSanDiegoMoving.com

Offers real time information about *TransNet* projects, including a dashboard that shows budgets and schedules.



sandag.org/TransNet

Contains key documents related to the *TransNet* Extension Ordinance.



Meetings

ITOC meets on a regular basis, usually the second Wednesday of the month at 9:30 a.m. at SANDAG offices 401 B Street, Suite 800, San Diego, CA 92101. A list of past and upcoming agendas for all ITOC meetings can be found at sandag.org/itoc.



Questions?

The ITOC encourages your feedback on this report and other *TransNet*-related matters. Inquiries can be directed to itoc@sandag.org. Individuals interested in serving on the committee, as vacancies occur, are encouraged to email itoc@sandag.org to be placed on the vacancy notification list.