BOARD POLICY NO. 031

TransNet ORDINANCE AND EXPENDITURE PLAN RULES

The following rules have been adopted and amended by the SANDAG Board of Directors in its role as the San Diego County Regional Transportation Commission (RTC). The purpose of these rules is to implement the provisions of the original *TransNet* Ordinance (87-1) and the *TransNet* Extension Ordinance (04-01) and amendments thereto.

Rule #1: Procedure for Distribution of Revenues for Transportation Services for Seniors and the Disabled

Adoption Date: February 26, 1988 (Resolution RC88-2)

Amendment: Repealed November 18, 2005. This rule was superseded by Rule #11.

Rule #2: Loan of Funds for Privately Funded Projects

Adoption Date: April 22, 1988 (Resolution RC88-5)

Amendment: Amended November 18, 2005

Text: The Commission may approve a loan of sales tax funds to a city or county from its formula-based share of Local Street and Road funds to finance a project which is prohibited from receiving funding under Section 9 of Commission Ordinance 87-1 or Section 8 of Ordinance 04-01 if the following terms and conditions are met.

1. A finding is made by the Commission that absent private sector funding, the project would be an eligible street and road project.

2. The City or County agrees to enter into an agreement to repay the loan plus interest (at a rate determined by the Commission) prior to the termination of the sales tax in accordance with Section 3 of Commission Ordinance 87-1 or Section 3 of Ordinance 04-01.

3. That the City or County agrees to guarantee repayment of the loan if private developer funding is determined to be inadequate to repay the loan prior to termination of the sales tax.

Rule #3: Reimbursement of Local Funds to Advance Approved Projects

Adoption Date: May 27, 1988 (Resolution RC88-6)

Amendment: Amended November 18, 2005

Text: A city or county may advance improvements on a project(s) which is included in the approved transportation sales tax Program of Projects with local agency funds (other than private developer funds as set forth in Section 9 of Ordinance 87-1 or Section 8 of Ordinance 04-01) prior to sales tax funds being available and receive reimbursement including interest from sales tax funds if it is determined by the Commission that the following terms and conditions are met.

1. The project(s) is included in the approved transportation sales tax Program of Projects, and no other financing technique is found to be more desirable or cost effective to utilize in order to advance the improvement.

2. The city or county shall be reimbursed for the local funds expended as soon as sales tax funds become available, or on a schedule agreed to between the local agency and the Commission.

3. That no more than 30 percent of the funds will be used for maintenance projects if the funds are borrowed from *TransNet* revenues pursuant to Section 2(C)(1) of Ordinance 04-01.

Rule #4: SR 78 Corridor Reserve Fund Allocation Policies

Adoption Date: Originally Adopted May 26, 1989 (Resolution R-89-82), Wording changed December 14, 1990 (Resolution RC91-10)

Amendment: Amended November 18, 2005

Text: For purposes of allocating funds under Section 2(a)(3) in Ordinance 87-1:

1. Only those projects designated as "funded" on the SR 78 Corridor project list approved on December 13, 1990 by the SR 78 Corridor Policy Committee are eligible to receive SR 78 Corridor Reserve Funds.

2. The list of SR 78 Corridor projects and their priority and funding eligibility may be revised by a majority vote of the SR 78 Corridor Policy Committee and the approval of the Board of Directors.

3. The basic contribution for a non-Caltrans project on the SR 78 Corridor Reserve funded list is 50 percent of the estimated right-of-way, engineering, and construction costs. However, the total amount of Corridor Reserve Funds designated for projects within one jurisdiction may be allocated to vary from the basic 50 percent for any given project as long as the cumulative total for programmed projects at any point in time does not exceed 50 percent.

4. The basic contribution for a Caltrans project on the SR 78 Corridor Reserve funded list is 100 percent of the estimated right-of-way, engineering, and construction costs.

5. Contributions from the SR 78 Corridor Reserve Fund to any one jurisdiction cannot exceed 50 percent (100 percent for Caltrans) of the project cost estimates shown on the approved funded list of December 13, 1990. If actual project costs are less than estimated, a maximum contribution of 50 percent (100 percent for Caltrans) of the new costs shall be in effect.

6. A project that for any reason is removed from the funded list can only be replaced by the next highest ranked unfunded project (or projects), regardless of jurisdiction and only if the funded list of projects does not exceed the total Corridor Reserve dollars available. As with other funded projects, Corridor Reserve funds can only be used to improve the replacement project(s) to minimal four-lane standards (six lanes at freeway interchanges).

Added June 22, 1990 (Resolution RC90-40):

7. SR 78 Corridor Reserve funds for right-of-way will not be encumbered until a project has environmental clearance and the first 25 percent of the total value of the right-of-way is acquired. When a total of 75 percent of the right-of-way has been acquired, the construction funds will be encumbered at the request of the agency.

Added December 14, 1990 (Resolution RC91-10):

8. All agencies submitting projects from the SR 78 Corridor Funded Project List for programming are encouraged to pursue matching funds from the state's SB 300 program.

Added February 22, 1991 (Resolution RC91-13):

9. Any new source of state highway funds for the San Diego region should be considered for allocation to the *TransNet* SR 78 Corridor Reserve to offset local funds which were used for projects which are normally the responsibility of the State, such as freeway-freeway interchange improvements and ramp metering systems.

Rule #5: Use of Local Street and Road *TransNet* Funds for the Development of Transportation Demand Management Programs

Adoption Date: August 25, 1989 (Resolution RC90-23)

Amendment: Amended November 18, 2005

Text: The development and implementation of a Transportation Demand Management Program shall be an eligible use of Local Street and Road funds pursuant to Section 19(E) of Ordinance 87-1 and Section 21(c) of Ordinance 04-01. Transportation Demand Management shall mean a comprehensive set of strategies designed to influence travel behavior with respect to mode, time, frequency, route, or distance in order to improve the efficiency and effectiveness of local streets and roads. Principal strategy measures involve, but are not limited to, ridesharing, alternative work hours, and parking management.

Rule #6: Fund Accounting and Interest Allocation

Adoption Date: March 23, 1990 (Resolution RC90-35)

Amendment: Amended November 18, 2005, July 27, 2012, and November 20, 2015

Text: For the purposes of determining compliance with Section 12 of Ordinance 87-1 and Section 13 of Ordinance 04-01, each agency shall maintain a separate fund (fund accounting) for *TransNet* revenues, if possible. Where the creation of a separate fund is not possible due to accounting methodology used by the agency, an alternative approach to maintaining separate accountability for *TransNet* revenue and expenditures must be developed and submitted to the Commission staff for concurrence. Interest earned on *TransNet* revenues received by the agency must be allocated to the *TransNet* fund and used only for projects approved by the Commission in the Program of Projects. Except as allowed below for the Local Street and Road Program and Transit System Service Improvements Program, interest accrued must be applied to each active project that carries an outstanding balance. The agency can determine the method of the interest distribution to be validated by the audit.

For the Local Street and Road Program and Transit System Service Improvements Program that receive annual funding allocations, interest accrued may be pooled and must be applied to one or more active projects in accordance with the RTIP process. All interest earned on Local Street and Road Programs is subject to Section 2.C.1. of Ordinance 04-01.

Rule #7: Program of Projects Approval Process and Amendments

Adoption Date: March 23, 1990 (Resolution RC90-35)

Amendments: Amended November 18, 2005, December 15, 2006, December 21, 2007, September 26, 2008, and January 2017

Text: Each local agency shall develop a five-year list of projects to be funded with *TransNet* revenues under Section 2D of Ordinance 87-1 and Section 4D of Ordinance 04-01 in accordance with the Regional Transportation Improvement Program (RTIP) update schedule. All projects a local agency wishes to include in its Program of Projects (POP) must be consistent with the long-range Regional Transportation Plan and approved by the Commission for inclusion in the RTIP. A local agency's projects shall not receive Commission approval until the Commission receives a resolution from the local agency that documents that the local agency held a noticed public hearing with an agenda item that clearly identified the proposed list of projects prior to approval by the local agency's legislative body of the projects. The language that must be included in the resolution and the deadlines for submission shall be prescribed by the Commission. The resolution shall contain the provisions set forth in Rule #15.

A POP amendment shall be initiated when a local agency desires to revise the approved POP, which includes but is not limited to, adding a new project, deleting an existing project, revising the project scope, or otherwise changing the *TransNet* funds programmed. A *TransNet* POP amendment must be consistent with the requirements outlined in the RTIP. Projects proposed in the amendment must first be approved by the governing body of the local agency within the preceding 12 months. The local agency shall initiate the amendment process by holding a noticed public hearing with an agenda item that clearly identifies the proposed project amendments and submitting a resolution using the language and deadlines prescribed by the Commission as documentation of governing body approval. The amendment must be approved by the Commission prior to the expenditure of funds on the new or amended projects.

Rule #8: Determination of New Transit Services

Adoption Date: March 23, 1990 (Resolution RC90-35)

Amendment: Amended November 18, 2005

Text: For the purpose of determining compliance with Section 4(B)(2)(c) of Ordinance 87-1, the level of service provided in FY 1988 shall be considered at the base level of service in existence prior to the availability of *TransNet* revenues which must be maintained through other funding sources. Compliance with the "new" service requirement shall be determined using the following procedure:

1. Determine the number of vehicle service miles operated during the fiscal year using *TransNet* revenues for any given operator by dividing the *TransNet* revenues for operations by the total systemwide operating cost for that operator and multiplying the total vehicle service miles operated by the quotient.

2. Subtract the number of miles determined in Step 1 from the total system vehicle service miles operated during the year.

3. If the adjusted number of miles from Step 2 is greater than or equal to the FY 1988 base level, then the compliance test is met.

4. The attached table of base statistics from FY 1988 (Attachment 1) will be used to determine compliance. These figures reflect all publicly funded operators within the MTDB (MTS) and North County Transit District (NCTD) service areas (Articles 4, 4.5, and 8) because *TransNet* revenues could potentially be used by the operators to fund service improvements on any of these systems.

Rule #9: Use of *TransNet* Revenue for Bus Purchases

Adoption Date: March 23, 1990 (Resolution RC90-35)

Amendment: Amended November 18, 2005

Text: *TransNet* revenues may be used to support the purchase of buses required to operate new services funded with *TransNet* revenues. The number of buses which can be purchased with *TransNet* revenues shall be determined using the following procedures.

1. Determine the number of annual new vehicle service miles service being operated in accordance with Rule Number 8 – Determination of New Transit Services.

2. Divide the number of new miles of service by the systemwide average annual vehicle services miles per bus for a given operator to determine the equivalent number of buses required to operate the new service. Round up to the nearest whole number of bus equivalents.

The *TransNet* revenues used for bus purchases shall come out of the revenues available under Section 4(B)(2)(c) of Ordinance 87-1. The use of *TransNet* revenues for bus purchases shall be used to the maximum extent possible as matching funds for available state and federal capital funds. If, at some point in the future, the number of buses purchased with *TransNet* revenues cannot be justified based on the number of new miles being operated with *TransNet* revenues, then a pro-rated reimbursement to the *TransNet* fund will be required based on the remaining useful life of the vehicles. *TransNet* revenues may not be used to support the purchase of replacement buses for the "existing" (FY 1988) level of service. Any buses purchased with *TransNet* revenues will remain under the ownership of MTDB (MTS) or NCTD and be made available to the operator chosen to operate the new services.

Rule #10: Use of *TransNet* Revenues to Replace Reduced State and Federal Operating Support

Adoption Date: March 23, 1990 (Resolution RC90-35)

Amendment: Amended November 18, 2005

Text: For purposes of determining compliance with Section 4(B)(2)(c) of Ordinance 87-1, the maximum amount of *TransNet* funds that MTDB (MTS) or NCTD are eligible to use to replace federal funds in a given year is equal to the FY 1987 base year levels of federal and state operating support ($6,113,307 for MTS and $2,511,816 for NCTD) less the amount of state and federal operating support available in that year. The priority on the use of funds under this section is to provide new service improvements. MTS and NCTD are encouraged to use other available revenues, such as Transportation Development Act (TDA) funds, to offset reductions in state and federal funds, if possible, and to use *TransNet* funds under these sections for new service improvements.

Rule #11: Use of *TransNet* Revenues for Transportation Services for Seniors and the Disabled

Adoption Date: March 23, 1990 (Resolution RC90-35)

Amendment: Amended November 18, 2005, and December 21, 2007

Text: The funds made available under Section 4(B)(1) of Ordinance 87-1 or Section 4(c)(1) of Ordinance 04-01 for improved transportation services for seniors and the disabled shall be used to augment the revenues made available under the Transportation Development Act (TDA) Article 4.5 program for the same purposes. These *TransNet* funds shall be allocated to eligible service providers using the fund distribution formula approved by the SANDAG Board of Directors for use in distributing the TDA Article 4.5 funds. For accounting purposes, following the expenditure of fare revenues and other local and other local operating revenues, the interest earnings on the *TransNet* and TDA funds shall be considered to be spent first, followed by the TDA funds, then the *TransNet* funds.

Rule #12: Use of *TransNet* Revenues for Accessibility Improvements

Adoption Date: March 23, 1990 (Resolution RC90-35)

Text: In the development of *TransNet*-funded local street and road projects, local jurisdictions may include, within the street right-of-way, improvements to enhance accessibility to the transportation system, including, but not limited to, accessibility improvements to bus stop areas.

Rule #13: Investments

Adoption Date: July 27, 1990 (Resolution RC91-2)

Amendment: Repealed November 18, 2005. This rule has been superseded by the Annual Investment Policy Update (see Resolution No. 2006-06 approved at the September 23, 2005, SANDAG Board of Directors meeting).

Rule #14: Capital Equipment Acquisition Loans to SANDAG

Adoption Date: November 16, 1990 (Resolution RC91-6)

Text: The loan of unused administrative allocations from *TransNet* funds to SANDAG for the purpose of acquiring office and computer equipment is authorized when lower cost financing is not available. The repayment schedule shall be based upon funding authorized in the SANDAG-approved budget and will include interest at a rate equal to the interest earning rate of the San Diego County Pooled Money Fund.

Rule #15: Local Agency Hold Harmless Agreements

Adoption Date: October 25, 1992 (Resolution RC92-7)

Text: Each local agency shall be required to hold harmless and defend the Commission against challenges related to local *TransNet* projects. This rule is to be implemented by requiring that each local agency agree in its resolution approving its projects for *TransNet* funding to hold the Commission harmless.

Rule #16: Repayment of Commercial Paper Program Proceeds

Adoption Date: September 23, 2005

Amendment: Amended November 18, 2005, and October 25, 2013

Text: Each agency receiving proceeds from the *TransNet* Commercial Paper Program shall be responsible for its proportionate share of the ongoing interest and related administrative costs from the date the proceeds are received until the principal amount of the loan is fully repaid. Repayment of the principal amount shall commence within three years of the agency's receipt of the proceeds and shall be completed within five years of the agency's receipt of the proceeds. Unless otherwise prohibited by law or regulation, repayment of the proceeds may be accomplished by rolling the outstanding amount into a long-term bond issue during the five-year repayment period. In such cases, the agency would then be responsible for its proportionate share of the bond issuance costs and annual debt service costs. The repayment of debt, in all cases, is the first priority on the use of the agency's share of annual *TransNet* revenues.

Rule #17: Fiscal and Compliance Audits

Adoption Date: November 18, 2005

Amendment: Amended September 26, 2008, July 24, 2009, November 19, 2010, November 18, 2011, and July 27, 2012

Text:

I. Fiscal and Compliance Audit Procedures

The fiscal and compliance audit is an essential tool to determine that *TransNet* funds are being used for the intended purposes. The Commission has the fiduciary responsibility to ensure that the public funds are used in accordance with the *TransNet* Ordinance and Expenditure Plans (87-01 and 04-01).

Pursuant to the *TransNet* Extension Ordinance (04-01), the Independent Taxpayer Oversight Committee (ITOC) is responsible for the conduct of an annual fiscal audit and compliance audit of all *TransNet*-funded activities beginning with the FY 2009 audit. In order to complete the audits in a timely manner, the following audit schedule is set forth:

A. July/August: ITOC designee and appropriate SANDAG staff coordinate with the auditors to review the audits required for the year and provide all necessary documentation/information for the auditors to begin work.

B. September to November: Auditors schedule and perform site visits. Recipient agencies must be ready and available to meet with the auditors and provide requested financial schedules and other information necessary for the completion of the audit.

C. December 1 (required deadline): Regional Transportation Congestion Improvement Program (RTCIP) expenditure plan and financial records must be submitted for a review and audit.

D. November/December: Auditors issue preliminary draft reports to both SANDAG and the recipient agencies no later than December 31. Recipient agencies must be available to review and comment on the draft report in a timely manner. All outstanding issues should be resolved within four weeks of preliminary draft report issuance.

E. March: Auditors issue a report of compliance audit results and present to ITOC at its March meeting. ITOC presents initial finding(s) of the audit and its recommendations to the Transportation Committee.

F. May: ITOC issues all compliance reports and adopts the annual report.

G. June: The ITOC annual report, which includes results of the annual audit and its process, is presented to the SANDAG Board of Directors.

ITOC Responsibility: In accordance with the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "STATEMENT OF UNDERSTANDING REGARDING THE IMPLEMENTATION OF THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE FOR THE *TRANSNET* PROGRAM," ITOC will conduct an annual fiscal and compliance audit of all *TransNet*-funded activities using the services of an independent fiscal auditor to assure compliance with the voter-approved Ordinance and Expenditure Plan, and will prepare an annual report for presentation to the SANDAG Board of Directors that includes the results of the annual audit process.

SANDAG Responsibility: SANDAG will provide all information necessary to complete the audit.

Agency Responsibility: All agencies must be ready for the site visit, provide requested information, and review and comment on the draft reports in a timely manner.

If the auditor is unable to complete the audit for initial draft acceptance by the ITOC (per Rule #17(I)(E)), because an agency was not ready or did not provide the required information or reviews in a timely manner, then the agency will be deemed in noncompliance of the Ordinance. SANDAG will withhold future *TransNet* payments (except for required debt service payments) until the audit draft is completed and accepted by the ITOC.

II. Ordinance Requirements

Section 4(C)(5) of the *TransNet* Extension Ordinance contains the fiscal and compliance audit requirements applicable beginning in FY 2009.

Section 8 of the Ordinance contains the Maintenance of Effort requirements for the local agencies.

Section 9 of the Ordinance and the attachment "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM" contain the Regional Transportation Congestion Improvement Program (RTCIP) requirements for the local agencies.

Section 11 of the Ordinance and the attachment to Commission Ordinance CO-04-01 entitled "STATEMENT OF UNDERSTANDING REGARDING THE IMPLEMENTATION OF THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE FOR THE *TRANSNET* PROGRAM" contains the ITOC spending requirements.

Section 12 of the Ordinance contains the Administrative Expenses requirements for SANDAG.

III. Audit Adjustments

The audit identifies the status of each project funded with *TransNet* funds – i.e., completed projects, projects that have negative balances, inactive projects, and ongoing projects. The agencies are responsible to work with the auditors to make proper adjustments as follows:

A. This section applies to funding allocated for the specified projects under the Highway and Transit Programs under Ordinance 87-1, including funding allocated for bicycle facility improvements. Under the *TransNet* Extension (Ordinance 04-01), this section applies to the Major Corridor funding – Section 4(A) and (B) and the four discretionary programs: (1) Transit Senior program – Section 4(C)(2); (2) Local Environmental Mitigation program – Section 4(D)(2); (3) Local Smart Growth Incentive program – Section 4(D)(3); and (4) Bicycle, Pedestrian, and Neighborhood Safety Program – Section 2(E).

   1. Completed projects: once a project is identified as completed and there are *TransNet* funds remaining with that project, the agency is required to return the money back to the program. After the fiscal audit determines that the project has been completed, SANDAG will transmit a letter to the agency to return the unexpended funds, including any unexpended interest earned, to the Commission. The agency must remit the balance within 60 days of the letter. Should an agency fail to respond in a timely manner, all future *TransNet* payments (including funds from the other programs) to that agency will be suspended until the funds are returned.

   2. Projects with negative balances: if a project ending balance is negative, then a footnote should be provided detailing the subsequent year's intended action.

   3. Inactive projects: if a project has had no activity over a period of two audits, the agency must either close out the project or note when the project will be completed (see Board Policy No. 035 for project completion deadlines and other Competitive Grant Program Procedures). Closed projects should no longer show in the following year's audit and any funds remaining must be returned to SANDAG (see instructions in Section III(A)(1)).

B. This section applies to funding allocated for the specified projects under the Local Street and Road Formula Program (Section 4(C) of Ordinance 87-1 and Section 4(D)(1) of Ordinance 04-01) and Transit Funding (Section 4(B) of Ordinance 87-1 and Sections 4(C)(1), 4(C)(3), and 4(C)(4) of Ordinance 04-01).

1. Completed projects: once a project is identified as completed and there are *TransNet* funds remaining with that project, the agency is required to transfer the unexpended principal balance to another *TransNet*-eligible project (projects included in the approved Program of Projects and in accordance with Section 2(C)(1) of the Ordinance 04-01 for Local Street and Road Formula projects) while the interest may be so transferred or pooled in accordance with Rule #6. The audit should make note to which project the principal funds will be transferred. Completed projects should no longer show in the following year's audit.

2. Projects with negative balances: if a project ending balance is negative, then a footnote should be provided detailing the subsequent year's intended action.

3. Inactive projects: if a project has had no activity over a period of two audits, other than interest earnings, the agency must either close out the project or note when the project will be completed. Closed projects should no longer show in the following year's audit. Any remaining *TransNet* funds must be transferred to another *TransNet*-eligible project (projects included in the approved Program of Projects and in accordance with Section 2(C)(1) of the Ordinance 04-01 for Local Street and Road Formula projects).

4. Transfer of funds: any transfer of *TransNet* funds from one project to another requires the local agency to provide documentation that its governing body consents to the transfer proposed prior to or concurrent with the final issuance of the annual fiscal and compliance audit. Such documentation shall consist of a signed staff report or resolution. Transfers that require an amendment to the RTIP must follow the amendment process outlined in Rule #7. Transfers between Local Street and Road Formula projects are subject to Rule #18.

IV. Local Agency Balance Limitations

Based on the audit, an agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payment until the recipient agency's Director of Finance, or equivalent, submits to SANDAG a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.

V. Annual Fiscal and Compliance Audit Report to the Board

Pursuant to the *TransNet* Extension Ordinance, beginning with the FY 2009 audits, ITOC is responsible for the annual fiscal and compliance audit of all *TransNet*-funded activities.

Rule #18: Local Street and Road Program

Adoption Date:June 23, 2006

Amendment: Amended July 24, 2009

Text: As specified in Section 2(C)(1) of the Ordinance 04-01, at least 70 percent of the revenues provided for local street and road purposes should be used for congestion relief purposes and no more than 30 percent for maintenance purposes. Grade separation projects are identified in Section 2(C)(1) of Ordinance 04-01 as projects that qualify as congestion relief projects. Attachment 2 provides a set of guidelines to be used in the implementation of this 30 percent maintenance limitation beginning with the 2006 Regional Transportation Improvement Program (RTIP) update. These guidelines apply to the programming of all available local *TransNet* funding (annual formula funds and prior year original *TransNet* carry-over balances) beginning with July 1, 2008 (Fiscal Year 2008-09).

It is the intent of this Section that over the life of Ordinance 04-01, local agencies do not cumulatively use more than 30 percent of the revenues for maintenance-related projects.

Rule #19: Conflict of Interest for ITOC Representatives

Adoption Date: December 15, 2006

Text: The Board intends to make every effort to ensure the representatives selected to serve on the Independent Taxpayers Oversight Committee (ITOC) are free from any bias that would interfere with objective decision making by the ITOC. The Conflict of Interest section of the "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program," which is part of the *TransNet* Extension Ordinance, states in part: "ITOC members shall not have direct commercial interest or employment with any public or private entity, which receives *TransNet* sales tax funds authorized by this Ordinance." The Board interprets this language to impose the same level of restrictions on the ITOC representatives as those that apply to SANDAG Board members pursuant to California state law found at Government Code sections 87100 *et seq*. and 1090 *et seq*.

Rule #20: Selection Procedures for ITOC Representatives

Adoption Date: December 21, 2007

Text: The "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program," which is part of the *TransNet* Extension Ordinance, Section 3 under the heading "Membership and Selection Process" of that document states that a Selection Committee shall be established to select the ITOC members from the list of qualified candidates recommended by the technical screening committee. The Selection Committee is to consist of two members of the County of San Diego Board of Supervisors; the Mayor of the City of San Diego; and a mayor from each of the four subregions. It is the mayors from each of the subregions that are to select from among themselves to sit on the Selection Committee, not the representatives who sit on the Board who may or may not be a mayor. The members of the Selection Committee who are mayors from the subregions shall serve for a period of two years or until the designee no longer holds the office of mayor. At the end of this term, the mayors from the affected subregion(s) shall either inform the Clerk of the SANDAG Board that the same representative is being redesignated or identify the new mayor who they have selected to represent their subregion on the Selection Committee.

Rule #21: Accommodation of Bicyclists and Pedestrians

Adoption Date: February 22, 2008

Text: Adequate provisions for bicycle and pedestrian travel is determined within the context of the roadway type, its existing and planned surrounding land uses, existing bicycle and pedestrian plans, and current or planned public transit service. When addressing the access needs dictated by land use, the responsible agency must consider demand created by current and expected land uses (as determined by the local general plan) within the useful life of the *TransNet* project. The table Appropriate Bicycle and Pedestrian Accommodation Measures provides a guide to appropriate accommodation measures for each transportation facility type and land use context. In the table, "urban" means within the urbanized area as defined by U.S. Census Bureau.

Appropriate Bicycle and Pedestrian Accommodation Measures[1]		
Context/Facility Type	**Bicycle Measures**	**Pedestrian Measures**
Urban Highway	• Required facility type will be based on the recommendations for any regional bikeway corridors in urban highway alignments developed through the 2007 Regional Bicycle Plan. Pending completion of this plan, appropriate bicycle accommodation will be developed on a project by project basis by local and regional authorities in consultation with appropriate stakeholders. • Freeways and freeway interchanges may not eliminate existing bikeways or preclude planned bikeways on local streets and roads.	• Continuous sidewalks and marked crosswalks through freeway interchanges where sidewalks exist or are planned on the intersecting roadway. • Where new freeway construction severs existing pedestrian access, grade separated pedestrian crossings with no more than 0.3 mile between crossings.
Transit Project	• Bicycle lockers and racks at stations sufficient to meet normal expected demand. • Bicycle access to all transit vehicles except those providing exclusive paratransit service to the disabled as required by the Americans with Disabilities Act. • Transit priority measures on roadways may not prevent bicycle access.	• Direct sidewalk connections between station platforms and adjacent roadway sidewalks. • Pedestrian crossings where a new transit way severs existing pedestrian access with no more than 0.3 miles between crossings.

Appropriate Bicycle and Pedestrian Accommodation Measures[1]		
Context/Facility Type	**Bicycle Measures**	**Pedestrian Measures**
Major Urban Street	• Class 2 bike lanes	• Continuous sidewalks or pathways[2], both sides of the street with marked crosswalks at traffic controlled intersections. • ADA compliant bus stop landings for existing and planned transit service.
Urban Collector Street (design speed >35 mph)	• Class 2 bike lanes	• Continuous sidewalks or pathways[2], both sides of the street with marked crosswalks at traffic controlled intersections. • ADA compliant bus stop landings for existing and planned transit service.
Urban Collector Street (design speed ≤ 35 mph)	• Shared roadway. Where planned average daily motor vehicle traffic exceeds 6,500, the outside travel lane should be at least 14 feet wide.	• Continuous sidewalks or pathways[2] both sides of the street. • ADA compliant bus stop landings for existing and planned transit service.
Urban Local Street	• Shared roadway	• Continuous sidewalks or pathways[2] both sides of the street. • ADA compliant bus stop landings for existing and planned transit service.
Rural Highway	• Minimum 8-foot paved shoulder	• ADA compliant bus stop landings for existing bus stops.
Rural Collector Road	• Minimum 8-foot paved shoulder	• Not required with no fronting uses. • Paved or graded walkway consistent with community character on streets with fronting uses. • ADA compliant bus stop landings for existing bus stops.

Appropriate Bicycle and Pedestrian Accommodation Measures[1]		
Context/Facility Type	**Bicycle Measures**	**Pedestrian Measures**
Rural Local Road	• Minimum 6-foot paved shoulder	• Not required with 85th percentile speeds $\leq$ 25 mph. • Paved or graded walkway consistent with community character on streets with fronting uses and 85th percentile speeds > 25 mph. • ADA compliant bus stop landings for existing bus stops.
[1] Application of these accommodation measures is subject to sound planning and engineering judgment to ensure the facility is reasonable and appropriate within the land use and transportation context of the overall project. [2] Unpaved pathways of decomposed granite or other suitable material that are set back from the roadway where feasible would be considered appropriate only on roads serving areas that are rural in nature.		

Where a local jurisdiction has a bicycle or pedestrian master plan adopted by the city council or Board of Supervisors and approved by SANDAG, the local agency may use that plan to determine the appropriate means of accommodating bicyclists and pedestrians in a given project and at a minimum provide the facilities called for in the plan. These plans must be updated and approved no less than every five years to qualify as a means of satisfying this provision.

Best Available Standards. All bicycle facilities must be designed to the standards established in the California Highway Design Manual, Chapter 1000. Bicycle parking facilities should conform to the guidelines established in the Regional Bicycle Plan adopted by SANDAG. Shared roadways on collector streets should have a curb lane or curb lane plus shoulder that measures at least 14 feet. Where parallel parking is in place, consideration should be given to installing the shared lane pavement marker. All sidewalks must be designed consistent with the design standards established in the AASHTO Guide for the Planning, Design, and Operation of Pedestrian Facilities, the Department of State Architect's California Access Compliance Reference Manual, and the U.S. Department of Transportation ADA Accessibility Guidelines for Buildings and Facilities (ADAAG). Consistency with the design recommendations in SANDAG's *Planning and Designing for Pedestrians* is encouraged.

Bicycle and Pedestrian Accommodation in Reconstruction Projects. Street and road reconstruction is the time to re-evaluate the function of a road and its context, and to reallocate the right-of-way if appropriate to meet the needs of bicyclists and pedestrians. An agency is not required to acquire additional right of way to improve bicycle and pedestrian access. However, the agency should consider reduced motor vehicle lanes and lane widths, and reduced median widths as a means of providing the appropriate bicycle or pedestrian facility. While such an evaluation is recommended for reconstruction projects of any size, compliance with these guidelines is required for "major" reconstruction projects meeting the definitions established under Rule 18 of SANDAG Board Policy No. 031 regarding the guidelines for implementing the "70/30" requirement.

When Provisions for Bicyclists and Pedestrians Accommodation May Be Excluded.
Section 4(E)(3) is based on the premise that pedestrians and bicyclists need safe and convenient access to the same destinations as other users of the public right of way. Consequently, those portions of the transportation network where pedestrians and bicyclists need not be accommodated are the exception, and the decision not to provide for them in a construction or major reconstruction project must be made by the responsible agency for good cause such as severe topographic or biological constraints. Any impacts on the roadway's motor vehicle capacity that result from providing for pedestrian and bicycle access would not, in themselves, justify excluding bicycle and pedestrian facilities. However, these impacts and their mitigation costs should be considered in determining if the cost of providing the facilities is disproportionate to the probable use.

This provision only requires an agency to provide appropriate bicycle or pedestrian facilities that are within the construction or reconstruction area of the project. Consideration of the provision of sidewalks as part of major rehabilitation roadway projects involving only new pavement overlays of 1-inch thickness or greater (see Rule 18 under Board Policy 031) on streets where sidewalks do not currently exist would only be required if curb, gutter, and related drainage facilities were already in place.

The cost of providing for bicycle and pedestrian access can vary significantly relative to the overall project cost. For this reason, specifying a proportional or absolute limit on spending for bicycle or pedestrian improvements relative to probable use would not allow the kind of discretion necessary to make a significant investment in facilities when necessary, or to withhold an investment when the benefits are marginal. Therefore, the decision to exclude accommodations for bicyclist and pedestrians must be a policy-level decision made by the Board or city council based on the body of information about context, cost, and probable use available at the time. Such a decision must be made in the public hearing required by Section 5(A) of the Ordinance.

Pedestrian Access. Sidewalks or other walkways may be excluded from a project when it can be demonstrated that there are no uses (including bus stops) that would create demand for pedestrian access. In making this determination, the agency must consider the potential for future demand within the useful life of the project. Access to and from public transit, including crossing improvements, also must be considered and accommodated where there is existing or planned transit service.

Bicycle Access. A new project or major reconstruction project may not include the expected bikeway treatment when a suitable parallel route with the appropriate accommodations exists that would require no more than ¼-mile total out of direction travel.

Procedures for Excluding Accommodations for Pedestrians and Bicyclists from Projects

When an agency determines not to include bicycle or pedestrian accommodations in a project because the cost of doing so would be excessively disproportionate to the need or probable use, the agency must include a notice of that decision in the notice of the public hearing required by Sections 5(A) and Section 6 of the Ordinance. In submitting the project to SANDAG for inclusion in the *TransNet* Program of Projects as part of the Regional Transportation Improvement Program (RTIP) process, the agency must notify SANDAG that bicycle and/or pedestrian facilities, as described in Table 1 or in its bicycle or pedestrian master plan, will not be included in the project along with written justification for that decision. The decision and justification is subject to review and comment by SANDAG through the Bicycle-Pedestrian Working Group, which would forward its comments to the SANDAG Transportation Committee. The Independent Taxpayer Oversight Committee also would review and comment on such projects as part of its role in the RTIP process. The Transportation Committee in approving the *TransNet* Program of Projects must make a finding that the local decision not to provide bicycle or pedestrian facilities is consistent with the provisions of this Ordinance prior to approving the project for funding under the *TransNet* Program. If this consistency finding is not made, the agency would have the opportunity to revise its fund programming request for consideration in a future RTIP amendment.

Effective Implementation. This rule will be effective for projects added to the *TransNet* Program of Projects subsequent to their adoption by the SANDAG Board of Directors. Within three years of their adoption, the rule will be re-evaluated by SANDAG to ensure they are effectively encouraging provision of a balance transportation network without imposing an excessive cost burden on projects funded under the program.

Rule #22: *TransNet* Extension Ordinance Maintenance of Effort (MOE) base level implementation guidelines

Adoption Date: March 28, 2008

Text: Section 8 of the Extension Ordinance provides guidelines regarding the MOE base level calculation and implementation.

Section 8 of the Extension Ordinance states the intended purpose of the MOE requirement is to ensure that revenues provided from *TransNet* be used to augment, not supplant, existing local revenue. Some flexibility in accounting for spikes in expenditures would be consistent with the intent of ensuring that the local agencies do not supplant local funds with *TransNet* funds. Therefore, one-time expenditures that were a result of "banking" general fund monies and subsequently expending those funds during the base period Fiscal Years 2001 – 2003 may be isolated and removed so that the MOE is representative of a normal annual spending level, subject to review by the ITOC and approval by the Board of Directors.

In addition, the language in Section 8 of the Extension Ordinance states the MOE will be determined on the basis of "discretionary funds expended for street and road purposes…as was reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads." The Extension Ordinance also states, "the MOE also shall apply to any local agency discretionary funds being used for the other purposes specified under Section 4." Based on this language, the MOE levels are to be established separately for each category in Section 4 of the Ordinance: major highway and transit congestion relief projects; transit programs to support seniors and disabled persons; specialized transportation services for seniors; monthly transit passes for seniors, disabled, and youth riders; transit operations; local streets and roads; habitat-related mitigation costs of local transportation projects; and the smart growth incentive program. The annual audits of the MOE expenditure requirement will report the expenditures for each of these separate categories.

Rule #23: Application of *TransNet* Extension Ordinance Regional Transportation Congestion Improvement Program (RTCIP) Requirements

Adoption Date: July 10, 2009

Amendment: Amended January 22, 2010, November 19, 2010, and January 2018

A. Section 9 of Ordinance 04-01 provides that starting on July 1, 2008, each local agency in the San Diego region shall contribute $2,000 in exactions from the private sector, for each newly constructed residential housing unit in that jurisdiction to the RTCIP. Each agency is required to establish its own collection program, known as its RTCIP Funding Program. Each jurisdiction is required to either establish a new Fund for the RTCIP or to set up accounts specific to the RTCIP for tracking purposes. Interest earned on RTCIP revenues received by the jurisdiction must be allocated to the RTCIP Fund.

B. Local agencies, SANDAG staff, hired auditors, and the Independent Taxpayers Oversight Committee (ITOC) are subject to the timelines set forth in Rule #17, Section I (Fiscal and Compliance Audit Procedures) in this Board Policy, Ordinance 04-01, and the attachment to Ordinance 04-01 entitled "REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM" (RTCIP Attachment). Section 9 of Ordinance 04-01 states that any local agency that does not provide its "full" RTCIP contribution in a given fiscal year will not be eligible to receive funding for local streets and roads for the immediately following fiscal year. It further provides that any funding not allocated under 4(D)(1) as a result of this requirement shall be reallocated to the remaining local agencies that are in compliance with Section 9. This Rule #23 is intended to provide clarification regarding how this language will be implemented.

   1. By June 30 of each year, which is the last day of SANDAG's fiscal year, each local agency must record as revenue, the full amount of each RTCIP exaction due for any new residential unit subject to the RTCIP within its jurisdiction. This means that if the RTCIP exaction is not yet collected, the local agency should invoice, but does not need to collect all of the RTCIP exactions due in a given fiscal year by June 30. Each local agency may choose when the exaction is due, but in no event can the local agency allow a residential unit subject to the RTCIP to be occupied by a resident prior to receipt of the RTCIP exaction. The local agency must record the revenue in the fiscal year the exaction is due according to its Funding Program or when the revenue is received, whichever occurs first.

   2. Section G(4) of the RTCIP Attachment states that each local agency shall have up to, but no more than seven years after receipt of the revenue to expend the revenues on Regional Arterial System or regional transportation infrastructure projects. To ensure consistency in implementation, this provision shall mean that the seven-year term shall begin on the July 1 following the date on which the local agency recorded the exaction as revenue or received the revenue, whichever occurred first. If it is not spent within seven years it will be subject to the reallocation process in Section G(4) of the RTCIP Attachment.

   3. Pursuant to Ordinance 09-01, which amended Ordinance 04-01, the audit reports for all RTCIP Funding Programs are to be completed by June of the fiscal year immediately following the end of the fiscal year being audited. If during the audit process it is determined that a local agency failed to collect the full amount of exactions due under its

Funding Program, the local agency may cure the defect by recording the amount due as an account receivable for the fiscal year being audited and avoid losing its *TransNet* funding. If the local agency has already closed out its books for the fiscal year being audited by the time the RTCIP audit discloses the defect, the local agency may record the revenue and cure the defect in the current fiscal year in order to avoid losing its *TransNet* funding. The seven-year period discussed in Section B(2) of this Rule will commence from the fiscal year in which the revenue is recorded if this latter situation occurs.

4. The following exceptions will be permitted to the requirement that each local agency record as revenue, the full amount of each RTCIP exaction due for any new residential unit subject to the RTCIP within its jurisdiction by the June 30 deadline. These exceptions are permissible because the purpose of the RTCIP exactions is to mitigate residential traffic impacts on the regional transportation infrastructure. If a new unit subject to the RTCIP is not occupied this impact does not occur.

    a. If litigation, bankruptcy, or other similar situation occurs that delays occupation of a new residential unit pending resolution by the courts or another body assigned to resolve the dispute, and the local agency has invoiced, but been unable to collect amounts due under its Funding Program, the local agency may delay recording the account receivable until the outcome is known or the unit is occupied, whichever occurs first. The local agency shall provide documentation to the auditor establishing litigation, bankruptcy, etc. has occurred that has precluded the local agency from collecting the exaction.

    b. If a local agency records an RTCIP exaction as revenue and subsequently determines that the amount is uncollectible (i.e., the developer never completes the project or goes bankrupt), the local agency may write-off the RTCIP exaction until such time, if ever, the unit is occupied and subject to the RTCIP. The local agency shall provide documentation to the auditor establishing that the write-off was justified.

5. Due to the timeline for completion of RTCIP audits, it may be up to one year after the fiscal year being audited has ended before ITOC adopts a final report that includes a finding that a local agency failed to provide the full amount of RTCIP exactions due under its Funding Program. During this interim audit period, SANDAG will make the payments due to local agencies for local streets and roads pursuant to Section 4(D)(1) of Ordinance 04-01 in good faith by presuming that the audit will establish each local agency is in compliance. If, however, the audit establishes a local agency did not provide its full monetary contribution under the RTCIP and the local agency does not cure defects of which it was notified by the time the audit is finalized and adopted by the ITOC, then the local agency will have forfeited its Section 4(D)(1) contribution. Any amount paid to the local agency in the fiscal year following the year that was the subject of the audit will be retroactively owed to the Commission. SANDAG will deduct any such amount, with interest at the monthly Local Agency Investment Fund (LAIF) rate. This amount will be deducted from the local agency annual allocation during the next fiscal year in which the local agency is eligible for Section 4(D)(1) funding.

C. The purpose of the RTCIP's requirement that each local agency have a Funding Program is "to provide additional revenue to fund those facility and service improvements on the Regional Arterial System necessitated by development of newly constructed residences." If a new unit will have a lower impact on the Regional Arterial System (RAS) than a typical residential unit, then it is unlikely to necessitate facility and service improvements on the RAS. The Board has determined that a nursing home, home for the aged, assisted living facility, or similar institutional unit ("institutional unit") is not the type of unit the RTCIP was intended to cover. Local agencies are not required to charge for a new institutional unit for purposes of compliance with the Ordinance's RTCIP Funding Program requirements when the local agency documents that it has made the following findings prior to issuance of a final certificate of occupancy:

   1. The individual unit[1] will not have both a bathroom and permanent built-in kitchen facilities equipped with a cooking range, refrigerator, and sink; and

   2. The principal reason a person will live in the unit is because the person needs medical and/or nursing care; and

   3. The unit will cause a lower impact on the RAS than a typical residential unit in a similar location; and

   4. The local agency has required that the developer agree that the unit in substance will be used as health care facility rather than as a residence.

Additionally, the Ordinance exempts specified development types from the Funding Program requirements. One such exemption applies to "Guest Dwellings", which shall mean not more than one attached or detached residential dwelling unit, accessory structure, or accessory dwelling unit on the same parcel as an existing single-family dwelling which provides independent living facilities for one or more persons.

D. Section G(2) of the *TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM, as amended on July 24, 2009, states that 'each jurisdiction must submit its Funding Program documents, including an expenditure plan and financial records pertaining to its Funding Program, to the Independent Taxpayer Oversight Committee for a review and audit by December 1 of each year beginning December 1, 2009.

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[1] All references to "unit" in these criteria are intended to apply to an individual living unit, not the institutional facility as a whole.

Adopted: February, April, and May 1988; August 1989; March, July, and November 1990; October 1992; September and November 2005

Amended: June and December 1990; February 1991; November 2005; December 2006; December 2007; February 2008; March 2008; September 2008; July 2009; January and November 2010; February and July 2012; October 2013; January 2017; and January 2019.

Attachment 1
FY 1988 Base Year Statistics
(for use in *TransNet* Ordinance Rule #8)

Metropolitan Transit Development Board (MTS) Area

Fund Source	Operator/Service		Vehicle Service Miles
Article 4.0	Chula Vista Transit		559,734
	National City Transit		276,303
	County Transit System:		
	Suburban Service		646,904
	Rural Bus		170,953
	Poway Fixed Route		313,425
	San Diego Transit		10,473,323
	San Diego Trolley		1,033,084
	Strand Express Agency		400,738
	Total		13,874,464

Fund Source	Operator/Service		Vehicle Service Miles
Article 8	County Transit System:		
	Express Bus		189,276
	Total		189,276

Fund Source	Operator/Service		Vehicle Service Miles
Article 4.0 Dial-A-Ride	El Cajon Express		308,331
	La Mesa Dial-A-Ride		251,516
	Lemon Grove Dial-A-Ride		62,090
	County Transit System:		
	Poway Dial-A-Ride		23,030
	Poway Airporter		103,925
	Spring Valley Dial-A-Ride		73,298
	San Diego Transit DART		309,370
	Total		1,131,560

Fund Source	Operator/Service		Vehicle Service Miles
Article 4.5	Chula Vista Handytrans	2	128,807
	County Transit System – WHEELS		219,906
	National City Wheels		15,159
	Poway Call-A-Ride		60,156
	San Diego Dial-A-Ride		1,149,541
	Total		1,573,623

MTDB (MTS) Area Total	16,768,923

North County Transit District

Fund Source	Operator/Service	Vehicle Service Miles
Article 4.0	NCTD Fixed Route	7,651,408
	NCTD FAST	126,744
	Total	7,778,152
Article 4.5	NCTD Lifeline	386,680
	Total	386,680
	NSDCTDB (NCTD) Area Total	8,164,832
	REGIONAL TOTAL	24,933,755

Attachment 2

***TransNet* Local Street and Road Program**
***TransNet* Ordinance and Expenditure Plan Implementation Guidelines**
June 23, 2006

The *TransNet* Ordinance requires that at least 70 percent of the revenues provided for local street and road purposes should be used to fund direct expenditures for facilities contributing to congestion relief. No more than 30 percent of these funds should be used for local street and road maintenance purposes. The required multi-year Regional Transportation Improvement Program (RTIP) project lists submitted by local agencies that are found to be out of compliance with this requirement will not be approved. Local agencies may request an exception to this requirement and must provide justification for such a request as part of its project list submittal.

The following table categorizes and lists the more typical types of facilities that are considered to contribute to congestion relief. For other facilities not listed, it must be demonstrated that congestion relief can be obtained before the project can be considered part of the 70 percent Congestion Relief category. Maintenance costs of items listed in the 70 percent Congestion Relief category are eligible under the 30 percent category. Facilities that are not considered to contribute to congestion relief (Items 28-30) are eligible under the 30 percent category.

Congestion Relief (at least 70%)	**Maintenance and Non-Congestion Relief (no more than 30%)**
New or Expanded Facilities	
1. New roadways and bridges	
2. Roadway and bridge widening	
3. Roadway widening for bike lanes	Lane removal for bike lanes
Major Rehabilitation and Reconstruction	
1. Roadway rehabilitation (grinding and overlay, or new structural pavement, or new overlay 1-inch thick or greater)	Pavement overlay (less than 1 inch) Pot hole repair, chip seal, fog seal, crack seal (except when part of roadway rehabilitation project)
2. Roadway realignment	Roadway realignment that does not increase roadway capacity
3. Bridge retrofit or replacement	Bridge replacement for aesthetic purposes
4. Roadway drainage improvements for the purpose of improving capacity-impeding conditions such as significant and frequent roadway flooding	Minor drainage improvements not part of a congestion relief project
5. New sidewalk or sidewalk widening	
Traffic Operations	
Median installation for safety improvement or left-turn movement	Stand-alone landscaping project of an existing median
New traffic signal, passive permissive left turn (PPLT) installation, signal removal for congestion relief reasons, traffic signal upgrades, intersection lighting	Traffic signal replacement, bulb replacement, hardware, software, inductive loop repair
Traffic signal coordination	
Traffic signal interconnection	

Congestion Relief (at least 70%)	Maintenance and Non-Congestion Relief (no more than 30%)
Centrally controlled traffic signal optimization system	
Traffic surveillance or detection system (video)	
Traffic data collection system for performance monitoring purposes (in pavement detection, radar)	
Smart Growth-Related Infrastructure*	
Traffic calming measures	
Pedestrian ramps	
Pedestrian traffic signal activation	
Pedestrian crossings/overcrossings	
Buffer area between sidewalk and street	
Pedestrian roadway lighting	Light bulb replacement
Transit Facilities	
New bus stops	
Bus stop enhancements	
Bus-only lanes	Bus-only lanes that do not provide congestion relief
Queue jumper lanes for buses	
Traffic signal priority measures for buses	
Transit operational costs for shuttle and circulator routes	
	Non-Congestion Relief
	Erosion control (unless required as part of a congestion relief project)
	Landscaping (unless required as part of a congestion relief project)
	Roadway signing and delineation (unless it is a congestion relief project)

Note: Staff costs for congestion relief project development (environmental, preliminary engineering, design, right-of-way acquisition, and construction management) are eligible expenditures under the 70 percent category. Staff costs for transportation infrastructure maintenance or traffic operations efforts are eligible under the 30 percent category. Costs for general *TransNet* fund administration and transportation planning are eligible up to 1 percent of annual revenues.

* To receive credit for providing congestion relief under the 70 percent category, smart growth-related infrastructure must be provided in one of the existing or planned (not potential) seven Regional Comprehensive Plan smart growth land use type characteristic areas: Metropolitan Center, Urban Center, Town Center, Community Center, Transit Corridor, Special Use Center, or Rural Community. Smart growth-related infrastructure built outside of one of the seven types of characteristic areas is eligible under the 30 percent category.