**Board of Directors Agenda**

Friday, September 23, 2005
9 a.m. to noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

**Agenda Highlights**

- SCAG/SANDAG INFORMATIONAL EXCHANGE MEETING
- TransNet COMMERCIAL PAPER PROGRAM
- 2007 REGIONAL TRANSPORTATION PLAN UPDATE

**Please turn off cell phones during the meeting**

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**Mission Statement**

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus, makes strategic plans, obtains and allocates resources, plans, engineers, and builds public transit, and provides information on a broad range of topics pertinent to the region's quality of life.
Welcome to SANDAG. Members of the public may speak to the Board of Directors on any item at the time the Board is considering the item. Please complete a Speaker’s Slip, which is located in the rear of the room, and then present the slip to the Clerk of the Board seated at the front table. Also, members of the public are invited to address the Committee on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The Board of Directors may take action on any item appearing on the agenda.

This agenda and related staff reports can be accessed at www.sandag.org under Meetings on SANDAG’s Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than noon, two working days prior to the Board of Directors meeting.

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<td>APPROVAL OF MEETING MINUTES</td>
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<td>A. July 8, 2005, Policy Board Meeting</td>
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<td>B. July 22, 2005, Business Meeting</td>
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Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG. Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Speakers are limited to three minutes. Board members also may provide information and announcements under this agenda item.

**CONSENT ITEMS (3 through 11)**

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<td>ACTIONS FROM POLICY ADVISORY COMMITTEES</td>
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<td>ANNUAL INVESTMENT POLICY UPDATE (Lauren Warrem)</td>
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<td>The California Government Code requires that the Board of Directors, at a public meeting, annually review and approve a statement of the agency’s investment policy and consider any changes to that policy. The Board is asked to approve Resolution No. 2006-06, approving a revised investment policy for SANDAG.</td>
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<td>APPROVAL OF DEAL POINTS FOR SUPPLEMENT TO MASTER AGREEMENT BETWEEN CALTRANS AND SANDAG (Julie Wiley)*</td>
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<td>Staff has been negotiating terms and conditions for supplementing SANDAG’s current Master Agreement with Caltrans in order to incorporate the TransNet Early Action Program projects. A summary of the innovative deal points staff plans to incorporate into the Supplement is provided. The Board of Directors is asked to delegate authority to the Executive Director to execute a Supplement that incorporates these deal points.</td>
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<td>APPOINTMENT OF NEW MEMBERS TO THE REGIONAL PLANNING STAKEHOLDERS WORKING GROUP (Regional Planning Committee Chair Lori Holt Pfeiler and Transportation Committee Chair Joe Kellejian)</td>
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<td>Last November, the SANDAG Board of Directors approved the creation of the new Regional Planning Stakeholders Working Group (RPSWG) to review and provide input into key activities associated with the implementation of the Regional Comprehensive Plan and the update of the Regional Transportation Plan. Two members of the RPSWG recently have resigned. The Regional Planning and Transportation Committees recommend that the SANDAG Board of Directors approve two new members and two back-up members from the original candidate list.</td>
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+7. CALIFORNIA REGIONAL BLUEPRINT PLANNING GRANT PROGRAM (Coleen Clementson) APPROVE

The California Business, Transportation, and Housing Agency is awarding $5 million during FY 2006 to Metropolitan Planning Organizations to initiate or enhance the implementation of regional comprehensive plans in the state. The grants will be administered by Caltrans, with assistance by the Department of Housing and Community Development. The Board of Directors is asked to approve Resolution No. 2006-04, authorizing the submittal of SANDAG’s application for funding from the program to implement various strategic initiatives from the Regional Comprehensive Plan.

+8. QUARTERLY INVESTMENT REPORT - PERIOD ENDED JUNE 30, 2005 (Linda Olson) INFORMATION

State law requires that the Board of Directors be provided a quarterly report of investments held by SANDAG. This report includes all money under the direction or care of SANDAG as of June 30, 2005.

+9. QUARTERLY PROGRESS REPORT ON TRANSPORTATION PROJECTS - APRIL TO JUNE 2005 (José Nuncio)* INFORMATION

This quarterly report summarizes the current status of major highway, transit, arterial, traffic management, and transportation demand management projects in SANDAG’s five-year Regional Transportation Improvement Program (RTIP) for the period April 1 to June 30, 2005.

+10. U.S. DEPARTMENT OF DEFENSE PROJECTS AFFECTING THE SAN DIEGO REGION (Captain Dan King, USN, CEC, Commander, Southwest Division, Naval Facilities Engineering Command) INFORMATION

Each year, the Defense Department provides SANDAG a summary of its activities related to implementing smart growth strategies and a listing of military construction projects for the current fiscal year and the next two fiscal years. This report is provided to the SANDAG Board of Directors for information.

+11. STATUS REPORT ON SMART GROWTH CONCEPT MAP AND PUBLIC OUTREACH WORKSHOPS (Mayor Lori Holt Pfeiler, Regional Planning Committee Chair; Carolina Gregor) INFORMATION

The Regional Comprehensive Plan calls for the preparation of a Smart Growth Concept Map illustrating the location of existing, planned, and potential smart growth areas. The Concept Map will be used in the comprehensive 2007 Regional Transportation Plan update and to determine eligibility to participate in the longer-term smart growth incentive program funded by TransNet. This item provides a status report on the draft map, which is being developed in conjunction with staff from the 19 local jurisdictions, the Regional Planning Committee, and its working groups. Preliminary information about upcoming public workshops in January also is provided.
CHAIR’S REPORT (12 through 14)

12. RECOGNITION OF MAYOR DICK MURPHY

+13. REPORT ON CALIFORNIA BIODIVERSITY COUNCIL JULY 2005 MEETING
   (Deputy Mayor Crystal Crawford)

   The California Biodiversity Council (CBC) is a statewide council established to
   design a strategy to preserve biological diversity and coordinate implementation
   of this strategy through regional and local institutions. Del Mar Deputy Mayor
   Crystal Crawford represents the San Diego region on the Council, which is
   chaired by Resources Agency Secretary Mike Chrisman. This report summarizes
   the major conclusions of the July 22, 2005, CBC meeting in Long Beach,
   California.

14. SUMMARY OF THE SOUTHERN CALIFORNIA ASSOCIATION OF
   GOVERNMENTS (SCAG)/SANDAG INFORMATIONAL EXCHANGE
   MEETING

   Chairman Mickey Cafagna will provide a verbal report on the regional topics
   discussed during the September 8, 2005, meeting of elected officials from both
   agencies. Topics encompassed regional transportation planning efforts, goods
   movement, SANDAG’s Sustainable Competitiveness Report, California
   Environmental Quality Act reform, 5-1-1 commuter telephone assistance, and
   Maglev rail technology.

REPORTS (15 through 16)

+15. EXPANSION OF THE TRANSNET COMMERCIAL PAPER PROGRAM
   (Craig Scott)*

   The expansion of the Commercial Paper Program is the first step towards
   implementation of the initial financial strategy for funding the TransNet Early
   Action Program, as approved by the Transportation Committee on May 20,
   2005. The SANDAG Board of Directors, acting as the San Diego County Regional
   Transportation Commission (RTC), is asked to approve Resolution No. RC2005-
   01 to expand the existing TransNet Commercial Paper Program from the current
   maximum of $135 million to $335 million to support the early implementation
   of the TransNet Early Action Program. The Board of Directors, acting as the RTC,
   also is asked to approve a policy related to repayment of commercial paper
   proceeds.

+16. REVISED SCHEDULE FOR THE COMPREHENSIVE 2007 REGIONAL
   TRANSPORTATION PLAN (RTP) UPDATE AND REPORT SUMMARIZING
   SANDAG BOARD’S POLICY DISCUSSION ON RTP UPDATE (Mike Hix)

   Staff is currently working on a technical 2006 RTP update, which needs to be
   adopted by March 2006 to meet the federal three-year cycle for air quality
   conformity. The completion of the comprehensive 2007 Regional Transportation
   Plan (RTP) update has subsequently been delayed at least three months, until
   June 2007. The Transportation and the Regional Planning Committees
   recommend that the Board of Directors approve the revised 2007 RTP schedule
   and work program. The Board also is asked to accept the Interactive Polling
   summary report from the July 8, 2005, Board Policy meeting on the 2007 RTP
   update.
17. **UPCOMING MEETINGS**

In lieu of a Board of Directors Policy meeting, a tour of the North County Coastal area is scheduled for Friday, October 14, 2005, at 9 a.m. The next Board of Directors Business meeting is scheduled for Friday, October 28, 2005, at 9 a.m.

18. **ADJOURNMENT**

+ next to an agenda item indicates an attachment
* next to an agenda item indicates an RTC item
Board of Directors Discussion and Actions
July 8, 2005

Chairman Mickey Cafagna (Poway) called the meeting of the SANDAG Board of Directors to order at 9:15 a.m., and asked for a moment of silence for those who lost their lives and were injured in the terrorist attack in London, England, and for the lives of the Navy Seals that were lost as a result of the global war on terror. The attendance sheet for the meeting is attached.

1. Public Comments/Communications/Members Comments

Jim Schmidt, a member of the public, stated that the Sierra Club was trying to block the widening of Interstate 95. The Sierra Club lost this lawsuit, but there was a settlement. If the Sierra Club had won that case in federal court, they would have been able to use that ruling in other similar situations.

Reports

2. 2030 Regional Transportation Plan Update (Discussion)

Chair Cafagna stated that this is the first step in a multi-year process that begins the update of our Regional Transportation Plan (RTP). Today’s meeting will include a policy discussion on what we want the next RTP to be. We’ll be asked a series of questions that will help stimulate the policy discussion. Mike Hix, Principal Regional Planner, will provide a brief overview, and Garry Bonelli, Director of Communications, will facilitate the questions/discussion portion of the meeting.

Mr. Hix reported that staff is seeking Board guidance on some of the major issues for the upcoming 2007 RTP update. In April 2005, the SANDAG Board approved a work program for the RTP update. The current RTP, MOBILITY 2030, includes a vision to develop a flexible transportation system that focuses on moving people and goods – not just vehicles. MOBILITY 2030 contained several goals: accessibility, efficiency, environmental sustainability, equity, livability, mobility, and reliability. There are four components of mobility: land use/transportation connections, system development, systems management, and demand management. Transportation system issues for discussion include how we should provide capacity in new and existing corridors, the types of capacity improvements, and the importance of the regional arterial system.
Mr. Hix showed a graph of existing and planned development in the urbanized area. Added to that display were the desired travel paths for all 2030 trips in the county. This information should assist us in determining where to place additional corridor capacity. Another issue is how much flexibility we want to build into our system over the long term.

Mr. Hix described the benefits of Managed/HOV (high-occupancy-vehicle) lanes: more travel choices, competitive transit times, time savings for carpools and FasTrak users, and more flexibility for new technology. He provided a couple of examples of automated highways.

Mr. Hix stated that two developed land use scenarios currently under consideration for the 2030 RTP update are the Current Plans and Policies scenario and the Enhanced Smart Growth scenario. The Current Plans and Policies scenario includes the adopted general plans from each of the 18 cities and the County of San Diego’s land use inputs based on its General Plan 2020 update effort. It includes the existing/planned smart growth areas identified by local jurisdictions on the Smart Growth Concept Map. He noted that the general plans do not accommodate all of the projected growth to the year 2030 and, therefore, under the Current Plans and Policies scenario, there will be interregional commuting. The Enhanced Smart Growth scenario builds upon Current Plans and Policies and will include assumptions for increased housing and employment development intensities in the “potential” smart growth areas identified in the Concept Map. Under this scenario, less interregional commuting is expected.

Mr. Hix stated that the last RTP included a mid-level revenue scenario called Reasonably Expected Revenue scenario. With the passage of TransNet and Proposition 42, a revised Revenue Constrained scenario would just about equal the previous mid-range revenue assumption. We need to decide if we should create a new mid-level Reasonably Expected Revenue scenario and determine how to fund it.

Chair Cafagna welcomed two new Board members: James Wood, Mayor of Oceanside, and Ann Kulchin, Carlsbad Councilmember.

Garry Bonelli provided instructions to the Board on how the preference process would work and tried a couple of test questions to calibrate the voting equipment.

Councilmember Joe Kellejian (Solana Beach) asked if the questions are intended to indicate the Board’s preference for planning efforts between 2005 and 2030, rather than beyond 2030. Mr. Bonelli replied affirmatively.

Mayor Art Madrid (La Mesa) asked if there are certain topics that should not be discussed or called into question. Mr. Bonelli said there weren’t any.

Pedro Orso-Delgado, Caltrans District 11 Director, asked why 2030 rather than 2040. Gary Gallegos, Executive Director, responded that land use plans don’t go out that far.

Chuck Anders, a consultant with Strategic Initiatives, led the interactive polling for the RTP questions and explained that this is an anonymous process to get the Board’s opinions on a number of RTP-related policy issues.

Question 1: Evaluate the seven goals in paired comparisons. The result was the following priority listing: Livability (62.3), Mobility (60.0), Efficiency (59.1),...
Accessibility (50.5), Reliability (48.9), Environmental Sustainability (41.8), and Equity (25.1).

Chair Cafagna asked where Livability came out in the ranking the last time this survey was conducted. Mr. Bonelli responded that it was ranked in fifth place.

Mayor Madrid stated that the definition of Equity says to “ensure an equitable distribution of the benefits among various demographic and user groups.” He asked what “benefits” mean in this goal. Mr. Hix replied that we have to look at whether we are providing environmental justice and social equity fairly. Equity is a goal to try and address that problem.

Mayor Holt Pfeiler (Escondido) asked how Livability translates in the context of our RTP. Mr. Hix said that transportation project evaluation criteria will play a big factor in where we put our dollars to promote livability. However, we will have to better define what that means.

Chair Cafagna commented that livability describes good quality of life. Mr. Bonelli stated that on the last survey Mobility was the number one goal. The higher ranking for Livability might be a result of all of the work done with the Regional Comprehensive Plan (RCP).

Councilmember Phil Monroe (Coronado) suggested an additional goal: flexibility to accommodate new technology. He wondered where this would fit in. He didn’t think there is a national push for new technology in our region as there is in other areas around the world. Mr. Gallegos responded that this is one of the struggles we continue to face. Another is how we get people out of their cars and onto transit. He agreed there is not enough being done at the national level to promote changes in transit technology.

Mr. Orso-Delgado commented that we will be building managed lanes, and one of the things that would be nice to look at is how we can plan today for the future.

Deputy Mayor Christy Guerin (Encinitas) thought that the concept of flexibility could be incorporated into the Efficiency goal. The description of Efficiency is to maximize the efficiency of the existing and future transportation system, which incorporates Councilmember Monroe’s concept of new technology. She agreed that we should keep new technology in the forefront to address in the existing goals.

Question 2: In order to provide additional capacity to serve 2030 population and employment, the region should focus on: existing corridors or new corridors. The result was 15 votes (71 percent) for existing corridors and 6 votes (29 percent) for new corridors.

Councilmember Kellejian said the problem is that we don’t’ have enough information to be able to answer this question. Between now and 2030, there doesn’t seem to be a demand for a new corridor, and existing corridors like Interstate 15 (I-15) can be improved to meet the 2030 demand. We ought to be doing both and perhaps there are some other choices that we should be considering to meet demand beyond 2030.
Supervisor Pam Slater-Price (County of San Diego) said that one option evaluated was to double deck I-5, which is the only option that would improve the level of service in that corridor. It is expensive, but if you are talking about tunneling or going through environmentally sensitive areas, it doesn't look so bad.

Councilmember Kellejian noted that you will have huge public acceptance problems along the coast, and you cannot double-deck I-5 because there is not enough right-of-way. Mr. Gallegos commented that the current RTP maximizes today’s corridors. The challenge of double-decking is in terms of construction because you can't shut down the I-15 freeway during construction. He agreed that it will be tough to get approval from the California Coastal Commission and environmental agencies for right-of-way for freeway expansion along the coast.

Mayor Holt Pfeiler stated that part of the alternatives is to look for new corridors.

Chair Cafagna noted that we never anticipated the need for another corridor and did not set aside the right-of-way.

Mr. Gallegos asked the consultant if we could include a choice to add both existing and new corridors.

Deputy Mayor Guerin pointed out that if we are going to choose to make improvements in both existing and new corridors, we will need to identify the new corridor areas quickly because our constituents will be concerned.

Mayor Madrid said that he voted for new corridors. Political will is the most important thing in determining new corridors.

Deputy Mayor Crystal Crawford (Del Mar) said the dilemma that we face relates to the fluidity of the government process. This is a constant struggle. Whatever decisions are made today are subject to 20/20 hindsight. We cannot evaluate the “both” option without looking at it from past commitments. For example, Del Mar chose to keep Camino del Mar south of Via de la Valle off of the Regional Arterial System to maintain community character. Other jurisdictions also have made decisions to eliminate planned roadways that could have provided opportunities for new corridors.

Vice Mayor Pia Harris Ebert (San Marcos) commented that her constituency supports new capacity in the north-south corridor.

Chair Cafagna stated that in the TransNet polling, the question of new corridors came out mostly last in the ratings. The public wants us to fix the existing corridors.

Mayor Mark Lewis (El Cajon) said that travel demand and traffic congestion also relate to timing. If schools and employers were on different schedules, there would be less traffic congestion. We should evaluate this as part of our RTP.

Deputy Mayor Patty Davis (Chula Vista) said that we need to do the right thing. There are people in Bonita who signed a petition against State Route (SR) 125, and they are now in favor of it. The reality is that not planning a third north-south corridor has been a disservice.
to the San Diego region. SR 125 North is the perfect answer. We need to do the right thing to solve the long-term problem.

Councilmember Jerome Stocks (Encinitas) stated that if you built enough roads and transportation systems so that peak period demand was handled, everything will be covered in asphalt. There is no land that is currently not being used. This regional body needs to get serious about maximizing the efficiencies for what we have.

Councilmember Kellejian said that we need to keep our minds open when considering new corridor choices. He agreed that there have been battles before that have been fought; however, that should not stop us from looking at new technologies to resolve the problems. We should also be looking at the type of transportation provided in these corridors.

Councilmember Patricia McCoy (Imperial Beach) stated that until we come to grips with the issue of sustainability we will not solve our problems. Some of the goals are subsets of one or the other and are intertwined.

Chair Cafagna felt that it is impractical to consider another corridor, but it would be irresponsible of us not to consider it. At some place in the future, we will come to a saturation point. He called for an indication on the question of the “both” choice. The result was that the “both” choice received 52 percent, existing corridors received 43 percent, and new corridors received 5 percent.

Question 3: Evaluate using a paired comparison for the following capacity improvements in major corridors: Regional Transit Service, Toll lanes, HOV lanes, Managed lanes, General Purpose lanes. The resulting priority was: Managed lanes (70.2 percent), HOV lanes (60.7 percent), Regional Transit Service (46.4 percent), Toll lanes (39.3 percent), and General Purpose lanes (33.3 percent).

Chair Cafagna noted that this is consistent with the TransNet polling results.

Councilmember McCoy stated she felt we have to stick true to the findings of what people expected from TransNet.

Chair Cafagna pointed out that Managed lanes can be used for the other uses as well.

Question 4: Funding priority for regional transit service should focus on providing: Regionwide Local service, or Corridor Commuter/Express service. Jack Limber, General Counsel, provided a detailed explanation of this question. The result was: 62 percent in favor of Corridor/Express service, and 38 percent for Regionwide Local service.

Deputy Mayor Guerin said that she voted for Corridor/Commuter/Express service; however, we need to keep in mind that one of the biggest complaints we receive is the difficulty in getting to the Coaster and parking when you do.

Deputy Mayor Crawford stated that we have seen the success of commuter service, so we have data to back up people’s preferences for that service.
Leon Williams, Metropolitan Transit System (MTS) Chair, commented that MTS is going through a Comprehensive Operational Analysis (COA) to determine where to use its resources. The thrust that seems to be in the making now is to concentrate on certain corridors to make them efficient and not try to service everyone. Economic models will show the efficiency of that tactic.

**Question 5:** Regional arterials should not be deleted from adopted circulation elements and should be completed as soon as possible to support major corridor and subregional movements. The results showed 57 percent strongly agree with that statement, 38 percent somewhat agree, and 5 percent strongly disagree.

Councilmember Stocks stated that one of the things about San Diego County is that you can’t get anywhere without getting on a freeway. You don’t have an option of staying on surface streets. He thought regional congestion could be relieved if we had better connectivity. Mr. Gallegos agreed the lack of redundancy in our freeway and regional arterial systems is our most significant weakness.

Mr. Bonelli asked why someone would strongly disagree with this statement. Deputy Mayor Crawford responded that communities that have deleted regional arterials could disagree with the statement.

Mayor Morris Vance (Vista) stated that in order for regional arterials to work, you need greater cooperation between jurisdictions.

Mayor Holt Pfeiler added that if you make it a regional priority then a regional arterial could be done as one project.

Chair Cafagna noted that if we can make the RCP work, then those kinds of things will be solved.

Supervisor Slater-Price stated that one example here of working together on a solution is called the North County Parkway Plan. This effort got every community together with elected officials and technical people. In the past, that factor was missing.

**Question 6:** To what extent should the RTP rely on new technology, such as lanes for automated vehicles to improve efficiency or provide additional corridor capacity? The results showed: overwhelming preference (95 percent) for new technology as a major contributor in the RTP; 5 percent responded that it should be a minor contribution.

**Question 7:** Current general plans do not meet the forecasted housing demand for the San Diego region. To accommodate the demand, we should: modify general plans for additional housing or accept and plan for more interregional commuting. The results showed: 62 percent want to plan for interregional commuting, while 38 percent prefer modifying general plans to provide more housing opportunities.

Deputy Mayor Davis said she voted to modify the general plan because you have to plan for reality.
Deputy Mayor Crawford stated that Del Mar is continuing to look for creative ways to provide additional housing.

Chair Cafagna called a break at 10:40 a.m., and reconvened the meeting into open session at 10:48 a.m.

Question 8: The primary focus of Regional Transit should be: to serve the existing smart growth areas or encourage new smart growth areas. The results were: 55 percent thought we should serve existing smart growth areas, and 45 percent thought we should encourage new areas.

Chair Williams said that we should do both but it comes down to money. We should focus on existing smart growth areas because of the lack of resources for new areas.

Councilmember Stocks commented that we are not serving our existing smart growth areas well enough. We should improve existing areas first, and then work on the new areas.

Councilmember Monroe noted that we have some new smart growth areas that exist that are not being served.

Mayor Holt Pfeiler said that we need to serve existing smart growth areas and then adjacent areas could be served as well.

Question 9: Are incentives or disincentives the most effective way to encourage commuters to ride transit, rideshare, bicycle, or walk to work? The results showed that 86 percent said incentives are the way to go, while 5 percent cited disincentives.

Question 10: The region should maximize the efficiency of our existing transportation system by placing a strong emphasis on better systems management. The results showed that: the majority (71 percent) strongly agrees that there should be a strong emphasis on maximizing the efficiency of our existing transportation system with strong systems management. The remaining 29 percent somewhat agree with the statement.

Mayor Vance said that one of the growing problems is trucks and freight movement, and it causes a great deal of traffic congestion, but there are no proposals to improve this situation.

Chair Cafagna noted that one of the managed lanes issues being evaluated is whether we can use these same lanes for trucks in the off-peak periods. Mr. Gallegos stated that the next RTP will have a stronger emphasis on freight movement in our region.

Mayor Madrid asked how other areas address this issue. Mr. Gallegos replied that we have been collaborating with the Southern California Association of Governments (SCAG) on that issue. SCAG is looking at trying to build truck-only lanes. Managed lanes could have trucks during off-peak periods.
Deputy Mayor Guerin said she attended a conference recently and a lot of the focus was on Long Beach truck traffic. We need to start addressing this issue; it is a constant issue at the Borders Committee meetings.

Deputy Mayor Crawford stated that included in the Borders Committee work program was a study done in conjunction with Caltrans on truck border crossings. As a result of this study, we can look at ways to change how truckers are doing business across the International Border. You have to change the time and the ways that people operate their businesses. If we could create incentives that affect people’s pocketbooks, that would help improve the freeway congestion.

First Vice Chair Mary Sessom (Lemon Grove) noted that at the National Association of Regional Councils (NARC) conference, there were a lot of workshops dealing with freight movement. One statistic was that two lanes dedicated to trucks can give us capacity for four lanes of private cars. She was not sure that we understand the movement of goods and logistics and said we should educate ourselves to a greater level of understanding.

Mayor Madrid suggested that we bring the NARC presenter to a SANDAG Board meeting.

Councilmember Kellejian stated that truckers will be the first to admit they don’t want to be sitting in traffic. He agreed that we need to start meeting with people who have trucks on the freeways to understand their problems. He would be willing to participate in listening to what the problems are and in finding solutions.

**Question 11:** Beyond the Revenue Constrained scenario, which of the potential revenue sources do you prefer to expedite capital improvements? The results were as follows: Toll revenues for new lanes (75.0 percent), additional local gas tax (52.4 percent), nonresidential development fees for regional transportation facilities (45.2 percent), additional TransNet (40.5 percent), and additional residential development fees for regional transportation projects (35.7 percent).

Deputy Mayor Guerin said she did not want to add more fees to new housing.

Supervisor Slater-Price added that if the gas tax is not locked in, Sacramento could take those funds, unlike TransNet monies which are controlled locally.

Councilmember Monroe noted that this is a change in the Board’s position supporting nonresidential development fees for regional transportation facilities. The Board did not support these fees when discussed during the development of the TransNet measure.

Mr. Gallegos stated that the argument against levying the development fee on businesses was that it would hurt the business climate, and we are working with those businesses on efforts such as demand management, vanpools, and carpools.

Mayor James Woods (Oceanside) asked who at Riverside County handles this. Mr. Gallegos replied that Riverside County just started levying development impact fees as part of its sales tax measure. Generally our development impact fees are higher than in Riverside County.
Councilmember Monroe recognized the attendance of John Curriers, Chair of the Rincon tribe. He said that we ought to acknowledge that the arterial roads are needed to get to the gaming centers.

Mayor Madrid asked for a hard copy of all of the votes. Mr. Gallegos assured him that staff will make that information available to the Board.

3. UPCOMING MEETINGS

The Board of Directors Policy meeting scheduled on Friday, August 12, 2005, has been cancelled; however, there is a tour of Tijuana on that date.

The next Board of Directors Policy meeting is scheduled for Friday, September 9, 2005, at 9 a.m. The next Board of Directors Business meeting is scheduled for Friday, September 23, 2005, at 9 a.m.

4. ADJOURNMENT

The meeting was adjourned at 11:15 a.m.

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<tr>
<td>City of Carlsbad</td>
<td>Ann Kulchin (Alternate)</td>
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<td>Patty Davis (Alternate)</td>
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<td>Phil Monroe (Member)</td>
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<td>City of Del Mar</td>
<td>Crystal Crawford (Member)</td>
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<td>Christy Guerin (Member)</td>
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<td>Lori Holt Pfeller (Member)</td>
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<td>Patricia McCoy (Member)</td>
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<td>Art Madrid (Member)</td>
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<td>Mary Sessom, Vice Chair (Member)</td>
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<td>Ron Morrison (Member)</td>
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<td>James Wood (Member)</td>
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<td>Mickey Cafagna, Chair (Member)</td>
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<td>City of San Diego – A</td>
<td>Jim Madaffer (Member A)</td>
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<td>City of San Diego - B</td>
<td>Scott Peters (Member B)</td>
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<td>City of San Marcos</td>
<td>Pia Harris-Ebert (Member)</td>
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<td>Jack Dale (Member)</td>
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<td>Joe Kellejian (Member)</td>
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<td>Morris Vance (Member)</td>
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<td>County of San Diego</td>
<td>Pam Slater-Price (Member)</td>
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**ADVISORY MEMBERS LISTED BELOW (ATTENDANCE NOT COUNTED FOR QUORUM PURPOSES)**

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<thead>
<tr>
<th>NAME</th>
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<td>Caltrans</td>
<td>Pedro Orso-Delgado (Alternate)</td>
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<td>Leon Williams (Member)</td>
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<td>NCTD</td>
<td>Jerome Stocks (Member)</td>
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<td>Imperial County</td>
<td>Victor Carrillo (Member)</td>
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<td>US Dept. of Defense</td>
<td>CAPT Daniel King (Member)</td>
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<td>SD Unified Port District</td>
<td>William Hall (Member)</td>
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<td>SD County Water Authority</td>
<td>Marilyn Dailey (Member)</td>
<td>No</td>
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<tr>
<td>Baja California/Mexico</td>
<td>Luis Cabrera Cuaron (Member)</td>
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Chairman Mickey Cafagna (Poway) called the meeting of the SANDAG Board of Directors to order at 9:13 a.m. The attendance sheet for the meeting is attached.

Chairman Cafagna welcomed all for attending today’s meeting. He also congratulated Chula Vista Mayor Padilla on his recent appointment to the California Coastal Commission.

1. **APPROVAL OF JUNE 24, 2005, MEETING MINUTES (APPROVE)**

   Action: Upon a motion by Councilmember Peters (City of San Diego) and a second by Councilmember Kellejian (Solana Beach), the SANDAG Board of Directors approved the minutes from the June 24, 2005, meeting.

2. **PUBLIC COMMENTS/COMMUNICATIONS/MEMBERS COMMENTS**

   Chairman Cafagna pointed out that the agenda has been revised to add Item #16 – Amendment to Lease at 401 B Street - to the Consent Agenda.

   Clive Richard, a San Diego resident, noticed that there are several mixed-used projects being planned, which include affordable housing and are also on bus and/or trolley lines. These types of projects should be used as a poster child for smart growth, user-friendly, and transit-friendly projects. However, he expressed concern with how these projects are being developed. When designs for projects are presented, too many faults are found with cosmetic attributes that prevent good projects from moving forward.

**CONSENT ITEMS (3 through 7, 16)**

3. **ACTIONS FROM POLICY ADVISORY COMMITTEES (APPROVE)**

4. **2004 CONGESTION MANAGEMENT PROGRAM UPDATE (APPROVE)**

   SANDAG is required by state law to update the Congestion Management Program (CMP) every two years. Major changes in the 2004 CMP update include an updated CMP roadway network level of service analysis, a new transit corridor analysis, and a proposed change in the process to address deficient roadway segments. The Transportation Committee recommends that the SANDAG Board of Directors approve the 2004 CMP Update.
5. TRANSITION OF A CITY OF SAN DIEGO POSITION TO A REGULAR AUTHORIZED SANDAG POSITION (APPROVE)

The City of San Diego has notified SANDAG that due to constraints in its FY 2006 Budget, the City has been required to consider staff reductions. This decision impacts the current City of San Diego Senior Planner liaison position, which is paid for in full by SANDAG. To preserve the position in the SANDAG budget, the Board of Directors is asked to amend the FY 2006 SANDAG budget to recategorize the position as a regular authorized SANDAG position. The position is fully funded in SANDAG’s FY 2006 Program Budget, and therefore, the action would be cost-neutral. The Board also is asked to approve a revision to the Position Listing Table in the Program Budget to clarify three other positions that are City of San Diego positions paid for by SANDAG.

6. AGREEMENT TO ACCEPT A $1,000,000 CONTRIBUTION FROM BARRATT AMERICAN, INC., TO WIDEN STATE ROUTE 52 (APPROVE)

To fulfill a commitment to voters as part of the recent approval to develop Fanita Ranch in the City of Santee, Barratt American, Inc., proposes to contribute $1,000,000 to widen State Route (SR) 52 in the westbound direction between Interstate 15 and Mast Boulevard. The Transportation Committee recommends that the SANDAG Board approve authorizing the Executive Director to enter into an Agreement with Barratt American, Inc., to accept the contribution for the design of the SR 52 widening project.

7. QUARTERLY REPORT ON SANDAG COMMITTEES AND WORKING GROUPS (INFORMATION)

As required by SANDAG Board Policy No. 4, this item provides a quarterly report on the status of all standing and ad hoc committees and working groups.

16. AMENDMENT TO LEASE AT 401 B STREET (APPROVE)

SANDAG has the right of first refusal for any space adjacent to our current space at the 401 B Street facility under the terms of our current lease. Late last week, SANDAG was presented with notification of right of first refusal for a 3,021-square-foot space adjacent to our space on the 9th floor. SANDAG has 10 days to respond to this notice. The ability to bring on consulting groups scheduled to work on various SANDAG projects, particularly those for TransNet projects, over the course of the next several years to work in-house, would create an opportunity for efficiency and cost savings. The Board is asked to authorize the Executive Director to sign a lease amendment for additional space on the 9th floor in the event the Executive Director determines such an amendment is in the best interest of SANDAG based on opportunity, need, and cost savings.

Action: Upon a motion by Deputy Mayor Guerin (Encinitas) and second by Mayor Madrid (La Mesa), the SANDAG Board voted to approve Consent Items Nos. 1 through 7 and No. 16. Yes – 16 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – El Cajon, National City, Santee, County of San Diego.
CHAIR’S REPORT

8. SAN DIEGO’S INDICATORS OF SUSTAINABLE COMPETITIVENESS

Chairman Cafagna stated that SANDAG and the San Diego Regional Economic Development Corporation (EDC) recently collaborated on a report analyzing three critical quality of life indicators - Economy, Environment, and Equity - that affect the region’s long-term prosperity and competitiveness. He along with EDC’s Chief Executive Officer, Julie Meier Wright, co-Chaired the Committee that helped to create this report. Unfortunately, Ms. Meier Wright was unavailable to attend today’s meeting.

Chairman Cafagna noted that the “Indicators of Sustainable Competitiveness” study provides important data to see where the region is succeeding and where the region has opportunities to improve. The study was built upon emerging trends to define the region’s collective quality of life, measure and monitor it, and provide a process to help ensure the region stays competitive with similar regions throughout the United States. San Diego scored in the middle of the range, which just isn’t good enough. He added that he hopes that this information can act as a spark, igniting the political will and providing the momentum necessary to move forward with initiatives to improve the region’s competitiveness and sustainability. Chairman Cafagna mentioned that SANDAG’s Chief Economist, Marney Cox, was the staff lead on this project and has been helpful in looking at ways to change policies to help sustain livability in the San Diego region. He noted that Michael Schuerman, Director of Research for the EDC, was instrumental in collecting the data for this project.

Staff stated that the Indicators of Sustainable Competitiveness 2005 report is the second report that has been produced regarding this issue. The purpose of this report is to prepare for the 21st Century in the areas of globalization and competitiveness. The first report was produced in 2002.

SANDAG’s research shows that to be competitive a region must have a high quality of life, and in many regions the “three Es” - Economy, Environment, and Equity - are being used as indicators of a region’s quality of life. The three Es are inextricably linked and act synergistically to support or erode a region’s quality of life. SANDAG staff has created a quality of life index by measuring the collective performance of the three Es, providing a tool we can use to determine our competitive position and whether that position is sustainable.

There are four steps in putting together the Indicators report: (1) to identify regions that are similar to the San Diego region; (2) to agree upon a set of indicators for the three Es; (3) to gather information on those indicators; and (4) to measure our relative performance by comparing the San Diego region against the other competitor regions.

Each indicator was selected because it represents one of the three E areas and because its performance can be influenced by civic and/or public policy actions. Staff outlined the grading scheme for the indicators. Once all the information is gathered and regions are compared and graded through rank ordering, three questions can be answered: (1) How are we doing? (2) How do we compare? and (3) Have we improved? Based on the answers
to these questions, the advisory committee identified a number of challenges facing our public and civic leaders.

Staff reviewed the Sustainability Index for 2005 with the Board. Seattle and Denver received the highest quality of life index scores, making them the most sustainable regions, while the least sustainable locations were Orange County and Washington, DC. Overall San Diego was ranked 9th, a score that puts us in the middle of the pack.

San Diego’s performance for each of the three E areas was mixed: the environment is San Diego’s best quality of life area, ranking us at the top tied with Seattle; our economy’s performance is ranked in the middle of the pack; and equity is San Diego’s worst quality of life area, ranking us 16th and near the bottom.

To address the question, “Have we improved?” scores from 2002 were compared to scores in 2005; the results show that for over one-half of the indicators, our performance since 2002 has gotten worse. Especially troubling is the combined results for the equity area, where San Diego was ranked near the bottom when compared with similar regions and our trends since 2002 show equity conditions are getting worse.

Based on the report’s information, the advisory committee felt that the region’s current competitive position is not sustainable, placing the region’s quality of life at risk. No region can sustain a high quality of life without a balanced performance of the three Es, and the ratings for San Diego’s three Es are unstable.

Staff showed examples of collaborative, regional solutions that contributed to the improvement of all three Es, including transportation (TransNet); water supply; and the Base Realignment and Closure (BRAC) program. Staff also showed examples of issues where the proposed solutions will improve one of the three E areas at the expense of another area.

The advisory committee identified four major challenges: (1) achieving a balanced performance in all of the three Es; (2) establishing regional priorities for our limited resources; (3) initiating collaborative solutions; and (4) continuing to evaluate our performance and progress. The status quo is not an option because, in an increasingly competitive world, not to advance would mean our region’s quality of life would fall further behind our competitors.

Chairman Cafagna indicated some things that need to be looked at that will challenge the region are environmental issues that are sometimes directly related to quality control. If one decision is made in one direction, it has the ability to sway the other categories other ways. He mentioned that it may be good to have a policy that would affect these indicators and/or indexes in one way or another.

Councilmember Madaffer (City of San Diego) indicated that it is great to see this report again. He originally saw it at an EDC event where the business leaders were very receptive. He thanked staff and EDC for thinking ahead for the region regarding this issue. This type of information is helpful for the region to move forward with its decision-making.

Councilmember Monroe (Coronado) noted that when you take any group of any thing and measure it, you’ll have half above and half below the median range, which is really no big
deal. The language used is the key. He added that based on the information presented, the region is chasing something that is impossible. There needs to be an acceptable range and actual numbers need to be used. Staff replied that in most cases, actual numbers are being used so the absolute value is being reported.

Mayor Madrid expressed concern regarding the environmental elements and asked why the water quality indicator was dropped from the report. Water supply in the region also is a challenging problem and a key issue, even though an agreement was signed with the Imperial Irrigation District to ensure a more reliable water supply for the region. He expressed concern that water quality is an element that is not being considered and is on the back burner. Staff stated that the Mayor is correct about the water quality area, which was in the previous report. However, the Environmental Protection Agency (EPA) no longer tracks water quality by region, so the indicator was dropped from the index. In terms of water quality, the past index showed San Diego’s water quality to be better than most other regions. Also, the data from the EPA measured the quality of water within watersheds and excluded the ocean. As for water supply, our needs are currently being met and the San Diego County Water Authority has embarked on a strategy designed to improve and increase the region’s access to additional sources of water, including the Imperial Irrigation District, desalination, and reclaimed water. Over the next 15 years as much as one-third of the water we consume will come from new sources.

Chairwoman Slater-Price (County of San Diego) noted that regarding water quality, there is a “yuck factor” perception that we must overcome when dealing with the use of reclaimed water. The public needs to be made aware that water that comes from inside the region is just as clean as that from outside the region.

Councilmember Madaffer noted that there are 185 sewage plants between Colorado and San Diego, which is where San Diego gets its water supply from.

Councilmember Jones (Lemon Grove) asked why preschool through 4th grade was used as indicators regarding education. Staff indicated that within the educational community, there is wide agreement that early childhood education is a significant factor in ensuring the future success of the student, and for this reason preschool enrollment and test scores from the fourth grade were chosen as indicators. Also, the San Diego region is challenged with relatively high, high school drop-out rates, which in turn lead to difficulty in filling jobs from an internal labor force. The bottom line is that San Diego needs to do a better job with its own kids to prevent businesses from being forced to import labor with better skills to fill the vacant jobs.

Councilmember Jones noted that there are no elementary educators on the list of advisory board members. In his opinion, there is a big disconnect between elementary and high school indicators. He suggested looking at those areas in future reports. He added that there is a problem with the math scores between 4th and 5th grades, and between 7th and 8th grades. California has taken a big hit in those areas.

Chairman Cafagna mentioned that not every area keeps the same type of statistics. There was a need to compare the San Diego region with other areas that had comparable attributes.
Marilyn Dailey (San Diego County Water Authority - SDWCA) stated that every day, new technology becomes available, and water quality will continue to improve over time. The SDCWA is looking out to 2050 to resolve these issues.

Chairwoman Slater-Price commented that a big initiative at the County is pre-school for all. The importance for pre-school is becoming well known throughout the state. Studies have shown that by the 4th grade, if children are not at the appropriate level in reading and comprehensive skills, they will begin to fall off. Another turning point is 8th grade, which will determine whether a child will graduate from high school and go on to college. The County has created a program where there will be three pre-school test sites implemented to evaluate this issue. The schools will be diversified and will include children with different languages and different backgrounds. The sites will be located in South Bay, the Centre City San Diego area, and in Escondido. The purpose of this program is to better learn what the challenges are and the comparison of Head Start versus other programs. The program will be available to children of all income levels.

Staff stated that there is an effort statewide to make pre-school mandatory. The question is how to fund the program. The big picture concept is to come up with solutions that will increase the region's quality of life.

Deputy Mayor Guerin commented that Public Safety is also an issue. If people don’t feel safe, the quality of life will be lower. Staff replied that Public Safety was included in the 2002 report and was inadvertently left out of the 2005 report; crime rates will be added as an indicator to the next report.

Deputy Mayor Guerin indicated that Public Safety is a large part of most local jurisdiction budgets. In addition, living wage and health care issues also have become important in other areas.

Action: The Board received this report for information.

REPORTS (9 through 13)

9. REVISED WORK PROGRAM AND SCHEDULE FOR THE 2006 REGIONAL TRANSPORTATION PLAN UPDATE (APPROVE)

Staff noted that in April 2005, the SANDAG Board of Directors approved the work program and schedule for updating the Regional Transportation Plan (RTP), MOBILITY 2030. The last RTP update was completed in March 2003, and the next regularly scheduled update is due to be completed in March 2006. The approved work program includes both a 2006 Revenue Constrained RTP update (a technical update), and a more comprehensive 2007 RTP update that will incorporate funding scenarios beyond the Revenue Constrained Plan and strategic initiatives from the Regional Comprehensive Plan. The 2006 Revenue Constrained RTP would meet existing federal law that requires SANDAG to update its long-range transportation plan and air quality conformity analysis every three years.

Pending federal transportation reauthorization legislation that would change the update cycle for SANDAG to four years looked promising in April. As a result, staff focused on the
comprehensive 2007 RTP update. However, the legislation has stalled, and SANDAG must
move forward at this time with a technical 2006 RTP update. The 2006 RTP update will be a
technical update only to meet federal requirements. A more comprehensive update of the
RTP will occur in 2007.

Action: Upon a motion by Chairwoman Slater-Price and a second by Councilmember
Kellejian, the SANDAG Board approved the revised 2006 RTP work program and schedule.
Yes – 14 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote,
0%). Absent – Chula Vista, El Cajon, Encinitas, Lemon Grove, Poway, and Santee.

10. VEHICLE LICENSE REGISTRATION FEES FOR EMISSION REDUCTION PROGRAMS AND
PROJECTS (INFORMATION/POSSIBLE ACTION)

Councilmember Kellejian stated that his business has received prior funding under the
Vehicle License Fee (VLF) program. The VLF program has funded the Vehicle Buy Back
Program run by his company. A report about his program is currently in the process of being
given to the County of San Diego. He noted that because his company is a recipient of the
VLF program funds, he will have to excuse himself from the room and the discussion of this
issue.

Dick Smith, Air Pollution Control Officer with the Air Pollution Control District (APCD),
provided the Board with an overview of the Vehicle Registration Fund Draft Allocation Plan.
Assembly Bill 2766 (AB 2766) authorized local air pollution control districts to levy an annual
motor vehicle license fee of up to $4 per vehicle, which is paid to the Department of Motor
Vehicles (DMV). The purpose of the fee is to fund projects that reduce air pollution caused
by motor vehicles. In the San Diego region, the Air Pollution Control Board (APCB) collects
an annual registration fee of $2 per vehicle. The APCB is the County Board of Supervisors.
The APCB allocates these funds every two years. Recently, AB 693 allowed the APCB to
increase the VLF to $6 per vehicle, and some other parts in the state are allowed to go up to
$7 per vehicle.

The APCD is authorized to use the DMV monies to match state funds (i.e., Carl Moyer
Program) locally up to a cap of $552,000. DMV monies also can be used for old vehicle buy-
back and other programs. DMV monies can also be used for school buses, heavy-duty truck
fleet modernization, transportation control measures, and assistance for agricultural
equipment. The monies can also be used for projects and programs that help reduce vehicle
miles traveled, such as vanpools, guaranteed ride home programs, and shuttles.

Funds are allocated into two project categories. Category 1 projects provide short-term,
easily quantifiable emission reductions, typically using technology to reduce pollution.
Category 2 projects generally provide less emission reductions than those in Category 1, but
implement measures included in the Regional Air Quality Strategy (RAQS) and have the
potential for increased reductions over time. Several SANDAG and transit agency projects,
such as the Regional Vanpool Program, Guaranteed Ride Program, and Sorrento Valley
COASTER Connection, received prior funding as Category 2 projects. Projects with higher
return on investment (i.e., reduce the most pollutants per dollar spent) are the ones that are
recommended to be funded first. Mr. Smith reviewed with the Board the 2002-2003 Vehicle
Registration Funding Allocation Plan including the Funding Plan, the Emission Reduction
Projects recommended, the Emission Reduction Projects evaluated, as well as the projects not recommended for funding.

Currently, the fee level of $2 per vehicle brings in approximately $4.7 million per year. However, APCD’s program implementation and monitoring costs are consuming most of that money. By next fiscal year, all of those monies will be consumed by the APCD’s ongoing costs.

Chairman Cafagna asked why the program dedicates so much funding to re-powering diesel engines and equipment. Mr. Smith commented that both state and federal governments are requiring cleaner diesel engines as a means to improve air quality and re-powering older diesel engines has been shown to be cost-effective for projects.

Mayor Madrid stated that the City of La Mesa is in need of two new fire trucks. He asked if funding for new engines can be requested under this program. Mr. Smith responded that the state guidelines indicate that if there is a regulation that specifically requires that certain types of vehicles reduce emissions, they are ineligible for funding from the VLF program.

Mayor Madrid asked if a separate funding program can be made available to allow public agencies to purchase cleaner vehicles. Mr. Smith indicated that there is not significant support at the state level for a separate funding program. The State doesn't want to provide a separate funding source at this time because there is a program in place. The problem is that the older cars are currently causing the most pollution – the focus is on getting those cars off the road.

Mayor Pro Tem Hall (Carlsbad) mentioned that there are monies being invested to reduce emissions from motor vehicles. He also asked what is being done to reduce emissions from airplanes. Mr. Smith replied that state law has no control over the federal government. The federal government regulates emissions from airplanes, and it has been reluctant to deal with the issue.

Mayor Pro Tem Hall asked what the benefit is after the monies are spent. Mr. Smith stated that there are a lot of pieces to the puzzle, but it is evident that progress is being made. The overall benefit to air quality is measured.

Mayor Pro Tem Hall stated that the benefit of the dollar regarding reducing vehicle emissions is minimal. He stated that he would really like to know the effects of the emissions of airplanes.

Chairman Williams (Metropolitan Transit System - MTS) stated that he read an article where vegetable oil can be used in lieu of diesel fuel. If that information is correct, it could create clean diesel engines. Mr. Smith indicated that the process is called bio diesel, which does involve the usage of vegetable oil. The use of soy oil is another option. The State of California is looking at that and has pilot projects in Los Angeles.

Councilmember Monroe mentioned that the MTS Board just completed their budget cycle, and he noticed that there is a timing disconnect between the APCD funding approval
process and the submittal of funding requests by the transit agencies. Mr. Smith agreed there is a need to try to coordinate the timing of the budget and funding schedules.

Staff commented that they have been working with APCD staff and Chair of the County Board of Supervisors. There are two pending issues: one that looks at previously funded projects, and one that looks at how to fund future projects. If those issues don’t get resolved, certain transportation services will have to be discontinued.

Councilmember Madaffer credited Mr. Smith for his efforts. However, he was disturbed that the staff report does not concur with APCD’s track record. He added that he has a problem with increasing the VLF fee to $6 per vehicle, because there isn’t any supporting documentation on how the funds will be spent. Councilmember Madaffer requested that the APCD provide a report showing where the monies will be spent and what services the public will receive for the increased funding. Mr. Smith stated that in his report, there is a table that shows where the past funding has been spent.

Councilmember Madaffer asked if the VLF were raised to $4 per vehicle, how long would the additional funding be available to fund projects that reduce air quality emissions. Mr. Smith responded that there’s no way to determine how long that increase would last, because it hasn’t happened yet.

Councilmember Madaffer stated that he supports the goals and ideas of the VLF increase but expressed concern about whether the public will see a corresponding decrease in emissions if this additional investment is made. He didn’t see anything in the report that indicated this.

Councilmember Peters made a motion to support the Industrial Environmental Association’s (IEA’s) recommendation to support an increase in the VLF. Councilmember McCoy (Imperial Beach) seconded the motion.

Chairwoman Slater-Price thanked Mr. Smith for this report. She provided the Board with her perspective that in 1993 when the program was created, the San Diego region was not doing nearly as well as it’s doing now in the area of air quality. The Los Angeles air basin is impacting San Diego’s air quality but is on a different schedule to receive attainment. Los Angeles is allotted a much longer time to attain air quality standards, which adds to the problem. In looking at the problem, transport from the Los Angeles air basin has been 100 percent of the San Diego air basin’s problems in certain years. San Diego County is only allowed to regulate approximately 14 percent of stationary sources, which is a small part of the problem. The bottom line is the issue of money. Chairwoman Slater-Price does not believe that the County Board of Supervisors will vote in favor of increasing the VLF at this time because they don’t feel that the residents should be charged monies “just because.” She felt that there should be an incentive-based program, but the County Board of Supervisors cannot develop that. That type of program has to come from the state and would be far more palatable, because those that are causing the problems will pay the most. Having said that, she indicated that she would have to vote no on this issue.

Mayor Padilla asked for clarification of the motion on the floor.

SANDAG General Counsel re-stated the motion.
Chairman Cafagna indicated that he has problems with this issue, how the money is being allocated and how the money is being distributed. It is not clear how the program works in the case of engine re-powering. Mr. Smith stated that, typically a company would come in stating that they have a piece of equipment that needs to be repaired and are willing to re-power it. From that point, APCD staff would determine whether or not the equipment qualifies to receive monies from the program. If funding is approved, a contract is executed between APCD and the funding recipient to complete the work and ensure that the re-powered engine continues to be in service for an agreed-upon period of time.

Staff noted that in conversations with APCD staff, more and more of the money is being used to do the required work to facilitate the district’s air quality planning and monitoring programs, which results in less money for actual projects. There are certain projects such as the Sorrento Valley COASTER Connection that are currently receiving funding today but may not receive funding in the future. If this APCD funding is not continued, these or other services would need to be cut. Mr. Smith commented that next year all of the funding will be used for the district’s planning and monitoring programs and that no monies will be available for projects. However, APCD has an additional $4 million in reserve that could be made available for projects.

Councilmember Madaffer asked if the motion fails, can the APCD come back before the Board in the future.

Chairman Cafagna stated that this is a great program, but he is not prepared to vote on this issue today. He requested to see additional information, including details of the program and proposed use of the additional funding, and to have the item brought back to the Board before making a decision.

**Action:** Upon a motion by Councilmember Peters and a second by Councilmember McCoy, the SANDAG Board voted to support the IEA recommendation to the APCD to increase the VLF from the current level of $2 per vehicle to the maximum $6 per vehicle allowed under state law. Yes – 8 (weighted vote, 41%). No – 8 (weighted vote, 58%). Abstain – 1 (weighted vote, 1%). Absent – El Cajon, Santee, and Solana Beach. The motion failed.

11. **BORDERSAFE PROJECT (INFORMATION)**

Mayor Padilla, Chair of SANDAG’s Public Safety Committee (PSC), stated that the PSC is the newest of SANDAG’s Policy Advisory Committees. The PSC is currently in the process of assessing the region’s needs and is embarking on some innovative and exciting projects. The PSC is the combination of the efforts of SANDAG and the region’s Automated Regional Justice Information System (ARJIS). Mayor Padilla Introduced Pam Scanlon, the Executive Director of ARJIS. She will present information on the BorderSafe Project.

Pam Scanlon, Executive Director of ARJIS, introduced Dave Decker, the Project Manager of the BorderSafe project. This project could not be possible without the $761,000 in grant funds received from the Department of Homeland Security (DHS). Other partners in this collaborative effort include the Corporation for National Research Initiatives (CNRI), the Space and Naval Warfare Systems Center San Diego (SPAWAR), the San Diego Supercomputer Center at the University of California, San Diego (UCSD), U.S. Customs and
Border Protection, the University of Arizona Artificial Intelligence Lab, and the Tucson Police Department.

Ms. Scanlon provided the Board with an overview of the BorderSafe project and the project’s next steps, noting that Public Safety is a 24/7 issue. BorderSafe is an interregional and inter-state data-sharing effort to support Homeland Security efforts, including real-time information sharing to target violent and homeland security criminal activity, wireless field access to expand officers’ capability to effectively communicate, a test bed to evaluate new technologies and solutions, and the ability to implement solutions that provide the most timely and accurate information for the San Diego region. Accomplishments of ARJIS and BorderSafe include: (1) field access to ARJIS data using wireless technology and Personal Digital Assistants (PDAs); (2) ARJISNet agency access expansion; (3) Coplink Investigative Tool; (4) data sharing with Arizona and DHS; and (5) privacy impact assessments. BorderSafe is important to the region because it has a positive impact on field operations providing better officer safety; it is a critical tool for positive identification because it reduces “false positives”; it has expanded the data sharing of agencies; it has proven to be cost-effective; and it has placed the PSC governance in a leadership position, serving now as a national model.

DHS is looking to address the national security failures demonstrated by the attacks on September 11, 2001. It has been suggested that such failures were related to the lack of interagency communication, both locally and federally. DHS has turned to those existing cooperative efforts that show promise as models for a national rollout. ARJIS is the oldest, largest, and most successful of these projects in the nation, and its success has DHS looking to it for leadership. ARJIS is constantly examining new ways and technologies to effectively integrate member agency data and to distribute such data regionally to benefit public safety in the San Diego region.

Mayor Pro Tem Hall asked if photo identification can be done with the PDAs. Ms. Scanlon stated that PDA technology, in addition to retinal and eye scans, is currently being investigated.

Councilmember Jones commented that this is good work, and staff has a lot to be proud of. He added that ARJIS has come a long way since he was on its Board.

Mayor Pro Tem Guerin stated that BorderSafe is contingent upon the legal ramifications of sharing law enforcement data with other agencies, and the privacy impact assessment developed under the BorderSafe project was a key tool. She commended staff for all their hard work in developing a model that the entire country can look at.

Chairman Cafagna agreed.

**Action:** The Board accepted this item for information.

12. SAN DIEGO GAS & ELECTRIC LONG-RANGE PLANS AND SUMMER 2005 OUTLOOK (INFORMATION)

Staff noted that JC Thomas, Public Affairs Manager for San Diego Gas & Electric (SDG&E), will provide the Board with SDG&E’s long-range plans and its 2005 summer outlook.
Mr. Thomas thanked the SANDAG Board members regarding the Department of Water Resources (DWR) issue that resulted in saving the region a large sum of money. Looking to the future, SDG&E has identified three major challenges: (1) there is increasing demand for energy and population growth in the region; (2) existing power plants are getting older and transmission lines are congested, driving up the cost of power; and (3) there is a need to supply 20 percent of the region's energy with renewable power (i.e., wind, solar, and geothermal). SDG&E's long-term resources plan relies on a balanced strategy for a safe, reliable energy supply, including reduced demand, renewable energy, generation, and new transmission.

SDG&E is increasing renewable power sources in the region and received support for needed energy infrastructure. SDG&E is working towards increasing renewable power sources and gaining support for needed energy infrastructure, which includes adding additional transmission lines, adding local infrastructure for grid reliability, and building three new local power plants. However, there is still the need for a new transmission line in the region. It will allow SDG&E to access lower cost power outside the region and improve grid reliability. Transmission doesn't just transmit energy. Transmission lines are the vital links between reliability, economics, and renewables. Local support and input is vital. SDG&E will be coming back to the Board requesting that a member of SANDAG sit as part of a stakeholders group that will provide input regarding energy issues throughout the region. Mr. Thomas showed the Board a DVD that highlighted SDG&E's current and future work.

Mr. Thomas requested that the SANDAG Chairman and Mayor Art Madrid join him at the podium. He presented to them both a plaque for their assistance and support for the new Miguel–Mission transmission line. The plaque contained a portion of the line's conductor, which can operate at very high temperatures and carry significantly more power than other conductors of similar size. This project is just one of the innovative solutions in which SDG&E utilizes new technology to meet today's energy needs. Both Chairman Cafagna and Mayor Madrid thanked SDG&E, on behalf of the SANDAG Board.

Marilyn Dailey asked if SDG&E owns the right-of-way for the proposed power lines. Mr. Thomas stated that SDG&E does not own the right-of-way needed. He noted that will be a long process, which they are currently working on.

Mayor Madrid congratulated the Board on the relationship that has been developed with SDG&E. He added that the monies SDG&E has contributed to the Energy Working Group (EWG) have been greatly appreciated. He thanked SDG&E for their efforts and collaboration to date.

**Action:** The Board accepted this item for information.

13. **2005 REGIONAL PUBLIC OPINION SURVEY (INFORMATION)**

Staff provided the Board with an overview of SANDAG's 2005 Regional Public Opinion Survey. The survey was conducted to identify high-priority regional issues, including the public's preferred approaches to relieving traffic congestion, perceived trade-offs between commute times and housing choices, relationship between the public's desires and SANDAG's actions, and trends since 2002. A company called True North Research conducted
a telephone survey consisting of 900 residents throughout the region. Topics of questions asked included regional issues, such as transportation, housing, environment, economy, public safety, and priorities for the future.

Comparisons were made between the 2002 Public Opinion Survey and the results of the 2005 survey. The following are some of the key results:

1. Traffic was listed as the region’s top problem;

2. The top priority for utilizing tax dollars was increasing the use of renewable energy sources, followed by protecting the environment from pollution and improving the region’s freeways;

3. Replenishing sand on the beach was given the lowest priority for tax dollars among the 15 items listed;

4. The top suggestions for traffic solutions were flexible work hours, new freeway lanes, and telecommuting;

5. More residents were satisfied with living in the region in 2002 as opposed to 2005; and

6. The region’s report card grading of major topic areas, such as transportation, housing, and the economy, stayed fairly consistent from 2002 to 2005.

In conclusion, traffic and housing continue to top the list of concerns; residents are less optimistic about the region than they were in 2002; and there was public support for approaches and strategies identified in both the Regional Comprehensive Plan and the Regional Transportation Plan.

Ricardo Piñeda (Deputy Consul General of Mexico) asked staff to elaborate on the questions that were asked relating to Mexico. Staff responded that the question asking respondents about the importance of improving relations with Mexico was the only one on this survey that specifically related to Mexico.

Mr. Pineda stated that the relationship between Mexico and the United States is an important one. Anything that can be done to strengthen that relationship will be helpful.

Vice Mayor Harris-Ebert (San Marcos) asked why there were conflicting answers from the polls during the TransNet campaign and the Public Opinion Survey. Staff indicated that it could be that different solutions to traffic were evaluated in each survey, and/or the questions were asked in a different manner. In addition, staff noted that during the polling for the TransNet campaign, the public was asked how they wanted dollars to be spent.

Action: The Board accepted this item for information.

14. UPCOMING MEETINGS (INFORMATION)
Chairman Cafagna noted that a Board of Directors tour of Tijuana, Mexico will be held on Friday, August 12, 2005; and that the Board of Directors Meeting scheduled for Friday, August 26, 2005, has been cancelled. The next Policy Board meeting is tentatively scheduled for Friday, September 9, 2005, and the next Board of Directors meeting will be held on Friday, September 23, 2005.

15. CLOSED SESSION: PENDING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9: CC MEYERS V. STATE AND FCI CONSTRUCTORS V. STATE; CASE NUMBERS 11-0019U4 AND 11-001934; REGARDING STATE ROUTE 125 SWEETWATER SEGMENT; CONFERENCE WITH LEGAL COUNSEL

Chairman Cafagna noted that the Board will now be convening a closed session pursuant to Government Code Section 54956.9. The purpose of the closed session item is to discuss pending litigation regarding State Route 125 Sweetwater. When the discussion in the closed session is concluded, the Board will reconvene to open session to report the action taken.

The Board took a five minute break at 11:43 a.m., prior to the closed session. The Board reconvened from the closed session at 11:57 a.m.

The Board approved settlement authority in accordance with staff’s recommendation.

17. ADJOURNMENT

The meeting was adjourned at 11:59 a.m.

DHenry/C/Board Reports
## ATTENDANCE
### SANDAG BOARD OF DIRECTORS’ MEETING
#### JULY 22, 2005
##### 9:00 a.m. to Noon

<table>
<thead>
<tr>
<th>JURISDICTION/ORGANIZATION</th>
<th>NAME</th>
<th>ATTENDING</th>
<th>COMMENTS</th>
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<tbody>
<tr>
<td>City of Carlsbad</td>
<td>Matt Hall (Member)</td>
<td>Yes</td>
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<td>City of Chula Vista</td>
<td>Steve Padilla (Member)</td>
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<td>City of Coronado</td>
<td>Phil Monroe (Member)</td>
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<td>City of Del Mar</td>
<td>Dave Druker (Alternate)</td>
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<td>City of El Cajon</td>
<td>Mark Lewis (Member)</td>
<td>No</td>
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<td>City of Encinitas</td>
<td>Christy Guerin (Member)</td>
<td>Yes</td>
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<td>City of Escondido</td>
<td>Lori Holt Pfeiler (Member)</td>
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<tr>
<td>City of Imperial Beach</td>
<td>Patricia McCoy (Member)</td>
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<td>City of La Mesa</td>
<td>Art Madrid (Member)</td>
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<td>City of Lemon Grove</td>
<td>Jerry Jones (Alternate)</td>
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<td>City of National City</td>
<td>Ron Morrison (Member)</td>
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<td>City of Oceanside</td>
<td>James Wood (Member)</td>
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<td>City of Poway</td>
<td>Mickey Cafagna, Chair (Member)</td>
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<tr>
<td>City of San Diego - A</td>
<td>Jim Madaffer (Member A)</td>
<td>Yes</td>
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<tr>
<td>City of San Diego - B</td>
<td>Scott Peters (Member B)</td>
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<tr>
<td>City of San Marcos</td>
<td>Pia Harris-Ebert (Member)</td>
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<td>City of Santee</td>
<td>Jack Dale (Member)</td>
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<tr>
<td>City of Solana Beach</td>
<td>Joe Kellejian (Member)</td>
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<tr>
<td>City of Vista</td>
<td>Judy Ritter (1st Alternate)</td>
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<tr>
<td>County of San Diego</td>
<td>Pam Slater-Price (Member)</td>
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**ADVISORY MEMBERS LISTED BELOW (ATTENDANCE NOT COUNTED FOR QUORUM PURPOSES)**

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<thead>
<tr>
<th>Organisation</th>
<th>Name</th>
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<tr>
<td>Caltrans</td>
<td>Pedro Oro-Delgado (Alternate)</td>
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<td>MTS</td>
<td>Leon Williams (Member)</td>
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<td>NCTD</td>
<td>Jerome Stocks (Member)</td>
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<td>Imperial County</td>
<td>Victor Carrillo (Member)</td>
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<tr>
<td>US Dept. of Defense</td>
<td>CAPT Daniel King (Member)</td>
<td>Yes</td>
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<tr>
<td>SD Unified Port District</td>
<td>William Hall (Member)</td>
<td>No</td>
</tr>
<tr>
<td>SD County Water Authority</td>
<td>Marilyn Dailey (Member)</td>
<td>Yes</td>
</tr>
</tbody>
</table>
| Baja California/Mexico     | Luis Cabrera Cuaron (Member)  | No        | Ricardo Pined and Lydia Antonio will attend
ACTIONS FROM POLICY ADVISORY COMMITTEES

The following actions were taken by the Policy Advisory Committees (PACs) since the last Board meeting. Actions printed in bold typeface must be ratified by the Board of Directors to be effective.

BORDERS COMMITTEE MEETING (JULY 22, 2005)

The Borders Committee took the following actions or recommended the following approvals:

• As recommended by the Committee on Binational Regional Opportunities (COBRO), approved dates and locations for two SANDAG binational workshops to be held in October 2005.

• Requested that the agenda report on Tribal Involvement in the 2007 Regional Transportation Plan (RTP) Update be included on a future Transportation Committee agenda.

• Requested staff to provide written updates on International Boundary and Water Commission activities to the Borders Committee on a quarterly basis.

TRANSPORTATION COMMITTEE MEETING (AUGUST 19, 2005)

The Transportation Committee took the following actions or recommended the following approvals:

• Approved a list of comments on the Draft Downtown Community Plan Update for submittal to the Centre City Development Corporation during the formal public review period.

TRANSPORTATION COMMITTEE MEETING (SEPTEMBER 2, 2005)

The Transportation Committee took the following actions or recommended the following approvals:

• Recommended to the Caltrans Division of Rail the following interregional rail projects for funding in the 2006 State Transportation Improvement Program (STIP) cycle: Solana Beach Parking Structure at the Solana Beach Transit Center – Construction ($5,100,000); and the Santa Margarita River Bridge Replacement and Second Track Project – Final Design ($987,000).

• Authorized staff to process all administrative actions required to utilize the $800,000 federal funding earmark included in the multi-year federal transportation bill, including processing Amendment No. 11 to the 2004 Regional Transportation Improvement Program (RTIP), pending the close of a 30-day public comment period; to take steps to identify $200,000 in total matching funds to the federal funding, with an immediate need for $80,000 in matching funds during FY 2006; to add a project for up to $400,000 to the FY 2006 OWP and Program Budget when matching funds are identified; and to award a future contract to conduct a feasibility
study for a dedicated intermodal right-of-way link between the San Diego region and a potential regional airport in Imperial Valley.

**JOINT TRANSPORTATION/REGIONAL PLANNING COMMITTEE MEETING (SEPTEMBER 2, 2005)**

The Transportation and Regional Planning Committees took the following actions or recommended the following approvals:

- **Recommended to the SANDAG Board that Gary Nordstrom and Greg Alabado fill current vacancies on the Regional Planning Stakeholders Working Group (RPSWG) and designate Kristen Kjaero and Helene Radzuk as backup candidates in the event that additional vacancies arise on the RPSWG.**

- **Recommended that the SANDAG Board approve a revised schedule and work program for the comprehensive 2007 RTP Update.**

- **Approved a list of 14 projects for funding under the Pilot Smart Growth Incentive Program, and directed staff to prepare an amendment to the RTIP identifying these projects for funding under the federal Transportation Enhancements Program.**

**EXECUTIVE COMMITTEE MEETING (SEPTEMBER 9, 2005)**

The Executive Committee took the following actions or recommended the following approvals:

- **Approved amendments to the FY 2006 OWP and Program Budget to accept Caltrans transportation planning grants for the following: the Hillcrest Corridor Bus Rapid Transit Planning and Conceptual Design Project, and the Commercial and 22nd Street Mixed Use Project.**

- **Approved a request by La Mesa Vice Mayor David Allan to display a Prisoner of War (POW) flag in SANDAG’s Board of Directors Meeting Room.**

- **Approved the September 23, 2005, SANDAG Board of Directors meeting agenda.**

**POLICY BOARD MEETING (SEPTEMBER 9, 2005)**

This meeting was cancelled.

**TRANSPORTATION COMMITTEE MEETING (SEPTEMBER 16, 2005)**

The Transportation Committee is being asked to take the following actions or recommend the following approvals:

- **Approve a budget transfer in the amount not to exceed $150,000 from the SD 100 Modification Program (Capital Improvement Program [CIP] project number 11404) to the Train Location Project (CIP project number 1140300), to allow construction of a light rail transit vehicle tracking system on a portion of the Green Line under the Spring Street Curves Project.**
• Adopt operating principles and funding priorities to guide the management of the Regional Vanpool Program within the approved FY 2006 budget.

PUBLIC SAFETY COMMITTEE (SEPTEMBER 16, 2005)

The Public Safety Committee is being asked to take the following actions or recommend the following approvals:

• As recommended by the Chiefs'/Sheriff’s Management Committee at its September 7, 2005, meeting, approve a list of projects to be funded by the $1.23 million budgeted for ARJIS application development and system enhancements in the approved SANDAG FY 2006 OWP and Program Budget.

BORDERS COMMITTEE MEETING (SEPTEMBER 23, 2005)

• Actions taken at this meeting will be included in the Actions by Policy Advisory Committees agenda item at the next regularly scheduled SANDAG Board meeting.

Staff will update the Board of Directors if the actual actions taken by the Transportation Committee or Public Safety Committee on September 16, 2005, differ from those described in this report.

GARY L. GALLEGOS
Executive Director
ANNUAL INVESTMENT POLICY UPDATE

Introduction

The California Government Code requires that the SANDAG Board of Directors, at a public meeting, annually review a statement of the agency's investment policy and consider any changes to that policy.

Recommendation

The Board of Directors is asked to approve Resolution No. 2006-06 (Attachment 1) and the revised SANDAG Investment Policy incorporating the recommendations of SANDAG staff and the investment advisor.

Discussion

SANDAG’s investment advisor, Public Financial Management, Inc. (PFM), has assisted staff in reviewing the SANDAG Investment Policy (Attachment 2) to ensure that the policy is current and in strict compliance with the California Government Code. Since state law is updated once a year, SANDAG’s Investment Policy is updated to reflect those changes.

The attached PFM memorandum, dated July 26, 2005 (Attachment 3), suggests revisions in order to comply with the California Government Code, to meet the standards for Investment Policy Certification established by the Association of Public Treasurers of the United States and Canada, and to comply with the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 40.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Resolution No. 2006-06
              2. Revised SANDAG Investment Policy
              3. PFM Memorandum dated 7/26/05

Key Staff Contact: Lauren Warrem, (619)699-6931, lwa@sandag.org

No Budget Impact
RESOLUTION NO. 2006-06

APPROVING THE INVESTMENT POLICY OF THE SAN DIEGO ASSOCIATION OF GOVERNMENTS

WHEREAS, the California Government Code requires the legislative body of any local agency to have a written investment policy in conformance with state law and to annually review said policy; and

WHEREAS, it is the objective of the San Diego Association of Governments (SANDAG) to establish and maintain an investment policy which will guide the prudent investment of all funds under the direction of SANDAG including funds of the San Diego Regional Transportation Commission, SourcePoint, and any other funds under the care of SANDAG, in accordance with state law; and

WHEREAS, the attached SANDAG Investment Policy has been developed with the guidance of SANDAG’s investment advisor to ensure full compliance with state law and to meet the objective previously stated; NOW THEREFORE

BE IT RESOLVED that the SANDAG Board of Directors hereby approves this policy regarding the investment of SANDAG funds which is attached hereto as if fully incorporated within this Resolution; and

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to enter into and/or continue agreements with qualified professionals, financial institutions, depositories, trustees, custodial banks, investment advisors or managers, and brokers or dealers necessary to effectively implement, manage and monitor the Investment Policy of SANDAG.

PASSED AND ADOPTED this 23rd day of September 2005.

________________________________________           ATTEST: ________________________________________
CHAIRPERSON                   SECRETARY

MEMBER AGENCIES: Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach, Vista, and County of San Diego.
ADVISORY MEMBERS: California Department of Transportation, Metropolitan Transit System, North San Diego County Transit Development Board, Imperial County, U.S. Department of Defense, San Diego Unified Port District, San Diego County Water Authority, and Baja California/Mexico.
SANDAG INVESTMENT POLICY

1. Introduction

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy, and to organize and formalize investment-related activities.

The investment policies and practices of the San Diego Association of Governments (SANDAG) are based upon state law and prudent money management. All funds will be invested in accordance with SANDAG’s Investment Policy and California Government Code Sections 53600 et seq. The investment of bond proceeds will be further governed by the provisions of relevant bond documents.

2. Scope

It is intended that this policy cover all funds and investment activities, with the exception of bond proceeds, under the direction or care of the San Diego Association of Governments (SANDAG), including funds of the San Diego County Regional Transportation Commission and SourcePoint, SANDAG’s chartered nonprofit corporation. Investment of bond proceeds shall be subject to the conditions and restrictions of bond documents and Treasury regulations related to arbitrage restrictions on tax-exempt bonds.

3. Prudence

All persons authorized to make investment decisions on behalf of SANDAG are trustees and therefore fiduciaries subject to the prudent investor standard: “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Investments shall be made with judgment and care — under circumstances then prevailing — which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4. Objectives

The primary objectives, in priority order, of SANDAG’s investment activities are:

1. Safety. Safety of principal is the foremost objective of the investment program. Investments of SANDAG shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
2. **Liquidity.** The investment portfolio of SANDAG will remain sufficiently liquid to enable SANDAG to meet its cash flow requirements.

3. **Return on Investment.** The investment portfolio of SANDAG shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

5. **Delegation of Authority**

The Board of Directors delegates the authority to invest or to reinvest funds, or to sell or exchange securities so purchased, to the Executive Director for a one-year period. The Executive Director is charged with the responsibility for carrying out the policies of the Board of Directors and shall assume full responsibility for investment transactions until the delegation of authority is revoked or expires. In accordance with SANDAG’s established system for internal control, all financial transactions of SANDAG require the signature of at least two individuals authorized by the Executive Director.

For the purposes of carrying out this investment policy, any two of the following individuals are hereby authorized to make investment decisions, in strict accordance with this investment policy, on behalf of SANDAG:

- Executive Director
- Deputy Executive Director
- Director of Finance and Administration
- Financial Services Manager
- Manager of Financial Programming and Project Control
- Such other individuals authorized, in writing, by the Executive Director.

All accounts established for the purpose of investing SANDAG funds shall require the written authorization of the Executive Director.

No single individual, acting alone, may engage in an investment activity.

The Executive Director may delegate investment management and decision authority, via written agreement, to one or more professional investment advisors/managers who are duly qualified and registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. All agents engaged in this capacity shall make all investment decisions and transactions in strict accordance with state law and this investment policy.

The daily management responsibility for the investment program is assigned to the Director of Finance and Administration, who shall monitor and review all investments for consistency with this investment policy.

6. **Ethics (Conflict of Interest)**

Officers, employees and agents thereof involved in the investment process shall comply with state law and refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.
7. **Selection of Financial Institutions and Broker/Dealers**

SANDAG shall transact business only with banks, savings and loan associations, and registered investment securities dealers. The purchase by SANDAG of any investment other than those purchased directly from the issuer shall be either from an institution licensed by the State as a broker/dealer, as defined in Section 25004 of the Corporation Code, who is a member of the National Association of Securities Dealers, or a member of a federally-regulated securities exchange, a National or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank. The Director of Finance and Administration shall investigate all institutions which wish to do business with SANDAG, in order to determine if they are adequately capitalized, make markets in securities appropriate to SANDAG’s needs, and agree to abide by the conditions set forth in SANDAG’s Investment Policy.

The Director of Finance and Administration shall maintain a list of authorized broker/dealers and financial institutions which are approved for investment purposes, and it shall be the policy of SANDAG to purchase securities only from those authorized institutions and firms. If SANDAG has contracted investment advisors/managers, the Director of Finance and Administration may approve and use a list of authorized broker/dealers provided by the investment advisor/manager.

8. **Permitted Investment Instruments**

The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Government Code §53601 states that when there is a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase.

**Treasury Obligations:** Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

**Federal Agencies and U.S. Government Sponsored Enterprises:** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

**State of California Obligations:** Registered state warrants, treasury notes or bonds of the State of California, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency or authority of the state. Such obligations must be rated A-1/P-1, or equivalent or better short-term; or Aa/AA or better long-term by at least one of the nationally recognized statistical rating agencies.

**Local Agency Obligations:** Bonds, notes, warrants, or other evidences of indebtedness issued by any local agency within the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Such obligations must be rated A-1/P-1, or equivalent or better short-term; or Aa/AA or better long-term by one of the nationally recognized statistical rating agencies.

**Repurchase Agreements:** Repurchase Agreements used solely as short-term investments not to exceed 90 days.
The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to SANDAG’s custodian bank or handled under a properly executed tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102 percent of the total dollar value of the money invested by SANDAG for the term of the investment. Since the market value of the underlying securities is subject to daily fluctuation, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

Market value must be calculated each time there is a substitution of collateral.

SANDAG or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

SANDAG may enter into Repurchase Agreements with (1) primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York, and (2) California and non-California banking institutions having assets in excess of $1 billion and in the highest short-term rating category, as provided by Moody’s Investors Service, Inc. or Standard & Poor’s Corporation.

SANDAG will have properly executed a Public Securities Association (PSA) agreement with each firm with which it enters into Repurchase Agreements.

**Bankers’ Acceptances:** Bankers’ Acceptances issued by domestic banks or domestic branches or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest rating category by Moody’s Investors Services or by Standard & Poor’s Corporation.

Purchases of Bankers’ Acceptances may not exceed 180 days maturity or 40 percent of SANDAG’s surplus money. No more than 10 percent of SANDAG’s surplus funds may be invested in the Bankers’ Acceptances of any one commercial bank.

**Commercial Paper:** Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

(a) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars ($500,000,000). (iii) Has debt other than commercial paper, if any, that is rated “A” or higher by a nationally recognized statistical-rating organization.

(b) The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated “A-1” or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Commercial paper rated in the highest short-term rating category, as provided by Moody’s Investors Service, Inc., Standard & Poor’s Corporation or Fitch Financial Services, Inc., provided that the issuing corporation is organized and operating within the United States, has total assets in excess of $500 million, and has an “A” or higher rating for its long-term debt, if any, as provided by Moody’s, Standard & Poor’s or Fitch.

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. No more than
10 percent of SANDAG’s surplus funds may be invested in Commercial Paper of any one U.S. corporation.

Purchases of commercial paper may not exceed 25 percent of SANDAG’s surplus money which may be invested.

**Medium-Term Notes:** Medium-term notes, defined as all corporate and depository institution securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or depository institutions licensed by the United States or any state and operating within the United States. Medium-term notes shall be rated in a rating category of “A” or better by a nationally recognized statistical-ratings agencies.

Purchase of medium-term corporate notes may not exceed 30 percent of the agency’s surplus money. No more than 10 percent of SANDAG’s surplus funds may be invested in the Medium-Term Notes of any one corporation.

**Negotiable Certificates of Deposit:** Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated “AA” or better by Moody’s or Standard & Poor’s.

Purchase of negotiable certificates of deposit may not exceed 30 percent of SANDAG’s surplus money.

**State of California’s Local Agency Investment Fund:** State of California’s Local Agency Investment Fund (LAIF) may be invested in for the benefit of local agencies up to $40 million. For on-going due diligence, the Director of Finance shall maintain on file a copy of LAIF’s current investment policy and its requirements for participation, including limitations on deposits or withdrawals.

**San Diego County Treasurer’s Pooled Investment Fund:** Deposits in the County pooled investment fund shall be limited to the dollar maximums of the State LAIF. For on-going due diligence, the Director of Finance shall maintain on file a copy of the County pool’s current investment policy and its requirements for participation, including limitations on deposits or withdrawals.

**Savings/Money Market Accounts:** Savings/Money Market Accounts deposits placed with commercial banks and savings and loans. The amount on deposit shall not exceed the shareholder’s equity in the financial institution. To be eligible to receive SANDAG deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided in Government Code Section 53635.2. Deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The Director of Finance, at his or her discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. SANDAG shall have a signed agreement with the depository per Government Code Section 53649. Insured savings account or money market account.

**California Asset Management Program:** Shares in a portfolio of the California Asset Management Program, so long as the portfolio is rated among the top two rating categories by one of the nationally recognized statistical-ratings agencies. For on-going due diligence, the Director of Finance shall maintain on file a copy of the Program’s current information statement to include its requirements for participation, including limitations on deposits or withdrawals.
Money Market Funds: Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally-recognized statistical-rating organizations, or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of $500,000,000.

The purchase price of shares shall not include any commission that the companies may charge. The purchase of shares may not exceed 20 percent of SANDAG’s surplus money. For on-going due diligence, the Director of Finance shall maintain on file a copy of the money market fund’s current information statement to include its requirements for participation, including limitations on deposits or withdrawals.

Mortgage and Asset-Backed Obligations: Any mortgage pass-through security collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable-pass-through certificate, or consumer receivable-backed bond of a maximum of 5 years maturity. Such obligations must be rated Aa/AA or higher by two national rating agencies and the issuer of such obligations must be rated Aa/AA or higher by two of the national rating agencies as well.

Purchases of securities authorized by this section may not exceed 20 percent of SANDAG’s surplus funds that may be invested pursuant to this section.

Ineligible Investments: Security types which are thereby prohibited include, but are not restricted to:

(a) Reverse repurchase agreements.

(b) “Complex” derivative securities such as range notes, dual index notes, inverse floating-rate notes, leveraged or deleveraged floating-rate notes, or any other complex variable-rate or structured note.

(c) Interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.

(d) Securities lending.

In the event that SANDAG possesses ineligible investments purchased prior to the adoption of this policy, SANDAG may hold these investments to their maturity dates. The limitation in this section shall not apply to SANDAG’s investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940.

9. Maximum Maturity

Investment maturities shall be based upon a review of cash flow forecasts. Maturities will be scheduled so as to permit SANDAG to meet all projected obligations.

The maximum maturity will be no more than five years from purchase date to maturity date.
10. **Performance Standards**

The investment performance of SANDAG’s portfolio shall be evaluated and compared to appropriate indices in order to assess the success of the investment program. The comparable benchmarks should be consistent with SANDAG’s portfolio in terms of maturity and composition, which includes credit quality and security type.

11. **Reporting Requirements**

The Director of Finance and Administration shall submit to the Board annually a statement of investment policy, which the Board shall consider at a public meeting.

A monthly report of all investment transactions shall be submitted to the Board Members within 60 days following the end of the month covered by the report.

Quarterly investment reports shall be submitted to the Board Members within 60 days following the end of the quarter covered by the report. The reports should include information in accordance with Section 56346(b) of the California Government Code, the following information for each individual investment, and all returns should be reported net of all fees:

- Description of investment instrument
- Interest rate or yield to maturity
- Exact issuer name
- Coupon rate (if applicable)
- Call/Refunding date and price (if applicable)
- Purchase date
- Maturity date
- Purchase price
- Par value
- Book value
- Current market value (include source of valuation)
- Discounts or premiums, if any
- Accrued interest paid at purchase, if any
- Accrued interest to date
- Portfolio weighted average maturity
- Yield on cost
- Yield at market
- Overall portfolio yield
- Sale date (if investment is sold prior to maturity)

The report shall summarize the investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturity distribution, asset allocations, risk characteristics.

The quarterly report shall state compliance of the portfolio with this policy, or manner in which the portfolio is not in compliance. Each quarterly report shall indicate any area of policy concern and suggested or planned revision of investment strategies.

The Director of Finance and Administration shall include a statement denoting the ability of SANDAG to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

Together with the annual independently audited financial report each fiscal year, the Director of Finance and Administration shall prepare a comprehensive report utilizing the
audited financial statements on SANDAG’s investment program and investment activity. Such annual report shall include any other item of significance which may enhance the understanding of the investment program.

SANDAG shall establish the following reporting and accounting standards for callable U.S. Government, Agency and Instrumentality securities. These are securities with a stated maximum maturity date that could, at the issuer’s option, be retired at a date or number of dates prior to maturity.

All securities holdings reports for SANDAG shall disclose the maximum maturity liability to SANDAG (the stated maturity), as well as the first call date of each callable security held. The weighted average maturity, as well as computation of the yield on each callable security, in SANDAG’s portfolio will be calculated using professional judgment as to the most likely principal redemption date. If the investments coupon rate is greater than market levels, then the security shall be valued to the next call date. Otherwise, the security shall be valued to the maturity date. In any case, the “yield to worst” should be calculated and disclosed.

Included in the report should be any securities which have been downgraded from the previous quarter. If there are any securities downgraded below the minimum credit rating criteria permitted by this investment policy, the Director of Finance and Administration should be notified immediately. The decision to retain the security in question until maturity, sell (or put) the security, or other action shall be approved by the Director of Finance and Administration.

12. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by SANDAG shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third party custodian and evidenced by safekeeping receipts.

The only exception to the foregoing shall be securities purchases made with: (i) local government investment pools; and, (ii) money market mutual funds, since the purchased securities are not deliverable.
Memorandum

To: Lauren Warrem, CPA, Finance Manager
From: Richard Babbe, Senior Managing Consultant
Re: SANDAG Investment Policy Annual Review

At your request, we reviewed the SANDAG’s Investment Policy Policy) as part of its annual update according to the following three criteria:

- Government Code Compliance
- Association of Public Treasurers of the United States and Canada (APT) Investment Policy Certification Standards
- GASB 40 Requirements

Overall, the Policy is comprehensive and well written and in general compliance with the Government Code. Based on our review, we developed some recommendations for SANDAG’s consideration, which are listed below by topic. In addition, we have attached a black lined version of SANDAG’s Policy to illustrate our recommendations.

**Government Code Compliance**

Overall, the Policy complies with the California Government Code. There are, however, several revisions that SANDAG may want to incorporate as part of the annual Policy update, which are listed below by Policy section.

**Section 3 Prudence.** The Policy currently specifies the “Prudent Person” standard of prudence. However, Government Code Section 53600.3 specifies the “Prudent Investor” standard for those persons who are authorized to make investment decisions on behalf of local agencies. Accordingly, we recommend that SANDAG revise its Policy to incorporate the “Prudent Investor” standard from the Government Code.

**Section 8 Permitted Investments.** The Government Code’s requirements for commercial paper and investment joint powers authorities have been changed.

**Commercial Paper.** Effective January 2004, the Government Code was revised, to provide explicit requirements for the purchase of Asset Backed Commercial Paper (ABCP). To remain consistent with the Government Code, we recommend that SANDAG update its Policy to incorporate the revised Government Code language.
California Asset Management Program (CAMP). Effective January 2005, the Government Code was revised to provide explicit recognition and requirements for shares of beneficial interest issued by joint powers authorities, such as CAMP. However, we do not believe SANDAG needs to modify its Policy, as its Policy requirements are not in conflict with the Government Code. Furthermore, CAMP is in compliance with all of the Government Code’s requirements. For your reference, we have included Section 53601(o), which reads as follows:

53601 (o) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
2. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (n), inclusive.
3. The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

APT Investment Policy Standards

PFM strives to ensure that our clients’ investment policies meet the standards for Investment Policy Certification established by the Association of Public Treasurers of the United States and Canada (APT). The APT is an association of treasurers and finance professionals from municipalities throughout the United States and Canada (additional information on the APT and its model investment policy and certification standards can be found at its web site: www.aptusc.org). The following table compares the components of the APT model investment policy with SANDAG’s Policy:

<table>
<thead>
<tr>
<th>APT Model Investment Policy</th>
<th>SANDAG</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 Policy</td>
<td>Yes</td>
<td>This information is included as the Introduction.</td>
</tr>
<tr>
<td>2.0 Scope</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>3.0 Prudence</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>4.0 Objectives</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>44.1 Safety</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>4.2 Liquidity</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>4.3 Return on Investment</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>5.0 Delegation of Authority</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Section</td>
<td>Compliance</td>
<td>Notes</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>5.1 Investment Procedures</td>
<td>Partially</td>
<td>While not included as a separate section, SANDAG’s use of written internal controls procedures is alluded to in the Delegation section.</td>
</tr>
<tr>
<td>6.0 Ethics and Conflicts of Interest</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>7.0 Authorized Financial Dealers and Institutions</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>8.0 Authorized and Suitable Investments</td>
<td>Yes</td>
<td>Listed under the Repurchase Agreement section</td>
</tr>
<tr>
<td>8.1 Master Repurchase Agreement</td>
<td>Yes</td>
<td>Listed under the Repurchase Agreement section</td>
</tr>
<tr>
<td>9.0 Investment Pools/ Mutual Funds</td>
<td>No</td>
<td>The Policy does not currently list any due diligence requirements for Investment Pools/ Mutual Funds. We recommend that the Policy require the Director of Finance (or other designated official) maintain on file a current copy of the fund’s current investment policy and its requirements for participation, including limitations on deposits or withdrawals.</td>
</tr>
<tr>
<td>10.0 Collateralization</td>
<td>Partially</td>
<td>Collateralization requirements for Repurchase Agreements are listed under the Repurchase Agreement section. However, the Policy does not list any collateralization requirements for bank deposits. We recommend SANDAG reference the Government Code’s collateralization requirements in its description of Savings/ Money Market Accounts.</td>
</tr>
<tr>
<td>11.0 Safekeeping and Custody</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>12.0 Diversification</td>
<td>No</td>
<td>While the Policy provides limits on the use of certain investment types, it does not list diversification as a stated goal of the portfolio. At a minimum, we recommend that SANDAG list diversification as a stated objective in the Permitted Investment Instruments section.</td>
</tr>
<tr>
<td>13.0 Maximum Maturities</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>14.0 Internal Controls</td>
<td>Partially</td>
<td>While it is not included as a separate section, SANDAG’s internal control requirements are alluded to in the Delegation section.</td>
</tr>
<tr>
<td>15.0 Performance Standards</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
15.1 Market Yield (Benchmark)  
Yes  
The Policy requires the use of a benchmark, but does not require the use of a specific index. We believe this is the preferred approach as it allows SANDAG some flexibility to switch benchmarks without having to modify the Policy.

16.0 Reporting  
Yes

17.0 Investment Policy Adoption  
Yes  
Included as part of reporting requirements.

Glossary  
No  
While they can be useful, we typically do not recommend including a glossary in the Policy. If not carefully written and maintained, glossaries can lead to confusion between the Policy’s requirements and any restrictions listed in the glossary.

GASB 40
We were also asked to review the Policy’s compliance with GASB Statement 40 Deposit and Investment Risk Disclosures. GASB 40 updates and revises the disclosure standards for various types of deposit and investment risks, including Credit Risk, Concentration Risk, Interest Rate Risk, and Foreign Currency Risk. While the implementation of GASB 40 will necessitate some changes in how of deposit and investment risks are disclosed in SANDAG’s financial statements, it does not require any changes to SANDAG’s Policy. However, the financial statement disclosures should reflect the investment approach reflected in the Investment Policy. For example, as the Policy specifies maturity limits by investment types, SANDAG might want to use the Segmented Time Distribution Method (maturity buckets) for disclosing interest rate risk. We are available to answer any specific questions you may have regarding GASB 40.

Please contact me if you have any further questions or wish to discuss our recommendations in more detail.
APPROVAL OF DEAL POINTS FOR SUPPLEMENT TO MASTER AGREEMENT BETWEEN CALTRANS AND SANDAG

File Number 1110200

Introduction

For the past several months, staff has been negotiating terms and conditions for supplementing SANDAG’s current Master Agreement with Caltrans in order to incorporate the TransNet Early Action Program of Projects. A summary of the groundbreaking deal points staff plans to incorporate into the Supplement is discussed below.

Recommendation

The Board of Directors is asked to delegate authority to the Executive Director to execute a Supplement to the Master Agreement with Caltrans that incorporates the deal points discussed in this report.

Discussion

In 1988, SANDAG entered into a Master Agreement with Caltrans defining the overall program and specific project level responsibilities of both parties in regards to the implementation of the transportation projects from the original TransNet measure. On January 28, 2005, the SANDAG Board of Directors adopted the TransNet Early Action Program (EAP), which includes projects that were included in the original TransNet measure, but not yet completed, as well as selected other new projects from the TransNet extension for immediate development. SANDAG and Caltrans staff agree that a new Master Agreement for TransNet should be prepared, however, while a new master agreement is being negotiated, a Supplemental Agreement must be executed so that the EAP may proceed without delay.

Staff has approached negotiations with Caltrans with the overarching goal of treating Caltrans similar to a private sector contractor by holding Caltrans accountable to project deadlines and budgets. Additionally, since SANDAG predicts that more engineers will be needed to carry out the EAP than Caltrans has available, staff is working to ensure that SANDAG’s agreement with Caltrans allows SANDAG the flexibility to hire private sector consultants to supplement Caltrans’ work. This strategy is intended to keep the public and private sector engaged and the EAP on schedule. Staff believes this unique combination of accountability, flexibility, and collaboration is the key to getting projects built more efficiently.
A summary of the deal points follows:

1. Caltrans must provide Corridor Project Directors (CPD) approved by SANDAG for each EAP project, except the Mid-Coast transit extension. Caltrans must consult with SANDAG concerning selection decisions and performance reviews for each CPD assigned to manage an EAP project. CPDs will be responsible and accountable to manage and lead the project team to deliver the corridor improvements on time and within budget. SANDAG may provide for a pay differential for CPDs in order to motivate top performance. The criteria for providing the pay differential would be based on span of control, complexity, and the additional responsibility of directly leading and managing a diverse team of Caltrans, SANDAG, and consultant staff to deliver a highly visible, complex, multimodal corridor that includes highway and transit elements.

2. In the future, when Caltrans is given notice of a potential lawsuit related to construction, right-of-way acquisition, or other form of claim related to a TransNet project, for which Caltrans intends to look to SANDAG to provide the funding, Caltrans must give SANDAG an early opportunity to participate in the resolution process of the claim. If the potential liability is in excess of amounts included in the SANDAG-approved budget for the applicable project, Caltrans must immediately place SANDAG on notice in writing and will obtain approval of the SANDAG Board or Executive Director (up to his approved limited) prior to committing to payment of such funds.

3. To the extent possible, Caltrans must direct the work of consultants and contractors rather than oversee their work so that SANDAG is not paying for duplicative oversight services.

4. When Caltrans' workforce is unable to complete a project phase within the timeline SANDAG requires, SANDAG may hire private sector consultants to supplement the workforce.

5. SANDAG will assign a Transit Project Manager (TPM) for each EAP project that involves significant transit improvements, and the TPM will be responsible to the CPD as the single point of contact for the cost-effective and expedited delivery of transit elements in the assigned corridor.

6. Reimbursement to Caltrans will be based on a fee schedule with set rates. The rates will only be subject to change one time per fiscal year when required by law, and Caltrans must notify SANDAG of those changes and the potential impact of those changes in a timely manner.

7. Caltrans will be responsible for costs incurred as a result of claims, disputes, or litigation caused by Caltrans’ negligence, recklessness, or intentional acts as determined by a court of law or other persons(s) agreed to by the parties.

8. The Master Agreement must be modified to recognize that the EAP include non-Caltrans Highway elements such as transit stations and that therefore Caltrans will not automatically be the owner and operator of all finished EAP projects. SANDAG and Caltrans will negotiate future agreements that will identify ownership and operation responsibilities. The Master Agreement also must be modified to reflect that the determination of the final concept and location of the EAP project will be determined by mutual agreement instead of solely by Caltrans.
**Next Steps**

After a Supplement to the Master Agreement is executed that incorporates these deal points, staff will begin negotiations with Caltrans to decide the terms and conditions of a new Master Agreement. Staffs from SANDAG and Caltrans hope to negotiate the new Master Agreement by April 2006.

GARY L. GALLEGOS  
Executive Director

Key Staff Contact: Julie Wiley; (619) 699-6966; jwi@sandag.org

Funds are budgeted in applicable Work Elements.
APPOINTMENT OF NEW MEMBERS TO THE REGIONAL PLANNING STAKEHOLDERS WORKING GROUP

Introduction

Last November, the SANDAG Board of Directors approved the creation of the Regional Planning Stakeholders Working Group (RPSWG). The purpose of the RPSWG is to review and provide input into key activities associated with the implementation of the Regional Comprehensive Plan (RCP) and the update of the Regional Transportation Plan (RTP). The RPSWG acts in an advisory capacity to both the Regional Planning and Transportation Committees.

The RPSWG has 26 voting members (Attachment 1). The members were selected based on their individual qualifications, and were approved by the Board on January 28, 2005. The RPSWG Charter specifies that in the event that any members need to be replaced, the Regional Planning and Transportation Committees will recommend new members to the Board of Directors from the original candidate list. The Board will make final replacements.

Two members of the RPSWG recently resigned—Anne Fege and Bill Garrett. Their letters of resignation are attached (Attachments 2 and 3). In addition, the RPSWG Charter specifies that if a stakeholder misses two meetings in a row or three meetings over the course of one year, he/she will be replaced. Several members have missed one or more meetings, and could possibly need to be replaced if they miss one or two more meetings this year.

The Chairs of the Regional Planning and Transportation Committees, in consultation with the Chair of the RPSWG, reviewed the original candidate list and recommended two replacements and two back-up replacements. Additional information on the four candidates is included in Attachment 4.

Recommendation

The Regional Planning and Transportation Committees recommend the following to the SANDAG Board of Directors for approval:

- Appoint Gary Nordstrom and Greg Alabado to fill current vacancies on the RPSWG.
- Designate Kristen Kjæro and Helene Radzuk as back-up candidates in the event that additional vacancies arise on the RPSWG.
Discussion

Background

In December 2004, SANDAG received 97 applications from residents throughout the region to serve on the RPSWG. An ad hoc Selection Committee was formed to review the applications and make membership recommendations to the two policy advisory committees and the SANDAG Board of Directors. The Selection Committee consisted of Supervisor Pam Slater-Price, Councilmember Jim Madaffer, Councilmember Jack Dale, Councilmember Maggie Houlihan, Councilmember Phil Monroe, and Mayor Lori Holt Pfeiler, as well as representatives from the Regional Planning Technical Working Group and the Cities/County Transportation Advisory Committee.

In late 2004, the Selection Committee met to narrow the pool of 97 applicants to approximately 50 candidates. The Committee met again in early 2005 and identified a list of 26 candidates that the Board ultimately appointed. In narrowing the group down to its final membership, the Selection Committee emphasized the importance of balancing subregional representation as well as subject matter interest. In approving the RPSWG membership, the SANDAG Board indicated that if replacements are necessary, additional representation from South County should be considered.

With the two recent resignations, Regional Planning Committee Chair Lori Holt Pfeiler, Transportation Committee Chair Joe Kellejian, and RPSWG Chair Jack Dale used the narrowed pool of applicants (50 candidates minus 26 appointees) as the starting point for evaluating replacements. Based on the priorities advocated by the original Selection Committee and SANDAG Board direction, the Chairs further narrowed down the choices, and have recommended Greg Alabado and Gary Nordstrom (both residents of South County) to fill the two existing vacancies. In addition, the Chairs have identified two other back-up candidates in case other RPSWG members need to be replaced before the end of the year.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Original Membership of the RPSWG
   2. Anne Fege’s Resignation Letter dated 6/20/05
   3. Bill Garrett’s Resignation Letter dated 4/20/05
   4. Recommended RPSWG Replacement Candidates

Key Staff Contact: Carolina Gregor, (619) 699-1989, cgr@sandag.org

Funds are budgeted in Work Element #9000200
# MEMBERSHIP OF THE REGIONAL PLANNING STAKEHOLDERS WORKING GROUP

APPROVED BY THE SANDAG BOARD OF DIRECTORS ON JANUARY 28, 2005

(Members that have submitted resignation letters are shown in highlighted fonts)

<table>
<thead>
<tr>
<th>Name</th>
<th>Sub - Region</th>
<th>Areas of Interest</th>
<th>Brief Description</th>
</tr>
</thead>
</table>
| Bill Anderson| Central      | • Urban Form  
• Economic Prosperity  
• Public Facilities                                                | Bill Anderson received a Masters in City and Regional Planning at Harvard University, has served as president of C-3, worked as a consultant, and served on the City of San Diego’s Planning Commission as well as on the Urban Land Institute (ULI) Board of Directors.  
Bill recognizes the importance of a successful regional plan, specifically one that integrates economic development, environmental protection, community design, and public facilities. |
| Elaine Cooluris| Central      | • Transportation  
• Economic Prosperity  
• Social Equity & Environmental Justice                           | Elaine Cooluris is an employee of an organization representing San Diego citizens with disabilities.  
Elaine’s experience is diverse, including multi-term service as president of San Diego’s Job Training Associates, Affirmative Action / Americans with Disabilities Act technical assistance, and service on 13 City of San Diego Task Forces. Elaine hopes she will bring awareness to the needs and accommodations of universal access. |
| Anne Fege    | Central      | • Urban Form  
• Housing  
• Environmental Protection                                        | Anne Fege believes quality of life is directly affected by land use decisions, specifically those dealing with defensible space, water conservation, and Transit Oriented Development.  
Anne’s work experience includes 30 years in natural resource management, as well as organizing community groups, and leading strategic planning efforts concerning biodiversity. |
<table>
<thead>
<tr>
<th>Name</th>
<th>Region</th>
<th>Focus Areas</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeff Figler</td>
<td>North County</td>
<td>Transportation, Housing, Economic</td>
<td>Jeff Figler has become aware of the issues facing the region through his participation on LEAD San Diego and as a member and chairperson on several strategic planning groups. He has become interested in housing and mass transportation issues, specifically concerning North County. Through his involvement on the RPSWG, Jeff would like to develop a plan for growth that encourages economic prosperity and preserves the region’s quality of life and the natural environment.</td>
</tr>
<tr>
<td>Paul Fiske</td>
<td>Central</td>
<td>Economic Prosperity, Public Facilities, Social Equity &amp; Environmental Justice</td>
<td>Paul Fiske has 30 years combined experience working in city financial management, environmental analysis, and long-range strategic planning. Paul’s related experience includes preparation of the Public Facilities and Services Element of the City of San Diego General Plan and previous membership on the Regional Planning Technical Working Group. Paul feels his formal education and practical work experience will add to the participative decision-making process.</td>
</tr>
<tr>
<td>Bill Garrett</td>
<td>East County</td>
<td>Economic Prosperity</td>
<td>Bill Garrett is the former City Manager of the City of El Cajon. As the city manager, Bill made a commitment to regional planning, community participation, and economic prosperity. Bill has had experience participating in regional forums and has had many years experience in attempting to build consensus for the common good. Bill will bring an East County perspective to the regional table.</td>
</tr>
<tr>
<td>Larry Glavinic</td>
<td>North County</td>
<td>Urban Form, Transportation, Economic</td>
<td>Larry Glavinic would like the transportation issues in rural and semi-rural areas to be more adequately addressed. He believes further consideration should be given to incentives that would encourage a change in attitudes towards transportation and its infrastructure. Larry’s practical experience includes serving on a SANDAG transportation working group, and serving on the Valley Center Community Planning Group for 14 years, five of which he served as Chair.</td>
</tr>
</tbody>
</table>
### Cindy Gompper Graves

**South County**  
- Urban Form  
- Transportation  
- Economic Prosperity  

Cindy Gompper Graves recognizes the importance of a collaborative effort in solving regional issues and brings a unique binational perspective to the table. She would like to ensure decisions are made while keeping both sides of the border in mind.

Cindy’s related work experience in building, planning, economics and local government, and participation in many community and regional planning organizations will make her a productive member of the working group.

### Rolf Gunnarson

**North County Inland**  
- Urban Form  
- Transportation  
- Economic Prosperity  
- Public Facilities  

Rolf Gunnarson has worked as a city planner, redevelopment director and city manager, resulting in 30 years of local government service. Rolf has worked with policy makers, community leaders and planners, and has been a member of various committees.

As a member of the RPSWG, Rolf plans to help the region develop effective tools that will guide its growth and development, while protecting the natural environment.

### Todd Henderson

**Central**  
- Housing  
- Economic Prosperity  
- Public Facilities  

Todd Henderson is familiar with affordable housing development, redevelopment activities, and community development project management. Todd regularly interacts with local jurisdictions, community groups, and non-profit organizations.

### William Hinchy

**North County Coastal (Rancho Santa Fe)**  
- Transportation  
- Environmental Protection  
- Social Equity & Environmental Justice  

William Hinchy believes that transportation issues are best addressed in a comprehensive manner and recognizes the importance of both the Regional Transportation Plan (RTP) and the Regional Comprehensive Plan (RCP). William is most interested in solving regional traffic issues, specifically those affecting North County.

William’s experience with transportation issues is a result of his involvement with the Rancho Santa Fe Association, as Chair of the Association’s Road & Traffic Committee. William hopes to represent the views of North County residents and promote a balance between transportation improvements and environmental preservation.
<table>
<thead>
<tr>
<th>Name</th>
<th>Region</th>
<th>Focus Areas</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kathy Keehan</td>
<td>North County Inland</td>
<td>• Urban Form • Transportation</td>
<td>Kathy Keehan is the Executive Director of the San Diego County Bicycle Coalition and has six years of experience in planning bicycle facilities. She has participated on various working groups, within and outside of SANDAG. Kathy would like to provide the opinion of the non-motorized transportation user and notes that bicyclists and pedestrians are also impacted by land-use decisions.</td>
</tr>
<tr>
<td>Steven Otto</td>
<td>South County</td>
<td>• Economic Prosperity • Border Transportation • Social Equity &amp; Environmental Justice</td>
<td>Steven Otto’s work experience includes 25 years managing economic and community development programs in the United States and abroad. For the past five years, Steve has served as the Executive Director of “Start-up” San Ysidro Business Improvement District. Steve hopes to convey his aspirations for revitalizing San Ysidro, the world’s busiest land border crossing.</td>
</tr>
<tr>
<td>Ron Pennock</td>
<td>East County</td>
<td>• Urban Form • Housing • Economic Prosperity</td>
<td>Ron Pennock’s interest is primarily in East County. He is concerned with the residential population allocation and providing for the future needs of commercial/industrial businesses. He would also like to ensure that East County’s needs are understood and taken into consideration. Ron has been involved with the General Plan 2020 process for the past several years, has served as chairman of the East County Construction Council, and also as chair for the City of El Cajon’s Condo Conversion Task Force.</td>
</tr>
<tr>
<td>Don Preis</td>
<td>East County</td>
<td>• Urban Form • Transportation • Housing</td>
<td>Don Preis hopes to encourage the completion of SR 52, economic and business growth in east county, and the development of Fanita Ranch. He would also like to promote adherence to Santee’s General Plan. Don has experience working within Santee’s local government, works as a consultant to small businesses, and has served as chairman of the Santee Mobile Home Rent Control Commission.</td>
</tr>
</tbody>
</table>
### Brad Raulston
**Central**
- Urban Form
- Economic Prosperity
- Border Transportation

Brad Raulston is the President of the Binational Organizing Committee, a civilian non-profit binational organization, and is also chairman of the Bird-Rock Traffic Task Force.

Brad believes that the implementation of smart growth is important and hopes to encourage sustainable development while bringing a binational perspective to the working group.

### Kevin Reese
**Central**
- Urban Form
- Transportation
- Social Equity & Environmental Justice

Kevin Reese believes poor planning has resulted in few alternatives to driving, which is the cause of the region's present traffic problems. He believes San Diego's social, cultural, physical, and environmental health will depend on efforts to reduce automobile dependency.

Kevin has a Masters in City Planning, has worked as a research coordinator with Active Living Research, and currently works as an associate planner for a local planning, policy, and urban design firm. He hopes to ensure walking is prioritized as a safe and viable option for everyone. He feels he can be utilized as an informational resource for other stakeholders and would like to be a voice for pedestrians.

### Clive Richard
**Central**
- Urban Form
- Transportation
- Social Equity & Environmental Justice

Clive Richard has been a member of MTDB’s Trolley Access Advisory Committee for the past seven years and has done independent research on transit issues for the past 20 years.

Through his involvement on the working group, Clive hopes to encourage development patterns that would reduce the need for automobile trips and encourage the use of alternate modes of transportation, specifically transit and walking.
### Allison Rolfe

**South County**
- Urban Form
- Environmental Protection
- Social Equity & Environmental Justice

For the past ten years Allison Rolfe’s professional focus has been to advocate for environmental protection. She serves on the Chula Vista Citizen Advisory Committee, and is vice president of a Community Development Corporation (CDC) for Ocean Beach. As policy director for San Diego Bay Keeper, Allison has gained expertise in land use and regional habitat conservation planning. Allison hopes to promote wise land use decisions, which integrate the RCP and RTP.

### Jim Schmidt

**East County**
- Transportation
- Housing
- Economic Prosperity

Jim Schmidt is a retired business professional who worked in the banking and real estate industries. He was appointed as a public member to SANDAG’s Toll Bridge Committee in 1993 and currently serves on the board of directors of the San Diego East County Chamber of Commerce. Jim has experience with transportation issues and is an affordable housing advocate.

### Bob Sergeant

**North County Coastal**
- Urban Form
- Transportation
- Border Transportation

Bob Sergeant works as a transportation professional with experience in planning, designing, and constructing highways and transit facilities and has helped in the preparation of several general plan documents. He has also participated in planning efforts encouraging the building of new border crossings and improvements to existing facilities.

Bob’s perspective incorporates that of a transportation professional, employer and long-term resident. He would like to ensure people have opportunities to live within a reasonable commuting time to their place of work.

### Sandor Shapery

**Central**
- Urban Form
- Transportation
- Environmental Protection

Sandor Shapery would like to improve the quality of life in San Diego by implementing plans and programs to address the region’s transportation challenges. He believes a proactive approach must be taken to integrate the many components of community development.

Presently, Sandor is a member of the San Diego Chamber of Commerce’s Infrastructure Committee and has served on various other committees. Sandor is also a licensed attorney, specializing in real estate and business law as well as land use and zoning issues. He has also taken part in the design, development, and ownership process for a number of high-rise buildings in downtown San Diego.
Kevin Siva is the Board Chairman for the Reservation Transportation Authority (RTA) and believes it is important that the voice of the region’s many Tribal Governments is represented in the regional planning process. Kevin’s experience includes serving as the director for road planning and maintenance for his tribe and participating on a number of the Southern California Association of Governments’ (SCAG) committees and working groups.

Sandy Smith will provide the working group with a rural perspective, but also has a stake in downtown San Diego. Additionally, she would like to see the transportation options in North County improved. Sandy brings the unique experience and background of a professional mediator. For the past 4 years, Sandy has worked on the County’s General Plan 2020 update as it relates to Valley Center. She also participated on a number of the subcommittees and was named Chair of the Roads Subcommittee.

Rick Van Schoik sees an important connection between transportation and environmental issues. Rick will bring the US/Mexico perspective to the working group as well as that of an environmental policy and science professor.

David Weil believes San Diego’s future quality of life will depend on the planning decisions made today, specifically those concerning land use, environmental sustainability, and transportation. David offers 20 years of experience as a civil engineer with the Navy Civil Engineer Corps (CEC) and currently holds the position of Building Commissioning and Sustainability Director for UCSD. David has a clear understanding of the procedures associated with plan implementation and public works projects. Additionally, he can be used as a resource on green building, sustainable design, and energy efficiency.
June 20, 2005

Ms. Carolina Gregor, Senior Regional Planner  
San Diego Association of Governments  
401 B Street, Suite 800  
San Diego, CA 92120

Dear Ms. Gregor:

With this letter, I resign my appointment on Regional Planning Stakeholders Working Group.

I have recently become an employee of EDAW, Inc., which has a current contract with the San Diego Association of Governments. Therefore, my continued service on the Working Group could be a conflict of interest.

Sincerely,

[Signature]  
Anne S. Fege, Ph.D.
April 20, 2005

Jack Dale, Councilmember
City of Santee
10601 Magnolia Av
Santee, CA 92071

Dear Jack:

Re: Resignation from Stakeholders Working Group

I am unfortunately finding that my schedule with the Grossmont-Cuyamaca Community College District Board of Trustees is in such conflict with the SANDAG Stakeholders Working Group that I must resign my position on the SWG.

Initially I had thought that even though the College District Board meetings were on the same day as the SWG meetings that I could arrange my schedule sufficiently that I could do both. However, I find that there are a number of meetings of the District that begin earlier (study sessions, closed sessions, etc) than the regularly scheduled meetings and I have an obligation to be in attendance.

It is disappointing to me that I have had to come to this conclusion because I thought that I would not only find the SWG to be of considerable interest to me but that I could provide some small amount of expertise to the issues.

Sincerely,

Bill Garrett
2533 Brown Dr
El Cajon, CA 92020

c/Carolina I. Gregor
<table>
<thead>
<tr>
<th>Name</th>
<th>Sub - Region</th>
<th>Areas of Interest</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greg Alabado</td>
<td>South County</td>
<td>• Transportation • Housing</td>
<td>Greg Alabado has experience in transportation planning, having worked as Assistant Transit Coordinator in the Transit Division of the City of Chula Vista. Greg is a current member of Chula Vista’s General Plan Update Steering Committee and Housing Advisory Commission. He would like to introduce some degree of balance in the deliberation of issues, options and/or alternatives that come before the group.</td>
</tr>
<tr>
<td>Gary Nordstrom</td>
<td>South County</td>
<td>• Urban Form • Transportation • Economy</td>
<td>Gary Nordstrom has past involvement with many local, regional, and global organizations (he has chaired or been president of many) including the City of Chula Vista and the County of San Diego. Gary’s experience includes participation on the General Plan Update Committee, Core Specific Plan Committee, Chair of the Growth Management Oversight Committee.</td>
</tr>
<tr>
<td>Kristin Kjaero</td>
<td>East County</td>
<td>• Urban Form • Transportation • Public Facilities</td>
<td>Kristin Kjaero is active in the community with a number of local organizations and land use issues. Kristin participated in the Regional Comprehensive Plan workshops and has attended SANDAG Board meetings. She founded “Save Our Corner” which worked successfully with the Valley de Oro Planning Group, the Unincorporated County, the La Mesa City Council, Caltrans, and the Sierra Club, to resolve a proposed development/general plan amendment in her neighborhood.</td>
</tr>
<tr>
<td>Helene Radzuk</td>
<td>East County</td>
<td>• Urban Form • Transportation • Social Equity &amp; Environmental Justice</td>
<td>Helene Radzuk holds a Bachelor’s Degree from California State University at San Marcos and a paralegal certificate in business and environmental law from the University of San Diego. Elaine is a member elect of the Ramona Community Planning Group and serves on its subcommittee dealing with trails and transportation.</td>
</tr>
</tbody>
</table>
CALIFORNIA REGIONAL BLUEPRINT
PLANNING GRANT PROGRAM

File Number 3000200

Introduction

The FY 2006 California State Budget (Senate Bill 77) included the appropriation of $5 million to fund regional blueprint planning grants. The California Regional Blueprint Planning Program is a new state program that intends to provide funding to initiate or augment existing comprehensive planning efforts of Metropolitan Planning Organizations (MPOs) such as SANDAG.

This is a competitive program. Workshops have been conducted by the California Business, Transportation and Housing Agency (BT&H) to address the application criteria. SANDAG's Regional Comprehensive Plan (RCP) was highlighted in the workshops as a model to follow. Since SANDAG has an adopted RCP, we will be applying for funding to implement some of the plan’s strategic initiatives. The grants received would strengthen and supplement RCP implementation efforts identified in the current FY 2006 Overall Work Program (OWP).

The purpose of this report is to inform the Board of Directors of this grant opportunity and to obtain a resolution of support for SANDAG’s application.

Recommendation

The Board is asked to adopt the attached Resolution No. 2006-04, authorizing the submittal of SANDAG’s application to the California Regional Blueprint Planning Program.

Discussion

SANDAG will be applying for funding to complete the following RCP implementation efforts.

- **PLACE³S Modeling**: PLACE³S is an analytical computer model that allows planners to identify and evaluate the implications of various land use scenarios. SANDAG is seeking funding to cover licensing and training costs to support application of the PLACE³S model to RCP implementation efforts. This funding would allow us to extend SANDAG’s existing PLACE³S program, which was included in the FY 2006 OWP, through FY 2007.

- **Smart Growth Financing Strategy**: Smart growth is a challenging financial investment. A smart growth financing strategy will identify existing financing resources and respective underwriting requirements and suggest mechanisms for financing the “gap” needed to build smart growth development in the region. The effort will include using the PLACE³S model to evaluate marginal financial costs of various smart growth development scenarios.
• **Urban Design Guidelines** - Often smart growth development principles are difficult to visualize. Urban design guidelines will provide guidance to local governments, planners, developers, and others in defining these principles. The process will include using the PLACE³S model to identify the implications of various urban design scenarios. The requested funding would allow SANDAG to complete the urban design guidelines during FY 2007.

• **Enhanced Air Quality and Energy Analysis** - The manner in which future growth is accommodated impacts energy use and air quality. Using the PLACE³S model, SANDAG staff would analyze the air quality and energy implications of both the smart growth urban design scenarios considered in the Urban Design Guidelines and the transportation service alternatives being considered in the comprehensive 2007 Regional Transportation Plan (RTP) Update.

• **RCP Performance Monitoring** - SANDAG needs to measure the extent to which the goals of the Regional Comprehensive Plan are met. Additional assistance is needed to develop specific targets to be used as performance measures.

**Next Steps**

Applications are due September 30, 2005. According to the current schedule, grantees will be announced November 30, 2005, and agreements will be executed by the end of 2005. Should SANDAG receive requested grant funds, we will amend the projects into the FY 2006 and/or future year OWP and Program Budget.

GARY L. GALLEGOS  
Executive Director

Attachment: 1. Resolution No. 2006-04

Key Staff Contact: Coleen Clementson, (619) 699-1944 ccl@sandag.org
SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG) RESOLUTION OF SUPPORT FOR THE CALIFORNIA REGIONAL BLUEPRINT PLANNING PROGRAM GRANT

WHEREAS, the Proposed Fiscal Year 2005/2006 California State Budget (Senate Bill 77) created the Regional Blueprint Planning Program to provide grants to help Metropolitan Planning Organizations (MPOs) and Councils of Government (COGs) in the initiation or implementation of regional comprehensive scenario planning that addresses future growth on a long-term planning horizon through the integration of transportation, housing, land use, environmental resources, other infrastructure, and services; and

WHEREAS, SANDAG proposes to receive a grant from the State of California to enhance the implementation actions of the Regional Comprehensive Plan (RCP) that aim to increase the region’s sustainability and encourage “smart growth”; and

WHEREAS, receipt of these funds will impose certain obligations upon SANDAG and require SANDAG to identify at least a 20 percent non-federal funds local match; and

WHEREAS, SANDAG must include awarded projects in an approved Overall Work Program (OWP) and OWP Agreement, must encumber funding by January 1, 2006, and has until December 31, 2007—two years—to complete the projects; NOW THEREFORE

BE IT RESOLVED that the SANDAG Board of Directors hereby supports the submittal of SANDAG’s application to the California Regional Blueprint Planning Program for a grant that will allow SANDAG to implement its Regional Comprehensive Plan.

PASSED AND ADOPTED this 23rd day of September, 2005.

________________________________________  ATTEST: ______________________________________
CHAIRPERSON                   SECRETARY

MEMBER AGENCIES: Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach, Vista, and County of San Diego.
ADVISORY MEMBERS: California Department of Transportation, Metropolitan Transit System, North San Diego County Transit Development Board, Imperial County, U.S. Department of Defense, San Diego Unified Port District, San Diego County Water Authority, and Baja California/Mexico.
Background

The California Government Code requires that the Board of Directors be provided a quarterly report of investments held by SANDAG. This report includes all money under the direction or care of SANDAG as of June 30, 2005, including funds of the San Diego County Regional Transportation Commission, SourcePoint, and ARJIS. The cash and investments of ARJIS are held by the City of San Diego. Those funds are currently undergoing an audit by an independent certified public accountant (CPA) firm. As a result, the specific amount of cash and investments related to ARJIS is not currently available for inclusion in the report for the quarter ended June 30, 2005. This report is presented for information only.

Discussion

The attached report shows summary (Attachment 1), as well as detailed information (Attachment 2) regarding SANDAG’s investment portfolio as of the end of the last fiscal quarter.

As of June 30, 2005, a total of $141.4 million was held by SANDAG in a number of investment accounts in comparison to $187.2 million held in the previous quarter. The $45.8 million decrease during the quarter is primarily due to the timing of TransNet sales tax receipts, TransNet debt service payments, and TransNet allocation payments to other local governmental agencies.

Approximately $16.5 million was held in five Bank of America accounts at the end of the quarter. Funds in these accounts are used for operating purposes. Approximately $124.9 million was invested in seven major funds or accounts.

They are:

1. State of California Local Agency Investment Fund (LAIF) – State law allows local agencies (Regional Transportation Commission and SANDAG) to invest up to $40 million each in LAIF. These funds hold excess TransNet funds not yet paid to other local governmental agencies and excess operating funds. A total of $49 million was invested in LAIF. These funds are highly liquid and funds may be accessed easily for immediate needs.

2. California Asset Management Program (CAMP) - Cash Reserve Portfolio – These are funds administered by SANDAG’s financial advisor, Public Financial Management, Inc. (PFM), for the specific purpose of managing the investment of bond funds that are subject to debt service restrictions. SANDAG uses this program for debt service payments related to its various sales tax revenue bond issues. All bond debt service funds in CAMP are actually under the control of our bond trustee, US Bank. Only the trustee may deposit or withdraw...
3. California Asset Management Program (CAMP) - Individual Portfolio – This fund is administered by PFM for the investment of excess TransNet funds not yet paid to other local governmental agencies. Approximately $33.8 million was on deposit with the CAMP Individual Portfolio.

4. Nations Funds – These are a series of government treasury obligation mutual funds managed by Bank of America. These also are highly liquid and are used for immediate cash needs. Approximately $2.4 million was invested in these mutual funds.

5. US Bank - SANDAG has a forward delivery agreement with Wachovia Bank for investment of its bond principal and interest funds. These funds also are under the control of US Bank, SANDAG’s bond trustee. This money, totaling approximately $14 million, was held by the trustee for bond debt service payments and payment of interest on the short-term commercial paper program as part of the TransNet sales tax program.

6. US Trust – US Trust was hired to manage the bond fund proceeds within the guidelines of SANDAG’s Investment Policy. US Trust also invests a portion of SANDAG’s sales tax proceeds as well as Transportation Congestion Relief Program (TCRP) funds for future purchase of buses. Approximately $2.6 million of TransNet sales tax proceeds and approximately $1.7 million of TCRP funds was invested with US Trust.

7. Deutsche Asset Management Funds – These are a series of high quality money market instruments, including AAA-rated US treasury funds, managed by Deutsche Asset Management. These also are highly liquid and are used for immediate cash needs. Approximately $749,000 was invested in these mutual funds.

As of June 30, 2005, the yield to maturity of the portfolio was 3.01 percent with a weighted average maturity of 132 days, in comparison to 3.00 percent and 81 days in the prior quarter.

Management has continued to implement the Board’s strategy to diversify SANDAG’s investment portfolio. This will continue to be an important investment objective for the future.

Certifications

The Director of Finance reports that this portfolio, together with the authorized short-term commercial paper program, will provide the necessary liquidity to meet the expenditure requirements of SANDAG and the TransNet program for the next six months.

This portfolio is in compliance with state law and SANDAG’s updated Investment Policy.

GARY L. GALLEGOS
Executive Director

Attachments: 1. SANDAG Summary of Portfolio Balances as of June 30, 2005
2. SANDAG Detail of Portfolio Balances as of June 30, 2005

Key Staff Contact: Linda Olson, (619) 699-4864, lols@sandag.org
## SUMMARY OF PORTFOLIO BALANCES  
as of June 30, 2005

<table>
<thead>
<tr>
<th><strong>WEIGHTED</strong></th>
<th><strong>BOOK VALUE</strong></th>
<th><strong>PERCENT OF PORTFOLIO</strong></th>
<th><strong>MARKET VALUE</strong></th>
<th><strong>MARKET PRICE</strong></th>
<th><strong>UNREALIZED GAIN/(LOSS)</strong></th>
<th><strong>YIELD TO MATURITY</strong></th>
<th><strong>AVG DAYS TO MATURITY</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BANK OF AMERICA</strong></td>
<td>$16,474,152.04</td>
<td>11.65%</td>
<td>$16,474,152.04</td>
<td>100.00%</td>
<td>$0.00</td>
<td>0.00%</td>
<td>1</td>
</tr>
<tr>
<td><strong>STATE OF CA LOCAL AGENCY INVEST. FUND (LAIF)</strong></td>
<td>49,009,972.90</td>
<td>34.67%</td>
<td>49,009,972.90</td>
<td>100.00%</td>
<td>$0.00</td>
<td>2.97%</td>
<td>165 **</td>
</tr>
<tr>
<td><strong>CALIFORNIA ASSET MANAGEMENT PRGM (CAMP)</strong></td>
<td>54,399,558.05</td>
<td>38.48%</td>
<td>54,181,214.43</td>
<td>99.60%</td>
<td>(218,343.62)</td>
<td>3.30%</td>
<td>182 **</td>
</tr>
<tr>
<td><strong>NATIONS FUNDS</strong></td>
<td>2,372,412.39</td>
<td>1.68%</td>
<td>2,372,412.39</td>
<td>100.00%</td>
<td>$0.00</td>
<td>2.86%</td>
<td>30 **</td>
</tr>
<tr>
<td><strong>US BANK</strong></td>
<td>14,049,735.67</td>
<td>9.94%</td>
<td>14,217,078.28</td>
<td>101.19%</td>
<td>167,342.61</td>
<td>5.54%</td>
<td>30 **</td>
</tr>
<tr>
<td><strong>US TRUST</strong></td>
<td>4,325,170.82</td>
<td>3.06%</td>
<td>4,344,771.89</td>
<td>100.45%</td>
<td>19,601.07</td>
<td>3.27%</td>
<td>41</td>
</tr>
<tr>
<td><strong>DEUTSCHE ASSET MANAGEMENT FUNDS</strong></td>
<td>748,789.23</td>
<td>0.53%</td>
<td>748,789.23</td>
<td>100.00%</td>
<td>$0.00</td>
<td>3.11%</td>
<td>36 **</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$141,379,791.10</td>
<td>100.00%</td>
<td>$141,348,391.16</td>
<td>99.98%</td>
<td>(31,399.94)</td>
<td>3.01%</td>
<td>132</td>
</tr>
</tbody>
</table>

**Although average days to maturity is greater than one day, funds are available at par the same day**

## SUMMARY BY TYPE OF FUNDS:

<table>
<thead>
<tr>
<th><strong>WEIGHTED</strong></th>
<th><strong>BOOK VALUE</strong></th>
<th><strong>PERCENT OF PORTFOLIO</strong></th>
<th><strong>MARKET VALUE</strong></th>
<th><strong>MARKET PRICE</strong></th>
<th><strong>UNREALIZED GAIN/(LOSS)</strong></th>
<th><strong>YIELD TO MATURITY</strong></th>
<th><strong>AVG DAYS TO MATURITY</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SANDAG FUNDS</strong></td>
<td>$19,276,491.79</td>
<td>13.63%</td>
<td>$19,284,234.76</td>
<td>100.04%</td>
<td>$7,742.97</td>
<td>2.05%</td>
<td>93</td>
</tr>
<tr>
<td><strong>SOURCEPOINT FUNDS</strong></td>
<td>246,091.37</td>
<td>0.17%</td>
<td>246,091.37</td>
<td>100.00%</td>
<td>$0.00</td>
<td>2.16%</td>
<td>39</td>
</tr>
<tr>
<td><strong>CORONADO BRIDGE TOLL FUNDS</strong></td>
<td>1,453,287.98</td>
<td>1.03%</td>
<td>1,453,287.98</td>
<td>100.00%</td>
<td>$0.00</td>
<td>2.81%</td>
<td>14</td>
</tr>
<tr>
<td><strong>TRANSNET FUNDS - Sales Tax</strong></td>
<td>86,043,004.71</td>
<td>60.86%</td>
<td>85,836,519.19</td>
<td>99.76%</td>
<td>(206,485.52)</td>
<td>2.87%</td>
<td>191</td>
</tr>
<tr>
<td><strong>- Debt Service</strong></td>
<td>34,360,155.25</td>
<td>24.30%</td>
<td>34,528,257.86</td>
<td>100.49%</td>
<td>167,342.61</td>
<td>3.93%</td>
<td>13</td>
</tr>
<tr>
<td><strong>TOTAL TRANSNET FUNDS</strong></td>
<td>120,403,919.96</td>
<td>85.16%</td>
<td>120,364,777.05</td>
<td>99.97%</td>
<td>(39,142.91)</td>
<td>3.17%</td>
<td>140</td>
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<td><strong>TOTAL FUNDS</strong></td>
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<td>100.00%</td>
<td>$141,348,391.16</td>
<td>99.98%</td>
<td>(31,399.94)</td>
<td>3.01%</td>
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<td>BOOK VALUE</td>
<td>PERCENT OF PORTFOLIO</td>
<td>MARKET VALUE</td>
<td>MARKET PRICE</td>
<td>UNREALIZED GAIN/(LOSS)</td>
<td>YIELD TO MATURITY</td>
<td>AVG DAYS TO MATURITY</td>
</tr>
<tr>
<td>--------------------------</td>
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<td>--------------</td>
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<td><strong>BANK OF AMERICA:</strong></td>
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<td>0.2%</td>
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<td><strong>STATE OF CA LOCAL AGENCY INVESTMENT FUND (LAIF):</strong></td>
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<td>$39,009,972.90</td>
<td>100.00%</td>
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<td>TransNet Sales Tax (RTC)</td>
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<td>27.59%</td>
<td>39,009,972.90</td>
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<td>0.00</td>
<td>2.97%</td>
<td>165</td>
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<td><strong>TOTAL STATE OF CA LOCAL AGENCY INVESTMENT FUND</strong></td>
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<td>34.67%</td>
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<td>0.00</td>
<td>2.97%</td>
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<td><strong>CALIFORNIA ASSET MANAGEMENT PRGM (CAMP):</strong></td>
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<td></td>
<td></td>
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<td></td>
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<td>92 Bond Principal</td>
<td>1,216,783.19</td>
<td>0.86%</td>
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<tr>
<td>93 Bond Interest</td>
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<td>99 Bond Reserve</td>
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<td>$20,648,980.71</td>
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<td>100.00%</td>
<td>0.00</td>
<td>2.81%</td>
<td>1 **</td>
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<td>TNET Sales Tax</td>
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<td>23.87%</td>
<td>33,352,233.72</td>
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<td>(218,343.62)</td>
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<td><strong>TOTAL CALIFORNIA ASSET MANAGEMENT PRGM (CAMP):</strong></td>
<td><strong>$54,399,558.05</strong></td>
<td>38.48%</td>
<td><strong>$54,181,214.43</strong></td>
<td>99.60%</td>
<td><strong>(218,343.62)</strong></td>
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<td>PERCENT OF PORTFOLIO</td>
<td>MARKET VALUE</td>
<td>MARKET PRICE</td>
<td>UNREALIZED GAIN / (LOSS)</td>
<td>YIELD TO MATURITY</td>
<td>AVG DAYS TO MATURITY</td>
</tr>
<tr>
<td>---------------</td>
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<td>Oceanside Wetland Mitigation</td>
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<td>2.94%</td>
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<td>2.94%</td>
<td>57</td>
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<td>0.28%</td>
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<td>2.94%</td>
<td>57</td>
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<tr>
<td>SANDAG</td>
<td>10,785.15</td>
<td>0.01%</td>
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<td>100.00%</td>
<td>$0.00</td>
<td>2.94%</td>
<td>57</td>
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<tr>
<td><strong>TOTAL PRIME FUND</strong></td>
<td>$835,555.39</td>
<td>0.59%</td>
<td>$835,555.39</td>
<td>100.00%</td>
<td>$0.00</td>
<td>2.94%</td>
<td>57</td>
</tr>
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</table>

| TREASURY RESERVES FUND | | | |
| Bridge Toll Funds | 1,453,287.98 | 1.03% | 1,453,287.98 | 100.00% | $0.00 | 2.81% | 14 |

| GOVERNMENT RESERVES FUND | | | |
| Sales Tax | 83,569.02 | 0.06% | 83,569.02 | 100.00% | $0.00 | 2.83% | 28 |

| **TOTAL NATIONS FUNDS** | $2,372,412.39 | 1.68% | $2,372,412.39 | 100.00% | $0.00 | 2.86% | 30 ** |

| US BANK | | | |
| 96 Arbitrage Rebate | $104,552.63 | 0.07% | $104,552.63 | 100.00% | $0.00 | 2.54% | 30 |
| 96 Bond Principal | 3,089,842.54 | 2.19% | 3,127,317.23 | 101.21% | 37,474.69 | 5.61% | 30 |
| 96 Bond Interest | 543,033.16 | 0.38% | 549,795.02 | 101.25% | 6,761.86 | 5.61% | 30 |
| 93 Bond Principal | 6,023,026.82 | 4.26% | 6,096,076.18 | 101.21% | 73,049.36 | 5.61% | 30 |
| 93 Bond Interest | 590,791.05 | 0.42% | 598,147.59 | 101.25% | 7,356.54 | 5.61% | 30 |
| 92 Bond Principal | 2,033,229.79 | 1.44% | 2,057,889.50 | 101.21% | 24,659.71 | 5.61% | 30 |
| 92 Bond Interest | 352,663.10 | 0.25% | 357,054.46 | 101.25% | 4,391.36 | 5.61% | 30 |
| 94 Bond Principal | 633,301.39 | 0.45% | 640,982.29 | 101.21% | 7,680.90 | 5.61% | 30 |
| 94 Bond Interest | 479,295.19 | 0.34% | 485,263.38 | 101.25% | 5,968.19 | 5.61% | 30 |
| 91 Commercial Paper Interest | 200,000.00 | 0.14% | 200,000.00 | 100.00% | $0.00 | 2.54% | 30 |

| **TOTAL US BANK** | $14,049,735.67 | 9.94% | $14,217,078.28 | 101.19% | $167,342.61 | 5.54% | 30 ** |

| US TRUST | | | |
| Sales Tax | $2,616,607.12 | 1.85% | $2,628,465.22 | 100.45% | $11,858.10 | 3.27% | 41 |
| SANDAG | 1,708,563.70 | 1.21% | 1,716,306.67 | 100.45% | 7,742.97 | 3.27% | 41 |

| **TOTAL US TRUST** | $4,325,170.82 | 3.06% | $4,344,771.89 | 100.45% | $19,601.07 | 3.27% | 41 |

| DEUTSCHE ASSET MANAGEMENT FUNDS | | | |
| SANDAG - CA Boating & Waterways | $748,789.23 | 0.53% | $748,789.23 | 100.00% | $0.00 | 3.11% | 36 |

| **TOTAL DEUTSCHE FUNDS** | $748,789.23 | 0.53% | $748,789.23 | 100.00% | $0.00 | 3.11% | 36 ** |

| **TOTAL** | $141,379,791.10 | 100.00% | $141,348,391.16 | 99.98% | $(31,399.94) | 3.01% | 132 |
QUARTERLY PROGRESS REPORT ON TRANSPORTATION PROJECTS – APRIL TO JUNE 2005

Introduction

This quarterly report summarizes the current status of major highway, transit, arterial, traffic management, and transportation demand management (TDM) projects in SANDAG’s five-year Regional Transportation Improvement Program (RTIP) for April to June 2005. The TransNet one-half cent local sales tax and other local, state, and federal revenue sources fund the projects. The projects contained in this report have been previously prioritized and are included in the 2030 Regional Transportation Plan (RTP). This item is presented to the Board of Directors for information.

Attachment 1 – TransNet Program – indicates sales tax revenue available for allocation was $54.7 million in the FY 2005 fourth quarter. Revenue for the fiscal year is 4.5 percent higher than it was last fiscal year at this time. Revenue is approximately 3.3 percent higher than the FY 2005 TransNet Program budget to date. These revenue increases, however, are offset by higher construction costs. The California Highway Construction Price Index is currently 38.8 percent higher than last year at this time. Revenue available for allocation since the inception of the TransNet Program totals $2.613 billion.

Highway Projects

Attachment 2 – Highway Projects – provides cost and schedule information on the major highway projects in the San Diego region. The accompanying map (Attachment 3 – Major Highway Projects) locates these projects.

Caltrans completed the construction and opened to traffic the Widening of Interstate 15 (I-15) between Scripps Poway Parkway and Miramar Way project (project #12). This project adds both through and auxiliary lanes in the northbound and southbound directions at different sections of this stretch of I-15. This project will help improve mobility and traffic operations in the area adjacent to the existing reversible lanes.

Caltrans anticipates opening to traffic the State Route (SR) 76/Olive Hill Road Intersection Improvements (project #26) by the end of September. This TransNet-funded project will alleviate congestion by widening SR 76 on the east and westbound approaches to the intersection, thus improving the traffic operations for through traffic as well as for those making left and right turn moves.

The construction contract for the SR 78 Widening at El Camino Real (project #27) was awarded by Caltrans in early September. This project will widen eastbound SR 78 from the El Camino Real interchange to allow vehicles to accelerate and merge in a smoother, less congested fashion as the freeway climbs through an uphill stretch. Completion of this project is scheduled for August 2006.
Transit and Bikeway Projects

Attachment 4 – Transit and Bikeway Projects – provides cost and schedule information on the major transit and bikeway projects in the San Diego region. The accompanying map (Attachment 5 – Major Transit and Bikeway Projects) locates these projects.

The Mission Valley East LRT Green Line (project #41) had its first run for fare-paying passengers on July 10, 2005. The extension of the Trolley from Mission Valley to La Mesa, passing through San Diego State University (SDSU), closes an important 5.9-mile gap in the system. Among the highlights for this new line is the SDSU station, the first underground facility in the San Diego Trolley system. It also includes the Grantville station, with 40-foot-high station platforms and high-capacity elevators. Two other stations at Alvarado Hospital Medical Center and at 70th Street were added to the system. The new line is expected to attract approximately 2.5 million new transit riders to the system annually due to improved connectivity. The SDSU station alone is projected to handle 4,300 students, faculty and staff from campus each day, helping alleviate traffic and parking congestion.

Arterial and Freeway Interchange Projects

Attachment 6 – Arterial and Freeway Interchange Projects – provides cost and schedule information on the major arterial and interchange projects in the San Diego region. The accompanying map (Attachment 7 – Major Arterial and Interchange Projects) locates these projects.

Construction of the City of Chula Vista’s Olympic Parkway/I-805 Interchange project (project #92) is nearing completion. This project will widen the Olympic Parkway bridge over I-805, widen the freeway access ramps, add north- and southbound ramp meters, add left-turn lanes on the arterial, build noisewalls along the freeway and widen Olympic Parkway as it approaches the interchange. This project will help alleviate congestion on both Olympic Parkway and southbound I-805. Opening to traffic is anticipated for December 2005.

Traffic and Demand Management

Attachment 8 – Traffic Management and Intelligent Transportation System Projects – provides cost and schedule information on the major traffic management and intelligent transportation system projects in the San Diego region. The accompanying map (Attachment 9 – Major Traffic Management Projects) locates some of these projects, as applicable.

Two northbound ramp meters along I-805, one at H Street, and the other at Auto Park Way (Main Street), are currently under construction. These ramp meters, plus the ones being built under the Olympic Parkway interchange project discussed above, are part of the overall system of I-805 Ramp Meters (project #123) in the South Bay. The City of Chula Vista has advanced the construction of the ramp meters, thus reducing some of the delays in the completion of these projects caused by the lack of state funds over the past two years. The ramp meters are scheduled to be completed by November 2005 at H Street and by December 2005 at Auto Park Way.

Attachment 10 – Transportation Demand and Incident Management – summarizes monthly activities in those functional areas. Attachment 11 – Freeway Service Patrol Assists – summarizes the number of assists by the Freeway Service Patrol. Attachment 12 – Vanpool Program – summarizes the number of daily vanpool origins by major area.
Transportation Demand Management (TDM) programs reduced an estimated 70,700 pounds of smog-forming pollution during the fourth quarter of FY 2005, an increase of 26 percent over last year at this time. During this same time period, the Freeway Service Patrol assisted approximately 14,400 motorists, about 11 percent more than last quarter.

SANDAG’s Vanpool Program participation rate continues to increase, growing 25 percent in the last year, from 338 vanpools to 423 vanpools. Vanpools from outside San Diego County represent 49 percent of all vanpools and have increased 25 percent in the past year from 167 to 208 vanpools. Vanpools originating in Riverside County continue to be a large and fast-growing component of the program, increasing 22 percent from 143 to 175 in the last year and accounting for 41 percent of all the regional vanpools. Average ridership per vanpool was approximately 8.7 passengers, with 3,674 daily passengers participating in the program.

Employer Programs: During the quarter, staff contacted 58 employers. Twelve formal presentations were delivered to employers and eight surveys were conducted. Twelve employers began marketing alternative transportation to their employees.

Marketing/Outreach: The Survive the Drive marketing program continued with monthly bulletins and promotions. Advertisements for programs continued to be placed in human resources and facility managers’ association newsletters. Speaking engagements and tabling events were solicited. Bike to Work Day 2005 was successfully completed with over 4,000 participants.

GARY L. GALLEGOS
Executive Director

Attachments: 1. TransNet Program
               2. Highway Projects
               3. Major Highway Projects (map)
               4. Transit and Bikeway Projects
               5. Major Transit and Bikeway Projects (map)
               6. Arterial and Freeway Interchange Projects
               7. Arterial and Interchange Projects (map)
               8. Traffic Management and Intelligent Transportation System Projects
               9. Major Traffic Management Projects (map)
              10. Transportation Demand and Incident Management
              11. Freeway Service Patrol Assists (map)
              12. Vanpool Program (map)

Key Staff Contact: José A. Nuncio, (619) 699-1908, jnu@sandag.org

Funds are budgeted in the TransNet, STIP-RIP, RSTP, and CMAQ Programs
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<th>TransNet Allocations</th>
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<td><strong>HIGHWAY ELEMENT</strong></td>
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1) TransNet Allocations consist of tax allocations from the State plus interest earnings.
2) Disbursements include cash disbursements and bond proceeds. Debt service costs are not included.
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<th>Project Title</th>
<th>Sponsor Agency</th>
<th>Current Phase</th>
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<th>Current Completion</th>
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*TransNet funded projects in bold*

Underlined items changed from last report

*Work suspended due to program budget deficit*
## Highway Projects

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* Underlined items changed from last report

September 2005
## Highway Projects

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<th>Project Title</th>
<th>Sponsor Agency</th>
<th>Current Phase</th>
<th>Total Project</th>
<th>Current Completion</th>
<th>On Schedule?</th>
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### Totals

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*TransNet funded projects in **bold**
*Underlined items changed from last report
*Work suspended due to program budget deficit
## Transit and Bikeway Projects

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<td><strong>54 Trolley Station Improvements</strong></td>
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<td>2007 On Schedule</td>
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</table>

**TransNet funded projects in bold**

Underlined items changed from last report

* Work suspended due to program budget deficit

‡Baseline established when construction is funded

September 2005
<table>
<thead>
<tr>
<th>Project Title</th>
<th>Sponsor Agency</th>
<th>Current Phase</th>
<th>Total Project</th>
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<td>CCTV Equipment Upgrades</td>
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<td>56 Power Substation Improvements</td>
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<td>Refurbish &amp; Standardize</td>
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<td>58 SDTC/SDTI</td>
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<td>AVL System</td>
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<td>Low Floor Vehicle Accommodation</td>
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<tr>
<td>Freight Facility</td>
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<td>68 Catenary Improvement Project</td>
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<td>Advertisement</td>
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<td>2006 Behind</td>
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<tr>
<td>Component Replacement</td>
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*TransNet* funded projects in **bold**
Underlined items changed from last report
* Work suspended due to program budget deficit
†Baseline established when construction is funded
September 2005
### Transit and Bikeway Projects

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Sponsor Agency</th>
<th>Current Phase</th>
<th>Total Project</th>
<th>Schedule</th>
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<tr>
<td>69 Coastal Rail</td>
<td>SANDAG</td>
<td>Environmental</td>
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<tr>
<td>Double Track Corridor Level EIR</td>
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<tr>
<td>70 Oceanside-Escondido Bikeway</td>
<td>NCTD</td>
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<tr>
<td>71 Coastal Rail Trail</td>
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<td>Dec-08</td>
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<tr>
<td>72 Del Mar Bluffs</td>
<td>SANDAG</td>
<td>Preliminary Engineering</td>
<td>Sep-05</td>
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<tr>
<td>73 East Division Maintenance Facility</td>
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<tr>
<td>74 Santa Margarita River Bridge</td>
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<tr>
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<tr>
<td>75 Sorrento-Miramar Curve</td>
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<td>76 Chula Vista Nature Center</td>
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<td>Center Bus</td>
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<td>77 San Diego Bayshore Bikeway</td>
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<td>Salt Works phase</td>
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<td>78 Escondido-San Diego Bikeway</td>
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<td>$2,500</td>
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<tr>
<td>Mission Valley Segment</td>
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### Totals

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<tr>
<th>Approved Budget ($1,000's)</th>
<th>Funded Budget ($1,000's)</th>
<th>Cost to Complete ($1,000's)</th>
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<tr>
<td>$1,965,466</td>
<td>$1,256,831</td>
<td>$1,983,629</td>
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* TransNet funded projects in **bold**
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September 2005
## Arterial and Freeway Interchange Projects

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Sponsor Agency</th>
<th>Current Phase</th>
<th>Total Project</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description/Limits</strong></td>
<td><strong>Phase</strong></td>
<td><strong>Completion</strong></td>
<td><strong>Cost</strong></td>
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<tr>
<td>90 Extend South Melrose Drive</td>
<td>Carlsbad</td>
<td>Construction</td>
<td>Apr-06</td>
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<tr>
<td>Palomar Airport Road to Carlsbad/Vista city limit</td>
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<tr>
<td>91 Widen Rancho Santa Fe Rd.</td>
<td>Carlsbad</td>
<td>Construction</td>
<td>Jun-06</td>
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<tr>
<td>La Costa Avenue to Melrose Drive</td>
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<tr>
<td>92 Olympic Parkway/ I-805 Interchange</td>
<td>Chula Vista</td>
<td>Construction</td>
<td>Dec-05</td>
</tr>
<tr>
<td>Reconstruct and widen interchange</td>
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<tr>
<td>93 Coronado Tunnel</td>
<td>Coronado</td>
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<td>Aug-08</td>
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<tr>
<td>Reconstruct new tunnel</td>
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<tr>
<td>94 Widen Jamacha Road</td>
<td>El Cajon</td>
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<td>Dec-05</td>
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<tr>
<td>E. Main St. to South city limit</td>
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<tr>
<td>95 Manchester Ave/ I-5 Interchange</td>
<td>Encinitas</td>
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<td>Reconstruct interchange</td>
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<td>96 Widen Bear/ East Valley Pkwy.</td>
<td>Escondido</td>
<td>Design &amp; Right of Way</td>
<td>Sep-05</td>
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<td>Orleans to North city limit</td>
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<td>97 Nordahl Road/ SR 78 Interchange</td>
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<td>Jun-06</td>
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<tr>
<td>Widening, Mission Avenue to Montiel Road</td>
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<td>98 Widen Plaza Blvd.</td>
<td>National City</td>
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<td>Highland Avenue to Eucid Avenue</td>
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<td>99 Rancho Del Oro Dr/ SR 78 Interchange</td>
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<td>Vista Way to SR 78</td>
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<td>100 Widen Espola Road</td>
<td>Poway</td>
<td>Environmental</td>
<td>Mar-06</td>
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<tr>
<td>Twin Peaks Rd. to 900' South of Titan Way</td>
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<tr>
<td>101 Extend Carroll Canyon Rd.</td>
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<td>Environmental</td>
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<tr>
<td>Sorrento Valley Rd. to Scranton Rd.</td>
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<td>102 Genesee Ave/ I-5 Interchange</td>
<td>San Diego</td>
<td>Environmental</td>
<td>Dec-05</td>
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<tr>
<td>103 Genesee Ave Widening</td>
<td>San Diego</td>
<td>Advertisement</td>
<td>Dec-05</td>
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<tr>
<td>I-5 to Campus Point</td>
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TransNet funded projects in **bold**
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September 2005
## Arterial and Freeway Interchange Projects

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Description/Limits</th>
<th>Sponsor Agency</th>
<th>Current Phase</th>
<th>Total Project</th>
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<tr>
<td>104 Friars Rd./ SR 163 Interchange</td>
<td>Fashion Valley Rd. to Frazee Rd.</td>
<td>San Diego</td>
<td>Environmental May-06</td>
<td>Cost and Budget: Approved $84,400, Funded $5,020, Cost to Complete $84,400</td>
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<td>105 Clairemont Mesa Blvd./SR 163 Interchange</td>
<td>Kearny Mesa Rd. to Kearny Villa Rd.</td>
<td>San Diego</td>
<td>Advertisement Dec-05</td>
<td>Cost and Budget: Approved $22,000, Funded $13,627, Cost to Complete $22,000</td>
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<td>106 El Camino Real</td>
<td>Via de la Valle to San Dieguito Rd.</td>
<td>San Diego</td>
<td>Environmental Jun-06</td>
<td>Cost and Budget: Approved $20,000, Funded $16,268, Cost to Complete $20,000</td>
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<td>107 Las Posas Rd./ SR 78 Interchange</td>
<td>Construct new interchange</td>
<td>San Marcos</td>
<td>Construction Oct-06</td>
<td>Cost and Budget: Approved $23,480, Funded $23,480, Cost to Complete $23,480</td>
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<td>108 Forester Creek Channelization</td>
<td>Mission Gorge Rd. to Prospect Avenue</td>
<td>Santee</td>
<td>Advertisement Oct-05</td>
<td>Cost and Budget: Approved $29,100, Funded $29,100, Cost to Complete $29,100</td>
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<td>109 Lomas Santa Fe Dr./ I-5</td>
<td>Reconstruct interchange</td>
<td>Solana Beach</td>
<td>Design &amp; Right of Way Jun-06</td>
<td>Cost and Budget: Approved $27,363, Funded $27,363, Cost to Complete $29,830</td>
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<tr>
<td>110 Widen West Vista Way</td>
<td>Thunder Drive to Melrose Drive</td>
<td>Vista</td>
<td>Design &amp; Right of Way Mar-06</td>
<td>Cost and Budget: Approved $16,900, Funded $2,580, Cost to Complete $16,900</td>
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<td>111 South Santa Fe Ave.</td>
<td>Vista city limit to San Marcos city limit</td>
<td>Co. of San Diego</td>
<td>Design &amp; Right of Way Jan-07</td>
<td>Cost and Budget: Approved $65,656, Funded $23,651, Cost to Complete $65,656</td>
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<td>112 Bradley Ave./ SR 67 Interchange</td>
<td>Reconstruct and widen interchange</td>
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<td>Environmental May-07</td>
<td>Cost and Budget: Approved $22,600, Funded $1,120, Cost to Complete $22,600</td>
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<td>113 Los Coches/ I-8 Interchange</td>
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<td>Co. of San Diego</td>
<td>Construction Dec-06</td>
<td>Cost and Budget: Approved $4,567, Funded $4,567, Cost to Complete $4,567</td>
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**TransNet funded projects in bold**

**Underlined items changed from last report**

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<td>2006</td>
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<td>2010</td>
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<td>2010</td>
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<td>2006</td>
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<td>2007</td>
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<tr>
<td>2006</td>
<td>On Schedule</td>
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<tr>
<td>2008</td>
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<td>2006</td>
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**Total Costs**

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September 2005
ARterial and interchange projects
April – June 2005

- Arterial Under Development
- Arterial Under Construction
- Interchange Under Development
- Interchange Under Construction

Miles

0  3  6
0  3.1  5.6

Kilometers

SAN DAg
<table>
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<th>Project Title</th>
<th>Description/Limits</th>
<th>Sponsor Agency</th>
<th>Current Phase</th>
<th>Total Project</th>
<th>Schedule</th>
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<tr>
<td>120 CCTV Incident Identification System</td>
<td>I-15: SR 94 to I-8&lt;br&gt;I-805: SR 94 to I-8</td>
<td>Caltrans</td>
<td>Construction</td>
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<td>121 Changeable Message Signs</td>
<td>I-5: 3 Locations</td>
<td>Caltrans</td>
<td>Advertisement</td>
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<td>122 Ramp Meters (Northbound)</td>
<td>I-5: Coronado Ave. to E Street</td>
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<td>123 Ramp Meters (Northbound)</td>
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<td>124 Traffic Monitoring Systems</td>
<td>I-5, SR 52, SR 94 and I-805</td>
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<td>Freeway System, Ports</td>
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**Totals**

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<th>Cost to Complete ($1,000's)</th>
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<td>$83,597</td>
<td>$85,697</td>
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CCTV: Closed Circuit Television Camera
Underlined items changed from last report
* Work suspended due to program budget deficit
## Transportation Demand and Incident Management

### Apr-Jun 2005 Quarterly Progress Report

#### DEMAND MANAGEMENT

<table>
<thead>
<tr>
<th></th>
<th>This Quarter</th>
<th>Last Quarter</th>
<th>Fiscal Year To Date</th>
<th>Last Fiscal Year To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduced Travel</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Person Trips Reduced</td>
<td>485,036</td>
<td>469,530</td>
<td>1,817,280</td>
<td>1,511,874</td>
</tr>
<tr>
<td>Vehicle Miles Traveled (VMT) Reduced</td>
<td>25,452,482</td>
<td>24,563,090</td>
<td>94,648,691</td>
<td>76,706,732</td>
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<tr>
<td><strong>Reduced Emissions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pounds of Smog-forming Pollution Reduced</td>
<td>70,701</td>
<td>68,229</td>
<td>262,907</td>
<td>213,067</td>
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<tr>
<td><strong>Reduced Fuel Consumption</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Gallons of Fuel</td>
<td>1,387,433</td>
<td>1,338,955</td>
<td>5,159,375</td>
<td>4,181,340</td>
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<tr>
<td><strong>Reduced Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Reduced Auto Fees</td>
<td>12,420,812</td>
<td>11,986,787</td>
<td>41,975,046</td>
<td>37,432,886</td>
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#### Program Activity

<table>
<thead>
<tr>
<th></th>
<th>This Quarter</th>
<th>Last Quarter</th>
<th>Fiscal Year To Date</th>
<th>Last Fiscal Year To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Vanpools</td>
<td>423</td>
<td>416</td>
<td>423</td>
<td>338</td>
</tr>
<tr>
<td>Vanpool Passengers</td>
<td>3,860</td>
<td>3,780</td>
<td>3,860</td>
<td>3,171</td>
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<tr>
<td>Companies in RideLink Subsidy Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bike Locker Members</td>
<td>318</td>
<td>398</td>
<td>318</td>
<td>408</td>
</tr>
<tr>
<td>Guaranteed Ride Home Participants</td>
<td>2,331</td>
<td>2,189</td>
<td>2,331</td>
<td>2,993</td>
</tr>
<tr>
<td>Total Phone Calls Received</td>
<td>2,676</td>
<td>2,217</td>
<td>9,873</td>
<td>11,664</td>
</tr>
<tr>
<td>Carpool Matchlists Distributed</td>
<td>1,089</td>
<td>547</td>
<td>5,422</td>
<td>6,959</td>
</tr>
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#### INCIDENT MANAGEMENT

<table>
<thead>
<tr>
<th></th>
<th>This Quarter</th>
<th>Last Quarter</th>
<th>Fiscal Year To Date</th>
<th>Last Fiscal Year To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freeway Service Patrol</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assists (Incl. FSP for Traffic Management Plans on I-5, I-15)</td>
<td>14,398</td>
<td>13,021</td>
<td>51,933</td>
<td>52,352</td>
</tr>
<tr>
<td>Freeway Changeable Message Signs</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Incident Broadcasts</td>
<td>90</td>
<td>123</td>
<td>423</td>
<td>581</td>
</tr>
<tr>
<td>Broadcast Duration (total minutes)</td>
<td>7,654</td>
<td>27,181</td>
<td>68,094</td>
<td>101,128</td>
</tr>
<tr>
<td>Freeway Incident Advisories</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig Alerts</td>
<td>127</td>
<td>121</td>
<td>504</td>
<td>523</td>
</tr>
<tr>
<td>Sig Alert Duration (total minutes)</td>
<td>11,269</td>
<td>12,850</td>
<td>50,756</td>
<td>43,012</td>
</tr>
</tbody>
</table>
1. Patrol Beat 1
   1,917 Assists

2. Patrol Beat 2
   1,608 Assists

3. Patrol Beat 3
   1,741 Assists

4. Patrol Beat 4
   1,249 Assists

5. Patrol Beat 5
   3,299 Assists

6. Patrol Beat 6
   2,628 Assists

7. Patrol Beat 7
   1,956 Assists

FREEWAY SERVICE PATROL ASSISTS
April – June 2005
Mr. Gary Gallegos, Executive Director  
San Diego Association of Governments  
401 B Street, Suite 800  
San Diego, CA  92101

Dear Mr. Gallegos:

Our letter of December 21, 1992 established a process for the Department of Defense (DoD) cooperation in the implementation of the Regional Growth Management Strategy (RGMS). Since that time, the RGMS has been replaced by the Regional Comprehensive Plan (RCP) approved by the SANDAG Board of Directors in July 2004.

Enclosure (1) is submitted in support of our commitment to provide SANDAG with relevant information, which can be used to assess the consistency of DoD activities with the RGMS, which is very similar in content to the RCP. Next year, in its annual update DoD will revise its report to review its consistency with the RCP.

Pursuant to our revised February 1986 Memorandum of Agreement with SANDAG, San Diego County's Military Construction Program for FY04 through FY06 is provided as enclosure (2). This report is a reflection of our need to meet mission essential construction objectives and contains projects complementary to the RGMS quality of life efforts and goals and objectives of the RCP.

If you have any questions regarding these documents, Ms. Sheila Donovan is available at (619) 532-1253.

Sincerely,

D. P. KING  
Captain, GEC, U. S. Navy  
Commanding Officer  
DOD Federal Regional Liaison  
Representative for Region IX

Enclosures:  (1) RGMS/RCP Information  
(2) Military Construction Program
Department of Defense Commitment to the Regional Growth Management Strategy Process

PREAMBLE

In line with the relationship established between the San Diego Association of Governments (SANDAG) and the U.S. Department of Defense (DoD) in the Memorandum of Agreement revised February 1986, and as further defined under Commander Naval Base, San Diego, letter of December 21, 1992, DoD is committed to the following process for local military cooperation in SANDAG’s implementation of the Regional Growth Management Strategy (RGMS) for the San Diego region:

   a. Provide SANDAG with requested unclassified information about DOD plans, policies, and activities pertaining to RGMS (attachment (A)).

   b. Consider RGMS in the military planning/environmental process and formulating policies.

   c. Participate in an ex officio capacity on the SANDAG Board of Directors.

   d. Participate on SANDAG committees.

   e. Each calendar year, provide relevant information, which will assist SANDAG efforts to assess the consistency of DoD activities with RGMS.

Enclosure (1)
Local Military Plans and Programs Related to the Regional Growth Management Strategy (RGMS) For the San Diego Region (As of March 2005)

Air Quality, Transportation, and Congestion Management

The Navy and Marine Corps participates in the following partnership through coordination of military and jurisdictional planning activities in an effort to help address the air quality, transportation, and congestion issues in the San Diego Region:

- Membership on SANDAG’s Board of Directors,
- Regional Planning Committee,
- Regional Planning Technical Working Group,
- 2030 Regional Transportation Plan Technical Working Group,
- San Diego High Speed Rail Task Force,
- Regional Growth Management Technical Committee,
- Regional TDM Advisory Committee,
- I-15 Interregional Partnership Technical Working Group, and

As efforts to resolve regional airport issues continue, the Navy and Marine Corps continues to participate in the airport planning process with technical membership on the Air Transportation Action Program Working Group and its Airport Advisory Committee. As appropriate, the Navy participates on other SANDAG transportation committees on matters of mutual concern. The Navy is also a member of the San Diego County Air Pollution Control District (SDAPCD) Compliance Improvement Team, SDAPCD Air Pollution Permit Streamlining Committee, and Title V Committee. Complementary to this quality of life factor, Navy participates with the City of Coronado on the Coronado Naval Complexes Coordinating Group, the City/Navy Construction Project Coordination Committee, and the City’s Project Development Team on Transportation Alternatives.

Navy participation in regional rideshare programs:
Commander Naval Region Southwest established a Getting Around San Diego web site (http://www.cnrsw.navy.mil/GettingAround/GettingAroundFAQ.htm), which provides commuter information to Navy civilian/military personnel.
The Transportation Incentive Program (TIP), created by Presidential Executive Order 13150, provides military and civilian employees an opportunity to purchase commuter vouchers and passes on local mass transit for commuting to and from their employment. This year the program offers up to $105 per month in tax-free assistance. This program has been in effect since October 2001, which contributes to the local mass transit system. It can be used for mass public transit, such as the trolley, bus, rail commuters and vanpool programs. It cannot be used for parking fees or car pools. The TIP program continues to be a success story within the San Diego region. The October-December 2004 TIP program costs were $2,496,127 for the U.S. Navy with 5,970 participants enrolled. The following provides an example of participants at the subsequent Navy installations:

- At Naval Base Coronado, of the 1,393 approved TIP applications, 646 are in 65 vanpools, 692 use the bus and trolley and 55 use the coaster.
- At Marine Corps Base Camp Pendleton of the 433 approved applications, 254 are in 36 vanpools, 174 use the bus and 5 use the coaster.

SANDAG’s TDM Program has assisted the local military ridesharing efforts since July 1994, which RideLink (SANDAG’S regional rideshare program) presently continues. RideLink’s vanpool program, which provides $400/month subsidy, greatly benefits local military ridesharing efforts. In addition, efforts to address this quality of life element by the Navy, the City of Coronado, and SANDAG resulted in developing a strategy for traffic management in State Routes 75 and 282 corridors. One of the issues identified by this partnership effort relates to the reduction of and improvements in congestion management in the corridors, to improve the quality of life for residents, improve safety for pedestrians, bicyclists, and motorists.

Navy clean air efforts:
The Department of the Navy has also implemented general conformity rules and regulations as required by the Federal Clean Air Act in order to assess direct and indirect emissions caused by construction and general federal actions directly relating to the Navy and Marine Corps efforts. If a federal de minimus emission threshold level is exceeded, the federal action will proceed only after a comprehensive conformity determination is made and mitigation, as necessary, is conducted. Currently, conformity analyses for planned future federal actions are in progress. The Navy and Marine Corps continues to participate in various working groups with regulators and private industry in the development of new air pollution regulations. Navy and Marine Corps air compliance staffs will continue to partner with the SDAPCD and community businesses during development of new SDAPCD Rules and would regularly attend workshops to discuss new SDAPCD Rules as they are promulgated. Permitted sources are frequently examined to ensure that emission units meet regulatory requirements including not only emissions requirements, but monitoring and reporting requirements as well.
Under the guidance of Presidential Executive Orders (EO) 12844 and 13031, local military activities are complying with the goals of the Clean Air and Energy Policy Acts. Since 1993, the Navy Public Works Center San Diego have been integrating Alternative Fuel Vehicles (AFV) into their fleet. The local Navy AFV fleet has grown to include more than 169 compressed natural gas (CNG) powered vehicles, 381 bi-fueled (CNG/gasoline) vehicles, 639 ethanol (E85) vehicles, 18 flexible fuel M-85 vehicles, 8 electric vehicles, more than 100 electric utility carts and two CNG refueling stations. Due to federal budget constraints PWC was unable to procure any new vehicles in FY03. However, during FY04, PWC began ordering B-20 for all Diesel equipment. B-20 is a domestically produced renewable fuel that can be used in unmodified diesel engines with the current fueling infrastructure. It is a safe, biodegradable, and help reduce serious air pollutants such as soot, particulates, carbon monoxide, hydrocarbons and air toxics. DOE has a published rule that allows us to fulfill up to 50% of our AFV purchase requirements just by using biodiesel.

Southwest Region Fleet Transportation (SWRFT) operates a fleet of 3,166 vehicles on five bases and stations in the southern California region. These bases and stations include Camp Pendleton, Marine Corps Recruit Depot (MCRD) San Diego, Marine Corps Air Station (MCAS) Miramar, Marine Corps Air/Ground Combat Center 29 Palms and Mountain Warfare Training Center Bridgeport. SWRFT utilizes seven fast fill Compressed Natural Gas (CNG) fueling stations (5-Camp Pendleton, 1-MCRD, 1-29 Palms) and three slow fill CNG stations. Two additional slow fill stations are planned for installation aboard Camp Pendleton in FY-06. 2 ½ years ago, SWRFT purchased four 10,000-gallon above ground E-85 fuel tanks to meet the mandate that 50% of the fuel burned in an Alternative Fuel Vehicle (AFV) must be the alternative fuel it was designed for. SWRFT plans to install two of these tanks at Camp Pendleton, with the remaining tanks being installed at MCAS Miramar and 29 Palms. Because of Anti-Terrorism/Force Protection concerns, as well as Local Air Quality District permitting, three of the installation projects have been suspended until resolution. Actions taken to resolve the AT/FP issues were the completion of a blast radius study at a cost of $50K for the two tanks planned for Camp Pendleton. Construction for the tank at MCAS Miramar has been completed, however air permitting is still an on-going issue.

The SWRFT continues to work in collaboration with the Office of the Assistant Secretary of the Navy, Installations & Environment (ASN I&E) and Headquarters Marine Corps to test domestic hydrogen fuel cell powered vehicles. Due to liability issues, negotiations with Ford Motor Company (FMC) broke off during 2004. However, General Motors has now made a verbal commitment for a demonstration vehicle, but delays have hinged on completing the hydrogen fueling infrastructure support. Plans called for a hydrogen station to be built at MCRD San Diego, which was completed in December 2004. Due to facilities planning issues at MCRD San Diego, the proposed project was cancelled and all planning was focused on a semi-permanent hydrogen station at Camp Pendleton with a projected completion of April 2005. The completion date for the Camp
Pendleton station has now slipped to November 2005, because of requirements to conduct an environmental assessment prior to construction. It is anticipated that General Motors will provide one fuel cell powered crew-cab pick-up for a period of six months for testing beginning in November 2005. General Motors has expressed an interest to provide additional fuel cell demonstration vehicles, however no formal commitment has been provided.

SWRFT currently maintains an inventory of 271 dedicated CNG, 350 Bi-Fuel (CNG), 227 Ethanol (E85) and 124 Electric vehicles. There are 944 diesel vehicles that operate on biodiesel (B20). To date, over 2,000,000 gallons of biodiesel has been consumed. In addition, construction was completed on a solar powered charging station in the Motor Pool complex located in the 22 area of Camp Pendleton during FY04.

SWRFT is a Platinum Member of the Clean Cities Coalition.

**Water Conservation/Quality**

Projects recently completed: The Navy and Marine Corps installed low flow toilets, low-flow showerheads and lavatory aerators in Navy facilities throughout the San Diego metro area. At Camp Pendleton alone, 54 buildings, from Bachelor Enlisted Quarters to offices, were retrofitted with low flow showers and faucets resulting in an estimated annual saving of 37,000 Kgal. The next Camp Pendleton Energy Project, Phase VII, will further increase water conservation by installing waterless urinals in fifteen buildings. The total mechanical annual water conservation savings for the San Diego area is estimated at $147,000.

Computer-controlled irrigation: The Navy continues to make significant progress in decreasing irrigation water use. A major step toward water conservation was the introduction of a computer-controlled irrigation program, which was begun in 1995. The program targets heavy water-use projects such as Navy family housing sites and other large turf area sites. Data collection from projects retrofitted with the computerized system (sites that have not been privatized) shows that the Navy is averaging 40% in irrigation water savings at these sites.

The Navy currently has fifteen San Diego County family housing sites monitoring irrigation water use by computer-control. The Navy expanded this program to include on-station base areas in San Diego County. In 2002, a computerized system was installed covering over 1 million square feet of landscaped area at NAS North Island. Based on current records, savings in 2005 for this site alone are estimated at 39.4 million gallons, or $260,000.

These computer-controlled systems monitor water flow daily, weekly, monthly, and annually and will automatically shut the system down in the event of an irrigation line or

Attachment (A)
sprinkler head break. Weather stations constantly monitor changes in rain, wind, and evapotranspiration rates so irrigation application is adjusted accordingly. In addition, the Navy employs a water manager specifically to monitor the irrigation water schedules of its 207 controllers and irrigation maintenance in San Diego County.

The Navy has signed a Conservation Credits Program Agreement with the Metropolitan Water District and San Diego County Water Authority, which documents computer-controlled irrigation water savings at a San Diego Navy family housing site. The agreement will provide the Navy the added financial benefit of annual rebates from the water purveyors over a five-year period. The water savings agreement equates to a win-win situation for all three agencies. Metropolitan Water District pays the Water Authority by means of credits on their water billings from the Metropolitan Water District. The Water Authority then passes this contribution on to the Navy to be used to implement additional water savings projects. Payments from the Metropolitan Water District are based on annual reports and invoices submitted to the organization, accompanied by documented water savings that are reimbursed at $154 per acre foot. Chesterton Family Housing site has completed its fourth year of water savings and recently received checks for the maximum amount payable by the Water Authority for this project: $225,000, or 50% of the project construction labor and material costs.

Reclaimed water for irrigation: In 2003, MCAS Miramar completed construction on the Memorial Golf Course’s conversion to reclaimed water, connecting it with the City of San Diego’s North City Water Reclamation Plant. The City sells its reclaimed water for 80 cents per 100 cubic feet—half the cost of the potable water previously used. The reclaimed water use also further reduces the Navy’s dependence on Colorado River water. At Camp Pendleton, all new project irrigation is piped with non-potable pipe in anticipation of recycled and or reclaimed water from the new water treatment plant.

Irrigation water audits: The Navy has tasked the City of San Diego Water Department to conduct irrigation water audits for the Marine Corps Recruit Depot (MCRD), Naval Air Depot (NADEP), 32nd Street Naval Station, MCAS Miramar, Naval Air Station North Island, and the Naval Medical Center. The purpose of the audits is to investigate irrigation retrofit opportunities, specifically targeting high water use areas, such as parks, ball fields and large turf areas, or inefficient watering practices.

Other current Navy/Marine Corps irrigation water conservation requirements: Conversion to automatic systems with multiple-cycle controllers and watering schedules that water in the evening hours between 10:00 p.m. and 5:30 a.m. instead of mid-day contractor hand watering. This reduces daytime over-watering, evapotranspiration water loss, and overall maintenance costs. Non-computer controlled controllers are currently being installed. These controllers automatically adjust watering schedule twice a month based on historical evapotranspiration rates. The controllers further adjust schedules twice daily with its built-in temperature sensor. These types of controllers eliminate waste and, on average, save 20%-30% of previous irrigation water use.
Besides the controller’s water-saving capabilities, the government receives an added bonus of incentive vouchers offered by the San Diego County Water Authority for these types of controllers.

The following summarizes additional Navy water conservation and quality efforts:

- The installation of rain shut-off devices to shut irrigation systems down following ¼ inch or more of continuous rain.
- The installation of irrigation water meters. Separating irrigation water use from domestic use not only reduces sewer fees for the Navy, but also allows more specific monitoring of contractor irrigation water use.
- The installation of non-potable (purple) pipes and associated non-potable equipment at sites with present or anticipated availability of reclaimed water.
- Installation of flow sensors and master valves downstream of the backflow preventer at each point of connection to shut off irrigation water in the event of a pipe or sprinkler head break.
- Check valves on heads at the bottom of slopes to avoid low head seepage once the water is turned off.
- Turf area conversions to indigenous low water, low-maintenance shrubs and ground cover in areas not directly usable for active or passive recreation.
- The utilization of organic and inorganic mulch under shrubs and ground covers to reduce evapotranspiration.

**Storm water and other discharges:** As mandated by the Clean Water Act (CWA), and as administered by the local Regional Water Quality Control Board (RWQCB) through the National Pollutant Discharge Elimination System’s (NPDES) permitting program, local military commands are complying with the statewide general permitting processes for storm water discharges. Compliance with storm water pollution prevention programs include eliminating unauthorized non-storm water discharges and illicit connections; developing, implementing, and revising Storm Water Pollution Prevention Plans; evaluating effectiveness of best management practices; and submitting annual reports of monitoring results for discharge compliance.

Federal regulations addressing municipal storm water discharges have been expanded to include the Phase II storm water regulations. Phase II regulations require all small municipal separate storm sewer systems (MS4s) serving populations of less than 100,000 persons to apply for coverage under the Phase II NPDES permitting process. This entails submission of a Notice of Intent and an Urban Runoff Management Plan. The California State Water Resources Control Board will allow regulated, non-traditional, Phase II facilities 180 days from date of approval of their permit to file with the state.
Although Marine Corps Base, Camp Pendleton has not been designated, as yet by the State, to be covered under the MS4’s Phase II program, the Base has instituted efforts to comply with the requirements. The Base has formed a Storm Water Steering Committee to oversee the development and implementation of a Storm Water Management Plan (SWMP). The SWMP program includes public education, public involvement, elimination of illicit discharges and illicit connections; construction and post-construction storm water management, and good housekeeping measures. The Committee is also overseeing compliance efforts the new Phase II construction industrial and construction permits. These efforts include developing Storm Water Pollution Prevention Plans (SWPPPs) for all construction projects greater than 1 acre and revising all existing SWPPPs for the Base’s 13 industrial facilities. These updated SWPPPs will include additional visual and chemical monitoring to evaluate the effectiveness of the program’s best management practices.

The Navy operates a number of wastewater treatment plants that discharge to the City of San Diego’s sanitary sewer system. Significant local Navy wastewater discharge operations occur at the Industrial Wastewater Treatment Plant on Naval Base Coronado, North Island site, and the Bilge Oily Waste Treatment Systems at the Naval Base Coronado, Naval Amphibious site; Submarine Base, San Diego; and Naval Base, San Diego. All of Navy wastewater discharges to the sewer system comply with Industrial User Discharge permits issued by the City of San Diego’s Industrial Waste Program. The San Diego RWQCB has issued Individual Industrial Permits to U.S. Naval Base Point Loma, U.S. Naval Base San Diego, and U.S. Naval base Coronado.

In June 1999, the California State Water Resources Control Board adopted the Consolidated Toxic Hot Spots Cleanup Plan. This plan identifies Toxic Hot Spots (THSs) in bays and estuaries throughout the state and targets them for cleanup. Five THSs were identified in San Diego Bay due to contaminated sediments. Two of the THSs, Chollas and Paleta Creeks, are located at Naval Base, San Diego. A significant portion of the pollutants that caused the sediment contamination at these locations are from sources upstream from Naval Base, San Diego. Since January 2000, the Navy has been working collaboratively with RWQCB staff and other stakeholders to address the Chollas and Paleta Creek THSs. The RWQCB has agreed on an approach that focuses on controlling and eliminating ongoing sources of pollution contributing to the sediment contamination before conducting costly cleanups. Towards accomplishing this goal, the Navy and RWQCB have invested significant resources to gather data necessary to develop Total Maximum Daily Loads (TMDLs) for Chollas and Paleta Creeks. Extensive sampling and analysis work has been completed to characterize both the sediments and creek discharges and the resulting data is currently be evaluated by the RWQCB, Navy and other stakeholders to determine how it can be used to develop the TMDLs. At this time the Navy and other stakeholders are waiting on the RWQCB staff to make some critical decisions on how the data will be utilized to develop the TMDLs.
The Navy is working with the City of San Diego to reduce discharges of trash and debris into San Diego Bay. During heavy rain events large quantities of trash and debris wash down Chollas and Palleta Creeks and accumulate behind Navy oil booms. The source of the trash and debris is primarily from upstream cities (San Diego, National City, La Mesa, Spring Valley). The City of San Diego is currently funding the Navy Public Works Center (PWC) to remove this trash and debris and prevent it from entering San Diego Bay. Since late 2001 PWC and the City of San Diego have collaborated to remove and properly dispose of thousands of pounds of trash and debris that otherwise would have ended up in the Bay. This collaborative effort is continuing to move forward.

Marine Corps Base, Camp Pendleton's water conservation program: Camp Pendleton's program includes a Base Water Steering Committee that coordinates water issues among Base departments and oversees projects and programs in accordance with the Base Strategic Water Plan. The committee addresses such issues as updating the water shortage contingency and operating procedure, storm water management, and wastewater and drinking water compliance. Historically, the Base-wide wastewater treated effluent reuse has been used as a groundwater recharge seawater intrusion barrier, and for Golf Course irrigation. Since September 2003, effluent produced in the southern part of the Base discharges to the Pacific Ocean through Oceanside’s Ocean Outfall except for Golf Course irrigation. Construction of the new Southern Regional Tertiary Treatment Plant (SRTTP) began in December 2004 with completion by September 2006. The SRTTP replaces five of seven aging sewage treatment plants and begins discharging only reclaimed water by 2008. A key component of this plan will be to facilitate maximum reuse, possibly including treatment wetlands that will provide recharge to the groundwater, benefiting riparian habitat. Camp Pendleton is resolving water rights issues with its neighbors in Temecula and Fallbrook, which had been subject to both State and Federal adjudication.

Marine Corps Base, Camp Pendleton has undertaken an aggressive water capital improvements program. Iron and Manganese removal plants and major infrastructural improvements are under construction, which address new regulatory compliance standards. A major year-long field study, to be completed by the end of 2005, would provide the Base with treatment options for its vexing copper pipe corrosion issue.

Projects recently completed at Camp Pendleton include retrofitting of 100 buildings, from Bachelor Enlisted Quarters to offices, with low flow urinals resulting in an estimated annual saving of 13.4 Kgal. Camp Pendleton is currently investigating the possibility of installing/requiring computer monitoring of irrigation water used in Family Housing areas. It is anticipated that the managed system will save a considerable portion of the irrigation water previously used for these areas.

Energy
The Federal Energy Policy Act of 1992 required a 20% reduction of energy consumption versus the 1985 baseline by FY00 at all federal facilities. Executive Order (EO) 13123 of June 3, 1999 requires a further reduction of energy consumption of 35% by FY 2010. In addition, EO 13123 also included a new initiative to reduce greenhouse gas emissions attributed to energy use by 30% versus the baseline 1990 levels by FY 2010 at all federal facilities.

Local military commands continue to implement programs to meet the energy reduction mandates. The Navy and Marine Corps “Energy and Water Conservation” business plan is to reduce the peak electrical demand, electrical consumption, water consumption, and the use of fossil fuels (such as natural gas, fuel oil, propane, and coal) both at the activity and at the energy source (such as a power plant). This comprehensive business plan includes energy awareness training, partnering with private consultants, and executing large-scale construction programs. In addition, renewable energy sources such as wind, geothermal, and photovoltaic power generation are encouraged whenever possible.

Since 1993, local Navy and Marine Corps installations have installed energy and water conservation projects roughly totaling $280 million.

Energy Management System/Direct Digital Controls (EMS/DDC): In 2004, the Navy completed a $4 million construction at SPAWARS for heating, ventilation and air conditioning and Energy Management System/Direct Digital Controls (EMS/DDC) upgrades. In addition, another contract for $2.6 million was awarded for construction purposes at the Naval Aviation Depot (NADEP), North Island Naval Air Station to accomplish the same objective. The estimated savings for this project for processes, energy and maintenance is approximately $0.5 million per year. This is in addition to the $1M estimated savings for processes, energy and maintenance for a project currently under construction at NADEP.

The Navy initiated a San Diego area wide EMS/DDC program during FY98. The area wide EMS/DDC project is ongoing, and once completed, the project will be the largest Navy controls project undertaken in the nation. Current work in progress towards the area wide EMS/DDC concept are valued in excess of $9 million dollars and are projected to save the Government over $1 million annually in energy and maintenance costs. The system is comprised of 11 separate Navy and Marine Corps bases networked together into a control system that will enable the Government to remotely control equipment and monitor energy consumption as well as implement several demand limiting strategies. Implementation of EMS/DDC maximizes the building staff's performance by triggering preventative maintenance by hours of operation rather than the traditional monthly / quarterly / annual scheduled intervals, allowing management to service more equipment and allocating existing maintenance staff more effectively,
which subsequently, reduces the overall customer operating expenses by allowing facilities managers to better control their maintenance and energy costs.

Energy conservation achievements: Marine Corps Base, Camp Pendleton surpassed the mandated energy reduction goal of 35% by 2010 six years early, achieving a noteworthy 44% reduction in energy consumption from the FY 85 baseline. Within the last several years Camp Pendleton's has received three consecutive Department of Energy (DOE) Federal Energy and Water Management Awards, two consecutive United States Environmental Protection Agency Awards, the Secretary of the Navy Award, and was part of the Presidential Marine Corps award last year. Additionally, the Camp Pendleton Facilities Manager, Mr. Edmund Rogers received The Louis R. Harris Jr. Federal Energy Manager of the Year award. Camp Pendleton continues to realize its strategic vision to reduce the Base's consumption and increase quality of life. During FY 04, we awarded another Utility Energy Service Contract (UESC) for $6.5 million; continuing our conservation efforts is truly "setting the example." Through all these efforts, Camp Pendleton has not compromised mission readiness or quality of life; in fact, the energy projects executed during FY04 have improved work place efficiency and productivity by providing reliable hot water for the Marines, maintaining heating and/or cooling for work spaces, and increasing lighting levels without increasing energy demand. 

Achievements in energy conservation during FY04: One of the driving forces behind this successful year was the final de-commissioning of a large central steam plant. At one point, the steam plant produced steam to more than 30 buildings. Due to the large capital expenses and complexity of shutting down a large plant while still providing heat and hot water to the building occupants, a phased approach was developed. Each year groups of buildings were removed from the central plant and were provided their own individual boiler and domestic hot water system. The Energy Team's forward thinking ensured that the Marines' quality of life or mission readiness was not compromised.  The Area 22 central steam plant consumed more than 1.8 million therms costing just over $1.2 million dollars annually before its de-commissioning. After the de-commissioning it is estimated that the thirty buildings now use only 866,677 therms per year, costing about $606,000 per year to operate. The reasons identified for the reduction in therms usage include: (1) the domestic hot water heaters are independent of the building heating systems. (2) This enables the hot water heating boilers to be shut off independently of domestic hot water demand. (3) The Direct Digital Controls (DDC) added as a part of this project shuts down the heating systems at night and on weekends to un-occupied area (previously this was not possible). (4) This provided significant savings since about 90% of the heating degree-days occur after 1700 hours and before 0700 hours. (5) Environmental benefits include reduced emissions and smaller, more efficient boilers. (6) Water usage and chemical treatment costs have been drastically reduced (7) as well as the expense of annual boiler testing and certification costs. (8) Increased reliability of heat and hot water systems and (9)
less repairs and reduced operation & maintenance costs. The successful implementation of this project is saving more than 933,323 therms annually, which directly reduces the Base’s annual utility costs by $653,326.

The following outlines emissions reductions:

- Greenhouse Gases (CO\textsubscript{2}) 10,927,346 Pounds per year
- Volatile Organic Compounds (VOC) 503 Pounds per year
- Nitrogen Oxides (NO\textsubscript{X}) 14,000 Pounds per year
- Carbon Monoxide (CO) 2,240 Pounds per year
- Sulfur Dioxide (SO\textsubscript{2}) 56 Pounds per year

Additional strategies to conserve energy are being applied including the following:

- Outfit 8 warehouses with day-lighting to maximize the use of existing available daylight. Through photocell control, lighting will be automatically adjusted based on the amount of available ambient light, with annual savings of 930,000 kilowatt-hours (kWh.)
- High Intensity Discharge Project retrofitted 4 warehouses and hangers with new fixtures operating T-5 High Output (HO) fluorescent lamps and ballasts. This project provided a total estimated annual energy savings of 350,000 kWh
- Another driving force behind successful Energy Conservation was the Base’s fourth consecutive year with the Resource Efficiency Management (REM) Program contracted through Tetra Tech EM Inc. Under the REM Program, a full-time energy consultant was hired to provide energy management services to Camp Pendleton and support the Base’s efforts in reducing energy consumption and meeting the federally mandated energy conservation goals.

By exceeding the (Presidential Executive Order 13123) 2010 energy goal and awarding another UESC this year, Camp Pendleton continues to do our part in the daily effort of conserving our nations scarce resources, yet maintaining operational readiness for America’s 9 1 1 force.

**Sewage Treatment**

The City of San Diego Metropolitan Wastewater Department has numerous sewage treatment facilities on military land at Naval Base Point Loma, Marine Corps Air Station, Miramar; Naval Base San Diego; and Marine Corps Recruit Depot, San Diego. The City’s Point Loma Wastewater Treatment Plant processes local Navy sewage. The North City Water Reclamation Plant, South Bay Water Reclamation Plant and Metropolitan Biosolids Center provide advanced water reclamation and biosolids processing as part of a comprehensive wastewater management program for the San Diego metropolitan area.
Diego Metropolitan area. Planned improvements will increase treatment capacity to serve both civilian needs through 2050.

**Sewage treatment upgrades:** Phased wastewater treatment upgrades to the Point Loma Wastewater Treatment Plant have been underway since 1994. Planned upgrades to the city’s Pump Station No. 2 at Fleet Anti-Submarine Warfare Training Center and construction of additional sewage processing facilities at the Former Naval Training Center, San Diego are in the design phase. The city is further evaluating the wastewater conveyance system to address system reliability issues and to comply with Regional Water Quality Control Board mandates.

The City is actively promoting their reclaimed water program and successfully implemented reclaimed facilities at Marine Corps Air Station, Miramar, to serve as agricultural outleases. A Memorandum of Agreement to provide reclaimed water to the base golf course and other recreational areas were endorsed by the City. High quality reclaimed water is available from the South Bay Water Reclamation Plan to serve both industrial and agricultural purposes and may be suitable for integration with Navy water conservation measures in the future.

Marine Corps Base, Camp Pendleton is the only military base operating sewage treatment plants. The Base began construction of its new Southern Regional Tertiary Treatment Plant (SRTTP), which replaces five of its seven aging STPs. The SRTTP will discharge reclaimed water entirely enabling maximum beneficial re-use of its effluent (Title 22 water).

**Sensitive Lands and Open Space Preservation and Protection**

**Local Navy and Marine Corps partnership:** The SANDAG Multiple Habitat Conservation Planning Group includes military representation. Local Navy and Marine Corps bases are implementing comprehensive natural resource management plans that integrate these regional efforts.

The Navy is a member of the SANDAG Shoreline Preservation Committee. The Navy continues to share information that supports the Regional Shoreline Monitoring Program objectives.

Under the Base Realignment and Closure (BRAC) program, Navy operations at Naval Training Center, San Diego ceased April 30, 1997. Of the 430 acres Naval Training Center property designated surplus only 65 acres have yet to be transferred. Conveyance of the remaining 65 acres (2 parcels of the boat channel to the City of San Diego) expected to occur in FY05.
Real estate agreements: In 2004, the Department of the Navy entered into several important real estate agreements:

- The Navy renewed a license agreement with the City of San Diego for use of an area to erect a temporary homeless shelter from inclement weather for homeless veterans and also to provide veterans with various support services. The shelter area is located on the Old Town Campus of the Space and Naval Warfare Systems Center. The license was for approximately 4 months and this was the fourth year the Navy has provided space to the City for its "Winter Shelter Program".
- The Navy renewed a lease to the County of San Diego Sheriff Department for “Duffy Town” in support of urban enforcement training located at Marine Corps Air Station Miramar.
- Licenses were granted to various State, Regional and Local governmental agencies at Mount Soledad in San Diego for support of emergency response communication.
- Renewal of a five-year license to the County of San Diego schools for 26.5 acres of unimproved tidelands marsh area along the Silver Strand in Coronado in support of continuing education.
- The Navy executed a license to allow CALTRANS to complete emergency drainage work along Interstate 15 corridor in the south central portion of Marine Corps Air Station, Miramar. A Grant of Easement to allow CALTRANS to maintain the drainage project is nearing completion.

Regionalization efforts: For the last several years, the Navy has been transitioning from base master planning to a more dynamic regional planning process in order to maximize the utilization of its existing assets. In the past, traditional Navy master plans attempted to resolve all facility planning issues within a specific base and adjacent geographic area. The new Regional Shore Infrastructure Planning (RSIP) process will develop a 10-15 year vision of the entire San Diego military area needs regardless of station boundaries. By applying state-of-the-art business practices to the management of shore installations, the Navy will consolidate and reduce infrastructure costs and optimize the mix of military, industry, and community services to support naval facilities in the region. This high level planning effort both complements and parallels the goals of SANDAG’s RGMS efforts by providing a comprehensive framework and strategy for best management of Navy assets which in turn have a direct bearing on the quality of life of it's military and civilian personnel and the San Diego community at large. Building off a regional overview framework, several studies are underway that focus along functional program lines like aviation, port operations, ordnance, bachelor housing and administrative office space. This iterative process will then incorporate these functional plans back into a revised overview strategy. The Navy will continue its active participation in SANDAG’s Regional Comprehensive Plan process.
In 2001, Marine Corps Base (MCB) Camp Pendleton initiated P2020 Plan, an update of its 1992 Master Plan. The plan will develop a 2020 planning perspective for Land, Sea, Air and Facility use that optimizes the MCB amphibious training mission. The plan will present alternative proposals for the effective, efficient, and synergistic lay down of base assets to meet known and projected changes to the Base and Tenant missions over the next 20+ years. P2020 proposals will reflect the Marine Corps 2020 vision and the goals of the “Marine Corps Strategy 21.”

Solid Waste Management

Department of Defense Pollution Prevention Measures of Merit establishes a goal of 40% diversion from local landfills by 2005. Within the San Diego region the Navy achieved greater than a 50% landfill diversion rate by the end of 2000.

In 1998 CNRSW established a Solid Waste Program Director position to oversee landfill diversion efforts region-wide. In 2004, this position became the head of the Integrated Solid Waste Management Program that now includes the management of waste hauling efforts along with diversion efforts. This office oversees the waste hauling and diversion efforts of non-hazardous industrial, office, housing, and construction and demolition (C&D) materials. The program diverted approximately 150,000 tons of material in 2004, including 136,000 tons of C&D debris and more than 13,000 tons of industrial and office materials.

In March 2000, the Commander, Navy Region Southwest (CNRSW), the Commander, Marine Corps Air Base, Western Area, and the City of San Diego entered into a Memorandum of Understanding stating that the Department of the Navy will assist the City in fulfilling its mandate under the California Integrated Waste Management Act, AB 939. At that time, the military contributed approximately 23% of all material disposed of at the Miramar Landfill. In 2004, City of San Diego landfill numbers indicate that the Navy contributed approximately 9% of all material disposed of in the landfill.

All solid waste generated on Camp Pendleton is disposed of in the two active landfills aboard the base (San Onofre and Las Pulgas) both are operated by Facilities Maintenance personnel. In 2004, the total waste placed in the landfills was 34,958 tons. The total permitted tons per year for both landfills are 72,250. Camp Pendleton did not use 51% of its permitted tonnage.

Camp Pendleton has a dynamic recycling program, which includes Defense Reutilization Management Office, Three base recycling centers, and a concrete and asphalt recycling/crushing site. The total waste diverted from the landfills by these operations was 121,018 tons or 77%.
Camp Pendleton continues to meet AB 939 objectives.

**Hazardous Waste Management**

The Navy and Marine Corps are committed to conforming with applicable federal/ state statutes and regulations regarding the management of hazardous waste. As mandated by the Resource, Conservation, and Recovery Act (RCRA) of 1976, amended 1980 and 1984, military activities provide cradle-to-grave tracking of hazardous wastes. Each installation performs a systematic, documented, objective, and comprehensive review of installation hazardous waste processes, facilities, and practices to better ensure day-to-day compliance with hazardous waste requirements. Additionally, DoD policy requires all Navy shore activities to develop programs applicable to the prevention of pollution from hazardous material or hazardous waste.

Executive Order (EO) 12856 of August 3, 1993, is the driving force behind the Navy's pollution prevention program. The EO laid the foundation for the Emergency Planning and Community Right-To-Know Act (EPCRA) of 1986, the Superfund Amendments and Re-authorization Act (SARA) Title III, and the Pollution Prevention Act (PPA) of 1990 applicable to federal facilities. The goal of the Navy's Pollution Prevention Program is to minimize, through source reduction, the amount of toxic chemicals entering any waste stream, including releases to the environment; to recycle any waste generated to the maximum extent practicable; and to assure that any wastes remaining are treated or disposed of in a manner protective of human health and the environment. To be consistent with California's Source Reduction Program, Senate Bill 14 (SB 14), Navy standard Pollution Prevention Plans were revised to meet SB 14 technical and regulatory requirements.

The Navy plans for, and responds promptly, to all oil discharges and hazardous substance releases from Navy ships and shore facilities. The Navy's commitment is to be proactive in spill planning and being fully prepared to respond to oil and hazardous substance incidents. The Regional Spill Contingency Plan and each base's facility response plan assist activity efforts to minimize the risk of accidental discharges and provide guidance for response and cleanup. These contingency plans incorporate the National Incident Management System (Incident Command System), a national standard for emergency responders. Since first reporting spill volumes in the RGMS narrative (32,000 gal. in 1996), the Navy has made significant progress to reduce spills in San Diego Bay. In order to maximize the effectiveness of oil pollution prevention efforts, a detailed risk management process was developed and three standing subcommittees were formed: Data Collection and Analysis, Operational Risk Management, and Documentation. These groups effectively review all spill incidents from initial notice to root cause analysis, process review and recommended improvements, and formal written guidance and implementation. This process ensures that every oil spill incident in San Diego Bay is properly reported, responded to,
thoroughly reviewed, and lessons-learned developed to prevent recurrence. The results of these incident reviews are provided to operational units, senior decision-makers, and Navy program managers to fully implement necessary corrective action, if required. Annual average oil spill volume in San Diego Bay has been reduced by over 65% for the past five years (99-2004) compared to the three years (96-98) prior to implementing our risk management process. Navy permanent booming systems coupled with a quick response posture has resulted in a recovery rate of over 80%.

Under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980, the Navy's Installation Restoration Program (IRP) identifies, assesses, and remediates primarily pre-1980 sites, which may pose a threat to the public health or the environment. The Navy established Restoration Advisory Boards (RABs) to permit local community early involvement in the IRP process. San Diego RABs include Naval Air Station, North Island; Naval Station, San Diego; and Naval Training Center; San Diego. Marine Corps Base (MCB), Camp Pendleton uses the Technical Review Committee to perform this function.

Marine Corps Base Camp Pendleton's Hazardous Materials Control Point Program is on the cutting-edge of technology for Hazardous Material Management and Minimization. The program utilizes the Hazardous Substance Management System (HSMS) to track all hazardous material throughout its "cradle-to-grave" life cycle. This allowed Camp Pendleton Environmental and Logistics personnel to improve storage and shelf life management of hazardous material, greatly reducing the quantity of hazardous waste caused by lack of stock movement. This program also helps Marines and Sailors find reusable material. This is material that would normally be disposed of as hazardous waste but because of life cycle tracking, now can be used. Units are supportive of this program since the reuse stock is issued at no cost. This highly successful program greatly reduces the amount of funding that was once required for both materials procurement and disposal and reduces the amount of waste sent to disposal and treatment facilities.

The Navy is a member of several hazardous waste/material San Diego County committees, including the Department of Environmental Health (DEH) Industry Coordination Group, Site Assessment and Mitigation Advisory Group, DEH Pollution Prevention Committee, Business Community Advisory Committee, and the Hazardous Materials Division Fees Work Group. Additionally, the Navy has representation on the U.S. Coast Guard Marine Safety Office San Diego Area Committee (responds to oil spills), the Environmental Protection Agency Region IX Regional Response Team (responds to hazardous substances incidents), and the Governor's Office of Emergency Services Local Emergency Planning Committee (coordinates response planning, preparedness, and training).
A list of RCRA and CERCLA sites that shows the confirmed hazardous waste active sites (response complete or remedy-in-place) and related restoration funding for military activities in San Diego County is attached.

**Housing**

The Navy/Marine Corps housing program complements community efforts to achieve State of California mandated fair share housing objectives. Some military housing units add to the community’s fair share housing goals for low-income families. The Department of the Navy (DoN) has embraced the Military Housing Privatization Initiative (MHPI) as the primary tool for accomplishing military housing construction and revitalization needs. First passed in fiscal year 1996, the MHPI authorities allow the military services to partner with the private sector for the purpose of providing high-quality, affordable housing for military families and unaccompanied service members. These Public/Private Ventures, or “PPVs”, allow the DoN to leverage limited financial resources and take advantage of private sector expertise and operating efficiencies.

The first two phases of PPV in San Diego, executed in 2001 and 2003 respectively, privatized 5,962 existing units, constructed 500 new deficit reduction homes and are in the process of demolishing and replacing 1,360 homes and revitalizing 1,068 existing homes. It is envisioned the remaining 2,668 units of DoN owned and operated housing will be privatized via phase three in summer 2006. Additionally, as part of this third phase, the PPV may construct up to 1,600 new homes at MCAS Miramar to help address the projected 2009 deficit of 2,316 homes. Currently, there is a three to six-month waiting list time for military family housing in the San Diego metropolitan area.

The 500 new phase one deficit reduction homes were completed in September 2003. These state of the art townhomes were built on the former Naval Training Center (NTC) San Diego. The new neighborhood, named “The Village at NTC”, has won several awards including the United States Environmental Protection Agency’s “2003 National Award for Smart Growth Achievement” and Multifamily Executive Magazine’s “2002 Niche Market project of the Year” award.

The demolition and replacement component of the phase one project involves demolishing the former 812-unit Cabrillo Heights neighborhood located in Serra Mesa. Cabrillo Heights will be replaced with 900 new homes, to be named “The Village at Serra Mesa”. As of this writing, approximately 55% of the Village at Serra Mesa homes are on line, with 100% completion scheduled for Summer 2006.

The demolition and replacement component of the phase two project involves demolishing the former 545-unit Gateway Housing development, located in the Midway District across from the Marine Corps Recruit Depot. Gateway Village will be replaced
with 460 new three and four-bedroom homes. As of this writing, approximately 27% of the new homes are on line with project completion also scheduled for Summer 2006.

The majority of phase one and two revitalization work to be accomplished is located in the Murphy Canyon neighborhood in Tierrasanta and Admiral Hartman neighborhood in Pacific Beach. The scope of revitalization involves taking units down to the studs and performing complete whole house rehabilitation. Of the 1,068 homes to be revitalized, approximately 75% are now on line with final completion scheduled for 2007.

In addition to utilizing PPV’s for family housing, the DoN is focusing on utilizing PPV for its single “unaccompanied sailors. The San Diego metro region is projected to have a deficit of housing for 7,125 unaccompanied personnel by 2007. Moreover, the Chief of Naval Operations “Sailors Ashore” initiative, which desires to house all ship-based sailors in adequate shore-based housing by 2008, is expected to further increase demand for quality housing among Navy unaccompanied personnel. Based on the success that the DoN has had with family housing privatization, Congress has authorized the DoN to proceed with three unaccompanied housing pilot projects, the first of which is the San Diego Unaccompanied Housing Privatization Project. The scope of this pilot project includes constructing at least 700 new two-bedroom “market style” apartments and privatizing an existing 12-story 258 two-bedroom high-rise bachelor enlisted quarters located on Naval Station San Diego. Target award is scheduled for Spring 2006.

In November 2000, the Marine Corps executed Camp Pendleton De Luz, their first round of PPV at MCB Camp Pendleton, which privatized 512 existing units at De Luz Family Housing. The PPV was responsible for construction of 200 new units, replacement of 312 inadequate units and renovation of 200 units. The second round of Camp Pendleton privatization projects, Camp Pendleton Phase 1, executed October 2003, spans four and a half years and calls for the redevelopment of 3,210 existing family housing units at MCB Camp Pendleton and 5 historical officer’s quarters at Marine Corps Recruit Depot, San Diego. When complete, the various housing communities will total 3,286 homes, of which 905 will be newly constructed and 2,281 will be renovated.

Last October 2004, the third Camp Pendleton PPV project, Camp Pendleton Phase 2, privatized 76 units at San Mateo Point. A final round of PPV, scheduled to execute 30 September 2006, will privatize the remaining inventory, 2,771 units, at MCB Camp Pendleton. There are approximately 1,000 Marine Corps families on the wait list for military family housing at MCB Camp Pendleton, which has an average wait time of 0 to twenty months depending on where people choose to live.

The Navy is a member of SANDAG’s San Diego Regional Housing Task Force.
Military Integrated Natural Resources Management Plans (INRMP) and Related Efforts—San Diego County

The DoD is obligated under the Sikes Act (revised 1997) to develop Integrated Natural Resource Management Plans (INRMP) for lands under military control. The INRMP provides a comprehensive five-year ecosystem management plan that integrates natural resources management with training and mission responsibilities. The plan greatly facilitates efforts to achieve sustained support for military mission while fulfilling stewardship and regulatory requirements. INRMP objectives include: 1) Guarantee full and complete implementation of military mission, while preserving, protecting, and enhancing natural ecosystems and biodiversity. 2) Manage for no net loss to the operation carrying capacity of the properties, and accommodate increased military mission requirements, while minimizing environmental impacts and meeting all environmental compliance responsibilities. 3) Provide the organizational capacity, support, and communication links necessary for effective planning and daily administration of this INRMP. The initial cycle of completing these plans came to a close in 2002 with the completion of an environmental assessment (EA) for each plan.

Naval Base Point Loma INRMP

In February 2002 the INRMP for Naval Base Point Loma was completed in coordination with the US Fish and Wildlife Service, the California Department of Fish and Game and interested stakeholders. Subsequent to completion of the INRMP, the US Fish and Wildlife Service and the California Department of Fish and Game provided their written concurrence on the INRMP. A “finding of no significant impact” (FONSI) for the associated Environmental Assessment was signed in March 2002 and the INRMP subsequently signed by the Commanding Officer at Naval Base Point Loma, thus completing the INRMP process. The completion date for the next update and revision to the Naval Base Point Loma INRMP is scheduled for February 2007.

Naval Base San Diego INRMP

The Naval Base San Diego INRMP, which includes Naval Station San Diego, Broadway Complex, and the Mission Gorge Recreational Facility was completed in February 2002. The FONSI was signed in March 2002 and the INRMP was signed in April 2002, completing the process. This INRMP provides an inventory of the natural resources (e.g., soil, vegetation, wildlife, cultural resources) at each of these locations as well as a discussion of resource management issues and recommendations. One federally listed threatened (coastal California Gnatcatcher) and two endangered species (Brown Pelican and California Least Tern) are known to exist on the base. The management objectives detailed in the INRMP are to integrate fish and wildlife management, land management, and outdoor recreational management, as much as is practicable and compatible with the military mission and Navy-approved land uses. This INRMP will also provide the baseline information necessary for the development of future
planning efforts and will serve as the principal information source for the preparation of National Environmental Policy Act documents.

**Naval Base Coronado INRMP**

The Naval Base Coronado INRMP, which includes seven military installations: Naval Air Station North Island, Naval Amphibious Base Coronado, Silver Strand training beaches, Naval Radio Receiving Facility, Naval Outlying Field Imperial Beach, La Posta Training Center, and Survival Evasion Resistance and Escape School, was completed in February 2002. The Navy established an INRMP Working Group to assist in the identification of pivotal issues and the development of practical, innovative strategies for managing the natural resources found on Naval Base Coronado. The Working Group included Navy, USFWS, National Marine Fisheries Service, U.S. Army Corps of Engineers, U.S. Department of Agriculture Wildlife Services, CDFG, California State Parks, Port of San Diego and San Diego Audubon Society representatives. Naval Base Coronado supports several sensitive natural resources, including 6 federally listed threatened or endangered species. The FONSI was signed in March 2002 and the INRMP signed in April 2002, completing the process.

**Naval Medical Center San Diego INRMP**

The Naval Medical Center INRMP received U.S. Fish and Wildlife Service and California Department of Fish and Game update concurrence in November 2001. The 78-acre Medical Center is located in the southeast corner of Balboa Park and includes approximately 7 acres of natural habitat along the eastern edge of the property adjacent to Florida Canyon. The coastal California gnatcatchers, a federally listed threatened species protected under the Endangered Species Act, have been documented in the natural habitat. The plan will provide the Medical Center a long-term sustainability framework for managing sensitive plants and species. The FONSI was signed in June 2002 and the INRMP signed in July 2002, completing the process.

**Naval Weapons Station (NWS) Seal Beach Detachment Fallbrook INRMP**

NWS Seal Beach Detachment Fallbrook is the major ordnance storage, maintenance, production, and distribution facilities for the western United States. The 8,850-acre site is located 12 miles from the coast of California and sits just east of Marine Corps Base Camp Pendleton. The NWS site supports habitat for four federally listed species ((Stephen's kangaroo rat (small mammal), coastal California gnatcatcher (bird), arroyo southwestern toad (amphibian), least Bell's vireo (bird)) and critical habitat for two of those species (coastal California gnatcatcher (bird) and arroyo southwestern toad (amphibian)). Fallbrook INRMP (completed in May 1997) is currently being updated. The INRMP is being developed in cooperation with the U.S. Fish and Wildlife Service and California Department of Fish and Game (CDFG). In the spirit of continued
cooperation, the Navy established the Fallbrook INRMP Working Group to assist in the identification of pivotal issues and the development of practical, innovative strategies for managing the natural resources found on Fallbrook. The Working Group includes Fallbrook operational personnel, Navy natural resources managers, USFWS and CDFG.

**San Diego Bay INRMP**

This INRMP planning effort, completed in June 2000, resulted in the inventory of significant marine and shore habitats, migratory waterfowl, and endangered species within the influence area of San Diego Bay. The completed plan will facilitate Navy efforts to carry out construction projects and operations within the bay. All required resources agencies signed the Plan. The Navy signed the FONSI in February 2002, thus completing NEPA actions and the INRMP was signed in March 2002. The Navy will continue its INRMP Technical Oversight Committee, which includes the Unified Port District, Army Corps of Engineers, U.S. Fish and Wildlife Service, National Marine Fisheries Service, and the California Department of Fish and Game. This plan, co-sponsored by Navy and the San Diego Unified Port District brought together 14 organizations representing federal, state and local agencies as well as environmental groups and private industry to apply an "ecosystem" approach to the long-term management of the bay's natural resources.

**Marine Corps Air Station (MCAS) Miramar INRMP**

The INRMP was completed in May 2000. This plan provides a comprehensive management plan for vernal pools, California Gnatcatchers, Willowy Monardella and other sensitive species and habitats, while enabling the Marine Corps to carry out military operations. The plan was developed in cooperation with the U.S. Fish and Wildlife Service, Army Corps of Engineers, and California Department of Fish and Game.

**Marine Corps Base, Camp Pendleton INRMP**

The Base completed and published its INRMP in November 2001. This INRMP reflects Camp Pendleton’s approach to natural resource management and natural resource related recreation throughout this 125,000-acre installation. Presented in this document are natural resource management drivers (including regional laws, regulations, and drivers unique to circumstances at Camp Pendleton), goals and objectives, and course of action. The natural resource management course of action consists of projects, programs, and initiatives, with associated planned actions. The INRMP ecosystem management efforts include protecting 18 federally listed threatened or endangered species known to exist or transit the base and many more candidates, potentially eligible for listing. During fiscal year 2004, Camp Pendleton funded projects totaling over four and a half-million dollars to implement its INRMP. These funds were applied to projects and activities that provided direct benefit to the species and habitats that comprise the various ecological systems of the Base and did not include staff labor costs. Camp Pendleton, in cooperation with the U.S. Fish and Wildlife Service and
California Department of Fish and Game, is updating and revising its INRMP which is expected to be available for Public review in the 1st quarter of 2006. Camp Pendleton’s INRMP is available on the Base’s web site: www.pendleton.usmc.mil under “About Camp Pendleton – Environmental Information”.

**Tijuana River Estuaries Sanctuary**

Since 1986, the Navy, in cooperation with the U.S. Fish and Wildlife Service, National Oceanic Atmospheric Administration, California Parks Department, San Diego County Parks, and the Cities of San Diego and Imperial Beach, has been protecting and restoring sensitive wetland habitats along the Tijuana River. The 2,531-acre sanctuary includes 600 acres of Navy property. The Tijuana Estuary weed management plan, approved in 1999, is a joint weed control effort funded by the Navy and the U.S. Fish & Wildlife Service Refuge (USFWSR). Targeted non-native species are the tamarisk (an introduced tree) and arundo (an introduced giant reed). The Navy/USFWR will continue this effort, as additional funds become available.

**Endangered Bird Management on Military Lands in San Diego County**

The California Least Tern, listed by both the federal and state governments as endangered, breeds at Naval Base Coronado (Naval Amphibious and North Island bay sites) and two locations at Marine Corps Base, Camp Pendleton (Santa Margarita River mouth and Aliso Creek). The two San Diego Bay sites supported approximately 1207 nests in 2004, comprising 59.5% of the nests in San Diego Bay and produced 33.8% of the bay-area fledglings. The largest tern colony in Southern California is located on Camp Pendleton. This base supported approximately 1355 pairs of terns and 1430 nests in 2004, the highest numbers ever recorded on the installation. Least tern productivity dropped significantly throughout the county in 2004. No single cause or event was evident, but predation was a significant factor at both Camp Pendleton and Navy colonies. Combined, the nests at Camp Pendleton and in San Diego Bay represented a maximum of 32.3% of the productivity (fledglings) in San Diego County. Since 1987, the Navy has invested nearly $3.5 million in least tern conservation in San Diego Bay and over $2.1 million at Camp Pendleton. In 2004, Camp Pendleton spent over $300,000 on least tern and snowy plover management.

The Western Snowy Plover, listed by the federal government as threatened in March 1993, nests on sandy beaches throughout San Diego Bay, including most of the Coronado peninsula, and on portions of Camp Pendleton’s 17 miles of coastline. A total of 116 nests were found on Navy lands and 212 on Camp Pendleton in 2004, producing an estimated 33 and 130 fledglings, respectively. Approximately 75% of the 116 nests on Navy land and 75.1% of the 212 nests on Camp Pendleton successfully hatched eggs. Since 1992, the Navy invested over $2.0M and the Marines over $513,000 in Snowy Plover conservation in San Diego County.

The coastal California Gnatcatcher is a small, insect-eating songbird that was listed as threatened by the U.S. Fish and Wildlife Service in March 1993. The gnatcatcher is
non-migratory and is dependent for all its needs on various associations and phases of native coastal sage scrub vegetation, which is restricted to the remaining undeveloped coastal slopes and mesas of Southern California. Prior to 2003, Military lands in San Diego County supported approximately 750 pairs of gnatcatchers, which accounted for 35% of the 2100 pairs estimated to exist in the county by the USFWS. The majority of the birds on DoD lands in southern California are located at Marine Corps Base, Camp Pendleton; Marine Corps Air Station, Miramar; and Naval Weapons Station, Seal Beach, Detachment Fallbrook. However in October 2003, the largest wild land fire in San Diego County's history burned through approximately 300,000 acres including large acreages of coastal sage scrub. Because of this, both DoD and the USFWS are currently working on revised gnatcatcher population numbers for the county.

The Least Bell's Vireo is a small, migratory songbird that is listed as endangered by both the federal and state governments. In 1980, the first population survey at Camp Pendleton found 15 singing males in two drainage systems. In 2004, 823 singing males were observed in over 14 drainages, an increase of 105 males from the prior year. The Marines have invested over $4 million in the conservation of this species including over $100,000 in 2004. Today, Camp Pendleton is considered to be a major source population for this bird in San Diego County, as well as for the repopulation of areas in Central and Northern California.
DEPARTMENT OF THE NAVY
MILITARY CONSTRUCTION PROGRAM
FOR
SAN DIEGO COUNTY

JUNE 1, 2005

Prepared by

SOUTHWEST DIVISION
NAVAL FACILITIES ENGINEERING COMMAND
SAN DIEGO, CALIFORNIA
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CAMP PENDLETON MARINE CORPS BASE

002 TERTIARY SEWAGE TREATMENT ........................................ $24,960
098B BACHELOR ENLISTED QUARTERS, SAN MATEO ............... $22,930

MIRAMAR MARINE CORPS AIR STATION

095 AIRCRAFT FIRE RESCUE STATION .................................... $4,740
124 GROUND COMBAT TRAINING RANGE ................................. $2,900

NORTH ISLAND NAVAL AIR STATION

737 HANGAR RENOVATION (RESERVES) .................................. $15,973
748 TAXIWAY (DUAL, 2-EAST) / TOWER ................................. $13,650
751 SQUADRON OPERATIONS FACILITY ............................... $35,590

CORONADO NAVAL AMPHIBIOUS BASE

856 SMALL ARMS RANGE ....................................................... $2,800

8 PROJECTS TOTALING .................................................. $123,543
DEPARTMENT OF THE NAVY  
MILITARY CONSTRUCTION PROGRAM  
FOR SAN DIEGO COUNTY  
FY05

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<tr>
<th>Project Location</th>
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<td>CAMP PENDLETON MARINE CORPS AIR STATION</td>
<td>038 WEIGHT HANDLING SHOP ..................................</td>
<td>$6,630</td>
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<td>032 CONSOLIDATED OPERATIONS CENTER ..........................</td>
<td>$4,910</td>
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<td>CAMP PENDLETON MARINE CORPS BASE</td>
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<td>014 BACHELOR ENLISTED QUARTERS ................................</td>
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<td>613 CLOSE COMBAT PISTOL COURSE ..............................</td>
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<td>SAN DIEGO MARINE CORPS RECRUIT DEPOT</td>
<td>188 INITIAL ISSUE SUPPLY WAREHOUSE ..........................</td>
<td>$8,110</td>
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<td>NORTH ISLAND NAVAL AIR STATION</td>
<td>759 BASE MAIN GATE AND ENTRANCE STREET ......................</td>
<td>$10,180</td>
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7 PROJECTS TOTALING .................................................................$82,435
DEPARTMENT OF THE NAVY
MILITARY CONSTRUCTION PROGRAM
FOR SAN DIEGO COUNTY
FY06

($000)

CAMP PENDLETON MARINE CORPS AIR STATION

037  FLIGHT LINE SECURITY FENCE .............................................$1,400

CAMP PENDLETON MARINE CORPS BASE

110  RECL/CONVEYANCE (PH1) ....................................................$29,736
013  ASSAULT BREACHER VEH FACILITY ......................................$5,660
015  BACHELOR ENLISTED QUARTERS ............................................$21,620

CORONADO NAVAL AMPHIBIOUS BASE

786  APPLIED INSTRUCTION FACILITY ........................................$3,900
213  TRAINING SUPPORT FACILITY .............................................$13,000
860  SEAL TEAM OPERATIONS FACILITY ......................................$10,800

SAN DIEGO NAVAL MEDICAL CENTER

001A  PARKING FACILITY ...........................................................$14,800

MIRAMAR MARINE CORPS AIR STATION

125  REPLACE FUEL STORAGE & DISTRIBUTION SYS ....................$23,000

9 PROJECTS TOTALING ...........................................................$123,916
DEPARTMENT OF THE NAVY
MILITARY CONSTRUCTION PROGRAM
FOR
SAN DIEGO COUNTY

JUNE 1, 2005

Prepared by

SOUTHWEST DIVISION
NAVAL FACILITIES ENGINEERING COMMAND
SAN DIEGO, CALIFORNIA
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Military Construction (anticipated award year)

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</tbody>
</table>
CAMP PENDLETON MARINE CORPS BASE

002 TERTIARY SEWAGE TREATMENT .............................................$24,960
This project will provide adequate treatment and plant capacity to handle raw sewage from STP 1, 2, 3, 8, 9 and 13. This is the first component project of a five-year phased program that will, when complete, achieve regulatory compliance with Cease & Desist Order 99-41 for the MCB Camp Pendleton wastewater systems.

098B BEQ SAN MATEO .................................................................$22,930
This project will provide adequate billeting for enlisted personnel at MCB Camp Pendleton (San Mateo area) to make up for deficiency of BEQ space.

MIRAMAR MARINE CORPS AIR STATION

095 AIRCRAFT FIRE RESCUE STATION.................................$4,740
This project will provide a two-story Aircraft Fire and Rescue Station with observation tower, brass file pole, and a modified adjacent fire apparatus bay.

124 GROUND COMBAT TRAINING RANGE..............................$2,900
This project will provide a 25-Lane Pistol Range, a Range Control Office, a Small Arms Repair Building, a General Instruction Building and a 50,000 gallon Water Tank.

NORTH ISLAND NAVAL AIR STATION

737 HANGAR RENOVATION (RESERVES).................................$15,973
This project will construct a facility for the motor transport sections of the 11th Marine Regiment.

748 TAXIWAY (DUAL, 2-EAST) / TOWER .................................$13,650
This project will construct a new Air Traffic Control Tower, replacing the existing inadequate, single direction Taxiway 2-East at NAS North Island.

751 SQUADRON OPERATIONS FACILITY ...............................$35,590
This project will provide Operational Facility adjacent to Hangar 340 to consolidate squadron crew/equipment support facilities.
CORONADO NAVAL AMPHIBIOUS BASE

856  SMALL ARMS RANGE ...............................................................$2,800
This project will provide an indoor, multi-lane covered range for training of SEAL Team personnel.

8 PROJECTS TOTALING .................................................$123,543
DEPARTMENT OF THE NAVY
MILITARY CONSTRUCTION PROGRAM
FOR SAN DIEGO COUNTY
FY05

($000)

CAMP PENDLETON MARINE CORPS AIR STATION

038 WEIGHT HANDLING SHOP.................................................$6,630
Project will provide facilities for the maintenance of construction and weight handling equipment and operations of the Explosive Ordnance Disposal (EOD) teams.

032 CONSOLIDATED OPERATIONS CENTER ..............................$4,910
This project will construct a two-story, concrete and steel building that will consolidate Marine Air Group 39 Command.

CAMP PENDLETON MARINE CORPS BASE

002A TERTIARY SEWAGE TREATMENT (PH II)...........................$25,690
Phase II of FY04 P002. This project will provide adequate treatment and plant capacity to handle raw sewage from STP 1, 2, 3, 8, 9 and 13. This is the first component project of a five-year phased program that will, when complete, achieve regulatory compliance with Cease & Desist Order 99-41 for the MCB Camp Pendleton wastewater systems.

014 BACHELORS ENLISTED QUARTERS.................................$19,975
This project will provide adequate living quarters for 400 enlisted personnel currently housed on the Base in substandard units.

613 CLOSE COMBAT PISTOL COURSE........................................$6,940
Construction includes an urban defense building, control tower, battery storage and charging facility, and ammunition breakdown building with lightning protection.

SAN DIEGO MARINE CORPS RECRUIT DEPOT

188 INITIAL ISSUE SUPPLY WAREHOUSE...............................$8,110
This project will provide a clothing issue facility for recruits, consisting of a consolidated clothing bulk storage space, clothing issue space, alterations rooms, and associated supply administrative space.

NORTH ISLAND NAVAL AIR STATION

759 BASE MAIN GATE AND ENTRANCE STREET..............$10,180
This project will provide a new base main gate, a Security Pass and ID office, and a Bus Plaza; and it realigns the main
thoroughfare to improve on-base traffic flow and security surveillance and inspection capability.

7 PROJECTS TOTALING .......................................................... $82,435
DEPARTMENT OF THE NAVY
MILITARY CONSTRUCTION PROGRAM
FOR SAN DIEGO COUNTY
FY06

CAMP PENDLETON MARINE CORPS AIR STATION

037 FLIGHT LINE SECURITY FENCE .............................................$1,400
This project provides a physical barrier around the perimeter boundary of the Air Station flight line using steel chain link fence with three-strand barbed wire double cantilever and coiled concertina wire, motorized vehicular gates and pedestrian turnstiles, patrol roads, and paving of existing dirt roads.

CAMP PENDLETON MARINE CORPS BASE

110 RECL/CONVEYANCE (PH1) ....................................................$29,736
Construction includes wet well/dry well installations, pump and pump station installations, piping installation, flow equalization structures, stand-by-emergency power, new electrical power service system, remote monitoring and connections to Energy Monitoring System, and controls.

013 ASSAULT BREACHER VEH FAC .............................................$5,660
This project constructs a single-story, reinforced concrete masonry building with high-bay maintenance building addition, storage warehouse, wash rack, loading dock, and heavy equipment concrete parking ramp.

015 BACHELOR ENLISTED QUARTERS……………………..$21,620
This project provides 200 rooms with semi-private bathrooms in the standard 2x0 room configuration.

NAVPHIBASE CORONADO SAN DIEGO

786 APPLIED INSTRUCTION FACILITY .........................$3,900
This project provides classroom space for training of SEAL Team personnel.

213 TRAINING SUPPORT FACILITIES ......................................$13,000
This project provides facilities for improved training of SEAL Team personnel.

860 SEAL TEAM OPERATIONS FACILITY .........................$10,800
This project provides operational facilities for SEAL Team personnel.

SAN DIEGO NAVAL MEDICAL CENTER
001A  PARKING FACILITY .................................................................$14,800
This project provides a parking garage at the Naval Medical Center in Balboa Park.

MIRAMAR MARINE CORPS AIR STATION

125  REPLACE FUEL STORAGE & DISTRIBUTION SYS ..........$23,000
This project brings current flight line fueling operations into regulatory and compliance and meets anticipated future fueling demands.

9 PROJECTS TOTALING .................................................................$123,916
STATUS REPORT ON SMART GROWTH CONCEPT MAP AND PUBLIC OUTREACH WORKSHOPS

Introduction

The Regional Comprehensive Plan (RCP) calls for the preparation of a Smart Growth Concept Map illustrating the location of existing, planned, and potential smart growth areas. The Concept Map will be used in the 2007 comprehensive Regional Transportation Plan (RTP) update and to determine eligibility to participate in the longer-term smart growth incentive program funded by TransNet. This item provides a status report on the draft map, which is being developed in conjunction with staff from the 19 local jurisdictions, the Regional Planning Committee, and its working groups. Preliminary information about upcoming public workshops in January also is provided.

Discussion

Comments Received on the Draft Smart Growth Concept Map

At their June and July meetings, the Regional Planning Committee (RPC) and its Working Groups—the Regional Planning Technical Working Group (RPTWG) (planning directors) and the Regional Planning Stakeholders Working Group (RPSWG)—discussed the preliminary draft regional-scale Smart Growth Concept Map and its related subregional maps. The preliminary draft maps reflected the smart growth place types, boundaries, and descriptions provided by each jurisdiction to SANDAG, with the exception of the City of San Diego, which at that time had identified over 140 possible smart growth areas as part of its City of Villages general plan effort. Staffs from the City of San Diego and SANDAG have worked together over the summer to refine the proposed areas within San Diego. Those refinements will be reflected on the updated maps that will undergo review by the Working Groups during September and October, and will be presented to the RPC and SANDAG Board of Directors in November.

Generally, comments by the RPC and its Working Groups have been supportive of the draft Smart Growth Concept Map. At its last meeting, the Regional Planning Committee reaffirmed that the Concept Map is an important first step toward implementing a key goal of the Regional Comprehensive Plan (RCP)—better integrating land use and transportation.

Other significant comments included:

- Suggestions to incorporate major employment areas on the map to provide greater overall context;
Questions about the differences between community centers and town centers, with recommendations that certain community centers (e.g., in Lemon Grove) be reevaluated and considered as town centers instead;

Suggestions to research case studies where modern business parks have been developed and work successfully with transit and mixed land uses, examining issues such as what makes those areas work successfully and what types of incentives could be provided to local jurisdictions to apply those concepts here;

Suggestions that major employment areas in northern Baja California be reflected;

Suggestions that major activity centers, such as tourist sites, also be reflected;

Suggestions that the definitions of the smart growth place types be illustrated in a hierarchical format to assist people in understanding the map;

Clarifications regarding how often the map will be updated, particularly as related to eligibility qualifications for smart growth incentive funds;

Suggestions that the smart growth areas identified on the final map serve as "epicenters" for smart growth development so that strict boundaries are not the final factor in determining eligibility for potential projects competing in the smart growth incentive program.

Staff and the consultant are working on these and other issues, and will present alternative responses and mapping approaches to the Regional Planning Committee and the working groups for their consideration and discussion.

Workshops

Workshops on the Smart Growth Concept Map will be held in January 2006. At their last meetings, the RPC and the working groups made a number of comments regarding the workshops, including:

The workshops should focus on the transportation network alternatives that can best connect the smart growth place types.

Additional public outreach, beyond the planned five or six subregional workshops, should be conducted.

Creative advertising should be used to attract the average resident to attend the workshops.

As a result of these comments, as well as from the schedule changes to the 2007 comprehensive RTP update, the workshops will be combined with the public outreach efforts of the comprehensive RTP update. This will provide an opportunity for SANDAG to obtain input on both the smart growth concepts as well as the related transportation issues. In addition, this approach also addresses the issue regarding the need for additional public outreach, as various rounds of workshops associated with the comprehensive RTP update are anticipated.

In addition, the workshops will be supplemented with a "speakers bureau," similar to that established during the development of the RCP. The speakers bureau presentations will
complement the outreach efforts generated by the workshops, and will serve as part of an extended public review period. The Regional Planning Committee expressed support for this idea and requested that staff schedule presentations to local city councils and the Board of Supervisors as part of the public review process. Those presentations will be scheduled during November and December 2005 to coincide with the January 2006 workshops.

The consultant is assisting staff with the preparation of a draft agenda for the workshops and with tools and techniques to facilitate interactive discussions. Staff will obtain input from the working groups at their upcoming meetings and present more detailed materials to the Regional Planning Committee this fall.

Schedule

The schedule for preparing the Smart Growth Concept Map is tied to the 2007 comprehensive RTP update. In order to allow sufficient time to develop the land use scenarios for the environmental analysis, the SANDAG Board of Directors will be asked to take action on the final draft Smart Growth Concept Map by March 2006. The following milestones are anticipated within this time frame:

- Preliminary Draft Concept Map – June/July 2005 (Completed)
- Revised Draft Concept Map – October/November 2005
- Public Workshops – January 2006
- Final Draft Concept Map – February/March 2006
- SANDAG Board Action – March 24, 2006

A revised draft Smart Growth Concept Map will be available for review by the RPC and the SANDAG Board at their November meetings.

GARY L. GALLEGOS
Executive Director

Key Staff Contact: Carolina Gregor, (619) 699-1989, cgr@sandag.org

Funds are budgeted in Work Element #8000200
Introduction

The California Biodiversity Council (CBC) met on July 22, 2005, in Long Beach, California. The CBC is a statewide council established to design a strategy to preserve biological diversity and coordinate implementation of this strategy through regional and local institutions. Mike Chrisman, Secretary, The Resources Agency, chairs the Council. Del Mar Deputy Mayor Crystal Crawford represents SANDAG on the Council. A summary of the discussion from the meeting is presented below. More detailed information about the meeting can be found on the CBC Web site at http://ceres.ca.gov/biodiversity/oceans.html.

The Council holds quarterly meetings around the state to improve coordination among state and federal land management agencies and local interests.

Discussion

Deputy Mayor Crystal Crawford was welcomed and former Mayor Jerry Harmon was honored.

The CBC welcomed new members and thanked long-time members who retired. Among those honored included Del Mar Deputy Mayor Crystal Crawford, who will be representing SANDAG on the CBC. She stated that she is “looking forward to learning more about how the CBC has been able to expand our ability to work across traditional jurisdictional boundaries to save critical habitat. That is a real challenge here in the San Diego County area; we are working with other agencies and non-governmental organizations (NGOs) to try and save habitat corridors in Riverside County and in northern Baja before it’s too late.”

Also honored was former Escondido Mayor Jerry Harmon, CBC’s last original member; he represented the San Diego region on the CBC since its inception in 1994. He stated that “The CBC is an ideal forum for state, federal, and local agencies to work together to protect resources and improve communication. CBC meetings provide an opportunity to increase communication and cooperation among the three layers of government, which heretofore has not existed.” Mr. Harmon was honored with a plaque and was thanked for his years of service to the CBC.

Ocean and Coastal Economic Summit

The CBC hosted the first California Ocean and Coastal Economic summit focused on how economic information and data can be used to improve ocean and coastal management decisions, including
both governmental policy and market based approaches. Recent findings of the U.S. Commission on Ocean Policy and the Pew Oceans Commission state that there must be an understanding of how human-driven ocean and coastal economics affect ecosystem health and ocean and coastal sustainability. The summit focused on ways to use economic tools, such as market processes, to help guide efforts to protect, manage, and restore these resources. Questions explored include: What do we know about the contribution of California’s ocean and coast to the state’s economy? What additional research or areas of investigation are necessary to help us use economic tools to address key management concerns? What do government agencies, academic philanthropic interests, NGOs, and others think about key economic questions regarding the ocean and coast? Can economic evaluation and new market based approaches help us create new restoration opportunities, attract more money from the federal government or philanthropic interests, and contribute to our efforts to enhance biodiversity?

California’s ocean economy is the largest in the nation

CBC members reviewed findings of California’s Ocean Economic Report, prepared by the National Ocean Economic Project, commissioned as part of the Governor’s action plan calling for a complete economic analysis for California’s ocean and coast. Major findings include:

1. California has the largest ocean economy in the nation, ranking number one overall for both employment and gross state product (GSP). The total GSP of California’s ocean economy in 2000 was approximately $42.9 billion, providing approximately 700,000 jobs and $11.4 billion in wages. The total value of all economic transactions within 19 coastal counties adds approximately $1.15 trillion of economic activity that is referred to as the “Coastal Economy.”

2. California constituted nearly 19 percent of the U.S. Ocean Economy in 2000 in both employment and GSP. A major reason for this was the increase in the tourism and recreation sector and the strength of the transportation sector. California’s marine transportation sector is more than a quarter of the national marine transportation sector with the Ports of Long Beach and Los Angeles among the largest in the nation.

3. The natural resources of the coast and coastal ocean are a solid foundation for California’s economy and must be sustained to maintain the strength of the ocean and coastal economy.

4. Coastal tourism and recreation dominate job growth with lower wages, while higher wage jobs in ocean-related sectors declined. This trend represents a shift from goods-related economic activity towards services. It points to the need for California to continue to address housing and transportation issues to accommodate this workforce. In addition, California must continue its leadership efforts to protect and enhance the natural resources, which draws visitors from all over the world.

5. In 2000, 77 percent of California’s population lived in coastal counties, which represent 25 percent of the land. Population density along the coast increased over the decade to 671 people per square mile compared to population density for the entire state of 217 people per square mile; however, population along the coast grew more slowly (11.3 percent compared to the total state population of 13.7 percent) because land is more available and less expensive outside the coastal area.
6. Regionally, the largest growth in employment, wages, and GSP occurred in the central region of California, which includes Monterey, San Mateo, and Santa Cruz counties, and was driven primarily by growth in tourism and recreation. The largest segment of the Ocean Economy is found in Southern California; yet, rural areas include a higher proportion of jobs relating to the coastal and ocean economy than that found in urban areas. For example, the Ocean Economy represents 2.7 percent of employment in urban Southern California and nearly 10 percent of the jobs in the northern rural region of Humboldt, Del Norte, and Mendocino counties.

California Ocean Protection Council

Governor Schwarzenegger produced a 13 point ocean action plan and signed a bill to create the California Ocean Protection Council. This council has taken steps to influence federal policy to oppose efforts that would weaken the national moratorium on oil and gas drilling in the Outer Continental Shelf, to safeguard state authority over the citing of Liquefied Natural Gas receiving terminals, and to oppose any efforts to weaken the Coastal Zone Management Act. Findings from the summit will help inform the Council on key economic questions as the state moves forward with new and innovative actions to protect and manage our ocean and coastal resources. The California Ocean Protection Council is scheduled to meet on Friday, September 23, 2005, in San Diego.

Key Points for Consideration

The summit concluded with several key points in need of further review by the Ocean Protection Council: proper public investments are needed to keep the ocean and coastal economy viable, the demographics of the coastal region are changing yet there is minimal socio-economic data available which can be used to assist in regulatory decisions, and we need a better understanding of how market processes can help guide efforts to manage and protect resources. These points, along with all the findings of the summit, will be made available to the Ocean Protection Council for use in their work protecting ocean and coastal economies and resources.

The next meeting of the CBC is scheduled for December 1, 2005, in Sacramento, California. The theme of the meeting will be Invasive Species.

GARY L. GALLEGOS
Executive Director

Key Staff Contact: Janet Fairbanks (619) 699-6970, jfa@sandag.org

Funds are budgeted in Work Element #8002700
EXPANSION OF THE TRANSNET COMMERCIAL PAPER PROGRAM

Introduction

Earlier this year the Transportation Committee and Board of Directors approved a set of projects as part of the TransNet Early Action Program and directed the staff to proceed with actions necessary to develop these projects for accelerated implementation. At its May 20, 2005 meeting, the Transportation Committee approved the initial financial strategy for funding the Early Action Program, which included expanding SANDAG’s existing TransNet Commercial Paper (CP) program from $135 million to $335 million, increasing the number of CP dealers from one to three, obtaining the required liquidity providers, and investigating hedging strategies to lock in historically low rates for upcoming long-term debt issuances.

Based on this direction, the staff has been working in coordination with SANDAG’s Financial Advisors, Public Financial Management (PFM), on the implementation of the expanded CP program. A memorandum from PFM is attached providing additional background on the specifics of the CP program and PFM’s recommendation to proceed with the CP Program expansion (Attachment 1). The expansion of the CP Program is the first step towards implementation of the initial financial strategy for funding the Early Action Program as approved by the Transportation Committee.

The Independent Taxpayer Oversight Committee (ITOC) reviewed the recommended expansion of the CP program at its September 14, 2005, meeting. The ITOC endorsed the recommended approach, with the understanding that additional debt financing may be required prior to FY 2008-09 to fund the implementation of the Early Action Program.

Recommendation

The Board of Directors, acting as the San Diego County Regional Transportation Commission (RTC), is asked to adopt Resolution No. RC2005-01 (Attachment 2), authorizing the issuance of up to $335 million in commercial paper notes and the execution and distribution of the following documents, which have been included as attachments to the resolution in substantially final form. Please note that recent case law in the State of California indicates that Board members have an obligation to review the attached materials related to the proposed financing before voting.

Acting as the RTC, the Board of Directors also is asked to approve a policy related to repayment of commercial paper proceeds as provided below in the Discussion section.
• Exhibit A - Amended and Restated Subordinate Indenture – providing for the issuance of the commercial paper notes.

• Exhibit B - Amended and Restated Issuing and Paying Agent Agreement – providing for the authentication and delivery of the commercial paper notes.

• Exhibit C – Form of the Credit Agreement – providing liquidity for the payment of the commercial paper notes. There will be three similar agreements, one for each of the three series of commercial paper notes.

• Exhibit D – Form of the Dealer Agreement – providing for the offering and sale of the commercial paper notes. There will be three similar agreements, one for each of the three series of commercial paper notes.

• Exhibit E - Offering Memorandum – providing information for use in connection with the offering and sale of the commercial paper notes.

**Discussion**

Initial TransNet Financial Strategy for the Early Action Program

To develop a financial strategy for the Early Action Program, the staff has been working in cooperation with Caltrans over the past several months to update the cost estimates and schedules for each of the projects in the Early Action Program, including detailed annual cash flow requirements. The staff also has been working with PFM to develop a new cash flow model for the TransNet Plan of Finance to merge the programs and project commitments from the current TransNet program through FY 2008 with the new programs and revenue distribution from the TransNet Extension Ordinance.

The updated project costs and schedules are being incorporated into the new financial model to analyze the cash flow needs of the Early Action Program, in addition to the ongoing requirements of the existing TransNet program commitments through FY 2008. Several different financial scenarios are being developed as well. The result of this process will be an updated TransNet Plan of Finance including a recommended debt financing strategy for implementing the projects in the Early Action Program on the accelerated schedules desired. A draft Plan of Finance is scheduled to be presented in October to the Transportation Committee and Independent Taxpayer Oversight Committee (ITOC).

Although the work on the Plan of Finance update is ongoing, preliminary analysis indicates that funding needs could be substantial as these projects move into implementation in FY 2006 through FY 2008. As work on the Plan of Finance continues, it is important to move forward with an interim financial strategy to ensure that financing options are in place to support the early implementation of the Early Action Program. The recommended expansion of the CP program, augmented with additional short-term notes as needed, will provide a funding source for the projects in the Early Action Program through the end of the current TransNet program in FY 2008. At that point, all of the debt incurred during the current TransNet program will be retired, and a new long-term issue is contemplated to retire the outstanding CP debt and any additional short-term notes required during the FY 2006 to FY 2008 time period to implement the Early Action Program. Hedging
strategies are currently being investigated through a Request for Proposals (RFP) process to analyze options for locking in today’s historically low interest rates for the upcoming long-term debt issuance. If these options look promising, a recommendation on such a strategy will be brought to the Board for consideration.

Policy Regarding Repayment of Commercial Paper Program Proceeds

The CP Program is intended to provide for short-term financing for projects that can be repaid over a few years, as opposed to the major projects that will be most likely financed as part of a long-term (20-30 year) bond issue. Several local jurisdictions have asked about the definition of short-term financing and the specifics of how the CP loans are to be repaid. For this purpose, the following policy is recommended for Board approval:

**Policy**

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 receipt of the proceeds and shall be completed within five years. 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.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Memo from Public Financial Management dated 8/30/05
   2. San Diego County Regional Transportation Commission Resolution No. RC 2005-01
      ▪ Exhibit A – Amended and Restated Subordinate Indenture
      ▪ Exhibit B – Amended and Restated Issuing and Paying Agent Agreement
      ▪ Exhibit C – Form of the Credit Agreement
      ▪ Exhibit D – Form of the Dealer Agreement
      ▪ Exhibit E – Offering Memorandum

Key Staff Contact: Craig Scott, (619) 699-1926, csc@sandag.org

Funds are budgeted in Work Element #1102
August 30, 2005

Memorandum

To: SANDAG Board of Directors/Independent Taxpayers Oversight Committee
From: Keith D. Curry, Public Financial Management
Re: Recommendation: Commercial Paper Program, Investigation of Interest Rate Hedging and Financial Planning Update

In May, 2005 we outlined a strategy to provide funding for TransNet “Early Action” projects. This was reviewed and approved by the SANDAG Transportation Committee. This memo updates the information provided at that time regarding the financial planning model and progress on implementing financing options.

Commercial Paper

As indicated in our May memo, the recommended financing vehicle for the Early Action Program is tax-exempt commercial paper (CP). Commercial paper is preferable to long term bonds for several reasons, including the following:

1. **CP is lower in cost**, averaging approximately 230 basis points lower than fixed rate bonds over the past decade. CP rates have averaged 2.61% vs. 4.93% for fixed rate bonds.

2. **CP is flexible.** SANDAG may increase the amount of outstanding CP as project needs dictate. This avoids unspent bond proceeds accruing interest and negative arbitrage, should projects be delayed.

3. **CP has lower cost of issuance.**

4. **CP fits better in the current SANDAG debt profile,** as bonds related to TransNet I are retired between now and 2008.

5. **CP is a continuing program,** allowing SANDAG to refund its outstanding CP in favorable interest rate situations or when a critical mass of outstanding debt is achieved, and then to ramp back up for new project requirements.

Since 1991, SANDAG has had in place an authorized CP program in the amount of $135 million. Currently, $56.9 million of this authorization is outstanding.

SANDAG’s commercial paper is currently remarketed by Lehman Brothers and secured by a credit facility provided by JP Morgan Chase Bank.
As directed by the Transportation Committee, SANDAG conducted a competitive procurement among firms in the pre-qualified investment banker pool. JP Morgan and Citigroup were selected to be remarketing agents on two new tranches of CP at $100 million each. This will bring total CP capacity to $335 million.

Both JP Morgan and Citigroup proposed to remarket the CP at a fee of 4 basis points per annum ($40,000 annually for $100 million). In addition, the existing remarketing agent, Lehman Brothers, agreed to reduce their fee from 5 to 4 basis points in order to match these bids. We believe this to represent the lowest available pricing for a program of this magnitude.

Following the selection of the remarketing agents, we solicited competitive proposals for liquidity support from major banks. The liquidity ensures that purchasers of CP will be able to get out of their positions upon maturity of the CP and is a required element of commercial paper.

Once again, SANDAG received exceptional bids. With three tranches of CP, SANDAG was able to stagger the renewal dates of each of its credit facilities. This mitigates against the possibility of being required to renew liquidity for the entire program during a time of limited liquidity availability or abnormally high pricing.

The existing bank, JP Morgan Chase, was awarded the existing Series A tranche at a 3 year cost of 10 basis points per annum and the new Series C tranche at a cost of 12.5 basis points per annum for five years. Dexia bank was awarded the Series B notes at a cost of 14.5 basis points for 7 years.

This compares to existing pricing of 17.5 basis points for only one year and is a significant savings over the current program. Savings on the expanded program of approximately $177,000 annually, as compared to existing pricing, will be achieved.

The SANDAG board will consider the CP documents at its September meeting. If approved, the program will close on the next CP remarketing date, November 11, 2005. Following that date, the $335 million will be available for Early Action Projects; however, SANDAG will not be required to ramp up or issue this CP until project needs require it.

The additional CP and available cash from the existing TransNet Program should provide sufficient funds until the beginning of 2008. To the extent additional funds are needed prior to that date, SANDAG may consider short term notes or long term bonds at that time.
Financial Planning Model

PFM, in conjunction with SANDAG staff has developed an interactive financial planning model that enables staff to input various construction scenarios and test the effect on cash flow and borrowing requirements. We have participated in multiple training exercises with SANDAG staff and understand that the model is in a near final design. This will enable staff to run independent financial scenarios on project phasing alternatives.

As cost projections for the Early Action Program projects are updated and refined, the model will enable SANDAG to construct both a short term and long term financial plan.

Hedging Strategy

Today, interest rates are near historic low levels. Thirty year bonds could be sold at an approximate cost of 4.35%. Prudence dictates that in a program the size of TransNet, interest rate risks should be managed to ensure the lowest possible cost of borrowing. While we could take advantage of this situation now and issue long term bonds, there are several factors that create both obstacles and risks. For example, the final costs and schedules for the projects in the Early Action Program are under development and will most likely change during the early years of the program. It is often the case that projects of this magnitude can take longer than originally estimated. This can lead to unspent bond proceeds invested at less than the borrowing rate for negative arbitrage. In addition, long term fixed rates, while low, are not lower than the costs of CP. Long term borrowings should be implemented in the context of the overall plan so that debt capacity can be planned and allocated in an optimal strategy to complete the entire TransNet Program. Existing debt service requirements of approximately $82 million annually, also limit available debt capacity through FY 2008. Delaying or capitalizing interest in order to “finance around” the existing debt service can be needlessly expensive.

We can however anticipate that by early 2008 we will have a sizable bond financing requirement. After more than two years of planning and engineering, several projects will be ready for construction, and we can refund and fix the rates on the CP, allowing us to begin again to ramp up an additional $335 million in CP for projects after 2008.

The financial markets provide various tools for hedging interest rate exposure for future bond transactions. These include forward delivery bonds, swaptions, interest rate swaps and rate locks. These tools however have costs, much like insurance. In addition, to the extent rates stay the same or go down between now and 2008; hedging can be more costly than doing nothing. However, given the historically low levels of current interest rates, we recommend SANDAG solicit proposals from its pre-qualified list of investment bankers to hedge approximately $500 million of an expected 2008 bond issuance. The investigation of hedging options was part of the
financial strategy approved by the Transportation Committee in May and does not commit SANDAG to complete a hedging transaction. We expect to present the results of this analysis to the ITOC and SANDAG board in November.

I hope this information is helpful. Please do not hesitate to contact me if I can provide any additional information.

Best wishes.
RESOLUTION

NO.  RC2005-01


WHEREAS, the Board of Directors (the "Board") of the San Diego County Regional Transportation Commission (the "Commission"), pursuant to the San Diego County Regional Transportation Commission Act (constituting Chapter 2 of Division 12.7 of the California Public Utilities Code) and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said San Diego County Regional Transportation Commission Act, and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the California Government Code (collectively, the "Law"), is authorized to issue limited tax bonds (defined to include indebtedness and securities of any kind or class, including commercial paper notes), secured by and payable from the proceeds of the retail transactions and use tax (the "Sales Tax") levied by the Commission;

WHEREAS, the Commission has heretofore authorized the issuance from time to time of an issue of limited tax bonds in the form of commercial paper notes entitled "San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series A" (the "Series A Notes"), in an aggregate principal amount not to exceed one hundred thirty-five million dollars ($135,000,000) outstanding at any one time, pursuant to a Subordinate Indenture, dated as of August 1, 1991, as supplemented and amended (the "Existing Indenture"), between the Commission and U.S. Bank National Association, successor by merger to U.S. Bank Trust National Association, formerly known as First Trust of California, National Association, successor trustee to Bank of America National Trust and Savings Association, successor trustee to Security Pacific National Bank, as trustee;

WHEREAS, in order to provide for the authentication and delivery of the Series A Notes, the Commission entered into an Issuing and Paying Agent Agreement, dated as of August 1, 1991 (as supplemented and amended, the "Existing Issuing and Paying Agent Agreement"), between the Commission and Security Pacific National Trust Company (New York), predecessor to BankAmerica National Trust Company, predecessor to U.S. Bank Trust National Association, as issuing and paying agent;
WHEREAS, in order to facilitate certain changes to reflect current market standards and to provide for the issuance, authentication and delivery of two additional issues of limited tax bonds in the form of commercial paper notes, the Commission hereby determines to amend and restate the Existing Indenture and to amend and restate the Existing Issuing and Paying Agent Agreement;

WHEREAS, the Commission hereby determines that two additional issues of limited tax bonds in the form of commercial paper notes, entitled "San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series B" (the "Series B Notes"), in an aggregate principal amount not to exceed one hundred million dollars ($100,000,000) outstanding at any one time, and "San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series C" (the "Series C Notes"), in an aggregate principal amount not to exceed one hundred million dollars ($100,000,000) outstanding at any one time, are necessary to provide funds for planned expenditures, as permitted by the Law, including, but not limited to, the funding of certain transportation facility and service improvement capital projects;

WHEREAS, the Series A Notes, the Series B Notes and the Series C Notes (each a "Series of Notes" and hereinafter collectively referred to as the "Notes") shall be secured by a pledge of the revenues received from the Sales Tax subordinate to the pledge of revenues of the Sales Tax securing limited tax bonds issued or parity debt incurred pursuant to that certain Indenture, dated as of October 1, 1992, as supplemented and amended from time to time pursuant to its terms, between the Commission and U.S. Bank National Association, successor by merger to U.S. Bank Trust National Association, formerly known as First Trust of California, National Association, successor trustee to Bank of America National Trust and Savings Association, as trustee, or any indenture entered into by the Commission as a replacement therefor;

WHEREAS, the Notes shall be issued from time to time pursuant to an Amended and Restated Subordinate Indenture (the "Indenture"), to be entered into between the Commission and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, there has been presented to the Commission a proposed form of the Indenture;

WHEREAS, there has been presented to the Commission a proposed form of Amended and Restated Issuing and Paying Agent Agreement (the "Issuing and Paying Agent Agreement"), to be entered into between the Commission and U.S. Bank Trust National Association, as issuing and paying agent (the "Issuing and Paying Agent");

WHEREAS, in order to provide liquidity for the payment of the Series A Notes, under authority of Section 5922 of the California Government Code, the Commission proposes to enter into a credit agreement with JPMorgan Chase Bank ("JPMorgan Chase");

WHEREAS, in order to provide liquidity for the payment of the Series B Notes, under authority of Section 5922 of the California Government Code, the Commission proposes to enter into a credit agreement with Dexia Credit Local, acting through its New York Agency ("Dexia Credit Local");
WHEREAS, in order to provide liquidity for the payment of the Series C Notes, under authority of Section 5922 of the California Government Code, the Commission proposes to enter into a credit agreement with JPMorgan Chase;

WHEREAS, there has been presented to the Commission a proposed form of credit agreement (the "Credit Agreement");

WHEREAS, in order to provide for the offering and sale of the Series A Notes, the Commission proposes to enter into a dealer agreement with Lehman Brothers Inc. ("Lehman Brothers");

WHEREAS, in order to provide for the offering and sale of the Series B Notes, the Commission proposes to enter into a dealer agreement with Citigroup Global Markets Inc. ("Citigroup");

WHEREAS, in order to provide for the offering and sale of the Series C Notes, the Commission proposes to enter into a dealer agreement with J. P. Morgan Securities Inc. ("J. P. Morgan Securities," and, together with Lehman Brothers and Citigroup, the "Dealers");

WHEREAS, there has been presented to the Commission a proposed form of dealer agreement (the "Dealer Agreement");

WHEREAS, in order to facilitate the offering of the Notes by the Dealers, the Commission proposes to approve, execute and deliver an Offering Memorandum (including all appendices thereto, the "Offering Memorandum") describing the Notes and certain related matters;

WHEREAS, it is now necessary for the Commission to authorize the execution of and approve the forms of the Indenture, the Issuing and Paying Agent Agreement, the Credit Agreement, the Dealer Agreement and the Offering Memorandum, and to authorize the issuance and sale of the Notes pursuant thereto, and the taking of various actions in connection therewith;

WHEREAS, the Commission has been presented with the form of each document referred to above, relating to the issuance and sale of the Notes and the taking of various actions in connection therewith, and the Commission has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of the transactions described herein; and

WHEREAS, all acts, conditions and things required by the Law and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Commission is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such transactions and to authorize the execution of the Indenture, the Issuing and Paying Agent Agreement, a Credit Agreement for the Series A Notes, the Series B Notes and the Series C Notes, and a Dealer Agreement for the Series A Notes, the Series B Notes and the Series C Notes, for the purposes, in the manner and upon the terms provided;
NOW, THEREFORE, BE IT RESOLVED by the San Diego County Regional Transportation Commission as follows:

Section 1. The issuance from time to time of the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series A, by the Commission in accordance with the procedures and terms set forth in the Indenture and the Issuing and Paying Agent Agreement, is hereby authorized, ratified and approved; provided that the aggregate principal amount of such Series A Notes outstanding at any time shall not exceed one hundred thirty-five million dollars ($135,000,000).

Section 2. The issuance from time to time of the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series B, by the Commission in accordance with the procedures and terms set forth in the Indenture and the Issuing and Paying Agent Agreement, is hereby authorized and approved; provided that the aggregate principal amount of such Series B Notes outstanding at any time shall not exceed one hundred million dollars ($100,000,000).

Section 3. The issuance from time to time of the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series C, by the Commission in accordance with the procedures and terms set forth in the Indenture and the Issuing and Paying Agent Agreement, is hereby authorized and approved; provided that the aggregate principal amount of such Series C Notes outstanding at any time shall not exceed one hundred million dollars ($100,000,000).

Section 4. The proposed form of Indenture, between the Commission and the Trustee, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary of the Commission (the "Secretary") is directed to file a copy of said form of Indenture with the minutes of this meeting, and the Chair of the Board of Directors of the Commission (the "Chair") or the Executive Director of the Commission (the "Executive Director") and the Secretary are authorized and directed to execute and deliver the Indenture in substantially such form with such additions thereto or changes therein which the Chair or the Executive Director may deem necessary or desirable and as counsel to the Commission may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture. The dates, maturity dates, interest rate or rates, forms, place or places of payment, and other terms of each series of Notes shall be determined as provided in the Indenture as finally executed and delivered.

Section 5. The proposed form of Issuing and Paying Agent Agreement, between the Commission and the Issuing and Paying Agent, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary is directed to file a copy of said form of Issuing and Paying Agent Agreement with the minutes of this meeting, and the Chair or the Executive Director is authorized and directed to execute and deliver the Issuing and Paying Agent Agreement in substantially such form with such additions thereto or changes therein as the Chair or the Executive Director may deem necessary or desirable and as counsel to the Commission may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Issuing and Paying Agent Agreement.
Section 6. The proposed form of Credit Agreement, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary is directed to file a copy of said form of Credit Agreement with the minutes of this meeting, and the Chair or the Executive Director is authorized and directed to execute and deliver a Credit Agreement for the Series A Notes, such Credit Agreement to be entered into with JPMorgan Chase, a Credit Agreement for the Series B Notes, such Credit Agreement to be entered into with Dexia Credit Local, and a Credit Agreement for the Series C Notes, such Credit Agreement to be entered into with JPMorgan Chase, each Credit Agreement to be in substantially such form with such additions thereto or changes therein as the Chair or the Executive Director may deem necessary or desirable and as counsel to the Commission may require or approve, the approval of such additions or changes to each such Credit Agreement to be conclusively evidenced by the execution and delivery of such Credit Agreement.

Section 7. The proposed form of Dealer Agreement, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary is directed to file a copy of said form of Dealer Agreement with the minutes of this meeting, and the Chair or the Executive Director is authorized and directed to execute and deliver a Dealer Agreement for the Series A Notes, such Dealer Agreement to be entered into with Lehman Brothers, a Dealer Agreement for the Series B Notes, such Dealer Agreement to be entered into with Citigroup, and a Dealer Agreement for the Series C Notes, such Dealer Agreement to be entered into with J. P. Morgan Securities, each Dealer Agreement to be in substantially such form with such additions thereto or changes therein as the Chair or the Executive Director may deem necessary or desirable and as counsel to the Commission may require or approve, the approval of such additions or changes to each such Dealer Agreement to be conclusively evidenced by the execution and delivery of such Dealer Agreement.

Section 8. The proposed form of Offering Memorandum, submitted to the Commission is hereby approved. The Secretary is directed to file a copy of said form of Offering Memorandum with the minutes of this meeting, and the Chair or the Executive Director is authorized and directed to execute and deliver to the Dealers the Offering Memorandum in substantially such form with such additions thereto or changes therein as the Chair or the Executive Director may deem necessary or desirable and as counsel to the Commission may require or approve, the approval of such additions or changes to the Offering Memorandum to be conclusively evidenced by the execution and delivery of the Offering Memorandum. The Dealers are hereby authorized to distribute copies of said Offering Memorandum to persons who may be interested in the purchase of the Notes and are hereby directed to deliver copies to all actual purchasers of the Notes.

Section 9. The Commission covenants pursuant to each Dealer Agreement to furnish financial and other information to the dealer party to such Dealer Agreement and recognizes that such dealer may use such information to prepare from time to time a supplement, amendment, revision, update and/or restatement of the Offering Memorandum (each a "Supplemental Memorandum") for use in connection with the offering and sale of the Series of Notes to which such Dealer Agreement relates. The Commission hereby ratifies and authorizes the distribution of each such Supplemental Memorandum, each such Supplemental Memorandum to be in such form as shall be approved by the Executive Director, the Chief Deputy Executive Director of the Commission (the "Chief Deputy Executive Director"), or the Director of Finance of the Commission (the "Director of Finance").
Section 10. The Executive Director or the Director of Finance is hereby authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the “Investment Agreement”) providing for the investment of moneys in any of the funds and accounts created under the Indenture, on such terms as such officer shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the Commission hereby finds and determines that the Investment Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Notes or enhance the relationship between risk and return with respect to investments.

Section 11. The Chair, the Secretary, the Executive Director, the Chief Deputy Executive Director, the Director of Finance, and other appropriate officers of the Board or the Commission, be and they are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Commission, to execute and deliver any and all documents, certificates and representations, including without limitation signature certificates, no-litigation certificates, tax certificates, documents relating to the investment of note proceeds, certificates concerning the representations and warranties set forth in each Credit Agreement and each Dealer Agreement, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Commission has approved in this Resolution.

Section 12. All actions heretofore taken by the officers and agents of the Board or the Commission with respect to the issuance, authentication and delivery of the Notes are hereby ratified, confirmed and approved.

Section 13. This Resolution shall take effect from and after its adoption.
EXHIBITS A – E

AVAILABLE THROUGH THE SANDAG PUBLIC INFORMATION OFFICE

FOR COPIES, PLEASE CALL (619) 699-1950
REVISED SCHEDULE FOR COMPREHENSIVE  
2007 REGIONAL TRANSPORTATION PLAN (RTP) UPDATE AND REPORT SUMMARIZING SANDAG BOARD’S POLICY DISCUSSION ON RTP UPDATE

Introduction

On April 28, 2005, the SANDAG Board of Directors approved the work program and schedule for updating the Regional Transportation Plan (RTP), MOBILITY 2030. While the work program contained both a technical RTP update in 2006 and a comprehensive RTP update in 2007, staff had indicated that pending federal transportation legislation could eliminate the need for the 2006 technical update.

The federal transportation legislation (SAFETEA-LU) was passed in August 2005, but was approved too late to negate SANDAG’s need to proceed with a technical 2006 RTP update. On July 22, 2005, the Board approved a revised schedule for the 2006 RTP update, with adoption scheduled for February 2006. Work on the more comprehensive 2007 update of the RTP is still underway, but the overall schedule will be delayed approximately three months due to the need to focus staff resources on the 2006 RTP update. Adoption by the Board of the 2007 RTP is now expected in June 2007.

Also included with this agenda item are the interactive polling results from the July 8, 2005, Board of Directors Policy meeting to discuss the 2007 RTP. The focus of the meeting was to provide staff general policy direction regarding RTP goals, transportation system issues, land use distribution issues, and revenue sources. The results of the polling are discussed in the second part of this report.

Recommendation

The Transportation and the Regional Planning Committees recommend that the Board of Directors approve the revised 2007 RTP schedule and work program (Attachments 1 and 2, respectively). The Board also is asked to accept the Interactive Polling summary report from the July 8, 2005, Board Policy meeting (Attachment 3).

Discussion

2007 RTP Schedule and Work Program

On April 28, 2005, the SANDAG Board approved the work program and schedule for updating the Regional Transportation Plan (RTP), MOBILITY 2030. The work program provided for both a technical RTP update in 2006 and a comprehensive RTP update in 2007. The last RTP update was
completed in March 2003, and the next regularly scheduled update would occur no later than March 2006. However, staff hoped to focus only on the 2007 update, given that pending federal transportation legislation would have changed the requirement that SANDAG make an air quality conformity determination of the long-range transportation plan from every three years to four years.

The federal transportation reauthorization legislation (SAFETEA-LU) was passed by Congress and signed by the President, but not until August 2005. This was too late to negate SANDAG’s need to proceed with a technical 2006 RTP update. As a result, the Board approved a revised schedule for the 2006 RTP update on July 22, 2005. The 2006 RTP update is scheduled for adoption by the Board in February 2006.

The more comprehensive update of the RTP in 2007 will still incorporate a new regional growth forecast, strategic initiatives from the Regional Comprehensive Plan (RCP), the Independent Transit Planning Review, and several other issue papers on topics not previously covered in the RTP. However, some of the tasks for the 2007 RTP will be delayed by staff efforts to produce the 2006 RTP over the next six months. The overall impact to the 2007 RTP schedule is a delay of approximately three months, with adoption by the Board now expected in June 2007.

Attachment 1 is the updated 2007 RTP Schedule. Attachment 2 is the revised 2007 RTP Work Program, outlining the major tasks and timeframes associated with the 2007 RTP update. The contents of the work program have not changed, but the schedule has been adjusted to reflect reallocation of staff resources to the 2006 RTP update.

Interactive Polling on 2007 RTP Policy Questions

On July 8, 2005, the SANDAG Board of Directors held a Policy meeting to discuss the 2007 comprehensive RTP update. The focus of the meeting was to provide staff with general policy direction regarding RTP goals, transportation system issues, land use distribution issues, and potential revenue sources. Interactive technology was used to pose survey questions and help the Board discuss and debate these major policy issues.

The Board indicated that Livability was the most important of the seven RTP goals, slightly ahead of Mobility (the previous leader), and Efficiency. Livability promotes communities where the transportation system is more convenient and safe to walk, bike, and ride transit. Safety had been a key component emphasized during the Board’s discussion on the goals of the RTP. Livability is improved by transportation investments that foster compact and efficient patterns of development, maximizing travel, housing, and employment choices. Using incentives and other means, these public investments should encourage future growth away from rural areas and closer to existing and planned employment, regional activity centers, and public facilities.

In terms of where to add additional capacity in the region, the Board strongly favored existing corridors over new ones, but wanted staff to continue to evaluate both options where possible. Managed Lanes and HOV lanes still received the strongest support as the type of capacity improvement, bolstered by their ability to accommodate emerging technology for increased system efficiency.

In the first of two transit questions, funding priority for commuter express services over regionwide local service was favored 62% to 38%. And on the second question, the Board was almost evenly
split on whether regional transit should focus on serving existing smart growth areas, or planned
smart growth areas (55% to 45%).

In response to a question regarding how the region should accommodate forecasted housing
demand in the region, the Board indicated a preference (62% to 38%) for accepting increased
interregional commuting versus providing additional housing within the region through modifying
existing General Plans. And when funding sources aren’t available to expedite projects beyond the
planned Revenue Constrained scenario, toll revenue financing had the highest priority among other
sources such as additional local gas tax, sales tax, or development impact fees.

Attachment 3 contains all the survey questions and the consultant’s summary report of the Board
responses. The Board’s responses will be used to direct staff’s efforts in developing the 2007 RTP.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Updated 2007 RTP Schedule
              2. Revised 2007 RTP Work Program
              3. Interactive Polling Results, Board of Directors Policy Meeting, July 8, 2005

Key Staff Contact: Michael Hix, (619) 699-1977, mhi@sandag.org

Funds are budgeted in Work Element #30004
### 2007 Regional Transportation Plan Schedule - Updated 8/19/05

#### MAJOR TASKS

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<td>Develop/Review Issue Papers</td>
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<td>Public Outreach</td>
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<td>Review Revenues and Costs</td>
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<td>Alternatives Analysis</td>
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<td>Finalize RTP/EIR Scenarios</td>
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2007 RTP Updated Work Program
Updated August 19, 2005

1. **Establish Work Program** (April 2005)
   - 2007 RTP intended to be comprehensive and incorporate better land use and transportation coordination, as outlined in the RCP.
   - Review work program with SWG, RPTWG, CTAC (March/April 2005).
   - Take to the Transportation Committee/Regional Planning Committee (April 2005).
   - Adoption by Board of Directors (April 2005).

   - Incorporate RCP directives and Strategic Initiatives.
   - Incorporate Caltrans RTP Supplement guidelines.
   - Obtain direction from the Board of Directors for 2007 RTP.

3. **Develop and Review Issue Papers** (September 2005 – September 2006). These reports will be reviewed by the advisory and policy committees. Attachment 3 discusses these topics and their content in more detail.

4. **Public Outreach and Involvement**
   - Subregional workshops (May 2006 and January 2007)
   - Mini-grants for outreach to minority/low income groups
   - Work with communications staff to schedule events and outreach products; bring results to Transportation Committee/Regional Planning Committee (ongoing).

5. **Update Revenue and Project Cost Projections, with improved operating forecasts**
   - Incorporate improved operating costs in the projections, as directed by Federal Highways and Federal Transit Administration after the 2003 RTP.
   - Select new base year to be used for 2007 RTP. Revise project costs and revenue forecasts for the Revenue Constrained and Reasonably Expected funding scenarios (May 2006).
   - Review project costs and revenue forecasts for the Revenue Constrained and Reasonably Expected funding scenarios, incorporating TransNet II and SAFETEA-LU. (August 2006).
6. **Incorporate Recommendations from Corridor/Subarea Studies/Deficiency Plans** (September 2006). These studies could possibly be summarized as an issue paper(s) and brought to the Working Groups for review.

   - I-805 Corridor and Direct Access Ramp (DAR) study
   - I-5 North Coast
   - Central I-5 HOV analysis
   - North South Transportation Corridor Analysis


   - Create Capacity File for Existing Plans and Policies (August 2005)
   - Generate New Existing Policies Forecast (December 2005)
   - Use Smart Growth Land Use Concept Map from March 2006 to generate land use alternative(s) for 2007 RTP analysis (April 2006)
   - Board of Directors accept Land Use Plan for use in the 2007 RTP (June 2006)


   - Review/revise criteria with a focus on stronger linkage to Smart Growth development
   - Explore potential Cost Effectiveness criteria to apply across all modes

9. **Update Performance Indicators for 2007 RTP**

   - The performance indicators used to measure the success of transit and highway networks should be reevaluated and updated to be consistent with the goals and policy objectives of the Board of Directors (May 2006).
   - Update base year and projected Levels of Service, travel time, speed, and other indicator data for the 2007 RTP (June – September 2006).

10. **Develop Network and/or Land Use Alternatives**

    - Land Use and network alternatives need to be developed by June 2006. Recommended changes and analyses from the Independent Transit Planning Review need to be developed in time to meet these deadlines.

11. **Analyze Alternatives and Select Preferred Unconstrained Network for 2007 RTP** (June – September 2006)

    - Perform travel forecasts.
• Apply updated performance measures, such as overall LOS and average corridor travel times, to provide a grid of overall effectiveness of each alternative.

• Select Preferred Network; review with WGs, Committees and gain Board of Directors approval (September 2006).

12. **Create Final RTP and EIR Scenarios** (September – October 2006)
   
   • Create new Revenue Constrained and Reasonably Expected funding scenarios.
   
   • Employ revised evaluation criteria to assist in project selection for 2007 RTP scenarios.
   
   • Create EIR alternatives.
   
   • Review with Working Groups and gain approval from Transportation Committee and Board.

13. **Perform Air Quality (AQ) forecasts**
   
   • Address FTA/FHWA requirement for better documentation on SOV alternatives for AQ analysis.
   
   • Follows the selection of the Revenue Constrained scenario of the preferred network alternative.
   
   • AQ for 2007 RTP provided along with draft EIR (February 2007); revisions for final RTP (June 2007).

14. **Produce Draft RTP**
   
   • Preliminary drafts sent to Transportation Committee (November 2006)
   
   • 2007 RTP (January 2007)

15. **EIR Preparation**
   
   • Draft EIR (February 2007)
   
   • Final EIR (June 2007)

16. **Revised Draft Final RTP** (May 2007)

17. **Final RTP/EIR Adoption** (June 2007)

18. **Air Quality Conformity** (August 2007)
San Diego Association of Governments

Interactive Polling Results
Board of Directors
Policy Meeting

San Diego, California
July 8, 2005

Prepared by

Strategic Initiatives
405 E. Branch Street
Arroyo Grande, CA 93420
(805) 474-8105
strategicinit.com
This survey was structured to explore and understand the various perspectives of the participants. The results of the survey are not statistically representative of the community as a whole.
Prioritization of RTP Goals

Relative Priority of RTP Goals

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<td>Promote livable communities</td>
<td></td>
</tr>
<tr>
<td>F-Mobility</td>
<td>60.0</td>
</tr>
<tr>
<td>Improve the mobility of people and freight</td>
<td></td>
</tr>
<tr>
<td>B-Efficiency</td>
<td>59.1</td>
</tr>
<tr>
<td>Maximize the efficiency of the existing and future transportation system</td>
<td></td>
</tr>
<tr>
<td>A-Accessibility</td>
<td>50.5</td>
</tr>
<tr>
<td>Improve accessibility to major employment and other regional activity centers</td>
<td></td>
</tr>
<tr>
<td>G-Reliability</td>
<td>48.9</td>
</tr>
<tr>
<td>Improve the reliability and safety of the transportation system</td>
<td></td>
</tr>
<tr>
<td>C-Environmental Sustainability</td>
<td>41.8</td>
</tr>
<tr>
<td>Minimize impacts on the environment</td>
<td></td>
</tr>
<tr>
<td>D-Equity</td>
<td>25.1</td>
</tr>
<tr>
<td>Ensure an equitable distribution of the benefits among various demographic and user groups</td>
<td></td>
</tr>
</tbody>
</table>

* Relative priority on a scale of 1 (low) to 100 (high) determined using a paired-comparison technique where participants select their preference from each possible pair of alternatives.
Corridors and Capacity

In order to provide additional capacity to serve 2030 population and employment, the region should focus on:

- **Existing Corridors**
  - 71% (15)
- **New Corridors**
  - 29% (6)

In order to provide additional capacity to serve 2030 population and employment, the region should focus on:

- **Existing Corridors**
  - 43% (9)
- **New Corridors**
  - 5% (1)
- **Both**
  - 52% (11)
This survey was structured to explore and understand the various perspectives of the participants. The results of the survey are not statistically representative of the community as a whole.

Relative Priority of Types of Capacity Improvements in Major Corridors

<table>
<thead>
<tr>
<th>Improvement</th>
<th>Relative Priority*</th>
</tr>
</thead>
<tbody>
<tr>
<td>D-Managed lanes</td>
<td>70.2</td>
</tr>
<tr>
<td>C-HOV lanes</td>
<td>60.7</td>
</tr>
<tr>
<td>A-Regional Transit Service</td>
<td>46.4</td>
</tr>
<tr>
<td>B-Toll lanes</td>
<td>39.3</td>
</tr>
<tr>
<td>E-General Purpose lanes</td>
<td>33.3</td>
</tr>
</tbody>
</table>

* Relative priority on a scale of 1 (low) to 100 (high) determined using a paired-comparison technique where participants select their preference from each possible pair of alternatives.

Funding priority for regional transit service should focus on providing:

- Regionwide Local Service: 38% (8)
- Corridor Commuter/Express: 62% (13)
To what extent should the RTP rely on new technology, such as lanes for automated vehicles, to improve efficiency or provide additional corridor capacity?

Regional arterials should not be deleted from adopted circulation elements and should be completed as soon as possible to support major corridor and subregional movements.
Land Use and Transit Networks

Current general plans do not meet the forecasted housing demand for the San Diego region. To accommodate the demand, we should:

- Modify General Plans - More Housing: 38% (8)
- Plan for Interregional Commuting: 62% (13)

The primary focus of Regional Transit Service should be:

- Serve Existing Smart Growth Areas: 55% (11)
- Encourage New Smart Growth Areas: 45% (9)

This survey was structured to explore and understand the various perspectives of the participants. The results of the survey are not statistically representative of the community as a whole.
Demand Management

Are incentives or disincentives the most effective way to encourage commuters to ride transit, rideshare, bike, or walk to work?

86% (18)
5% (1)
5% (1)
5% (1)

Incentives  Disincentives  Neither  No Opinion
**Systems Management**

The region should maximize the efficiency of our existing transportation system by placing a strong emphasis on better system management.
### Funding Scenarios and Sources

**Relative Priority of Potential Revenue Sources**  
**to Expedite Capital Improvements beyond the Revenue Constrained Scenario**

<table>
<thead>
<tr>
<th>Potential Revenue Source</th>
<th>Relative Priority*</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-Toll revenues for new lanes</td>
<td>75.0</td>
</tr>
<tr>
<td>C-Additional local gas tax</td>
<td>52.4</td>
</tr>
<tr>
<td>E-Non-residential development fees for regional transportation facilities</td>
<td>45.2</td>
</tr>
<tr>
<td>B-Additional TransNet sales tax</td>
<td>40.5</td>
</tr>
<tr>
<td>D-Additional residential development fees for regional transportation facilities</td>
<td>35.7</td>
</tr>
</tbody>
</table>

* Relative priority on a scale of 1 (low) to 100 (high) determined using a paired-comparison technique where participants select their preference from each possible pair of alternatives.
RTP Questions for the July 8 Policy Board

**Goals**
1. There were seven goals from the last RTP. Evaluate the goals in paired comparisons.
   a. Accessibility
   b. Efficiency
   c. Environmental Sustainability
   d. Equity
   e. Livability
   f. Mobility
   g. Reliability

**Corridors and Capacity**
2a. In order to provide additional capacity to serve 2030 population and employment, the region should focus on:
   a. Capacity enhancements in existing corridors, or
   b. Building new corridors

2b. In order to provide additional capacity to serve 2030 population and employment, the region should focus on:
   a. Capacity enhancements in existing corridors, or
   b. Building new corridors
   c. Both

3. Evaluate using a paired comparison the following types of capacity improvements in major corridors:
   a. Regional Transit Service
   b. Toll lanes
   c. HOV lanes
   d. Managed lanes
   e. General Purpose lanes

4. Funding priority for regional transit service should focus on providing:
   a. Regionwide local service, or
   b. Corridor commuter/express service

5. Regional arterials should not be deleted from adopted circulation elements and should be completed as soon as possible to support major corridor and subregional movements.
   a. Strongly Agree
   b. Somewhat Agree
   c. Somewhat Disagree
   d. Strongly Disagree
   e. No opinion
6. To what extent should the RTP rely on new technology, such as lanes for automated vehicles, to improve efficiency or provide additional corridor capacity?
   a. Not at all
   b. Minor contribution
   c. Major contribution
   d. No opinion

**Land Use and Transit Networks**

7. Current general plans do not meet the forecasted housing demand for the San Diego region. To accommodate the demand, we should:
   a. Modify General Plans for additional housing, or
   b. Accept and plan for more interregional commuting

8. The primary focus of Regional Transit Service should be:
   a. To serve existing smart growth areas, or
   b. Encourage new smart growth areas

**Demand Management (If there’s time)**

9. Are incentives or disincentives the most effective way to encourage commuters to ride transit, rideshare, bike, or walk to work?
   a. Incentives
   b. Disincentives
   c. Neither
   d. No Opinion

**Systems Management (If there’s time)**

10. The region should maximize the efficiency of our existing transportation system by placing a strong emphasis on better system management.
    a. Strongly Agree
    b. Somewhat Agree
    c. Somewhat Disagree
    d. Strongly Disagree
    e. No opinion

**Funding Scenarios and Sources**

11. Beyond the Revenue Constrained Scenario, evaluate in paired comparisons support for the following potential revenue sources to expedite capital improvements.
    a. Toll revenues for new lanes
    b. Additional TransNet sales tax
    c. Additional local gas tax
    d. Additional residential development fees for regional transportation facilities
    e. Non-residential development fees for regional transportation facilities
September 21, 2005

Paul Jablonski, C.E.O.
Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, California 92101

Re: Grossmont Trolley Station Project (the "Project")

Dear Mr. Jablonski:

Per your request, the purpose of this letter is to formally express the City of La Mesa's requirement for fair compensation for the City land to be deeded to MTS to complete the development site for the Project. As you are no doubt aware, that land represents approximately twelve percent (12%) of the entire development site.

As City Special Counsel discussed with MTS General Counsel yesterday, the City is of the opinion that the value of the City land is the actual percentage that the City land constitutes of the development site, (12.22%) times the return on the land that Fairfield has agreed to pay in rent and profit participation. By our calculation, that comes to approximately $876,400 plus a share of the profit participation. If MTS has a different opinion of value, the City would, of course, be willing to consider any evidence to the contrary. The City is also agreeable to the use of a third party appraisal of the area in question to establish its value in relation to the proposed transaction.

I want also to take this opportunity to address MTS' misapprehension that the City intended to make a gift of this land to MTS with no financial justification correlated to the extraordinary development costs that were of mutual benefit to all parties in the Negotiating Agreement. I can assure you that that was never the City's intention. In the first place, such a gift would be contrary to the fiduciary duty owed by the City Council and staff to the City's residents to realize fair value for City assets. Furthermore, such a transfer could well violate the California constitutional proscription against gifts of public funds.

It appears that MTS formed this mistaken impression as the result of the unfortunately poor communications that has recently characterized the negotiations for this Project. From the outset, City staff requested the opportunity to participate in the discussions with Fairfield and
Grossmont Trolley Station Project
September 21, 2005
Page 2

MTS about the transaction because the final transfer of title for this sizeable portion of the project site was needed for MTS to lease the entire project site to Fairfield. Had that been permitted, I am confident that this apparent misunderstanding could have been avoided.

During the early stages of the project development and negotiations, the City/Agency expressed a willingness to support inclusion of existing right-of-way in the development site in order to meet MTDB's requirements to: 1) replace all the existing parking on the site at no cost to MTDB and, 2) replace site area after identification of a significant site constraint on MTDB's property from the easement for the adjacent El Monte Pipeline. The City/Agency consistently expressed a willingness to support this contribution to the project if the financial analysis demonstrated that there were extraordinary development costs that would justify this public investment in the transaction. Information used in the preliminary project financial analysis appeared to support this conclusion. Until very recently, the City was under the mistaken impression that the Project could support little, if any, rent. Given that, the City, understandably, made no ease for compensation for its land. However, now that it has become evident that the land can support a substantial return, I am sure you would agree that it would only be reasonable for that value to be fairly apportioned between the owners.

Again, let me emphasize that the City would be willing to consider any contrary evidence as to the value of its land to make this project work for all parties and to sit down with you to discuss this matter. The City would also be receptive to alternatives to address this issue, such as the idea of receiving the compensation over time, as and when rents and profits are paid to MTS. The City is confident that with good will on both sides this matter can be brought to a prompt and fair conclusion and this wonderful Project, which will be a credit to all involved, can break ground.

I look forward to hearing from you.

Very truly yours,

[Signature]

Sandra L. Karl
City Manager

cc: City Council
    City Attorney
    MTS General Counsel
    City Special Counsel
    Jerry Brand, Fairfield
September 22, 2005

Via Facsimile & U.S. Mail

Ms. Sandra L. Kerl
City Manager
City of La Mesa
8130 Allison Avenue
Post Office Box 937
La Mesa, CA 91944-0937

Dear Ms. Kerl:

Subject: GROSSMONT TROLLEY STATION JOINT DEVELOPMENT PROJECT

Following the Metropolitan Transit System (MTS) Board of Directors meeting early today, I was asked to respond to your letter dated September 21, 2005, regarding the Grossmont Trolley Station Joint Development Project (Grossmont Project). As you know, our staffs have collectively spent many hours working toward a mutual goal of completing the Grossmont Project to satisfy the City of La Mesa's (City's) need for affordable housing and promote transit-oriented development. With that in mind, I would like to respond to the points raised in your letter.

Your letter requests compensation for .9776 acres of public right-of-way that Fairfield Residential LLC needs to complete the Grossmont Project. The land that the City is seeking compensation for consists of an undevelopable slope approximately 30 feet to 50 feet wide by 250 feet long adjacent to Fletcher Parkway and Grossmont Center Drive on both the east and west sides. It is our understanding that this property was acquired by the City for the sole purpose of constructing the intersection and was never intended to be used for development of buildings, houses or the like. From the inception of the Grossmont Project, it was always understood by all parties that the City would agree to vacate any excess public right-of-way in order to improve the Grossmont Project. The Exclusive Negotiating Agreement (ENA) entered into between MTS, Fairfield, and the City provided:

"If it is found that the vacation of a public right-of-way under the control of the City of La Mesa is either necessary or desirable for the Project, LMCRA will, without incurring any out-of-pocket cost or expense, cooperate in good faith to achieve such vacation." (ENA, Section 4.3.3)

The primary purpose of public agencies entering into ENAs or Memorandums of Understanding is to provide a framework for development of projects and outline the terms and conditions under which parties will negotiate ancillary agreements. Throughout this project, the City and MTS have both relied on the ENA for guidance and direction, especially when it came to financial impacts on either agency. When questions arose about how to proceed with a particular issue, each of us would look to the ENA and rely on its provisions. Because of this, I feel it necessary to remind you that the purpose of MTS and the City entering into the ENA was to clearly define each party's role:

Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB), a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is the transit administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company.

MTDB member agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.
"The general purpose of this Agreement is to establish an exclusive negotiation period during which the parties agree to attempt, in good faith: (a) to further define the Project, (b) to determine Project feasibility and marketability, (c) to determine, as between MTDB and Fairfield, the extent to which implementation of the Project will result in fair market value return to MTDB and Fairfield, (d) to determine the amount, if any, of warranted MTDB participation in the Project, and (e) to determine, as between LMCRA and Fairfield, the precise size and scope of the Affordable Housing Component and the level of assistance necessary for LMCRA to offset the cost to Fairfield to include that Affordable Housing Component in the Project." (ENA, Section 1.1)

It was never our understanding that the City would be seeking compensation for land which is undevelopable or that the City intended to participate in our negotiations with Fairfield. Rather, the City’s task was to negotiate the Affordable Housing Component of the Grossmont Project directly with Fairfield. To request compensation at this late date seems contradictory to the ENA as well as your City Planning Commission report issued on August 12, 2005:

"The excess City right of way along Fletcher Parkway and Grossmont Center Drive, which has no public use, will be vacated and closed to public use as per DAB conditions A-6 and 7 (See Attachment E). The vacated portion of right of way will be merged with the proposed parcels 1 and 2 to develop the sites to their full potential." (Planning Commission Report, p.5)

While I recognize your concern about gifting public property, I think it is important to reflect on the compensation that the City is receiving for vacating this excess right-of-way. The Grossmont Project construction costs are in excess of $100,000,000 and will no doubt bring a substantial increase in tax revenue to the City; MTS will not share in those revenues nor have we made a request to do so. The City is receiving more than $6,000,000 in off-site and on-site utility, water, and sewer improvements that Fairfield will perform prior to beginning construction, including the construction of a new sewer line, which extends several hundred feet off of MTS’s property down to Jackson Drive. In addition, at the City’s request, MTS is constructing an elevator and pedestrian bridge and removing an existing staircase to provide much-improved access to City businesses and residences. As part of this capital project, the San Diego Association of Governments (SANDAG) will perform all of the construction work and oversee the design of the project, and MTS will negotiate with adjoining property owners.

Your letter specifies that the City previously made no case for compensation for its land because “... the city was under the mistaken impression that the Project could support little, if any, rent.” Again, while I understand your desire to protect the City’s interests, the financial pro formas generated by our consultant always assumed that MTS would be receiving base rent plus a percentage of profits generated from the project—the compensation that MTS is receiving over the first 30 years of the project has not changed since the City was given copies of the first pro forma. Surely if the City was expecting to be compensated for its vacated right-of-way the issue could have been raised more than a year ago given that compensation would have been paid prior to the start of construction of the Grossmont Project. Changes in rent payable to MTS in years 31 through 99, which have arisen over the last two months, should have had no impact on the City’s position.
The Grossmont Project will be a great asset to the City of La Mesa and one that we hope will increase transit ridership and public transportation awareness. I hope that our differences can be resolved with good communication between the parties and full disclosure of future issues as they arise. Notwithstanding the above, we recognize that the City of La Mesa is a member of MTS and that undoubtedly there will be many other issues that our staffs will need to collectively work on and as such we would be willing to meet with you and your staff regarding this issue. My staff and I will be available to meet beginning Friday, September 30, 2005.

Sincerely,

[Signature]

Paul C. Jablonski
Chief Executive Officer

Enclosure

cc: MTS Board Members
    Gary Gallegos
    Jerry Brand, Fairfield
## Pilot Smart Growth Incentive Program Funding Recommendations

<table>
<thead>
<tr>
<th>No.</th>
<th>Project Name</th>
<th>Sponsoring Jurisdiction</th>
<th>Project Summary</th>
<th>Score</th>
<th>Total Project Cost</th>
<th>Funds Requested</th>
<th>Recomm. Funding</th>
<th>Project Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>University Avenue Mobility Project Phase I</td>
<td>City of San Diego</td>
<td><strong>Project:</strong> Improvements along University Avenue transit corridor in North Park: University Ave. from Florida St. to Boundary St., Lincoln Ave. from Utah St. to 32nd St., and North Park Way from 30th St. to 32nd St. landscaped/painted medians, restrict University Ave., pedestrian popouts, new traffic signals, enhanced pedestrian crossings w/pavement flashers, pedestrian countdown signal heads, relocation of parking to side streets, new bike racks, enhanced North Park street name signs. <strong>Setting:</strong> This project serves a major transit corridor with the region's most frequent bus service where 286 housing units are under development, including the City of Villages North Park Theater Pilot Project. The community plan encourages mixed use development with residential densities of at least 75 dwelling units per acre.</td>
<td>108</td>
<td>$2,550,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>January 2009</td>
</tr>
<tr>
<td>2</td>
<td>Park Boulevard at Harbor Drive Pedestrian Bridge</td>
<td>City of San Diego</td>
<td><strong>Project:</strong> Construction of a pedestrian bridge to serve as a grade-separated pedestrian crossing of Harbor Drive. <strong>Setting:</strong> The project area includes downtown San Diego's East Village Ballpark District where anticipated adjacent development will include residential towers with up to 1,500 dwelling units and 300,000 square feet of retail space.</td>
<td>105</td>
<td>$13,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>September 2008</td>
</tr>
<tr>
<td>No.</td>
<td>Project Name</td>
<td>Sponsoring Jurisdiction</td>
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<td>Score</td>
<td>Total Project Cost</td>
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<tr>
<td>3</td>
<td>Grossmont Trolley Station Pedestrian Enhancements</td>
<td>City of La Mesa/Metropolitan Transit System</td>
<td><strong>Project:</strong> Grossmont Trolley station pedestrian improvements including a tower with 2 elevators and stairs to a bridge that will enable pedestrians/transit users to access employment and entertainment centers at the top of the hill. <strong>Setting:</strong> This is a developing urban center at a major suburban light rail hub with primarily retail and medical uses, and planned residential development under a joint-use agreement with MTS. Station area development will include 527 residential units.</td>
<td>103</td>
<td>$4,700,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>2008</td>
</tr>
<tr>
<td>4</td>
<td>Washington/Goldfinch Intersection Pedestrian Improvement Project</td>
<td>City of San Diego</td>
<td><strong>Project:</strong> Pedestrian popouts, enhanced crosswalks/sidewalks, lighted bollards, trees, shrubs, ground cover, transit shelter, bike racks, enhanced paving in the median, upgraded traffic signals on all four corners. <strong>Setting:</strong> A community center with recent mixed-use development, this project will serve the Paseo de Mission Hills, which will provide 69 housing units, ground-floor retail, and a variety of public improvements that will be coordinated with the intersection improvements.</td>
<td>102</td>
<td>$928,000</td>
<td>$684,000</td>
<td>$684,000</td>
<td>December 2006</td>
</tr>
<tr>
<td>5</td>
<td>Bird Rock Area Traffic Management Plan</td>
<td>City of San Diego</td>
<td><strong>Project:</strong> Improvements in the Bird Rock neighborhood including five modern roundabouts, a raised landscaped median, diagonal parking, new pedestrian crossings and sidewalks, and transit facility and pedestrian improvements. <strong>Setting:</strong> Bird Rock is a community center served by two bus lines where current development projects should increase densities to 25-30 units per acre. 139 condominium units are being constructed along the project.</td>
<td>100</td>
<td>$4,385,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>September 2006</td>
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<td>No.</td>
<td>Project Name</td>
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<tr>
<td>6</td>
<td>Palomar Gateway Community Transit</td>
<td>City of Chula Vista</td>
<td><strong>Project:</strong> Street improvements along Palomar St. and Industrial Blvd., improvements to the Palomar Transit Station and its environs. <strong>Setting:</strong> This community center is at the Blue Line's Palomar Street Trolley Station with bus service as high as 10 buses per hour. The Chula Vista General Plan update will allow low- to mid-rise residential development between 18-50 dwelling units per acre. Planned mixed-use development at the project area will provide 316 additional housing units.</td>
<td>96</td>
<td>$2,375,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>January 2007</td>
</tr>
<tr>
<td>7</td>
<td>Fountain Plaza-Promenade</td>
<td>City of National City</td>
<td><strong>Project:</strong> Construction of a central square for outdoor markets and fairs, including installation of a fountain, streetlights, landscaping, benches, and bicycle facilities, in downtown National City. <strong>Setting:</strong> This project is in the National City Town Center where the &quot;form-based&quot; Downtown Specific Plan allows commercial and residential uses with housing densities from 45-85 dwelling units per acre. The area is served by both local and regional buses and is within 1/4-mile of a Blue Line trolley station.</td>
<td>95</td>
<td>$516,000</td>
<td>$258,000</td>
<td>$258,000</td>
<td>August 2006</td>
</tr>
<tr>
<td>8</td>
<td>Allison Avenue-University Avenue</td>
<td>City of La Mesa</td>
<td><strong>Project:</strong> Improvements to the pedestrian environment along Allison and University Aves. within downtown La Mesa, including upgraded sidewalks, crosswalks, street trees, lighting, and transit stop improvements. <strong>Setting:</strong> This project is at the hub of the La Mesa town center, served by an Orange Line trolley station. It is also along a transit corridor. Current residential development ranges up to 50 dwelling units per acre. Planned development will intensify and increase the mix of uses in the area.</td>
<td>94</td>
<td>$3,156,000</td>
<td>$1,994,000</td>
<td>$1,994,000</td>
<td>September 2007</td>
</tr>
<tr>
<td>No.</td>
<td>Project Name</td>
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<tr>
<td>9</td>
<td>Mid-City Urban Trail &amp; SR 15 Bikeway</td>
<td>City of San Diego</td>
<td><strong>Project</strong>: Pedestrian and bicycle right-of-way improvements along the I-15 corridor in Mid-City San Diego, including widened pedestrian paths, pedestrian lighting, street furniture, wayfinding and bikeway signage, bikeway striping, and signal improvements. <strong>Setting</strong>: This Mid-City town center is also served by a major transit corridor, and includes the City of Villages Boulevard Marketplace Pilot Village. The trail system will serve 386 planned residential units.</td>
<td>94</td>
<td>$2,966,000</td>
<td>$1,600,000</td>
<td>$1,600,000</td>
<td>December 2009</td>
</tr>
<tr>
<td>10</td>
<td>Commercial Street Streetscape Project</td>
<td>City of San Diego</td>
<td><strong>Project</strong>: New sidewalks, curbs, street trees, lighting, street furniture, traffic calming devices, a gateway element, and public plazas around the perimeter of a proposed mixed-use/mixed-income development in Logan Heights. <strong>Setting</strong>: This community center is focused around the Commercial Street Orange Line trolley station. The project will serve a mixed-use development with 39,300 square feet of commercial space and 263 housing units (68 units per acre) that are primarily affordable rental units.</td>
<td>91</td>
<td>$1,800,000</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>June 2009</td>
</tr>
<tr>
<td>11</td>
<td>National City Boulevard Sidewalk and Street Lighting Improvement Project</td>
<td>City of National City</td>
<td><strong>Project</strong>: Rehabilitation of a 6½ block area of National City Blvd., including replacement of sidewalks, installation of decorative streetlights, trees, tree grates, shrubbery, and bus benches. <strong>Setting</strong>: This project is in the National City Town Center where the &quot;form based&quot; Downtown Specific Plan allows commercial and residential uses with housing densities from 45-65 dwelling units per acre. The area is served by both local and regional buses and is within ½-mile of a Blue Line trolley station.</td>
<td>90</td>
<td>$3,280,000</td>
<td>$2,000,000</td>
<td>$1,022,000</td>
<td>October 2006</td>
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| 12  | Old Palm Avenue Streetscape Improvement Project | City of Imperial Beach | **Project:** Pedestrian-oriented enhancements including widened/ upgraded sidewalks and crosswalks, improved landscaping, street furnishing and signage, traffic calming features in a 2-3 block area along Palm Ave. between Seacoast Dr. and 3rd St.  
**Setting:** Old Palm Avenue is a community center that combines residential, commercial and retail uses, and is served by three bus routes. Allowable residential density is up to 29 dwelling units per acre. Ten residential units were recently constructed, and there is capacity for an additional 108. | 86   | $2,000,000       | $1,000,000     | $685,000       | December 2006     |
| 13  | National City Boulevard Median and Landscape Improvement Project | City of National City | **Project:** Installation of medians and landscaping on National City Blvd. from 7th St. to Division St. to improve traffic safety and the visual appeal of the street.  
**Setting:** This project is in the National City Town Center where the "form-based" Downtown Specific Plan allows commercial and residential uses with housing densities from 45-85 dwelling units per acre. The area is served by both local and regional buses and is within ¼-mile of a Blue Line trolley station.  | 86   | $1,440,000       | $720,000       | $720,000       | October 2006      |
| 14  | Maple Street Pedestrian Plaza Project | City of Escondido | **Project:** Reconstruction of a two-lane through street into a short two-lane cul-de-sac ending in a large pedestrian plaza.  
**Setting:** This project is in Escondido's town center, which is the traditional retail core area and the site of significant civic and cultural facilities. High-frequency local transit service connects to the future Sprinter Station at the Escondido Transit Center ½-mile away. 142 proposed condominium units would be served by the project. | 86   | $1,100,000       | $945,000       | $647,000       | July 2008          |
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| 15  | 25th Street Renaissance Project                  | City of San Diego       | **Project**: Revitalization of a six-block area of 25th St. north of I-94, including pedestrian amenities, traffic calming, streetscape improvements, and parking.  
**Setting**: 25th St. is planned as a community center for Golden Hill. It is primarily a commercial area currently served by three bus routes. The surrounding community is largely residential at an average of 29 dwelling units per acre. | 85    | $1,589,000        | $1,425,000 | -                | December 2009          |
| 16  | Grand Avenue / El Mercado Project                | City of Escondido       | **Project**: Pedestrian lighting on Grand Ave. through the downtown area, reconstruction of Grand Ave. from Centre City to Quince in the Mercado area to include decorative paving and sidewalks.  
**Setting**: El Mercado is within the Escondido town center. Grand Avenue is served by three routes with 15-minute service to the Escondido Transit Center. Residential densities up to 45 dwelling units per acre are allowed. | 85    | $1,600,000        | $1,320,000 | -                | July 2008              |
| 17  | Reo Drive Revitalization Project-Phase II Improvements | City of San Diego       | **Project**: Rehabilitation of a one-block commercial strip including widening Reo Dr. for installation of enhanced crosswalks, bus pads, diagonal parking, pedestrian-oriented street lights, new sidewalks, enhanced landscaping and shade trees. ADA-compliant pedestrian ramps and curb enhancements.  
**Setting**: This Skyline-Paradise Hills community has begun a revitalization process aimed at creating a commercially-oriented community center. It is served by two local bus routes. Allowable residential densities are up to 15 dwelling units per acre. | 84    | $939,563         | $447,282   | -                | June 2007              |
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| 18  | H Street Transit Corridor Project  | City of Chula Vista     | **Project:** Beautification and improvements to pedestrian facilities along H St. between 3rd Ave. and Broadway.  
**Setting:** H St. is a planned transit corridor that serves a connector between east and west Chula Vista, and is planned to carry BRT service. Chula Vista's Urban Core Specific Plan calls for residential densities up to 60 dwelling units per acre along the corridor. | 84    | $2,300,000        | $2,000,000      | -               | November 2008   |
| 19  | San Ysidro Pilot Village Corridor Project | City of San Diego     | **Project:** Transportation and streetscape improvements including bicycle lanes, sidewalk widening, pedestrian ramps, popouts, trees, street furniture, median landscape, and other improvements.  
**Setting:** This is the *Mi Pueblo* Pilot Village in the City's City of Villages program. This community center is served by two bus routes. Residential densities are expected to be 70-75 dwelling units per acre. | 82    | $2,268,851        | $2,000,000      | -               | March 2008      |
| 20  | Inland Rail Trail (Oceanside-to-Escondido) Project - Phase II | City of San Marcos | **Project:** Construction of a one-mile segment of the Oceanside to Escondido Rail Trail bicycle path, in San Marcos.  
**Setting:** This section of rail trail would be in a suburban setting between Sprinter stations, serving primarily single family residential development. | 80    | $5,800,000        | $1,500,000      | -               | March 2007      |
| 21  | Rose Creek Bicycle Path and Pedestrian Bridge | City of San Diego | **Project:** A 280-foot-long pedestrian and bicycle bridge across Rose Creek in Mission Bay Park, and pedestrian and Class I bicycle trails leading to the bridge.  
**Setting:** The project lies outside and parallel to the Grand Avenue transit corridor. The immediate setting is Mission Bay Park, but it is surrounded by the relatively high-density beach communities of Mission Beach and Pacific Beach. There is no direct transit connection. | 77    | $3,100,000        | $2,000,000      | -               | December 2007   |
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| 22  | Balboa Avenue Corridor Improvements Project- Phase I | City of San Diego       | **Project:** Traffic calming features and raised and landscaped medians, addition of two signalized intersections, reconfiguration of Balboa Ave., and other improvements.  
**Setting:** The project connects two proposed community centers that currently consist of auto-oriented retail development and a mixture of single- and multi-family residential development. | 76    | $6,000,000         | $2,000,000       | -               | December 2007    |
| 23  | Streetscape II Project                | City of Encinitas       | **Project:** Improvements to Hwy 101 between F St. and the entrance to Swami's Beach Park, including curb, gutter, and sidewalk improvements. Landscaped corner safe crossings, street furniture and lighting, increased parking.  
**Setting:** This streetscape project lies within the downtown Encinitas community center. The project area includes the Lumberyard Shopping Center, and is near the Encinitas Civic Center and Encinitas Transit Station. Planned residential density will reach 20 to 25 units in the surrounding area. | 74    | $3,105,000         | $300,000        | -               | April 2008       |
| 24  | Solana Beach Mixed Use Development   | North County Transit District | **Project:** Lighted walkways, improved signage, additional benches and sidewalks, covered pedestrian path from parking structure to platform, specialized bike facilities, doubling of drop-off zones, and dedicated bus parking space for NCTD Route 308.  
**Setting:** The Solana Beach Train Station project is a mixed-use development that will serve the LOSSAN rail corridor and two bus routes. The project includes 141 residential rental units, live/work units, retail, and office space, with three underground parking structures. Residential density will increase from 0 to 52 units per acre. | 73    | $3,400,000         | $2,000,000       | -               | June 2009        |
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| 25  | San Luis Rey Transit Center at North River Village | North County Transit District | **Project:** Construction of transit center and public improvements such as sidewalks, landscaping, pedestrian and bike facilities.  
**Setting:** North River Village is planned as a mixed-use development that includes the proposed San Luis Rey Transit Center, 133 townhomes, and 13,684 square feet of retail and office space. | 70    | $6,000,000        | $2,000,000       | -                 | September 2007     |
| 26  | Coastal Rail Trail Project                       | City of San Diego       | **Project:** Construction of a 20-mile-long portion of the Coastal Rail Trail bicycle facility between Del Mar and downtown San Diego.  
**Setting:** This is part of a larger multi-jurisdictional bikeway project along the coast in the cities of Oceanside, Encinitas, Solana Beach, Carlsbad, Del Mar, and San Diego. This portion of the trail will serve the Sorrento Valley Coaster. | 61    | $1,712,900        | $1,000,000       | -                 | August 2010        |
| 27  | San Diego River Bike Path Linkages               | City of San Diego       | **Project:** Rio Courtyard/River Run bike path linkage - construction of a bridge over a drainage channel to link bike path segments in Mission Valley.  
**Setting:** This is part of a larger project in Mission Valley that will link gaps in an existing regional bikeway. One of the linkages will link the Rio Vista and Fenton Marketplace trolley stations. | 61    | $1,402,000        | $371,000         | -                 | August 2007        |
| 28  | Alvarado Canyon Road Realignment Project         | City of San Diego       | **Project:** Realignment of Alvarado Canyon Road to improve bike, pedestrian, bus, and trolley access in and around Granville.  
**Setting:** This project will serve the recently constructed Grantville Trolley Station and the Granville Redevelopment Area, which anticipates residential densities of up to 20 units per acre near the new trolley station. | 58    | $6,300,000        | $2,000,000       | -                 | December 2009      |
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<tr>
<td>29</td>
<td>SR 75/282 Toll Removal Mitigation Measure Project</td>
<td>City of Coronado</td>
<td>Project: A metering system for traffic entering Coronado from the bridge, traffic signals, sidewalk bulbouts, and enhanced landscaping along the corridor. Setting: This project results from the removal of the toll on the San Diego-Coronado Bridge in 2002. The project area is served by four bus routes. Negotiations are underway for development of 30 high-density, low-income senior housing units within two blocks of the project area.</td>
<td>57</td>
<td>$2,800,000</td>
<td>$700,000</td>
<td>-</td>
<td>2009</td>
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<td>30</td>
<td>City of Santee Bike Path/Walkway</td>
<td>City of Santee</td>
<td>Project: Construction of a bike path, sidewalk, and landscaping within the Cuyamaca St. right-of-way. Setting: This project will serve planned mixed-use developments specified in Santee's Town Center Specific Plan, including an entertainment complex, office buildings, and multi-family housing. Planned residential density will reach 30 units per acre on specific sites. The project will be located within 1/4-mile of the MTS Transit Station.</td>
<td>55</td>
<td>$2,233,800</td>
<td>$1,000,000</td>
<td>-</td>
<td>September 2007</td>
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<tr>
<td>31</td>
<td>Sweetwater Springs Boulevard Sidewalks</td>
<td>County of San Diego</td>
<td>Project: Construction of sidewalks and installation of street lighting along portions of Sweetwater Springs Blvd. in Spring Valley. Setting: This community center includes residential and commercial uses, and two schools. The project is served by one bus route.</td>
<td>53</td>
<td>$935,000</td>
<td>$390,000</td>
<td>-</td>
<td>December 2005</td>
</tr>
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<td>32</td>
<td>Stage Coach Lane Sidewalks at Fallbrook High School</td>
<td>County of San Diego</td>
<td>Project: Construction of a curb, gutter, and sidewalk on the south side of South Stage Coach Lane in front of Fallbrook High School. Setting: This project will directly serve Fallbrook High School, and the Fallbrook Smart Growth Opportunity Area, a rural community within an unincorporated area of the county. The project is served by a nearby bus route.</td>
<td>39</td>
<td>$1,400,000</td>
<td>$700,000</td>
<td>-</td>
<td>June 2006</td>
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<td>33</td>
<td>Santee Trolley Square Raised Pedestrian Crossing</td>
<td>City of Santee</td>
<td><strong>Project:</strong> A raised pedestrian crossing between the MTS Transit Center in Santee Trolley Square and a future mixed-use development site. <strong>Setting:</strong> This project will be located in Santee's town center, adjacent to the MTS transit station located in Santee Trolley Square. Planned residential density will reach 30 units per acre on specific sites in the area surrounding the project.</td>
<td>37</td>
<td>$343,400</td>
<td>$343,400</td>
<td>-</td>
<td>June 2007</td>
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**Total for Recommended Projects**

- Total: $44,196,000
- Funds Requested: $20,701,000
- Recomm. Funding: $19,110,000

**Grand Total**

- Total: $97,225,514
- Funds Requested: $44,197,882
- Recomm. Funding: $19,110,000
PILOT SMART GROWTH INCENTIVE PROGRAM EVALUATION PANEL

Elaine Cooliris  Regional Planning Stakeholders Working Group
Todd Henderson  Regional Planning Stakeholders Working Group
Kathy Keenan   Regional Planning Stakeholders Working Group
Ron Pennock    Regional Planning Stakeholders Working Group
Don Preis      Regional Planning Stakeholders Working Group
Kevin Reese    Regional Planning Stakeholders Working Group
Steve Silverman  Council of Design Professionals
Sandy Smith    Regional Planning Stakeholders Working Group
Stephan Vance  SANDAG staff
CALIFORNIA’S OCEAN ECONOMY

Report to the Resources Agency, State of California

Prepared by The National Ocean Economics Program

Professor Judith Kildow
Principal Investigator
California State University Monterey Bay

Professor Charles S. Colgan
Chief Economist
University of Southern Maine

July 2005
Executive Summary

California's Ocean Economy is the most expansive study of its kind in the nation and provides an update to the 1994 economic study conducted by the California Research Bureau and later released as part of the Resources Agency ocean strategy titled, California's Ocean Resources: An Agenda for the Future. This report from the National Ocean Economics Program (NOEP) provides a more comprehensive understanding of the economic role of California's ocean resources than has been available to date. It also provides California with strong evidence that its unique ocean and coastal resources are important to sustaining California's economy. This information highlights the economic importance of the ocean and coast to California and the nation and underscores the need for continued leadership in balancing resource protection and economic development.

Summary of Findings

California - Largest Ocean Economy in the Nation
California has the largest Ocean Economy in the United States, ranking number one overall for both employment and gross state product (GSP), an impressive position, because California was the 5th largest economy in the world in 2000. The sectors of the Ocean Economy studied include: (1) coastal construction, (2) living resources, (3) offshore minerals, (4) ship and boat building and repair, (5) maritime transportation and ports, and (6) coastal tourism and recreation. The total GSP of California's Ocean Economy in 2000 was approximately $42.9 billion. California's Ocean Economy directly provided approximately 468,000 jobs in 2000, and almost 700,000 jobs when multiplier effects are included. It provided more than $11.4 billion in wages and salaries in 2000, and more than $24 billion when multiplier effects are included. The NOEP also evaluated the total value of all economic transactions within 19 coastal counties (mainland coast and four additional counties added within San Francisco Bay and the Sacramento River Delta) and identified approximately $1.15 trillion of economic activity, (86% of total state economic activity), that is referred to as the "Coastal Economy." The natural resources of the coast and coastal ocean are a solid foundation for California's economy and these resources must be sustained to maintain the strength in the six sectors evaluated within the Ocean Economy and the much larger Coastal Economy.

California's Ocean Economy: Comparisons with the Nation
California provides a larger share of the national Ocean Economy than any other state. Overall, California made up nearly 19% of the US Ocean Economy in 2000 in both employment and GSP. A major reason for this was the increase in the Tourism & Recreation sector and the strength of the Transportation sector. California's Marine Transportation sector is more than a quarter of the national Marine Transportation sector with the Ports of Long Beach and Los Angeles among the largest in the nation.

1 2001 California Society of Certified Public Accountants, Gale Group.
2 County shares of GSP computed as county share of wages from the BLS Quarterly Census of Employment and Wages applied to the estimate of GSP from the Bureau of Economic Analysis.
Coastal Tourism and Recreation – More Growth/Lower Wages
Coastal Tourism & Recreation dominated job growth with lower wages, while higher wage jobs in ocean-related sectors declined. This trend, which also took place nationally, represents a shift from goods-related economic activity towards services. It points to the need for California to continue to address housing and transportation issues to accommodate this workforce. In addition, California must continue its leadership efforts to protect and enhance the natural resources, which draw visitors from all over the world.

Coastal Population Density Is High – More Growth Inland
Not only are the oceans important economically to the state, they are much loved by the residents. In 2000, 77% of California’s population lived in coastal counties, which represent 25% of the land. In fact, population density along the coast increased markedly over the decade to 671 people per square mile compared to population density for the entire state of 217 people per square mile. However, between 1990 and 2000, California’s coastal population grew more slowly than the overall state population; 11.3% compared to the total state population growth of 13.7%, a difference of 2.4%. Areas of highest population growth were the inland areas immediately adjacent to the coast, where land was more available and less expensive at the time.

Coastal Economy: Employment and Gross State Product
Total Coastal County GSP in 2000 represented approximately 86% of California’s GSP, estimated at $1.15 Trillion. Coastal employment in California increased by 13.2% from 1990 to 2000 compared to the state’s overall employment growth of approximately 12%. In 2000, total employment in coastal counties represented 81% of the state’s total employment or 11,994,814 salaried workers.

Regional Growth
Regionally, the largest growth occurred in the central region of California, which includes Monterey, San Mateo, and Santa Cruz counties. The growth rates on all three measures, employment, wages and GSP, were larger than any other region, and were driven primarily by growth in Tourism & Recreation. The largest Ocean Economy is in the Southern, most populous region. Rural areas indicated a higher proportion of jobs relating to the coastal and ocean economy than in urban areas. The Ocean Economy represented 2.7% of employment in the highly populated Southern California economy and nearly 10% of the jobs in the northern rural region of Humboldt, Del Norte, and Mendocino counties.

National Ocean Economics Program
This report was funded by a Coastal Impact Assistance Program (CIAP) Grant awarded by the California Resources Agency to the National Ocean Economics Program. The NOEP team, conducting a national investigation into the ocean based economy of the United States, has carried out this work using the most reliable available sources of information to prepare this report. The information and views expressed in this report are those of the authors and do not reflect any official views or position of the State of California. Professors Judith T. Kildow of California State University at Monterey Bay and Charles S. Colgan from the University of Southern Maine led the team.