TRANSPORTATION COMMITTEE AGENDA

Friday, November 4, 2005
9 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

- TransNet PLAN OF FINANCE
- DRAFT FY 2006 - FY 2010 REGIONAL SHORT RANGE TRANSIT PLAN

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Welcome to SANDAG. Members of the public may speak to the Transportation Committee on any item at the time the Committee 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 Committee staff. 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 Transportation Committee may take action on any item appearing on the agenda.

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ITEM # | RECOMMENDATION
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+1. | APPROVAL OF OCTOBER 21, 2005, MEETING MINUTES
+2. | PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Members of the public will have the opportunity to address the Transportation Committee on any issue within the jurisdiction of the Committee. Speakers are limited to three minutes each and shall reserve time by completing a “Request to Speak” form and giving it to the Clerk prior to speaking. Committee members also may provide information and announcements under this agenda item.

On September 16, 2005, a report was presented to the Transportation Committee on the results of SANDAG’s development review process in which SANDAG works with local jurisdictions to incorporate transit facilities and accommodations into new developments. The Transportation Committee asked staff for a list of the development projects and facilities provided. The attached memorandum provides the requested information.

**CONSENT ITEMS (3 through 4)**

+3. | LOS ANGELES–SAN DIEGO–SAN LUIS OBISPO RAIL CORRIDOR AGENCY (LOSSAN) BOARD OF DIRECTORS MEETING REPORT (Linda Culp)

The LOSSAN Rail Corridor Agency seeks to increase ridership, revenue, capacity, reliability, and safety on the coastal rail line from San Diego to Los Angeles to San Luis Obispo. Known as Amtrak’s Pacific Surfliner corridor, it is the second busiest intercity passenger rail corridor nationwide and Amtrak’s fastest growing. This report summarizes the actions from the LOSSAN Board meeting on September 14, 2005.

+4. | CALIFORNIA STATEWIDE HIGH-SPEED PASSENGER RAIL SYSTEM QUARTERLY UPDATE (Linda Culp)

The California High-Speed Rail Authority is the state agency responsible for planning, constructing, and operating a high-speed train system serving California’s major metropolitan areas. The proposed system stretches over 800 miles and would connect San Diego, Los Angeles, the Central Valley, San Francisco, and Sacramento using a state-of-the-art, electrified system capable of speeds in excess of 200 miles per hour. SANDAG continues to monitor and comment on the work of the CHSRA. This report is the regular quarterly update to the Transportation Committee.
CHAIR'S REPORT

5. UPDATE ON COMPREHENSIVE OPERATIONAL ANALYSIS (COA) BLUE RIBBON COMMITTEE

Chairman Kellejian will provide a verbal summary of the highlights from the October 12, 2005, MTS Comprehensive Operational Analysis (COA) Blue Ribbon Committee meeting.

REPORTS (6 through 8)

+ 6. DRAFT TransNet PLAN OF FINANCE FOR THE EARLY ACTION PROGRAM (Craig Scott) APPROVE

The draft TransNet Plan of Finance for the Early Action Program will be presented. The Plan of Finance provides the financial strategy for meeting the existing commitments for the current TransNet program and accelerating the identified Early Action Program projects from the TransNet Extension. Several financial scenarios have been developed for review by the Committee. The Committee’s direction on the preferred scenario is sought so that a final Plan of Finance can be developed for consideration by the Board of Directors in December.

+ 7. DRAFT FY 2006-FY 2010 REGIONAL SHORT RANGE TRANSIT PLAN (Dan Levy) APPROVE

In collaboration with MTS and NCTD and in accordance with SANDAG Policy No. 18, Regional Transit Service Planning, SANDAG is preparing the annual update to the Regional Short Range Transit Plan (RSRTP). This report is the first of a series related to the FY 2006-FY 2010 update and outlines the purpose, regional context, and approach for the plan and for transit service planning in the region. The RSRTP will provide the basis for regional decision-making related to the short range transit system over the next five years and is intended to move the existing transit system toward the long range Regional Transit Vision outlined in the Regional Transportation Plan and Regional Comprehensive Plan. The RSRTP will highlight the progress to be made over the next five years to make One Region – One Transit System a reality. The Transportation Committee is asked to endorse the purpose, context, and approach for developing the FY2006-FY 2010 RSRTP.

8. UPCOMING MEETINGS INFORMATION

The next meeting of the Transportation Committee is scheduled for Friday, December 9, 2005, at 9 a.m.

9. ADJOURNMENT

+ next to an agenda item indicates an attachment
TRANSPORTATION COMMITTEE DISCUSSION AND ACTIONS
MEETING OF OCTOBER 21, 2005

The meeting of the Transportation Committee was called to order by Chair Joe Kellejian (North County Coastal) at 9:06 a.m. See the attached attendance sheet for Transportation Committee member attendance. Chair Kellejian asked Councilmember Jack Dale (East County) to lead the Pledge of Allegiance.

1. APPROVAL OF MEETING MINUTES

Action: Upon a motion by Councilmember Jerome Stocks (North County Transit District [NCTD]) and a second by Councilmember Bob Emery (Metropolitan Transit System [MTS]), the Transportation Committee approved the minutes from the September 16, 2005, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Bill Figge, Caltrans, passed out a couple of upcoming meeting notices: a State of California Public Meeting on the Goods Movement Action Plan, scheduled for Saturday, October 29, 2005, at the Caltrans District 7 office in Los Angeles; and from the Business, Transportation and Housing Agency, a meeting on October 27, 2005, at the San Diego Radisson Harborview. He invited Transportation Committee members to attend these meetings.

Mr. Sandy Shapery, a member of the public, expressed concern about the parking of transit buses along State Street adjacent to Emerald Plaza. He said this creates a negative impact to residents and businesses in this area. Two months ago, the parking meters were pulled out and the curbs painted red. However, there are 8-10 buses parked on both sides of State Street with their engines running. He was told this was happening because the buses that were parked along Pacific Highway had their schedules impacted by freight trains so they were moved to the State Street area. He suggested that the buses be parked in front of a public office rather than private enterprises.

Chair Kellejian asked Paul Jablonski, MTS Chief Executive Officer, to respond to Mr. Shapery’s concern. Mr. Jablonski replied that he had spoken with Mr. Shapery. Mr. Shapery said he was not satisfied with the response. Supervisor Ron Roberts (County of San Diego) suggested that MTS provide Mr. Shapery with a better explanation of the situation.
Chair Kellejian noted that a memorandum from staff responding to a September 16, 2005, Transportation Committee question relating to the regional vanpool program was included in the agenda package.

**CONSENT ITEMS (3 THROUGH 8)**

Chair Kellejian indicated that Councilmember Jim Madaffer (City of San Diego) requested that Item No. 6 be pulled from the Consent Calendar, and there was a correction to Item No. 7.

3. **2004 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM (RTIP) QUARTERLY AMENDMENT (APPROVE)**

At its meeting on July 23, 2004, the SANDAG Board adopted the 2004 RTIP, the five-year program of major transportation projects in the San Diego region covering the period from FY 2005 to FY 2009. The Federal Highway Administration and Federal Transit Administration approved the 2004 RTIP on October 4, 2004. SANDAG processes amendments to the RTIP on a quarterly basis based on requests from member agencies. The Transportation Committee is asked to adopt Resolution No. 2006-05, approving Amendment No. 12 to the 2004 RTIP.

4. **AGREEMENT WITH CITY OF SAN DIEGO FOR EL CAJON BOULEVARD/I-15 BUS RAPID TRANSIT (BRT) EARLY ACTION PROJECT ENHANCEMENTS (APPROVE)**

The Transportation Committee is asked to authorize the Executive Director to sign an agreement with the City of San Diego for the design and installation of conduit and substructures in advance for future electrical, communication, water, and other utilities needed for the future bus rapid transit (BRT) station on Interstate 15 (I-15) at El Cajon Boulevard.

5. **ADDENDA TO THE MASTER MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN SANDAG, NCTD, AND MTS (RECOMMEND)**

Two addenda are proposed to the existing Memorandum of Understanding (MOU) between SANDAG, the North County Transit District (NCTD), and the Metropolitan Transit System (MTS). Addenda 3 and 4 between SANDAG and NCTD, and SANDAG and MTS, respectively, formalize the methodology to be used for allocating funding to SANDAG for the administrative functions that transferred in consolidation. The Transportation Committee is asked to recommend that the SANDAG Board of Directors approve Addendum 3 and Addendum 4 to the Master MOU between SANDAG, NCTD, and MTS.

7. **FREEWAY TRANSIT LANE DEMONSTRATION PROJECT (INFORMATION)**

SANDAG, in partnership with MTS, Caltrans, and the California Highway Patrol (CHP), will embark on a demonstration project to evaluate the effectiveness of using the freeway shoulder lanes as a transit priority measure. The one-year demonstration project will be implemented on State Route (SR) 52 and Interstate 805 (I-805) between Kearny Mesa and University City using MTS Route 960. A “before and after” comparative evaluation will include assessment of operational safety for buses and auto drivers; transit travel times and
schedule reliability; transit ridership changes; and passenger, bus driver, and auto driver perceptions. This report describes the demonstration project that is scheduled to begin by November 2005.

Chair Kellejian said that the correction on Item No. 7 related to the timing of when the Freeway Transit Lane Demonstration project would commence, which is December rather than what was indicated in the agenda report (late October or early November).

8. **UNMET TRANSIT NEEDS HEARINGS FOR TRANSIT DEPENDENT AND DISADVANTAGED POPULATIONS (INFORMATION)**

The Subcommittee for Accessible Transit (SCAT), appointed by the Board as the region's Social Services Transportation Advisory Council, will hold public hearings to receive comments on unmet transit needs in San Diego County, as required under Section 99238.5 of the California Public Utilities Code. Comments received will assist SANDAG and the region’s transit operators in identifying the unmet transit needs of transit-dependent and transit-disadvantaged persons, including senior citizens, persons with disabilities, and persons who are economically disadvantaged. The information received will also be used as input to the Regional Short Range Transit Plan (RSRTP) that is now being prepared. A series of five meetings is being planned at locations in North County, San Diego (central and south), and East County. Comments will also be accepted via e-mail, US mail, and through SANDAG's Web site. Results of the hearings will be reported to the SANDAG Transportation Committee in December 2005.

**Action:** Upon a motion by Councilmember Emery and a second by Supervisor Roberts, the Transportation Committee approved Consent Items 3 through 8, including Resolution No. 2006-5, the exclusion of Item No. 6, and the correction to Item No. 7.

6. **AMENDMENTS TO TransNet POLICIES (RECOMMEND)**

Amendments are proposed to TransNet-related policies previously adopted by the Board in its role as the Regional Transportation Commission in order to incorporate references to the TransNet Extension Ordinance. Additional changes are recommended for clarification purposes, and Policy No. 17, concerning fiscal and compliance audits, is being recommended as a new policy. If recommended for approval by the Transportation Committee, the proposed amendments and new policy will be taken to the SANDAG Board in November for final approval.

Councilmember Madaffer asked for a presentation on this item because there are substantial changes to policy. He asked if the changes had been reviewed by the Cities/County Transportation Advisory Committee (CTAC) or the Independent Taxpayers Oversight Committee (ITOC). Craig Scott, TransNet Project Manager, replied that they had not, but noted that the changes are minor technical corrections to policies dating back to the early years of the first TransNet Ordinance. He said that most of the changes are minor updates or repeals of policies that have been superseded, and technical changes to connect policies relating the first TransNet Ordinance to the TransNet Extension Ordinance. There is only one new policy, which is related to an issue that has come up within the last year regarding the timely completion of audits. This new policy was not taken to the committees
because it is not a discretionary act, but is required to maintain compliance with the Ordinance.

Councilmember Madaffer asked at what point should issues be reviewed by the ITOC. Mr. Scott said that the ITOC did review Policy No. 16, related to the commercial paper expansion proposal. The intent of Policy No. 17 is to provide a more detailed timeline for completion of the annual audits, a requirement for suspending TransNet payments in cases where the fiscal audits are not completed in a timely manner, and additional details related to various adjustments to be made based on the annual audit findings.

Councilmember Madaffer expressed his desire that this information be out in the open.

Julie Wiley, General Counsel, stated that if we have a situation where a proposed policy deals with a discretionary issue, we would take it to the ITOC and other related committees. The proposed changes are only complying with requirements in the Ordinance.

Action: Upon a motion by Councilmember Madaffer and a second by Supervisor Roberts, the Transportation Committee unanimously recommended that the SANDAG Board of Directors approve the proposed amendments to the TransNet policies.

CHAIR’S REPORT

9. Chair Kellejian indicated that there are several pieces of correspondence that were included in the agenda package. One was a memo notifying the Committee that Oceanside Mayor Jim Wood has been appointed to serve as the North County Coastal alternate representative to this Committee, effective immediately. The second piece was a letter responding to a group of people expressing interest in extending the trolley along the I-15 corridor between Escondido and San Diego. Chair Kellejian said that his response to that letter included information about the BRT system planned for this corridor. The third item was a memo to Transportation Committee members responding to questions raised concerning attendance by alternates at our Policy Advisory Committee (PAC) meetings. Our adopted SANDAG policy encourages members and alternates to attend all Committee meetings. Attendance by Committee alternates, although not required, is encouraged. He noted that the Transportation Committee does not have any attendance problems.

REPORTS (10 THROUGH 13)

10. PUBLICHEARING: PROPOSED CHANGE TO MTS RURAL TRANSIT ROUTE FARES AND APPROVAL OF CORRESPONDING CHANGE TO MTS FARE ORDINANCE (APPROVE)

Dan Levy, SANDAG Senior Transit Planner, introduced Brandon Farley, MTS Senior Transportation Planner.

Mr. Levy provided background information for this effort: MTS is seeking to make the entire system financially sustainable; the average subsidy per passenger trip on all MTS bus routes is $2.04, but on the rural routes the average subsidy is $22.43, with the highest
subsidy at over $60.00 per one-way trip; and MTS approved rural service adjustments and wants to increase fares to achieve a 10 percent cost recovery rate for these rural services.

Mr. Levy showed a graph containing ridership and subsidy levels for the rural services. He indicated that the fare policy is SANDAG’s responsibility and even though a regional fare ordinance has not yet been approved, Policy No. 29 requires SANDAG’s approval for all fare changes. Mr. Levy reviewed recent MTS Board actions regarding this proposal. Following SANDAG approval of the fare adjustments, MTS will amend its existing fare ordinance, and the proposed adjustments would be incorporated into the SANDAG regional fare ordinance in the future.

Chair Kellejian clarified that this meeting is only related to the fare adjustments; MTS has already had a public hearing and several meetings with the communities on the route changes.

Councilmember Emery stated that the most telling figures are the subsidies that these rural routes require, one of which is $127 for a round trip. Only the Tecate to Alpine route is close to the systemwide cost recovery figures. The goal is to get to the 10 percent farebox recovery rate.

Councilmember Madaffer asked how many passengers are on the Route 889 on a daily basis. Mr. Jablonski replied that the average passenger per trip rate is 1.2 for that route.

Mayor Art Madrid (East County) wondered if it is our public responsibility to provide this transportation. Having a high subsidy caused the demise of the dial-a-ride services.

Chair Kellejian commented that this issue is the reason for the Comprehensive Operational Analysis (COA); to change the culture and how business is conducted at MTS. NCTD went through a similar process to match service levels with ridership. Included in the COA is a process for dealing with services that do not meet the farebox recovery ratio.

Toni Bates, Division Director of Transit Planning, commented that MTS is proposing a policy that these rural routes achieve a minimum 10 percent farebox recovery within a six-month period or be reevaluated.

Mayor Pro Tem Ed Gallo (NCTD) stated that there comes a point of diminishing return and then you are out of business.

Ms. Bates noted that the combination of service adjustments and this proposed fare increase would save MTS about $1 million a year in subsidy costs.

Mr. Jablonski said that there was a lot of discussion throughout this process for maintaining a lifeline level of service, which cannot always be achieved by complying with a strict farebox recovery. That is why the MTS Board voted to bring those services that do not meet the six-month 10 percent farebox recovery requirement back to them for reevaluation.

Councilmember Jerry Rindone (South County) said that the 10 percent farebox recovery rate was a goal that was less than the average of 36 percent for the balance of the system.
Provision of service in areas with this subsidy rate is being balanced by the MTS Board with the need to provide service in areas having high density but no transit service.

Chair Kellejian opened the public hearing at 9:34 a.m. He pointed out that committee members had at their seats copies of input from callers, e-mails, and letters received.

Public Comments:

Crane Johnson, a member of the public, and a resident of Jacumba said that “beating louder and louder is the death rattle of the rural bus system.”

Gary Thyberg, a member of the public, said that the economic class of people that ride the Route 888 bus cannot afford a $10 fare. The zones for this route are entirely disproportionate to costs and distance traveled. The mileage from Jacumba to Alpine is 107 or two-man hours, which is what the contract is based on. Only half the fare is charged for that distance. Alpine to the El Cajon Transit Center is 14.5 miles, and half the fare is charged for that distance. With only half fare going to 80 percent of costs, this route is designed for failure as it cannot possibly meet the 10 percent minimum. The zone for Route 894 is from Campo to Tecate, which is about 20 miles. It serves three communities that are unfairly charged for a 20-mile trip: Cameron Corners, Campo, and Portrero. They are charged $5 to travel 20 miles and another $5 to go from Tecate to El Cajon. It’s hard to understand why only three communities have to pay a $10 fare when they are only 20 miles from the zone. He thought that Route 894 doesn’t need to be in a zone because the great majority of the passenger load is from Tecate.

Julie Ritzo, a member of the public, said that she just drove down from Warner Springs. The rural bus has been discontinued there as of September 6 and many members of the community signed a petition for this rural bus to be reinstated to Warner Springs. She said that many people depend on that service. She asked about the process for reinstating that service.

Chair Kellejian said that the route changes were decided by the MTS Board.

Ms. Wiley assured Ms. Ritzo that the petition documents will get to MTS staff.

Action: Upon a motion by Councilmember Rindone and a second by Councilmember Emery, the public hearing was closed.

Board Member Comments:

Councilmember Phil Monroe (South County) said that MTS has been working on the COA for several months now. The goal for the COA is to create a financially sustainable system. The three major goals of the COA are to create a network of transit services in the urban area, create commuter services to serve employment areas, and create some local special services, like the Super Shuttle. What is not on that list is lifeline service and rural service. Some areas will lose bus service as a result of COA implementation. We need to be clear about where we are headed and what has been endorsed in the COA.
Councilmember Judy Ritter (North County Inland) said that perhaps one solution is for these cities to develop a program similar to Vista’s “Out and About Program,” and/or operate buses only on certain days of the week. Councilmember Monroe responded that some of the rural routes are already only operating a couple days a week.

Chair Kellejian noted that included in the agenda report is a map and days of service for the rural routes.

Mayor Madrid said that it seems to him there is a philosophy that transportation is urban only, but then we are expected to implement services that support other views or guidelines that relate to sprawl. He thought we should not provide other services.

Gary Gallegos, Executive Director, noted that that is precisely what you are doing with linking transportation and land use. The Smart Growth Concept Map will define locations for growth and for transportation service. This Map is a tool to help policymakers develop more growth.

Councilmember Emery mentioned that none of the members of the MTS Board have seen the COA report. He expressed concern that conclusions about the COA were being stated without full MTS Board approval.

Mayor Madrid asked about the size of the buses used for these rural services.

Mr. Emery asked for a response on what kind of buses are operated on the rural services. Mr. Farley answered that there are two different sized buses operating on these services: a 30-foot, 22 passenger bus, or a van-type model with a 15-passenger capacity.

**Action:** Upon a motion by Councilmember Dale and a second by Councilmember Emery, the Transportation Committee voted to approve fare adjustments of up to $10 for one-way fares for MTS Rural Bus services, with zones and discounts as identified in Table 2 of the report.

11. **2006 STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) DEVELOPMENT GUIDELINES (APPROVE)**

Jose Nuncio, Senior Engineer/Programming Manager, explained that the STIP is a five-year transportation funding program typically used for capacity-increasing projects, operational projects, and funding for Metropolitan Planning Organizations (MPOs) across the state. It is renewed every two years, with two new years of programming capacity added in the process. The last time the STIP was adopted was in 2004.

Mr. Nuncio provided a status of the 2004 STIP remaining years. About $33.6 million has been programmed and half of these funds have been allocated by the California Transportation Commission (CTC). The 2004 STIP remaining program is distributed to various projects, primarily State Route (SR) 52. The CTC takes regional STIP funds off-the-top for previous commitments, including the payback for GARVEE bonds that were approved for the I-15 Managed Lanes and the Assembly Bill (AB) 3090 reimbursement payments that the CTC is
scheduled to allocate in FY 2006/07 and 2007/08. These funds, totaling $55.4 million during the remaining years of the 2004 STIP, are not available for reprogramming to any other project, and they reduce the region’s programming capacity for other projects. There is about $4 million in FY 2005/2006 rollover funds for projects where the allocation is not anticipated.

The changes from the 2004 STIP to the 2006 STIP indicate that: there is no increase in programming capacity for major projects, there is an increase of $6.3 million in Transportation Enhancement (TE) funds, the off-the-top commitments continue to 2011, and there is an opportunity to make adjustments and reprogramming on previously programmed projects.

Mr. Nuncio explained the 2004 STIP programmed funding vs. the 2006 STIP targets. Most of the money is programmed in FY 2007-2009; however, the 2006 STIP targets show the availability of funds in FY 2009-2011; therefore, if the region followed the 2006 STIP targets, we would need to push out projects two years. The CTC has expressed a willingness to advance projects to 2007 and 2008 from 2009 due to major projects that may or may not be ready in other regions for award to construction. There is also an opportunity of potential adjustments to the 2004 STIP that would free up a total of $23.5 million for other projects.

Mr. Nuncio reviewed the 2006 STIP proposed criteria: complete existing STIP projects and focus on the TransNet Early Action Projects, program projects as early as possible, maintain existing program levels, and adjust programming to account for funding by other sources.

The 2006 STIP potential options include the SR 52 extension from SR 125 to SR 67, the Mid-Coast Trolley Extension, SANDAG Planning and Program Monitoring, SR 905, programs other than non-STIP projects, and transportation enhancement funds (augment Pilot Smart Growth Incentives Program funding and identify other TE-eligible projects).

Mr. Nuncio indicated that the RTIP needs to be submitted to the CTC by January 30, 2006, and will be adopted by the CTC at its April 27, 2006, meeting.

Chair Kellejian reiterated the recommended actions, which are to approve the list of criteria for the 2006 STIP, place emphasis on the four options stated above, and approve the allocation of the TE programs.

Councilmember Emery said that the $23.5 million could also be used for capital improvement projects for the transit operators. We need to continue to look for funding for unfunded capital improvement projects.

Councilmember Rindone agreed that those projects for MTS and NTCD could meet the funding criteria. He didn’t want to underutilize those funds.

Mayor Mickey Cafagna (North County Inland) stated that if we use these funds for capital improvement projects for the transit operators, then there will be funding shortfalls in the Early Action Projects. He asked how these shortfalls will be made up. Mr. Gallegos said that you would have to take funds from other sources. He said that if you are going to do that for the transit operators, you should also do that for all 18 cities. The $23 million is not
going to get us far. The priorities in the past have been to complete those projects already in the STIP.

Councilmember Dale said that it is important that we honor our commitment to high-priority projects. If this $23.5 million will help those projects, then that is our applied commitment.

Mayor Madrid commented that a reason for not supporting the extension of TransNet was that commitments from the earlier program were not met. He supported funding priority commitments.

Mayor Madrid expressed his support for the rideshare program and said it is a viable program to address the congestion issue.

Mr. Gallegos stated that the Rideshare program was shifted out of STIP because we are funding that program with federal Congestion Mitigation and Air Quality (CMAQ) dollars. The CTC has made rideshare funds a low priority and our expectation is that if you leave it in the STIP, it will get deferred to the back years of the STIP.

Councilmember Monroe noted that the agenda report states that the CTC is asking regions to add transit capital projects to their priority STIP lists because it believes funding will be available for transit-specific projects. He asked if there is a bias at the state level for transit projects. Mr. Gallegos stated that that is a true statement for money that CTC expects for new projects (not already allocated ones). San Diego County is not getting new dollars because we already spent some of our money. We are talking about reshifting our STIP dollars.

Councilmember Jerome Stocks (NCTD) reiterated the transit operators’ needs for large infrastructure repair and maintenance. NCTD and MTS have a lot of aging hardware. He said that the policy direction and philosophy is very clear.

Councilmember Madaffer agreed that we should stick to the commitment made to the voters. He asked about funding for the Nobel Drive Coaster Station project. Mr. Gallegos said that those funds would come from several places: developer money, the STIP, state or federal pass-through dollars (CMAQ, Regional Surface Transportation Program [RSTP]), and TransNet.

Councilmember Madaffer asked that staff report back to show where capital improvement projects can get slotted for funding. Mr. Gallegos acknowledged the capital needs raised by both transit agencies and said that the amount of available funds will not meet those needs. The best opportunity to meet those needs is with new dollars. Unfortunately, we are not getting new dollars in this STIP cycle. The policy in the past has been to complete the projects already started.

Supervisor Roberts said that we need to make sure we follow-through on what we promised not only in the recent TransNet vote but in the earlier vote as well.
In response to a question from Chair Kellejian, Mr. Gallegos responded that staff is suggesting we not apply for money for SR 905 at this point because there is a more viable federal funding source for that project.

**Action:** Upon a motion by Councilmember Monroe and a second by Mayor Mary Sessom (East County), the Transportation Committee approved the 2006 STIP development criteria and approved the 2004 STIP potential program adjustments contained in the agenda report.

**12. MAGLEV STUDY SCOPE OF WORK (APPROVE)**

Ms. Leslie Blanda, Project Development Program Manager, reported that the federal multi-year transportation bill (SAFETEA-LU) included an $800,000 earmark to study the feasibility of a Magnetic Levitation (Maglev) link between San Diego and a potential regional airport site in the Imperial Valley. When matched with local funds, $1 million will be available over four years for the study. She reviewed previous actions taken by the Transportation Committee on this subject.

Ms. Blanda stated that staff worked to develop a two-phased scope of work to study the feasibility of Maglev. Phase 1 would study east/west alignments, and Phase 2 would study north/south alignments. Phase 1 would generally follow the Interstate 8 (I-8) corridor from the San Diego International Airport to the potential regional airport site, known as the Desert Site, in Imperial County. The alignments studied in Phase 2 would link San Diego and Imperial Counties to the Southern California Association of Governments' (SCAG’s) potential Maglev network to the north. Phase 2 would also study the I-405 corridor in Orange County as a potential link to the Long Beach Airport. Both the east/west and north/south alignments are potentially critical segments of a larger Maglev network connecting San Diego County, Imperial County, and the potential SCAG Maglev network to the north. The potential to utilize Maglev technology for freight as well as passenger service would be investigated through the study.

Ms. Blanda presented the scope of work highlights, the schedule, and the Phase 1 estimated budget. She indicated that this study could have an impact on a decision to be made by the San Diego County Regional Airport Authority (SDCRAA) on a new airport location. It is critical to conclude the Phase 1 study by February 2006 so that the results of the study can be shared with the Airport Authority in early March. She also reviewed the study organization. She noted that Congressman Bob Filner has expressed his willingness to support federal legislation to allow federal earmark funds remaining from Phase 1 to be used for Phase 2. The receipt of $600,000 to conduct Phase 2 is contingent on amending the current federal legislation and securing the local matching funds. The Phase 1 scope of work will provide a comparative analysis of Maglev, dedicated highway lanes, and high-speed rail.

Mr. Gallegos stated that we have met with Imperial County representatives, and one important piece is that Imperial County has an approved project through the Federal Aviation Administration (FAA) to study a major freight hub there. He said that linking San Diego with other markets east of here for freight has merit.

Mayor Cafagna asked if we are going to be evaluating the environmental impacts on both phases of the project. Ms. Blanda responded affirmatively.
Sandy Shapery (Regional Planning Stakeholders Working Group) said that the scope of Phase 2 is of particular interest to the Port of San Diego. If we can have a system running from the Mexican border to the Colton rail line, the freight portion could be a financially significant component. He hoped the scope could include that review.

Chair Kellejian said he would accept funding from the Port for that purpose. He asked staff to contact the Port for a possible financial contribution to the Phase 2 study.

Councilmember Madaffer asked if we will be able to study the north/south route. Mr. Gallegos responded that we will be looking at three north/south alignments.

Councilmember Madaffer inquired about the timing of this work. Mr. Gallegos replied that it would be 12 to 18 months after receiving the authority to spend the money. He said that Congressman Filner thinks the first opportunity to amend the federal legislation would be in the November 2005 time frame.

Mayor Madrid noted that there is no indication of the Airport Authority contributing money for this project. He thought that the Authority should be providing some funding for this study. Mayor Sessom stated that the Airport Authority is also studying some alignments on a parallel path, and both the Airport Authority and SANDAG staffs have been collaborating. The Airport Authority will share its data with SANDAG staff, which will bring down the cost of SANDAG’s study.

Mayor Madrid asked that jurisdictions along the proposed alignments be accorded an opportunity to provide input.

Chair Kellejian said that we should include in the motion direction to staff to obtain the participation and financial support of the Airport Authority and the Port of San Diego on this project and to extend the study area to the land port at the Mexican border.

Mayor Cafagna stated that he didn’t want redundancy with the work done by SANDAG and the Airport Authority.

Councilmember Dale noted that page 13 of the agenda report indicates a new north-south freeway corridor. He wondered where that corridor would be. Mr. Gallegos said that that will be a challenge to delineate. He noted that only existing rights-of-ways will prove to be feasible for such an alignment.

Councilmember Dale asked if such an alignment would fit into SR 67. Mr. Gallegos replied that a large portion of that route goes north-south until Mt. Woodsen, where it turns east. We would include that alignment in the study.

Mayor Madrid suggested that all geographic locations be looked at for the north-south project.

Mr. Shapery stated that an interconnected Maglev system can be used as a conduit for other things like energy, and other utilities can be incorporated into the guideway.
**Action:** Upon a motion by Councilmember Rindone and a second by Councilmember Madaffer, the Transportation Committee directed staff: (1) to proceed with a scope of work for the Phase 1 (East/West Alignment) Maglev study, in an amount not to exceed $400,000; and (2) to work with Congressman Bob Filner to amend the current federal legislation to allow use of the remaining $480,000 federal Maglev study funds to conduct a Phase 2 (North/South Alignment) Maglev study in San Diego and Imperial Counties linking to the SCAG potential Maglev network to the north; and, contingent upon amending the current federal legislation: (3) recommend that the Executive Committee approve the use of up to $120,000 from SANDAG’s contingency reserve to match the earmark funds for the Phase 2 (North/South Alignment) study; (4) recommend that the SANDAG Board of Directors amend the FY 2006 Overall Work Program (OWP) and the Program Budget to add a work element of up to $600,000 for the Phase 2 (North/South Alignment) study and approve the processing of any necessary amendments to SANDAG’s Regional Transportation Improvement Program (RTIP); (5) authorize staff to proceed with the scope of work for Phase 2 (North/South Alignment) of the Maglev study, in an amount not to exceed $600,000; (6) direct staff to work with the San Diego County Regional Airport Authority and Port of San Diego to obtain their participation and financial support for the Phase 2 study; extended the study area to the ports of entry at the United States-Mexican border; and (7) direct staff to work with local jurisdictions to obtain input regarding environmental and aesthetic impacts of Maglev through their jurisdictions.

13. MID-CITY TRANSIT NETWORK PLAN AND SHOWCASE BUS RAPID TRANSIT PROJECT STATUS (APPROVE)

Miriam Kirshner, Senior Transit Planner, reported that in 2002, the Metropolitan Transit Development Board selected a corridor from San Diego State University (SDSU) to downtown San Diego as a “Showcase” project for implementation of Bus Rapid Transit (BRT). In working with the community to develop this concept, there was a lot of support for most of the improvements such as signal priority and station and signal elements, but not for dedicated transit lanes. There had also been a request from the community to develop a transit network plan to show how all of the transit services in the area would work together. Therefore, staff undertook the development of a network plan. The goals of the plan were to develop a long-term transit network plan for the Mid-City communities, prioritize transit improvements, and develop a phasing plan to conform to alternative budget scenarios. Ms. Kirshner reviewed the study process and showed the network plan study area. She indicated that the key issues of the public advisory committee were better connections to job centers to the north (particularly along the I-15 corridor), improved circulation within Mid-City, and increased investment in facilities and services. She stated that this work was coordinated with the MTS Comprehensive Operational Analysis (COA) and the Independent Transit Planning Review (ITPR).

Ms. Kirshner reviewed key issues in four areas: regional, corridor, local, and neighborhood services. The study recommendations for regional services was a focus on transfer connections to the trolley in Mission Valley and to future freeway BRT services at the Mid-City Transit Plazas at El Cajon Boulevard and University Avenue along I-15; for corridor services, the focus was on improved speed and reliability; for local services, it was a focus on
improved connections and service frequencies; and for neighborhood services, it was to fill in the service gaps.

Ms. Kirshner reviewed the advisory committee priority rankings: “Rapid Bus” on El Cajon Boulevard, increased frequencies on north-south routes, a City Heights shuttle, regional connections, and the last priority was full BRT (with dedicated lanes) on El Cajon Boulevard. As a result, the recommendation is to redefine the service from BRT to Rapid Bus to include elements we have always planned (signal priority, upgraded stations, queue jumps, and branded vehicles) and to implement these elements in phases as funding becomes available.

Ms. Kirshner reviewed the next steps to finalize the Mid-City Transit Network Plan: pursue the Rapid Bus concepts for El Cajon Boulevard and University Avenue, evaluate proposed service changes with MTS as part of the COA, and pursue I-15 Mid-City Transit Plaza stations with the I-15 Early Action BRT Project.

Councilmember Emery complimented staff on a very good report, but expressed his disappointment to see the recommendation to scale back the BRT to Rapid Bus. However, he fully understood the hesitation of businesses along El Cajon Boulevard for a dedicated transitway required for BRT. He wondered where this fits within the overall COA. He was concerned about making a decision without seeing the big picture.

Chair Kellejian noted that there were two requests to speak.

Jay Powell, representing the City Heights Community Development Corporation, stated that they have been involved in the I-15 and SR 15 corridor issues for decades. He spoke in support of the staff recommendation with a special emphasis on the advancement of the Rapid Bus transit system. He said that it is very important to have express lines that tie this all together. These actions will lead us in the direction of a dedicated transit lane. One issue related to the I-15 BRT is that I-15 was redesigned to provide wider bridges to accommodate dedicated transit lanes for a trolley or BRT service. A study is underway about the use of those lanes. Those stations will need to have the dedication in order to function as platforms.

Clive Richard, a member of the public, expressed concerns about redefining the Showcase BRT Project to Rapid Bus. This is a different concept than what was originally portrayed to the public. He understood the opposition to the dedicated transit lanes. He asked if the shift from BRT to Rapid Bus will involve the same level of funding. If there is money to be pulled out of the Showcase project, where would it go? He hoped that it would be used for additional transit service and to offset transit operating costs.

Chair Kellejian noted that this report is going out for public review. He asked if the report back will respond to the question on funding. Ms. Bates said that there were two actions being recommended: release the Network Plan for public review and comment, and redefine the El Cajon Boulevard BRT to a Rapid Bus. She noted that by redefining BRT to Rapid Bus there is an opportunity to phase in and perhaps ultimately end up with a BRT. Los Angeles has been very successful with a Rapid Bus program on Wilshire and Ventura Boulevards that do not have dedicated lanes but a lot of other features of rapid
transit. That is the model we are trying to emulate. Staff will come back with the definition of Rapid Bus and the costs of the components, and the Transportation Committee will determine which ones will be implemented. The Showcase Project is in the TransNet Extension but is not an Early Action Project.

Councilmember Monroe expressed support for recommendations 2 and 3 but was confused with the recommendation to release the Network Plan for public review and comment in light of the COA work. Ms. Bates said that MTS staff has been on the committee to develop the Network Plan and that the plan has been developed with assistance from the same consultant that is conducting the COA. Consistency is there because it is a partnership with MTS.

Mr. Jablonski said that he was comfortable with the plan as it fits in with the COA. The premise for doing BRT along an urban corridor was a sound one. But the fact that we are going to a limited-stop Rapid Bus service is disappointing. To the extent we can implement enhancements, that is a positive step, but for an urban BRT system, it's a big step backwards.

Mayor Madrid expressed disappointment with this recommendation. He said this is a defining moment for this organization to either do something that has vision and integrity and will be a solution, or perpetuate the history of this region. He understood that having a dedicated lane for transit is not a popular one. We should adopt a policy that has a strong vision.

Mr. Gallegos said that in order to make BRT work, we have to either eliminate parking or a city street traffic lane, and there is no community support for that action. The Transportation Committee does not have the authority to do that. We have to work through the City of San Diego to make that happen. What we are advocating is to work with that community to build to a BRT.

Ms. Bates said that the Rapid Bus concept has a lot of features of BRT. We can create what we are looking for in better bus service as a first step.

Mayor Madrid suggested that rather than making bold recommendations, staff should come forward with a series of steps leading up to the ultimate goal.

Mayor Cafagna commented that he is not ready to give up on BRT in that area, but this is a good first step. He asked if a study had been conducted to find a parallel street to El Cajon Boulevard. Ms. Bates said that staff looked at it initially, but other streets do not go the full length of El Cajon Boulevard. Mr. Gallegos added that alternate streets get into the residential community.

Councilmember Rindone said that he could not support the recommendation to redefine the BRT to a Rapid Bus project. He suggested that it be tabled, have a discussion and joint meeting with the San Diego City Council, and discuss it as partners. There are times when we have to do business differently. We need a full commitment from the City of San Diego on this issue. This is an opportunity that we cannot afford to waste. We also don't know what we are voting on today with regard to the definition, the amount of money, and the options.
Motion Made

Councilmember Rindone offered an alternative motion to table this item, begin discussions with the City of San Diego, and bring this item back in early 2006 to move forward with BRT. Councilmember Emery seconded this motion.

Councilmember Madaffer shared Councilmember Rindone's frustration with regard to BRT. However, this is the first step in a phased strategy approach. He didn't know if the change in leadership in the Mayor's office will make a difference because they work on a district approach. He has worked with Councilmember Toni Atkins on this matter.

Councilmember Madaffer asked Mr. Powell to share the concerns about this change from BRT to Rapid Bus with the community. Mr. Powell stated that members of the business community and neighborhood associations were not prepared to support giving up parking or giving up space for a dedicated transit lane. The other factor was the prioritization of the north-south BRT on I-15 to progress first to be the hub of any Mid-City system. The process in terms of working with the community to prioritize the Mid-City network was a good process with a phased approach. He felt that the Rapid Bus will evolve into BRT.

Councilmember Madaffer wondered if a caveat could be added that this would be designed as a Rapid Bus project but make it clear that it will go into a dedicated lane project within five to ten years. Mr. Powell deferred to staff on that question. It was his sense from being on the advisory committee that the community wants to see no adverse impact to their interests. He personally felt that a Rapid Bus project will improve the economy of that community.

Ms. Kirshner stated that there were some members of the advisory committee against a dedicated transit lane. Since the BRT was not a TransNet Early Action Project, the focus of the advisory committee was to improve service incrementally, and there wasn't a resolution about whether in some future time they would accommodate dedicated transit lanes.

Ms. Bates said that staff will report on what features would be included in the Rapid Bus service in terms of a longer vision so that we don't lose sight of BRT, and ask our Independent Transit Planning peer review committee to look at this issue. The peer review committee is looking at the hierarchy of investment in transit corridors that may help guide us.

Councilmember Madaffer said that the region is making an incredible investment in this area. He suggested that a better motion would be to accept the report and put a timeline on turning the Rapid Bus into a dedicated lane facility. That would give the opportunity for dialogue with the community and recognize that SANDAG means business.

Councilmember Rindone said that the reality is you have to take first steps before you get to the BRT. It is premature for the Transportation Committee to make that judgment to delineate it as BRT. The substitute motion would allow dialogue to continue but not eliminate that phased vision. If we do that prematurely, then we are not as responsible as
we need to be. Once we do the initial steps, have that dialogue, and the partnership with the full San Diego City council, it will be a convincing effort.
Councilmember Rindone said the motion is to return to this item when we have the additional information.

Councilmember Madaffer offered a substitute motion that we adopt staff recommendations 1, 2, and 3 and add a fourth item that we ask staff to go back out to the community and to work on a timeline to implement what would become the BRT as originally envisioned. He would like to have the community recognize the fact that it sounds like this Committee will eventually impose BRT even if the community is not ready to accept it.

**Substitute Motion**

Councilmember Madaffer moved to adopt staff recommendations 1, 2, and 3, and to add a fourth recommendation to direct staff to work with the community and develop a timeline for implementing what would ultimately be BRT. Mayor Cafagna seconded this motion.

Councilmember Rindone said that the fourth recommendation is incongruent with the second recommendation, and he asked staff to explain how that would work.

Councilmember Madaffer suggested that he add “approve redefining the BRT project as an interim phase.”

Leon Williams, MTS Chair, agreed with Mayor Madrid’s comments because they reflected leadership. He said that someone has to stand for something that makes sense and to convince others who may not understand that the vision is valuable to them in the long term. Before a recommendation is made it should come back as if it is going to be policy. We have to take the step to prove the benefit of what we are trying to do.

Councilmember Stocks spoke on behalf of the small, independent businesses along El Cajon Boulevard who are concerned about their customers not being able to park near or in front of their stores. This is vitality important to small businesses. We can talk about the benefit of mass transit; however, the majority of people do not take mass transit. Taking away parking will be a major issue. The staff recommendation makes sense.

Mayor Cafagna said that the vision of BRT is not being killed today. It’s happening; we are doing it on I-15, we will have a showcase for BRT. He said there will be BRT on El Cajon Boulevard one day, but this is the type of project we can do now. The BRT is not funded yet, and we should move ahead under Councilmember Madaffer’s new motion.

Councilmember Monroe said we picked the wrong Showcase project. We started with 13 Showcase project candidates and narrowed it down to 5. There was tremendous competition among those five candidates. He wondered if we should go back and look at candidate projects 2, 3, 4, and 5. We’ve lost the leadership that would have made this happen on this route. He strongly recommended support for Councilmember Rindone’s substitute motion.
Councilmember Madaffer thanked staff members Bob Leiter and Miriam Kirshner for all of their hard work on this. He asked Mr. Powell to convey the Committee’s direction to the Mid-City community that they need to look at this going to a permanent route within the next three years.

Mr. Williams asked if the parking issue can be included when staff reports back.

Mayor Madrid agreed with Councilmember Monroe that we should go back and review the other highly ranked Showcase candidate projects. He thought the authority and integrity of this body is being challenged.

Ms. Bates said staff will report back on what the other Showcase candidate projects were and noted that we have a Caltrans grant for the second-ranked Showcase project, which was a north-south alignment between downtown San Diego through Hillcrest to Mission Valley.

**Action**: Upon a motion by Councilmember Madaffer and a second by Mayor Cafagna, the Transportation Committee approved: (1) the release of the draft Mid-City Transit Network Plan and authorized its distribution for review and comment by community and business groups for 60 days; (2) redefining the Showcase BRT project to a Rapid Bus as an interim phase, with details on the specific service attributes to be determined following completion of the Independent Transit Planning Review (ITPR) and the MTS Comprehensive Operational Analysis (COA); (3) amending the FY 2006 OWP project listing for the Showcase BRT Project to reflect the redefinition of the project as a Rapid Bus service as outlined in the agenda report, and (4) direction to staff to work with the community and develop a timeline for implementing what would ultimately be BRT. The vote in favor was: Councilmember Stocks (NCTD), Mayor Cafagna (North County Inland), Councilmember Madaffer (City of San Diego), Chair Kellejian (North County Coastal), and Councilmember Dale (East County). Councilmember Emery (MTS) and Councilmember Rindone (South County) voted in opposition. The motion carried.

14. **UPCOMING MEETINGS**

The next two Transportation Committee meetings are scheduled for Friday, November 4, 2005, and Friday, December 9, 2005.

15. **ADJOURNMENT**

Chair Kellejian adjourned the meeting at 12:02 p.m.

Attachment: Attendance Sheet
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October 28, 2005

TO: SANDAG Transportation Committee

FROM: Chris Kluth, Transportation/Land Use Planner

SUBJECT: Bi-Annual Transit Development Review Report

This memorandum is in response to a request from Councilmember Ritter at the September 16, 2005 meeting of the Transportation Committee regarding additional information for Consent Item #4 - Bi-Annual Transit Development Review Report. Attached is a list of the development projects that contributed improvements to existing transit related facilities or provided new transit related facilities as part of the project. Grouped by jurisdiction, the list shows the project name and what type of facility was built. Also attached is a map showing the geographic distribution of the projects.

CK/cd
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## Development Projects Contributing Transit Related Improvements

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LOS ANGELES–SAN DIEGO–SAN LUIS OBISPO RAIL CORRIDOR AGENCY  
(LOSSAN) BOARD OF DIRECTORS MEETING REPORT

Introduction

The LOSSAN Rail Corridor Agency seeks to increase ridership, revenue, capacity, reliability, and safety on the coastal rail line from San Diego to Los Angeles to San Luis Obispo. Known as Amtrak’s Pacific Surfliner corridor, it is the second busiest intercity passenger rail corridor nationwide and Amtrak’s fastest growing. A LOSSAN membership roster is provided as Attachment 1.

The LOSSAN Joint Powers Board meets quarterly and the Technical Advisory Committee (TAC) meets generally every other month. SANDAG is staff to the LOSSAN Board and TAC. A summary of the LOSSAN Board meeting held on September 14, 2005, is provided as Attachment 2.

LOSSAN Board Action Highlights

The LOSSAN Board continues to advocate for federal rail funds that would benefit projects along the coastal rail corridor, including projects along the San Diego rail corridor. The Board reiterated its support for a stable source of federal funds for Amtrak, including a $1.4 billion FY 2006 federal appropriation for operations. The LOSSAN Board also called for equity in funds between the Northeast Corridor and California and felt the recent passage of Assembly Joint Resolution 18 (AJR 18) sends a message from California that Amtrak is critical to our transportation system. Co-authors of AJR 18 include San Diego Senators Kehoe and Ducheny.

BOB LEITER  
Director of Land Use and Transportation Planning

Key Staff Contact: Linda Culp, (619) 699-6957, lcu@sandag.org

Attachments:  
1. LOSSAN Membership Roster  
2. September 14, 2005 LOSSAN Board of Directors Actions
MEMBERSHIP

This board is composed of current and former elected officials representing rail owners, operators, and planning agencies along Amtrak’s Pacific Surfliner corridor between San Diego and San Luis Obispo. LOSSAN is staffed by SANDAG. The objective of the agency is to coordinate planning and programs that increase ridership, revenue, reliability, and safety on the coastal rail line from San Luis Obispo to Los Angeles to San Diego.

The Los Angeles - San Diego – San Luis Obispo Rail Corridor Agency meets every quarter.

Staff contact: Linda Culp
(619) 699-6957; lcu@sandag.org

MEMBERS

Chair: Arthur Brown
Orange County Transportation Authority

Vice Chair: Jacki Bacharach
Los Angeles County Metropolitan Transportation Authority

Julianne Nygaard
North County Transit District

Richard Dixon
Orange County Transportation Authority

Beatrice Proo
Los Angeles County Metropolitan Transportation Authority

Jerry Rindone
San Diego Metropolitan Transit System

Joe Kellejian
San Diego Association of Governments

Keith Millhouse
Ventura County Transportation Commission

Susan Rose
Santa Barbara County Association of Governments

John Shoals
San Luis Obispo Council of Governments

Bill Bronte
Caltrans, Division of Rail

ALTERNATES

Harry Mathis
San Diego Metropolitan Transit System

Brian Humphrey
Ventura County Transportation Commission

Salud Carbajal
Santa Barbara County Association of Governments

Mary Ann Reiss
San Luis Obispo Council of Governments

Jerome Stocks
North County Transit District

Ex Officio Member

Lou Bone
Southern California Association of Governments

Additional Technical Advisory Committee Members

Amtrak
Burlington Northern Santa Fe
California Public Utilities Commission
Southern California Regional Rail Authority
Union Pacific

Revised: August 4, 2005
Board Actions: September 2005

JOINT RAIL AGENCY COORDINATION EFFORTS, RECENT PASSAGE OF ASSEMBLY JOINT RESOLUTION 18 (AJR 18)

The Board of Directors discussed how to build upon the recent passage of AJR 18, a joint resolution of the California Senate and Assembly in support of continued federal funding of Amtrak. The Board stressed that coordination of efforts by the state’s three intercity corridors—LOSSAN, the Capital Corridor, and the San Joaquin Valley Rail Committee—to promote intercity passenger rail and seek additional funding sources should continue to be a priority. Continued coordination between the three agencies is encouraged to obtain full funding for Amtrak and to stress the importance of California, in addition to the Northeast Corridor. The Board directed staff to continue joint efforts on the state level, particularly when the Assembly and Senate reconvene in January 2006.

STATUS OF STATE FUNDING FOR LOSSAN CORRIDOR PROJECTS AND OTHER STATE RAIL MATTERS

Caltrans provided an update on LOSSAN Corridor project funding and related state matters. In August, the California Transportation Commission (CTC) approved a $73 million intercity rail operating budget and an $87 million request for the triple track between Los Angeles and Fullerton. A request for an additional $70 million will be made at an upcoming meeting for grade separations and track related to this project. The 2006 State Transportation Improvement Program (STIP) fund estimate is still under development, adding to the uncertainty in programming new projects. Caltrans also will request $125 million for rolling stock and is currently working with Amtrak to design the vehicle specifications.

FEDERAL LEGISLATIVE UPDATE INCLUDING THE LOSSAN CORRIDOR DEFINITION

The Board was informed that the LOSSAN Corridor definition remained incorrectly defined in the surface transportation bill, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) as San Diego to Del Mar, 29 miles of the 351 mile corridor. Senator Boxer’s staff is working to correct this in the FY06 Appropriations bill. The Board noted the critical nature of this correction.

The Passenger Rail Investment and Improvement Act (PRIIA) is a bipartisan effort introduced in July to authorize full funding of Amtrak. Provisions also create a state capital grant program for intercity rail capital projects with a federal/state match of 80/20. The bill allows credit for past state investments in rail, up to 50% of the average amount expended in FY 2004/2005 and FY 2006. The Board directed that this be changed to reflect the last 10 years of state investments, to more accurately reflect the commitment made by the State of California.
**SURFLINER REPORT**

Pacific Surfliner trains continue to experience record ridership, with July being the highest recorded July ridership in history. Amtrak expects to reach 2.5 million riders for the federal fiscal year ending September 30. On-time performance was at 71%, well below the goal. Delays are attributed primarily to interference with other passenger and freight trains.

**LOSSAN CORRIDORWIDE STRATEGIC BUSINESS PLAN AND INCORPORATION OF COMMUTER RAIL ANALYSIS**

The Board received a status report on the LOSSAN Corridorwide Strategic Business Plan. Comments from the LOSSAN TAC, public and stakeholders have been incorporated into the draft plan. The scope of work has been expanded to include an assessment of commuter rail between Ventura and Santa Barbara Counties and a detailed rail modeling analysis. With the expanded scope of work, the final corridorwide strategic business plan is scheduled for March 2006.

**SOUTHERN CALIFORNIA REGIONAL GOODS MOVEMENT STRATEGY: A PLAN FOR ACTION**

The Board received information on the Southern California Regional Goods Movement Strategy, finalized by the Southern California Association of Governments (SCAG) in March of 2005. The report addresses key goods movement issues in Southern California and proposes a number of strategies in coordination with passenger rail improvements.

**FREIGHT RAIL PLANS FOR THE LOSSAN CORRIDOR**

Updates on future rail plans were provided by Burlington Northern Santa Fe (BNSF) and Union Pacific (UP). More than half of the LOSSAN corridor is privately-owned. UP owns 175 miles between San Luis Obispo and Moorpark and BNSF owns 22 miles between Redondo Junction in Los Angeles and Fullerton. Both discussed the importance of the LOSSAN Corridor, as well as the East-West Corridor between Fullerton and Riverside, a portion of which is used by both operators resulting in more than 180 freight trains a day. BNSF expects to need the Los Angeles to Fullerton triple track projects completed by 2010. UP currently views the coast route as excess capacity if delays arise with its Central Valley route.

**NEXT MEETINGS**

The next LOSSAN Board of Directors is scheduled for Wednesday, December 7, 2005 at 11:30 a.m. in Los Angeles. The next LOSSAN TAC meeting is scheduled for Tues. November 8, 2005 at 11:30 in Los Angeles.
Introduction

Since 1993, the State of California has authorized the study of an intercity high-speed passenger system. The California High-Speed Rail Commission first studied this system until the agency sunset in 1996. The state then created a new agency, the California High-Speed Rail Authority (Authority), and gave it responsibility for planning, constructing, and operating a high-speed train system serving California's major metropolitan areas, including San Diego. The Governor and Legislature have granted the Authority all the powers necessary to oversee the construction and operation of a statewide system once financing is secured. The Authority has a nine-member policy board and a small staff. In 2000, the Authority adopted a Final Business Plan for an economically viable train system capable of speeds in excess of 200 miles per hour on a fully grade-separated track with state-of-the-art safety, signaling, and automated control systems.

The proposed system stretches over 800 miles and would connect San Diego, Los Angeles, the Central Valley, San Francisco, and Sacramento (Attachment 1). San Diego would be connected from Los Angeles via the Inland Empire. High-speed train (HST) service along the Inland Corridor would parallel Interstates 215 (I-215) and 15 (I-15) and extend south to downtown San Diego. HST service on the coastal corridor would extend no further south than Irvine, as a result of environmental constraints along the coast and in coastal communities between South Orange County and San Diego. Between Los Angeles and Irvine, HST service would share the corridor with existing Amtrak intercity service, Metrolink commuter rail service, and freight.

SANDAG’s Role in Monitoring the Statewide System

To address the activities of the Authority and how they relate to San Diego, SANDAG established the Regional High-Speed Rail Task Force in 1999. Members include representatives from the Transportation Committee, North County Transit District, Metropolitan Transit System, the Centre City Development Corporation, Department of Defense, and elected officials from the coastal and I-15 communities.

In May 2005, with the concurrence of the Task Force, the SANDAG Executive Committee approved the transfer of responsibility for monitoring these efforts to the Transportation Committee through quarterly updates, provided that Task Force members be notified of these quarterly updates, that high-speed rail be incorporated into the update of the Regional Transportation Plan, and that SANDAG keep open the possibility of reactivating the Task Force should activity warrant it.
Discussion

Final PEIR/EIS

In January 2004, the Authority released the draft Program-Level Environmental Impact Report/Environmental Impact Statement (PEIR/EIS) for the proposed statewide high-speed passenger train system. The Authority is the lead state agency for the state EIR, and the Federal Railroad Administration (FRA) is the lead federal agency for the federal EIS.

The Authority approved the Final PEIR/EIS at its August 2005 meeting, including preferred alignments and stations in San Diego. Other work underway includes updated statewide ridership forecasts and an additional program-level study of the Bay Area to Central Valley corridor. These documents are available at www.cahighspeedrail.ca.gov.

Statewide High-Speed Rail Ridership Forecasts

The Authority first developed statewide ridership forecasts with the adoption of the Final High-Speed Rail System Business Plan in 2000. The Metropolitan Transportation Commission, the transportation planning organization for a nine-county region in the San Francisco Bay Area, is working in conjunction with the Authority to update these forecasts for each of the five corridors.

Legislative Activity

Senate Bill 1024 (D-Perata) would enact the Safe Facilities, Improved Mobility, and Clean Air Bond Act of 2005 and authorizes $10.275 billion in bonds for transportation and other infrastructure projects. Staff expects this bill to be a key proposal in the 2006 state legislative session. In September 2005 the bill was amended to include $200 million for each of the five high-speed passenger rail corridors in California. Current state law specifies that a $9.95 billion bond measure be placed on the November 2006 statewide ballot to fund the first leg of the statewide high speed rail system between the Bay Area and Los Angeles. The Perata bill is the first to dedicate funds for the Inland Los Angeles to San Diego and Coastal Los Angeles to Orange County high-speed rail corridors. If enacted, it also would repeal the $9.95 billion high-speed rail bond measure.

BOB LEITER
Director of Land Use and Transportation Planning

Key Staff Contact: Linda Culp, (619) 699-6957, lcu@sandag.org

Attachment: 1. California High-Speed Rail Statewide System Map
California High-Speed Rail
Statewide System Map

Legend
- Preferred Alignment
- Station
- Possible Alignment Area
- Urban Area
- County Line

Pacific Ocean
Introduction

In January 2005, the Transportation Committee and the SANDAG Board of Directors approved a set of projects for accelerated implementation, referred to as the TransNet Early Action Program (EAP). In May 2005, the Transportation Committee and the Board acted to include additional transit components to the EAP.

The concept of the EAP was to “jump-start” the implementation of several key projects prior to the beginning of TransNet Extension in FY 2009, with the objective of completing those projects within the first five to seven years of the new program. Based on the schedules developed for the EAP projects, this draft Plan of Finance is focused on a detailed financial analysis through FY 2015.

Staff was directed to proceed with the implementation of these projects, beginning with the development of a financial strategy for how best to fund both the early implementation of these EAP projects and the ongoing commitments from the existing TransNet program. This item provides a description of the key assumptions regarding costs and revenues used in this Plan of Finance and outlines key policy issues for consideration by the Transportation Committee. Four financial scenarios were analyzed, including three bonding scenarios (Scenarios 1-3) and a no bonding scenario (Scenario 4). The differences in the three bonding scenarios were based on the share of TransNet revenues to be used on EAP projects and the share of State Transportation Improvement Program (STIP), federal Congestion Mitigation and Air Quality (CMAQ), and Surface Transportation Program (STP) funds to be committed to the EAP as opposed to other potential uses.

The Plan of Finance is not a static planning document with a fixed set of project costs, schedules, and strategies, but rather a dynamic process to be reviewed, reevaluated, and refined continuously with the goal of implementing the TransNet program as expeditiously as possible. This is the first of a series of Plan of Finance updates to be brought to the Independent Taxpayer Oversight Committee (ITOC), the Transportation Committee, and the Board of Directors.

Recommendation

The Transportation Committee is asked to direct staff to further develop the final TransNet Plan of Finance based on Scenario 3 for consideration by the SANDAG Board of Directors at the December Board meeting. Scenario 3 uses bonding to complete the EAP projects on the proposed schedules,
sets aside 10 percent of TransNet Major Corridor funds for other non-EAP TransNet projects, and leaves 15 percent of future STIP/CMAQ/STP funds available for other non-TransNet projects.

Discussion

Overview of Plan of Finance Development Process

Following the approval of the EAP, staff began to work with SANDAG’s Financial Advisor, Public Financial Management (PFM), on the development of a new financial cash flow model that would blend the cash flow demands over the last three years of the current TransNet program (FY 2006 – FY 2008) with the accelerated cash flow requirements of the projects being “jump-started” from the TransNet Extension (FY 2009 – FY 2048). The model is based on escalated future year dollars in order to reflect the impacts of cost escalation, annual growth in TransNet revenues and other state and federal matching funds, bond debt service, and interest earnings over time. The key steps in this financial modeling process included:

- Updating and adjusting all cost and revenue estimates to escalated future year dollars
- Developing detailed cost estimates for each EAP project, including annual cash flow estimates based on the accelerated construction schedules
- Refining revenue forecasts for TransNet funds, as well as state and federal matching funds
- Analyzing various financial scenarios

A more detailed discussion of the development of the draft Plan of Finance is provided as Appendix A. This appendix includes a description of each of the EAP projects included in the financial analysis, the updated costs and schedules for each EAP project, the key revenue assumptions used in the analysis, and a summary of the financial scenarios developed.

Update to TransNet Extension Expenditure Plan

The key first steps in this Plan of Finance process was to update the costs of the Major Corridor projects from the 2002 dollar basis used in both the 2030 Regional Transportation Plan (RTP) - MOBILITY 2030 - and the TransNet Extension Ordinance and Expenditure Plan to a 2005 dollar basis. A more detailed description of this cost updating process is provided in Appendix A.

Updated 2005 dollar cost estimates were developed for all TransNet Major Corridor projects based on construction cost escalation rates, while more detailed cost estimates were developed for each of the EAP projects by Caltrans and SANDAG staff. The results of this cost updating process are shown on Attachment 5. The total cost of the TransNet Major Corridor projects, as contained in the TransNet Extension Ordinance and Expenditure Plan in 2002 dollars, was $9.623 billion. The updating process resulted in a total cost of $12.174 billion in 2005 dollars. This increase in costs, as more fully described in Appendix A, is greater than anticipated due to a spike in construction cost escalation rates over the past two years combined with other project specific cost increases.

Staff conducted an analysis to determine the impact of the identified cost increases for the EAP projects on the overall TransNet program. For this purpose, the total $12.174 billion cost estimate in
2005 dollars was compared against the updated revenue forecasts for TransNet revenues and STIP/CMAQ/STP matching funds (also in 2005 dollars) based on work conducted for the 2006 RTP technical update process. The estimates of future STIP/CMAQ/STP funds available to match TransNet funds are lower than the estimates used in MOBILITY 2030, upon which the TransNet Extension was based, for two primary reasons: (1) a lower base level reflecting the recent cutbacks in state funding; and (2) more conservative estimates of future annual growth rates.

The table below compares these updated 2005 year costs and revenues for the total TransNet Extension Major Corridor program and shows the impact of these higher costs and lower STIP/CMAQ/STP matching fund estimates. The information provided below presents these impacts under two sets of assumptions regarding the availability of STIP/CMAQ/STP funds to match TransNet Major Corridor projects – one column reflects an assumption that 100 percent of these state and federal funds are used as match, while the other column reflects an assumption that 85 percent of these funds are used as match and that 15 percent are used for other non-TransNet purposes. The 85 percent is based on a historical analysis of the percentage of STIP/CMAQ/STP funds programmed for major highway and transit projects similar to the TransNet Major Corridor projects. These major projects have been receiving over 77 percent of these matching funds, with local streets and roads receiving approximately 8 percent and the balance going to transit, bikeways, and other purposes. With the availability of Proposition 42 funds and the $2,000 per dwelling unit in private funding contributions, as required by the TransNet Extension, for future local street and road improvements, the eight percent of these matching funds that have been used for street and road purposes was assumed to be available to match the TransNet Major Corridor projects. This increased the total share of the STIP/CMAQ/STP funds assumed for TransNet matching purposes to 85%. The rationale for these two assumed matching levels is further described in Appendix A and is the basis for the financial scenarios analyzed in the Plan of Finance process.

<table>
<thead>
<tr>
<th>TransNet Extension Expenditure Plan Update For the Major Corridor Program</th>
<th>85%*</th>
<th>100%*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Revenues</strong></td>
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<tr>
<td>Dedicated State and Federal Funds</td>
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<td>$706</td>
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<td>Future STIP/CMAQ/STP</td>
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<td>Total State and Federal Matching Funds</td>
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<td>TransNet Major Corridor Funding</td>
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<tr>
<td>Total Revenue Available</td>
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<td>$11,880</td>
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<tr>
<td><strong>Costs</strong></td>
<td></td>
<td></td>
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<td>TransNet Early Action Program</td>
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<tr>
<td>Other TransNet Major Corridor Projects</td>
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<td>Total TransNet Major Corridor Program</td>
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<td><strong>Surplus/(Deficit)</strong></td>
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<td>($294)</td>
</tr>
<tr>
<td></td>
<td>(8.0%)</td>
<td>(2.4%)</td>
</tr>
</tbody>
</table>

* The percentages shown reflect the percentage of future STIP/CMAQ/STP funds assumed as match for TransNet Major Corridor funds. No TransNet financing costs assumed.
This analysis indicates that there is a shortfall of 2.4 to 8.0 percent based on these updated costs and revenues. It is important to point out that these revenue estimates are more conservative than those used in MOBILITY 2030 and the TransNet Extension Ordinance and Expenditure Plan. The revenue estimates in the table above are based on future STIP/CMAQ/STP revenues only, with no additional future state and federal funds beyond these existing revenue sources being assumed.

The Major Corridor projects in the TransNet Extension were drawn from the high priority regional transportation improvements identified in the recommended “Reasonably Expected Revenue” Scenario in MOBILITY 2030. The $12 billion difference between the $30 billion “Revenue Constrained” Scenario and the $42 billion MOBILITY 2030 plan was assumed to be funded by revenues derived from the passage of the TransNet Extension through 2030 and $3.6 billion from additional state and federal revenues based on future gas tax or other equivalent revenue increases (like Proposition 42). The approval of Proposition A turned the assumption on the TransNet Extension into reality. Time will tell if state and federal revenues do, in fact, increase over the next thirty years on the same annual average basis as they did in the past twenty years.

Based on the shortfalls shown in the table above, the use of a portion of the additional state and federal funds assumed in MOBILITY 2030 would be required to provide the additional matching funds to fully fund the program. To provide the additional state and federal matching funds needed to reach the 50 percent match rate assumed in the TransNet Extension, the use of $874 million (under the 100 percent column) to $1.55 billion (under the 85 percent column) would be required. These figures compare to the $3.6 billion in additional state and federal revenues assumed in MOBILITY 2030. While this involves some measure of risk, the assumption that there will be additional state and federal funds provided for transportation over the next 42 years is not too farfetched. The amount needed to bring the program back into balance is far less than the $3.6 billion assumed in MOBILITY 2030. If these additional future state and federal funds materialize as assumed in MOBILITY 2030, then the TransNet projects, as well as the rest of the projects in MOBILITY 2030 would have adequate funding. This will be a key assumption to track closely over time for both the TransNet program and future RTPs.

**Major Policy Issues**

A summary of the financial scenario analysis is included in Appendix A. This analysis process for the Plan of Finance has highlighted several policy choices and tradeoffs for the Transportation Committee’s consideration. The answers to the following questions will guide the decision on which of the scenarios to proceed with for the final Plan of Finance.

1. **To bond or not to bond?** - The EAP project schedules cannot be met on a pay-as-you-go basis. The goal is to complete all EAP projects by 2015. Without bonding, these projects cannot be completed until 2019. Should the schedules be delayed to avoid the need to bond, or should we try to complete the projects as soon as possible so that the related benefits from putting the EAP projects into operation can be realized? The four-year delay associated with the no bonding scenario results in an estimated cost for additional project cost escalation of $309 million. Based on traffic forecasts for the year 2015, the estimated benefits of completing the EAP projects total $525 million per year (in today’s dollars) based on the economic values for congestion relief (person hours of travel saved), accident reductions, and vehicle operating cost savings contained in the Caltrans cost/benefit model.
These estimated benefits of delivering the program early, combined with the project cost escalation that could be avoided in the bonding scenarios, exceed the interest costs on the bonds. At $525 million per year in estimated benefits of delivering the EAP program, a four-year delay in completion of the EAP under the No Bonding Scenario, combined with the $309 million in project escalation, results in a total “cost” of delaying the completion of the program of over $2.4 billion, as compared to the $1.08 to $1.25 billion in financing costs under the bonding scenarios. The difference is even more pronounced if the financing costs are adjusted to today’s dollars to be consistent with the calculation of the benefits. In today’s dollars, the financing costs under the bonding scenarios would range from approximately $650 million to $750 million. Based on this cost/benefit comparison, the recommendation would be to proceed with the accelerated implementation of the EAP program using debt financing.

2. **Should the focus on the EAP Projects be maintained or should the available TransNet funds be spread across additional Major Corridor projects?** – Earlier in the year, there was clear direction to proceed with the EAP to accelerate the implementation of those key projects and complete them as soon as possible. Recently, concerns have been raised about funding needs for other TransNet projects that are not part of the EAP. For example, the transit operators have identified over $200 million in projects that appear to be consistent with the TransNet Extension Major Corridor projects, but are not part of the EAP. There are many other TransNet highway projects as well that are not part of the EAP. The vast majority of the TransNet funds should remain targeted to the EAP. However, if the Transportation Committee is comfortable with the potential risk of slowing down the implementation of one or more of the EAP projects, then a set-aside of 10 percent of the available Major Corridor funds for other non-EAP Major Corridor projects would provide approximately $86 million through 2015 that could be used to initiate project development work on some of the other Major Corridor projects or to take advantage of potential leveraging opportunities that may arise.

3. **Should state and federal funds be used to match TransNet funds to support the implementation of the TransNet Expenditure Plan or to fund other important highway, transit, and local street and road improvements?** As indicated above, if a significant share of state and federal funds is not used to match TransNet major corridor funds, then the Expenditure Plan will not be completed as planned. The Expenditure Plan was designed to include the region’s highest priority projects, so in that respect the allocation of a high proportion of future state and federal matching funds to these projects would not be unreasonable. However, there are many other potential highway, transit, and local street and road improvements that also would be eligible for STIP, STP, and CMAQ funding. The Transportation Committee and Board will be faced with this issue every time there is a state or federal funding cycle in the future. At this early stage of the program with over 42 years left to go, it would be appropriate to maintain a share of the future STIP/CMAQ/STP funds for other non-TransNet purposes. If the Transportation Committee is comfortable with the risks discussed above in assuming that a share of the future growth in state and federal funds will allow the program to come back into balance, then the use of 15 percent of these funds could set aside nearly $120 million for other non-TransNet purposes through 2015.
Major Risk Factors

In any analysis such as the Plan of Finance, numerous assumptions have to be made with some of the assumptions having greater risk associated with them than others. This report has attempted to highlight the major assumptions used in the financial modeling process. The following are the major risk factors that could cause the results of the analysis to be substantially different:

1. **Significant Cost Increases** – This could occur in two ways. The first would occur if the cost escalation factor used in the financial model is too low resulting in underestimation of the future project costs. This would mean that the recent spike in construction costs is not really a spike, but the beginning of a new higher trend line. The second would occur if project-by-project cost increases rise above the expected cost escalation rates. This could be caused by additional project features being added to the projects creating a major change in the original scope of the projects, or by unanticipated factors such as lawsuits, environmental issues, and other related problems.

   **What can we do about it?** -
   - Support the expansion or development of new construction material sites so that the material needed for major projects does not have to be transported over great distances
   - Preserve right-of-way for major transportation improvements to reduce future right-of-way requirements
   - Support relaxing some of the current restrictions in construction zones relating to issues such as construction work windows and staging areas so that contractors have greater flexibility as they construct major transportation projects
   - Develop a cost containment process to deal with cost increases and proposed scope changes on an ongoing basis in order to keep future cost increases in check

2. **Sales Tax Revenues Falling Below Projections** – A major recession or other major changes in socio-economic trends could significantly impact the sales tax projections used in the financial model. This would have a major impact on SANDAG’s ability to bond in the future and make it very challenging to complete the Expenditure Plan as approved by the voters.

   **What can we do about it?** -
   - Guard against any proposed legislation that would exclude items from the sales tax or other efforts that would erode the tax base for the ½ percent sales tax
   - Review policy decisions regarding cash reserve levels and program set asides if sales tax growth begins to decline
   - Continuously monitor trends in sales tax receipts and update the model used to develop the long-term sales tax revenue forecasts on a regular basis in order to provide an early warning signal for potential issues

3. **State and Federal Fund Matching Rate Declines** – Since the TransNet Extension Ordinance and Expenditure Plan was based on a 50/50 match assumption for the Major Corridor projects, a major drop in the state and federal matching rate would create a significant problem. This
could happen in two ways. The first would result from the state and/or federal governments cutting back on funding for transportation, as the state has done in recent years. In fact, over the long-term, state and federal funds will need to increase to provide the needed matching funds. The second would occur if the state and federal funds continue to flow, but the Transportation Committee and Board decide to allocate those funds to other non-TransNet purposes.

**What can we do about it?** -

- Maintain an aggressive legislative program focusing on protecting and expanding state and federal funds for transportation and to match the major TransNet projects specifically
- Allocate a significant share of available state and federal discretionary funding to TransNet projects, as opposed to other purposes, in order to complete the TransNet Extension Expenditure Plan as approved by the voters

**Staff Recommendation**

The draft Plan of Finance analyzed four financial scenarios. These scenarios, which are discussed in more detail in Appendix A, are summarized below:

- **Scenario 1** - Uses 100 percent of future STIP/CMAQ/STP funds with no set aside of TransNet Major Corridor funds for non-EAP projects.
- **Scenario 2** - Uses 85 percent of future STIP/CMAQ/STP funds with no set aside of TransNet Major Corridor funds for non-EAP projects.
- **Scenario 3** - Uses 85 percent of future STIP/CMAQ/STP funds with a 10 percent set aside of TransNet Major Corridor funds for non-EAP projects.
- **Scenario 4** - No Bonding Option - Uses 85 percent of future STIP/CMAQ/STP funds with no set aside of TransNet Major Corridor funds for non-EAP projects.

Based on the analysis conducted to date, staff would recommend basing the final Plan of Finance on Scenario 3. It maintains the focus on the EAP projects, utilizes bonding to meet the desired EAP construction schedules, and leaves significant funding for other non-EAP projects, the most of the three bonding scenarios. The 10 percent set aside of TransNet Major Corridor funding provides over $86 million for non-EAP TransNet projects through 2015. The use of the 15 percent of future STIP/STP/CMAQ funds not utilized for matching the TransNet funds provides nearly $120 million for other non-TransNet purposes through 2015.

The recommendation to move forward with these set-asides in the early years of the program is based on the assumptions discussed previously regarding future increases in state and federal gas taxes and other equivalent revenue sources being sufficient to balance the overall program over time. Trends in these state and federal funding programs must be closely monitored. At a minimum, the overall balance of the entire TransNet Major Corridor program will be reviewed at the required comprehensive 10-year review, or earlier if required based on actual trends in state and federal funds in the near future. Depending on the results of these future reviews, any actions related to setting aside funds for other purposes may have to be reconsidered in light of the impact on the completion of the TransNet Major Corridor program.
This recommendation for the draft Plan of Finance process will provide a financial strategy for the implementation of the EAP, which includes work on 20 of the 47 Major Corridor projects identified in the TransNet Extension Ordinance and Expenditure Plan. This work on the various corridors ranges from preparation of environmental documents to complete construction of the entire project as proposed in the ballot measure.

**Next Steps**

Updated costs and schedules for the balance of these Major Corridor projects will be developed through the 2007 RTP process. The next major update to this Plan of Finance will reflect these updated costs and schedules, as well as updated revenue estimates, and will extend the financial strategy further into the future.

While this would be the next planned major update of the Plan of Finance, the Plan of Finance will be updated on a continuous basis. An ongoing updating process will be used to flag any significant changes in the key assumptions used in the financial model. The Transportation Committee will be advised of any major developments and any recommended changes to the approved financial strategy will be brought to the Committee for its consideration.

CRAIG H. SCOTT, TransNet Program Manager

Attachments: 1. TransNet Extension 40-Year Expenditure Plan
2. TransNet Early Action Program (EAP) - Project Descriptions
3. TransNet Early Action Projects - Location Map
4. Historical Construction Cost Index Comparisons
5. TransNet Program Cost Estimate
6. TransNet Early Action Program Project Cash Flow Summary
7. TransNet Early Action Program Project Delivery Schedule
8. Draft Plan of Finance for EAP - Summary Comparison of Early Action Major Corridors Capital Program

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

Draft TransNet Plan of Finance for the Early Action Program (EAP)
Summary of Plan of Finance Development Process

Introduction

Staff has worked with SANDAG’s Financial Advisor, Public Financial Management (PFM), on the development of a new financial cash flow model for the TransNet Extension. The new model has been developed to blend the cash flow demands over the last three years of the current TransNet program (FY 2006 – FY 2008) with the accelerated cash flow requirements of the EAP projects being “jump-started” from the TransNet Extension (FY 2009 – FY 2048).

This process required updating all costs and revenues from the 2002 dollar basis used in MOBILITY 2030 and the TransNet Extension Ordinance and Expenditure Plan. The model is based on escalated future year dollars in order to reflect the impacts of cost escalation, growth in TransNet and other state and federal matching funds, bond debt service, and interest earnings over time. Attachment 1 shows the impact of this escalated future year dollar adjustment on the TransNet Expenditure Plan summary table that was part of the ballot measure package.

Key inputs to the financial cash flow model are the updated costs of the EAP projects, the estimated schedules and annual cash flow requirements for each project, the TransNet revenue estimates for each component of the program, and the estimated matching funds available from state, federal, and other sources to help fund the major planned improvements. These inputs and key assumptions are summarized in the following sections.

The model is used to analyze, on an annual basis, how the TransNet funds and available matching funds can best be used to meet the cash flow requirements of the projects and to what extent debt financing will be required to maintain the desired schedules. Where debt financing is utilized, the corresponding debt service costs are included as a charge to the component of the TransNet program (major projects, environmental mitigation, transit services, local streets and roads, etc.) using the bond proceeds. The model provides for an analysis of each component of the program separately and for the program as a whole.

Initial Financial Strategy

Based on preliminary analysis work conducted at the early stages of this process, staff worked with PFM to develop an initial financial strategy for the program so that the necessary financial resources would be available to fund the accelerated implementation of the EAP projects over the early years of the program. The Transportation Committee approved the initial financial strategy at its May 20, 2005 meeting. Staff and PFM have been working over the past few months to implement the elements of this financial strategy and complete the Plan of Finance analysis work simultaneously. The key elements of the financial strategy are:

- Expand the TransNet commercial paper program from $135 to $335 million
- Issue additional short-term notes, if needed
• Issue long-term “take out” bonds in 2008
• Investigate hedging opportunities to lock in low rates today for 2008 bond issue

One of the major assumptions in the TransNet Extension Ordinance and Expenditure Plan is that a 50 percent TransNet/50 percent State/Federal/Other match will be achieved over the life of the program for the highway and transit projects in the Major Corridor Program. It will be critical to the long-term completion of the program that this match rate be reached over the life of the TransNet program.

The additional financial analysis that has taken place since this initial strategy was approved has served to reinforce the approved strategy. Significant progress has been achieved on the elements of this strategy. In September 2005, the Board approved the expansion of the commercial paper program to $335 million. Final documents are nearly complete, and the expansion is expected to be effective by early November providing the funding needed to proceed with early project implementation. In addition, proposals have been received for interest rate hedging concepts, and it is anticipated that a recommendation will be brought to the November Board meeting for consideration.

Early Action Program

Based on the actions of the Transportation Committee and Board in the first half of the year, the set of projects included in the EAP include the following major highway and transit improvements:

Tier 1 Projects: these projects are the remaining projects from the current TransNet program that were given priority for completion in the TransNet Extension Ordinance and Expenditure Plan.
• Widening of SR 76 from Melrose Drive to I-15
• Extension of SR 52 from SR 125 to SR 67
• Mid-Coast light rail extension

Tier 2 Projects: these projects are priority projects on corridors already under construction or in advanced phases of planning and design, including environmental work on major corridors in preparation for implementation as part of the next tier of projects.
• I-15 Managed/High Occupancy Vehicle (HOV) Lanes from SR 163 to SR 78, including Bus Rapid Transit (BRT) stations, vehicles, and related improvements along the I-15 Managed Lanes and down SR 15 through the Mid-City San Diego area to downtown San Diego.
• SR 52 Widening and Managed/HOV Lanes from I-15 to SR 125.
• Mid-Coast Super Loop project to provide high-quality bus transit circulator services in support of the Mid-Coast light rail project.
• South Bay Bus Rapid Transit Project – initial phase using dedicated transit right-of-way in the Otay Ranch area and freeway shoulder lanes on I-805 until the I-805 Managed/HOV lanes are completed.
• Environmental documents on the I-5 North Coast Corridor from La Jolla Village Drive in San Diego to Vandegrift Boulevard in Oceanside.
Environmental documents on the portions of the I-805 Corridor from SR 52 to I-5 and from SR 905 to SR 94.

These EAP projects are to be funded through the TransNet Major Corridor program matched with state and federal funds. A complete listing of the project descriptions of each of the projects included as part of the EAP is provided in Attachment 2. A map of the EAP projects is provided as Attachment 3.

Cost and Schedule Assumptions for the Draft Plan of Finance

TransNet Major Corridor Program

Staff worked in cooperation with Caltrans District 11 staff to update the EAP project costs identified in 2002 dollars in the TransNet Extension Ordinance and Expenditure Plan to 2005 dollars, which is the base year used in the financial model. The model then escalates annual costs to the year of expenditure based on a 3.6 percent per year assumed escalation factor.

As part of this cost updating process, a consulting firm (URS) was used to benchmark against the recent experience in construction cost trends over the past few years in California and other states. The results of this study were presented to the Transportation Committee on July 15, 2005. An unusual spike in the construction cost index occurred over the past year or so due to significant price increases in steel and concrete. The purpose of this study was to determine appropriate construction cost escalation rates for the 2002-2005 period and for long-range forecasting purposes as part of the financial model. Based on the 20-30 year history of transportation project cost escalation rates prior to 2002, an annual 2.6 percent construction cost escalation rate was found to be appropriate to use for long-range forecasting purposes. The 3.6 percent per year escalation rate assumed in the financial model is a blended rate for total project costs based on the 2.6 percent historical rate for construction costs and an 8 percent rate for right-of-way expenditures. However, given the recent spike in construction costs, the study indicated that a higher rate (7.25 percent) be used for the adjustment in project costs from 2002 dollars to 2005 dollars. Attachment 4 provides an illustration of these trends in the construction cost index.

The impact of these cost updates on the TransNet Major Corridor projects is shown on Attachment 5. The attachment compares the cost of each project in 2002 dollars from the Expenditure Plan to the adjusted cost in 2005 dollars based on the 7.25 percent per year escalation factor. Based on the 7.25 escalation factor, the total cost of the Major Corridor program increases from $9.623 billion in 2002 dollars to $11.860 billion in 2005 dollars. These 2005 dollar costs are then compared to the updated cost estimates for the EAP projects developed by Caltrans (for the highway projects) and SANDAG staff (for the transit projects) for use in the Plan of Finance process. In some cases, these estimates are higher than the estimated derived from applying the 7.25 percent per-year escalation rate. The net increase on these projects is $314 million, increasing the total cost of the Major Corridor program to $12.174 billion. The major reasons for the cost increases above escalation rates are summarized below:

- **I-15 HOV/Managed Lanes**: The middle segment of the I-15 corridor, which was not part of the TransNet Extension, had a project cost increase of $71.5 million dollars mainly due to construction material cost increases. This amount was loaned to the project to be backfilled with
state and federal dollars. Caltrans, in an effort to accelerate the delivery of the I-15 corridor, has undertaken a new delivery method called design sequencing. This technique allows Caltrans to construct portions of the corridor when the design for that portion is complete rather than waiting for the design for the entire corridor to be done. While this effort will reduce the construction time, it requires more staff support dollars to achieve. The remaining corridor cost increases were due to larger-than-expected retaining walls and noise barrier requirements, a costlier FasTrak system, longer direct access ramps to BRT stations, and a required maintenance facility for the movable barrier machines.

- **Mid-Coast LRT**: More LRT vehicles will be needed than originally anticipated. Revisions to the rail fleet management plan, including accommodations for more aggressive maintenance schedules and emergency response plans, have increased spare vehicle requirements requiring the acquisition of more LRT vehicles than originally envisioned. In addition, larger amounts of property will need to be acquired than originally anticipated. Alignment optimization at Rose Creek and a larger station design at the Tecolote station have resulted in increased property needs. The availability of Caltrans right-of-way along the I-5 corridor is more restrictive than originally anticipated. The current plan for the Mid-Coast LRT alignment would share use of the Caltrans right-of-way along I-5 between Rose Canyon and UCSD. The old concept of widening I-5 from eight general purpose lanes to eight general purpose lanes plus two high-occupancy vehicle (HOV) lanes has been revised. The new concept calls for ten general purpose lanes plus two HOV lanes. This new concept for I-5 has reduced the availability of right-of-way for Mid-Coast LRT. This will require new rights-of-way, retaining walls, and/or structures for Mid-Coast LRT.

- **SR 52**: Cost increases (other than right-of-way escalation and unit price increases) are due to design modifications at the Cuyamaca Avenue local access interchange and the SR 67 freeway-to-freeway interchange. Additional right-of-way costs are due to the need to acquire a greater number of parcels in their entirety than previously assumed.

- **SR 76**: Costs increases are driven by rising costs of real property and mitigation property, additional environmental requirements related to the construction of animal under crossings, additional storm water requirements, and a new at-grade intersection to be constructed to serve a produce plant. Additionally, the original estimate assumed widening the existing San Luis Rey River structure; however, recent studies indicate the need to construct a new, more costly parallel structure.

In addition to adjusting the total project costs to 2005 dollars, another key input to the financial model was the assumed implementation schedule for each project, including the detailed annual cash flow needs. Attachment 6 provides a breakdown of the cash flow requirements by year for each EAP project, while Attachment 7 provides a summary level view of the schedules for each EAP project. As shown in Attachment 5, the total cost of these EAP Major Corridor projects is $2.758 billion in 2005 dollars. Once these project expenditures are escalated to the year of expenditure in the financial model, the total cost reaches $3.894 billion in future escalated dollars.

**Environmental Mitigation Program (EMP)**

Expenditures under the EMP program were derived from the detailed EAP project cost estimates. Mitigation opportunities are being investigated along EAP corridors, as well as along other RTP corridors. Nearly $110 million in project mitigation needs have been identified to date. In addition,
based on the EMP implementation guidelines approved by the Board in September 2004, expenditures for monitoring and management-related activities are included beginning at $1 million in FY 2006 and increasing each year to $5 million in FY 2009 and beyond. Preliminary estimates for “economic benefit” funding and local project mitigation increase the total expenditures for the EMP program to nearly $220 million through 2015. These estimates will be revised as the methodology for determining how economic benefit funding is to be quantified and distributed is approved, and the cash flow needs for the EMP are more fully developed.

Local Street and Road/Transit Service Improvements/Other Programs

For the remaining programs, the basic assumption used in this Plan of Finance update was that expenditures would equal the revenues available for the purposes identified for each program. No major borrowing was assumed at this time for projects in these TransNet funding categories, and no significant fund balances were assumed to be available to be loaned to other program categories. In future refinements to the Plan of Finance, opportunities for inter-program loans may provide another financing option in addition to debt financing. Once the local agencies and transit operators begin to develop multi-year programs for these funding categories, needs and opportunities for loans or debt financing can be more fully explored.

Revenue Assumptions for the Draft Plan of Finance

The other key input to the financial model is the annual revenue estimates for all revenue sources available to fund the project cash flow needs. Where costs exceed available revenues on an annual basis, debt financing is used, if possible, to plug the financial gap and maintain the desired implementation schedules.

TransNet Revenue Assumptions: The total TransNet estimates are based on actual receipts as of January 2005 increased by the annual growth rate for taxable retail sales as forecasted by the SANDAG Demographic and Economic Forecast Model (DEFM). The TransNet revenue estimates have been adjusted from 2002 dollars to escalated future dollars for each program category, as summarized in Attachment 1. The financial model links the revenues from the current TransNet program to the new program categories established under the TransNet Extension for FY 2009 and beyond. In the case of the EMP, a TransNet Extension program with no counterpart in the current TransNet program, is to be implemented prior to the availability of EMP revenues in FY 2009, the capital costs are assumed to be funded through the commercial paper program. The related interest costs and other EMP operating/monitoring costs from FY 2006 to FY 2008 are treated as a loan from Highway/Major Corridor program to be paid back beginning in FY 2009.

Assumptions Regarding Other Non-TransNet Revenue Sources: A number of assumptions were made regarding other revenue sources available to match TransNet funds on the Major Corridor projects. Funds currently programmed for these Major Corridor EAP projects in the Regional Transportation Improvement Program (RTIP) through FY 2009 were included in the financial model. Assumptions regarding the availability of each major revenue source in the future are outlined below:
1. **State Transportation Improvement Program-(STIP):** Every two years, the California Transportation Commission (CTC) releases a Fund Estimate for the upcoming STIP cycle, which, among other funding sources, includes estimates of the formula funds provided through the STIP for regional improvements. For FY 2005 to FY 2009, these revenues are dedicated to specific projects (i.e., Mid-Coast, SR 52, I-15 Managed/ HOV Lanes). For FY 2010 and FY 2011, the annual revenues identified in the 2006 Fund Estimate were assumed and, from FY 2012 forward, annual funding levels were escalated at 5 percent per year based on revenue trends in the Fund Estimate. The total amount assumed through 2015 was adjusted to deduct existing Grant Anticipation Revenue Vehicle (GARVEE) debt service payments related to the funding provided for the I-15 HOV/Managed Lanes.

2. **Federal Transit Administration (FTA) New Starts Program:** The basic assumption was that the FTA New Starts program would fund 50 percent of the total cost for the Mid-Coast project and other rail projects and 25 percent of total cost for major BRT projects, such as the South Bay Bus Rapid Transit project. This assumes SANDAG could have two FTA Full Funding Grant Agreements in place simultaneously, as has been the case with the Mission Valley East and Sprinter projects. The New Starts funding for these projects is the only transit-specific funding assumed in the Plan of Finance. Other sources of recurring transit revenues, such as the FTA formula funds (Section 5307 funds and Section 5309 Rail Modernization funds), which provide $62 million per year currently to the region’s transit operators, are expected to continue to fund ongoing transit operator capital improvement projects and operations. These funds, along with Transportation Development Act (TDA) funds, State Transit Assistance (STA) funds, and other transit revenues were not assumed to be available to match TransNet EAP projects as part of this financial analysis.

3. **Congestion Mitigation and Air Quality (CMAQ) Funds/Regional Surface Transportation Program (RSTP) Funds:** For FY 2005 to FY 2007, the revenues for these federal funding programs were based on the latest estimates from Caltrans. From FY 2008 forward, the revenues were escalated at 2 percent annually based on the growth rates in these funding programs as reflected in the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

During the TEA-21 period (FY 1998 to FY 2004) and the current RTIP period (FY 2005 to FY 2009), many major highway and transit projects similar to the EAP projects have been funded with these federal and state funds, including the Mission Valley East light rail project, the Sprinter rail line, I-15 HOV/Managed Lanes, SR 76, and SR 52. In addition, several other projects and programs have received funding from these sources in the past, including the regional bikeway program, bus replacements, the Intelligent Transportation System (ITS) program, the regional rideshare program, and regional arterial system improvements. A summary of the use of these STIP/CMAQ/STP funds is provided in the table below for the period covering FY 1998 through FY 2009.
Summary of STIP, CMAQ, and STP Fund Usage
by Major Program Category
(FY 1998 – 2009)

<table>
<thead>
<tr>
<th>Major Program Categories</th>
<th>Funds Allocated*</th>
<th>% Funds Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway/Transit Major Corridor Projects</td>
<td>$1,360</td>
<td>77.7%</td>
</tr>
<tr>
<td>Other Transit Projects</td>
<td>$142</td>
<td>8.1%</td>
</tr>
<tr>
<td>Local Street and Road Projects</td>
<td>$143</td>
<td>8.2%</td>
</tr>
<tr>
<td>Rideshare/Bikeways/Other</td>
<td>$105</td>
<td>6.0%</td>
</tr>
<tr>
<td>Total</td>
<td>$1,750</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

*in $ millions

Based on this review of the allocation of STIP, STP, and CMAQ dollars, nearly 78 percent of the available funds has been allocated to major highway and transit projects similar to those contained in the TransNet Major Corridor program. With the additional future revenues to be available for street and road improvements from Proposition 42 funds and the $2,000 per dwelling unit private funding contribution for regional arterial funding required by the TransNet Extension Ordinance, the historical allocations for local streets and roads could be shifted to help match the TransNet Major Corridor projects. This would increase the allocation for the EAP and other future Major Corridor projects to 85 percent in order to come closer to achieving the 50 percent TransNet/50 percent Other funding assumption included in the TransNet Extension Ordinance and Expenditure Plan.

Summary of Draft Plan of Finance Financial Scenario Analysis

Building upon this analysis, four basic financial scenarios were developed for the draft Plan of Finance for the EAP. These scenarios were built around differing assumptions regarding the levels of STIP/CMAQ/STP matching funds available for the EAP projects (100 percent and 85 percent), the share of TransNet Major Corridor funds used for EAP projects, and the amount of bonding utilized to meet the project cash flow needs of the EAP projects through 2015. The basic scenarios are summarized below:

- **Scenario 1** – Uses 100 percent of future STIP/CMAQ/STP funds with no set aside of TransNet Major Corridor funds for non-EAP projects.
- **Scenario 2** – Uses 85 percent of future STIP/CMAQ/STP funds with no set aside of TransNet Major Corridor funds for non-EAP projects.
- **Scenario 3** – Uses 85 percent of future STIP/CMAQ/STP funds with a 10 percent set aside of TransNet Major Corridor funds for non-EAP projects.
- **Scenario 4** – No Bonding Option - Uses 85 percent of future STIP/CMAQ/STP funds with no set aside of TransNet Major Corridor funds for non-EAP projects.

The results of the financial scenario analysis are summarized in Attachment 8. The key findings of the analysis are:
All bonding scenarios can meet the assumed implementation schedules of the EAP projects.

Scenario 4, the no bonding or pay-as-you-go scenario, would result in a four-year delay in the completion of the EAP.

The higher the share of TransNet and state/federal funds set aside for other non-EAP purposes, the greater the amount of bonding required to meet the implementation schedules and the higher the share of future TransNet revenues devoted to debt service instead of implementing other TransNet Major Corridor projects. Scenario 1 requires the least amount of borrowing at $1.17 billion - Scenario 3 requires the most at $1.33 billion.

The more that TransNet and state/federal funds are used for EAP purposes, the less there is available for other non-EAP TransNet projects or other non-TransNet needs through 2015. Dollars remaining for other non-EAP uses range from a high of $204 million in Scenario 3 to a low of $0 million in Scenario 1.

Based on the identified coverage ratios (ratios of annual total TransNet and Major Corridor revenues to annual bond debt service requirements), there is limited additional borrowing capacity available for the Major Corridor program during the EAP period through 2015 under the bonding scenarios. The overall TransNet program remains above a 2.5 ratio, which is well above the minimum 1.3 ratio required by SANDAG’s bond indenture and provides significant bonding capacity for other transit or street and road projects. Scenario 1, with a 1.54 coverage ratio for the Major Corridor program, offers the most additional capacity for borrowing for other Major Corridor projects, while Scenario 3 at a 1.22 coverage ratio offers the least. Annual growth in sales tax revenues would need to occur in order to provide additional coverage for future Major Corridor projects.

The TransNet Extension Ordinance and Expenditure Plan assumed a set aside of $500 million for financing costs associated with bonding. When converted from 2002 dollars to escalated future year dollars, that figure rises to $1.8 billion over the life of the program. All three bonding scenarios fall within this figure, with Scenario 1 at $1.08 billion in interest costs being the lowest and Scenario 3 at $1.25 billion being the highest. Once the funds set aside for financing costs are exhausted, additional financing costs will be treated as increased project costs as was done in the current TransNet program.

None of the bonding scenarios achieve the major assumption in the TransNet Extension Ordinance and Expenditure Plan that 50 percent of the total Major Corridor project costs will be covered by state/federal/other revenues. The use of bonding to accelerate the EAP requires fronting with TransNet funds when matching state and federal funds are not available. Scenario 4, the no bonding option, exceeds the 50/50 assumption (44 percent TransNet/56 percent Other) by slowing down the implementation of the program to give the federal and state programs a chance to catch up. Scenario 3 results in the lowest state/federal matching rate at 62 percent TransNet/38 percent Other funding. Fronting with TransNet funds early means that a greater share of state/federal funding will be required in the future in order to complete remaining non-EAP Major Corridor projects in the TransNet Expenditure Plan.
## TransNet Extension 40-Year Expenditure Plan

Comparison of Revenues in Constant 2002 Dollars and Escalated Future Year Dollars (in millions)

<table>
<thead>
<tr>
<th>Expenditure Plan Component</th>
<th>Total TransNet Funds in 2002 Dollars</th>
<th>Percent of Net</th>
<th>Percent of Total</th>
<th>Total TransNet Funds in Escalated Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Congestion Relief Program</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major Transportation Corridor Improvements:</td>
<td>$6,850</td>
<td>50.5%</td>
<td>48.9%</td>
<td>$24,530</td>
</tr>
<tr>
<td>Freeway, Highway, &amp; Transit Capital Projects</td>
<td>$5,150</td>
<td>38.0%</td>
<td>36.8%</td>
<td>$18,458</td>
</tr>
<tr>
<td>Project Specific Transit Operations</td>
<td>$1,100</td>
<td>8.1%</td>
<td>7.9%</td>
<td>$3,935</td>
</tr>
<tr>
<td>Freeway, Highway, &amp; Transit Project Environmental Mitigation</td>
<td>$600</td>
<td>4.4%</td>
<td>4.3%</td>
<td>$2,137</td>
</tr>
<tr>
<td>Local System Improvements</td>
<td>$4,480</td>
<td>33.0%</td>
<td>32.0%</td>
<td>$16,029</td>
</tr>
<tr>
<td>Local Street &amp; Road Projects</td>
<td>$3,950</td>
<td>29.1%</td>
<td>28.2%</td>
<td>$14,135</td>
</tr>
<tr>
<td>Local Street &amp; Road Project Environmental Mitigation</td>
<td>$250</td>
<td>1.8%</td>
<td>1.8%</td>
<td>$874</td>
</tr>
<tr>
<td>Smart Growth Incentive Competitive Grant Program</td>
<td>$280</td>
<td>2.1%</td>
<td>2.0%</td>
<td>$1,020</td>
</tr>
<tr>
<td>Transit System Improvements -</td>
<td>$2,240</td>
<td>16.5%</td>
<td>16.0%</td>
<td>$8,015</td>
</tr>
<tr>
<td>Continuing Bus/Rail Support and Improvements, including Senior/Disabled/Youth Transit Passes and Specialized Senior/Disabled Transportation Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$13,570</td>
<td>100.0%</td>
<td>N/A</td>
<td>$48,574</td>
</tr>
<tr>
<td><strong>Bicycle, Pedestrian &amp; Neighborhood Safety Grant Program</strong></td>
<td>$280</td>
<td>*</td>
<td>2.0%</td>
<td>$1,002</td>
</tr>
<tr>
<td><strong>Administration</strong></td>
<td>$140</td>
<td>*</td>
<td>1.0%</td>
<td>$501</td>
</tr>
<tr>
<td><strong>Oversight Committee</strong></td>
<td>$10</td>
<td>*</td>
<td>0.1%</td>
<td>$31</td>
</tr>
<tr>
<td><strong>TOTAL TransNet Funding Requirement</strong></td>
<td>$14,000</td>
<td>100.0%</td>
<td></td>
<td>$50,108</td>
</tr>
<tr>
<td><strong>TOTAL TransNet Funds Available</strong></td>
<td>$14,000</td>
<td>100.0%</td>
<td></td>
<td>$50,108</td>
</tr>
</tbody>
</table>

* These categories deducted "off the top" prior to other allocations.
<table>
<thead>
<tr>
<th>Early Action Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 I-5 HOV Lane Extension</td>
<td>Extend northbound HOV to Manchester Avenue, construct southbound HOV lane between Manchester Avenue and I-805</td>
</tr>
<tr>
<td>2 I-5 Lomas Santa Fe Interchange</td>
<td>Reconfigure on ramps and off ramps, modify local circulation</td>
</tr>
<tr>
<td>3 I-5 North Coast</td>
<td>Complete environmental document for I-5 widening between La Jolla Village Drive and Vandegrift Boulevard</td>
</tr>
<tr>
<td>4 I-15 BRT Stations (SR 163 to SR 78)</td>
<td>Modify Escondido transit center, construct transit centers at Del Lago, Rancho Bernardo, Sabre Springs, and Mira Mesa</td>
</tr>
<tr>
<td>5 I-15 BRT DARs (Hale &amp; Hillery)</td>
<td>Construct direct access ramps (DARs) at Hale Avenue and Hillery Drive</td>
</tr>
<tr>
<td>6 I-15 BRT Stations (Downtown to SR 163) and Service</td>
<td>Construct transit centers at University Avenue and El Cajon Boulevard, modify Downtown transit centers, BRT service between Escondido and Downtown San Diego</td>
</tr>
<tr>
<td>7 I-15 FastTrak</td>
<td>Install and operate managed lane technology between SR 163 and SR 78</td>
</tr>
<tr>
<td>8 I-15 Middle (SR 56 to Centre City Pkwy)</td>
<td>Cover cost increases including purchase of the moveable barrier, noise barrier construction, and direct access ramps</td>
</tr>
<tr>
<td>9 I-15 North (Centre City Pkwy to SR 78)</td>
<td>Construct four managed lanes with fixed median barrier, add auxiliary lanes.</td>
</tr>
<tr>
<td>10 I-15 South (SR 163 to SR 56)</td>
<td>Construct four managed lanes with moveable median barrier, add auxiliary lanes.</td>
</tr>
<tr>
<td>11 I-805 North (SR 52 to I-5)</td>
<td>Complete environmental document for I-805 widening</td>
</tr>
<tr>
<td>12 I-805 South (SR 905 to SR 94)</td>
<td>Complete environmental document for I-805 widening</td>
</tr>
<tr>
<td>13 Mid-Coast LRT</td>
<td>Construct and operate LRT service between Old Town transit center, UCSD, and UTC</td>
</tr>
<tr>
<td>14 Otay BRT (Phase 1)</td>
<td>BRT service between Otay Mesa and Downtown San Diego</td>
</tr>
<tr>
<td>15 SR 52 (SR 125 to SR 67)</td>
<td>Construct four lane freeway between SR 125 and SR 67</td>
</tr>
<tr>
<td>16 SR 52 Westbound Truck Lane</td>
<td>Extend general purpose lane from 1.4 miles east of Santo Road to I-15</td>
</tr>
<tr>
<td>17 SR 52 Managed Lanes (I-805 to SR 125)</td>
<td>Construct two managed lanes</td>
</tr>
<tr>
<td>18 SR 76 (Melrose to Mission Road)</td>
<td>Widen from two lanes to four lanes</td>
</tr>
<tr>
<td>19 SR 76 (Mission to I-15)</td>
<td>Widen from two lanes to four lanes</td>
</tr>
<tr>
<td>20 SR 76 Environmental Enhancement</td>
<td>Environmental enhancements for SR 76 widening between Mission Road and I-15</td>
</tr>
<tr>
<td>21 Super Loop BRT</td>
<td>BRT service between UCSD and UTC</td>
</tr>
</tbody>
</table>
Early Action Projects

**Tier 1 Projects**
1. SR 76 - Widening
2. SR 52 - New Freeway
3. Mid-Coast LRT (+ Super Loop)

**Tier 2 Projects**
4. I-15 Managed Lanes & BRT (North and South Extension)
5. SR 52 - HOV/Managed Lanes (Reversible)
6. I-5 North Coast Corridor - Environmental Effort
7. I-805 Corridor – Environmental Effort & BRT (North and South Phases)
Historical Construction Cost Index Comparisons

Caltrans Index & 2.6%

Quarterly Comparison and Forecast

*The Bureau of Labor Statistics and Caltrans data are baselined against the ENR data to provide a better comparison.
## TransNet Program Cost Estimate

### Comparison of 2002 and 2005 Cost Estimates ($ millions)

<table>
<thead>
<tr>
<th>Group</th>
<th>TransNet Early Action Projects</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>I-5 North Coast (Phase 1)</td>
<td>$79</td>
<td>$97</td>
<td>$97</td>
<td>$0</td>
</tr>
<tr>
<td>B</td>
<td>I-15 BRT (Escondido to Downtown - Phase 1)</td>
<td>$118</td>
<td>$146</td>
<td>$146</td>
<td>$0</td>
</tr>
<tr>
<td>C</td>
<td>I-15 Managed Lanes (SR 163 to SR 56)</td>
<td>$220</td>
<td>$271</td>
<td>$341</td>
<td>$70</td>
</tr>
<tr>
<td>D</td>
<td>I-15 Managed Lanes (SR 56 to Centre City Pkwy)*</td>
<td>$0</td>
<td>$0</td>
<td>$72</td>
<td>$72</td>
</tr>
<tr>
<td>E</td>
<td>I-15 Managed Lanes (Centre City Pkwy to SR 78)</td>
<td>$120</td>
<td>$148</td>
<td>$188</td>
<td>$40</td>
</tr>
<tr>
<td>F</td>
<td>Mid-Coast LRT (Old Town to UCSD)</td>
<td>$670</td>
<td>$827</td>
<td>$914</td>
<td>$87</td>
</tr>
<tr>
<td>G</td>
<td>I-805 BRT (Otay Mesa to Downtown - Phase 1)</td>
<td>$72</td>
<td>$89</td>
<td>$89</td>
<td>$0</td>
</tr>
<tr>
<td>H</td>
<td>I-805 Managed Lanes (Environmental - Phase 1)</td>
<td>$12</td>
<td>$15</td>
<td>$15</td>
<td>$0</td>
</tr>
<tr>
<td>I</td>
<td>SR 52 - New Freeway (SR 125 to SR 67)</td>
<td>$200</td>
<td>$247</td>
<td>$288</td>
<td>$41</td>
</tr>
<tr>
<td>J</td>
<td>SR 52 Managed Lanes (I-805 to SR 125)</td>
<td>$240</td>
<td>$296</td>
<td>$241</td>
<td>$-55</td>
</tr>
<tr>
<td>K</td>
<td>SR 76 (Melrose to I-15)</td>
<td>$220</td>
<td>$271</td>
<td>$342</td>
<td>$71</td>
</tr>
<tr>
<td>L</td>
<td>Super Loop BRT (University City)</td>
<td>$30</td>
<td>$37</td>
<td>$25</td>
<td>$-12</td>
</tr>
<tr>
<td></td>
<td><strong>Sub-Total</strong></td>
<td><strong>$1,981</strong></td>
<td><strong>$2,444</strong></td>
<td><strong>$2,758</strong></td>
<td><strong>$314</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table&lt;sup&gt;ª&lt;/sup&gt;</th>
<th>Other TransNet Projects</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Other I-15 Corridor Projects</td>
<td>$942</td>
<td>$1,162</td>
<td>$1,162</td>
<td>$0</td>
</tr>
<tr>
<td>3</td>
<td>Other I-805 Corridor Projects</td>
<td>$1,946</td>
<td>$2,401</td>
<td>$2,401</td>
<td>$0</td>
</tr>
<tr>
<td>4</td>
<td>I-5 (International Border to La Jolla Village Dr)</td>
<td>$1,193</td>
<td>$1,472</td>
<td>$1,472</td>
<td>$0</td>
</tr>
<tr>
<td>5</td>
<td>Other I-5 North Coast Projects</td>
<td>$1,591</td>
<td>$1,963</td>
<td>$1,963</td>
<td>$0</td>
</tr>
<tr>
<td>7</td>
<td>SR 94/SR 125 Corridor</td>
<td>$620</td>
<td>$765</td>
<td>$765</td>
<td>$0</td>
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<tr>
<td>8</td>
<td>SR 54/SR 125 Corridor</td>
<td>$140</td>
<td>$173</td>
<td>$173</td>
<td>$0</td>
</tr>
<tr>
<td>9</td>
<td>SR 67 Corridor</td>
<td>$240</td>
<td>$296</td>
<td>$296</td>
<td>$0</td>
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<tr>
<td>10</td>
<td>I-8 Corridor</td>
<td>$30</td>
<td>$37</td>
<td>$37</td>
<td>$0</td>
</tr>
<tr>
<td>11</td>
<td>SR 78 Corridor</td>
<td>$700</td>
<td>$864</td>
<td>$864</td>
<td>$0</td>
</tr>
<tr>
<td>13</td>
<td>SR 56 Corridor</td>
<td>$100</td>
<td>$123</td>
<td>$123</td>
<td>$0</td>
</tr>
<tr>
<td>14</td>
<td>Mid City to Downtown Corridor</td>
<td>$90</td>
<td>$111</td>
<td>$111</td>
<td>$0</td>
</tr>
<tr>
<td>15</td>
<td>Coronado Tunnel</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$0</td>
</tr>
<tr>
<td>16</td>
<td>Border Access</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$0</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$7,642</strong></td>
<td><strong>$9,416</strong></td>
<td><strong>$9,416</strong></td>
<td><strong>$0</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$9,623</strong></td>
<td><strong>$11,860</strong></td>
<td><strong>$12,174</strong></td>
<td><strong>$314</strong></td>
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</tr>
</tbody>
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---

1. Cost estimate included in TransNet Ordinance.
2. 2002 estimates escalated at 7.25% per year except contribution projects.
3. Does not include transit operating costs or SR 76 environmental enhancements.
5. * TransNet loan per Ordinance Section 7.
6. **Corridor cost summary table reference number in TransNet Ordinance.**
<table>
<thead>
<tr>
<th>Project</th>
<th>FY 05/06</th>
<th>FY 06/07</th>
<th>FY 07/08</th>
<th>FY 08/09</th>
<th>FY 09/10</th>
<th>FY 10/11</th>
<th>FY 11/12</th>
<th>FY 12/13</th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
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<td>1 I-5 HOV Lane Extension</td>
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All values in 2005 dollars.
# TransNet Early Action Program
## Project Delivery Schedule

**Attachment 7**

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## Draft Plan of Finance for Early Action Program

### Summary Comparison of Early Action Projects Capital Program

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<th>Scenario 1 100% Other 0% Set-aside</th>
<th>Scenario 2 85% Other 10% Set-aside</th>
<th>Scenario 3 85% Other Share of TransNet</th>
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<td><strong>Total Early Action Revenues</strong></td>
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1. Other revenues include currently programmed federal, state, and local funds as well as projection of future federal (CMAQ/RSTP/FTA/Other) and state (STIP) funds.  
2. Set-aside refers to the percentage of TransNet Major Corridor program revenues to be used for other non-EAP TransNet Major Corridor projects.  
3. Share of TransNet refers to the percentage of TransNet funds being used to meet total EAP costs (the Ordinance assumed TransNet’s share would be 50%).  
4. Debt coverage ratio indicates the level of additional borrowing capacity remaining. The ratio shown is for the lowest year between FY 2006 and FY 2015.

### Additional Revenues for Other TransNet Eligible Projects (funds not included in the above Plan of Finance)

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<th>Scenario 3</th>
<th>Scenario 4: No Borrowing</th>
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Introduction

Each year transit systems in California must prepare an annual Short Range Transit Plan to provide a five-year outlook for service, funding, and policy direction. With the passing of Senate Bill 1703 and the consolidation of transit, SANDAG is the agency responsible for preparing the Short Range Transit Plan for the San Diego region. The FY 2006 – FY 2010 Regional Short Range Transit Plan (RSRTP) is the third annual RSRTP to be prepared by SANDAG in partnership with the Metropolitan Transit System (MTS) and the North County Transit District (NCTD).

The challenge this year is that the RSRTP is being developed simultaneously with several other short- and long-term initiatives that will significantly affect the regional transit system. These other initiatives include the Comprehensive Operations Analysis (COA) being prepared by MTS, the SPRINTER bus service plan being developed by NCTD, the Independent Transit Planning Review (ITPR), the 2030 Regional Transportation Plan (RTP) update, and development of the Regional Comprehensive Plan (RCP) Smart Growth Concept Map. The RSRTP will tie together all of these activities and relate them to short-term transit system planning in the context of longer term regional policies and goals. The theme that has been adopted for the FY 2006 - FY 2010 RSRTP is One Region - One System that reflects the collaborative working relationship among SANDAG, MTS, and NCTD to implement the Regional Transit Vision of a stronger regional role for public transportation.

This is the first of several reports to the Transportation Committee during development of the FY 2006 - FY 2010 RSRTP.

Recommendation

The Transportation Committee is asked to endorse the purpose, regional context, and approach for developing the FY 2006 - FY 2010 Regional Short Range Transit Plan as described in this report.

Discussion

Work began on the FY 2006 - FY 2010 RSRTP update in September 2005, and is scheduled for completion in early 2006. A Regional Transit Planning Working Group has been established and a SANDAG Charter approved to guide the development of the plan. The membership of the Working Group consists of staff from NCTD, MTS, and SANDAG. The group has met three times to date to establish the purpose, regional context, and approach that will comprise the first two sections of the proposed plan.
Purpose of the RSRTP

The Regional Short Range Transit Plan (RSRTP) proposes how the region should balance the short-term needs of maintaining and optimizing existing services with movement toward implementing the long-term transit vision identified in MOBILITY 2030 (RTP) and RCP. As such, the RSRTP provides the basis for regional decision-making related to the short range transit system over the next five years.

The specific principles of the FY 2006 - FY 2010 RSRTP that relate to this purpose are:

1. **Provide the bridge** between the existing transit service on the street and the Regional Transit Vision outlined in MOBILITY 2030 and the RCP.
   - The RSRTP brings together the short and long range planning and implementation activities of SANDAG, NCTD, and MTS to guide transit system development.
   - The RSRTP will provide the regional blueprint to guide the transit agencies as they develop the transit system through their local planning responsibilities.

2. **Establish a regional framework** for the consolidated transit planning program by developing equitable service policy guidelines for the region.
   - The RSRTP will establish goals, objectives, and targets for consistent and equitable service provision throughout the region.
   - The RSRTP will provide the data and analyses needed to compare existing services with policy targets.

3. **Balance funding constraints** with the need and desire to improve services.
   - The RSRTP will evaluate service needs and funding levels to set priorities and help direct available resources to the most appropriate needs.

4. **Improve the productivity** of the system.
   - SANDAG is responsible for ensuring that the regional transit system meets the performance requirements outlined in the state Transportation Development Act (TDA), which includes establishing goals for system performance improvements each year.

5. **Increase ridership and improve regional mobility**.
   - The RSRTP will focus the transit system on meeting travel demand and mobility needs at both the local and regional levels.
6. **Improve the level of customer satisfaction** with public transit in San Diego.
   - The RSRTP will identify improvements to the regional infrastructure that will make system more comfortable, convenient, and competitive with the automobile.

7. **Improve access to public transportation** for seniors and passengers with disabilities.
   - The RSRTP will incorporate the transit needs of seniors and passengers with disabilities into the regional transit planning process through such forums as SANDAG’s Subcommittee on Accessible Transit (SCAT) and the Coordinated Transportation Services Agency (CTSA).

8. **Create a strategy to use private resources** to provide market based services as part of the regional transit family by identifying existing and future opportunities for privately supported transit.
   - The RSRTP will identify existing and potential market-based transit and develop strategies to promote partnerships with the private sector to provide public transportation.

9. **Provide the action plan for transit service** for the next five years.

The first section will conclude with an overview of the organizations and policy committees involved in transit and their respective responsibilities, consistent with SB1703, the Consolidation Transition Plan, and SANDAG Policy No. 18: Regional Transit Service Planning and Implementation.

**Regional Context for the RSRTP**

One of the key challenges of preparing the RSRTP will be ensuring that this blueprint for transit service in San Diego ties together a number of short and long term transit and land use initiatives that are underway. Each of these plans and policies represents one layer of the blueprint needed to develop and improve the transit system:

- Regional Comprehensive Plan (RCP)/Smart Growth Concept Map

  The RCP developed the concept of Smart Growth. Currently under development is a Smart Growth Concept Map, which will depict the location of existing, planned, and potential smart growth areas. Smart growth areas are those portions of a city that are planned, designed, and/or developed to provide an urban form that supports and encourages transit use. The RCP identifies seven different types of Smart Growth development including:

  - Metropolitan Center (downtown San Diego)
  - Urban Centers (e.g., University Towne Centre)
  - Town Centers (e.g., downtown El Cajon)
  - Transit Corridors (e.g., El Cajon Boulevard)
  - Community Centers (e.g., Solana Beach COASTER Station area)
  - Rural Villages (e.g., Ramona) and
  - Special Use Areas (e.g., Cal State San Marcos)
Regional Transit Vision of the Regional Transportation Plan (RTP)

The RTP developed a “family of services” concept that includes four different types of transit service that together would achieve the Regional Transit Vision. These services are:

- Regional - Yellow (fastest, infrequent stops)
- Corridor - Red (fast, infrequent stops)
- Local - Blue (local, frequent stops)
- Neighborhood - Green (shuttles, frequent or flag stops)

The Independent Transit Planning Review (ITPR) is examining the general policy framework and direction for transit in the San Diego region. The study is being conducted by a consultant and peer review panel whose scope of work includes a review of the Transit First concept, the costs and direction of corridor transit alternatives, as well as the relationship of transit policy to related policies such as Smart Growth. The recommendations from the ITPR could influence the final structure and content of the RSRTP as well as the planned updates to the RTP.

Figure 1 shows how the RSRTP fits into the hierarchy of the RTP and RCP.

**Figure 1  Relationship of RSRTP to RCP & RTP**
In addition to the regional plans and policies, several other activities are underway that play a role in the development of the RSRTP.

- **MTS Comprehensive Operational Analysis (COA)**

  The MTS COA builds on this vision by developing three service tiers. The objective of the COA is to find the most appropriate service type from the RTP for each of the three service tiers. The service tiers are also compatible with the service types in use by NCTD. The tiers of service are:

  - Urban Network Services (Local, Corridor, and Neighborhood RTP service types)
  - Commuter Services (Regional and Corridor RTP service types)
  - Community-Based Services (Local and Neighborhood RTP service types)

- **NCTD Bus Service Plan for SPRINTER Introduction/ NCTD Fast Forward**

  NCTD will soon begin planning for the restructuring of its bus network to serve the SPRINTER light rail line. This planning effort will build on earlier work for Fast Forward and may extend some of the principles developed from the MTS COA now nearing completion.

The RSRTP proposes to divide the public transit service area for San Diego County into three distinct types of service zones based on land use, demographics, and travel behaviors and to develop distinct and appropriate levels of service for each area using the service types and tiers consistent with regional plans and policies. These three service zones are:

- **Urban core** (the same as the urban network service area tier from the COA and extended to Escondido and Oceanside)
- **Suburban** (non-urban areas with continuous areas of low-density development)
- **Rural** (isolated areas of low-density development)

The RSRTP will provide a way to tie the regional planning elements, and the short term planning efforts of the transit agencies together into a coherent regional short range transit plan. A diagram illustrating how these elements work together in the RSRTP will be presented at the Transportation Committee meeting.

**Approach for Development of Service Design Guidelines**

This section will include a series of objectives, indicators, and targets needed to implement One Region – One System consistent with the goals for the RSRTP and the existing policy framework for public transportation.

Policy No. 18 requires SANDAG to ensure that public transit service within the county is productive and efficient public transit. To achieve this goal, the level of service must be tailored to the distinct markets which exist in each of the three service zones (urban, suburban, and rural). Service design guidelines will provide a policy framework for SANDAG to assist the two transit agencies in ensuring that service is provided efficiently, effectively, and equitably. The two transit agencies retain responsibility for how the service is designed and operated to meet the regional policy
framework. SANDAG sets the regional objectives, but the agencies design the routes and services to meet the targets.

The proposed service design guidelines will be provided as objectives, indicators, and targets. The objectives have been developed from the overall principles for public transit as presented in the first section of the RSRTP.

Figure 2 illustrates the relationship among the objectives, indicators, and targets. Each policy objective identifies the desired outcome, while the indicator will be carefully selected to provide the most appropriate means of measuring attainment of the objectives. Care will be taken to identify objectives which can easily be quantified and indicators which can be objectively measured with existing data sources. The target values represent the desired value to be attained. In future years, the target values may be adjusted based on available funding, or policy initiatives. The targets may fluctuate from year to year, increasing when more funding becomes available, and shrinking when funding becomes more constrained, or changing when the decision makers wish to emphasize specific policy initiatives.

An example of an objective, indicator, and target will also be provided in the presentation to the Transportation Committee.

Financial objectives for the system will be measured on an agency basis, with specific cost recovery targets established annually for MTS and NCTD as required by the California Transportation Development Act. For each of the three service zones, service design guidelines will be set for service characteristics that impact the design, and quality of the transit service. These guidelines would be applied within the service areas of both agencies, based on the type of service area (Urban, Suburban, and Rural). The guidelines will clarify for the public level of service proposed to
be provided regionally and help people make decisions on where to locate their residence or business. The financial guidelines will be specific for MTS and NCTD while the service related guidelines will be applied by service area. The guidelines will address:

- **Financial Performance** – Required by TDA to measure financial performance and determine eligibility for financial support for operations and planning.
- **Productivity** – Will be used by SANDAG to evaluate performance as required by TDA and to ensure that service is efficient.
- **Access (walking distance)** – Will be used by SANDAG to evaluate Service Implementation Plan requests and to ensure service is provided efficiently, effectively, and equitably.
- **Comfort (maximum occupancy)** – Will be used by SANDAG to evaluate Service Implementation Plan requests and to ensure service is provided efficiently, effectively, and equitably.
- **Convenience (Span)** – Will be used by SANDAG to evaluate Service Implementation Plan requests and to ensure service is provided efficiently, effectively, and equitably.
- **Convenience (Frequency)** – Will be used by SANDAG to evaluate Service Implementation Plan requests and to ensure that service is provided efficiently, effectively, and equitably.
- **Reliability (schedules)** – Will be used by SANDAG to evaluate need for capital investment in transit priority measures, bus lanes, and rail service.
- **Warrants for New Service** – Will be used by SANDAG to evaluate Service Implementation Plan requests.

**Next Steps**

The objectives, indicators, and targets for each of these service characteristics are now being jointly developed by SANDAG, MTS, and NCTD. The objectives, indicators, and targets will be consistent with the COA, and provide a framework for the NCTD’s development of bus service revisions for the SPRINT.

Future work on the RSRTP will include identifying areas where the proposed guidelines are not being met, and identifying the resources available to address the deficiencies over the five year horizon of the plan at current funding levels (constrained) and if additional funds were to become available. The RSRTP will provide a five year Action Plan including a service plan, operating costs, and capital requirements for both the fixed route and paratransit systems.

The complete outline for the draft RSRTP is shown in Figure 3.
## Executive Summary

### 1. Introduction

1.1 Background, Relationship to RCP & RTP  
1.2 Purpose of SRTP  
1.3 Structure of Transit in San Diego

### 2. Vision, Purpose, Goals, Objectives, Indicators Targets

2.1 RCP, RTP, RTV  
2.2 Policy 18  
2.3 Service Goals, Objectives, Indicators, Targets  
2.4 Regional Service Implementation Policy

### 3. Existing Conditions

3.1 System Inventory  
3.2 ADA Seniors  
3.3 Neighboring Systems  
3.4 Inter Regional Systems

### 4. Regional Profile

4.1 Socio-Economic Analysis  
4.2 Environment Justice  
4.3 Travel Demand

### 5. Service Deficiencies & Gaps

5.1 Gaps & Deficiencies  
5.2 Stakeholder Requests

### 6. Marketing Plan

### 7. Action Plan

7.1 5 Year Service Outlook  
7.2 Enhanced 5 Year Plan  
7.3 Alternative Modes  
7.4 Capital Projects  
7.5 Operating Costs & Productivity Improvements  
7.7 Funding

## Appendicies

- Historical Database of Service Statistics
- Capital Projects List
- Inventory of fleet
Key milestones in the RSRTP planning process are shown below:

- **January 2006** - Progress report to Transportation Committee, MTS and NCTD Boards including proposed policy framework details (Service Design Guidelines).
- **Spring 2006** - Draft of RSRTP circulated to Transportation Committee, MTS and NCTD Boards.

BOB LEITER  
Director of Land Use and Transportation Planning

Key Staff Contact: Dan Levy, (619) 699-6942, dle@sandag.org
November 3, 2005

Mr. Gary Gallegos, Executive Director
San Diego Association of Governments
401 B Street, Suite 700
San Diego, CA 92101

Dear Gary:

The MTS Executive Committee received a report today which detailed the significant funding shortfall that the transit system faces as it attempts to maintain its existing infrastructure. They directed me to request a continuance of Item 6 of the SANDAG Transportation Committee agenda, "Draft TransNet Plan of Finance for the Early Action Program." After discussion of this item tomorrow, we ask that it be tabled to the December Transportation Committee meeting, at which time we would like to receive a report from SANDAG staff, with input from the transit agencies, that would explain how critical transit capital needs will be funded if the recommended TransNet Early Action Program Plan of Finance is approved.

It is not the intention of the MTS Executive Committee to prevent or halt implementation of the Early Action Program. Rather, we would like to be certain that the SANDAG Transportation Committee understands all of the implications of a decision to implement the Plan of Finance. It is not clear in the staff report how other capital project needs will be accommodated in the region if the bulk of the local, state and federal dollars are directed toward the Early Action Program projects. The MTS Ten-Year Capital Financial Analysis has identified a funding deficit of $30 million per year for capital projects necessary for maintenance of the transit infrastructure paid for by taxpayers, and used by a quarter of a million riders every day. To place the enormity of the problem in perspective, MTS would need to cut service by 25 percent in order to come up with the $30 million on its own. It should be noted that an additional $30 million annually will only maintain the system status quo, and will not produce the types of enhancements and expansion of the system envisioned in SANDAG’s Mobility 2030 Regional Transportation Plan. Past presentations from our counterparts at the North County Transit District (NCTD) have indicated that they also have essential capital projects, for which financing has not been identified. We would like to have a comprehensive understanding of how the region’s transit infrastructure will be maintained if the SANDAG staff recommended plan is approved.

Thank you for your consideration of this matter. The MTS Executive Committee is committed to working with SANDAG and NCTD to meet the region’s transportation needs. If our request is granted, MTS will work with SANDAG and NCTD to provide the comprehensive analysis to the Transportation Committee in December.

Sincerely,

Leon Williams
Chairman

Cc. SANDAG Transportation Committee, Joe Kellejian, Chair, MTS Board Members
Overview

- Financial Strategy for TransNet Early Action Program (EAP)
- EAP includes work on 20 of 47 major corridors
- Plan of Finance for future projects beyond the EAP to be developed in concert with the 2007 RTP update
- Plan of Finance to be reviewed and refined continuously
Initial Financial Strategy

- Expand Commercial Paper program from $135 million to $335 million
- Issue short-term notes, if needed through 2008
- Issue long-term bonds in 2008
- Investigate interest rate hedging opportunities to lock in today’s low rates

Early Action Program (EAP)

- January 2005 – EAP Approved
- “Jump-start” major projects before TransNet Extension starts in FY 2009
- May 2005 – Additional transit components included in EAP
Early Action Projects

Tier 1 Projects
1. SR 76 - Widening
2. SR 52 - New Freeway
3. Mid-Coast LRT (+ Super Loop)

Tier 2 Projects
4. I-15 Managed Lanes & BRT (North and South Extension)
5. SR 52 - HOV/Managed Lanes (Reversible)
6. I-5 North Coast Corridor - Environmental Effort
7. I-805 Corridor - Environmental Effort & BRT
Early Action Projects

**Tier 1 Projects**
1. SR 76 - Widening
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**Tier 2 Projects**
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TransNet
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**TransNet**

**Early Action Projects**

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6. I-5 North Coast Corridor - Environmental Effort
7. I-805 Corridor – Environmental Effort & BRT
Plan of Finance Components

- All costs and revenues adjusted to future year (escalated) dollars
- Updated costs/schedules/detailed cash flow for each EAP project
- Updated TransNet revenue forecasts
- Updated State/Federal/Other matching funds
- Financial model calculates borrowing needs to meet project cash flows
- Analysis conducted for overall TransNet program and major program components

40 Year TransNet Revenues
(In Billions, 2002 Dollars)

- Major Highway & Transit Projects (47) $4.65
- Local Streets & Roads $3.95
- Transit Services $2.24
- Bike & Pedestrian $0.28
- Program Administration $0.14
- New BRT/Rail Operations $1.1
- Financing Cost $0.5
- Environmental Mitigation $0.6
- Environmental Mitigation (Local) $0.25
- Smart Growth $0.28
- Oversight Committee (Not Shown) $0.01

Total Program $14 Billion
40 Year TransNet Revenues
(In Billions, Cumulative Collections Over 40 Years)

**Major Highway & Transit Projects (47)** $16.7

**Local Streets & Roads** $14.1

**Transit Services** $8.0

**New BRT/Rail Operations** $3.9

**Program Administration** $0.5

**Bike & Pedestrian** $1.0

**Financing Cost** $1.8

**Environmental Mitigation** $2.1

**Environmental Mitigation (Local)** $0.9

**Smart Growth** $1.0

**Oversight Committee (Not Shown)** $0.03

Total Program $50.1 Billion
40 Year TransNet Revenues
(In Billions, Cumulative Collections Over 40 Years)

- Total Program $50.1 Billion
- New BRT/Rail Operations $3.9
- Program Administration $0.5
- Bike & Pedestrian $1.0
- Smart Growth $1.0
- Oversight Committee (Not Shown) $0.3
- Transit Services $8.0
- Local Streets & Roads $14.1
- Major Highway & Transit Projects (47) $16.7
- Financing Cost $1.8
- Environmental Mitigation $2.1
- Environmental Mitigation (Local) $0.9
- Total Program $50.1 Billion
Revenue Update

- TransNet revenues adjusted from 2002 to future dollar base
- State and Federal Matching Funds
  - Includes programmed matching funds for EAP projects
  - Includes future STIP/STP/CMAQ
  - Includes FTA New Starts
  - Excludes FTA formula funds/TDA/STA/Local gas tax

Project Cost Updates

- SANDAG/Caltrans joint effort to update costs from 2002 to 2005 dollars
- Financial Model escalates to year of expenditure
- Detailed Review of Recent Trends in Construction Cost Index
Caltrans Index & 2.6%

- Caltrans Index
- Compounded Rate at 2.6%

Quarterly Comparison and Forecast

- Bureau of Labor Statistics
- ENR
- Caltrans

Compounded Annual Growth Rate:
- 3%
- 4.5%
- 7.25%
- 10%

Note: The Bureau of Labor Statistics and Caltrans data are baselined against the ENR data to provide a better comparison.
TransNet Major Corridor Cost Update
*(In Millions of Dollars)*

<table>
<thead>
<tr>
<th>Projects</th>
<th>2002 Estimate</th>
<th>2005 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAP</td>
<td>$1,981</td>
<td>$2,758</td>
</tr>
<tr>
<td>Other Major Corridors</td>
<td>$7,642</td>
<td>$9,416</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,623</strong></td>
<td><strong>$12,174</strong></td>
</tr>
</tbody>
</table>

Policy Choices

- To bond or not to bond?
- What share of *TransNet* Major Corridor funds should go to EAP?
- What share of STIP/CMAQ/STP funds should go to EAP?
### Usage of STIP/CMAQ/STP Funds (FY1998-FY2009)

<table>
<thead>
<tr>
<th>Major Categories</th>
<th>$ Million</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway/Transit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major Corridors</td>
<td>$1,360</td>
<td>78%</td>
</tr>
<tr>
<td>Other Transit Projects</td>
<td>142</td>
<td>8%</td>
</tr>
<tr>
<td>Local Streets &amp; Roads</td>
<td>143</td>
<td>8%</td>
</tr>
<tr>
<td>Rideshare/Bikeway/Other</td>
<td>105</td>
<td>6%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,750</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### TransNet Extension Expenditure Plan Update (In Millions of 2005 Dollars)

<table>
<thead>
<tr>
<th></th>
<th>85%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State/Federal Funds</td>
<td>$4,537</td>
<td>$5,213</td>
</tr>
<tr>
<td>TransNet Major Corridor</td>
<td>$6,667</td>
<td>$6,667</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,204</strong></td>
<td><strong>$11,880</strong></td>
</tr>
</tbody>
</table>

|                        |           |            |
| **Costs**              |           |            |
| Early Action Projects  | $2,758    | $2,758     |
| Other Major Corridors  | $9,416    | $9,416     |
| **TOTAL**              | **$12,174**| **$12,174**|

| **Shortfall**          | ($970)    | ($294)     |
TransNet Extension Expenditure Plan Update

85%

State & Federal 37%

TransNet 55%

Shortfall 8%

100%

State & Federal 43%

TransNet 55%

Shortfall 3%

2030 Regional Transportation Plan
(In Billions of 2002 Dollars)

Revenue Constrained Plan $30.0 B

TransNet $7.0 B

Additional State/Federal Gas Taxes $3.6 B

Other Discretionary Funds - $1.4 B

Mobility 2030 - $42 Billion Plan
Funding Scenarios Analyzed

- Scenario 1 – 100% of STIP/CMAQ/STP
  \[\ldots\ 100\% \text{ TransNet for EAP}\]

- Scenario 2 – 85% of STIP/CMAQ/STP
  \[\ldots\ 100\% \text{ TransNet for EAP}\]

- Scenario 3 – 85% STIP/CMAQ/STP
  \[\ldots\ 90\% \text{ TransNet for EAP}\]

- Scenario 4 – No Bonding
  \[\ldots\ 85\% \text{ of STIP/CMAQ/STP}\]
  \[\ldots\ 100\% \text{ TransNet for EAP}\]

EAP Project Delivery Schedule
Scenario 3: Costs and Revenues Through 2015
(Millions of Dollars)

Comparison of Financial Scenarios

- Can we afford the EAP construction schedules?

  **Yes** – All bonding scenarios

  **No** – No bonding or “pay-as-you-go” option

    - Average 4 year delay
Total Bonding Required
(Billions of Dollars)

- Scenario 1: $1.17
- Scenario 2: $1.24
- Scenario 3: $1.33
- Scenario 4: $0.00

Total Debt Service Required
(Billions of Dollars)

- Scenario 1: $1.08
- Scenario 2: $1.16
- Scenario 3: $1.25
- Scenario 4: $0.00
Funding Available for Non-EAP Projects
(Millions of Dollars Through 2015)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Dollars Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0.00</td>
</tr>
<tr>
<td>2</td>
<td>$118.00</td>
</tr>
<tr>
<td>3</td>
<td>$204.00</td>
</tr>
<tr>
<td>4</td>
<td>$118.00</td>
</tr>
</tbody>
</table>

Policy Choices

- **To bond or not to bond?**
  - Cost of bonding - $650 - $750 million
  - Benefits of accelerating project implementation and avoiding cost escalation - $2.4 billion
  - Take advantage of today’s low interest rates

- **What share of TransNet Major Corridor funds should go to EAP?**
  - Focus on EAP or spread funds to other projects?
  - More projects finished or more projects started?

- **What share of STIP/CMAQ/STP funds should go to EAP?**
  - Use State/Federal funds to match EAP or other projects?
Recommendation

- **Scenario 3** – 85% STIP/CMAQ/STP as match
  90% *TransNet* for EAP

**Benefits:**
- Maintains focus on EAP
- Cost of bonding less than cost of delay
- Leaves funding available for other non-EAP and non-*TransNet* projects

- Matching funds levels/set asides to be reconsidered in future updates

Next Steps

*If Transportation Committee supports going forward with one of the scenarios:*

- A final Plan of Finance to be presented to Board of Directors in December
- Work on next major update to Plan of Finance to be coordinated with 2007 RTP
- Program Office – cost/schedule management
- All key assumptions to be closely monitored
- Transportation Committee to be updated if issues arise
Introduction

Under Policy #18 SANDAG is responsible for preparing a consolidated Regional Short Range Transit Plan for San Diego

Purpose • Context • Approach
Purpose

The RSRTP provides a five year blueprint for the growth and development of the regional transit system.

Purpose

RCP → RTP → RSRTP

Links existing transit system to Regional Transit Vision
Purpose
RSRTP Elements

- System Inventory
- Develop regional policy basis for service
- Identify deficiencies and solutions
- Action Plan
  - Programs and Services
  - Operating costs
  - Capital costs
  - Funding

Context
Challenges for FY 2006 - 2010

Concurrent major plans and policies:
- RCP Smart Growth Concept Map
- RTP Update
- Independent Transit Planning Review
- Agency Planning Initiatives
  - COA
  - Sprinter Bus Redesign Action Plan
Context

Challenges for FY 2006 - 2010

- Transit is in the spotlight:
  - Regional congestion is major concern
  - Funding continues to be limited
  - Ridership has been falling
  - Consolidation expected to bring improved planning & service
  - TransNet has raised expectations

Context

Regional Role RSRTP

- Provides regional policy framework for local agency initiatives
- Framework will ensure:
  - TDA requirements are met
  - Regional transit issues are addressed
  - Service consistent across region based on local conditions
**Context**

**RTP Transit First Vision**

- Provides family of services to meet diverse needs of region

**Context**

**Agency Planning Initiatives**

- COA introduced tiers of service concept
  - Urban Core Network
  - Commuter Services
  - Community Based Services
**Approach**

**First Steps towards RSRTP**

- Service Design Guidelines:
  - Permit regional evaluation of system
  - Identify regional deficiencies
  - Indicate for residents and businesses the level of service they should expect

**Approach**

**Responding to Different Markets**

- Service Design Guidelines must be:
  - Applicable across region
  - Responsive to differing markets and needs
  - Understandable by public
  - Consistent for SANDAG, MTS and NCTD
**Approach**

**Service Design Guidelines & Transit Agency Planning:**

- Build on tiered approach of COA
  - Urban network
  - Commuter services
  - Community based
- Develop service zones
  - provide areas with similar patterns of development with similar levels of service

---

**Approach**

**RSRTP**

**Service Zones**

- Urban
- Suburban
- Rural
Integration of Context & Approach

Approach
Guidelines will Address

- Financial Performance
- Productivity
- Access (Walking Distance)
- Comfort (Crowding)
- Convenience (Frequency & Service Span)
- Reliability (Schedule Adherence)
- Warrants for New Service
Approach
Guideline Hierarchy

GOAL

Objective

Urban Indicator

Target

Suburban Indicator

Target

Rural Indicator

Target

Objective

Urban Indicator

Target

Suburban Indicator

Target

Rural Indicator

Target

Approach
Example of a Guideline

Transit service to be available within a convenient walking distance of residents

Percentage of residences within specified distance of stop

XX% of residences in urban zone to be within ¼ mile of a bus stop or transit station
**Approach**

**Service Development Guidelines**

- SANDAG, MTS and NCTD will jointly develop guidelines for each zone
- Guidelines will be consistent with RCP, RTV, COA and Sprinter Bus Redesign

**Next Steps**

**November – January**
Guidelines developed jointly with MTS and NCTD

**January 2006**
Draft guidelines to TC, MTS and NCTD

**Spring 2006**
Draft/Final RSRTP to TC, MTS and NCTD
Recommendation

Transportation Committee endorses the RSRTP:

Purpose
Five-year blueprint

Context
RCP, RTP, Transit Agency Initiatives

Approach
Regional Service Design Guidelines

regional short range transit plan
fy 2006-2010