MEETING NOTICE
AND AGENDA

CITIES/COUNTY TRANSPORTATION ADVISORY COMMITTEE (CTAC)
The CTAC may take action on any item appearing on this agenda.

Thursday, September 1, 2005
9:30 a.m. to 11:30 a.m.
SANDAG, Conference Room A
401 B Street, Suite 800
San Diego, CA 92101-4231

Chair: Fred Luedtke, City of Escondido
Vice Chair: Alex Al-Agha, City of Chula Vista

Staff Contact: Richard Chavez
(619) 699-6989
(619) 699-1905 fax
rch@sandag.org

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To request this document or related reports in an alternative format, please call (619) 699-1900, (619) 699-1904 (TTY), or fax (619) 699-1905.
ITEM # | RECOMMENDATION
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1. INTRODUCTIONS

+2. MEETING SUMMARY (Fred Luedtke) | APPROVE

The meeting summary for the June 2, 2005 meeting is attached. CTAC is asked to review and approve the meeting summary.

3. PUBLIC COMMENTS

+4. SMART GROWTH INCENTIVE PROGRAM (Stephan Vance) | INFORMATION

A key component of the Regional Transportation Plan strategy to improve land use and transportation connections is the Smart Growth Incentive Program. SANDAG staff will present the Smart Growth Incentive Program project ranking recommendations for project applications received by the June 24, 2005 deadline. The project rankings are established by the evaluation criteria approved by the Board of Directors on April 22, 2005. Attached is the staff report that will be presented at a joint meeting of the Transportation and Regional Planning Committees on September 2, 2005.

5. TRAVELER INFORMATION SYSTEMS (Ray Traynor) | INFORMATION

A key component of the Regional Transportation Plan strategy to improve transportation systems management is to provide better real-time traffic and transit conditions information to the traveling public. SANDAG staff will provide a summary of the effort to install an additional 100 traffic sensors and provide an upgraded Web based interface that can be found at www.traffic.com.

+6. TRANSPORTATION PROGRAMS FUNDING UPDATE (José Nuncio) | INFORMATION

Staff will summarize the attached report that was presented to the Transportation Committee on August 19, 2005. The report details the status of various funding programs including: Prop. 42, TCRP, STIP, and SAFETEA-LU.

+7. PROPOSED RULEMAKING: NEW FHWA AUTHORITY TO DEOBLIGATE FEDERAL FUNDS (Gary Vettese) | DISCUSSION

Caltrans staff will present a FHWA issued a Notice of Proposed Rulemaking that will revise regulations relating to project authorizations and agreements in an effort to reduce the unexpended balance of Federal funds (currently at $489 million Statewide on Local Agency Projects). The proposal includes language for identifying completion dates in the E-76 for a specific phase of work for which Federal funds have been obligated and if the funds are not fully expended by that date, the funds could be deobligated. Attached is the notice, comments are due September 9, 2005.
8. CLAIREMONT MESA BOULEVARD/ SR 163 INTERCHANGE MODIFICATION  
(Kris Shackelford)

At the last CTAC meeting on June 2, 2005, there was a discussion on potential need to reprogram funds from the Clairemont Mesa Boulevard/SR 163 Interchange modification project to avoid losing funds. City of San Diego staff proposed developing an agreement between the City of San Diego and Caltrans to avoid needing to reprogram funds and avoid losing funds. An agreement was executed, City of San Diego staff will provide a summary of the agreement and the status of its implementation.

9. SOUTH TEHACHAPI TEAM MEETING SUMMARY (Ed Domingue)  

The South Tehachapi Team meets monthly to discuss Caltrans/County/City transportation issues. Ed Domingue, City of Escondido, is the CTAC representative to this group. Mr. Domingue will provide a summary of recent team meetings.

10. ANNOUNCEMENTS  

CTAC members are encouraged to share items of interest.

The next CTAC meeting is scheduled for Thursday, October 6, 2005 from 1:30 to 3:30 p.m. 
+next to an agenda item indicates an attachment.
JUNE 2, 2005 MEETING SUMMARY

Results of the meeting are summarized as follows.

Approval of Meeting Summary

The meeting summary for the May 5, 2005 meeting was approved as presented.

Public Comments

There were no comments from the public.

Regional Arterial System Program

A motion was made and seconded to recommend approval of the schedule extensions for four projects. The motion passed unanimously. CTAC requested a meeting with FHWA staff to discuss project processing and delay issues.

Richard Leja (City of San Diego) presented issues related to schedule slippage, funding shortfalls, and the potential need to reallocate funds from the Clairemont Mesa Boulevard/SR 163 Interchange modification project. Mr. Leja recommended the execution of an agreement between Caltrans and the City of San Diego that would avoid the need to reallocate funds. Gena Franco (San Marcos) asked why the SANDAG Use-it-or-Lose-it policy did not apply. Mr. Leja responded that this was a Caltrans issue, not a SANDAG issue. Gary Vettese (Caltrans) asked about the status of the loan offer from a private developer in the vicinity. Mr. Leja responded that the private developer was not willing to loan the City the entire shortfall amount. Rick Odiorne (El Cajon) asked if the issue needed to be resolved by June 17, 2005 as outlined in the staff report. Mr. Leja stated that it did not. Mr. Vettese confirmed that the issue did need to be resolved by June 17, 2005. Chandra Collure (Solana Beach) made a motion to recommend the City execute an agreement with Caltrans by June 17, 2005 to avoid needing to reallocate funds from the project. Alex Al-Agha (City of Chula Vista) seconded the motion. Ms. Franco expressed concern that the motion was precedent setting in that the motion bypasses the SANDAG Use-it-or-Lose-it policy. Bob Johnson (Carlsbad) requested that the motion and discussion be carefully documented. Mr. Leja stated that the project would have stayed on schedule if funding shortfalls were not an issue. Mr. Leja questioned whether or not funding shortfalls should be counted as a delay. David Hauser (Carlsbad) stated that a delay is a delay. Larry Pierce (Vista) asked if there was the potential that Caltrans would not execute the agreement. Mr. Leja stated that this was a possibility. The Chair stated that rising costs were
affecting the ability to deliver all transportation projects and called for a vote. The motion passed unanimously.

Traffic Signal Optimization Program

Ed Domingue (SANTEC Chair) presented a list of Traffic Signal Optimization Projects recommended for funding. The recommendation was based on project ranking established by the approved evaluation criteria. The recommended list of projects would utilize all remaining program funds. Richard Leja (City of San Diego) asked what would happen if projects experienced funding shortfalls. Mr. Domingue stated that the local agency would be responsible for covering the shortfall amount. Gary Vettese (Caltrans) stated that deadlines were approaching and the funds for these projects needed to be obligated in a timely manner. A motion was made and seconded to recommend approval of the projects for funding to the Transportation Committee. The motion passed unanimously.

SANTEC Charter

Ed Domingue (SANTEC Chair) presented the SANTEC Charter and asked that CTAC recommend approval to the Executive Committee. Bob Johnson (Carlsbad) stated that there was some initial consternation among SANTEC members about adding MTS and NCTD as voting members but that those issues had been resolved. MTS and NCTD are now welcome members at SANTEC. A motion to recommend charter approval was made and seconded. The motion passed unanimously.

CTAC Charter

Richard Chavez (SANDAG) presented the revised CTAC Charter and asked that CTAC recommend approval to the Executive Committee with minor changes to the charter, (see attachment 1). A motion to recommend charter approval with changes was made and seconded. The motion passed unanimously.

Asphalt Plant Sites

Dan Fauchier and other representatives from Engineering and General Contractors Association (EGCA) presented concerns over the lack of asphalt and aggregate sites in the region. Mr. Fauchier asked for CTAC assistance in identifying new sites. Fred Luedtke (Chair) stated that CTAC could assist with helping to educate decision makers on this issue. Chandra Collure (Solana Beach) asked what the current price increase of asphalt was due to the lack of availability. An EGCA representative stated that that was a difficult question to answer but thought it was in the $4 per ton range. Frank Watanabe (Oceanside) asked how many acres were needed for an asphalt plant site. An EGCA representative stated that 3-5 acres were needed. Alex Al-Agha (Chula Vista) asked if this was just a North County issue. Mr. Fauchier stated that this was a region-wide issue. Larry Pierce (Vista) asked if the proposed site in Escondido was dead. An EGCA representative stated that they were still working on it and hopeful. Bob Johnson (Carlsbad) encouraged the EGCA representatives to also target the City/County Management Association, city councils, and the Board of Supervisors with the outreach and education effort.
**Pavement Management Systems**

Alex Al-Agha (Chula Vista) presented research done on pavement management software capabilities and asked which software other agencies were using. Most are using MicroPaver, but Carlsbad and the City of San Diego are using CarteGraph. Chula Vista is leaning toward RoadSoft.

**Independent Transit Planning Review**

Richard Chavez (SANDAG) encouraged members to attend the meeting on June 20, 2005 for an update on the Independent Transit Planning Review.

**Meeting Schedule**

Cue to upcoming summer vacations, the July 2005 and August 2005 meetings were cancelled unless needed for pressing business.

**Announcements**

The retirement luncheon for CTAC member Marv Munzenmaier (El Cajon) was announced. Gary Vettese (Caltrans) announced a meeting on June 15, 2005 to discuss DBE program requirements.
PURPOSE
The purpose of CTAC is to provide recommendations to the Transportation Committee regarding local street and road projects and programs including local freeway interchanges. CTAC also makes recommendations to the Transportation Committee regarding highways, transit, rail, bicycle, and pedestrian issues and policies that effect local street and road projects and programs.

LINE OF REPORTING
CTAC reports to the Transportation Committee.

RESPONSIBILITIES
CTAC oversees activities of the San Diego Traffic Engineer’s Council (SANTEC). CTAC is responsible for developing project prioritization and evaluation criteria for the Regional Arterial System Program, Rail Grade Separation Program, and Roadway Maintenance Program, and SANTEC programs. CTAC makes funding recommendations for these programs, the Transportation Committee makes all final funding decisions for these programs.

MEMBERSHIP
The voting membership of CTAC will consist of one representative from each city, the County, Metropolitan Transit System, and North County Transit District. Each voting member shall have one vote. Each voting member may appoint up to two alternates. Non-voting resource members include Caltrans, Air Pollution Control District, and the Port District.

MEETING TIME AND LOCATION
CTAC will meet monthly or as needed at SANDAG.

SELECTION OF THE CHAIR
A committee Chair and Vice Chair will be elected by the general membership and will serve for a period of two years. Terms begin and end in January.

DURATION OF EXISTENCE
CTAC is a standing committee subject to annual review by the SANDAG Executive Committee.
PILOT SMART GROWTH INCENTIVE PROGRAM – PROJECT APPROVAL

Introduction

On April 22, 2005, the SANDAG Board of Directors approved project evaluation criteria and program guidelines for the Pilot Smart Growth Incentive Program (SGIP), and authorized staff to issue a call for projects. That action authorized the first SANDAG funding program specifically designed to use transportation funds to encourage local land use decisions that support regional planning goals. This Pilot SGIP fulfills the recommendation for an incentive program proposed in SANDAG’s Regional Transportation Plan, MOBILITY 2030. It also is a precursor to the longer-term smart growth incentive program called for in the Regional Comprehensive Plan (RCP) that will be funded by the TransNet local sales tax extension.

As a pilot program, the SGIP was developed to perform two program functions. First, it is intended to identify public improvement projects that can facilitate smart growth land development and serve as examples of how smart growth principles can be implemented around the region. Second, it serves as a test of project selection and program administration processes for the future TransNet-funded incentive program.

SANDAG received 34 applications in response to a call for projects. This report discusses the projects received, and the process for evaluating those projects. It recommends 14 projects for funding, and explains the basis for the staff recommendation.

Recommendation

The Regional Planning and Transportation Committees are asked to approve the list of 14 projects and funding levels recommended in Attachment 1 of this report for Pilot Smart Growth Incentive Program funding, and to direct staff to prepare an amendment to the Regional Transportation Improvement Program identifying these projects for funding under the federal Transportation Enhancements Program.

Discussion

The call for projects for the Pilot SGIP was issued on May 9, 2005. The original notice indicated that $17 million in federal Transportation Enhancement funds was available for the program. However, the state subsequently increased its funding estimate for this program by $2.11 million, making a total of $19.11 million available for the program.

SANDAG received applications for 34 projects by the project submittal deadline, requesting over $46 million in funding. Applications were received from 11 cities, the County of San Diego, and the North County Transit District. The Metropolitan Transit System was a co-applicant on one application from the City of La Mesa.
One project application was determined to be non-responsive. The Paseo project, submitted by the City of San Diego, did not provide a resolution from the City Council authorizing the application. The remaining 33 project applications totaled over $44 million. When combined with the proposed $52 million in matching funds, these applications represented nearly $100 million in proposed improvements. Project applications ranged in size from the maximum allocation request of $2 million, to a low of $258,000.

**Project Evaluation Process**

The projects were evaluated by a panel that consisted of six volunteers from the Regional Planning Stakeholders Working Group (RPSWG), a volunteer from the San Diego Council of Design Professionals, and a SANDAG staff member (see Attachment 2). The panel represented a variety of interests and geographic locations around the region.

The projects were evaluated based on criteria that were established by the Board after extensive input from the Regional Planning Technical Working Group (RPTWG), the Cities/County Transportation Advisory Committee (CTAC), the RPSWG, the Regional Planning and Transportation Committees, and the Board (see Attachment 3). The criteria are divided into five categories, with the potential points awarded in each category up to the maximums shown in the table below.

<table>
<thead>
<tr>
<th>Evaluation Category</th>
<th>Total Points</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1. Project Readiness</td>
<td>15</td>
<td>10%</td>
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<tr>
<td>2. Smart Growth and Land Use Characteristics</td>
<td>55</td>
<td>38%</td>
</tr>
<tr>
<td>3. Quality of Proposed Project</td>
<td>40</td>
<td>27%</td>
</tr>
<tr>
<td>4. Matching Funds</td>
<td>15</td>
<td>10%</td>
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<tr>
<td>5. Low-Income Household Bonus</td>
<td>22</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147</strong></td>
<td><strong>100%</strong></td>
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</table>

Points for Project Readiness were awarded based on the number of milestones toward project development that the project had already met. The points for Smart Growth and Land Use Characteristics were awarded based on how well, in the judgment of the panel, the project area exemplified one of the seven smart growth place types described in the RCP. This category also included points awarded based on the intensity of development allowed in the project area. These points were awarded based on SANDAG’s 2010 forecasts of housing units and employment within a quarter-mile radius of the project. Projects were evaluated in comparison to the range of intensities that the RCP identified for each smart growth place type. The panel also judged the Quality of the Proposed Project based on how well the applicant proposed to implement improvements in five categories: pedestrian improvements, bicycle improvements, transit facility improvements, streetscape enhancements, and traffic calming. Matching Funds points were awarded proportionately: those applicants with the highest percentage of proposed matching funds received the full 15 points. The Low-Income Household Bonus was awarded to projects based on Board-adopted policy (Attachment 4) that granted these points to jurisdictions whose average household income was below the regional average.

Once evaluated, each project was ranked based on the average scores from all evaluators. The evaluation panel met to discuss the outcome of the scoring process, and to develop a consensus on the projects recommended for funding. There was strong agreement among the panel members on which projects to fund. Each panel member had ranked at least 10 of the top 14 projects on their individual list among the top 14 projects, and all the recommended projects were ranked in the top 14 by at least a majority of the evaluation panel members.
Project Recommendations

The 14 projects recommended for funding are shown in rank order in Attachment 1 of this report. When combined with their matching funds, these projects represent a total of over $44 million in improvements. As a group, they meet the broad goals for a pilot incentive program established in the RCP: that it fund “public infrastructure improvements for ‘ready-to-go’ projects that will demonstrate smart growth principles and serve as a catalyst for additional smart growth development in key locations.” In addition, the projects address objectives discussed by the policy advisory committees and Board during the program development process. An overview of how these goals and objectives are met is discussed below.

- The Projects are “Ready-to-Go.” Of the projects recommended for funding, six are scheduled for completion in 2006, according to the project applications. The remaining eight projects are scheduled for completion during 2007 through 2009. These projects will serve as models for future development and as demonstration projects for the longer term SGIP that will be funded through TransNet starting in 2009.

- The Projects Influence Land Development. The projects recommended for funding will influence land development in a positive manner by helping to create an environment that promotes smart growth principles. In addition, the Pilot SGIP demonstrates that there is a range of ways that such funding can influence development. For some projects, Pilot SGIP funding helps to close the funding gap for projects at more advanced stages of development, such as the Grossmont Trolley Station Pedestrian Enhancements in La Mesa and the Bird Rock Area Traffic Management Plan in the City of San Diego. For other projects, such as those located in National City (Fountain Plaza-Promenade, National City Boulevard Sidewalk and Streetlight Improvement, and National City Boulevard Median and Landscape Improvement), Pilot SGIP funding lays down the groundwork for smart growth by helping to create a more attractive environment for private investment in land development.

- The Projects Support Public Transit. All of the projects are in areas directly served by public transit, and four are associated with light rail transit stations or a major bus transit corridor. The top-rated project, the University Avenue Mobility Project, will enhance the busiest bus transit corridor in the region. Trolley stations at Grossmont Center, Palomar Street, Commercial Street, and the future Boulevard Transit Plaza all will see improvements in the station area.

- The Projects Support Housing Development. According to the project applications, the recommended projects will directly support 3,800 units of new housing development, approximately 11 percent of which would be affordable housing.

- The Projects Demonstrate Smart Growth in a Variety of Settings. The projects recommended for funding are distributed through every subregional area except the North County Coastal and the unincorporated areas. Two are located in East County, three are located in South County, one is located in North County Inland, and eight are located in the Central area. The recommended projects also are located in areas exemplifying five of the seven smart growth place types in the RCP: Metropolitan Center, Urban Center, Town Center, Community Center, and Transit Corridor.

* The three National City projects are being considered as one project in this description.
• The Program Provides a Learning Experience. One of the objectives of the Pilot SGIP was to gain experience in using transportation funds as an incentive for smart growth development. This will be an ongoing process. We will begin by soliciting comments from the review panel and applicants about the application process. The initial feedback from the evaluation panel has been positive. We will also monitor the progress of the approved projects and their impact on their communities as they move toward completion. A thorough report on lessons learned and on progress in developing the long-term TransNet-funded incentive program will be brought back to the Transportation Committee and Regional Planning Committee later in the fiscal year.

The last three projects on the list received identical average scores of 86 points. They include the Old Palm Avenue streetscape improvements in Imperial Beach, median and landscape improvements on National City Boulevard in National City, and the Maple Street pedestrian plaza in Escondido. Funding all three of these projects at the levels requested would require $1,591,000 more than is available in the program. The evaluation panel discussed alternatives to resolving this problem and recommended reduced funding for each. The panel felt the three National City projects recommended for funding really are components of improvement plans for one area and therefore should be treated as one project. As such, National City should be limited to the $2 million maximum funding level in the program. National City staff indicated they can accommodate a lower level of funding by reducing the number of blocks improved in the sidewalk and street lighting project from nine to six and one half. Staff from Escondido and Imperial Beach indicated they could accommodate this lower funding level by identifying other funds to make up the difference. All three of these changes are subject to the approval of the respective city councils. The staff recommendation for the Pilot SGIP is therefore contingent upon these actions being approved by the cities of National City, Imperial Beach, and Escondido.

Next Steps

Following approval of a list of projects, staff will contact the successful applicants and assist them with the process of including their projects in the Regional Transportation Improvement Program (RTIP) as Transportation Enhancement (TE)-funded projects, and in the State Transportation Improvement Program (STIP). Each applicant will be required to submit a separate TE application for review and approval by the California Transportation Commission. Obtaining a STIP approval typically is a 90-day process at a minimum. Following the STIP amendment, successful applicants would be able to begin working with the Caltrans Office of Local Assistance to receive authorization to begin their projects. Throughout the project funding and development process, SANDAG staff will be involved to provide technical assistance and to monitor project development to ensure the projects are completed as proposed.

BOB LEITER
Director of Land Use and Transportation Planning

Attachments: 1. Pilot Smart Growth Incentive Program Funding Recommendations
2. Pilot Smart Growth Incentive Program Evaluation Panel
3. Pilot Smart Growth Incentive Program Project Evaluation Criteria
4. Board Memorandum dated February 25, 2005

Key Staff Contact: Stephan Vance, (619) 699-1924, sva@sandag.org
Pilot Smart Growth Incentive Program Funding Recommendations

<table>
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<tr>
<th>No.</th>
<th>Project Name</th>
<th>Sponsoring Jurisdiction</th>
<th>Project Summary</th>
<th>Score</th>
<th>Total Project Cost</th>
<th>Funds Requested</th>
<th>Recomm. Funding</th>
<th>Project Completion Date</th>
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<tr>
<td>1</td>
<td>University Avenue Mobility Project-Phase I</td>
<td>City of San Diego</td>
<td><strong>Project:</strong> Improvements along University Avenue transit corridor in North Park: University Ave. from Florida St. to Boundary St., Lincoln Ave. from Utah St. to 32nd St., and North Park Way from 30th St. to 32nd St. landscaped/painted medians, restripe University Ave., pedestrian popouts, new traffic signals, enhanced pedestrian crossings w/in-pavement flashers, pedestrian countdown signal heads, relocation of parking to side streets, new bike racks, enhanced North Park street name signs. <strong>Setting:</strong> This project serves a major transit corridor with the region's most frequent bus service where 286 housing units are under development, including the City of Villages North Park Theater Pilot Project. The community plan encourages mixed use development with residential densities of at least 75 dwelling units per acre.</td>
<td>108</td>
<td>$2,550,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>January 2009</td>
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<tr>
<td>2</td>
<td>Park Boulevard at Harbor Drive Pedestrian Bridge</td>
<td>City of San Diego</td>
<td><strong>Project:</strong> Construction of a pedestrian bridge to serve as a grade-separated pedestrian crossing of Harbor Drive. <strong>Setting:</strong> The project area includes downtown San Diego's East Village Ballpark District where anticipated adjacent development will include residential towers with up to 1,500 dwelling units and 300,000 square feet of retail space.</td>
<td>105</td>
<td>$13,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>September 2006</td>
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<td>No.</td>
<td>Project Name</td>
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| 3   | Grossmont Trolley Station Pedestrian Enhancements | City of La Mesa/Metropolitan Transit System | **Project:** Grossmont Trolley station pedestrian improvements including a tower with 2 elevators and stairs to a bridge that will enable pedestrians/transit users to access employment and entertainment centers at the top of the hill.  
**Setting:** This is a developing urban center at a major suburban light rail hub with primarily retail and medical uses, and planned residential development under a joint-use agreement with MTS. Station area development will include 527 residential units. | 103   | $4,700,000         | $2,000,000     | $2,000,000     | 2008                    |
| 4   | Washington/Goldfinch Intersection Pedestrian Improvement Project | City of San Diego | **Project:** Pedestrian popouts, enhanced crosswalks/sidewalks, lighted bollards, trees, shrubs, ground cover; transit shelter, bike racks, enhanced paving in the median, upgraded traffic signals on all four corners.  
**Setting:** A community center with recent mixed-use development, this project will serve the Paseo de Mission Hills, which will provide 69 housing units, ground-floor retail, and a variety of public improvements that will be coordinated with the intersection improvements. | 102   | $928,000           | $684,000       | $684,000       | December 2006             |
| 5   | Bird Rock Area Traffic Management Plan          | City of San Diego       | **Project:** Improvements in the Bird Rock neighborhood including five modern roundabouts, a raised landscaped median, diagonal parking, new pedestrian crossings and sidewalks, and transit facility and pedestrian improvements.  
**Setting:** Bird Rock is a community center served by two bus lines where current development projects should increase densities to 25-30 units per acre. 139 condominium units are being constructed along the project. | 100   | $4,385,000         | $2,000,000     | $2,000,000     | September 2006             |
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<tr>
<td>6</td>
<td>Palomar Gateway Community Transit Area Project</td>
<td>City of Chula Vista</td>
<td><strong>Project:</strong> Street improvements along Palomar St. and Industrial Blvd., improvements to the Palomar Transit Station and its environs. <strong>Setting:</strong> This community center is at the Blue Line's Palomar Street Trolley Station with bus service as high as 10 buses per hour. The Chula Vista General Plan update will allow low- to mid-rise residential development between 18-50 dwelling units per acre. Planned mixed-use development at the project area will provide 316 additional housing units.</td>
<td>96</td>
<td>$2,375,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>January 2007</td>
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<td>7</td>
<td>Fountain Plaza-Promenade</td>
<td>City of National City</td>
<td><strong>Project:</strong> Construction of a central square for outdoor markets and fairs, including installation of a fountain, streetlights, landscaping, benches, and bicycle facilities, in downtown National City. <strong>Setting:</strong> This project is in the National City Town Center where the &quot;form-based&quot; Downtown Specific Plan allows commercial and residential uses with housing densities from 45-85 dwelling units per acre. The area is served by both local and regional buses and is within 1/4-mile of a Blue Line trolley station.</td>
<td>95</td>
<td>$516,000</td>
<td>$258,000</td>
<td>$258,000</td>
<td>August 2006</td>
</tr>
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<td>8</td>
<td>Allison Avenue-University Avenue Pedestrian Enhancements</td>
<td>City of La Mesa</td>
<td><strong>Project:</strong> Improvements to the pedestrian environment along Allison and University Aves. within downtown La Mesa, including upgraded sidewalks, crosswalks, street trees, lighting, and transit stop improvements. <strong>Setting:</strong> This project is at the hub of the La Mesa town center, served by an Orange Line trolley station. It is also along a transit corridor. Current residential development ranges up to 50 dwelling units per acre. Planned development will intensify and increase the mix of uses in the area.</td>
<td>94</td>
<td>$3,156,000</td>
<td>$1,994,000</td>
<td>$1,994,000</td>
<td>September 2007</td>
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| 9   | Mid-City Urban Trail & SR 15 Bikeway | City of San Diego       | **Project:** Pedestrian and bicycle right-of-way improvements along the I-15 corridor in Mid-City San Diego, including widened pedestrian paths, pedestrian lighting, street furniture, wayfinding and bikeway signage, bikeway striping, and signal improvements.  
**Setting:** This Mid-City town center is also served by a major transit corridor, and includes the City of Villages Boulevard Marketplace Pilot Village. The trail system will serve 386 planned residential units. | 94    | $2,966,000        | $1,600,000       | $1,600,000      | December 2009    |
| 10  | Commercial Street Streetscape Project | City of San Diego       | **Project:** New sidewalks, curbs, street trees, lighting, street furniture, traffic calming devices, a gateway element, and public plazas around the perimeter of a proposed mixed-use/mixed-income development in Logan Heights.  
**Setting:** This community center is focused around the Commercial Street Orange Line trolley station. The project will serve a mixed-use development with 39,300 square feet of commercial space and 263 housing units (68 units per acre) that are primarily affordable rental units. | 91    | $1,800,000        | $1,500,000       | $1,500,000      | June 2009        |
| 11  | National City Boulevard Sidewalk and Street Lighting Improvement Project | City of National City   | **Project:** Rehabilitation of a 6½ block area of National City Blvd., including replacement of sidewalks, installation of decorative streetlights, trees, tree grates, shrubbery, and bus benches.  
**Setting:** This project is in the National City Town Center where the "form-based" Downtown Specific Plan allows commercial and residential uses with housing densities from 45-85 dwelling units per acre. The area is served by both local and regional buses and is within ¼-mile of a Blue Line trolley station. | 90    | $3,280,000        | $2,000,000       | $1,022,000      | October 2006      |
<table>
<thead>
<tr>
<th>No.</th>
<th>Project Name</th>
<th>Sponsoring Jurisdiction</th>
<th>Project Summary</th>
<th>Score</th>
<th>Total Project Cost</th>
<th>Funds Requested</th>
<th>Recomm. Funding</th>
<th>Project Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Old Palm Avenue Streetscape Improvement Project</td>
<td>City of Imperial Beach</td>
<td>Project: Pedestrian-oriented enhancements including widened/upgraded sidewalks and crosswalks, improved landscaping, street furnishing and signage, traffic calming features in a 2-3 block area along Palm Ave. between Seacoast Dr. and 3rd St. Setting: Old Palm Avenue is a community center that combines residential, commercial and retail uses, and is served by three bus routes. Allowable residential density is up to 29 dwelling units per acre. Ten residential units were recently constructed, and there is capacity for an additional 108.</td>
<td>86</td>
<td>$2,000,000</td>
<td>$1,000,000</td>
<td>$685,000</td>
<td>December 2006</td>
</tr>
<tr>
<td>13</td>
<td>National City Boulevard Median and Landscape Improvement Project</td>
<td>City of National City</td>
<td>Project: Installation of medians and landscaping on National City Blvd. from 7th St. to Division St. to improve traffic safety and the visual appeal of the street. Setting: This project is in the National City Town Center where the &quot;form-based&quot; Downtown Specific Plan allows commercial and residential uses with housing densities from 45-85 dwelling units per acre. The area is served by both local and regional buses and is within ¼-mile of a Blue Line trolley station.</td>
<td>86</td>
<td>$1,440,000</td>
<td>$720,000</td>
<td>$720,000</td>
<td>October 2006</td>
</tr>
<tr>
<td>14</td>
<td>Maple Street Pedestrian Plaza Project</td>
<td>City of Escondido</td>
<td>Project: Reconstruction of a two-lane through street into a short two-lane cul-de-sac ending in a large pedestrian plaza. Setting: This project is in Escondido's town center, which is the traditional retail core area and the site of significant civic and cultural facilities. High-frequency local transit service connects to the future Sprinter Station at the Escondido Transit Center ½-mile away. 142 proposed condominium units would be served by the project.</td>
<td>86</td>
<td>$1,100,000</td>
<td>$945,000</td>
<td>$647,000</td>
<td>July 2008</td>
</tr>
<tr>
<td>No.</td>
<td>Project Name</td>
<td>Sponsoring Jurisdiction</td>
<td>Project Summary</td>
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<tr>
<td>15</td>
<td>25th Street Renaissance Project</td>
<td>City of San Diego</td>
<td><strong>Project:</strong> Revitalization of a six-block area of 25th St. north of I-94, including pedestrian amenities, traffic calming, streetscape improvements, and parking. <strong>Setting:</strong> 25th St. is planned as a community center for Golden Hill. It is primarily a commercial area currently served by three bus routes. The surrounding community is largely residential at an average of 29 dwelling units per acre.</td>
<td>85</td>
<td>$1,589,000</td>
<td>$1,425,000</td>
<td>-</td>
<td>December 2009</td>
</tr>
<tr>
<td>16</td>
<td>Grand Avenue / El Mercado Project</td>
<td>City of Escondido</td>
<td><strong>Project:</strong> Pedestrian lighting on Grand Ave. through the downtown area, reconstruction of Grand Ave. from Centre City to Quince in the Mercado area to include decorative paving and sidewalks. <strong>Setting:</strong> El Mercado is within the Escondido town center. Grand Avenue is served by three routes with 15-minute service to the Escondido Transit Center. Residential densities up to 45 dwelling units per acre are allowed.</td>
<td>85</td>
<td>$1,600,000</td>
<td>$1,320,000</td>
<td>-</td>
<td>July 2008</td>
</tr>
<tr>
<td>17</td>
<td>Reo Drive Revitalization Phase II Improvements</td>
<td>City of San Diego</td>
<td><strong>Project:</strong> Rehabilitation of a one-block commercial strip including widening Reo Dr. for installation of enhanced crosswalks, bus pads, diagonal parking, pedestrian-oriented street lights, new sidewalks, enhanced landscaping and shade trees, ADA-compliant pedestrian ramps and curb enhancements. <strong>Setting:</strong> This Skyline-Paradise Hills community has begun a revitalization process aimed at creating a commercially-oriented community center. It is served by two local bus routes. Allowable residential densities are up to 15 dwelling units per acre.</td>
<td>84</td>
<td>$939,563</td>
<td>$447,282</td>
<td>-</td>
<td>June 2007</td>
</tr>
<tr>
<td>No.</td>
<td>Project Name</td>
<td>Sponsoring Jurisdiction</td>
<td>Project Summary</td>
<td>Score</td>
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</table>
| 18  | H Street Transit Corridor Project | City of Chula Vista | **Project:** Beautification and improvements to pedestrian facilities along H St. between 3rd Ave. and Broadway.  
**Setting:** H St. is a planned transit corridor that serves a connector between east and west Chula Vista, and is planned to carry BRT service. Chula Vista’s Urban Core Specific Plan calls for residential densities up to 60 dwelling units per acre along the corridor. | 84 | $2,300,000 | $2,000,000 | - | November 2006 |
| 19  | San Ysidro Pilot Village Corridor Project | City of San Diego | **Project:** Transportation and streetscape improvements including bicycle lanes, sidewalk widening, pedestrian ramps, popouts, trees, street furniture, median landscape, and other improvements.  
**Setting:** This is the Mi Pueblo Pilot Village in the City’s City of Villages program. This community center is served by two bus routes. Residential densities are expected to be 70-75 dwelling units per acre. | 82 | $2,268,851 | $2,000,000 | - | March 2008 |
| 20  | Inland Rail Trail (Oceanside-to-Escondido) Project - Phase II | City of San Marcos | **Project:** Construction of a one-mile segment of the Oceanside to Escondido Rail Trail bicycle path, in San Marcos.  
**Setting:** This section of rail trail would be in a suburban setting between Sprinter stations, serving primarily single family residential development. | 80 | $5,600,000 | $1,500,000 | - | March 2007 |
| 21  | Rose Creek Bicycle Path and Pedestrian Bridge | City of San Diego | **Project:** A 280-foot-long pedestrian and bicycle bridge across Rose Creek in Mission Bay Park, and pedestrian and Class I bicycle trails leading to the bridge.  
**Setting:** The project lies outside and parallel to the Grand Avenue transit corridor. The immediate setting is Mission Bay Park, but it is surrounded by the relatively high-density beach communities of Mission Beach and Pacific Beach. There is no direct transit connection. | 77 | $3,100,000 | $2,000,000 | - | December 2007 |
<table>
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<tr>
<th>No.</th>
<th>Project Name</th>
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</table>
| 22  | Balboa Avenue Corridor Improvements Project- Phase I | City of San Diego       | **Project:** Traffic calming features and raised and landscaped medians, addition of two signalized intersections, reconfiguration of Balboa Ave., and other improvements.  
**Setting:** The project connects two proposed community centers that currently consist of auto-oriented retail development and a mixture of single- and multi-family residential development.                                                                                      | 76    | $6,000,000        | $2,000,000     | -               | December 2007       |
| 23  | Streetscape II Project               | City of Encinitas       | **Project:** Improvements to Hwy 101 between F St. and the entrance to Swami’s Beach Park, including curb, gutter, and sidewalk improvements, landscaped corner safe crossings, street furniture and lighting, increased parking.  
**Setting:** This streetscape project lies within the downtown Encinitas community center. The project area includes the Lumberyard Shopping Center, and is near the Encinitas Civic Center and Encinitas Transit Station. Planned residential density will reach 20 to 25 units in the surrounding area.                       | 74    | $3,105,000        | $300,000       | -               | April 2006          |
| 24  | Solana Beach Mixed Use Development  | North County Transit District | **Project:** Lighted walkways, improved signage, additional benches and sidewalks, covered pedestrian path from parking structure to platform, specialized bike facilities, doubling of drop-off zones, and dedicated bus parking space for NCTD Route 308.  
**Setting:** The Solana Beach Train Station project is a mixed-use development that will serve the LOSSAN rail corridor and two bus routes. The project includes 141 residential rental units, live/work units, retail, and office space, with three underground parking structures. Residential density will increase from 0 to 52 units per acre.                                                                 | 73    | $3,400,000        | $2,000,000     | -               | June 2009           |
<table>
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<tr>
<th>No.</th>
<th>Project Name</th>
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</thead>
</table>
| 25  | San Luis Rey Transit Center at North River Village | North County Transit District | **Project:** Construction of transit center and public improvements such as sidewalks, landscaping, pedestrian and bike facilities.  
**Setting:** North River Village is planned as a mixed-use development that includes the proposed San Luis Rey Transit Center, 133 townhomes, and 13,684 square feet of retail and office space. | 70    | $6,000,000        | $2,000,000       | -                 | September 2007 |
| 26  | Coastal Rail Trail Project             | City of San Diego        | **Project:** Construction of a 20-mile-long portion of the Coastal Rail Trail bicycle facility between Del Mar and downtown San Diego.  
**Setting:** This is part of a larger multi-jurisdictional bikeway project along the coast in the cities of Oceanside, Encinitas, Solana Beach, Carlsbad, Del Mar, and San Diego. This portion of the trail will serve the Sorrento Valley Coaster. | 61    | $1,712,900        | $1,000,000       | -                 | August 2010 |
| 27  | San Diego River Bike Path Linkages     | City of San Diego        | **Project:** Rio Courtyard/River Run bike path linkage - construction of a bridge over a drainage channel to link bike path segments in Mission Valley.  
**Setting:** This is part of a larger project in Mission Valley that will link gaps in an existing regional bikeway. One of the linkages will link the Rio Vista and Fenton Marketplace trolley stations. | 61    | $1,402,000        | $371,000         | -                 | August 2007 |
| 28  | Alvarado Canyon Road Realignment Project | City of San Diego        | **Project:** Realignment of Alvarado Canyon Road to improve bike, pedestrian, bus, and trolley access in and around Grantville.  
**Setting:** This project will serve the recently constructed Grantville Trolley Station and the Grantville Redevelopment Area, which anticipates residential densities of up to 20 units per acre near the new trolley station. | 58    | $6,300,000        | $2,000,000       | -                 | December 2009 |
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<tr>
<th>No.</th>
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<th>Score</th>
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<th>Recomm. Funding</th>
<th>Project Completion Date</th>
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<tbody>
<tr>
<td>29</td>
<td>SR 75/282 Toll Removal Mitigation Measure Project</td>
<td>City of Coronado</td>
<td><strong>Project:</strong> A metering system for traffic entering Coronado from the bridge, traffic signals, sidewalk bulbouts, and enhanced landscaping along the corridor. <strong>Setting:</strong> This project results from the removal of the toll on the San Diego-Coronado Bridge in 2002. The project area is served by four bus routes. Negotiations are underway for development of 30 high-density, low-income senior housing units within two blocks of the project area.</td>
<td>57</td>
<td>$2,800,000</td>
<td>$700,000</td>
<td>-</td>
<td>2009</td>
</tr>
<tr>
<td>30</td>
<td>City of Santee Bike Path/Walkway</td>
<td>City of Santee</td>
<td><strong>Project:</strong> Construction of a bike path, sidewalk, and landscaping within the Cuyamaca St. right-of-way. <strong>Setting:</strong> This project will serve planned mixed-use developments specified in Santee’s Town Center Specific Plan, including an entertainment complex, office buildings, and multi-family housing. Planned residential density will reach 30 units per acre on specific sites. The project will be located within ¼-mile of the MTS Transit Station.</td>
<td>55</td>
<td>$2,233,800</td>
<td>$1,000,000</td>
<td>-</td>
<td>September 2007</td>
</tr>
<tr>
<td>31</td>
<td>Sweetwater Springs Boulevard Sidewalks</td>
<td>County of San Diego</td>
<td><strong>Project:</strong> Construction of sidewalks and installation of street lighting along portions of Sweetwater Springs Blvd. in Spring Valley. <strong>Setting:</strong> This community center includes residential and commercial uses, and two schools. The project is served by one bus route.</td>
<td>53</td>
<td>$935,000</td>
<td>$390,000</td>
<td>-</td>
<td>December 2005</td>
</tr>
<tr>
<td>32</td>
<td>Stage Coach Lane Sidewalks at Fallbrook High School</td>
<td>County of San Diego</td>
<td><strong>Project:</strong> Construction of a curb, gutter, and sidewalk on the south side of South Stage Coach Lane in front of Fallbrook High School. <strong>Setting:</strong> This project will directly serve Fallbrook High School, and the Fallbrook Smart Growth Opportunity Area, a rural community within an unincorporated area of the county. The project is served by a nearby bus route.</td>
<td>39</td>
<td>$1,400,000</td>
<td>$700,000</td>
<td>-</td>
<td>June 2006</td>
</tr>
<tr>
<td>No.</td>
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</table>
| 33  | Santee Trolley Square Raised Pedestrian Crossing | City of Santee           | **Project:** A raised pedestrian crossing between the MTS Transit Center in Santee Trolley Square and a future mixed-use development site.  
**Setting:** This project will be located in Santee’s town center, adjacent to the MTS transit station located in Santee Trolley Square. Planned residential density will reach 30 units per acre on specific sites in the area surrounding the project. | 37    | $343,400          | $343,400        | -               | June 2007               |

**Total for Recommended Projects**  
$44,196,000  
$20,701,000  
$19,110,000

**Grand Total**  
$97,225,514  
$44,197,682  
$19,110,000
# PILOT SMART GROWTH INCENTIVE PROGRAM EVALUATION PANEL

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elaine Cooluris</td>
<td>Regional Planning Stakeholders Working Group</td>
</tr>
<tr>
<td>Todd Henderson</td>
<td>Regional Planning Stakeholders Working Group</td>
</tr>
<tr>
<td>Kathy Keehan</td>
<td>Regional Planning Stakeholders Working Group</td>
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<tr>
<td>Ron Pennock</td>
<td>Regional Planning Stakeholders Working Group</td>
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<td>Don Preis</td>
<td>Regional Planning Stakeholders Working Group</td>
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<tr>
<td>Kevin Reese</td>
<td>Regional Planning Stakeholders Working Group</td>
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<tr>
<td>Steve Silverman</td>
<td>Council of Design Professionals</td>
</tr>
<tr>
<td>Sandy Smith</td>
<td>Regional Planning Stakeholders Working Group</td>
</tr>
<tr>
<td>Stephan Vance</td>
<td>SANDAG staff</td>
</tr>
</tbody>
</table>
Pilot Smart Growth Incentive Program

Project Evaluation Criteria

I. Project Screening Criteria

Project screening criteria are meant to ensure the applicant is committed to the project, that the community supports it, and that it can be constructed within the schedule proposed. These criteria must be met in order for the project to be evaluated further.

A. Local Commitment/Authorization

The application must include a resolution or minute order from City Council, County Board of Supervisors, or Board of Directors authorizing the application, and committing to allocate the staff resources and matching funds necessary to complete the project as proposed.

B. Funding Commitment

The applicant must certify that funding for related improvements are in place to ensure the proposed project can be completed within the schedule proposed in the project application.

C. Funding Eligibility

The project must be eligible under the federal funding program guidelines.

II. Project Evaluation Criteria

Project evaluation criteria are used to score and rank projects. These criteria are based on the requirements of the funding source, and the goals of the Smart Growth Incentive Program.

<table>
<thead>
<tr>
<th>Max. Points</th>
<th>Weight</th>
<th>Max. Score</th>
</tr>
</thead>
</table>

A. Project Readiness

To ensure the proposed projects can comply with the state's timely use of funds requirements, projects will be scored based on the how close they are to beginning construction.

<table>
<thead>
<tr>
<th>Level of Project Development</th>
<th>Feasibility Study</th>
<th>Preliminary Engineering</th>
<th>Environmental Clearance</th>
<th>Right-of-way Acquisition</th>
<th>Final Design</th>
<th>Max. Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Projects receive 1 point for each completed phase to a maximum of 5 points)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>15</td>
</tr>
</tbody>
</table>

B. Smart Growth Area Land Use Characteristics

To encourage projects in smart growth development areas, and to evaluate how well they support smart growth development, the proposed projects are scored based on the intensity of development, the diversity of land uses, the quality of urban design in the project area, the provision of additional housing in general and affordable housing in particular.

1. Intensity of Development

To what extent does the existing or planned project area meet the residential density levels identified in the RCP for its smart growth area type? Project areas at the minimum dwelling units per acre receive 1 point, and areas at the recommended upper end of the range receive 5 points.

2. Land Use and Transportation Characteristics of Project Area

How well does the existing or planned urban form in the project area meet the smart growth objectives of the RCP? Maximum points are given for areas that have, or are planned to have, a mix of residential and commercial uses appropriate to its smart growth area type, and have the appropriate transportation system characteristics.

3. Urban Design Characteristics of Project Area

How well does the existing or planned urban design in the project area conform to the smart growth design principles in the RCP? Maximum points are given for areas where the existing built environment, or the design standards for new construction provides a human-scale built environment. The street network and trail system should provide direct access to commercial and civic services, recreational opportunities, and transportation services. Building construction should be oriented to the pedestrian. Street design should accommodate bicyclists and pedestrians, including transit passengers.

4. Related Land Development Projects

Is there a current land development project associated with the proposed capital improvements? How well does it contribute to smart growth development by providing additional housing in the area?

5. Affordable Housing

Does the project serve affordable (subsidized) housing? How much additional affordable housing is provided?

To ensure the proposed projects can comply with the state's timely use of funds requirements, projects will be scored based on the intensity of development, the diversity of land uses, the quality of urban design in the project area, the provision of additional housing in general and affordable housing in particular.
II. Project Evaluation Criteria (cont’d)

C. Quality of Proposed Project.

These criteria rate the proposed project based on the variety and quality of features proposed to be constructed. Points are accumulated for each type of improvement included in the project based on the quality of that improvement.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
<th>Max.</th>
<th>Weight</th>
<th>Max. Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Pedestrian Access Improvements (0-5 points)</td>
<td>To what extent does the project improve pedestrian access to a regional transit station, transit corridor, or rural village center? Maximum points should be awarded to projects that connect people to activity centers (especially transit) following the design principles in SANDAG’s Planning and Designing for Pedestrians.</td>
<td>5</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>2 Bicycle Access Improvements (0-5 points)</td>
<td>To what extent does the project improve bicycle access to, and secure parking at a regional transit station, transit corridor, or rural village center? Maximum points should be awarded to projects that provide seamless bicycle access to the areas activity centers, and include secure bicycle parking.</td>
<td>5</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>3 Transit Facility Improvements (0-5 points)</td>
<td>To what extent does the project improve the transit patron environment at transit stations, along transit corridors, or at access points immediately adjacent to the transit facility?</td>
<td>5</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>4 Streetscape Enhancements (0-5 points)</td>
<td>How well does the project include public art elements, public seating, pedestrian-scale lighting, enhanced paving or wayfinding signage?</td>
<td>5</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>5 Traffic Calming Features (0-5 points)</td>
<td>How well does the project include one or more of the traffic calming features recommended in Planning and Designing for Pedestrians?</td>
<td>5</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>6 Parking Improvements (0-5 points)</td>
<td>How well does the project provide appropriate levels of auto access to regional transit and the related project area without detracting from the quality of public spaces, and without detracting from transit, bicycle and pedestrian circulation?</td>
<td>5</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

D. Matching Funds

Matching Funds (0-15) | The higher the percentage of matching funds, the greater the number of bonus points the project will receive. | 15 |

| PROJECT SCORE SUBTOTAL | 125 |

E. Low Income Household Bonus Points (15 percent of Total Score) | 22 |

| TOTAL SCORE | 147 |

Notes

1Affordable housing is defined as income- or price-controlled housing. See the program guidelines for details.
2All bicycle facility improvements must comply with the requirements of the California Highway Design Manual, Chapter 1000.
3Low income household bonus points awarded per SANDAG Board policy (dated 2/25/05) to National City, El Cajon, Imperial Beach, Lemon Grove, La Mesa, Escondido, Vista, Chula Vista, San Diego, and San Marcos.
February 25, 2005

TO: SANDAG Board of Directors

FROM: Mayor Lori Pheiler, Mayor Steve Padilla, and Councilmember Jim Madaffer

SUBJECT: Agenda Item No. 12 – Final Regional Housing Needs Assessment (RHNA)

Our regional housing needs are significant – both now and in the future. Addressing these needs is often a complex process when dealing with the varied interests of the cities in our region. We are committed to doing everything we can to address our regional housing needs. Recognizing the differences between the cities, we are proposing an incentive-based compromise to the RHNA Modified Alternative 1. Simply put, for those cities that are willing and able to accommodate additional housing, those cities should be compensated through incentives that would help improve existing as well as future infrastructure.

We recommend the Board approve Modified Alternative 1, with the following provisions:

1. Jurisdictions whose 1999 lower income households as a percentage of total households is estimated to be greater than the regional average (Attachment 2, Column 1) shall receive 15 bonus points (out of 100 possible) for projects requesting funding through the Pilot Smart Growth Incentive Program. (This would include National City, El Cajon, Imperial Beach, Lemon Grove, La Mesa, Escondido, Vista, Chula Vista, San Diego, and San Marcos.)

2. In addition to the current Pilot Smart Growth Incentive Program, for all future discretionary funding allocated to local agency projects by SANDAG (following the adoption by jurisdictions of housing elements for 2005-2010), the following criteria shall apply:

   a. In order to qualify for such funding, a jurisdiction will be required to demonstrate that they are in compliance with provisions of their adopted housing element which set forth their commitment to providing adequate multi-family zoned land or other actions necessary to accommodate their share of lower income housing under the adopted RHNA.

   b. Incentive points (a minimum of 25 points out of 100 possible) will be given to projects in jurisdictions in which lower income housing units are being produced in accordance with the housing unit figures contained in Alternative 3 (Attachment 2, Column 13).

   c. In order to verify compliance with these provisions, each jurisdiction shall annually submit a report to SANDAG indicating their progress in complying with requirements of their housing element, as well as actual production of housing units within their jurisdiction by income category, during the preceding year.
TRANSPORTATION PROGRAMS FUNDING UPDATE

Introduction

The state budget for Fiscal Year (FY) 2005/06 includes $1.3 billion from Proposition 42 for transportation programs. This report outlines the funding impacts to the San Diego region and the anticipated allocations for projects programmed in FY 2005/06. In addition, the California Transportation Commission (CTC) released the draft 2006 Fund Estimate, which incorporates the revenue and expenditure assumptions for the five-year period from FY 2006/07 to FY 2010/11, including the estimated capacity of new programming. Lastly, this report provides a brief summary of the newly approved transportation bill, called SAFETEA-LU.

Discussion

The inclusion of Proposition 42 funds in the FY 2005/06 state budget for transportation programs as originally intended in the ballot measure marks a significant departure from the previous three years. The transfer of $1.3 billion to various transportation programs, including the State Transportation Improvement Program (STIP) and the Traffic Congestion Relief Program (TCRP), has allowed the CTC to begin making significant allocations in FY 2005/06. Unfortunately, the backlog of projects that are ready or nearly ready to receive allocations exceeds available funds. The CTC has therefore approved two sets of criteria for the allocation of funds. This report describes the impacts of the application of these criteria on San Diego regional projects.

The CTC has also released its draft 2006 Fund Estimate. Given the uncertainties that remain regarding the stability and availability of future funds, two revenue scenarios were developed. This report discusses the draft forecasts and presents potential impacts to regional projects from both scenarios.

Prop. 42

The $1.3 billion in Proposition 42 funds included in the FY 2005/06 state budget will be distributed as follows:

- $678 million for the Traffic Congestion Relief Program (TCRP)
- $254 million for the State Transportation Improvement Program (STIP)
- $254 million for the cities and counties for local streets and roads, split 50 percent for each
- $127 million for the Public Transportation Account (PTA), split 50 percent for STIP rail projects and 50 percent for the State Transit Assistance (STA) program, used mainly for operations expenses by transit operators
The STIP and TCRP funds, as well as the STIP funds coming from the PTA, will be allocated according to the following criteria. The remaining funds will be distributed by formula.

The STIP and SHOPP

The CTC adopted criteria for the allocation of these limited resources. All projects programmed in the following categories will receive allocations as they are submitted:

1. State Safety, Operations, and Rehabilitation Projects (funded through Caltrans’ State Highway Operations and Preservation Program, or SHOPP)
2. Projects funded from dedicated sources such as Transportation Enhancement (TE) and the PTA
3. Planning, Programming and Monitoring (PPM)
4. Required STIP mitigation for construction projects already allocated
5. Projects to match federal bridge funds

In addition, other projects programmed in FY 2005/06 in the following categories will receive allocations on a first-come, first-served basis until September 2005 or until the Commission has allocated $500 million for these projects, whichever is earlier. (These $500 million are for allocations under criteria 6 through 9 below.) At that time, the allocation plan will be reviewed, and these projects may be given priority for allocation in the following category order:

6. Interregional road system projects
7. Highway/railroad grade separation projects
8. Projects to increase the capacity of other state highways and local roads by adding new lanes
9. Operational improvements

The following projects will be given a lower priority, funding them only when eligible for TE or PTA programs, or if sufficient funding exists for all projects in higher priority categories:

10. Local road rehabilitation and reconstruction
11. Bicycle and pedestrian facilities
12. Landscaping
13. Enhancements, including soundwalls and signage
14. Transportation demand management, including ridesharing and freeway service patrols
15. Match for federal Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality (CMAQ) funds

Within the San Diego region, the projects shown in Table 1 are programmed in FY 2005/06 in STIP or SHOPP programs. Projects under criteria 1-9 have a higher likelihood of getting an allocation. Project locations are shown in Attachment 1.
Table 1. CTC’s Priority Allocations for STIP and SHOPP Projects in San Diego

<table>
<thead>
<tr>
<th>Map Ref. #</th>
<th>Applicable Criterion</th>
<th>Project or Program</th>
<th>Description</th>
<th>Amount ($millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>SHOPP Safety</td>
<td>3 projects</td>
<td>$6.48</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>SHOPP Operations</td>
<td>7 projects</td>
<td>$35.68</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>SHOPP Rehabilitation</td>
<td>7 projects</td>
<td>$33.88</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>TE</td>
<td>Pilot Smart Growth Incentive Program</td>
<td>$2.49</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>Mid-Coast LRT</td>
<td>Environmental and Preliminary Engineering</td>
<td>$4.00</td>
</tr>
<tr>
<td>6</td>
<td>4</td>
<td>PPM</td>
<td>Planning, Programming, and Monitoring</td>
<td>$0.33</td>
</tr>
<tr>
<td>7</td>
<td>6</td>
<td>SR 905</td>
<td>I-805 to Otay Mesa Port of Entry - Right of Way</td>
<td>STIP-IIP $37.50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>STIP-RIP $12.50</td>
</tr>
<tr>
<td>8</td>
<td>6</td>
<td>SR 905</td>
<td>I-805 to Otay Mesa Port of Entry - Construction</td>
<td>STIP-IIP $45.70</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>STIP-RIP $12.75</td>
</tr>
<tr>
<td>9</td>
<td>9</td>
<td>Operational Improvements</td>
<td>Changeable Message Signs at Various Locations</td>
<td>$1.12</td>
</tr>
</tbody>
</table>

Subtotal Criteria 1-9 $192.43

| 10         | 14                   | TDM                          | Rideshare and vanpools                           | $3.53              |
| 11         | 15                   | Match Reserve                | Match to federal RSTP/CMAQ funds                 | $0.44              |

Subtotal Criteria 10-15 $3.97

TCRP

Although the state budget identifies $678 million in Proposition 42 funds for TCRP projects, Caltrans estimates that there are approximately $1.57 billion in continuing expenditures and new allocations in FY 2005/06. Therefore, the CTC also adopted criteria for the allocation of TCRP funds in FY 2005/06. The priority listing is as follows:

A. Ensure TCRP projects that are allocated continue to receive reimbursements
B. Reimburse TCRP projects that have completed an approved AB 1335 Letter of No Prejudice
C. Project TCRP funding “match” for TCRP projects that:
   1. Will receive a STIP construction allocation in FY 2005/06; and
   2. Supports a prior STIP construction action (e.g. GARVEE approval).
D. Allocate construction or procurement funding at the July or August 2005 CTC meetings for those TCRP projects that can have a construction or procurement contract executed by the end of the current calendar year (December 31, 2005).
E. Allocate construction or procurement funding for those TCRP projects that can have a construction or procurement contract executed by the end of the current fiscal year (June 30, 2006).
It should be noted that almost three years have elapsed since the last TCRP allocation. Caltrans developed a list of potential new allocations for the region based on the above criteria, shown in Table 2:

Table 2. New TCRP Allocations Anticipated in FY 2005/06

<table>
<thead>
<tr>
<th>Map Ref. #</th>
<th>Applicable Criterion</th>
<th>Project Description</th>
<th>Amount (m$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 B</td>
<td>B</td>
<td>Encinitas Passing Track</td>
<td>$3.29</td>
</tr>
<tr>
<td>13 B</td>
<td>B</td>
<td>Encinitas Grade-Separated Pedestrian Crossing</td>
<td>$1.25</td>
</tr>
<tr>
<td>14 B</td>
<td>B</td>
<td>Leucadia Boulevard Grade Separation Crossing</td>
<td>$0.20</td>
</tr>
<tr>
<td>15 C</td>
<td>C</td>
<td>I-15 Managed Lanes - Freeway Elements</td>
<td>$6.90</td>
</tr>
<tr>
<td>16 D</td>
<td>D</td>
<td>Oceanside-Escondido SPRINTER LRT</td>
<td>$80.00</td>
</tr>
<tr>
<td>17 D</td>
<td>D</td>
<td>Oceanside Transit Center Parking Structure</td>
<td>$0.59</td>
</tr>
<tr>
<td>18 E</td>
<td>E</td>
<td>I-15 Managed Lanes - Transit Elements</td>
<td>$23.10</td>
</tr>
<tr>
<td>19 E</td>
<td>E</td>
<td>I-5/I-805 “Merge” Freeway Widening to Lomas Santa Fe Interchange</td>
<td>$6.00</td>
</tr>
<tr>
<td>20 E</td>
<td>E</td>
<td>Pacific Surfliner (Oceanside Double Tracking)</td>
<td>$5.50</td>
</tr>
</tbody>
</table>

Total Anticipated New TCRP Allocations $126.83

2006 Fund Estimate

The CTC released its draft 2006 Fund Estimate at the July 2005 meeting. The Fund Estimate is a set of major assumptions that generate the revenue forecasts for the next five years for various programs, including the State Highway Account (SHA) and the PTA. These in turn are used to determine the available funds during the cycle for the SHOPP and STIP, among other programs. The Commission developed two scenarios based on assumptions of revenues under existing law and a more conservative estimate for both FY 2005/06 and FY 2006/07. Briefly, the assumptions are as follows:

Scenario A – Based on existing law:

2005/06: Transportation Investment Fund (TIF) transfer, tribal gaming loan repayment, no PTA spillover

2006/07: TIF transfers, PTA spillover revenues*, Transportation Deferred Investment Fund (TDIF) repayments

*PTA spillover revenues occur when the state collects more sales taxes on gasoline due to significantly higher fuel prices, as the state has experienced in the past two years. The difference between these higher collections and what would normally be collected is the spillover revenue.

Scenario B – Conservative estimate:

2005/06: Same as Scenario A

2006/07: No TIF transfers, no PTA spillover revenues, no TDIF repayments

The funds available for the 2006 STIP under Scenario A for the five-year cycle from FY 2006/07 to FY 2010/11 total nearly $2 billion across the state. These funds are over and above the currently programmed levels in the 2004 STIP and would be available for new programming. It should be
noted, however, that over half of the new funds available will need to be programmed on PTA-eligible projects, which include transit and other public transportation projects. The reason for this is that the state’s safety, operations, and rehabilitation projects, funded through Caltrans’ SHOPP program, will absorb the vast majority of the funds available through the SHA, leaving few funds left over for highway projects within the STIP. Another important point is that the vast majority of these new funds are in the latter two years of the five-year cycle, as shown in Table 3:

Table 3. STIP Programming Capacity under Scenario A ($millions)

<table>
<thead>
<tr>
<th></th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
<th>2010/11</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>STIP Capacity</td>
<td>$1,154</td>
<td>$1,261</td>
<td>$1,219</td>
<td>$1,191</td>
<td>$969</td>
<td>$5,794</td>
</tr>
<tr>
<td>2004 STIP Commitments</td>
<td>$1,278</td>
<td>$1,231</td>
<td>$1,316</td>
<td>$0</td>
<td>$0</td>
<td>$3,825</td>
</tr>
<tr>
<td>New STIP Programming</td>
<td>($124)</td>
<td>$30</td>
<td>($97)</td>
<td>$1,191</td>
<td>$969</td>
<td>$1,969</td>
</tr>
</tbody>
</table>

Annual programming capacity targets for the regions are not currently available and will be released in September as part of the adopted 2006 Fund Estimate. At the July CTC meeting, the CTC approved delaying the adoption from August to September 29, 2005, to allow key pending issues to be resolved or come closer to resolution. Among these are the closing of the state fiscal year to determine beginning balances, re-authorization of the federal transportation bill, and the payment schedule for the new Toll Bridge Seismic Retrofit Program finance plan under AB 144. It should be noted that AB 144 proposes to shift $630 million from the SHA and PTA Spillover accounts to the Toll Bridge Seismic Retrofit Program.

The programming capacity under Scenario B is bleak. There would not be any STIP capacity for new projects, and in addition, the vast majority of currently programmed funds would need to be dropped from the STIP as the entire balance of the State Highway Account would be used to cover the state’s safety, operations and rehabilitation program (SHOPP). Table 4 shows virtually no funds to cover the existing 2004 STIP commitments. Under Scenario B, all the STIP programming capacity is sourced with PTA funds, which means that only transit and other public transportation projects would be eligible for allocation.

Table 4. STIP Programming Capacity under Scenario B ($millions)

<table>
<thead>
<tr>
<th></th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
<th>2010/11</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>STIP Capacity</td>
<td>$30</td>
<td>$27</td>
<td>$20</td>
<td>$22</td>
<td>$14</td>
<td>$5,794</td>
</tr>
<tr>
<td>2004 STIP Commitments</td>
<td>$1,278</td>
<td>$1,231</td>
<td>$1,316</td>
<td>$0</td>
<td>$0</td>
<td>$3,825</td>
</tr>
<tr>
<td>New STIP Programming</td>
<td>($1,248)</td>
<td>($1,204)</td>
<td>($1,296)</td>
<td>$22</td>
<td>$14</td>
<td>($3,712)</td>
</tr>
</tbody>
</table>

Re-authorizaton of the Federal Transportation Bill

After nearly two years of delay, Congress has finally approved the re-authorization of the Transportation Equity Act for the 21st Century (TEA-21). The new law is called Safe, Accountable, Flexible, Efficient Transportation Equity Act: -- A Legacy for Users (SAFETEA-LU), and identifies $286.45 billion to be distributed over a six-year period, ending in 2009. Funding under SAFETEA-LU
is 42 percent higher than that authorized under TEA-21, as shown in Table 5 below. The split between highway and transit also changed, with a slightly higher percentage directed to transit projects (18.4 percent vs. 17.8 percent under TEA-21).

**Table 5. Comparison between TEA-21 and SAFETEA-LU**

<table>
<thead>
<tr>
<th>Element</th>
<th>TEA-21 Previous Bill</th>
<th>% of Total</th>
<th>SAFETEA-LU</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highways</td>
<td>$166.0</td>
<td>82.2%</td>
<td>$233.9</td>
<td>81.6%</td>
</tr>
<tr>
<td>Transit</td>
<td>$36.0</td>
<td>17.8%</td>
<td>$52.6</td>
<td>18.4%</td>
</tr>
<tr>
<td>Total</td>
<td>$202.0</td>
<td>100.0%</td>
<td>$286.5</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highways</td>
<td>$67.9</td>
<td>41%</td>
</tr>
<tr>
<td>Transit</td>
<td>$16.6</td>
<td>46%</td>
</tr>
<tr>
<td>Total</td>
<td>$84.5</td>
<td>42%</td>
</tr>
</tbody>
</table>

SAFETEA-LU identified a significantly higher number of earmarks nationwide for highway and transit projects than the previous legislation. The San Diego region will receive $85.12 million in highway project earmarks and $5.43 million in bus project earmarks for a total of $90.55 million. Specific projects are listed in Attachment 2, and their locations are shown in Attachment 3. The San Diego region’s share of the total statewide highway projects distribution is approximately 7.4 percent.

In addition, as part of the Federal Transit Administration (FTA) New Starts program, the bill identified $89.34 million for the Mission Valley East light rail transit extension project and $67.21 million for the SPRINTER project between Oceanside and Escondido. Additional projects authorized under the New Starts program, but without any appropriations at this time, include the Mid-Coast Extension, the South Bay and San Diego Transit First Bus Rapid Transit projects, the LOSSAN Corridor, and the Mag-Lev rail corridor between San Diego and a proposed Imperial Valley Airport. An additional $11 million was identified as a Project Authorization for the Mid-Coast light rail transit extension project to University City.

Other highlights of the legislation include:

- A rate of return that will increase from the current 90.5 percent to 91.5 percent in 2006, and to 92 percent beginning in 2008 for California.

- Continuation of Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality (CMAQ) programs, with some modifications in the formula to broaden eligibility.

- The requirements to conduct a regional transportation plan have been changed from every three years to every four years.

- Environmental streamlining that will include a National Environmental Policy Act (NEPA) Delegation Pilot Program for California and four other states.
• Increase in Metropolitan Planning Organization funding from 1 percent to 1.25 percent.

• Creation of a Small New Starts Program for projects where the federal share is less than $75 million. Certain Bus Rapid Transit projects would qualify under this program.

• The New Starts category expands a fixed guideway capital project to include a corridor based bus capital project if certain criteria are met.

• Hybrid vehicles with a single occupant allowed in HOV lanes.

• Continuation of the Value Pricing Pilot Program in 15 states, including California.

• Amends the Coordinated Border Infrastructure program to be formula based to borderstates only. The California share is $106 million over a five-year period.

• Increased flexibility in using design-build contracting.

• Amendments to increase eligibility on existing innovative finance programs, including the Transportation Infrastructure Finance and Innovation Act (TIFIA).

• Private Activity Bonds for highways and surface freight transfer facilities totaling $15 billion.

• Other new funding programs include Highway Safety Improvement Program and Highways for Life.

The details and specific funding amounts derived from the formula-based programs relative to the San Diego region’s share are still unknown. Interpretation of the new rules is also pending and will be discussed as the information becomes available.

**Next Steps**

Development of the San Diego region’s 2006 STIP will be pending adoption of the 2006 Fund Estimate by the CTC. Submittal of the regions’ 2006 STIPs is currently proposed to be delayed by a period of time equivalent to the delay in the adoption of the Fund Estimate. Given the current CTC-approved schedule of September 29, 2005, for adoption of the Fund Estimate, it is anticipated that staff will present draft options under an updated Scenario A for discussion at the second Transportation Committee meeting currently scheduled for October 21, 2005.

RENEE WASMUND
Director of Finance

Attachments: 1. Anticipated STIP, SHOPP, and TCRP New Allocations in FY 2005/06 (Map) 2. SAFETEA-LU Project Funding in the San Diego Region 3. SAFETEA-LU Funded Projects in the San Diego Region (Map)

Key Staff Contact: José A. Nuncio, (619) 699-1908, jnu@sandag.org
(b) You must propose a reasonable ending date for your PASS. If necessary, we can help you establish an ending date, which may be different than the ending date you propose. Once the ending date is set and you begin your PASS, we may adjust or extend the ending date of your PASS based on your progress towards your goal and earnings level reached.

(c) If your employment goal is self-employment, you must include a business plan that defines the business, provides a marketing strategy, details financial data, outlines the operational procedures, and describes the management plan.

(d) Your progress will be reviewed at least annually to determine if you are following the provisions of your plan.

[FR Doc. 05–13584 Filed 7–8–05; 8:45 am]

BILLING CODE 4191–02–P

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

23 CFR Part 630

[FHWA Docket No. FHWA—2005–20764]

RIN 2125–AF05

Project Authorization and Agreements

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Notice of proposed rulemaking (NPRM); request for comments.

SUMMARY: The FHWA proposes to revise its regulations relating to project authorization and agreements and the effect on obligations of Federal-aid highway funds under these requirements. The proposed changes would: (1) Require the deobligation of Federal funds that remain committed to inactive projects as well as the deobligation of unneeded or excess project funding; (2) reduce the occurrences where Federal funds are committed to inactive projects or where an obligation is in excess of the amount needed to complete the project; (3) establish a project completion date that would be annotated in all new project agreements and modifications to existing project agreements; and (4) require States to assure that third party contracts and agreements are processed and billed promptly when the work is completed. These proposed changes would also assist the States and the FHWA in monitoring Federal-aid highway projects and provide better assurance that the Federal funds obligated reflect the current estimated costs of the project. Federal funds deobligated may then be obligated for new or other active projects needing additional funding to the extent permitted by law. The proposed changes would have no effect on obligated funds that are needed for projects that are congressionally mandated.

DATES: Comments must be received on or before September 9, 2005.

ADDRESSES: Mail or hand deliver comments to the U.S. Department of Transportation, Dockets Management Facility, Room PL–401, 400 Seventh Street, SW., Washington, DC 20590–0001, or submit electronically at http://dmses.dot.gov/submit or fax comments to (202) 493–2251. Alternatively, comments may be submitted via the eRulemaking Portal at http://www.regulations.gov. All comments should include the docket number that appears in the heading of this document. All comments received will be available for examination and copying at the above address from 9 a.m. to 5 p.m., e.t., Monday through Friday, except Federal holidays. Those desiring notification of receipt of comments must include a self-addressed, stamped postcard or you may print the acknowledgment page that appears after submitting comments electronically. Anyone is able to search the electronic form on all documents received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review DOT’s complete Privacy Act Statement in the Federal Register published on April 11, 2000 (Volume 65, Number 70, Pages 19477–78) or you may visit http://dms.dot.gov.

FOR FURTHER INFORMATION CONTACT: Mr. Dale Gray, Federal-aid Financial Management Division, (202) 366–0978, or Mr. Steven Rochlis, Office of the Chief Counsel, (202) 366–1395, Federal Highway Administration, 400 Seventh Street, SW., Washington, DC 20590. Office hours are from 7:45 a.m. to 4:15 p.m., e.t., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Electronic Access

You may submit or retrieve comments online through the Document Management System (DMS) at: http://dmses.dot.gov/submit. Acceptable formats include: MS Word, MS Word for Mac, Rich Text File (RTF), American Standard Code Information Interchange (ASCII)(TXT), Portable Document Format (PDF), and WordPerfect. The DMS is available 24 hours each day, 365 days each year. Electronic submission and retrieval help and guidelines are available under the help section of the Web site.


Background

The State and FHWA must enter into a formal project agreement for each Federal-aid highway project that the State requests an authorization of work to be performed (23 CFR 630.106(a)(2)).

The Federal funds obligated on a Federal-aid highway project is based on a cost estimate. In some cases, as work progresses, the amount of Federal funds obligated is not revised to reflect a change in the cost estimate or to reflect an adjustment in the cost of the project. In other cases, an amount remains obligated on a project although no longer needed, sometimes for a substantial period of time after a project has been completed, and in some cases, where a project has been cancelled.

The FHWA and the States have monitored inactive projects for a number of years to identify projects where the amounts obligated could be reduced. During this time, the FHWA has issued additional guidance, and identified best practices to help validate the amounts obligated.1

Notwithstanding these practices and actions, it is apparent that inactive projects with excess obligations have not been addressed in a timely fashion.

In March 2004, the Inspector General of the Department of Transportation issued a report on inactive obligations.2

The results of the Inspector General audit revealed that some amounts obligated were unneeded, primarily

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1 Examples of FHWA policies and guidance are available in the docket. (See: Federal Highway Administration National Quality Financial Management Initiative, Project Funds Management, March 1999; Financial Management Improvement Program; Project Funds Management Process Improvement Review, December 2002).

Proposed Changes

The FHWA proposes to revise its regulation as it relates to the project agreements and the effect on obligation of Federal funds.

In §630.106, we propose to add paragraph (a)(3) that would require a State to (1) adjust the Federal funds obligated on any project, active or inactive, when the estimated costs decrease by more than 10 percent or $100,000, and (2) adjust the Federal funds obligated on an inactive project when no activity is expected in the next year or the amount obligated is in excess of the funds needed to complete the project based on the estimated cost of the project as documented. An inactive project means that no expenditures were charged against Federal funds during the previous twelve months. We also propose to add paragraph (a)(4) that would allow the FHWA to revise the obligations or take other actions if a State fails to take prompt actions to reduce Federal obligations.

In §630.108, we propose to add paragraph (b)(9) that would require a project completion date be included in the project agreement for project costs billed to FHWA. When the project completion date occurs, the State will be required to close the project and release any unexpended obligations with 90 days. A project completion date will ensure that the States engage in prompt billing and timely processing of claims of work done by a third party. We also propose to add paragraph (b)(10) that would require FHWA to reduce the Federal obligation to the amount expended unless justification is provided by the State for maintaining a certain amount of unexpended obligation necessary to complete the project.

In §630.108, we propose to add paragraph (e) that would outline the States responsibility relating to third party contracts and agreements when inactive projects involve work done by a third party. The State is responsible for ensuring that the third party processes and submits a claim for reimbursement to the State for the work it has done in a timely manner. A delay in receiving or processing of billings or claims is not a valid reason for the State to request an extension of the project completion date.

In §630.110, we propose to add paragraph (d) that would advise States to provide support that the remaining unexpended obligations are still needed if a revision to the project completion date is requested.

Rulemaking Analyses and Notices

All comments received before close of business on the comment closing date indicated above will be considered and will be available for examination in the docket at the above address. Comments received after the comment closing date will be filed in the docket and will be considered to the extent practicable, but the FHWA may issue a final rule at any time after the close of the comment period. In addition to the late comments, the FHWA will also continue to file in the docket relevant information that becomes available after the comment closing date, and interested persons should continue to examine the docket for new material.

Executive Order 12866 (Regulatory Planning and Review) and DOT Regulatory Policies and Procedures

The FHWA has determined that this proposed rule would not be a significant regulatory action within the meaning of Executive Order 12866 nor is it significant within the meaning of the Department of Transportation regulatory policies and procedures. We anticipate that the economic impact of this rulemaking would be minimal. In fact, funds released as a result of a deobligation under the proposed rule would be credited to the same program category and would be immediately available for obligation and expenditure on eligible projects in accordance with 23 U.S.C. 118(d).

These proposed changes would not adversely affect, in a material way, any sector of the economy. In addition, these changes will not interfere with any action taken or planned by another agency and will not materially alter the budgetary impact of any entitlements, grants, user fees, or loan programs. Consequently, a full regulatory evaluation is not required.

Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act (5 U.S.C. 601–612), we have evaluated the effects of this action on small entities and have determined that the action would not have a significant economic impact on a substantial number of small entities. The proposed amendment addresses obligation of Federal funds to States for Federal-aid highway projects. As such, it affects only States and States are not included in the definition of small entity set forth in 5 U.S.C. 601.

Therefore, the Regulatory Flexibility Act does not apply, and the FHWA certifies that the proposed action will not have a significant economic impact on a substantial number of small entities.
Unfunded Mandates Reform Act of 1995

This proposed rule would not impose unfunded mandates as defined by the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4, 109 Stat. 48, March 22, 1995) as it will not result in the expenditure by State, local, tribal governments, or by the private sector, of $100 million or more in any one year (2 U.S.C. 1532 et seq.).

Further, in compliance with the Unfunded Mandates Reform Act of 1995, the FHWA will evaluate any regulatory action that might be proposed in subsequent stages of the proceeding to assess the affects on State, local, and tribal governments and the private sector. Additionally, the definition of “Federal Mandate” in the Unfunded Mandates Reform Act excludes financial assistance of the type in which State, local, or tribal governments have authority to adjust their participation in the program in accordance with changes made in the program by the Federal Government. The Federal-aid highway program permits this type of flexibility.

Executive Order 13132 (Federalism)

This proposed action has been analyzed in accordance with the principles and criteria contained in Executive Order 13132 dated August 4, 1999, and the FHWA has determined that this proposed action would not have a substantial direct effect or sufficient federalism implications on the States. The FHWA has also determined that this proposed action would not preempt any State law or regulation or affect the States’ ability to discharge traditional State governmental functions.

Executive Order 12372 (Intergovernmental Review)

Catalog of Federal Domestic Assistance Program Number 20.205, Highway Planning and Construction. The regulations implementing Executive Order 12372 regarding intergovernmental consultation on Federal programs and activities apply to this program.

Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501, et seq.), the FHWA must obtain approval from the Office of Management and Budget (OMB) for each collection of information we conduct, sponsor, or require through regulations. The FHWA has determined that this proposal does not contain a collection of information requirement for purposes of the PRA.

National Environmental Policy Act

The FHWA has analyzed this action for the purpose of the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321 et seq.), and has determined that this action would not have any effect on the quality of the environment.

Executive Order 12630 (Taking of Private Property)

The FHWA has analyzed this proposed rule under Executive Order 12630, Governmental Actions and Interface with Constitutionally Protected Property Rights. The FHWA does not anticipate that this proposed action would affect a taking of private property or otherwise have taking implications under Executive Order 12630.

Executive Order 12988 (Civil Justice Reform)

This action meets applicable standards in sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden.

Executive Order 13045 (Protection of Children)

We have analyzed this rule under Executive Order 13045, Protection of Children from Environmental Health Risks and Safety Risks. The FHWA certifies that this proposed action would not cause an environmental risk to health or safety that might disproportionately affect children.

Executive Order 13175 (Tribal Consultation)

The FHWA has analyzed this action under Executive Order 13175, dated November 6, 2000, and believes that the proposed action would not have substantial direct effects on one or more Indian tribes; would not impose substantial direct compliance costs on Indian tribal governments; and would not preempt tribal laws. The proposed rulemaking addresses obligations of Federal funds to States for Federal-aid highway projects and would not impose any direct compliance requirements on Indian tribal governments. Therefore, a tribal summary impact statement is not required.

Executive Order 13211 (Energy Effects)

We have analyzed this action under Executive Order 13211, Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use dated May 18, 2001. We have determined that it is not a significant energy action under that order since it is not a significant regulatory action under Executive Order 12866 and is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required.

Regulation Identification Number

A regulation identification number (RIN) is assigned to each regulatory action listed in the Unified Agenda of Federal Regulations. The Regulatory Information Service Center publishes the Unified Agenda in April and October of each year. The RIN number contained in the heading of this document can be used to cross-reference this action with the Unified Agenda.

List of Subjects in 23 CFR Part 630

Reimbursement, Grant Programs, transportation, Highways and roads.

Issued on: July 1, 2005.

Mary E. Peters,
Federal Highway Administrator.

In consideration of the foregoing, the FHWA proposes to amend part 630 of title 23, Code of Federal Regulations, as follows:

PART 630—PRECONSTRUCTION PROCEDURES

Subpart A—Project Authorization and Agreements

1. The authority citation for part 630 continues to read as follows:


2. Amend §630.106 by adding paragraphs (a)(3) and (4) to read as follows:

§630.106 Authorization to proceed.

(a) * * *

(3) The State shall monitor all projects and shall promptly revise the Federal funds obligated for a project when the cost estimate has decreased by more than ten percent or $100,000.00. For inactive projects (for purposes of this subpart an “inactive project” means a project in which no expenditures have been charged against Federal funds during the past twelve consecutive months), the State shall promptly revise the Federal funds obligated for the project to reflect the amount of Federal funds expended on the project or the Federal share of the current documented cost estimate if:

(i) The project is unlikely to be advanced within the next twelve months; or
(ii) The amount obligated for the project exceeds the current estimated cost of the project.

(4) If the State fails to take prompt action to reduce Federal obligations as required in paragraph (a)(3) of this section, then FHWA shall revise the obligations or take such other action as authorized by 23 CFR 1.35.

§ 630.108 Preparation of agreement.

(b) * * * *

(9) The agreement shall specify a project completion date. The project completion date will be the date when work on the project is expected to be completed. Within 90 days after the project completion date, the State shall submit a request to FHWA to close the project and release any unexpended obligations on the project.

(10) If the State does not close the project within 90 days after the project completion date, then the FHWA shall reduce the Federal obligation to the amount expended unless justification is provided by the State for maintaining a certain amount of unexpended obligation necessary to complete the project.

(e) The State is responsible for assuring that third party contracts and agreements provide for the timely billing and processing of final claims following the completion of work by the third party. A delay in receiving or processing third party claims will not be justification for extending the project completion date as permitted in §630.110(d) of this subpart unless the delay is the result of an unusual circumstance beyond the control of the State and the third party.

4. Amend §630.110 by adding paragraph (d) to read as follows:

§ 630.110 Modification of the original agreement.

(d) The modification may include a revised project completion date provided the State submits a revised project schedule and support that the remaining unexpended obligation amount is still needed.

For the reasons stated above, it is hereby determined that it is in the public interest to amend and correct §630.108 by adding paragraphs (b)(9) and (10) and (e) to

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 1
[REG–102144–04]
RIN 1545–BD10
Dual Consolidated Loss Regulations; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking.

SUMMARY: This document contains corrections to a notice of proposed rulemaking and notice of public hearing that was published in the Federal Register on Tuesday, May 24, 2005 (70 FR 29968). The proposed regulations provide guidance regarding dual consolidated loss issues, including exceptions to the general prohibition against using a dual consolidated loss to reduce the taxable income of any other member of the affiliated group.

FOR FURTHER INFORMATION CONTACT: Kathryn T. Holman, (202) 622–3840 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking (REG–102144–04) that is the subject of these corrections are under sections 1503, 953 and 367 of the Internal Revenue Code.

Need for Correction

As published, the notice of proposed rulemaking and notice of public hearing (REG–102144–04) contains errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the notice of proposed rulemaking and notice of public hearing (REG–102144–04), that was the subject of FR Doc. 05–10160, is corrected as follows:

1. On page 29969, column 1, in the preamble under the paragraph heading “Background”, paragraph 3 from the top of the column, line 5, the language “as if such unit where a wholly owned” is corrected to read “as if such unit were a wholly owned”.

§ 1.1503(d)–4 [Corrected]
2. On page 29997, column 2, “§ 1503(d)–4 (i)(1), line 6, the language, “through (iv) of this section, including” is corrected to read “through (vii) of this section, including”.

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 1
[REG–100420–03]
RIN 1545–BB90
Safe Harbor for Valuation Under Section 475; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains corrections to a notice of proposed rulemaking and notice of public hearing that was published in the Federal Register on Tuesday, May 24, 2005 (70 FR 29963). The proposed regulations provide guidance regarding elective safe harbor for dealers and traders in securities and commodities.

FOR FURTHER INFORMATION CONTACT: Marsha A. Sabin or John W. Rogers III (202) 622–3950 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking (REG–100420–03) that is the subject of these corrections is under section 475 of the Internal Revenue Code.

Need for Correction

The notice of proposed rulemaking (REG–100420–03) contains errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the notice proposed rulemaking (REG–100420–03), that was the subject of FR Doc. 05–10167, is corrected as follows:

1. On page 29966, column 2, under paragraph heading “Record Retention and Production: Use of Different Values, first paragraph, lines 15 through 18 from