BOARD OF DIRECTORS
AGENDA

Friday, December 16, 2005
9 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

• TransNet PLAN OF FINANCE FOR EARLY ACTION PROGRAM
• 2006 STATE TRANSPORTATION IMPROVEMENT PROGRAM
• TransNet REGIONAL HABITAT CONSERVATION FUNDING RECOMMENDATIONS
• DISCUSSION OF STATEWIDE INFRASTRUCTURE BOND

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

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### CONSENT ITEMS (4 through 5)

**+4. ADDENDUM TO THE MASTER MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN SANDAG, NCTD, AND MTS (Renée Wasmund)**

A revised Addendum Number 3 is proposed to the existing Memorandum of Understanding (MOU) between SANDAG, North County Transit District (NCTD), and Metropolitan Transit System (MTS). The Board of Directors is asked to approve the revised Addendum Number 3 between SANDAG and NCTD, which formalizes the methodology to be used for allocating funding to SANDAG for the administrative functions that transferred in consolidation.

**+5. REPORT SUMMARIZING DELEGATED ACTIONS TAKEN BY EXECUTIVE DIRECTOR FOR OCTOBER 2005 (Renée Wasmund)**

In accordance with SANDAG Board Policy Nos. 3 (Investment Policy) and 17 (Delegation of Authority), this report summarizes certain delegated actions taken by the Executive Director during October 2005.

### CHAIR’S REPORTS (6 through 10)

**6. RECOGNITION OF METROPOLITAN TRANSIT SYSTEM BOARD CHAIRMAN LEON WILLIAMS**
ELECTION OF 2006 BOARD OFFICERS: REPORT OF THE NOMINATING COMMITTEE

Attached are the Nominating Committee's recommendations for SANDAG Chair, First Vice Chair, and Second Vice Chair for calendar year 2006. Additional nominations for any officer may be made by Board members at the December meeting. The Board is asked to elect SANDAG Board Officers for 2006.

2006 ANNUAL SANDAG BOARD RETREAT (Garry Bonelli)*

The annual retreat will be held on February 1, 2, and 3, 2006 in the desert community of Borrego Springs. The primary objective of this public meeting is to afford participants the opportunity to discuss strategies for some of the agency's more important regional policies and programs. From these retreat discussions, participants can develop ideas for the future direction of the agency. The Executive Committee recommends approval of the agenda and format for the retreat.

INTRODUCTION OF COMMANDER NAVY REGION SOUTHWEST, REAR ADMIRAL LEN HERING, USN

As the Naval shore installation management headquarters for the Southwest region (California, Arizona, and Nevada), RDML Hering's command provides coordination of base operating support functions for operating forces throughout the region. This includes providing expertise in areas such as housing, environmental, security, family services, port services, air services, bachelor quarters, supply, medical, and logistical concerns for the hundreds of thousands of active-duty, reserve, and retired military members throughout the region.

PRESENTATION BY HONORABLE JORGE HANK, MAYOR OF TIJUANA

Tijuana Mayor Jorge Hank will brief the Board of Directors on the accomplishments of his administration during the first year and will identify opportunities for cross-border collaboration, as well as some of his city's challenges and opportunities during the remainder of his term.
REPORTS (11 through 15)

+11. TransNet PLAN OF FINANCE FOR THE EARLY ACTION PROGRAM
   (Councilmember Kellejian, Transportation Committee Chair;
   Craig Scott)*

   The Plan of Finance provides the financial strategy for completing the
   approved Early Action Program (EAP) from the TransNet Extension as well as
   meeting the existing commitments from the current TransNet program. At its
   November 4, 2005, meeting, the Transportation Committee reviewed several
   financial scenarios and directed staff to develop the Plan of Finance based on
   Scenario 3, which uses bonding to complete the EAP projects on the proposed
   schedules, sets aside 10 percent of TransNet Major Corridor funds for other
   non-EAP TransNet projects, and leaves 15 percent of state and federal funds
   available for other non-EAP and non-TransNet projects. The Board of Directors
   is asked to approve the resulting TransNet Plan of Finance for the EAP.

+12. 2006 STATE TRANSPORTATION IMPROVEMENT PROGRAM
   (Councilmember Kellejian, Transportation Committee Chair;
   José A. Nuncio)*

   The 2006 State Transportation Improvement Program (STIP) covers the five-
   year period from FY 2007 through FY 2011. Pending action on December 9,
   2005, the Transportation Committee recommends that the SANDAG Board of
   Directors approve the proposed programming recommendations for the 2006
   STIP. Submittal of SANDAG’s recommendations is due to the California

+13. TransNet REGIONAL HABITAT CONSERVATION FUND PROGRAM
     AND PROCEDURES: FY 2006 FUNDING RECOMMENDATIONS (Mayor
     Holt Pfeiler, Regional Planning Committee Chair; Janet Fairbanks)*

   On September 24, 2004, the SANDAG Board of Directors approved TransNet
   Extension Environmental Mitigation Program (EMP) Implementation Guidelines
   to be used as the basis for agreements with state and federal wildlife agencies
   as required to implement the EMP consistent with the passage of Proposition
   A. One of the guidelines sets forth $1 million in FY 2006 funds for regional
   preserve management and monitoring implementation activities. The Regional
   Planning Committee recommends that the SANDAG Board approve: (1) a
   budget for the FY 2006 EMP Regional Habitat Conservation Fund (RHCF)
   expenditures; (2) a process for allocating the FY 2006 EMP RHCF funds; and
   (3) criteria for eligible land management projects and a rating system for
   considering funding requests.
PROPOSED AMENDMENTS TO BOARD BYLAWS AND POLICIES (Julie Wiley)*

The proposed amendments to Board Bylaws and Policies were reviewed by the Executive Committee at its November and December meetings. The amendments were proposed by staff over the past year and include additional modifications requested by Board and Executive Committee members. The Executive Committee recommends that the Board of Directors approve the proposed amendments to the Board Bylaws and Policies.

PROCESS AND SCHEDULE FOR PARTICIPATION IN STATEWIDE INFRASTRUCTURE BOND PROPOSALS (Ellen Roundtree)

Understanding the critical infrastructure needs facing California, a variety of legislative proposals are currently under discussion. As currently written, one proposal, Senate Bill 1024 (Perata), would enact the Safe Facilities, Improved Mobility, and Clean Air Bond Act of 2005, authorizing a $10.275 billion state general obligation bond for specified purposes. SANDAG has received requests from our state legislators as well as other groups for information about the San Diego region’s infrastructure needs and how these needs could best be addressed within the framework of a bond. To enable our leadership the ability to respond to these requests, the Board of Directors is asked to approve the process and schedule for participation in the statewide effort to develop future infrastructure bond proposals, including recommendations for programs and selection of projects for the San Diego region.

UPCOMING MEETINGS

The next Board of Directors Policy meeting is scheduled for Friday, January 13, 2006, at 10 a.m. The next Board of Directors Business meeting is scheduled for Friday, January 27, 2006, beginning at 9 a.m.

ADJOURNMENT

+ next to an agenda item indicates an attachment
* next to an agenda item indicates a San Diego County Regional Transportation Commission item
Chairman Mickey Cafagna (Poway) called the meeting of the SANDAG Board of Directors to order at 9:15 a.m. The attendance sheet for the meeting is attached.

1. **APPROVAL OF MINUTES**

   **Action:** Upon a motion by Vice Mayor Pia Harris-Ebert (San Marcos) and a second by Mayor Lori Holt Pfeiler (Escondido), the SANDAG Board of Directors approved the minutes from the October 28, 2005, meeting.

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

   Chair Cafagna distributed to the Board a lapel pin symbolizing the City of Poway’s 25th Anniversary. He invited Board members to an anniversary celebration in Poway on Saturday, December 3.

   Chair Cafagna welcomed Ricardo Pineda as an alternate for Consul General Luis Cabrera Cuaron.

   Mayor Jim Wood (Oceanside) introduced his second alternate, Councilmember Shari Mackin.

   La Mesa Mayor Art Madrid and Councilmember Dave Allan presented a Missing In Action/Prisoners of War (MIA/POW) flag to Chair Cafagna, First Vice Chair Mary Sessom (Lemon Grove), and Chula Vista Mayor Steve Padilla. Mayor Madrid said that this presentation is from the City of La Mesa, on behalf of Councilmember Dave Allan as a gesture to remember this country’s MIA/POWs. Mayor Madrid said that the freedom to hold this Board meeting is in part due to the sacrifices of our veterans. He expressed appreciation for the Executive Committee’s support for this MIA/POW flag.

   Councilmember Allan stated that there are over 125,000 MIA/POWs still listed as missing in action. San Diego is a military town, and we sit here today because of the men and women who served this country, and paid the ultimate price for our freedom.

   Mayor Padilla mentioned that he was from a military family. This MIA/POW flag will remind us every day that we are in the land of the free because of the brave and only because of that. We will be reminded of their sacrifice while our democracy is in action.

   Chair Cafagna thanked the City of La Mesa for providing this flag.
Chuck Lungerhausen, a member of the public, said that over the last week there has been quite a bit of focus from news media on the search for a new airport location, which will be on the ballot in 2006. Since the Base Realignment and Closure Commission has laid out its plan, there is some talk about joint use of one or two local bases for an international airport. As a result of 9/11, this joint use idea might provide a more secure airport environment. A new international airport would do wonders for the financial health of the cities and County of San Diego, plus the new income would help pay for the military base in the future. This is a win/win situation for all involved. He didn’t feel that building a new international airport in Imperial County and adding more lanes to Interstate 8 would be healthy for San Diego’s economy.

Chair Cafagna announced that it was SANDAG Executive Director, Gary Gallegos’ birthday. He invited all to sing happy birthday to Mr. Gallegos, and announced that a cake was available for meeting attendees.

Chair Cafagna commented that he had come into the office to sign the TransNet Commercial Paper documents last week. In September, the Board had approved using a Commercial Paper financing mechanism for the TransNet Early Action Program. Not all of the exhibits were attached to the original Board report, but they were available at the document signing. Second Vice Chair Jack Dale (Santee) also attended and went through the documents with him.

3. ACTIONS FROM POLICY ADVISORY COMMITTEES (APPROVE)

This item summarizes the actions taken by the Executive and Transportation Committees on November 4, 2005.

Action: Upon a motion by Deputy Mayor Crystal Crawford (Del Mar) and a second by Mayor Holt Pfeiler, the SANDAG Board approved Agenda Item No. 3, Actions from Policy Advisory Committees. Yes - 17 (weighted vote, 100%). No - 0 (weighted vote, 0%). Abstain - 0 (0%). Absent - Encinitas and Santee.

CONSENT ITEMS (4 through 9)

4. AMEND THE FY 2006 OVERALL WORK PROGRAM AND BUDGET TO ENHANCE REGIONAL PUBLIC SAFETY INFORMATION SHARING VIA WIRELESS ACCESS (APPROVE)

If approval is recommended by the Public Safety Committee on November 18, 2005, the Board of Directors is asked to approve a modification to the FY 2006 Overall Work Program and Program Budget to include $1,075,000 awarded to ARJIS/SANDAG to enhance the wireless system for sharing public safety information. The additional funding is from the Department of Homeland Security (DHS), which has awarded ARJIS/SANDAG $875,000 for the third phase of a multi-phased wireless data integration project, known as BorderSafe. This phase will implement BorderSafe law enforcement data-sharing research findings throughout the southwest region and to expand the functionality of the personal digital assistant (PDA) accessible wireless system. In addition to the DHS funding, the National Institute of Justice has awarded ARJIS/SANDAG $200,000 to enable access to public safety information through secure cell phones.
4. ADDENDA TO THE MASTER MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN SANDAG, NCTD, AND MTS (APPROVE)

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

6. EAST VILLAGE INTERMODAL TRANSIT IMPROVEMENTS PROJECT (APPROVE)

The East Village Intermodal Transit Improvements Project will develop rail and urban design improvements along Park Boulevard from Imperial Avenue to C Street. The Board of Directors is asked to: (1) approve a transfer of all current and future project funding from MTS to SANDAG; and (2) approve an amendment to the FY 2006 Capital Improvement Program (CIP) and Program Budget: (a) to reduce the Orange Line to Blue Line Connection project budget (CIP #10492) from $5,998,000 to $850,000; and (b) to add a new CIP project #10494 entitled East Village Smart Corner Improvements Project, totaling $14,283,000.

7. QUARTERLY INVESTMENT REPORT - PERIOD ENDED SEPTEMBER 30, 2005 (INFORMATION)

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

8. QUARTERLY PROGRESS REPORT ON TRANSPORTATION PROJECTS – JULY TO SEPTEMBER 2005 (INFORMATION)

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

9. REPORT SUMMARIZING DELEGATED ACTIONS TAKEN BY EXECUTIVE DIRECTOR FOR SEPTEMBER 2005 (INFORMATION)

In accordance with SANDAG Board Policy Nos. 3 (Investment Policy) and 17 (Delegation of Authority), this report summarizes certain delegated actions taken by the Executive Director during the prior month.

Action: Upon a motion by Vice Mayor Ron Morrison (National City) and a second by Councilmember Patricia McCoy (Imperial Beach), the SANDAG Board voted unanimously to approve Consent Item Nos. 4 through 9. Yes – 17. Absent – La Mesa and Santee.
Item No. 10 was trailed until the arrival of Councilmember Madaffer, Chair of the Nominating Committee.

REPORTS (11 through 12)

11. TransNet INTEREST RATE HEDGING PROPOSAL (APPROVE)

Councilmember Joe Kellejian (Solana Beach) stated that, at the beginning of the year, the Transportation Committee and Board approved the TransNet Early Action Program (EAP) and directed staff to jumpstart several major transportation projects. One of the key pieces of this process is the strategy for financing these highway and transit improvements. At its May 2005 meeting, the Transportation Committee approved the initial financial strategy for the EAP, including: (1) expanding the TransNet Commercial Paper program, (2) developing a Plan of Finance to meet the cash-flow needs for the EAP as well as the existing commitments from the current TransNet program, and (3) locking in today's low interest rates for a long-term bond issue in 2008. In September, the Board approved the expansion of the Commercial Paper program. The $335 million program is now in place to support the accelerated implementation of the EAP.

Councilmember Kellejian stated that the Transportation Committee also has been working on the development of the Plan of Finance. At its November 4 meeting, the Transportation Committee approved developing the draft Plan of Finance based on the use of bonds to fast-track our Early Action highway and transit projects. This draft plan will be brought to the board in December for consideration. The final piece of the strategy was to direct staff to investigate interest rate hedging opportunities. Staff and SANDAG's Financial Advisor, Public Financial Management (PFM), went through a Request for Proposals (RFP) process over the past few months which resulted in the interest rate swap proposal being presented today. The interest rate hedging proposal would lock in a low interest rate for the first $600 million assumed in the draft Plan of Finance and would help deliver the EAP as soon as possible.

Mr. Keith Curry (PFM) introduced members of the financial team, including Andrew McKendrick (PFM), and Mary Collins from Orrick, Herrington, and Sutcliffe. He indicated that representatives from Merrill Lynch, Goldman Sachs, and Bank of America also were in attendance and available to answer questions.

Mr. Curry said that it has been his honor to come before this Board over the past 17 years with various financing proposals. This proposal has far-reaching impacts to implement the TransNet projects approved by the voters. When the TransNet Extension measure passed last November, we embarked upon a three-step strategy to put in place a flexible financial vehicle to provide money as the projects require it. The first step was the expansion of the TransNet Commercial Paper program, which was approved by the Board in September. The second step was to develop an interactive model to evaluate the Plan of Finance alternatives. The Transportation Committee evaluated those alternatives and recommended developing a final plan that accommodates the cash flows needs for implementing the Early Action Program. The third step was to hedge the cost of debt in 2008 once the first TransNet measure bond obligations were paid off. That is what is being proposed today.
Mr. Curry stated that the goals and objectives of this financial strategy are to minimize the funding cost for the TransNet projects, protect against potential upward interest rate movements prior to 2008, capitalize on the near historically low interest rate environment and flat yield curve, and mitigate SANDAG’s exposure to risks. The benefits of implementing this strategy include executing three interest rate exchange agreements (“swaps”), locking in the cost of funds for the 2008 issue at less than 4 percent, removing the interest rate risk from about 50 percent of the expected EAP program debt, and saving 79 basis points, or more than $3.1 million annually, compared to traditional fixed rate bonds (approximately $93 million over the 30-year life of the bonds).

Mr. Curry explained that an interest rate swap is a contract between two organizations to exchange cash flows over time. One cash flow is calculated using a fixed interest rate, while the other is calculated using a variable interest rate. He showed various components of the transaction and mentioned that bonds will not be issued until 2008. At that point, the agreements will be come effective and we will begin exchanging payments. We will be able to lock in rates at lower than expected percentages. This is a phenomenal accomplishment. The ability to bring the rate down will create the opportunity to move more projects into the plan faster, protect against downturns, and protect against the inflation of project costs.

Chair Cafagna asked why is it only half of the debt. Mr. Curry said that half of the project schedules are too far out to hedge effectively at this time. We could look at them in a couple of years.

Mr. Curry compared the options of locking in the 2008 cost of funds. If you look at the cost of capital in the first TransNet measure, we are saving $7 million in annual debt service versus the historical cost of funds. This is a profoundly beneficial strategy. He showed key observations on the current market. He showed the growing number of public agencies that have begun using interest rate exchange agreements over the last ten years.

Chair Cafagna asked if Mr. Curry had netted out the cost of issuance of this program in the calculation of the annual payments and our savings. Mr. Curry replied that they only looked at the cost of interest payments and compared those.

Mr. Curry provided the general timeline, and described the risk of not proceeding with the swap proposal. If we do nothing and sell bonds when interest rates are flat (at today's levels), there would be an incremental cost of $3 million in additional debt service. However, if interest rates increase by 100 basis points or a full 1%, annual debt service could increase by as much as $11 million per year.

Mr. Curry said this is not the lowest cost strategy, but a lower cost strategy would have more risk. The proposed strategy is designed to minimize the following: counterparty risks, basis risks, tax law change risks, and market access risk.

Mr. Curry explained that termination risk is the risk that a payment may be due if SANDAG terminates in a lower rate environment. Mitigating factors include the fact that SANDAG has strong reasons to borrow in 2008 based on the draft Plan of Finance and thus not terminate the swaps and risk a termination payment. In addition, recent liquidity bids and ratings affirmations indicate strong market access. He explained why this strategy makes
sense for SANDAG: it establishes the cost of funds for approximately 50 percent of the EAP debt at the lowest level ever achieved by SANDAG (79 basis points lower than fixed rate bonds, or 3.79 percent for 30 years), rates are at near historic lows, rates only have to rise by 17 basis points to reach the breakeven point, the swap agreements become assets that gain in value as interest rates rise, lower debt costs provide additional project delivery capacity, and risks are identified and mitigated.

Councilmember Scott Peters (City of San Diego) said that he would make the motion, except that he would have to abstain on any action related to the use of Goldman Sachs due to financial interests with that firm.

Julie Wiley, General Counsel, advised Councilmember Peters that if he has a potential conflict of interest with part of the recommended action he should abstain from the voting process. It was her understanding that the use of the firm of Goldman Sachs is an integral part of the recommended action and cannot be separated out.

Councilmember Peters reiterated that we are not issuing any bonds until 2008, and this issuance would go through normal disclosures. He also asked if the substitution of counterparties is delegated or if it would be approved by the Board. Mr. Curry responded that the bond issuance in 2008 would go through the normal disclosure process, and any counterparty substitutions would be approved by the SANDAG Board.

Councilmembers Peters commented that the exit strategy is reasonable, and he supported it. He asked about the implications for local funding in terms of quantity and timing for local projects. Gary Gallegos said that the TransNet funding package is broken up into different components, and this issue relates to funding for the TransNet Major Corridor projects. It does not deal with the local street and road projects or funds for ongoing transit operations.

Councilmember Peters asked if we are still depending on Proposition 42 funds and developer fees to pay a part of this for local street and road projects. Mr. Gallegos replied that this proposal only looks at the TransNet piece. The receipt of Proposition 42 funds is not part of this financing proposal.

Councilmember Peters left at the room at 10:04 a.m.

Councilmember Kellejian asked for input from the Independent Taxpayers Oversight Committee (ITOC) about this proposal.

Mike Boyle, ITOC chair, indicated that the ITOC met on several occasions and had a similar presentation from Mr. Curry and the financial team. Members of the ITOC also did some due diligence on their own. This proposal seems to be a reasonable way to approach a volatile subject like interest rates, and would protect the EAP like an insurance policy. The ITOC voted to endorse the measures. They are now trying to address the other aspects of their charge to monitor project schedules, to evaluate performance measures and project criteria, and to evaluate how the transportation system is performing.
Councilmember Kellejian asked if the ITOC took into consideration the escalating cost of materials. Mr. Boyle replied affirmatively, and indicated that they had a presentation on materials costs at a prior meeting.

Councilmember Jerome Stocks (North County Transit District [NCTD]) asked Mr. Boyle what the ITOC’s greatest concern was about this proposal. Mr. Boyle responded that they didn’t have a concern, just areas of inquiries; however, Mr. Curry did a good job of explaining the counterparties involved and the reasons why they were interested in this strategy.

Mayor Madrid asked for a definition of the term “derivative” contained in the various agreements. Mary Collins (Orrick Herrington and Sutcliffe), bond counsel, described the various agreements including the Master Agreements, Schedule to the Master Agreements, Credit Support Annexes, and Confirmation documents. She said that you are entering into a transaction which has a relationship to another obligation; this is called a derivative agreement.

Chair Cafagna asked if the various parties are obligated individually for the whole or only for the one-third portion. Ms. Collins answered that they are obligated only for the one-third portion.

Councilmember Jim Madaffer (City of San Diego) arrived at 10:17 a.m.

Ms. Collins noted that SANDAG’s trustee bank will monitor the collateral level for this transaction. The counterparties will have to post collateral under certain situations. These are one-way collateral obligations. If the rate increases, SANDAG is not responsible for posting collateral.

Councilmember Madaffer asked how much time the ITOC has spent on this issue. Craig Scott, TransNet Program Manager, said that the ITOC reviewed this issue at their previous two meetings and spent quite a bit of time at those meetings discussing this proposal.

Chair Cafagna said this is a terrific opportunity for us. This kind of proposal is usually only available from the highest credit rating agencies and only for the highest quality projects. It is a fairly risk-free strategy. He commended SANDAG staff, the ITOC, and the tremendous legal support for the efforts put into this to protect SANDAG as much as possible.

Ms. Wiley provided information on the “standard of care” and what is required by law for Board members for voting on this type of financial transaction. She said that Board members will be held to a “prudent investor standard,” which requires you to use the standard of care, skill, and diligence that someone who is a prudent person would use in making such decisions. You cannot rely solely on the opinion of experts, but should refer to your own experience in such matters.

Mayor Pro Tem Matt Hall (Carlsbad) strongly supported this action. He said that today’s action is one step on a long walk. Each of the Board members has made commitments to each other and to this agency, and we have to honor our past commitments and move forward.
Councilmember Madaffer stated that he executed the standard of care provided for in the law with regard to these documents.

**Action:** Upon a motion by Councilmember Madaffer and a second by Second Vice Chair Dale, the SANDAG Board approved an Interest Rate Swap Policy to provide guidance on all interest rate swap transactions to be considered by SANDAG, and Resolution No. RC2005-02 authorizing: (a) the issuance of up to $600 million in sales tax revenue bonds in 2008; (b) a Forward Interest Rate Swap Transaction in connection with the bond issue; (c) execution and delivery of the documents by the Chair of the Board or the Executive Director once they are in final form; (d) execution and delivery of required tax certifications and closing certificates; and (e) taking such other actions as are required in connection with the swaps. Yes – 19 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (0%). Absent – 0.

**CHAIR’S REPORT**

10. REPORT FROM NOMINATING COMMITTEE ON ELECTION OF BOARD OFFICERS FOR 2006 (INFORMATION)

Per the SANDAG Bylaws, in October Chairman Cafagna appointed a five-person Nominating Committee for Board officers. The Nominating Committee consists of the following Board members: Carlsbad Mayor Pro Tem Matt Hall (North County Coastal), San Marcos Vice Mayor Pia Harris-Ebert (North County Inland), La Mesa Mayor Art Madrid (East County), Coronado Councilmember Phil Monroe (South County), and San Diego Councilmember Jim Madaffer (City of San Diego).

Councilmember Madaffer reported that the Nominating Committee met on Wednesday, November 16, and recommended that Poway Mayor Mickey Cafagna and Lemon Grove Mayor Mary Sessom continue in their capacities of Chair and First Vice Chair, respectively, through December 2006. The Nominating Committee also is recommending to the Executive Committee changes for future selection processes. The changes would include an interview process, application form, and for applicants to state the reasons why they would like the three Board officer positions. The Nominating Committee will meet on December 2 to conduct the interviews for the Second Vice Chair position. Three candidates for this position are Deputy Mayor Crystal Crawford (Del Mar), Deputy Mayor Christy Guerin (Encinitas), and Mayor Lori Holt Pfeiler (Escondido). The Nominating Committee will provide a recommendation for the Second Vice Chair position at the December 16 Board meeting.

Councilmember Patricia McCoy (Imperial Beach) wanted clarification about nominations from the floor and whether the interview would slow down the selection process. Councilmember Madaffer said that accepting nominations from the floor is pursuant to SANDAG’s Bylaws. If we change the Bylaws, this new selection process would start in July 2006. However, the ability to nominate from the floor would still exist. Mr. Gallegos said that unless the Board chose not to make a decision at the December 16 meeting, the selection process should not be delayed.

Chair Cafagna said that if a Board member has a nominee for the Second Vice Chair position, he/she should encourage the nominee to go through the interview process.
12. **AMENDMENTS TO TransNet POLICIES (APPROVE)**

Mr. Scott stated that a series of amendments to the TransNet policies is being presented. There are 17 policies; the first 15 were adopted back in the 1998-1992 era. These amendments have to do with minor technical revisions, replacing policies with subsequent versions, and adding references to the TransNet Extension Ordinance. Policy No. 16 was adopted in September along with the Commercial Paper program defining how that process would be conducted. Policy No. 17 is the only new policy, and deals with issues related to the timing and completion of the required annual fiscal audits. This new policy was reviewed and recommended by the Transportation Committee, and it also has been reviewed by the ITOC.

**Action:** Upon a motion by Vice Mayor Morrison and a second by Councilmember Kellejian, the SANDAG Board approved the proposed amendments to the TransNet policies. Yes – 17 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (0%). Absent – Chula Vista and Imperial Beach.

13. **UPCOMING MEETINGS**

Chair Cafagna noted that the December 2 Policy Board meeting has been cancelled. The Executive Committee meeting and interviews for the Second Vice Chair position will be held on that date. The next regular Board of Directors business meeting is scheduled for Friday, December 16, 2005, and immediately following that meeting is the annual holiday party at the Westgate Hotel.

14. **ADJOURNMENT**

The meeting was adjourned at 10:37 a.m.

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<td>Morris Vance (Member)</td>
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**ADVISORY MEMBERS LISTED BELOW (ATTENDANCE NOT COUNTED FOR QUORUM PURPOSES)**

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<td>Victor Carrillo (Member)</td>
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<td>Marilyn Dailey (Member)</td>
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<tr>
<td>Baja California/Mexico</td>
<td>Ricardo Pineda (Alternate)</td>
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</table>
Peter M. Thorson  
Richards Watson & Gershon  
355 South Grand Avenue – 40th Floor  
Los Angeles, CA 90071-3101

Re: Your Request for Informal Assistance  
Our File No. I-03-287

Dear Mr. Thorson:

This letter is in response to your request for advice regarding the conflict-of-interest provisions of the Political Reform Act (the "Act"). Because you are asking for advice on the general application of the law, we are treating your request as one for informal assistance.

QUESTION

If the city council for the City of Mission Viejo (the "city") appoints one of its members to serve as its representative on joint powers agencies for which the city is a member, may the member who is being considered for the appointment participate in that decision?

CONCLUSION

Since a decision to appoint one of its members to a board or commission would increase only that member’s salary, per diem or reimbursements from the appointing agency which is different from the salary, per diem or reimbursements paid to other members of the city council, the councilmember who is the subject of the appointment may not participate in the decision.

---


2 Informal assistance does not provide the requestor with the immunity provided by an opinion or formal written advice (Government Code § 83114; 2 Cal. Code of Regs. § 18329(c)(3), copy enclosed.)
FACTS

The City of Mission Viejo is a member of numerous joint powers agencies. The city council appoints one of its own members to serve as their representative on each agency. The city council anticipates making several appointments at its January 5, 2004, meeting and is questioning whether a council member who is being considered for appointment to a specific agency may also participate in that decision.

ANALYSIS

Section 87100 prohibits public officials from making, participating in making, or using their official position to influence a governmental decision in which they know or have reason to know they have a financial interest. Members of the city council are public officials subject to the Act’s conflict-of-interest provisions. (Section 82048.)

A public official has a financial interest in a governmental decision within the meaning of section 87100 if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the official, or on a member of the official’s immediate family.

There are six kinds of economic interests from which conflicts of interest may arise. They are defined in section 87103 and regulations 18703-18703.5. Those economic interests include, among other things:

Any source of income to the public official which aggregates $500 or more within 12 months prior to the decision. (Section 87103(c), regulation 18703.3.)

A public official also has an economic interest in his or her personal expenses, income, assets, or liabilities, as well as those of his or her immediate family, a.k.a. the “personal financial effects” rule. (Section 87103, regulation 18703.5.)

The two possible economic interests that may be affected by making an appointment to the joint powers agency are: 1) a council member’s stipend, per diem or reimbursements from the joint powers agency and, 2) his personal expenses, income, assets, or liabilities (or those of his immediate family).

Salary, per diem and reimbursement for expenses from a state, federal, or local governmental agency are expressly exempted from the definition of “income” for purposes of the Act. (Section 82030(b)(2); regulation 18232.) A joint powers agency is a local governmental agency. (Section 82041.) The salary, per diem or reimbursements paid by the joint powers agency to a city council member for services on the joint powers agency is therefore not potentially disqualifying “income” within the meaning of the Act’s conflict-of-interest provisions. (Bordsen Advice Letter, No. A-95-347.)
Under the "personal effects" rule, a conflict of interest exists where a decision would foreseeably result in a public official’s personal expenses, income, assets, or liabilities (or those of his or her immediate family) increasing or decreasing by $250 or more, regardless of the source of that increase or decrease. (Section 87103; regulations 18703.5; 18704.5; 18705.5(a); Beardsley Advice Letter, No. I-99-003; Daniels Advice Letter, No. I-98-297.)

The personal effects test does not require disqualification if the decision affects only the salary, per diem, or reimbursement for expenses an official may receive from a local government agency, unless the decision is to hire, fire, promote, demote, suspend without pay or otherwise take disciplinary action against the official or a member of his or her immediate family, or to set a salary for the official or a member of his or her immediate family which is different from salaries paid to other employees of the government agency in the same job classification or position. (Regulation 18705.5(b).)

For example, in the Jordan Advice Letter, No. I-00-119, a candidate for school board was advised that, if elected, he would be able to participate in contract negotiations for teachers’ contracts even though his spouse was a teacher with the district. He was advised however, that a conflict of interest may still exist in decisions on the hiring, firing, promotion, demotion or discipline of his spouse, or setting a salary for his spouse which is different from salaries paid to other employees in the same job classification or position.

Applying this analysis to the question you pose, since a decision to appoint one of its members to a board or commission would increase only that member’s salary, per diem or reimbursements which is different from the salary, per diem or reimbursements paid to other members of the city council, the exception in regulation 18705.5(b) applies and the councilmember who is the subject of the appointment may not participate in the decision.

I trust this answers your question. If you have any other questions regarding this matter, please contact me at (916) 322-5660.

Sincerely,

Luisa Menchaca
General Counsel

By: Jeanette E. Turvill
Political Reform Consultant
Technical Assistance Division

Enclosure
JET:jg
I:\AdviceLtrs\03-287
ACTIONS FROM POLICY ADVISORY COMMITTEES

The following actions were taken by the Policy Advisory Committees (PACs) since the last Board meeting.

BORDERS COMMITTEE MEETING (NOVEMBER 18, 2005)

No action items were scheduled for the November 18, 2005, Borders Committee meeting.

PUBLIC SAFETY COMMITTEE (NOVEMBER 18, 2005)

The Public Safety Committee (PSC) took the following actions or recommended the following approvals:

- Recommended to the Executive Committee the inclusion of the following goals in the 2006 Legislative Program: (1) aggressively pursue funding related to interoperability, communications, and other needs identified in the Regional Public Safety Needs Assessment; (2) utilize existing legislative monitoring sources to keep abreast of federal and state public safety legislation of interest to the region and the PSC, and support the programs where consistent with SANDAG’s Legislative Program; (3) pursue Homeland Security funding at both the state and federal levels for prevention and emergency preparedness and response to catastrophic events in the San Diego region; (4) endorse state legislative and funding initiatives that support and enhance public safety activities; (5) pursue funds to evaluate the effectiveness of adult and juvenile crime prevention programs and the impacts of drug use on crime and the success of treatment, especially methamphetamine; and (6) support state and federal legislation that focuses on youth and gang violence prevention and pursue funding for prevention and intervention efforts.

- Approved the Regional Interoperability and Communications Work Plan budget, including authorizing the use of up to $52,000 currently earmarked for the ARJIS strategy plan if outside funding is not received.

- Approved the use of up to $20,000 in contingency funds from the ARJIS application, development, and system enhancement budget to fund the Federal Bureau of Investigation (FBI) information sharing project known as Regional Data Exchange.

- Approved an amendment to the FY 2006 Overall Work Program (OWP) and Program Budget to include a total of $1,075,000 in grant funds from the Department of Homeland Security and the National Institute of Justice to enhance the regional wireless system for sharing public safety information. (This PSC approval endorsed the Board’s November 18, 2005, approval of the same FY 2006 OWP and Program Budget amendment.)
EXECUTIVE COMMITTEE MEETING (DECEMBER 2, 2005)

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

- Recommended Board approval of amendments to the SANDAG Bylaws and several Board policies.
- Recommended Board approval of agenda topics and format for the 2006 Board Retreat.
- The Executive Committee postponed action on the 2006 Legislative Program to the January 2006 meeting.
- Approved the December 16, 2005, SANDAG Board of Directors meeting agenda, as revised.

POLICY BOARD MEETING (DECEMBER 2, 2005)

The Policy Board meeting scheduled for December 2, 2005, was cancelled:

REGIONAL PLANNING COMMITTEE MEETING (DECEMBER 2, 2005)

The Regional Planning Committee took the following actions or recommended the following approvals:

- Approved the Environmental Mitigation Program Working Group recommendation that the SANDAG Board of Directors approve: (1) the proposed budget for the FY 2006 Environmental Mitigation Program (EMP) Regional Habitat Conservation Fund (RHCF) expenditures; (2) the proposed process for allocating FY 2006 EMP RHCF funds; and (3) the proposed criteria for eligible land management activities and rating system for considering funding requests.

TRANSPORTATION COMMITTEE MEETING (DECEMBER 9, 2005)

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

- Approve the formation of an ad hoc working group to review and update the transportation project evaluation criteria for the Comprehensive 2007 Regional Transportation Plan (RTP) Update.
- Approve the submittal of comments to Caltrans for inclusion with its submittal of the 2006 State Highway Operations and Protection Program (SHOPP) to the California Transportation Commission.
- Accept comments received from the annual public hearing and public meetings of SANDAG’s Subcommittee for Accessible Transportation (SCAT) on the unmet transit needs of seniors and persons with disabilities for consideration during the annual Regional Short-Range Transit Plan update.
• Approve criteria for selecting transportation projects for the FY 2007 federal transportation appropriations cycle.

• Accept for distribution the Draft 2030 Revenue Constrained RTP (2006 Update) and Draft Supplemental Environmental Impact Report (SEIR) for public review and schedule a public hearing and close of the public comment period on the Draft 2030 Revenue Constrained RTP and Draft SEIR for the January 27, 2006, Board of Directors business meeting.

• Recommend that the SANDAG Board of Directors approve the 2006 STIP programming proposal for submittal to the California Transportation Commission by January 30, 2006.

• Recommend a priority listing of interregional rail improvement projects in the coastal rail corridor to Caltrans Division of Rail.

Staff will update the Board of Directors if the actual actions taken by the Transportation Committee on December 9, 2005, differ from those described in this report.

PUBLIC SAFETY COMMITTEE (DECEMBER 9, 2005)

This meeting was cancelled.

BORDERS COMMITTEE MEETING (DECEMBER 2005)

No meeting of the Borders Committee during December 2005 was scheduled.

GARY L. GALLEGOS
Executive Director
ADDENDUM TO THE MASTER MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN SANDAG, NCTD, AND MTS

Introduction

A Master Memorandum of Understanding (MOU) between SANDAG, North County Transit District (NCTD), and Metropolitan Transit System (MTS) was entered into in April 2004. There have been four addenda, the most recent of which were for allocating funding for the administrative functions transferred from MTS and NCTD to SANDAG in consolidation. Addendum 3, which formalizes the methodology to be used for allocating funding between SANDAG and NCTD for the administrative functions that transferred in consolidation, needs to be revised slightly.

Recommendation

A revised Addendum 3 is proposed to the existing MOU between SANDAG, NCTD, and MTS. The Board of Directors is asked to approve the revised Addendum 3 between SANDAG and NCTD (Attachment 1), which formalizes the methodology to be used for allocating funding to SANDAG for the administrative functions that transferred in consolidation, in substantially the same form as attached.

Discussion

In February 2003 and June 2003, the SANDAG Board of Directors approved the initial and subsequent transition plans that focused on the roles and responsibilities of SANDAG and the transit agencies. The transition plans were subsequently memorialized in an MOU between SANDAG, NCTD, and MTS. The MOU recognized that addenda would be executed as the functions and responsibilities of the three agencies evolved.

Each year as part of the budget process (beginning in FY 2004), both NCTD and MTS transfer Transportation Development Act (TDA) funding to SANDAG to pay for the administrative functions that transferred to SANDAG as a result of the consolidation. All three agencies desire to formalize this transfer by expressing it in terms of a percentage of their total annual TDA allocations. On November 18, the Board of Directors approved two addenda (Nos. 3 and 4) which accomplished this objective. A minor technical correction is necessary to the addendum between SANDAG and NCTD to express the percentage in terms of only Article 4.0 TDA funding, as opposed to Article 4.0 and 4.5 TDA funding. The MTS addendum expresses the percentage in terms of Article 4.0 and 4.5 TDA funding. There is no change to the amount being transferred between SANDAG and NCTD, only a change in how it is calculated. Attachment 1 contains the revised addendum, showing the proposed change.

GARY L. GALLEGOS
Executive Director

Attachment: 1. Revised Addendum Number 3 to the Master MOU

Key Staff Contact: Renée Wasmund, (619) 699-1940, rwa@sandag.org
ADDENDUM NUMBER THREE
TO THE MASTER MEMORANDUM OF UNDERSTANDING
BETWEEN THE SAN DIEGO ASSOCIATION OF GOVERNMENTS AND
THE NORTH COUNTY TRANSIT DISTRICT (FORMERLY NSDCTDB)
AND THE METROPOLITAN TRANSIT SYSTEM (FORMERLY MTDB)
DEFINING THE FUNCTIONS AND RESPONSIBILITIES
OF THE THREE AGENCIES:
FUNDING OF FUNCTIONS TRANSFERRED PURSUANT TO SENATE BILL 1703

This Addendum Number Three is made and entered into this _____ day of __________________, 2005, by and between the San Diego Association of Governments (SANDAG), and the North County Transit District (NCTD), which was formerly known as the North San Diego County Transit Development Board (NSDCTDB).

RECITALS

WHEREAS, a Memorandum of Understanding between the San Diego Association of Governments, the NCTD, and the Metropolitan Transit Development Board (MTDB, now known as the Metropolitan Transit System [MTS]) Defining the Functions and Responsibilities of the Three Agencies (“Memorandum of Understanding”) has been entered into; and

WHEREAS, the agencies seek to append the Memorandum of Understanding with this Addendum Number Three to describe the methodology for ongoing funding of functions transferred from NCTD to SANDAG under SB 1703.

IN CONSIDERATION of the mutual promises set forth herein, the Parties agree as follows:

1. Funding for said transfer of functions and responsibilities shall be provided directly to SANDAG from the annual TDA 4.0 apportionment.

2. SANDAG shall receive 1.675 percent ($497,299 for FY 2006) of NCTD’s annual available Article 4.0 TDA apportionment ($29,697,187 for FY 2006).

3. No other funds shall be transferred from NCTD to SANDAG for functions transferred to SANDAG under SB 1703, except as may be otherwise identified in the Master MOU.

4. This concludes all the funding transfers pursuant to SB 1703, other than the future transfers to occur pursuant to the MOU executed on December 1, 2003, between SANDAG and NCTD for the Project Development and Construction functions.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the date and year first written above.
APPROVED AS TO FORM: NORTH COUNTY TRANSIT DISTRICT

By:_________________________________ By:_________________________________
   C. Michael Cowett, General Counsel        Karen H. King, Executive Director

APPROVED AS TO FORM: SAN DIEGO ASSOCIATION OF
                      GOVERNMENTS

By:_________________________________ By:_________________________________
   Office of the General Counsel                Gary L. Gallegos, Executive Director
REPORT SUMMARIZING DELEGATED ACTIONS TAKEN BY EXECUTIVE DIRECTOR FOR OCTOBER 2005

Introduction

Board Policy Nos. 3 and 17 require the Executive Director to report certain actions to the Board of Directors on a monthly basis.

Discussion

Board Policy No. 3

Board Policy No. 3, “Investment Policy,” requires the submittal of a monthly report of investment transactions to the Board. Attachment 1 contains the report of investment transactions for October 2005.

Board Policy No. 17

Board Policy No. 17, “Delegation of Authority,” requires the Executive Director to report to the Board certain actions taken at the next regular meeting. The policy authorizes the Executive Director to enter into agreements not currently incorporated in the budget and make other modifications to the budget in an amount up to $100,000 per transaction so long as the overall budget remains in balance. Attachment 2 provides budget transfers and amendments for October 2005 approved under the Executive Director’s authority.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Investment Transactions – Monthly Activity for Securities Transactions for October 1 through October 30, 2005
2. October 2005 Budget Transfers and Amendments

Key Staff Contact: Renée Wasmund, (619) 699-1940, rwa@sandag.org
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## OCTOBER 2005 BUDGET TRANSFERS AND AMENDMENTS

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ELECTION OF 2006 BOARD OFFICERS: REPORT OF THE NOMINATING COMMITTEE

Introduction

Consistent with SANDAG Bylaws, in October Chairman Cafagna appointed the following Nominating Committee for SANDAG Board Officers: San Diego Councilmember Jim Madaffer, Nominating Committee Chair; Carlsbad Mayor Pro Tem Matt Hall (North County Coastal); San Marcos Vice Mayor Pia Harris-Ebert (North County Inland); La Mesa Mayor Art Madrid (East County); and Coronado Councilmember Phil Monroe (South County).

The Nominating Committee first met on November 16 to discuss nominations for SANDAG Board Officers for 2006 as well as ways to better define and improve our annual nominations process. At the November 18, 2005, Board meeting, we recommended that Poway Mayor Mickey Cafagna and Lemon Grove Mayor Mary Teresa Sessom continue in their respective capacities as SANDAG Chair and First Vice Chair, through December 2006. At the November meeting, we also recommended changes to the future nominations process (see Attachment 1).

This report summarizes the Nominating Committee’s interview process for the Second Vice Chair position for 2006 as well as our recommendations for future improvements to the annual nomination and selection process.

Discussion

Interview Process for Second Vice Chair

On December 2, the Nominating Committee interviewed three candidates for the Second Vice Chair position: Del Mar Deputy Mayor Crystal Crawford, Encinitas Deputy Mayor Christy Guerin, and Escondido Mayor Lori Holt Pfeiler. The Nominating Committee was very impressed with the high quality, experience, and enthusiasm of all three of the candidates. The candidates were asked a series of interview questions, including:

- Why do you want to serve as Second Vice Chair?
What is your vision for SANDAG next year and in five years?

Is your interest to serve only as Second Vice Chair, or do you see yourself wanting to serve as Chair in the future?

What is your term of office in your current elected position? When does it expire, and is there anything that would cause you not to run for re-election?

Describe how you believe you are in touch with your constituents and give examples of why you believe you have represented them well in the past. If asked by an interested political observer in your community for a description of your political reputation, what would we hear?

What other public agencies or committees have you served on and/or do you serve on? Do you anticipate service to these agencies to be in conflict with a leadership position on SANDAG?

Based on the interview process, the Nominating Committee is pleased to recommend Mayor Lori Holt Pfeiler for the position of Second Vice Chair for 2006.

Improvements to Annual Nomination and Selection Process

During our deliberations, the Nominating Committee discussed the appropriateness of the current nomination and selection process given the changes in recent years affecting SANDAG. Our past practice included an unwritten rule that the Chair position would rotate among the various subregions (i.e., North County Coastal, North County Inland, East County, and South County) every two years, generally excluding the City of San Diego and the County of San Diego from consideration.

With the passage of SB 1703 in 2003 and the TransNet Extension in 2004, SANDAG’s role as a leader in our region has become more important today than ever before. Taking this into consideration, the Nominating Committee continues our efforts to improve the annual SANDAG nomination and selection process. The changes recommended by the Committee would replace our past practices for Board Officer selection. Our recommendations for improvements to the process were discussed extensively by the Executive Committee at its December 2 meeting, and are included in the proposed amendments to the SANDAG Bylaws (Agenda Item No. 14). Proposed changes are summarized as follows:

In March/April of each year, staff would develop an application form for members who are interested in applying for the Chair or one of the Vice Chair positions on the Board of Directors. The application form would be reviewed by the Executive Committee and approved by the Board. Applications would be structured to screen for the best regional leaders from among the primary Board members and would include questions concerning the candidate’s vision statement for SANDAG and his/her qualifications.
• In July of each year, the application forms would be made available on the Board of Directors page of the SANDAG Web site for persons interested in applying for the Chair or one of the Vice Chair positions on the Board of Directors. Applications would be due within 30 days after the forms are posted.

• In September of each year, the Chair would appoint up to a six-person nominating committee, consisting of members of the Board from each of the subregions and a Board member from the City and the County of San Diego. Whenever possible, the nominating committee would not include Board members from jurisdictions that have applicants for the Chair or one of the Vice Chair positions.

• The nominating committee would interview the candidates and submit a slate of nominees for the three Board officers in writing for mailing to Board members in or around November. Additional nominations for any office may be made by Board members during the election meeting (typically in December).

Other current Bylaws procedures, such as the voting process for election of Board officers, terms of service, and additional nominations from the floor, would remain unchanged.

The Nominating Committee respectfully recommends Board approval of the changes described above. These changes would help provide definitive high quality, progressive Board leadership for our organization to meet the challenges of the future.

SAN DIEGO COUNCILEMBER JIM MADAFFER
Nominating Committee Chair

Attachment: 1. November 17, 2005, Memorandum to Board of Directors from Nominating Committee

No Budget Impact
In October, Chairman Cafagna appointed a five-person Nominating Committee for SANDAG Board Officers. The Committee includes Carlsbad Mayor Pro Tem Matt Hall (North County Coastal), San Marcos Vice Mayor Pia Harris-Ebert (North County Inland), La Mesa Mayor Art Madrid (East County), Coronado Councilmember Phil Monroe (South County), and me.

The Nominating Committee met on November 16, 2005, to discuss potential candidates to serve as SANDAG’s Chair, First Vice Chair, and Second Vice Chair for calendar year 2006. We also discussed ways to better define and improve the annual nomination process. This memorandum includes our nominees for SANDAG Board Officers for 2006 as well as our recommendations for the future nomination process.

**2006 Board Officer Nominees**

The Nominating Committee respectfully recommends that Poway Mayor Mickey Cafagna and Lemon Grove Mayor Mary Sessom continue in their capacity as Chair and First Vice Chair, respectively, through December 2006.

For the position of Second Vice Chair, the Nominating Committee plans to conduct interviews of interested candidates on Friday, December 2, 2005, beginning at 10 a.m. at SANDAG. Board members who have expressed interest in the Second Vice Chair position include Del Mar Deputy Mayor Crystal Crawford, Encinitas Deputy Mayor Christy Guerin, and Escondido Mayor Lori Holt Pfeiler.

The Committee’s recommendation for Second Vice Chair would be provided to Board members in writing following the interviews and in advance of the December 16, 2005, SANDAG Board meeting. In accordance with SANDAG Bylaws, additional nominations for any office may be made by Board members at the December meeting.
Annual Nomination and Selection Process

During our deliberations regarding 2006 Board Officer nominees, the Committee discussed the appropriateness of the current nomination and selection process given the changes in recent years affecting SANDAG. With the passage of SB 1703 in 2003, SANDAG has significantly more responsibilities in the areas of transportation, planning, services to member agencies, as well as public safety. With the renewal of TransNet, SANDAG’s role as a leader in our region has become more important today than ever before. There is a clear need to provide definitive high quality, progressive Board leadership for our organization.

Background

During the past several decades, the Board Officer nomination and selection process typically followed a routine that allowed the Chair of the Board to serve for two one-year terms. Usually, after this two-year period, the Vice Chair would rotate into the Chair’s position for a subsequent two-year period. In addition, there was an unwritten rule that the Chair position would rotate among the various subregions (i.e., North County Coastal, North County Inland, East County, and South County) every two years, generally excluding the City of San Diego and the County of San Diego from consideration.

In 2004, several changes were made to the process. To increase the strength and breadth of the Board officer group, the position of Second Vice Chair was added last year. It was anticipated that this Second Vice Chair position could be an entry point for rotating up to Chair, though not necessarily. To better accommodate the November election schedule, we also changed the term of service from the fiscal year (July through June) to the calendar year (January through December).

Recommendations for Improving Upon the Process

During our meeting, the Nominating Committee members discussed several issues regarding the current nomination and selection process. Our discussion and recommendations are summarized as follows:

- While our past nomination and selection process served us well during early decades when regional issues were less complicated, given SANDAG’s enhanced role as a regional entity for San Diego County, the process should be updated and structured to formally screen the best regional leaders among our Board of Directors.

- We recommend restructuring the annual process to require anyone interested in serving as a Board Officer to submit an application form. As part of the application form, candidates would submit vision statements for SANDAG and list their qualifications. The Nominating Committee would review the application, interview interested candidates, and would submit its recommendations for the Chair, First Vice Chair, and Second Vice Chair positions in writing to the full Board in November of each year. Additional nominations for any office would continue to be allowed from the floor when the nominees are considered at the December Board meeting,
• To accommodate the proposed process, we recommend that the Nominating Committee be established earlier in the year, such as in July. At that same time, a schedule could be set for the application submittal deadline, candidate interviews, and the timing for the written report from the Nominating Committee. The Board would continue to act on the Nominating Committee report in December of each year.

• We also recommend that the next Nominating Committee include representatives from all subregions.

The Nominating Committee respectfully requests that the Board discuss the proposed changes to the annual nomination and selection process at the November 18, 2005, Board meeting, and give direction to the Executive Committee, which is scheduled to review our Bylaws at its next meeting on December 2.

KK/dd
2006 ANNUAL SANDAG BOARD RETREAT

Introduction

During the past three months, the Executive Committee has been serving as the working group to help the Board of Directors and staff develop the agenda and format for the annual retreat.

The retreat is scheduled to start on Wednesday, February 1, 2006, in the early afternoon, run all day Thursday, and conclude by midday on Friday, February 3, 2006. The venue is La Casa Del Zorro in the desert community of Borrego Springs.

As a reminder, the primary objective of the retreat is to afford participants the opportunity to strategize about regional public policies and programs. From these retreat discussions, participants can develop ideas for the future direction of SANDAG. Board members also may want to consider some of these issues during the ensuing months as they develop the Fiscal Year (FY) 2007 Overall Work Program and associated Program Budget.

Discussion

To date, the Executive Committee and other individual Board members have suggested the following topics as potential retreat agenda items:

- reviewing/changes/affirming the vision, mission, and values statements of the new SANDAG as it has evolved into a more operationally focused agency with significantly more responsibilities in the areas of transportation, public safety, research, planning, and services to member agencies;

- developing potential responses and actions to the independent California Legislative Analyst’s Office (LAO) report on agency consolidation in the San Diego region, and meeting the new federal legislative representatives now working for North County Transit District (NCTD), Metropolitan Transit System (MTS), and SANDAG to discuss our coordinated legislative agenda;

- discussing how to proceed with our commitment to act on additional regional funding to meet the long-term requirements for implementing our habitat conservation plans within four years after the passage of the TransNet half-cent sales tax extension;
• assessing the policy implications of the draft Smart Growth Concept Map and Independent Transit Planning Review — how can we better plan and implement smart growth in local communities, and are we willing to modify our Regional Transit Vision to prioritize and fund transit investments in smart growth areas;

• determining how to use technology innovations as a tool to help make more informed public policy decisions as well as to provide improved services for transportation and public safety; and

• evaluating the agency’s work during calendar year 2005, and identifying critical regional issues and building consensus on the priorities for 2006.

During past retreats, participants also have found it useful to include:

• a primer on the agency’s vision, mission, and functions, and the roles and responsibilities of a Board member (important for new members beginning to serve during the new year as well as a refresher for veteran members); and

• a primer on the topics to be discussed during the retreat so new members as well as veteran Board members can start with the same foundation of information.

Invited Speakers

At the direction of the Executive Committee, invitations have been made to the following individuals as subject matter experts to participate in the retreat: (1) the California Secretary of Business, Transportation and Housing, the Honorable Sunne Wright McPeak; (2) public opinion research pioneer, Daniel Yankelovich, on the interrelationships between public policy making and public opinion polling; and (3) Harvard professor Herman ‘Dutch’ Leonard on public safety crisis management.

Why Have a Retreat?

A retreat provides the opportunity for Board members and alternates to get together in a relaxed and informal atmosphere to allow for more time to have in-depth discussion on a few significant regional topics. A well-planned, well-executed retreat provides the time for reflection on and evaluation of the worthiness of existing programs as well as the development of new initiatives. For example, initiatives from past retreats have resulted in your development of the Regional Comprehensive Plan, the Regional Economic Prosperity Strategy, and your creation of the Public Safety Policy Advisory Committee. In addition, a well-organized retreat enhances team building, program planning, commitment to goal accomplishment, and organizational development.

Where Is the Best Location?

The key to any retreat is to get participation. It is important to afford participants a different physical setting from the routine and pressures of their daily workplaces. The best location is a place that is relaxing and lends itself to clear, creative thought. La Casa Del Zorro in the community of Borrego Springs has worked very well as our retreat venue.
What’s the Proper Duration for the Retreat?

A one and one-half to two-day retreat offers the best opportunity to incorporate work time and team building, according to the California Association of Chambers of Commerce. A two-day session may allow time for a presentation by an outside speaker, reports on various committees and projects, brainstorming, development of a wish list, and time to fine tune the overall organization. Chamber executives note that retreat social events can be as valuable as the working sessions.

Conclusion

The annual retreat has been of immense value for SANDAG Board members and alternates to help set the direction of the agency. Based on the discussion and action during the Board meeting, staff will finalize the retreat agenda and associated support materials. A letter of invitation along with an RSVP card will be mailed to each Board member and alternate next week. The final agenda, background materials, and retreat logistics will be mailed to participants by mid-January 2006.

Directors are asked to encourage their colleagues to participate in the retreat because of the inherent value this type of public forum provides regional policymakers.

GARY L. GALLEGOS
Executive Director

Key Staff Contact: Garry Bonelli, (619) 699-1960, gbo@sandag.org
Introduction

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

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

Staff was directed to proceed with the implementation of these projects, beginning with the development of a financial strategy for how best to fund both the early implementation of these EAP projects and the ongoing commitments from the existing TransNet program. This item provides a description of the key assumptions regarding costs and revenues used in this Plan of Finance and outlines key policy issues for consideration by the Board. At its November 4, 2005 meeting, the Transportation Committee reviewed the draft Plan of Finance, including several financial scenarios, and directed staff to develop the final Plan of Finance for the Board’s consideration based on the use of bonding to accelerate the implementation of the EAP projects.

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

Recommendation

The Transportation Committee recommends that the Board approve the final TransNet Plan of Finance based on the use of bonding to complete the EAP projects on the proposed schedules, including a set-aside of 10 percent of TransNet Major Corridor funds for other non-EAP TransNet projects and a set-aside of 15 percent of future State Transportation Improvement Program (STIP), Congestion Mitigation and Air Quality (CMAQ), and Surface Transportation Program (STP) funds for other non-EAP and non-TransNet projects.
Discussion

Overview of Plan of Finance Development Process

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

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

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

Update to TransNet Extension Expenditure Plan

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

Updated 2005 dollar cost estimates were developed for all TransNet Major Corridor projects based on construction cost escalation rates, while more detailed cost estimates were developed for each of the EAP projects by Caltrans and SANDAG staff. The results of this cost updating process are shown on Attachment 5. The total cost of the TransNet Major Corridor projects, as contained in the TransNet Extension Ordinance and Expenditure Plan in 2002 dollars, was $9.623 billion. The updating process resulted in a total cost of $12.241 billion in 2005 dollars. This increase in costs, as more fully described in Appendix A, is greater than anticipated due to a spike in construction cost escalation rates over the past two years combined with other project specific cost increases.

Staff conducted an analysis to determine the impact of the identified cost increases for the EAP projects on the overall TransNet program. For this purpose, the total $12.241 billion cost estimate in 2005 dollars was compared against the updated revenue forecasts for TransNet revenues and State Transportation Improvement Program (STIP)/Congestion Mitigation & Air Quality (CMAQ)/Regional Surface Transportation Program (STP) matching funds (also in 2005 dollars) based on work conducted for the 2006 RTP technical update process. The estimates of future STIP/CMAQ/STP funds available to match TransNet funds are lower than the estimates used in MOBILITY 2030, upon which the
TransNet Extension was based, for two primary reasons: (1) a lower base level reflecting the recent cutbacks in state funding; and (2) more conservative estimates of future annual growth rates.

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

TransNet Extension Expenditure Plan Update for the Major Corridor Program
(in millions of 2005 dollars)

<table>
<thead>
<tr>
<th></th>
<th>85%*</th>
<th>100%*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dedicated State and Federal Funds</td>
<td>$ 706</td>
<td>$ 706</td>
</tr>
<tr>
<td>Future STIP/CMAQ/STP</td>
<td>$ 3,831</td>
<td>$4,507</td>
</tr>
<tr>
<td>Total State and Federal Matching Funds</td>
<td>$ 4,537</td>
<td>$5,213</td>
</tr>
<tr>
<td>TransNet Major Corridor Funding</td>
<td>$ 6,667</td>
<td>$6,667</td>
</tr>
<tr>
<td>Total Revenue Available</td>
<td>$11,204</td>
<td>$11,880</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TransNet Early Action Program</td>
<td>$ 2,741</td>
<td>$2,741</td>
</tr>
<tr>
<td>Other TransNet Major Corridor Projects</td>
<td>$ 9,500</td>
<td>$9,500</td>
</tr>
<tr>
<td>Total TransNet Major Corridor Program</td>
<td>$12,241</td>
<td>$12,241</td>
</tr>
<tr>
<td><strong>Surplus/(Deficit)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8.5%)</td>
<td>($1,037)</td>
<td>($361)</td>
</tr>
</tbody>
</table>

*The percentages shown reflect the percentage of future STIP/CMAQ/STP funds assumed as match for TransNet Major Corridor funds. No TransNet financing costs assumed.

This analysis indicates that there is a shortfall of 2.9 to 8.5 percent based on these updated costs and revenues. It is important to point out that these revenue estimates are more conservative than those used in MOBILITY 2030 and the TransNet Extension Ordinance and Expenditure Plan. The revenue estimates in the table above are based on future STIP/CMAQ/STP revenues only, with no additional future state and federal funds beyond these existing revenue sources being assumed.
The Major Corridor projects in the TransNet Extension were drawn from the high priority regional transportation improvements identified in the recommended “Reasonably Expected Revenue” Scenario in MOBILITY 2030. The $12 billion difference between the $30 billion “Revenue Constrained” Scenario and the $42 billion MOBILITY 2030 plan was assumed to be funded by revenues derived from the passage of the TransNet Extension through 2030 and $3.6 billion from additional state and federal revenues based on future gas tax or other equivalent revenue increases (like Proposition 42). The approval of Proposition A turned the assumption on the TransNet Extension into reality. Time will tell if state and federal revenues do, in fact, increase over the next several decades on the same annual average basis as they did in the past twenty years.

Based on the shortfalls shown in the table above, the use of a portion of the additional state and federal funds assumed in MOBILITY 2030 would be required to provide the additional matching funds to fully fund the program. To provide the additional state and federal matching funds needed to reach the 50 percent match rate assumed in the TransNet Extension, the use of $908 million (under the 100 percent column) to $1.58 billion (under the 85 percent column) would be required. These figures compare to the $3.6 billion in additional state and federal revenues assumed in MOBILITY 2030. While this involves some measure of risk, the assumption that there will be additional state and federal funds provided for transportation over the next 42 years is not too farfetched. The amount needed to bring the program back into balance is far less than the $3.6 billion assumed in MOBILITY 2030. If these additional future state and federal funds materialize as assumed in MOBILITY 2030, then the TransNet projects, as well as the rest of the projects in MOBILITY 2030, would have adequate funding. This will be a key assumption to track closely over time for both the TransNet program and future RTPs.

Major Policy Issues

The analysis process followed in developing the Plan of Finance has highlighted several policy choices and tradeoffs. The Transportation Committee reviewed these policy choices in developing its recommendations for the final Plan of Finance.

1. **To bond or not to bond?** - The EAP project schedules cannot be met on a pay-as-you-go basis. The goal is to complete all EAP projects by 2015. Should the schedules be delayed to avoid the need to bond, or should we try to complete the projects as soon as possible so that the related benefits from putting the EAP projects into operation can be realized?

   Without bonding, the EAP cannot be completed until at least 2019. The four-year average delay estimate provided to the Transportation Committee was based on an analysis of the annual costs and revenues for the EAP as a whole without considering individual project cash flow requirements. Following the Transportation Committee meeting, a more detailed analysis was conducted on a project-by-project basis. Based on assumptions regarding the order in which the projects would be implemented, a given project was assumed to be implemented only when sufficient funds were available to fund the entire annual funding requirements of that project. This project-by-project methodology resulted in a greater number of years of delay than the more simplified approach, with the full EAP not being completed until 2025 if a pay-as-you-go basis is assumed.

   The four-year average delay based on the overall EAP program analysis results in additional project cost escalation of $309 million. The project-by-project analysis results in additional costs due to escalation of $708 million.
Based on traffic forecasts for the year 2015, the estimated benefits of completing the EAP projects total approximately $540 million per year (in today's dollars) based on the economic values for congestion relief (person hours of travel saved), accident reductions, and vehicle operating cost savings contained in the Caltrans cost/benefit model.

These estimated benefits of delivering the program early, combined with the project cost escalation costs that could be avoided with the use of bonding, exceed the interest costs on the bonds. At $540 million per year in estimated benefits of delivering the EAP program, a minimum four-year delay in completion of the EAP under a no bonding scenario, combined with the $309 million in project escalation, results in a total “cost” of delaying the completion of the program of well over $2.4 billion, as compared to the $1.1 billion in financing costs related to the use of bonds to accelerate the project implementation schedules. The difference is even more pronounced if the financing costs are adjusted to today’s dollars to be consistent with the calculation of the benefits. In today’s dollars, the financing costs related to the use of bonds would be approximately $620 million. Based on this cost/benefit comparison, the Transportation Committee recommended that the final Plan of Finance be developed assuming the use of bonding in order to proceed with the accelerated implementation of the EAP program.

2. **Should the focus on the EAP Projects be maintained or should the available TransNet funds be spread across additional Major Corridor projects?** – Earlier in the year, there was clear Board direction to proceed with the EAP to accelerate the implementation of those key projects and complete them as soon as possible. Recently, concerns have been raised about funding needs for other TransNet projects that are not part of the EAP. For example, the transit operators have identified over $200 million in projects that appear to be consistent with the TransNet Extension Major Corridor projects, but are not part of the EAP. There are many other TransNet highway projects as well that are not part of the EAP.

The Transportation Committee recommended that the vast majority of the TransNet funds should remain targeted to the EAP. However, in order to provide funding for early implementation of some of the other non-EAP TransNet Major Corridor projects, the Transportation Committee recommended including a set-aside of 10 percent of the available Major Corridor funds for other non-EAP projects. This set-aside would provide approximately $86 million through 2015 that could be used to initiate project development work on some of the other Major Corridor projects or to take advantage of potential leveraging opportunities that may arise.

3. **Should state and federal funds be used to match TransNet funds to support the implementation of the TransNet Expenditure Plan or to fund other important highway, transit, and local street and road improvements?** If a significant share of state and federal funds is not used to match TransNet Major Corridor funds, then the Expenditure Plan will not be completed as planned. The Transnet Extension Ordinance assumed that 50 percent of the total costs of the Major Corridor projects would be covered by state, federal, and other matching funds. The Expenditure Plan was designed to include the region’s highest priority projects, so in that respect the allocation of a high proportion of future state and federal matching funds to these projects would not be unreasonable. However, there are many other potential highway, transit, local street and road, and other transportation improvements that also would be eligible for STIP, STP, and CMAQ funding. The Transportation Committee
and Board will be faced with this issue every time there is a state or federal funding cycle in the future.

At this early stage of the program with over 42 years left to go, the Transportation Committee recommended that 15 percent of the future STIP/CMAQ/STP funds be used for other non-EAP and non-TransNet purposes. This set-aside would provide nearly $120 million for other non-EAP and non-TransNet purposes through 2015.

**Major Risk Factors**

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

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

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

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

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

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

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

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

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

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

**Transportation Committee Recommendation**

After reviewing the policy choices and tradeoffs as part of the financial analysis, the Transportation Committee recommended basing the final Plan of Finance on the use of bonding to meet the desired EAP construction schedules, while leaving significant funding for other non-EAP projects. The 10 percent set aside of TransNet Major Corridor funding provides over $86 million for non-EAP TransNet projects through 2015. The use of the 15 percent of future STIP/STP/CMAQ funds not utilized for matching the TransNet Major Corridor funds provides nearly $120 million for other non-EAP and non-TransNet purposes through 2015.

The recommendation to move forward with these set-asides in the early years of the program is based on the assumptions discussed previously regarding future increases in state and federal gas taxes and other equivalent revenue sources being sufficient to balance the overall program over time. Trends in these state and federal funding programs must be closely monitored. At a minimum, the overall balance of the entire TransNet Major Corridor program will be reviewed at the required comprehensive 10-year review, or earlier if required based on actual trends in state and federal funds in the near future. Depending on the results of these future reviews, any actions related to setting aside funds for other purposes may have to be reconsidered in light of the impact on the completion of the TransNet Major Corridor program.

This recommendation for the Plan of Finance process provides a financial strategy for the implementation of the EAP, which includes work on 20 of the 47 Major Corridor projects identified in the TransNet Extension Ordinance and Expenditure Plan. This work on the various corridors ranges from preparation of environmental documents to complete construction of the entire project as proposed in the ballot measure.
Next Steps

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

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

GARY L. GALLEGOS
Executive Director

Attachments: Appendix A
1. TransNet Extension 40-Year Expenditure Plan
2. TransNet Early Action Program - Project Descriptions
3. TransNet Early Action Program Map
4. Historical Construction Cost Index Comparisons
5. TransNet Program Cost Estimate - Comparison of 2002 and 2005 Cost Estimates
6. TransNet Early Action Program - Project Cash Flow Summary
7. TransNet Early Action Program - Project Delivery Schedule
8. Summary Overview of TransNet Major Corridor Capital Program
9. PFM Memo dated December 2, 2005

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

Funds are budgeted in Work Element #11102
Appendix A

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

Introduction

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

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

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

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

Initial Financial Strategy

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

- Expand the TransNet commercial paper program from $135 to $335 million
- Issue additional short-term notes, if needed
- Issue long-term “take out” bonds in 2008
- Investigate hedging opportunities to lock in low rates today for 2008 bond issue
The additional financial analysis that has taken place since this initial strategy was approved has served to reinforce the approved strategy. Significant progress has been achieved on the elements of this strategy. In September 2005, the Board approved the expansion of the commercial paper program to $335 million. Final documents were completed in early November and the expanded commercial paper program is now in effect providing the funding needed to proceed with early project implementation.

In addition, a request for proposals process was initiated in September for interest rate hedging concepts. This process led to a recommended interest rate swap proposal being presented to the Board at the November meeting. Based on the Board’s approval of the interest rate swap proposal, a total of $600 million in interest rate swap agreements was executed on November 22, 2005. The average interest rate for these swap agreements was 3.68%. Once the estimated 0.21% for support costs on the bonds to be issued in 2008 is added, the total cost for the first $600 million in bonds under the new TransNet Extension is estimated to be 3.89%. The final Plan of Finance was refined using this rate for the planned bond issue in 2008. Attachment 9 is a memo from PFM summarizing the results of the interest rate swap transaction.

**Early Action Program**

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

**Tier 1 Projects:** these projects are the remaining projects from the current TransNet program that were given priority for completion in the TransNet Extension Ordinance and Expenditure Plan.

- Widening of SR 76 from Melrose Drive to I-15
- Extension of SR 52 from SR 125 to SR 67
- Mid-Coast light rail extension

**Tier 2 Projects:** these projects are priority projects on corridors already under construction or in advanced phases of planning and design, including environmental work on major corridors in preparation as part of the next tier of projects.

- I-15 Managed/High Occupancy Vehicle (HOV) Lanes from SR 163 to SR 78, including Bus Rapid Transit (BRT) stations, vehicles, and related improvements along the I-15 Managed Lanes and down SR 15 through the Mid-City San Diego area to downtown San Diego.
- SR 52 Widening and Managed/HOV Lanes from I-15 to SR 125.
- Mid-Coast Super Loop project to provide high-quality bus transit circulator services in support of the Mid-Coast light rail project.
- South Bay Bus Rapid Transit Project – initial phase using dedicated transit right-of-way in the Otay Ranch area and freeway shoulder lanes on I-805 until the I-805 Managed/HOV lanes are completed.
- Environmental documents on the I-5 North Coast Corridor from La Jolla Village Drive in San Diego to Vandegrift Boulevard in Oceanside.
- Environmental documents on the I-805 Corridor from SR 905 to I-5.
These EAP projects are to be funded through the TransNet Major Corridor program matched with state and federal funds. A complete listing of the project descriptions of each of the projects included as part of the EAP is provided in Attachment 2. A map of the EAP projects is provided as Attachment 3.

**Cost and Schedule Assumptions for the Draft Plan of Finance**

**TransNet Major Corridor Program**

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

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

The impact of these cost updates on the TransNet Major Corridor projects is shown on Attachment 5. The attachment compares the cost of each project in 2002 dollars from the Expenditure Plan to the adjusted cost in 2005 dollars based on the 7.25 percent per year escalation factor. Based on the 7.25 escalation factor, the total cost of the Major Corridor program increases from $9.623 billion in 2002 dollars to $11.860 billion in 2005 dollars. These 2005 dollar costs are then compared to the updated cost estimates for the EAP projects developed by Caltrans (for the highway projects) and SANDAG staff (for the transit projects) for use in the Plan of Finance process. In some cases, these estimates are higher than the estimated derived from applying the 7.25 percent per-year escalation rate. The net increase on these projects is $381 million, increasing the total cost of the Major Corridor program to $12.241 billion. The major reasons for the cost increases above escalation rates are summarized below:

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

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

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

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

In addition to adjusting the total project costs to 2005 dollars, another key input to the financial model was the assumed implementation schedule for each project, including the detailed annual cash flow needs. Attachment 6 provides a breakdown of the cash flow requirements by year for each EAP project, while Attachment 7 provides a summary level view of the schedules for each EAP project. As shown in Attachment 5, the total capital cost of these EAP Major Corridor projects is $2.741 billion in 2005 dollars. Once these project expenditures are escalated to the year of expenditure in the financial model, the total cost reaches $3.890 billion in future escalated dollars.

**Environmental Mitigation Program (EMP)**

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

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

Revenue Assumptions for the Draft Plan of Finance

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

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

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

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

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

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

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

*in $ millions

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

Summary of the Plan of Finance Financial Analysis

Based on the recommendations from the Transportation Committee, the Plan of Finance for the EAP was built around the following key assumptions: (1) bonding would be utilized to meet the accelerated schedules for the EAP projects, (2) 85 percent of available STIP/CMAQ/STP future revenues would be used to provide matching funds for the EAP projects, and (3) 90 percent of available TransNet Major Corridor funds would be used for EAP projects. These assumptions were held through 2015, which was the final year of this Plan of Finance for the EAP.

The results of the financial analysis are summarized in Attachment 8. The key findings of the analysis are:

- With the use of bonding, the assumed accelerated implementation schedules for the EAP projects can be met.

- A total of $1.3 billion in debt financing (long-term bonds and commercial paper) would be required to meet the assumed EAP project implementation schedules. The financial analysis work conducted for the Plan of Finance shows that the higher the share of TransNet and state/federal funds set aside for other non-EAP purposes, the greater the amount of bonding required to meet the implementation schedules and the higher the share of future TransNet revenues devoted to debt service instead of implementing other TransNet Major Corridor projects.

- With the assumed set-asides of TransNet Major Corridor funds and state and federal matching funds, a total of $204 million remains available through 2015 for non-EAP purposes. The more
that TransNet and state/federal funds are used for EAP purposes, the less there is available for other non-EAP TransNet projects or other non-TransNet needs through 2015.

- Based on the coverage ratios (ratios of annual total TransNet and Major Corridor revenues to annual bond debt service requirements) calculated as part of the financial analysis, there is some additional borrowing capacity available for the Major Corridor program during the EAP period through 2015. The overall TransNet program remains above a 2.5 ratio, which is well above the minimum 1.3 ratio required by SANDAG's bond indenture and provides significant bonding capacity for other transit or street and road projects. The coverage ratio for the Major Corridor program reaches a low of 1.29 in 2013. Annual growth in sales tax revenues would need to occur in order to provide additional coverage for future Major Corridor projects.

- The TransNet Extension Ordinance and Expenditure Plan assumed a set aside of $500 million for financing costs associated with bonding. When converted from 2002 dollars to escalated future year dollars, that figure rises to $1.8 billion over the life of the program. Based on the financial analysis, a total of $1.115 billion in financing costs is estimated, which is well below the amount set aside for financing costs in the Ordinance. Once the funds set aside for financing costs are exhausted, additional financing costs will be treated as increased project costs as was done in the current TransNet program.

- The use of bonding to accelerate the EAP requires fronting with TransNet funds when matching state and federal funds are not available. This means that the major assumption in the TransNet Extension Ordinance and Expenditure Plan that 50 percent of the total Major Corridor project costs will be covered by state/federal/other revenues is not achieved in this Plan of Finance for the EAP. When the future financing costs are included, the overall funding split for the Plan of Finance for the EAP is 61 percent from TransNet and 39 percent from state and federal matching funds. Fronting with TransNet funds early means that a greater share of state and federal funding will be required in the future in order to complete remaining non-EAP Major Corridor projects in the TransNet Expenditure Plan.
## Comparison of Revenues in Constant 2002 Dollars and Escalated Future Year Dollars (in millions)

### Expenditure Plan Component

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

* These categories deducted "off the top" prior to other allocations.
## TransNet Early Action Program - Project Descriptions

<table>
<thead>
<tr>
<th>Early Action Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 I-5 HOV Lane Extension</td>
<td>Extend northbound HOV to Manchester Avenue, construct southbound HOV lane between Manchester Avenue and I-805</td>
</tr>
<tr>
<td>2 I-5 Lomas Santa Fe Interchange</td>
<td>Reconfigure on ramps and off ramps, modify local circulation</td>
</tr>
<tr>
<td>3 I-5 North Coast</td>
<td>Complete environmental document for I-5 widening between Genesee Avenue and Vandegrift Boulevard</td>
</tr>
<tr>
<td>4 I-15 BRT Stations (SR 163 to SR 78)</td>
<td>Modify Escondido transit center, construct transit centers at Del Lago, Rancho Bernardo, Sabre Springs, and Mira Mesa</td>
</tr>
<tr>
<td>5 I-15 BRT DARs (Hale &amp; Hillery)</td>
<td>Construct direct access ramps (DARs) at Hale Avenue and Hillery Drive</td>
</tr>
<tr>
<td>6 I-15 BRT Stations (Downtown to SR 163) and Service</td>
<td>Construct transit centers at University Avenue and El Cajon Boulevard, modify Downtown transit centers, BRT service between Escondido and Downtown San Diego</td>
</tr>
<tr>
<td>7 I-15 FasTrak</td>
<td>Install and operate managed lane technology between SR 163 and SR 78</td>
</tr>
<tr>
<td>8 I-15 Middle (SR 56 to Centre City Pkwy)</td>
<td>Cover cost increases including purchase of the moveable barrier, noise barrier construction, and direct access ramps</td>
</tr>
<tr>
<td>9 I-15 North (Centre City Pkwy to SR 78)</td>
<td>Construct four managed lanes with fixed median barrier, add auxiliary lanes.</td>
</tr>
<tr>
<td>10 I-15 South (SR 163 to SR 56)</td>
<td>Construct four managed lanes with moveable median barrier, add auxiliary lanes.</td>
</tr>
<tr>
<td>11 I-805 Middle (SR 94 to SR 52)</td>
<td>Complete environmental document for I-805 widening</td>
</tr>
<tr>
<td>12 I-805 North (SR 52 to I-5)</td>
<td>Complete environmental document for I-805 widening</td>
</tr>
<tr>
<td>13 I-805 South (SR 905 to SR 94)</td>
<td>Complete environmental document for I-805 widening</td>
</tr>
<tr>
<td>14 Mid-Coast LRT</td>
<td>Construct and operate LRT service between Old Town transit center, UCSD, and UTC</td>
</tr>
<tr>
<td>15 Otay BRT (Phase 1)</td>
<td>BRT service between Otay Mesa and Downtown San Diego</td>
</tr>
<tr>
<td>16 SR 52 (SR 125 to SR 67)</td>
<td>Construct four lane freeway between SR 125 and SR 67</td>
</tr>
<tr>
<td>17 SR 52 Westbound Truck Lane</td>
<td>Extend general purpose lane from 1.4 miles east of Santo Road to I-15</td>
</tr>
<tr>
<td>18 SR 52 Managed Lanes (I-15 to SR 125)</td>
<td>Construct two managed lanes</td>
</tr>
<tr>
<td>19 SR 76 (Melrose to Mission Road)</td>
<td>Widen from two lanes to four lanes</td>
</tr>
<tr>
<td>20 SR 76 (Mission to I-15)</td>
<td>Widen from two lanes to four lanes</td>
</tr>
<tr>
<td>21 SR 76 Environmental Enhancement</td>
<td>Environmental enhancements for SR 76 widening between Mission Road and I-15</td>
</tr>
<tr>
<td>22 Super Loop BRT</td>
<td>BRT service between UCSD and UTC</td>
</tr>
</tbody>
</table>
TransNet Early Action Projects - Location Map

Attachment 3

Early Action Projects

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

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

Caltrans Index & 2.6%

Quarterly Comparison and Forecast

*The Bureau of Labor Statistics and Caltrans data are baselined against the ENR data to provide a better comparison.
## TransNet Program Cost Estimate
### Comparison of 2002 and 2005 Cost Estimates ($ millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>I-5 North Coast (Phase 1)</td>
<td>$79</td>
<td>$97</td>
<td>$97</td>
<td>$0</td>
</tr>
<tr>
<td>B</td>
<td>I-15 BRT (Escondido to Downtown - Phase 1)</td>
<td>$118</td>
<td>$146</td>
<td>$146</td>
<td>$0</td>
</tr>
<tr>
<td>C</td>
<td>I-15 Managed Lanes (SR 163 to SR 56)</td>
<td>$220</td>
<td>$271</td>
<td>$341</td>
<td>$70</td>
</tr>
<tr>
<td>D</td>
<td>I-15 Managed Lanes (SR 56 to Centre City Pkwy)*</td>
<td>$0</td>
<td>$0</td>
<td>$72</td>
<td>$72</td>
</tr>
<tr>
<td>E</td>
<td>I-15 Managed Lanes (Centre City Pkwy to SR 78)</td>
<td>$120</td>
<td>$148</td>
<td>$188</td>
<td>$40</td>
</tr>
<tr>
<td>F</td>
<td>Mid-Coast LRT (Old Town to UCSD)</td>
<td>$670</td>
<td>$827</td>
<td>$914</td>
<td>$87</td>
</tr>
<tr>
<td>G</td>
<td>I-805 BRT (Otay Mesa to Downtown - Phase 1)</td>
<td>$72</td>
<td>$89</td>
<td>$89</td>
<td>$0</td>
</tr>
<tr>
<td>H</td>
<td>I-805 Managed Lanes (Environmental - Phase 1)</td>
<td>$14</td>
<td>$17</td>
<td>$17</td>
<td>$0</td>
</tr>
<tr>
<td>I</td>
<td>SR 52 - New Freeway (SR 125 to SR 67)</td>
<td>$200</td>
<td>$247</td>
<td>$288</td>
<td>$41</td>
</tr>
<tr>
<td>J</td>
<td>SR 52 Managed Lanes (I-15 to SR 125)</td>
<td>$170</td>
<td>$210</td>
<td>$210</td>
<td>$0</td>
</tr>
<tr>
<td>K</td>
<td>SR 76 (Melrose to I-15)</td>
<td>$220</td>
<td>$271</td>
<td>$342</td>
<td>$71</td>
</tr>
<tr>
<td>L</td>
<td>Super Loop BRT (University City)</td>
<td>$30</td>
<td>$37</td>
<td>$37</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>$1,913</td>
<td>$2,360</td>
<td>$2,741</td>
<td>$381</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Tableª</th>
<th>Other TransNet Projects</th>
<th>2002 Project Cost Estimate¹</th>
<th>2002 Estimates Escalated to 2005²</th>
<th>2005 Project Cost Estimate³</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Other I-15 Corridor Projects</td>
<td>$942</td>
<td>$1,162</td>
<td>$1,162</td>
<td>$0</td>
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<tr>
<td>3</td>
<td>Other I-805 Corridor Projects</td>
<td>$2,014</td>
<td>$2,485</td>
<td>$2,485</td>
<td>$0</td>
</tr>
<tr>
<td>4</td>
<td>I-5 (International Border to La Jolla Village Dr)</td>
<td>$1,193</td>
<td>$1,472</td>
<td>$1,472</td>
<td>$0</td>
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<tr>
<td>5</td>
<td>Other I-5 North Coast Projects</td>
<td>$1,591</td>
<td>$1,963</td>
<td>$1,963</td>
<td>$0</td>
</tr>
<tr>
<td>7</td>
<td>SR 94/SR 125 Corridor</td>
<td>$620</td>
<td>$765</td>
<td>$765</td>
<td>$0</td>
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<tr>
<td>8</td>
<td>SR 54/SR 125 Corridor</td>
<td>$140</td>
<td>$173</td>
<td>$173</td>
<td>$0</td>
</tr>
<tr>
<td>9</td>
<td>SR 67 Corridor</td>
<td>$240</td>
<td>$296</td>
<td>$296</td>
<td>$0</td>
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<tr>
<td>10</td>
<td>I-8 Corridor</td>
<td>$30</td>
<td>$37</td>
<td>$37</td>
<td>$0</td>
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<tr>
<td>11</td>
<td>SR 78 Corridor</td>
<td>$700</td>
<td>$864</td>
<td>$864</td>
<td>$0</td>
</tr>
<tr>
<td>13</td>
<td>SR 56 Corridor</td>
<td>$100</td>
<td>$123</td>
<td>$123</td>
<td>$0</td>
</tr>
<tr>
<td>14</td>
<td>Mid City to Downtown Corridor</td>
<td>$90</td>
<td>$111</td>
<td>$111</td>
<td>$0</td>
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<tr>
<td>15</td>
<td>Coronado Tunnel</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$0</td>
</tr>
<tr>
<td>16</td>
<td>Border Access</td>
<td>$25</td>
<td>$25</td>
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<tr>
<td></td>
<td>Subtotal</td>
<td>$7,710</td>
<td>$9,500</td>
<td>$9,500</td>
<td>$0</td>
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</table>

|        | Total                     | $9,623                     | $11,860                          | $12,241                     | $381     |

¹ Cost estimate included in TransNet Ordinance.
² 2002 estimates escalated at 7.25% per year except contribution projects.
³ Does not include transit operating costs or SR 76 environmental enhancements.
^ Groups of projects from Attachment 6.
* TransNet loan per Ordinance Section 7.
ª Corridor cost summary table reference number in TransNet Ordinance.
<table>
<thead>
<tr>
<th>Project</th>
<th>FY 05/06</th>
<th>FY 06/07</th>
<th>FY 07/08</th>
<th>FY 08/09</th>
<th>FY 09/10</th>
<th>FY 10/11</th>
<th>FY 11/12</th>
<th>FY 12/13</th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>Totals</th>
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<tbody>
<tr>
<td>1 I-5 HOV Lane Extension</td>
<td>$2.5</td>
<td>$26.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$28.7</td>
</tr>
<tr>
<td>2 I-5 Lomas Santa Fe Interchange</td>
<td>$31.7</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$31.7</td>
</tr>
<tr>
<td>3 I-5 North Coast</td>
<td>$19.0</td>
<td>$15.0</td>
<td>$2.9</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td>$36.9</td>
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<tr>
<td>4 I-15 BRT Stations (SR 163 to SR 78)</td>
<td>$0.3</td>
<td>$10.2</td>
<td>$9.9</td>
<td>$9.8</td>
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<td>$30.2</td>
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<tr>
<td>5 I-15 BRT DARs (Hale &amp; Hillery)</td>
<td>$0.3</td>
<td>$1.0</td>
<td>$6.0</td>
<td>$8.0</td>
<td>$12.7</td>
<td>$15.0</td>
<td>$15.0</td>
<td></td>
<td></td>
<td></td>
<td>$58.0</td>
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<tr>
<td>6 I-15 BRT Stations (Downtown to SR 163)</td>
<td>$0.0</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$6.4</td>
<td>$6.4</td>
<td>$6.4</td>
<td>$38.2</td>
<td>$1.7</td>
<td>$1.7</td>
<td>$1.7</td>
<td>$62.9</td>
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<td>7 I-15 FasTrak</td>
<td>$1.0</td>
<td>$5.8</td>
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<tr>
<td>8 I-15 Middle</td>
<td>$19.1</td>
<td>$26.5</td>
<td>$25.9</td>
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<td></td>
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All values in 2005 dollars.
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<th>FY 08/09</th>
<th>FY 09/10</th>
<th>FY 10/11</th>
<th>FY11/12</th>
<th>FY12/13</th>
<th>FY 13/14</th>
<th>FY 14/15</th>
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<td>11. I-805 Middle (SR 94 to SR 52)</td>
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<td>13. I-805 South (SR 905 to SR 94)</td>
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<td>14. Mid-Coast LRT</td>
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<td>15. Otay BRT (Phase 1)</td>
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<td>19. SR 76 (Melrose to Mission)</td>
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<td>21. SR 76 Environmental Enhancement</td>
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Summary Overview of Major Corridor Capital Program

<table>
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<tr>
<th>Total Project Costs</th>
<th>3,889,587,738</th>
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<tbody>
<tr>
<td><strong>Total Funding Sources</strong></td>
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</tr>
<tr>
<td><strong>Amount</strong></td>
<td><strong>Percent</strong></td>
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<tr>
<td>Federal Grants</td>
<td>947,929,958</td>
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<tr>
<td>Other Potential Funds</td>
<td>668,557,286</td>
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<tr>
<td>State Funds</td>
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<tr>
<td>Other Local funds</td>
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<td>TransNet - PayGo</td>
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<td>TransNet - Commercial Paper</td>
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<td>Project Fund Interest Earnings</td>
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<tr>
<td><strong>TOTAL FUNDING SOURCES</strong></td>
<td><strong>3,889,587,738</strong></td>
</tr>
</tbody>
</table>

**Debt Service Costs**

**Bond Debt Service**
- Principal** | 849,815,357 |
- Interest | 967,115,039 |
- **TOTAL** | **1,816,930,397** |

**Commercial Paper**
- Principal | 460,886,041 |
- Interest & Fees | 148,340,039 |
- **TOTAL** | **609,226,080** |

| Total Principal | 1,310,701,398 |
| Total Interest | 1,115,455,078 |
| Total Debt Service | **2,426,156,477** |

Funding Allocation Including Debt Service Costs

| Total Project Costs | 3,889,587,738 |
| Total Financing (Interest) Costs | 1,115,455,078 |
| **TOTAL COSTS** | **5,005,042,816** |

| **Funding Sources** | **TransNet vs. Other** |
| Federal Grants | 947,929,958 | 39.0% |
| Other Potential Federal Funds | 668,557,286 | 39.0% |
| State | 287,617,000 | 39.0% |
| Other Local | 50,156,000 | 39.0% |
| **TransNet Revenues** | **3,050,782,572** | | |
| **TOTAL FUNDING SOURCES** | **5,005,042,816** | | |

* Represents project proceeds, net of issuance costs
** Represents total par amount, including issuance costs
Memorandum

To: SANDAG Board of Directors
From: Public Financial Management, Inc.
PFM Asset Management LLC
Re: Interest Rate Exchange Agreements

On November 22, 2005 following PFM’s recommendation, SANDAG’s staff executed three interest rate exchange agreements, known as “Swaps,” for $200 million each to hedge the costs of funds of the 2008 bonds.

SANDAG locked in a rate of 3.8165% on $400 million of the 2008 bonds by entering into two swaps, in which Goldman Sachs and Merrill Lynch respectively serve as the counterparties. These agreements involve SANDAG paying a fixed rate of 3.8165% and receiving 65% of one month LIBOR (London Interbank Offered Rate) for ten years. In the tenth year, the agreements convert to the receipt of the Bond Market Association (BMA) rate. The conversion on this portion of the transaction provides protection to SANDAG in the event of federal tax law changes (i.e., reductions in the top marginal tax rate) in the future.

SANDAG entered into a third swap transaction of $200 million with Bank of America as the counterparty. As a result of this transaction, SANDAG will pay a fixed rate of 3.41% and receive 65% of LIBOR for the length of the transaction.

In 2008, SANDAG will issue variable rate bonds secured by the TransNet sales tax. Variable rate receipts from the Swaps are expected to offset the variable rate payments made to bond holders. The cost of funds is then established by the fixed rate payments made by SANDAG to the counterparties of 3.8165% on two-thirds of the transaction and 3.41% on one-third of the transaction, for a blended cost of 3.681%. If we assume 21 basis points in bond support costs, this translates into an all in 30-year cost of capital of 3.89%.

To put this in perspective, the average cost of funds for TransNet I was approximately 5.60%. In addition, as of the execution date, the interest cost of a fixed rate, 30-year, non-callable bond issue was 4.53%. The executed transactions locked in a cost of funds 85 basis points lower than a traditional fixed rate bond issue and 192 basis points lower than the 20-year average cost of funds achieved during TransNet I.
We have included the transaction in updated drafts of the proposed Plan of Finance. By locking in a cost of funds on approximately 50% of the Early Action Program at this low rate, we have preserved substantial debt capacity in the event of project overruns or additional project requirements. In addition, we have ensured that we will be able to accomplish the TransNet program with sufficient coverage to achieve high bond ratings, further reducing borrowing costs in the future.

Congratulations to SANDAG’s staff and working group members who were successful in expediting the swap process, which allowed SANDAG to capitalize on the market’s low rates and flat forward yield curve, resulting in an outstanding 30-year all in cost of borrowing of a 3.89%.

All of us at PFM appreciate the opportunity to be of service on this transaction.

Best wishes.
Introduction

The 2006 State Transportation Improvement Program (STIP) covers the five-year period from FY 2007 through FY 2011. At its December 9, 2005, meeting, the Transportation Committee is being asked to recommend approval of the draft 2006 STIP funding proposal, which totals nearly $178 million. It was developed based on criteria approved by the Transportation Committee at its October 21, 2005, meeting. Proposed major projects include the State Route (SR) 52 Extension from SR 125 to SR 67, the Mid-Coast Trolley Extension to University City, and the Transportation Enhancement (TE) program. It should be noted that no new STIP funding was identified for the San Diego region as part of the 2006 STIP. The draft 2006 STIP includes only previously programmed 2004 STIP projects, and does not include any new projects.

<table>
<thead>
<tr>
<th>RECOMMENDED 2006 STIP</th>
<th>Amount ($ millions)</th>
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<tbody>
<tr>
<td>1. SR 52 Extension from SR 125 to SR 67, construction:</td>
<td>$140.893</td>
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<tr>
<td>2. Mid-Coast Trolley Extension to University City, design and right-of-way:</td>
<td>$5.254</td>
</tr>
<tr>
<td>3. Freeway Incident Detectors, Construction:</td>
<td>$6.050</td>
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<tr>
<td>4. SANDAG Planning and Program Monitoring:</td>
<td>$2.558</td>
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<td>5. Transportation Enhancement:</td>
<td>$22.964</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$177.719</strong></td>
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Discussion

At the October 21, 2005, meeting, the Transportation Committee approved the following criteria for programming the 2006 STIP:

1. Complete projects currently programmed in the STIP
2. Place particular emphasis on programming and completing TransNet Early Action projects
3. Program projects at the earliest possible time they can be constructed or implemented
4. Maintain existing STIP funding levels as a minimum on existing programmed projects
5. Reflect the efforts by the region and Caltrans to complete some of these projects outside the STIP through other funding sources
Based on direction from the Transportation Committee, $23.5 million in programming adjustments would be available for reprogramming to other existing STIP projects. Attachment 1 details the programming adjustments.

**STIP Background**

The STIP is a five-year transportation funding program that is typically used for capacity-increasing projects such as new or widened freeways, freeway improvements, including operational, Traffic Systems Management and others, as well as transit projects and vehicle procurements. The STIP is renewed every two years, with two new years of programming capacity added in the process. The last time the STIP was adopted was in 2004, and the five-year cycle for the 2004 STIP ends FY 2009. There are approximately three and a half years remaining in the 2004 STIP. It is now time for the 2006 STIP to be developed by the regions. The development of the 2006 STIP is based on regional priorities in combination with funding availability as determined by the California Transportation Commission (CTC) through its Fund Estimate.

The 2006 Fund Estimate identifies all revenues that are forecast to flow to various transportation accounts in the next five years. These revenue estimates reflect current law, such as Proposition 42, and are supposed to flow reliably according to statute from year to year. However, a significant portion of them has instead become subject to the annual state budget negotiation process, making them less reliable. Nonetheless, the CTC is required to determine the potential funding that could become available for the five-year period ending in FY 2011 if no budgetary diversions occur away from transportation.

According to the 2006 Fund Estimate recently adopted by the CTC, there is $5.6 billion in programming capacity statewide through the STIP. Of this amount, approximately $3.8 billion represents prior commitments from the 2004 STIP, including payback of Grant Anticipation Revenue Vehicle (GARVEE) bonds and AB 3090 reimbursements, as well as previously programmed projects. New statewide STIP programming capacity is approximately $1.8 billion. This new programming capacity has been distributed to the counties based on the status of their share balance. Counties that have already programmed their balances through advances in previous STIP cycles do not get additional programming capacity.

What this means to the San Diego region is that our 2006 STIP programming is limited to the amount already programmed on existing regional projects plus the funds from FY 2006 projects whose allocation requests have been placed on hold by the CTC. This totals nearly $151 million and reflects currently programmed projects between FY 2007 and 2009, plus $4 million from FY 2006 projects currently on hold, for a grand total available of $155 million. This figure does not include any TE funds, as these are administered separately, nor does it include any of the GARVEE bond payback or AB 3090 reimbursements, which have been taken off the top and are unavailable for reprogramming. The only way to increase funding for projects already programmed in the STIP is through redirections from other STIP programmed projects.
Remaining 2004 STIP

The 2004 STIP remaining program is distributed as shown in Table 1 below:

<table>
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<tr>
<th>Project Description</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>Total</th>
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<td>1a. SR 52 Extension to SR 67: Right of Way</td>
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<td>49,620</td>
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<td>2. Mid-Coast Extension to University City: Right of Way Acquisition</td>
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<td>5,254</td>
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<tr>
<td>3. I-805 Incident Detectors</td>
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<tr>
<td>4. Planning and Program Monitoring (PPM)</td>
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<td>334</td>
<td>785</td>
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<td>5. I-805 Ramp Meters</td>
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<td>6. SR 54/SR 125 HOV Lanes: Design</td>
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<td>8. Federal Matching Funds</td>
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<tr>
<td>Total</td>
<td>51,965</td>
<td>7,467</td>
<td>91,353</td>
<td>150,785</td>
</tr>
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</table>

Projects in italics are included in the TransNet Early Action Program

As part of the draft 2006 STIP, it is proposed that programming adjustments on projects listed 5 through 8 in Table 1 above be implemented. Details on the adjustments are described in more detail in Attachment 1.

Proposed 2006 STIP

The funding available for the 2006 STIP is shown below in Table 2. The 2006 STIP does not include any new programming capacity apart from a small amount of added federal Transportation Enhancement (TE) funds, which have limited applicability. In summary, the 2006 STIP includes approximately $155 million of STIP funds and $23 million in TE funds, for a total of approximately $178 million.

<table>
<thead>
<tr>
<th>Funding</th>
<th>Amount ($000s)</th>
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<tr>
<td>STIP Funds</td>
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<tr>
<td>a. 2006 STIP Targets</td>
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<tr>
<td>b. Rollover funds from FY 2006</td>
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</tr>
<tr>
<td>c. Subtotal 2006 STIP (a+b)</td>
<td>154,755</td>
</tr>
<tr>
<td>TE Funds</td>
<td></td>
</tr>
<tr>
<td>d. Existing TE Funds (FY 2007-09)</td>
<td>16,617</td>
</tr>
<tr>
<td>e. TE Fund Augmentation</td>
<td>6,347</td>
</tr>
<tr>
<td>f. Subtotal TE (d+e)</td>
<td>22,964</td>
</tr>
<tr>
<td>Total 2006 STIP Funding Available (c+f)</td>
<td>177,719</td>
</tr>
</tbody>
</table>

As discussed at the October 21, 2005, Transportation Committee meeting, the CTC has given SANDAG funding targets that, if enforced, would delay most of the regional funding by about two to three years. The CTC, however, is willing to consider flexibility to program funds for major projects that are or will be ready to go in the first two years of the STIP (FY 2007 and FY 2008), even
if the STIP targets show little or no funding available in those years. This flexibility is dependent on
the project readiness that other regions with large programming targets in FY 2007 and FY 2008
may have. The 2006 STIP is proposed to be programmed as shown in Table 3. Project-specific
discussion follows Table 3.

Table 3. Proposed 2006 STIP ($000s)

<table>
<thead>
<tr>
<th>Project</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>STIP Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1a. SR 52 – Right-of-Way</td>
<td>12,915</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12,915</td>
</tr>
<tr>
<td>1b. SR 52 - Construction</td>
<td>66,700</td>
<td>61,278</td>
<td></td>
<td></td>
<td></td>
<td>127,978</td>
</tr>
<tr>
<td>2. Mid-Coast Extension – Design and Right-of-Way Acquisition</td>
<td></td>
<td></td>
<td>5,254</td>
<td></td>
<td></td>
<td>5,254</td>
</tr>
<tr>
<td>3. Freeway Incident Detectors - Construction</td>
<td></td>
<td></td>
<td>6,050</td>
<td></td>
<td></td>
<td>6,050</td>
</tr>
<tr>
<td>4. Planning and Program Monitoring</td>
<td>334</td>
<td>334</td>
<td>630</td>
<td>630</td>
<td>630</td>
<td>2,558</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>79,949</td>
<td>61,612</td>
<td>11,934</td>
<td>630</td>
<td>630</td>
<td><strong>154,755</strong></td>
</tr>
<tr>
<td>TE Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total 2006 STIP</strong></td>
<td>85,975</td>
<td>65,880</td>
<td>16,434</td>
<td>4,925</td>
<td>4,505</td>
<td><strong>177,719</strong></td>
</tr>
</tbody>
</table>

1. SR 52 Extension from SR 125 to SR 67: The programming change would advance the start of
construction by two years, from FY 2009 to FY 2007. In addition, of the $23.5 million identified
earlier resulting from 2004 STIP programming adjustments, approximately $22.3 million would
be redirected for construction of this project. Programmed STIP funds on this project would be
approximately $12.9 million to conclude the right-of-way phase and $128.0 million for
construction, for a total of $140.9 million in STIP funding. This $446.6 million dollar project is
scheduled to be complete by 2010.

2. Mid-Coast Trolley Extension to University City: It is proposed that the $5.3 million in the current
STIP be programmed in FY 2009 for design. This funding would be delayed by one year from the
current FY 2008 to allow for completion of the environmental document on the expanded
scope to University City. An additional opportunity to program new STIP funds would be during
the 2008 STIP cycle, once the environmental document has been approved. This approximately
$900 million project is scheduled to be complete by FY 2015.

3. Freeway Incident Detectors: This project is fully programmed. No change in programming is
proposed. This project installs incident detectors on Interstate 5 (I-5), SR 52, SR 94, and I-805.
This $6.1 million project is scheduled to be operational by 2009.

4. SANDAG Planning and Program Monitoring: Statute allows Regional Transportation Planning
Agencies to fund part of their planning and program monitoring activities through the STIP.
This formula-based allocation would allow an additional $1.1 million to be programmed for
SANDAG with the extension of the STIP to FY 2011.
Transportation Enhancements Program: In September 2005, the Transportation and Regional Planning Committees approved programming the $19.1 million in TE funds available through the 2004 STIP period to the Pilot Smart Growth Incentive Program (PSGIP). At its December 9, 2006, meeting, the Transportation Committee is being asked to provide direction on whether to use the $6.3 million in additional TE programming capacity on the PSGIP or on other TE-eligible projects. The additional TE funding would be programmed as a reserve in the 2006 STIP until specific projects are identified by the region.

Next Steps

The recommendations in this report are pending approval by the Transportation Committee on December 9, 2005. Any pertinent revisions will be noted at the Board of Directors meeting on December 16. Pending approval by the Board of Directors, SANDAG will submit the 2006 STIP to the CTC prior to January 30, 2006. The CTC is scheduled to adopt the statewide STIP at its April 27, 2006, meeting.

GARY L. GALLEGOS
Executive Director

Attachment: 1. 2004 STIP Programming Adjustments

Key Staff Contact: José A. Nuncio, (619) 699-1908, jnu@sandag.org
## 2004 STIP Programming Adjustments ($000s)

<table>
<thead>
<tr>
<th>Project</th>
<th>Programmed Amount</th>
<th>Adjustment Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I-805 Ramp Meters</td>
<td>7,163</td>
<td>Some ramp meters are partially constructed, funding for remaining sites are included in Caltrans’ State Highway Operations and Protection Program (SHOPP) for the 2006 cycle. Shift $7.2 million to other existing STIP projects.</td>
</tr>
<tr>
<td>2. SR 54/SR 125 HOV Lanes Design</td>
<td>6,500</td>
<td>Defer design and implement in coordination with TransNet-funded I-805 Managed Lanes. Shift $6.5 million to other existing STIP projects.</td>
</tr>
<tr>
<td>3. Rideshare Program</td>
<td>5,638</td>
<td>Fund with Congestion Mitigation &amp; Air Quality (CMAQ) or other funds. Shift $5.6 million to other existing STIP projects.</td>
</tr>
<tr>
<td>4. Federal Matching Funds</td>
<td>187</td>
<td>Fund with TransNet or other funds. Shift $187,000 to other existing STIP projects.</td>
</tr>
</tbody>
</table>

| Subtotal Adjustments        | 19,488            |

| 5. Roll-over funds from FY 2006 | 3,970              | Funding available due to the CTC’s placing on hold the allocation request of $440,000 for federal matching funds program and $3.5 million for the Regional Rideshare program. |

| Total                        | 23,458             | Available for reprogramming to other projects |


**TransNet REGIONAL HABITAT CONSERVATION FUND PROGRAM AND PROCEDURES: FY 2006 FUNDING RECOMMENDATIONS**

File Number 3002700

**Introduction**

On September 24, 2004, the SANDAG Board of Directors approved implementation guidelines for the TransNet Extension Environmental Mitigation Program (EMP). The EMP, which is included in the TransNet Extension Ordinance and Expenditure Plan approved by the voters in November 2004, established the Transportation Project Mitigation Fund (TPMF) for mitigation of projects outlined in the Regional Transportation Plan (MOBILITY 2030). The EMP also established the Regional Habitat Conservation Fund (RHCF) for habitat acquisition, biological monitoring, and land management based on economic benefit of achieving specified assurances with state and federal regulatory agencies through the environmental review and approval process. One of the implementation guidelines approved by the Board in September 2004 provides that $1 million for management and monitoring implementation activities should be allocated in FY 2006.

In May 2005, the Board of Directors approved the creation of the Environmental Mitigation Program Working Group and assigned them and the Regional Planning Committee responsibilities for making recommendations on the implementation of the EMP by SANDAG. The EMP Working Group has prepared an initial “Regional Preserve Implementation Assessment” (“needs assessment”) to identify short- and long-term activities necessary to implement the region’s habitat conservation plans. Activities include biological monitoring, land management, and land acquisition. The assessment evaluates existing responsibilities and available funding for performing these activities. Based on this assessment, the EMP Working Group developed a draft recommended budget for FY 2006 expenditures, criteria for prioritizing the allocation of land management funds, and a procedure to consider funding requests for FY 2006. On December 2, 2005, the Regional Planning Committee reviewed and approved the EMP Working Group’s recommendations. This report sets forth the Regional Planning Committee’s recommendations.

**Recommendation**

The Regional Planning Committee recommends that the Board of Directors approve:

1. the proposed budget for FY 2006 EMP Regional Habitat Conservation Fund (RHCF) expenditures, which includes $100,000-$125,000 for development of a conserved lands database for the San Diego region; $100,000-$150,000 to conduct post-wildfire biological monitoring; and up to $750,000 for eligible land management projects;

2. the proposed process for allocating FY 2006 EMP RHCF funds which would involve a call for projects during FY 2006; and

3. the proposed criteria for eligible land management activities and rating system for considering funding requests (Attachments 1 and 2).
Discussion

1. Proposed Budget for FY 2006 Environmental Mitigation Program - Regional Habitat Conservation Funds

The Regional Planning Committee recommends that the FY 2006 EMP RHCF funds be allocated for the following purposes:

a. Develop a database of conserved lands for the San Diego region that would include the following tasks:

- Prepare a Conserved Lands Database (which includes land that is part of the habitat conservation planning areas and other conserved land)
- Maintain Geographic Information Systems (GIS) database for future land management activities

The database will provide a complete picture of lands conserved in the San Diego region and will be used to determine how the habitat preserve planning area is being assembled under all the subregional habitat conservation plans in the region, assist with determining lands that should be managed and monitored, as well as assist in determining priorities for land acquisitions.

If this expenditure is approved by the SANDAG Board, SANDAG staff, with assistance from the U.S. Fish and Wildlife Service (USFWS), will prepare a detailed scope of work including responsible agencies for each task. SANDAG will then enter into an agreement with the USFWS to complete the work.

Estimated Cost: $100,000 to $125,000

b. Conduct post-wildfire monitoring in response to the 2003 wildfires

This project has been funded to date by U.S. Geologic Survey (USGS) and the California Department of Fish and Game (CDFG) but is in need of additional funding to continue the surveys.

Southern California has been identified as the region in North America with the greatest density of threatened and endangered species and at greatest risk for biodiversity loss. In October and November 2003, fires consumed approximately 750,000 acres of mostly wildlands in southern California. This includes almost 300,000 acres in San Diego County from the Cedar and Otay fires, and 91,000 acres in the San Bernardino Mountains from the Old Fire. These large fires will have short- and long-term impacts on many native wildlife communities, and many native plants and animals.

Existing and planned preserve areas designated in the Multiple Species Conservation Plan (MSCP) were seriously damaged by two of the fires. Concern over the recovery of these habitats and the covered species that occur in these landscapes was discussed among the wildlife agencies, and it was determined that post-burn monitoring should become a priority for several years within this preserve. The threats and challenges to maintaining biodiversity and ecosystem
function within urbanizing landscapes are not well known, and require an understanding of the success and failure of critical assumptions of preserve design in this region.

The California Department of Fish and Game’s Resource Assessment Program (RAP) provided funding to begin post-fire monitoring of select vertebrates, invertebrates, and plants in previous study areas that were wholly or partially burned in the Cedar and Otay fires. Additionally, substantial USGS funding was redirected to this work to continue the scheduled surveys.

If this expenditure is approved by the SANDAG Board, USGS staff, with assistance from the USFWS, will prepare a detailed scope of work including responsible agencies for each task. SANDAG will then enter into an agreement with USGS and USFWS to complete the work.

Estimated Cost: $100,000 to $150,000

c. Fund on-site land management

The implementing agreements for the habitat conservation plans require that the preserve system be managed. Land management activities are determined based on the needs of each property within the preserve. Land management activities can include: removing exotic species, picking up trash, maintaining trails, building and repairing fences, weeding vernal pools, and erosion control.

The Regional Planning Committee recommends that up to $750,000 be spent on key components of the regional preserve system in need of land management. The process for allocating the funds is outlined in Section 2 of the report.

Estimated Cost: up to $750,000

TOTAL PROPOSED BUDGET:

a. Develop a database of conserved lands for the San Diego region $100,000 – $125,000
b. Conduct post-wildfire monitoring in response to the 2003 wildfires $100,000 – $150,000
c. Fund on-site land management up to $750,000

Total not to exceed $1,000,000

2. Proposed process for allocating FY 2006 EMP RHCF funds for land management activities

The Regional Planning Committee reviewed three alternative procedures for allocating FY 2006 EMP RHCF funds for land management activities and recommends approval of the third alternative (Alternative “C”) by the SANDAG Board of Directors.

a. Develop a program by which jurisdictions, habitat land managers, and other entities can apply for the funds once a year, based upon set criteria.

Keeping with the discussion above, the criteria should be designed to advance the MSCP and Multiple Habitat Conservation Program (MHCP), including priorities identified within each
category (land acquisition, land management, and biological monitoring) and the program as a whole. Based upon established criteria, entities would apply for the funds in response to an annual “call for projects.”

b. Allocate the EMP RHCF funds to projects identified by the EMP Working Group based upon set criteria.

This alternative would differ from the “call for projects” alternative by giving responsibility to the EMP Working Group to recommend to the Regional Planning Committee and SANDAG Board how the funding should be distributed. For example, the working group could recommend a project or projects that demonstrate how a regional conservation program could function. The draft needs assessment identifies several tasks that need to be performed in order to have a true regional biological monitoring program.

c. For FY 2006 EMP RHCF funds, the EMP Working Group makes recommendations to the Regional Planning Committee on land management activities through a “call for projects,” based upon the criteria for eligible land management projects (Attachments 1 and 2). For FY 2007 and beyond, the EMP Working Group would make recommendations to the Regional Planning Committee and SANDAG Board on criteria, a process, and procedures based on the Regional Preserve Implementation Assessment and the availability of RHCF funds.

This alternative recognizes the time constraints for this year's funding. After the criteria and process are approved, EMP Working Group members and the cities and the county would submit projects for FY 2006 land management funding. The EMP Working Group would recommend a list of projects based on the criteria. Future funding allocations (FY 2007 and beyond) would be determined after the needs assessment is completed and as the availability of funds is determined.

3. Criteria for eligible land management projects (FY 2006)

The Regional Planning Committee is recommending that the attached flow chart and weighting criteria (Attachments 1 and 2) be approved and used to evaluate land management proposals for FY 2006. The flow chart would be used to develop an allocation process including quantitative criteria for ranking projects.

In accordance with the California Environmental Quality Act (CEQA) Guidelines Section 15300, the activities described above are exempt from the requirement of CEQA to prepare an environmental document. Specifically, the activities described above are exempt from CEQA Sections 15301(h,i) (existing facilities) and 15306 (information collection).

Next Steps

If the SANDAG Board of Directors approves the Regional Planning Committee’s recommendations, a call for projects will be sent to SANDAG’s member agencies and EMP Working Group members and posted on the SANDAG Web site. Applications would be due on January 19, 2006. A selection committee (made up of EMP Working Group members and/or other qualified individuals who do not have an affiliation with any proposed project) would be appointed by the EMP Working Group at its January 10, 2006, meeting. The selection committee would rank the projects in accordance with the diagram and weighting criteria attached to this report.
The Regional Planning Committee would then be asked to approve a list of projects at its March 2006 meeting, and the Board would be asked to ratify the list at its March 2006 meeting. Also, if the Board approves the recommendation, contracts would be drafted with USFWS to prepare the conserved lands database, and USGS to conduct post-wildfire monitoring.

GARY L. GALLEGOS
Executive Director

Attachments: 1. EMP Criteria for Eligible Land Management Projects (FY 06 Funding)
2. Weighting Criteria for Funding Requests

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

Funds are budgeted in Work Element #30027
**EMP Criteria For Eligible Management Projects (FY 06 Funding)**

**Is the project biologically significant?**
For example:
- Does it support natural vegetation in a core area?
- Is the project important and contribute to the Natural Community Conservation Planning (NCCP) regional preserve system?
- Is it a linkage or regional wildlife corridor?
- Are there (or were there) significant populations of covered species or species proposed for coverage by a habitat conservation plan?

**Is the project area at risk of further degradation if no management is provided?**
For example:
- Does the site suffer from human or domestic animal disturbance (e.g., off-road vehicle (ORV) use, grazing)?
- Do exotic, invasive species threaten the preserve?
- Uncontrolled erosion?

**Is funding necessary to complete the project as verified by the Wildlife Agency?**

**ELIGIBLE PROJECT: Prioritization of eligible projects. Factors for consideration:**
- Sites that support rare vegetation types or populations of narrow endemics (e.g., Tier 1 habitats, vernal pools)
- Critical linkage parcels or regional wildlife corridor
- Success of management activities is likely (e.g., Arundo removal at the top of a watershed will receive higher priority than a site in the middle)
- Lack of management on the site may affect continued coverage of species
- Dedicated staff (agency, jurisdiction, non-governmental organization (NGO)) willing to assume long-term management
- What percentage are matching contributions available to complete the project?
## Project Evaluation Criteria for FY 2006 Land Management Requests

(EMP Criteria for Eligible Management Projects Weighting Criteria as recommended by the EMP Working Group for SANDAG Regional Planning Committee and Board of Directors consideration)

<table>
<thead>
<tr>
<th>Project Evaluation Criteria</th>
<th>Point Range</th>
<th>Weight</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sites support rare vegetation types or populations of narrow endemics.</td>
<td>0-5</td>
<td>4</td>
<td>20</td>
</tr>
<tr>
<td>Critical linkage parcels or regional wildlife corridor.</td>
<td>0-5</td>
<td>4</td>
<td>20</td>
</tr>
<tr>
<td>Success of long term management activities is likely.</td>
<td>0-5</td>
<td>4</td>
<td>20</td>
</tr>
<tr>
<td>Lack of management on the site may affect species.</td>
<td>0-5</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Dedicated Staff (agency, jurisdiction, NGO) willing to assume long-term management.</td>
<td>0-5</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>What % are matching contributions available to complete the project.</td>
<td>0-5</td>
<td>2</td>
<td>10</td>
</tr>
</tbody>
</table>

**TOTAL:** 110
PROPOSED AMENDMENTS TO BOARD BYLAWS AND POLICIES  File Number 8000100

Introduction

Staff conducted its annual review of the current Bylaws and Board Policies and determined that some updates are necessary to reflect changes over the past year, and that some additions are necessary to clarify roles and responsibilities. At its November and December meetings, the Executive Committee reviewed and extensively discussed the proposed amendments. The proposed amendments that are attached to this report incorporate proposed amendments. The proposed amendments are discussed below.

Discussion

Highlights of the proposed amendments are discussed below.

**Bylaws:** Language has been added to Article III, Section 3, concerning the procedure for notifying Board members and alternates of meetings to select subregional appointments for the Policy Advisory Committees (PACs). Article III, Section 5, concerning minimum attendance requirements necessary for Board and PAC members to receive full compensation for attendance at a meeting. Article V, Section 3 has been amended to incorporate changes that were requested by the Nominating Committee by memo at the Board meeting on November 18. A revision has been made to Article VI, Section 5, concerning reporting of delegated financial/contracting approvals and budget amendments to the Board of Directors. Former Article VIII has been deleted to clarify that SANDAG no longer formally serves as the Regional Growth Management Review Board (RGMRB). Following an advisory ballot measure in 1988, SANDAG voluntarily took on the role of serving as the RGMRB. The RGMRB was to address issues such as quality of life standards, growth rate policies, regional land use distribution, consistency of regional and local plans, and transportation system management. Through the Regional Comprehensive and Transportation Plans, SANDAG still addresses the issue areas that were to be overseen by the RGMRB, but has not done so under the RGMRB name for several years.

**Policy No. 1 - Operations Policy:** Staff has requested that delegation of additional duties be formalized for two of the PACs in this policy. With the proposed amendments, the Executive Committee would be given authority to conduct expedited reviews of Energy Working Group matters on an as-needed basis. Additionally, the Transportation Committee would be given authority to approve the Congestion Management Program and any updates to that Program.

**Policy No. 2 - Policies and Procedures for the PACs:** Section 1 of this policy has been modified to allow the Mayor of the City of San Diego to continue to serve on the PACs, following the change to the “strong mayor” form of government next year. When the last set of changes was made to

Recommendation

The Executive Committee recommends that the Board of Directors approve the amendments shown in the attached Bylaws and Board Policies (Attachments 1 through 6).
the Board policies as part of the annual review in 2004, one of the Board members requested that Section 2 of this policy be amended to allow members or alternates to serve on up to three PACs instead of two because of the addition of the Public Safety Committee. Subsequently, legal counsel remembered that SB 1703 limits membership to two PACs. In order to correct this conflict between statute and Board policy, this policy needs to be changed back to limit service to a maximum of two PACs. In addition, an amendment to Section 3 of this policy is proposed to clarify that unless otherwise provided for in Board policy, ex officio members on SANDAG’s Board or committees do not have voting rights. Section 4 of this policy needs to be expanded to include the notice and formalized process requirements for subregional appointments required by Article III, Section 3a, of the Bylaws. Finally, Section 7 of this policy, which concerns attendance, has been modified to clarify the persons noticed when absences occur at three consecutive meetings. Section 7 also has been modified so that it cross-references the change in the Bylaws regarding attendance requirements for compensation.

Policy No. 4 - Rules of Procedure for the Board of Directors, PACs, and Other Legislative Bodies: In January 2006, the requirements of AB 1234 will go into effect. This legislation imposes ethics training requirements for all SANDAG Board and PAC members, and many of SANDAG’s lower-level committee and working group members. This training requirement has been inserted in Section 4.14 of this policy. Also, staff proposes amending Section 6.6 of this policy to clarify that ad hoc (temporary) committees and working groups may be created subject to the approval of all PACs, consistent with Board Policy No. 2. Staff also proposes amending Section 6.6 so that reporting to the Board concerning the status of all of SANDAG’s active committees is done biannually instead of quarterly.

Policy No. 11 - Travel Expenses: In addition to the ethics training requirements in AB 1234, there are also new expense and compensation policy requirements that SANDAG Board members will be required to comply with after January 1, 2006. Therefore, Sections 1.7, 1.8, 2.5, 2.5.9, and 2.5.15 have been modified to incorporate the new requirements. A copy of the proposed travel expense schedule from the Internal Revenue Service is attached as the last page of this Policy.

Policy No. 25 - Public Participation/Involvement: The only change proposed for this policy is in Section D, subsection 1.2. All of the deadlines in this portion of the policy except one calls for 15 days’ advance notice to the public regarding public hearings for fare changes. Staff proposes that the one deadline that currently requires 21 days’ advance notice to the public be changed to 15 days so that all of the deadlines are consistent.

GARY L. GALLEGOS
Executive Director

Attachments: Proposed Amendments in Tracked Changes Mode:
1. SANDAG Bylaws
2. Board Policy No. 001, Operations Policy
4. Board Policy No. 004, Rules of Procedure for Board of Directors, Policy Advisory Committees, and Other Legislative Bodies
5. Board Policy No. 011, Travel Expenses
6. Board Policy No. 025, Public Participation/Involvement Policy

Key Staff Contact: Julie Wiley, (619) 699-6966, jwi@sandag.org
SAN DIEGO ASSOCIATION OF GOVERNMENTS

BYLAWS

ARTICLE I

NAME AND PURPOSE

Section 1

The name of this Organization shall be the San Diego Association of Governments (hereinafter referred to as SANDAG).

Section 2

The purposes of this Organization are as set forth in SB 1703 (Chapter 743 of the Statutes of 2002), as established by state and federal law, and as approved by the Board of Directors. The primary purpose for which this organization is created is to engage in regional cooperative comprehensive planning, programming and where authorized, implementation thereof, and to assist the Member Agencies.

ARTICLE II

DEFINITIONS

The following terms shall have the meanings ascribed to them within this section unless the content of their use dictates otherwise:

a. “Region” shall mean that territory physically lying within the boundaries of San Diego County.

b. “Regional Board” shall mean the Regional Planning and Growth Management Review Board.

c. “Population” of any Member Agency shall mean that population as defined in SB 1703.

d. “Fiscal Year” shall mean that year beginning July 1, and ending June 30.

e. “Member Agencies” shall mean the cities within San Diego County and the County of San Diego collectively.

f. “Subregion” shall mean one of the five following portions of San Diego County: “North county coastal,” which includes the Cities of Del Mar, Solana Beach, Encinitas, Carlsbad, and Oceanside; “North county inland,” which included the Cities of Vista, San Marcos, Escondido, and Poway; “South county,” which includes the Cities of Chula Vista, National City, Imperial Beach, and Coronado; “East county,” which includes the Cities of El Cajon, Santee, La Mesa, and Lemon Grove; and “San Diego region,” which includes the territory located within the boundaries of San Diego County.
ARTICLE III

MEMBERSHIP AND ORGANIZATION

Section 1

Membership in this Organization shall be as provided in state law and these Bylaws.

Section 2

a. All powers of this Organization shall be exercised by the Board of Directors. The Board of Directors may choose to delegate several of its responsibilities from time to time in accordance with Board policy.

b. Only the duly selected official representative(s), or in his or her absence, his or her duly selected alternate or alternates, shall be entitled to represent his or her Member Agency in the deliberations of the Board of Directors.

c. When changes occur, names of the official representatives and alternates shall be communicated in writing to the Organization by each participating Member Agency.

Section 3

There shall be at least five standing committees which shall be known as policy advisory committees with the membership set forth in SB 1703 or Board Policy.

a. The procedure for City and County of San Diego and subregional appointments to the policy advisory committees shall be established by Board policy. In the case of the subregional appointments, the policy shall ensure a noticed, formal process wherein all regular Board members (including alternates) from each subregion are provided an opportunity to participate in the selection process. Each subregion shall ensure that SANDAG staff is notified of the date, time, and location for that subregion’s meeting. After the meeting for each subregion is set by the primary Board members, SANDAG staff shall provide Board alternates from each subregion advance notice of the meeting. A majority of the primary members present at the subregion meeting shall make a selection by January 31. An alternate member may vote in the absence of the primary member. In appointing persons to the Transportation Committee, to the extent possible, the subregions and other agencies should avoid duplication of representation from any city other than the City of San Diego.

b. Procedures for policy advisory committee attendance and voting shall be established by Board policy. The policy shall ensure the formal delineation of the voting membership at each meeting.

c. The Board Chair, First Vice Chair, and Second Vice Chair may serve as ex-officio non-voting members of the policy advisory committees.

d. The Board Chair shall select the chair and vice chair of all policy advisory committees except
the Executive Committee, annually in February. When serving on the Executive Committee, the Board Chair, First Vice Chair, and Second Vice Chair shall serve as the Chair, First Vice Chair and Second Vice Chair of the Executive Committee.

Section 4

The Board of Directors shall have the authority to appoint all additional committees or working groups and may provide for the appointment of alternates to these committees.

a. Additional standing committees may be appointed by the Board of Directors as may be required to carry out general and continuing functions and may be abolished only upon specific action by the Board of Directors.

b. Ad hoc specialized subcommittees or working groups may be appointed by the Board of Directors as the need arises to accomplish specific tasks. The policy advisory committees may appoint working groups to advise them. Upon completion of its assignment, each ad hoc subcommittee or working group shall disband.

Section 5

In addition to any compensation mandated by state law for Board meetings, the following rates shall apply. Persons must be present for at least 1/2 of the time set for the meeting or the duration of the meeting, whichever is less, in order to be eligible for compensation.

a. For attendance by Board members, or alternates in their absence, at Board meetings, $150 per meeting.

b. For meetings or events attended by Board members, other than committee meetings of SANDAG, where the members are officially representing the Board, $150 per meeting or event. The Board may adopt and amend from time to time a list of such meetings and events.

c. For members and alternates of policy advisory committees, $100 per meeting.

d. The limit on the total number of paid meetings for Board and policy advisory committee members or alternates per individual is six meetings per month.

e. The Chair of the Board shall receive additional monthly compensation of $500 per month.

f. Both the Vice Chairs of the Board shall receive additional monthly compensation of $250 per month.
ARTICLE IV

MEETINGS

Section 1

a. A quorum for a meeting of the Board of Directors shall be as provided for in Section 5 of this Article.

b. A quorum shall be required for the conduct of any business of a committee. No business shall be conducted by a committee without a quorum. A simple majority of the appointed members of a committee shall constitute a quorum. All decisions by a committee shall be by simple majority of the quorum.

Section 2

Parliamentary procedure at all meetings shall be governed by Roberts Rules of Order except as otherwise modified by state law, Board policy, or these Bylaws. The Secretary shall forward written notice of the meetings of the Board of Directors and each standing committee, stating the time, location, and the agenda of business to each member’s agency and to the respective members and alternates of the Board of Directors or the standing committees, at the earliest time possible, but in no event less than 72 hours prior to meetings, except that such written notice of regular Board of Directors’ meetings may be forwarded by first class mail or other appropriate means not less than seven days prior to such meeting.

Section 3

All meetings of SANDAG, including without limitation regular, adjourned regular, and special meetings of the Board of Directors, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code). Closed session items should be heard by the Board of Directors unless timeliness requires consideration by the Executive Committee or, for transportation matters the Transportation Committee. In any event, the Transportation Committee is authorized to convene closed sessions and make final decisions with regard to real property transactions related to transportation projects, however, this delegation does not include the authority to make a Resolution of Necessity or to commence litigation. The Transportation Committee will report real property transaction purchase amounts at the next regular meeting of the Board occurring after final execution of the purchase documents.

Section 4

The Board and committees shall meet according to the following schedule:

a. The Board of Directors and policy advisory committees shall hold their regular meetings on Fridays unless otherwise determined from time to time by the Board of Directors or policy advisory committee. Regular meetings of the Board of Directors shall be held on the second and fourth Friday mornings of the month at the offices of the Organization or at other locations within San Diego County, unless otherwise provided.
by the Board. Special meetings of the Board of Directors or policy advisory committees may be called from time to time by their respective Chair.

b. Other committees shall meet whenever called by their respective Chair.

Section 5 (Section 132351.2 of the Public Utilities Code)

a. A majority of the Member Agencies constitute a quorum for the transaction of business. In order to act on any item, except consent items which only require the vote specified in paragraph (1), the following voting formula in both paragraphs (1) and (2) shall apply:

(1) A majority vote of the members present on the basis of one vote per agency.

(2) A majority of the weighted vote of the Member Agencies present.

b. The City of San Diego shall determine how to allocate its single agency vote and its weighted votes between its two members.

c. For the weighted vote, there shall be a total of 100 votes, except additional votes shall be allowed pursuant to subdivision (f). Each representative shall have that number of votes determined by the following apportionment formula, provided that each agency shall have at least one vote, no agency shall have more than 40 votes, and there shall be no fractional votes:

(1) If any agency has 40 percent or more of the total population of the San Diego County region, allocate 40 votes to that agency and follow paragraph (2), if not, follow paragraph (3).

(2) Total the population of the remaining agencies determined in paragraph (1) and compute the percentage of this total that each agency has.

   (A) Multiply each percentage derived above by 60 to determine fractional shares.

   (B) Boost fractions that are less than one, to one and add the whole numbers.

   (C) If the answer to subparagraph (B) is 60, drop all fractions and the whole numbers are the votes for each agency.

   (D) If the answer to subparagraph (B) is less than 60, the remaining vote(s) is allocated one each to that agency(s) having the highest fraction(s) excepting those whose vote was increased to one in subparagraph (B) above.

   (E) If the answer to subparagraph (B) is more than 60, the excess vote(s) is taken one each from the agency(s) with the lowest fraction(s). In no case shall a vote be reduced to less than one.

(3) Total the population determined in paragraph (1) and compute the percentage of this total that each agency has.

   (A) Boost fractions that are less than one, to one and add the whole numbers.
(B) If the answer to subparagraph (A) is 100, drop all fractions and the whole numbers are the votes for each agency.

(C) If the answer to subparagraph (A) is less than 100, the remaining vote(s) is allocated one each to that agency(s) having the highest fraction(s) excepting those whose vote was increased to one in subparagraph (A) above.

(D) If the answer to subparagraph (A) is more than 100, the excess vote(s) is taken one each from that agency(s) with the lowest fraction(s). In no case shall a vote be reduced to less than one.

d. When a weighted vote is taken on any item that requires more than a majority vote of the board, it shall also require the supermajority percentage of the weighted vote.

e. The weighted vote shall be recomputed in the above manner every July 1.

f. Any other newly incorporated city shall receive one vote under the single vote procedure and one vote under the weighted vote procedure specified above until the next recomputation of the weighted vote, at which time the new agency shall receive votes in accordance with the formula specified in subdivision (b). Until this recomputation, the total weighted vote may exceed 100.

ARTICLE V

OFFICERS AND THEIR DUTIES

Section 1

The Board of Directors shall have as officers a Chair, First Vice Chair, and Second Vice Chair, who are members of the Board. Standing committees shall have as officers a Chair and Vice Chair, who are members of their respective committees. The Executive Director shall be the Secretary of the Board and each standing committee.

a. The Chair shall preside over Board and committee meetings, and have general supervision of Board and committee affairs. The Chair shall sign all official documents when directed to do so by the Board and committees respectively.

b. The First Vice Chair shall perform the duties of the Chair in his or her absence and perform any duties that the Chair may require. The Second Vice Chair shall perform the duties of the First Vice Chair in his or her absence and perform any duties that the Chair may require.

c. In the event of the absence of the three officers of the Board of Directors or both officers of other standing committees, the Immediate past Chair may preside or the quorum of members present shall elect a Chair Pro Tempore to preside for that meeting. The Secretary, with a quorum present, shall call the meeting to order and preside during such election of a Chair Pro Tempore; he or she shall immediately relinquish the chair upon completion of the election.
Section 2

The Board may delegate authority to the Board Chair for action consistent with Board approved criteria on categories of items.

Section 3

Election of officers of the Board of Directors shall be held annually during a regular December meeting. Officers for the Board of Directors shall be elected in the following manner:

a. In or around July of each year, application forms will be made available on the Board of Directors page of the SANDAG Web site for persons interested in applying for the Chair or a Vice Chair position on the Board of Directors. Applications shall be structured to screen for the best regional leaders from among the primary members and shall include questions concerning the candidate’s vision statement for SANDAG and his/her qualifications. Applications shall be due within 30 days after the application forms are posted. Only candidates who submit an application by the deadline or who are nominated from the floor on the day of election will be considered for office.

b. The Chair shall appoint up to a six-person nominating committee, who shall be members of the Board from each of the sub-regions and a Board member from either the City of the County of San Diego, at a regular October meeting in or around September of each year. The nominating committee shall not, however, include Board members from jurisdictions that have applicants for the Chair or a Vice Chair position on the Board of Directors. The nominating committee who shall interview the candidates and submit a slate of nominees for the three Board offices in writing for mailing to Board members in or around November. Additional nominations for any office may be made by Board members at the election December meeting.

cb. In choosing the nominees from the Board membership, the nominating committee shall take into account the nominee’s availability, experience, skills, geographic diversity, and the benefits associated with having the First Vice Chair succeed the outgoing Chair and the Second Vice Chair succeed the outgoing First Vice Chair.

cd. The officers shall be elected by a majority of the votes including weighted votes of those Board members present.

cd. All officers shall be elected for a term(s) of one year and shall serve until their successors are elected. They shall begin their term of office on January 1.

fe. In the event that the Board member who has been elected Chair, First Vice Chair, or Second Vice Chair is no longer a member of the Board of Directors, the office shall be considered vacant.

gf. Any vacated office of Chair, First Vice Chair, or Second Vice Chair shall be filled at the next regular Board meeting by nominations from the floor, and a majority of votes from the members present.
Section 4

a. The Board of Directors shall appoint an Executive Director who shall hold office until he or she resigns or is removed by the Board of Directors. The Executive Director shall be the chief executive officer of SANDAG. The Executive Director shall have charge of all projects and property of the Organization and shall file with the Director of Finance of SANDAG an official bond in the minimum amount of $100,000 or such larger amount as the Board of Directors specifies, guaranteeing faithful performance of his or her duties. The Executive Director will be responsible to the SANDAG Board of Directors as set out in the Administrative Rules and Regulations for the administration of SANDAG’s business, including: (1) development of program objectives, definition, directions and priorities; (2) management of SANDAG programs and coordination of staff and support services; (3) the development of financial support programs for SANDAG activities; (4) the recommendation and submission of an annual SANDAG program budget to the Board of Directors; and (5) execution of the adopted personnel, purchasing, and budgetary systems. The Executive Director shall perform such other and additional duties as is necessary to carry out the objectives and function of SANDAG and as directed by the Board of Directors.

b. Any additional staff support services provided by Member Agencies or others shall be coordinated by the Executive Director.

c. The Executive Director is hereby enabled to promulgate an administrative manual, known as the Administrative Rules & Regulations, as well as all other administrative policies governing the administrative procedures of the Organization.

ARTICLE VI

FINANCIAL

Section 1

The Board of Directors shall approve a preliminary budget no later than April 1 of each year. The Board of Directors shall adopt a final budget no later than June 30 of each year. A copy of the preliminary budget when approved and a copy of the final budget when adopted shall be filed with each Member Agency.

Section 2

Responsibility for supplying funds for that portion of the budget for SANDAG which is to be supplied by the Member Agencies, as adopted by the Board of Directors, shall be divided among the Member Agencies based on their population with each Member Agency including within its budget as funds to be supplied to SANDAG that sum of money determined by taking the ratio its population bears to the total population of the region and multiplying it by that portion of the approved budget to be supplied by the Member Agencies. Payment of this determined sum of money shall be made by each Member Agency by July 15 of each year. If payment by a Member Agency has not been made by September 1 of each year, that Member Agency shall no longer vote as a member of the Board of Directors. A delinquent Member Agency will be allowed to vote when
full payment has been made, including interest computed from July 15 at the established legal rate.

Section 3

The Director of Finance of SANDAG shall establish and maintain such funds and accounts as may be required by good accounting practice, state and federal law, and these Bylaws. The books and records of SANDAG in the hands of the Director of Finance shall be open to inspection at all reasonable times by representatives of the Member Agencies. The Director of Finance of SANDAG within 120 days after the close of each fiscal year shall give a complete written report of all financial activities for each fiscal year to Member Agencies.

Section 4

The Director of Finance of SANDAG shall receive, have the custody of, and disburse SANDAG funds upon the warrant or check-warrant of the Finance Manager pursuant to the accounting procedures developed under Section 3 above, and shall make the disbursements required to carry out any of the provisions or purposes of the Organization. The Director of Finance of SANDAG may invest SANDAG funds in accordance with state and federal law. All interest collected on SANDAG funds shall be accounted for and posted to the account of such funds.

Section 5

Delegation of authority from the Board of Directors for final financial/contracting approvals, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment to serve as a limitation applicable to a particular job or program (not to be exceeded on a serial basis), shall be as follows:

a. Up to $100,000 to the Executive Director, subject to increase by Board action.

b. Up to $500,000 to the Executive Committee for any item, subject to increase by Board action.

c. Up to $500,000 to the Transportation Committee for transportation items, subject to increase by Board action.

d. Up to $500,000 to the Public Safety Committee for ARJIS and Criminal Justice Division items, subject to increase by Board action.

e. The Executive Director, Executive Committee, Public Safety Committee, and Transportation Committee shall report approvals under this section to the Executive Committee as needed. The Executive Committee shall report approvals under this section to the Board of Directors at least quarterly.
ARTICLE VII

RELATIONSHIPS AND RULES OF PROCEDURE

Section 1
The functions of the Board of Directors and policy advisory committees shall be established by Board policy. The Board of Directors may delegate functions to the policy advisory committees as it deems appropriate.

Section 2
The Board of Directors shall provide guidance to committees and working groups. The Board may advise Member Agencies on the coordination of general plans, or on the resolution of conflicts between the general plans of agencies in the San Diego region.

Section 3
Conflicts between governmental agencies should be resolved among the affected agencies. In matters affecting more than one local government, and where requested by the affected agencies, the Organization shall have the authority to hear and make recommendations if the conflicts are not resolved to the satisfaction of each affected agency. Regional plans should serve as the guideline for the resolution of conflicts.

Section 4
Each action taken by the Organization which requires implementation should include designation of the agency or agencies directly responsible for such implementation.

Section 5
The general and specific references to the construction authority of SANDAG in SB 1703 shall be interpreted as applicable solely to its responsibilities for project development and construction of transit projects which were previously within the purview of the transit development boards and are consolidated under the authority of SANDAG.

ARTICLE VIII

ESTABLISHMENT OF REGIONAL PLANNING AND GROWTH MANAGEMENT REVIEW BOARD

In addition to the purposes and powers set forth by law and these Bylaws, pursuant to Proposition C, a countywide measure approved by the voters in 1988, SANDAG is designated and shall serve as the Regional Planning and Growth Management Review Board.

Section 1
The issues the Regional Board shall address shall include, but not be limited to: quality of life standards and objectives; holding capacities; growth rate policies; growth phasing; regional land
use distribution; growth monitoring; open space preservation; significant regional arterials; transportation system management; transportation demand management; siting and financing regional facilities; fiscal abilities and responsibilities; consistency of regional and local plans; and regional growth management strategy.

Section 2

Member Agencies may be requested, and have agreed, to determine (“self-certify”) the consistency of the pertinent elements of their general plans with regional plans. Upon request by a member agency, the Regional Board will review these self-certifications, and make comments and recommendations regarding consistency. Where determined by the Regional Board to be appropriate, the Regional Board shall use SANDAG’s Conflict Resolution Procedure for resolving disputes among Member Agencies. The Regional Board shall adopt rules to establish the self-certification process.

ARTICLE VIII

INFORMATION AND EVALUATION

Section 1

a. The Organization shall disseminate information concerning its work program and activities. The required information system should be organized and categorized so that it will continue to allow full and efficient use of information by the public and private sectors.

b. Adequate provision for citizen participation shall be provided as required by law and as directed by the Board of Directors.

c. The Board shall perform an annual evaluation of the Organization’s goals, purpose, structure, and performance, directed toward continually improving the planning, coordination, and implementation process.

ARTICLE IX

AMENDMENTS

Section 1

The Board of Directors shall be responsible for making all amendments to these Bylaws.

a. Proposed amendments may be originated by the Board of Directors, the Executive Committee, or any member of the Board of Directors.

b. Prior to being taken to the Board of Directors for approval, proposed amendments should be taken to the Executive Committee preliminarily for review and discussion and then brought to the Executive Committee at a subsequent meeting for a recommendation for approval to the Board.
c. A copy of any proposed amendments shall be forwarded by the Secretary to the official representative of each Member Agency, his or her alternate and the Agency itself, at the same time as the proposed amendments are mailed as a report attachment to the agenda for the preliminary Executive Committee meeting referred to in subsection b of this section.

d. Amendments to these Bylaws (except those provisions mandated by state law) shall require the vote of a majority of the Member Agencies which also represents at least 51% of the weighted vote of Member Agencies.

Adopted July 2003 by the SANDAG Board of Directors
Revised November 2003 by the SANDAG Board of Directors
Amended November 2004 by the SANDAG Board of Directors
Amended December 2005 by the SANDAG Board of Directors
OPERATIONS POLICY

Board and Policy Advisory Committees Responsibilities

Shown below are responsibilities for the Board of Directors and each of the five Policy Advisory Committees (Executive, Transportation, Regional Planning, Borders, Public Safety) of the new Agency. Selected responsibilities are delegated by the Board to the Policy Committees to allow the Agency to effectively address key public policy and funding responsibilities. All items delegated to the Policy Advisory Committees are subject to Board action upon request of any member.

All functions not specifically delegated by the Board to a Policy Advisory Committee may be delegated to a Policy Advisory Committee on a one-time basis upon request by the Executive Director and approval by the Chair. Such actions shall be reported to the Board at its next regular meeting.

Board Responsibilities

1. Approve Regional Comprehensive Plan and plan components and other regional plans (e.g. Regional Energy Plan, MHCP, etc.)
2. Approve Regional Transportation Plan (RTP), Regional Transportation Improvement Program (RTIP) and corridor studies
3. Fulfill responsibilities of SB 1703 as consolidated agency
4. Fulfill the responsibilities of the San Diego Regional Transportation Commission (RTC)
5. Approve programming of funds (TDA, CMAQ, STIP, etc.)
6. Approve project environmental reports
7. Approve Overall Work Program and Program Budget
8. Approve amendments to the Budget and Work Program and authorize contracts with consultants for amounts equal to or greater than the amounts to be determined for administrative and policy committee authorization.
9. Approve the annual legislative agenda
10. Provide policy direction through Policy Development Board meetings
11. Appoint Committees and Board officers
12. Delegate responsibilities to Policy Advisory Committees and approve Committee actions. All items delegated to the four Policy Advisory Committees are subject to direct Board action upon request of any members.
13. Delegate responsibilities to Board Chair consistent with Board criteria. Conference sponsorships and proclamations are hereby delegated subject to current or subsequently approved criteria.

Executive Committee Membership and Responsibilities

The Executive Committee shall consist of six voting members with board members representing East County, North County Coastal, North County Inland, South County, and the representative, or the representative’s alternate in their absence, from the City of San Diego and the County. The Chairperson of the consolidated agency shall be one of the six voting members. The First and
Second Vice Chairpersons of the consolidated agency shall serve as voting members if one or both of the Vice Chairpersons represent an area of the region that is different from the area of the region represented by the Chairperson or the other Vice Chairperson.

1. Set agenda for Board
2. Review and recommend annual work program and program budget
3. Approve amendments to the Budget and Overall Work Program and authorize contracts up to amount approved by the Board
4. Review and act on state and federal legislation
5. Comment on project EIR/EIS
6. Act upon and evaluate dispute resolution
7. Advise on personnel actions
8. Act on behalf of Board when timing requires
9. Make policy recommendations to the Board
10. Perform other duties as assigned by the Board
11. Approve financial/contracting transactions, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment up to $500,000, subject to increase by Board action.
12. Annually review a list of all of SANDAG’s lower level committees and working groups to determine the need to maintain the committee or working group and approve any revisions in functions or membership.
13. Review all proposed amendments to the Bylaws or Board Policies and make recommendations to the Board regarding those amendments.
14. Conduct expedited reviews and approvals of Energy Working Group actions on an as-needed basis.

Transportation Committee Membership and Responsibilities

The Transportation Committee shall consist of nine voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County and the mayor or a council member from the City of San Diego, a supervisor from the County of San Diego, a member of the Board of the MTDB MTS appointed by the Board of the MTDB MTS, a member of the Board of the NCTD appointed by the Board of the NCTD, and a member of the San Diego County Regional Airport Authority appointed by the airport authority.

1. Provide oversight for consolidated transit responsibilities
2. Provide policy oversight for transportation plans and corridor and systems studies
3. Establish/approve transportation prioritization criteria
4. Establish/approve policies and monitor “Use it or lose it” project funding
5. Approve TDA Claim, RTIP, and STIP amendments
6. Recommend funding allocations to the Board
7. Approve transit operator budgets for funding
8. Approve Short Range Transit Plan
9. Consistent with the transition plans, approve regional fare policy¹

¹ To ensure seamless transit service for the transit users of the region the consolidated agency, in consultation with the transit agencies, will be responsible for the development of a Regional Fare Policy. The Regional Fare Policy will incorporate a uniform fare structure, a transfer policy, and agreement for revenue sharing of regional tickets, tokens, and passes, while also allowing the consolidated agency to adopt specialized fare procedures for travel within each operator’s service area. Additionally, the consolidated agency will adopt a Comprehensive Fare Ordinance setting forth all fares for all operators, including their special fares.
10. Conduct public hearings as delegated by Board
11. Approve contracts for transit up to amount approved by the Board
12. Advise Board on other transportation policy-level issues
13. Recommend legislative program for transportation and transit
14. Approve financial/contracting transactions, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment up to $500,000 for transportation items, subject to increase by Board action.
15. To convene closed sessions and make final decisions with regard to real property transactions related to transportation projects, however, this delegation does not include the authority to make a Resolution of Necessity or to commence litigation.
16. **Approve the Congestion Management Program (CMP) and any updates to the CMP.**

**Regional Planning Committee Membership and Responsibilities**

The Regional Planning Committee shall consist of six voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County, and the mayor or a council member from the City of San Diego, and a supervisor from the County of San Diego.

1. Provide oversight for preparation and implementation of Regional Comprehensive Plan (RCP) and its components
2. Recommend regional infrastructure financing strategies to the Board
3. Represent the Board for outreach and public information on the Regional Comprehensive Plan and its components
4. Advise Board on regional planning policy issues

**Borders Committee Membership and Responsibilities**

The Borders Committee shall consist of seven voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County and the mayor or a council member from the City of San Diego, a supervisor from the County of San Diego, and a mayor, council member, or supervisor from the County of Imperial.

1. Provide oversight for planning activities that impact the borders
2. Provide oversight for the preparation of bi-national and interregional planning programs
3. Recommend border infrastructure financing strategies to the Board
4. Establish closer SANDAG working relations with surrounding counties and Mexico
5. Advise Board on bi-national and interregional policy-level issues

**Public Safety Committee Membership and Responsibilities**

The membership, authority and responsibilities for this committee are set forth in Board Policy 26.

**Distribution of Meeting Materials**

1. All agendas for meetings of the Board of Directors, Policy Advisory Committees, and all other SANDAG legislative bodies covered by the Brown Act (Government Code § 54950 et seq.) shall be posted on SANDAG’s Web site and copies of such agendas will be available for viewing by the public in SANDAG’s business office reception area.
2. All closed session items shall be provided to appropriate Board and/or Policy Advisory Committee members prior to the closed session. Closed session meeting materials will be sent in sealed envelopes and clearly labeled as confidential. If a representative will not be able to attend a meeting he/she should ensure the closed session materials are given to the appropriate alternate to review prior to the meeting. All closed session meeting materials must be returned to the Office of General Counsel at the end of the closed session.

Adopted January 2003
Amended November 2004
Amended December 2005
POLICIES AND PROCEDURES FOR POLICY ADVISORY COMMITTEES

1. Membership

1.1 Executive Committee: Six members to include the City and County of San Diego Board members, and a Board member from each subregion (South County, East County, North County Coastal, North County Inland).

1.1.1 Alternates may be the second City of San Diego Board member or Board alternate, the County of San Diego Board alternate, and alternates selected from each subregion who shall be members of the Board.

1.2 Transportation Committee: Nine members to include a mayor or a councilperson from the City of San Diego; a member of the County of San Diego Board of Supervisors; a Board member or alternate from each subregion, and a member of NCTD, MTS and the Airport Authority appointed by those agencies. There may be nine alternates chosen in the same manner.

1.3 Regional Planning Committee: Six members to include a mayor or a councilperson from the City of San Diego, a member of the County of San Diego Board of Supervisors, and a Board member or alternate from each subregion. There may be six alternates chosen in the same manner.

1.4 Borders Committee: Seven members to include a mayor or a councilperson from the City of San Diego, a member of the County of San Diego Board of Supervisors, a Board member or alternate from each subregion, and a mayor, councilmember, or supervisor from the County of Imperial. There may be seven alternates chosen in the same manner.

1.5 Public Safety Committee: Six members to include a mayor or a councilperson from the City of San Diego, a member of the County of San Diego Board of Supervisors, a Board member or alternate from each subregion. The five Associate Member organizations taking part in this committee shall have the following representation: two members from the County Chiefs’/Sheriff’s Association, a member selected by the County Sheriff, a member of the Regional Homeland Security Committee, and a member selected by the State public safety agencies. In addition, there will be four non-voting Advisory Members selected as follows: Two persons selected by the Federal public safety agencies, one person selected from the San Diego County District Attorney’s or Probation Department Offices, and one person selected by the courts. There may be alternates chosen in the same manner.
2. Limitation on Committee Memberships

No Board member or alternate may serve as the regular primary member of more than two Policy Advisory Committees (“PACs”) at any one time. Committee membership may be expanded by the Board.

3. Ex-Officio Members

A PAC may include Ex-Officio members if appropriate to roles and responsibilities of the committee. The Board Chair, first Vice Chair, and Second Vice Chair may serve as Ex-Officio members on any of the PACs. Unless otherwise stated in a Board Policy or Board action applicable to a particular committee, all ex officio members on SANDAG’s Board or committees shall be non-voting members.

4. Appointments

4.1 Public Agencies

4.1.1 The mayor and council of the City of San Diego and the Board of Supervisors of the County of San Diego will make their appointments annually by January 31 and when vacancies occur.

4.1.2 The SANDAG Chair will provide notice requesting that Board members from each of the subregions appoint a Board member or alternate as authorized to serve as a regular primary member on each PAC and one to serve as an alternate to each PAC. At the time this notice is given, all primary and alternate Board members will be provided with an attendance record for all primary and alternate members currently serving on the Board or a PAC. Each subregion shall ensure that SANDAG staff is notified of the date, time and location for that subregion’s meeting. After the meeting is set by the primary members of each subregion, SANDAG staff shall provide Board alternates from each subregion advance notice of the meeting. A majority of the primary members present at the subregion meeting shall make a selection. An alternate member may vote in the absence of the regular primary member. The Chair shall be sent a letter from the subregion’s representatives informing him/her of the names of the persons who have been selected for appointment to each PAC. Appointments will be made by January 31 or as vacancies occur.

4.2 Associate Members

In addition to the members appointed pursuant to Section 4.12, the Public Safety Committee shall have voting members appointed from the organizations listed below by their respective appointing authorities by January 31 of each year:

4.2.1 County Chiefs’/Sheriff’s Association – 2 voting members
4.2.2 County Sheriff – 1 voting member
4.2.3 Regional Homeland Security Committee – 1 voting member
4.2.4 State Public Safety Agency Association – 1 voting member
4.3 Advisory Members

In addition to the voting members appointed pursuant to Sections 4.12 and 4.23, the Public Safety Policy Advisory Committee shall have the following non-voting members appointed from the following organizations by their respective appointing authorities by January 31 of each year:

4.3.1 County Criminal Justice Association – 1 advisory member

4.3.2 Federal Justice Agency Association – 2 advisory

4.3.3 Courts – 1 advisory member

4.3.4 If any subregion fails to make an annual appointment to a PAC by January 31 or within three weeks of mailing of the notice to proceed to appoint to fill a vacancy, the Chair of SANDAG shall make the appointment. If any organization referred to in Sections 4.1, 4.2 or 4.3 or 4.4 fails to make an appointment to the Public Safety Policy Advisory Committee, the current representative shall continue to serve until a replacement appointment is made by his/her organization.

5. Vacancies

Vacancies on PACs shall be filled as they occur in the same manner as appointments.

6. Chair/Vice Chair

The Chair and Vice Chair of the PACs, other than the Executive Committee, shall be appointed by the Board Chair in February or as vacancies occur. The Board Chair, First Vice Chair, and Second Vice Chair when serving as a member of the Executive Committee, shall serve as the Chair, First Vice Chair, and Second Vice Chair of the Executive Committee. The Vice Chair conducts the meetings in the absence of the Chair. In the event of the absence of the Chair, First Vice Chair and Second Vice Chair for the Executive Committee or both the Chair and Vice Chair for a PAC or other standing committee, the quorum of members present shall elect a chairperson pro tempe to preside for that meeting. The Executive Director or a Chief Deputy Executive Director, with a quorum present, shall call the meeting to order and preside during such election of chairperson pro tempe; he/she shall immediately relinquish the chair upon completion of the election.

7. Attendance

7.1 Regular Primary and alternate members are strongly encouraged to attend all Committee meetings. Roll call shall be taken by the Chair at the beginning of the meeting to determine the voting members present at that time. The voting members shall be seated collectively in order for the public to recognize them as such. Other non-voting alternates in attendance may participate in Committee discussion but shall not be authorized to act on any item.

7.2 If an organization with voting rights or a subregion a member agency is unrepresented at three consecutive Committee meetings a letter will be sent to that organization's member.
agency’s governing board members, all other members and alternates of the Committee, and the Board of Directors members and alternates concerning the absences.

7. 3 In order to ensure a quorum, full participation, fairness, and comprehensive knowledge of the items discussed at SANDAG meetings, members who are eligible for compensation for attendance at a SANDAG meeting must be present for at least 1/2 of the time set for the meeting or the duration of the meeting, whichever is less, in order to be eligible for compensation in accordance with Article III, Section 5 of the Bylaws.

8. Quorum

A simple majority of members (either regular primary or alternates) constitute a quorum.

9. Voting

Regular Primary members vote on all committee actions. Alternates vote only when their corresponding regular primary member from their area is absent. A simple majority of the quorum of regular primary and eligible alternate members voting constitutes approval. A quorum shall be required for the conduct of any business of a PAC.

10. Compensation

Regular Primary and alternate members of the PACs will be compensated $100 per meeting attended subject to the limitations on number of meetings per month set forth in the SANDAG Bylaws.

11. Meetings

PAC meetings should normally be held on Fridays or when called by the committee Chair. Parliamentary procedure at all meetings shall be governed by Roberts Rules of Order, Newly Revised.

12. Working Groups & Subcommittees

The PACs shall have the authority to appoint PAC working groups and may provide for the appointment of alternates to these working groups. Ad hoc working groups may be appointed by the Board or PACs as the need arises to accomplish specific tasks. Upon completion of its assignment, each working group shall disband. Standing subcommittees may be appointed by the Board as may be required to carry out general and continuing functions and may be abolished only upon specific action by the Board. As the Board creates standing subcommittees, it shall specify the method for appointing persons to those subcommittees.

Adopted January 2003
Amended December 2003
Amended November 2004
Amended December 2005
**RULES OF PROCEDURE FOR BOARD OF DIRECTORS, POLICY ADVISORY COMMITTEES AND OTHER LEGISLATIVE BODIES**

This policy is intended to define and clarify Rules of Procedure for the Board and incorporate them in Board policy.

From time to time over the last 30 years the Board has utilized and amended rules of procedure. It is desirable to have these rules contained in Board Policy for ease of reference.

**Procedures for the Board and Policy Advisory Committees**

1. **Ordinances**
   
   1.1 Every ordinance shall be signed by the Chair of the Board and attested by the Clerk of the Board.
   
   1.2 Upon the passage of an ordinance, the votes of the Board members shall be entered in the minutes.
   
   1.3 Ordinances shall not be passed within five days of their introduction, nor at any meeting other than a regular meeting. An urgency ordinance may, however, be passed immediately upon introduction and either at a regular or special meeting. Except when, after reading the title, further reading is waived by regular motion adopted by unanimous vote of the Board members present, all ordinances shall be read in full at the time of introduction or passage. When ordinances, other than urgency ordinances, are altered after introduction, they shall be passed only at a regular or at an adjourned regular meeting held at least five days after alteration. Corrections of typographical or clerical errors are not alterations within the meaning of this section.
   
   1.4 The Clerk of the Board shall cause a proposed ordinance or proposed amendment to an ordinance, and any ordinance adopted by the Board to be published at least once in a newspaper of general circulation in the Board’s area of jurisdiction.
   
   1.5 The publication of an ordinance as required by this policy, may be satisfied by either of the following actions:
       
       1.5.1 The Board may publish a summary of a proposed ordinance or proposed amendment to an ordinance. The summary shall be prepared by the Clerk of the Board and the Office of General Counsel. The summary shall be published and a certified copy of the full text of the proposed ordinance or proposed amendment shall be posted in the office of the Clerk of the Board at least five days prior
to the Board meeting at which the proposed ordinance or amendment is to be adopted. Within fifteen (15) days after adoption of the ordinance or amendment, the Board shall publish a summary of the ordinance or amendment with the names of the Board members voting for and against the ordinance or amendment and the Clerk of the Board shall post in the office of the clerk a certified copy of the full text of the adopted ordinance or amendment along with the names of those Board members voting for and against the ordinance or amendment; or

1.5.2 If the person designated by the Board determines that it is not feasible to prepare a fair and adequate summary of the proposed ordinance or amendment, and if the Board so orders, a display advertisement of at least one-quarter of a page in a newspaper of general circulation in the Board’s area of jurisdiction shall be published at least five (5) days prior to the Board meeting at which the proposed ordinance or amendment is to be adopted. Within fifteen (15) days after adoption of the ordinance or amendment, a display advertisement of at least one-quarter of a page shall be published. The advertisement shall indicate the general nature of, and prove information regarding, the adopted ordinance or amendment including information sufficient to enable the public to obtain copy of the complete text of the ordinance or amendment, and the name of those Board members voting for and against the ordinance amendment.

1.6 Ordinances and amendments shall take effect thirty (30) days after their final passage. Exceptions to this effective date are: 1. When the ordinance is for the immediate preservation of the public peace, health or safety, and contains a declaration of facts constituting urgency, and is passed by a two-thirds vote of the Board, the ordinance or amendment will take effect immediately; and 2. If otherwise provided by law.

2. Board Policies

2.1 Board policies shall be reviewed to determine if updates are needed no less often than every three years.

2.2 Once updated, policies shall contain a footer identifying the last date they were modified by the Board.

3. Public Comment

3.1 Persons wishing to provide comment or testimony shall be permitted to address the Board or Policy Advisory Committee after submitting a written request to speak, identifying themselves and the agenda item on which they want to be heard. Ordinarily, each speaker will be allowed no more than three minutes. The Chair, however, may extend or limit the time for each presentation or may permit
additional time to speakers representing a group of individuals or organizations to
avoid duplicative testimony or for other reasons that are in the best interest of the
Board or committee in the Chair’s discretion. Testimony must be limited to issues
relevant to the agenda item.

3.2 Public comment on matters not on the agenda will be permitted on items of interest
to the public that are within the subject matter jurisdiction of the Board or
committee. Persons wishing to comment during the general public comment period
must submit a written request in advance identifying themselves and the subject
matter on which they wish to speak. The Chair may limit the time for each speaker.
Ordinarily, each speaker will be allowed no more than three minutes.

4. **Standards of Conduct & Ethics Applicable to All of SANDAG’s Legislative Bodies**

4.1 This policy shall be supplemental to SANDAG’s Conflict of Interest Code and is not
intended to supercede such Code or any provisions thereof. All Board and Policy
Advisory Committee members, and all other members of committees or working
groups covered by the Brown Act, including alternates, shall file a Statement of
Economic Interests with SANDAG upon request by SANDAG’s Office of General
Counsel.

4.2 Each Board member and alternate occupies a position of public trust that demands
the highest moral and ethical standards of conduct. All references to “Board
members” in Section 4 of this Policy shall be read to include all Board and Policy
Advisory Committee members, and all other members of committees or working
groups covered by the Brown Act, including ex officio members and alternates.

4.3 Board members shall not engage in any business or transaction or have a financial or
other personal interest, actual, potential, or apparent that is incompatible with the
proper discharge of his or her official duties or would tend to impair his or her
independence of judgment or action in the performance of such duties. Such
business, transaction, or interest shall constitute a conflict of interest.

4.4 Generally, no Board member shall engage in any enterprise or activity that will
result in any of the following:

4.4.1 Using the prestige or influence of the Board office for private gain or
advantage of the member or another person.

4.4.2 Using time, facilities, equipment, or supplies of the Board for the private
gain or advantage of the member or another person.

4.4.3 Receiving or accepting money or other consideration from anyone other
than the Board or another government agency for the performance of acts
done in the regular course of duty.

4.4.4 Receiving or accepting, directly or indirectly, any gift or favor from anyone
doing business with the Board under circumstances from which it could

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reasonably be inferred that such was intended to influence such person in their duties or as a reward for official action.

4.4.5 Soliciting any gift or favor in the member’s official capacity, either directly or indirectly, when such solicitation might reasonably be inferred as to have a potential effect on the member’s duties or decisions, or when the individual’s position as a Board member would in any way influence the decision of the person being solicited.

4.5 Prohibited Interests

4.5.1 It is unlawful for any current SANDAG Board member to render a decision where a party to the decision has given the SANDAG Board member, promised to give the SANDAG Board member, or acted as an intermediary for the SANDAG Board member to have, an opportunity for compensation. For purposes of this section, opportunities for compensation provided to a SANDAG Board member include opportunities for compensation provided to the SANDAG Board member’s immediate family. When such an opportunity for compensation is provided to a member of the SANDAG Board member’s immediate family, the SANDAG Board member shall not participate in a decision involving a party to the decision unless the SANDAG Board member had no knowledge or involvement in securing the opportunity for compensation.

4.5.2 It is unlawful for any current SANDAG Board member to make, participate in making, or use his or her Board member position to influence a decision involving the interests of a person with whom he or she is seeking, negotiating, or securing an agreement concerning future employment.

4.5.3 It is unlawful for any current SANDAG Board Member to be financially interested in any contract made by them in their Board member capacity. It is also unlawful for any contract to be made by SANDAG or any board or commission established by SANDAG if any individual member of the body has a financial interest in the contract.

4.5.4 Definitions

4.5.4.1 For purposes of the prohibitions set forth in this section, the term “financial interest” means any interest, other than a remote interest as prescribed in California Government Code section 1091 or a non-interest prescribed in California Government Code section 1091.5, that would prevent SANDAG Board members involved from exercising absolute loyalty and undivided allegiance to the best interests of SANDAG.

4.5.4.2 For purposes of this section, "material financial effect" has the same meaning as that term is used in title 2, sections 18705 through 18705.5 of the California Code of Regulations.
4.5.4.3 For purposes of this section, "render a decision" means to take part personally and substantially in the project by rendering a decision, approval, or disapproval; by making a formal written recommendation; by conducting an investigation; by rendering advice on a significant basis; or by using confidential information.

4.5.4.4 For purposes of this section, "project" means any matter where a private business has made an application to SANDAG for discretionary funding or discretionary entitlements, or where SANDAG exercises discretion to enter into a lease, agreement, or contract with a private business.

4.5.5 Any SANDAG Board Member with a remote financial interest in a prospective contract of SANDAG must disclose the existence of the remote interest to the body of the board in which the SANDAG Board member is a member if that board has any role in creating, negotiating, reviewing, or approving the contract; and the SANDAG Board member must abstain from influencing or participating in the creation, negotiation, review, or approval of the contract.

4.5.6 It is unlawful for any SANDAG Board member to knowingly influence a decision of the SANDAG Board if it is reasonably foreseeable that the decision will have a material financial effect on:

4.5.6.1 the SANDAG Board member or a member of his or her immediate family, if the material financial effect is distinguishable from its effect on the public generally; or any of the following economic interests:

4.5.6.1.1 any business entity in which SANDAG Board member or a member of SANDAG Board member’s immediate family has invested $2,000 or more; and

4.5.6.1.2 any business entity for which a SANDAG Board member or a member of the SANDAG Board member’s immediate family is a director, officer, partner, trustee, employee, or holds any position of management; and

4.5.6.1.3 any real property which SANDAG Board member or a member of SANDAG Board member’s immediate family has invested $2,000 or more; and

4.5.6.1.4 any person from whom a SANDAG Board member or a member of the SANDAG Board member’s immediate family has received (or by whom you have been promised) $500 or more in income within twelve months prior to the decision; and
4.5.6.1.5 any person from whom a SANDAG Board member or a member of the SANDAG Board member's immediate family has received gifts that total $300 or more within twelve months prior to the decision;

4.5.6.1.6 the personal expenses, income, assets, or liabilities of a SANDAG Board member or a member of SANDAG Board member's immediate family.

4.5.7 Prohibitions Applicable to Former Board Members

4.5.7.1 It is unlawful for any former SANDAG Board Member who received compensation from SANDAG to render a decision on a particular project during his or her SANDAG service to engage in direct communication with SANDAG, for compensation, with regard to any pending application for discretionary funding or discretionary entitlements before SANDAG relating to that particular project on behalf of any person other than a public agency for a one year period immediately following the last payment from SANDAG to the Board Member.

4.5.7.2 It is unlawful for any former SANDAG Board member, for compensation, to knowingly counsel or assist any person other than a public agency in connection with an appearance or communication in which the former SANDAG Board Member is prohibited from engaging pursuant to subsection 4.5.7.1 for a one year period immediately following termination of service with SANDAG.

4.6 Lobbying and Campaign-Related Activities

4.6.1 It is unlawful for any SANDAG Board Member to engage in campaign-related activities, such as fund-raising, the development of electronic or written materials, or research, for a campaign for any elective office using SANDAG facilities, equipment, supplies, or other SANDAG resources. Nothing in this section, however, shall prohibit the use of SANDAG resources to provide information to the public about the possible effects of any bond issue or other ballot measure relating to SANDAG activities, operations, or policies, provided that:

4.6.1.1 the use of public resources is otherwise legally authorized; and
4.6.1.2 the information provided constitutes a fair and impartial presentation of relevant facts to aid the electorate in reaching an informed judgment regarding the bond issue or ballot measure.

4.6.2 It is unlawful for any former SANDAG Board Member to engage in direct communication for the purpose of lobbying SANDAG if all of the following circumstances apply:
4.6.2.1 the former SANDAG Board Member served as a SANDAG Board Member within the previous twelve months; and

4.6.2.2 the former SANDAG Board Member received compensation from SANDAG for his or her service as a SANDAG Board Member; and

4.6.2.3 the former SANDAG Board Member is receiving compensation from a private business to engage in the direct communication with SANDAG.

4.6.3 The prohibitions contained in 4.6.2 shall not apply:

4.6.3.1 to prevent a former SANDAG Board Member from making or providing a statement, based on the former SANDAG Board Member's own special knowledge in the particular area that is the subject of the statement, provided that no compensation is thereby received other than that regularly provided for by law or regulation for witnesses;

4.6.3.2 to prevent any former SANDAG Board Member from representing himself or herself, or any member of his or her immediate family, in their individual capacities, in connection with any matter pending before SANDAG;

4.6.3.3 to the activities of any former SANDAG Board Member who is an elected or appointed officer or employee of any public agency, or a consultant of any public agency, when that former SANDAG Board Member is solely representing that agency in his or her Board Member capacity as an officer, employee, or consultant of the agency;

4.6.3.4 to any ministerial action. A ministerial action is one that does not require a SANDAG Board Member to exercise discretion concerning any outcome or course of action; or

4.6.3.5 to any individual who terminated status as a SANDAG Board Member prior to July 1, 2003, except that any such individual who returns to service as a SANDAG Board Member on or after July 1, 2003, shall thereafter be subject to the provisions of this section.

4.7 If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item, and the Board will be making a decision regarding the agenda item during an open session meeting, the Board member must recuse himself or herself or, in the case of uncertainty, request a binding determination from the Board's legal counsel. If the Board member has a conflict, he or she may observe, but not participate, in the decision-making process.
4.8 If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item to be discussed during a closed session meeting, the Board member must state that he or she has a conflict of interest and shall be disqualified and shall leave the room during such discussion so as not to make, participate in making, or in any way attempt to use his or her official position to influence the decision or discussion. In the case of uncertainty, the Board member must request a binding determination from the Board’s legal counsel. In accordance with the Brown Act, any Board member who is disqualified shall be entitled to any information that is publicly reported. The Board member will not, however, be privy to any confidential or privileged information or communications pertaining to the closed session agenda item.

4.9 No Board member shall disclose to any person, other than members of the Board and other Board staff designated to handle such confidential matters, the content or substance of any information presented or discussed during a closed session meeting unless the Board authorizes such disclosure by the affirmative vote of a majority of the Board.

4.10 No Board member may disclose confidential or privileged information or communication to any person other than a Board member, counsel to the Board, or other Board staff designated to handle such matters, unless disclosure is mandated by law or the Board authorizes such disclosure by the affirmative vote of a majority of the Board.

4.11 Confidential or privileged information concerning threatened, anticipated, or actual litigation or claims will not be disclosed to a Board member if he or she has an actual, potential, or apparent conflict of interest. In the case of uncertainty as whether a conflict of interest exists, the Board’s legal counsel will issue a binding determination.

4.12 No Board member shall represent a position on an issue to be the Board’s position unless the Board has formally adopted such position at a public meeting.

4.13 Any violation of this policy shall constitute official misconduct if determined as such by an affirmative vote of the majority of the Board in an open and public meeting. The Board may elect to censure the Board member and the violation may be subject to criminal and/or civil penalties as provided for by applicable law.

4.14 All SANDAG Board or committee members (including alternates) who may receive any type of stipend, compensation, salary, or reimbursement for travel expenses from SANDAG must attend at least two hours of ethics training every two years. All such persons who hold office with SANDAG as of January 1, 2006, must complete their first course no later than January 1, 2007. The ethics training course materials must be approved by the Fair Political Practices Commission and Attorney General’s Office in compliance with the requirements of Government Code § 53234 et seq. Proof of attendance may be issued by SANDAG or any other local government agency providing an ethics training course that complies with these requirements.
5. **Additional Advisory Membership on Board**

5.1 From time to time, the Board may determine it is in SANDAG’s best interest to supplement the Board with additional members that can provide beneficial advice and information to the Board on matters of interest to the region.

5.2 The criteria for selection of additional advisory members shall be as follows:

5.2.1 Agency/group has land use or eminent domain authority;

5.2.2 Agency/group has regional authorities and responsibilities important to SANDAG’s mission;

5.2.3 Membership by the agency/group would enhance SANDAG’s regional decision-making;

5.2.4 Agency/group desires representation, submits a written request, and commits to participation; and

5.2.5 Agency/group is able to agree on the form of representation and who will represent it.

6. **Procedures Applicable to SANDAG’s Legislative Bodies Other Than the Board and Policy Advisory Committees**

The Brown Act is a state law which governs open meetings for local governmental bodies. The Brown Act (also “Act”) is contained in the Government Code at § 54950 et seq., and establishes rules designed to ensure that actions and deliberations of public bodies of local agencies are taken openly and with public access and input. The Brown Act governs the meetings of all local “legislative bodies,” that is, all multi-member committees and the like, of a local governmental agency such as SANDAG. Bodies created by ordinance, resolution, or formal action of SANDAG’s Board or one of the Policy Advisory Committees are covered by the Act.

6.1 All of SANDAG’s Legislative Bodies are required to comply with the requirements of the Act, including but not limited to the following:

6.1.1 Agendas for all regular meetings must be posted at least 72 hours in advance of the meeting and all meetings must be open to the public.

6.1.2 The Act applies whenever a majority of the voting members of the legislative body meet to discuss, deliberate or acquire information about a matter within the subject matter of the body.

6.1.3 A public comment period must be provided at each meeting.

6.1.3 The Act prohibits “serial meetings.” Serial meetings are a series of in-person meetings, phone calls, emails, or other types of communication that ultimately involve a majority of the legislative body to develop a consensus
as to action to be taken on a matter coming before the body. This prohibition is based on the Act’s goal to ensure that the public’s business is in fact conducted in public. In addition, a third party cannot be used to communicate among the members to obtain a consensus; an intermediary cannot be used to accomplish the actions directly prohibited by the Act.

6.1.4 Secret ballots and anonymous voting are prohibited.

6.1.5 An attendance, registration, or sign-in sheet may be used at public meetings to document the presence of persons other than the members of the legislative body, however, the sheet must clearly state that its completion is voluntary and not a precondition for attendance.

6.1.6 Meetings may not be held in facilities that are inaccessible to disabled persons or in facilities that prohibit the admittance of any persons on the basis of race, religious creed, color, national origin, ancestry or sex.

6.1.7 Meetings must be held within the County of San Diego, unless some exception under the Act applies. Questions regarding the applicability of the Act should be directed to SANDAG’s Office of General Counsel.

6.1.8 The agenda must list all items that will be discussed or acted upon by the legislative body. That listing should be described in an informative way so that members of the body as well as members of the public understand the general nature of the agenda item and can make an informed decision whether to attend the meeting or not. The Act provides that this description need not exceed 20 words, but as many words as necessary to give adequate notice should be used.

6.1.9 Members may take action to add an item to the agenda of a regular meeting if, by two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, the body determines that there is a need to act immediately, that the body’s consideration of the matter cannot await the next meeting and that the need for immediate action arose after the posting of the agenda. This should only occur in very rare occasions, and SANDAG’s Office of General Counsel should be consulted before relying on this exception.

6.2 In addition to the requirements of the Act, SANDAG legislative bodies must also comply with the following requirements:

6.2.1 Only the regular members, or in their absence, a designated alternate, may vote on action items. Seating or placards at meetings should be arranged so that it is clear which persons in the room are voting members, as compared to non-voting members, alternates, speakers, or members of the public. Non-voting members and alternates in attendance may participate in the body’s discussion, but may not vote.
6.2.2 The members of a legislative body may only designate an alternate if their service on the legislative body is based on their capacity as a representative of another group; members selected for their individual qualifications do not act as a representative of another group and may not designate an alternate.

6.2.3 A quorum shall be a majority of the voting members of a legislative body. A majority of the quorum must approve all actions taken by the legislative body.

6.2.3 Unless otherwise provided by the Board or Policy Advisory Committee, each legislative body should select a chair and vice chair by a vote of the majority of a quorum on an annual basis.

6.2.4 Roberts Rules of Order should be used by legislative bodies for guidance on procedural matters such as the making of motions and voting.

6.2.5 The chair of a legislative body may direct that comments from the public shall be limited to no more than three minutes per person. Comments from the public should be requested following introduction of each agenda item. Efforts should be made to make it clear to the members of the legislative body and audience when a comment is being made by a member of the public versus a member of the legislative body.

6.2.6 In the event a legislative body is having difficulty taking action on items due to lack of attendance to create a quorum, the legislative body may make a recommendation regarding changes to membership and seek approval of these recommendations from the Board or Policy Advisory Committee that created the legislative body.

6.3 The scope of topics within the jurisdiction of the legislative shall be limited to those issues delegated to the legislative body by the Board or relevant Policy Advisory Committee.

6.4 Legislative bodies created by the Board or a Policy Advisory Committee do not have authority to take action on behalf of SANDAG, make a final determination on behalf of SANDAG, and/or take a position on behalf of SANDAG.

6.5 SANDAG’s Committee and Working Group Guidelines should be used for additional guidance.

6.6 New standing committees shall not be created by SANDAG staff. Staff may request approval for creation of a new standing committee from the Board. Staff may create ad hoc (temporary) committees or working groups subject to the approval of the
Executive Committee Policy Advisory Committees. An informational report shall be provided to the Board on a biannual quarterly basis concerning the status of all standing and ad hoc committees and working groups.

Adopted June 2003
Amended November 2004
Amended December 2005
TRAVEL EXPENSES

This policy is intended to establish a basis for budgeting Board member and employee attendance at conferences, training, seminars, or other meetings and provide guidelines for Board members and employees who have been approved to travel on behalf of SANDAG.

It is desirable and beneficial to SANDAG and its constituents to have Board members and employees participate in state and national activities, training, and conferences related to SANDAG’s subject matter jurisdiction.

Procedures

1. Budgeting

   1.1 Each year the Executive Director will survey the Board and committee (Board) members to ascertain their interest in attending upcoming conferences and meetings. These conferences may include legislative and annual meetings for the California Transit Association, the American Public Transit Association, and the Association of Metropolitan Planning Organizations, as well as California Transportation Commission meetings and legislative hearings. The Chair of the Board will make the final decision regarding who should attend all conferences and meetings. Upon return, Board members will be asked to present their experiences to the Board in order to share the knowledge obtained from their attendance.

   1.2 Employees also may attend conferences related to their respective disciplines. Each year, the department directors will submit a list of desired conferences and other meetings to be attended to the Executive Director. The Executive Director will make the final decision regarding which employees should attend conferences and meetings within the adopted budget. Upon return, employees will submit a report to their director in order to share the knowledge obtained from their attendance.

   1.3 Board member and employee attendance will be funded in the annual budget subject to the availability of funds and based on the results reported by previous attendees. As part of the budgeting process, the Executive Director or his/her designee will set objectives to ensure minimum representation at key conferences, and to make sure that cumulative attendance by Board members and employees at any one conference is not excessive.

   1.4 The number of Board members or committee members attending any conference or meeting should not exceed a quorum unless this provision is specifically waived by the Board after seeking advice from legal counsel.
1.5 Basic travel arrangements for flights, hotels, and rental cars will be made by the Clerk of the Board or other designated staff. Board members and employees are responsible for contacting the Clerk of the Board or the designated staff if itinerary changes are needed. Board members or employees desiring different travel arrangements will contact the Clerk of the Board or other designated staff to place her/him on notice and will be financially responsible for any costs over and above those determined by SANDAG’s travel agent for the basic trip.

1.6 If a Board member or employee initiates a change in travel plans that is not due to a medical/death emergency by the Board member or employee, or his/her immediate family, then the Board member or employee will be responsible for the cost impacts of those changes.

1.7 Employees must fill out a travel request form prior to traveling out of San Diego County on SANDAG business. The Overall Work Program code, purpose of travel, and trip budget must be filled in on the form. The form must be approved by a department director prior to the time of travel, unless a department director is the traveler, in which case the Chief Deputy Executive Director must approve the travel. The Clerk of the Board or Executive Assistant will fill out the top portion of the travel request form for Board members. The expense report must document that expenses meet existing SANDAG policy. All documents related to reimbursable expenditures are public records subject to disclosure under state and federal law.

1.8 Penalties for falsifying expense reports include, but are not limited to the following:

1.8.1 Loss of reimbursement privileges
1.8.2 Restitution to SANDAG
1.8.3 Civil penalties for misuse of public resources
1.8.4 Prosecution for misuse of public funds
1.8.5 Disciplinary action for employees

2. Out-of-Town Travel Expense Reimbursement

2.1 The lower portion of the travel request form must be used by Board members and employees to record actual trip expenses. The report must be completed within one week from the return date. For employees, the actual expenses must be approved by a department director unless a department director is the traveler, in which case the Chief Deputy Executive Director must approve the expenses. The form should then be forwarded to the Finance Department for processing, with a personal check attached for any funds due to SANDAG. Failure to submit expense reports within the required time frame may result in the traveler not being reimbursed or collection action being taken if money is owed to SANDAG. Extensions may be granted by the Executive Director.

2.2 All expenses should be itemized, including items SANDAG may have paid for in advance so that the report provides a complete record of expenses. It is the traveler’s responsibility to submit a completed report in order to receive prompt reimbursement.
2.3 Receipts for expenditures must be attached to the expense report for all expenses where a receipt is practicably attainable. A receipt is mandatory for all expenses in excess of $10 unless a written satisfactory explanation is provided. Such written explanations are subject to approval by the Finance Department.

2.4 Travel advances may be requested. Any travel advance shall not exceed the total estimated amount of the trip, minus any items prepaid by SANDAG, such as airfare and registration.

2.5 **Board members and employees will be reimbursed for reasonable travel expenses up to the reimbursement amounts stated in IRS Publication 1542, as updated by the IRS. The following expenditure guidelines in IRS Publication 1542 should be observed as upper limits unless the circumstances dictate otherwise and the expense is approved by a department director or the Chief Deputy Executive Director. Notwithstanding the foregoing, travel to Sacramento, California and Washington, D.C. will be reimbursed up to a maximum daily rate of $300 per day for lodging and food expenses instead of the amounts listed in IRS Publication 1542.**

2.5.1 Air Travel – Air travel is to be coach class for the most direct route. Travelers are encouraged to book at least 21 to 14 days in advance to qualify for the lowest airfares. SANDAG will cover the cost if it is more cost-effective (i.e., difference in airfare as compared to the additional cost for hotel and meals) to include a Saturday stay. Travelers should consider this option, when practical.

2.5.2 Personal Auto Use – In the event that a private auto is used for the trip, mileage shall be paid at the currently established Internal Revenue Service rate. Maximum reimbursement shall not exceed the cost of using a rental car, train, or commercial airline to reach the same destination.

2.5.3 Ground Transportation – In using surface transportation, the least expensive alternative must be utilized where practical. For example, an airport shuttle should be used instead of a taxi. Such transportation should be used for travel to and from the airport and for reasonable business-related trips at the location.

2.5.4 Parking – SANDAG will reimburse the lesser of the parking cost for a personal auto left at the airport or the cost of a shuttle service or cab to and from the airport.

2.5.5 Personal Travel – If a traveler wishes to combine SANDAG travel with personal travel, or to travel with family members, the traveler may do so, provided that it does not exceed the cost equivalent of a single-person trip.

2.5.6 Rental Car – Use of rental cars must be pre-approved. SANDAG will only reimburse for the cost of renting the least expensive size vehicle necessary for the number of people traveling. SANDAG will not reimburse for rental
car insurance coverage because employees are included under SANDAG general automobile insurance coverage.

2.5.7 Meals – SANDAG will pay for meals while the traveler is in travel status. Reasonable discretion concerning the cost of the meals should be used.

2.5.8 Business Meals – Reasonable business meals involving outside persons or when necessary to conduct SANDAG-related business are permitted. All such meals must be itemized with justification on the Expense Report to determine if eligible for reimbursement.

2.5.9 Hotel – Travelers will be reimbursed for the cost of a moderate and reasonably priced single occupancy hotel room. Travelers should request the “government rate” when making hotel reservations. If a hotel stay is needed in connection with a conference or other education activity, lodging costs shall not exceed the maximum group rate published for the conference. If the group rate is not available, the traveler must use comparable lodging. Reasonable discretion regarding the cost of the hotel should be used.

2.5.10 Other Business-Related Expenses – Other business-related expenses that arise when traveling such as supplies, equipment rental, reprographics, facsimiles, and other documented business-related expenses may be reimbursed when traveling on SANDAG business and used for SANDAG purposes.

2.5.11 Travel Outside of the U.S. – Reimbursement for travel to a foreign country will be calculated at the average exchange rate during the trip as posted in the Wall Street Journal. All reimbursement for any Value Added Taxes (VAT) charged for hotel accommodations must be reimbursed to SANDAG.

2.5.12 Telephone Calls – Reimbursement for telephone calls made while traveling are permitted, provided that such calls are directly related to SANDAG business. Personal calls are permitted to a maximum of $10 per day. Calls charged to personal calling cards or wireless phone accounts may be submitted for reimbursement no later than thirty days for the time that the expense report is submitted.

2.5.13 Registration – Travelers requesting to attend a conference or training that requires registration should do so in sufficient time to take advantage of any discounts.

2.5.14 Cancellation Penalties – In the event that registration, airfare, hotel deposit, or similar items that require prepayment are paid and nonrefundable and the traveler is unable to attend, then the traveler will be responsible for reimbursing SANDAG for all prepaid amounts, unless the inability to attend is for valid medical reasons or personal emergencies, as approved by the Executive Director for employees or the Executive Committee for Board members.
2.5.15 Nonallowable Expenses – SANDAG will not provide any reimbursement for personal entertainment expenses, travel expense for family members, movies in hotels, personal items, charitable contributions, alcohol, air travel insurance, or any other expenses not deemed necessary for business purposes. SANDAG also will not provide reimbursement for the purpose of attending political events or for expenses incurred with any private club that discriminates on the basis of race, gender, religion, sexual orientation, disability, or any other discriminatory criteria in its membership policy.

3. Local Expense Reimbursement

3.1 Expense reports must be submitted that record any potentially eligible expenses. The form must be submitted together with all receipts and should be submitted within thirty days of the expense being incurred. The report must describe the item or the destination (if mileage reimbursement is requested) and the purpose. The traveler should indicate which OWP number each item should be charged to.

3.2 Expenses are eligible for reimbursement if they are related to and necessary to carrying out SANDAG business. They may include, but are not limited to: phone calls, business meals or meetings, mileage, parking, and miscellaneous out-of-pocket expenses. The Director of Finance or Executive Director may disallow any extraordinary or inappropriate expense. Whenever possible, travel should be by public transportation.

3.3 All necessary approvals must be obtained in advance and the form must be submitted to the Finance Department for processing. Reimbursement will ordinarily occur within thirty days.

Adopted June 2003
Amended December 2005
Table 2. **Localities Eligible for $226 ($58 M&IE) Per Diem Amount Under the High-Low Substantiation Method (Effective October 1, 2005)**

Note: The standard ("low") rate of $141 ($96 for lodging and $45 for M&IE) applies to all locations within the continental United States (CONUS) not specifically listed below or encompassed by the boundary definition of a listed point.

<table>
<thead>
<tr>
<th>State</th>
<th>Key City</th>
<th>County and/or Other Defined Location</th>
<th>Effective Date of $226 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AZ</td>
<td>Phoenix, Scottsdale</td>
<td>Maricopa</td>
<td>1/1 - 3/31</td>
</tr>
<tr>
<td>CA</td>
<td>Napa</td>
<td>Napa</td>
<td>All year</td>
</tr>
<tr>
<td></td>
<td>San Diego</td>
<td>San Diego</td>
<td>All year</td>
</tr>
<tr>
<td></td>
<td>San Francisco</td>
<td>San Francisco</td>
<td>All year</td>
</tr>
<tr>
<td></td>
<td>Santa Monica</td>
<td>City limits of Santa Monica</td>
<td>All year</td>
</tr>
<tr>
<td>CO</td>
<td>Aspen</td>
<td>Pitkin</td>
<td>12/1 - 3/31</td>
</tr>
<tr>
<td></td>
<td>Crested Butte, Gunnison</td>
<td>Gunnison</td>
<td>1/1 - 4/30; 12/1 - 12/31</td>
</tr>
<tr>
<td></td>
<td>Silverthorne, Breckenridge</td>
<td>Summit</td>
<td>1/1 - 3/31; 12/1 - 12/31</td>
</tr>
<tr>
<td></td>
<td>Steamboat Springs</td>
<td>Routt</td>
<td>1/1 - 3/31; 12/1 - 12/31</td>
</tr>
<tr>
<td></td>
<td>Telluride</td>
<td>San Miguel</td>
<td>1/1 - 4/30; 10/1 - 12/31</td>
</tr>
<tr>
<td></td>
<td>Vail</td>
<td>Eagle</td>
<td>1/1 - 3/31; 12/1 - 12/31</td>
</tr>
<tr>
<td>DC</td>
<td>Washington, DC (also the cities of Alexandria, Fairfax, and Falls Church, and the counties of Arlington, Fairfax, and Loudoun, in Virginia; and the counties of Montgomery and Prince George's in Maryland)</td>
<td>All year</td>
<td></td>
</tr>
<tr>
<td>FL</td>
<td>Key West</td>
<td>Monroe</td>
<td>All year</td>
</tr>
<tr>
<td></td>
<td>Miami</td>
<td>Miami-Dade</td>
<td>1/1 - 4/30</td>
</tr>
<tr>
<td></td>
<td>Naples</td>
<td>Collier</td>
<td>2/1 - 3/31</td>
</tr>
<tr>
<td></td>
<td>Palm Beach</td>
<td>Palm Beach (also the cities of Boca Raton, Delray Beach, Jupiter, Palm Beach Garden, Palm Beach Shores, Singer Island, and West Palm Beach)</td>
<td>2/1 - 3/31</td>
</tr>
<tr>
<td>IL</td>
<td>Chicago</td>
<td>Cook, Lake</td>
<td>1/1 - 6/30; 9/1 - 12/31</td>
</tr>
<tr>
<td>LA</td>
<td>New Orleans</td>
<td>Orleans, St. Bernard, Jefferson, and Plaquemines Parishes</td>
<td>1/1 - 5/31; 10/1 - 12/31</td>
</tr>
<tr>
<td>MA</td>
<td>Boston, Cambridge</td>
<td>Suffolk; City of Cambridge</td>
<td>All year</td>
</tr>
<tr>
<td></td>
<td>Martha's Vineyard</td>
<td>Dukes</td>
<td>7/1 - 8/31</td>
</tr>
<tr>
<td></td>
<td>Nantucket</td>
<td>Nantucket</td>
<td>6/1 - 8/31</td>
</tr>
<tr>
<td>MD</td>
<td>Counties of Montgomery and Prince George's</td>
<td>All year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Baltimore</td>
<td>Baltimore; Baltimore City</td>
<td>All year</td>
</tr>
<tr>
<td></td>
<td>Cambridge, St. Michaels</td>
<td>Dorchester, Talbot</td>
<td>6/1 - 8/31</td>
</tr>
<tr>
<td></td>
<td>Ocean City</td>
<td>Worcester</td>
<td>6/1 - 9/30</td>
</tr>
</tbody>
</table>

Page 7
<table>
<thead>
<tr>
<th>State</th>
<th>Key City</th>
<th>County and/or Other Defined Location</th>
<th>Effective Date of $226 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>ME</td>
<td>Bar Harbor</td>
<td>Hancock</td>
<td>7/1 - 8/31</td>
</tr>
<tr>
<td>NH</td>
<td>Conway</td>
<td>Carroll</td>
<td>7/1 - 8/31</td>
</tr>
<tr>
<td>NJ</td>
<td>Cape May, Ocean City</td>
<td>Cape May</td>
<td>7/1 - 8/31</td>
</tr>
<tr>
<td>NY</td>
<td>Floral Park, Garden City, Glen Cove, Great Neck, Roslyn</td>
<td>Nassau</td>
<td>All year</td>
</tr>
<tr>
<td></td>
<td>Lake Placid</td>
<td>Essex</td>
<td>7/1 - 8/31</td>
</tr>
<tr>
<td></td>
<td>Manhattan</td>
<td>Boroughs of Manhattan, Brooklyn, Queens, the Bronx, and Staten Island</td>
<td>All year</td>
</tr>
<tr>
<td></td>
<td>Riverhead, Ronkonkoma, Melville, Smithtown, Huntington Station, Amagansett, East Hampton, Montauk, Southampton, Islip, Oceanside, Cutchogue, Medford, Stony Brook, Hauppauge, Centerport</td>
<td>Suffolk</td>
<td>All year</td>
</tr>
<tr>
<td></td>
<td>Saratoga Springs, Schenectady</td>
<td>Saratoga, Schenectady</td>
<td>7/1 - 8/31</td>
</tr>
<tr>
<td></td>
<td>Tarrytown, White Plains, New Rochelle, Yonkers</td>
<td>Westchester</td>
<td>All year</td>
</tr>
<tr>
<td>PA</td>
<td>Philadelphia</td>
<td>Philadelphia</td>
<td>All year</td>
</tr>
<tr>
<td>RI</td>
<td>Jamestown, Middletown, Newport</td>
<td>Newport</td>
<td>5/1 - 10/31</td>
</tr>
<tr>
<td></td>
<td>Providence</td>
<td>Providence</td>
<td>All year</td>
</tr>
<tr>
<td>UT</td>
<td>Park City</td>
<td>Summit</td>
<td>1/1 - 3/31, 12/1 - 12/31</td>
</tr>
<tr>
<td>WA</td>
<td>Seattle</td>
<td>King</td>
<td>All year</td>
</tr>
</tbody>
</table>

* Transition rule. A payor who uses the high-low substantiation method in Table 2 for an employee during the first 9 months of calendar year 2006 must continue to use the high-low substantiation method for the remainder of calendar year 2006 for that employee. For travel on or after October 1, 2006, and before January 1, 2007, the payor may continue to use the rates and high-cost localities published in Table 2 or the updated rates and high-cost localities published in the revenue procedure that supersedes Revenue Procedure 2005-67, as long as those rates and localities are used consistently during this period for all employees reimbursed under this method. See Transition Rules under How To Use Per Diem Rate Tables for an example.

BOARD POLICY NO. 025

PUBLIC PARTICIPATION/INVOLVEMENT POLICY

Purpose

This policy establishes a process for obtaining input from and providing information to the public concerning agency programs, projects, and program funding in order to ensure the public is informed and has the opportunity to provide SANDAG with input so plans can reflect the public's desire. SANDAG will review and update this plan every three years. Various federal and state laws and regulations require that an agency such as SANDAG conduct public participation programs to ensure that the public is involved and that community concerns are addressed. For example, planning of mass transit capital projects, development of short range service policies and plans, and fare policy and structure changes to public transportation require public participation. The California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) also have public information components that require an agency such as SANDAG to conduct public participation programs to ensure that the public is involved and that community concerns are addressed. A significant component of SANDAG’s mission is a strong commitment to public participation and involvement to include all residents and stakeholders in the regional planning process.

The public participation policy is consistent with the requirements of Public Utility Code Section 132360.1 established with the passage of Assembly Bill 361 which reads as follows:

(c) The agency shall engage in a public collaborative planning process; recommendations from that process shall be made available and considered for integration into the plan. A procedure to carry out this process including a method of addressing and responding to recommendations from the public shall be adopted.

Social Equity and Environmental Justice

Ensuring the meaningful involvement of low income, minority, disabled, senior, and other traditionally underrepresented communities is a key component of SANDAG’s public participation activities. SANDAG’s policies, procedures, and programs are consistent with federal and state environmental justice laws, regulations, and requirements, Title VI, related nondiscrimination requirements, and reflect the principles of social equity and environmental justice. Social equity means ensuring that all communities are treated fairly and are given equal opportunity to participate in the planning and decision-making process, with an emphasis on ensuring that traditionally disadvantaged groups are not left behind. Environmental justice means ensuring that plans, policies, and actions do not disproportionately affect low income and minority communities.
Scope

The policy addresses public participation policies and public information efforts in the following areas:

A. Overall Public Participation Process
B. Development Planning
C. Design and Construction
D. Short Range Transit Service Planning and Fare Changes
E. Native American Consultation

A. Overall Public Participation Process -- Unless otherwise noted or required, these are SANDAG’s general policies for public participation for major planning initiatives such as the Regional Transportation Plan, Regional Comprehensive Plan, Regional Short Range Transit Plan, and other planning and programming projects.

1. SANDAG’s Public Participation/Involvement Program is designed to inform and involve the region’s residents in the decision-making process on issues such as growth, transportation, environmental management, housing, open space, air quality, energy, fiscal management, economic development, and public safety.

2. The Public Participation/Involvement Program seeks to involve all citizens, including but not limited to low income households, Hispanic, African American, Asian, American Indian, senior, and other communities, persons with disabilities, as well as community and civic organizations, public agencies, business groups and associations, environmental organizations, and other stakeholders.

3. SANDAG’s board meetings provide the public forum and decision point for significant regional issues. SANDAG Directors usually hold one or two board meetings each month: a Board Policy Meeting the second Friday of each month and a Board Business Meeting the fourth Friday of each month. Meetings held at the SANDAG office are accessible by public transit. During these meetings, Directors adopt plans, allocate transportation funds, approve transit construction plans, approve transit fare changes, and establish policies and develop programs that are used by local governments as well as other public and private organizations.

4. SANDAG’s Public Participation/Involvement Program shall comply with the Americans with Disabilities Act (ADA). SANDAG shall hold public meetings in buildings, rooms, or locations that are accessible to persons with disabilities. SANDAG shall provide public meeting information in alternate formats and shall provide special accommodations at public meetings with three business days notice.

5. SANDAG’s Public Participation/Involvement Program is carried out as an integrated work element of the agency’s Overall Work Program and Budget and as part of other programming, development, and implementation processes such as the Regional Transportation Plan, the Regional Comprehensive Plan, Regional Short Range Transit Plan, Environmental Impact Reports, transit capital project
development, project construction, transit fare changes, corridor studies, and other projects.

6. SANDAG shall proactively seek and promote public participation in SANDAG’s workshops and public hearings, as well as participation and attendance at committees, working groups, and task forces. SANDAG shall follow local, state, and federal guidelines for posting public meeting and hearing notices. Depending upon the specific project, SANDAG shall endeavor to hold meetings at times that can attract as many participants as possible, including evenings and weekends and at locations in communities throughout the region. SANDAG shall endeavor to hold these meetings in locations that are accessible by public transit.

7. SANDAG shall inform the public in a timely manner about regional issues, actions, and pending decisions through a number of efforts. As needed or required, SANDAG shall post public notices in newspapers of general circulation for publication of legal notices. Other publication and distribution efforts can include mail distribution to residents, agencies, and city/county governments, the SANDAG Web site, e-mail lists, and rEgion – SANDAG’s monthly electronic newsletter. As needed, SANDAG also shall distribute press releases and media alerts to local, regional, and Mexico border area print and broadcast media.


9. SANDAG shall use its Web site to provide the public with useful and timely information including meeting schedules and agendas; plans and environmental documents; reports and other publications; demographic profiles and data downloads; and interactive database and mapping applications.

10. As appropriate and depending on the specific project, SANDAG shall translate into Spanish, and other languages, publications, announcements, and Web content. In addition, numerous staff members are bilingual Spanish-English speakers and participate in public outreach and conduct presentations in Spanish. Translators shall be hired as needed to provide services in Spanish and other languages as appropriate.

11. SANDAG conducts periodic public opinion surveys as part of the outreach and citizen participation component of SANDAG’s work program. These surveys shall be designed to include the San Diego region’s residents in the regional planning process and to keep SANDAG officials aware of issues that are of concern to the people who live here.
12. SANDAG will endeavor to respond to general comments received by phone, fax, letter, or e-mail within five (5) business days of receipt. Comments shall be routed to the SANDAG staff person who is responsible for that issue. Comments may be responded to in writing (e-mail or letter) or may be resolved with the initial phone call. Some comments may need to be resolved by another agency or jurisdiction so the customer is referred to the appropriate entity. When a comment is submitted as part of a public review process (e.g., a plan or environmental report) the comment and response is logged into a database. Comments, concerns, and responses received as part of a public review process shall be included in the final plan or report.

B. Development Planning - Planning, environmental, preliminary engineering activities on major capital projects.

1. SANDAG shall follow current federal and state regulations regarding public involvement processes and procedures. SANDAG shall develop public involvement programs tailored to meet specific project needs which address the unique challenges presented by each project. Programs shall be developed using the joint Federal Highway Administration and Federal Transit Administration (FHWA/FTA) guidelines titled “Public Involvement Techniques for Transportation Decision-Making.”

2. The public involvement program shall set objectives, identify people to be reached, develop public involvement strategy, and define specific outreach techniques.

3. The public involvement program shall be developed so that critical community concerns and technical issues are identified in the study. The issues need to address the engineering, environmental, economic, and financial analyses that respond effectively to community needs and preferences and satisfy local, state, and federal environmental clearance requirements.

4. To facilitate community participation, lists of individuals, agencies, and organizations shall be developed for distribution of agency materials. These lists will include persons who have indicated an interest in transportation planning projects during previous public information efforts and/or focused on the specific project. Project information would be distributed to the persons on this list in conjunction with public meetings and workshops, to solicit comments and recommendations.

5. Environmental documents shall be prepared in accordance with California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA), as appropriate, and in coordination and consultation with various federal, state, and local agencies, and with elected officials, community leaders, organizations, and other individuals from the neighborhoods and communities potentially affected by the proposed action. Coordination and public involvement shall be achieved through a variety of means, such as formal public hearings and meetings, circulation of draft documents, mailings, focus group meetings, workshops, and individual/group contacts.

6. Formal scoping meetings, public hearings, and/or other meetings during the comment period and environmental document certification shall be held in
accordance with the requisite environmental document. As required, meetings shall be announced in the Federal Register, local publications, and on SANDAG’s Web site. Persons and organizations on the project mailing list also will be notified. SANDAG shall endeavor to hold public meetings in locations accessible by public transit.

7. SANDAG shall prepare and distribute appropriate notices and communications to comply with CEQA and NEPA requirements.

8. A public information program shall be developed to inform the community of factors related to the project. The information program may include briefings for the news media, informational meetings, presentations to include community and professional associations and educational institutions, business groups and associations, environmental organizations, and other public forums.

9. A project working group may be organized to review and comment on the project to build understanding and identify support for feasible alternatives. This group may consist of various elected officials/staff, community and neighborhood organizations, business organizations, property owners, and other stakeholders and interested parties. This group would be formed to provide comment and guidance regarding technical issues, review study alternatives and evaluation results, and provide community input regarding the alternatives. This iterative process would allow for identified issues and concerns to receive follow-up responses. Meeting summaries of project working group activities shall be produced. Meeting notices, agendas, and/or other information shall be posted to SANDAG’s Web site.

10. Other public input opportunities include SANDAG Board of Directors meetings and meetings of SANDAG’s five policy committees: Executive, Transportation, Regional Planning, Borders, and Public Safety. Other opportunities for public participation are at working group meetings, general public meetings, and presentations to planning and community groups.

C. Design and Construction – Design and construction of capital projects.

1. For all capital improvement projects with significant community impacts, SANDAG shall provide opportunities for members of the public to provide input and express concerns. SANDAG also shall implement a program designed to inform the public of progress, as well as safety and community impacts in the event of construction.

2. SANDAG shall hold publicly noticed meetings at key stages of project development and implementation in the area(s) being impacted. The location of the meetings shall depend upon the geographic location of the project. Meetings concerning projects exclusively within the North San Diego County Transit Development Board’s (NSDCTDB’s) service area shall be held in North County locations, and if appropriate, at SANDAG’s offices. Meetings concerning all other projects shall be held at SANDAG’s offices or other locations specified in SANDAG’s agendas. SANDAG, MTS, and NCTD offices are accessible by public transit. SANDAG shall endeavor to hold off-site public meetings at locations accessible by public transit.
3. SANDAG shall solicit input from the representatives of interest groups of the local population, such as community groups, planning groups, business groups and associations, business improvement districts, environmental organizations, neighborhood associations, and senior and disabled riders. These stakeholders will be consulted during the design and construction of capital projects.

4. SANDAG shall work to advise the public regarding actual and perceived disruption during construction of capital projects by distributing informational, educational, and public information materials, and by using other traditional community relations tools.

5. SANDAG shall endeavor to meet citizen concerns as they arise and attempt to resolve those concerns.

6. For all projects requiring environmental review under CEQA and NEPA, such as major capital improvement projects, SANDAG shall provide opportunities for members of the public to provide input and comply with all related legal requirements.

   6.1 SANDAG shall solicit input from the representatives of interest groups of the local population, such as community groups, planning groups, business groups and associations, and neighborhood associations.

   6.2 SANDAG shall incorporate public input into project planning and development where practical and feasible.

   6.3 SANDAG shall hold a public hearing to seek public comment whenever required under CEQA and/or NEPA.

       6.3.1 Published notifications for such hearings shall be published in newspapers of general circulation for publication of legal notices. Notices also may be published in regional, community, or Spanish-language newspapers to reach the affected area.

       6.3.2 Any item subject to a public hearing will be listed and described in the Board’s published agenda, which shall be posted at least 72 hours in advance of the meeting at the Board’s meeting place and on SANDAG’s Web site.

       6.3.3 Public hearings shall be conducted by SANDAG at the published date, time, and place. The public hearing will allow for interested parties to be heard. The Board also will consider any written comments that were forwarded to the Board prior to the hearing.
D. Short Range Transit Service Planning and Fare Changes

1. SANDAG has adopted Transit Service Planning and Fare Setting policies to provide policy guidance for transit service and fare changes. This section of the policy is designed to inform and involve public transit riders, stakeholders, and the general public about proposed changes in transit fares. Public information and involvement programs for service changes would fall under adopted policies of the Metropolitan Transit System (MTS) and North San Diego County Transit Development Board (NSDCTDB).

1.1. A public hearing will be held by SANDAG for transit fare changes. The public hearings will be held at the SANDAG offices during a regularly scheduled meeting of the SANDAG Transportation Committee and/or Board of Directors and/or in the general geographic area of the affected public at a special or relocated meeting of the SANDAG Transportation Committee or Board of Directors, as determined by the SANDAG Transportation Committee or Board. Public meetings shall be held at a time and location that is accessible by users of public transit. Public hearings for fare changes affecting North County and/or NCTD service area residents shall be held by SANDAG in the North County area. Public hearings for fare changes affecting MTS service area residents shall be held by SANDAG in the affected area.

1.2. Take One, Rider Alerts, or other public notices in both English and Spanish will be posted on all affected public transit vehicles within the affected area at least 15 calendar days prior to the public hearing and will include a description of the proposed fare change, the date, time, intent and location of the public hearing, and the deadline for written, e-mail and phone comments from the public. The notices will be posted to the SANDAG and Transit Agency Web site(s).

1.3. Print notice of public hearings will be provided at least 15 calendar days prior to the public hearing meeting date in newspapers of general circulation in the affected area(s), including appropriate minority and community publications. The public hearing notice will include a description of proposed fare changes, the date, time, intent, and location of the public hearing, and the deadline for written, e-mail, and phone comments from the public.

1.4. An open phone line will be made available to take public comments at least 15 calendar days prior to public hearing.

1.5. A SANDAG Policy Committee and/or Board report (as appropriate) will be completed and available for public review at least 72 hours prior to the public hearing and posted to the SANDAG Web site(s).

2. After a fare change is approved by SANDAG:
2.1. The public will be notified via news release(s)

2.2. Take One, Rider Alerts, or other public notices in both English and Spanish will be posted on all affected transit vehicles at least 15 calendar days prior to changes going into effect and posted to the SANDAG and Transit Agency Web site(s).

3. SANDAG shall follow federal Title VI and environmental justice requirements when implementing transit fare changes.

3.1. Residential, employment, and transportation patterns of low-income and minority populations shall be identified so that their needs can be identified and addressed, and the benefits and burdens of transportation investments can be fairly distributed. SANDAG shall endeavor to involve the affected communities in evaluating the benefits and burdens of transportation investments.

3.2. SANDAG shall evaluate and - where necessary - improve the public involvement processes to eliminate participation barriers and engage minority and low-income populations in transportation decision making.

E. Native American Consultation

1. SANDAG shall establish and adhere to government-to-government relationships when interacting with Tribal Governments, acknowledging these tribes as unique and separate governments within the United States.

2. SANDAG shall recognize and respect important California Native American rights, sites, traditions, and practices.

3. SANDAG engages in “consultation” with Tribal Governments prior to making decisions, taking actions, or implementing programs that may impact their communities.

4. To facilitate effective consultation with Tribal Governments, SANDAG has established a Tribal Government Liaison. The Liaison shall serve as an initial contact for Tribal Governments and communicates with tribal governments regarding SANDAG’s activities.

4.1. “Consultation” is the active, affirmative process of: (1) identifying and seeking input from appropriate American Indian government bodies, community groups, and individuals; and (2) considering their interests as a necessary and integral part of the decision-making process.

Adopted March 2005
Amended December 2005
Introduction

Understanding the critical infrastructure needs facing California, a variety of legislative proposals are currently under discussion. One proposal, Senate Bill (SB) 1024 (Perata), as currently written, would enact the Safe Facilities, Improved Mobility and Clean Air Bond Act of 2005, authorizing a state general obligation bond of $10.275 billion for specified purposes. SANDAG has received requests from our state legislators as well as other groups regarding the region’s infrastructure needs and how they can be best addressed with the framework of a bond measure. To enable our leadership the ability to respond to these requests, establishment of a process and schedule for identifying specific infrastructure program and project needs for the San Diego region will be advantageous.

Discussion

There are a variety of legislative proposals under development intended to address California's immediate and long-term infrastructure demands. Because the proposals are under development, there are many unknowns, which of course can be challenging, however, it is also an opportunity to provide valuable input into the process early on. In addition to SB 1024, there are discussions of a mega infrastructure bond ranging from $10 billion to $50 billion that would be partially supported by revenue through sales tax or other means of revenue generation.

Senator Perata’s bill (SB 1024) is the furthest along and as of the last amendment on September 8, 2005, included the following categories.

- a) State Transportation Improvement Program $1,500,000,000
- b) Floor Control Account $1,000,000,000
- c) Restoration of Proposition 42 $2,300,000,000
- d) California Ports Infrastructure, Security $2,500,000,000
- e) Transportation Project Enhancement and Mitigation $100,000,000
- f) Affordable Housing Incentive Program Account $425,000,000
- g) Regional Housing and Community Growth Incentive Account $975,000,000
- h) Flood Control Matching Account $200,000,000
- i) California Rail Corridor Improvement Account $1,000,000,000
- j) Transit-Oriented Development Account $275,000,000

Total $10,275,000,000
Proposed Framework

The goal of today’s agenda is to begin the establishment of a framework to ensure that San Diego is represented in any future infrastructure bond. For example, a review of the Perata bill and its relevance to San Diego is recommended. If a San Diego “infrastructure need” fits into one of the categories above, but San Diego is not specifically identified, or if there is a need that does not currently fit into any of these categories, the SANDAG leadership would work with the author and our San Diego representatives to ensure that this is addressed. This effort would be part of a proposed framework. Other recommendations for a framework are as follows:

- Review all current legislation related to infrastructure bonds for relevance to San Diego, and continue to follow the efforts as the various legislative proposals are developed and amended.
- Prepare a comprehensive, user-friendly identification of infrastructure needs in the areas, including, but not limited to, transportation (highway and transit), goods movement, environmental mitigation, air quality, smart growth, regional housing, beach replenishment, and storm water.
- Develop a strategy to work with authors and San Diego representatives to ensure that San Diego needs are addressed. Engage Board members and legislative representatives in the process of educating our delegation in Sacramento.
- Work with the SANDAG member agencies and advisory members, including all 18 cities, the County of San Diego, and the transit agencies, and other stakeholder groups, such as chambers of commerce, economic development agencies, etc.

Any infrastructure bond that passes the legislature and is approved by the Governor would require support by the majority of the voters statewide. The time for the ballot presentation to the voters would be determined by the measure itself.

Next Steps

The various legislative proposals will likely be ongoing throughout the year. Next steps following the initial discussion at the December 16, 2005, Board meeting would include:

- The SANDAG Policy Board meeting on January 13, 2006, would include a discussion among Board members and their City Managers/County Administrative Officer to refine and recommend specific programs/projects for inclusion in a potential statewide bond measure.
- The Executive Committee has recommended continuing the discussion on infrastructure bond proposals at the SANDAG Board Retreat scheduled for February 1-3, 2006, at Borrego Springs.
- The February 10, 2006, SANDAG Policy Board meeting would be a bring together Board members and our state legislative delegation to further discuss and refine the San Diego region’s approach.

GARY L. GALLEGOS
Executive Director

Attachment: 1. Senate Bill 1024, as of September 8, 2005
Key Staff Contact: Ellen Roundtree, (619) 699-6960, ero@sandag.org
An act to add Chapter 12.49 (commencing with Section 8879.20) to Division 1 of Title 2 of the Government Code, to add Chapter 3.6 (commencing with Section 50535) to Part 2 of Division 31 of the Health and Safety Code, and to add and repeal Section 2704.21 of, and to repeal Chapter 20 (commencing with Section 2704) of Division 3 of the Streets and Highways Code, relating to public works and improvements by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1024, as amended, Perata  Public works and improvements: bond measure.
(1) Existing law provides various funding sources for transportation purposes.
This bill would enact the Safe Facilities, Improved Mobility, and Clean Air Bond Act of 2005 to authorize $7,825,000,000 in state general obligation bonds for specified purposes, including the state transportation improvement program, passenger rail improvements, levee improvements, flood control, restoration of Proposition 42 transportation funds, port infrastructure and security projects, trade corridors of significance, emissions reduction projects, environmental enhancement projects, and transit-oriented development, transportation needs in cities, counties, and cities and counties that meet certain requirements relative to provisions of housing needs in their communities, and housing, regional growth, and infill development purposes, subject to voter approval.
This bill would require the Secretary of State to submit the proposed bond measure to the voters at the November 7, 2006, election.
This bill would establish the Transit-Oriented Development Implementation Program, to be administered by the Department of Housing and Community Development. The bill would create the
Transit-Oriented Development Fund in the State Treasury as a continuously appropriated fund, thereby making an appropriation, and would provide for certain moneys to be deposited in the fund. These provisions would become operative only if the voters approve the bond act.

This bill would also provide for the repeal of certain provisions of existing law relating to the High-Speed Passenger Train Bond Act for the 21st Century if the voters approve this bond act.

This bill would enact other related provisions.

(2) This bill would declare that it is to take effect immediately as an urgency statute.


THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 12.49 (commencing with Section 8879.20) is added to Division 1 of Title 2 of the Government Code, to read:

CHAPTER 12.49. THE SAFE FACILITIES, IMPROVED MOBILITY, AND CLEAN AIR BOND ACT OF 2005


8879.20. (a) This chapter shall be known as the Safe Facilities, Improved Mobility, and Clean Air Bond Act of 2005.

(b) This chapter shall only become operative upon adoption by the voters at the November 7, 2006, election.

8879.21. The Legislature finds and declares all of the following:

(a) Between 1970 and 1995, California's population increased 60 percent and the number of vehicle miles traveled on the state's highway system increased 170 percent, straining the state's already burdened transportation system and increasing the state's serious congestion problems.

(b) The volume of United States trade passing through California's ports in the year 2000 was valued at $439 billion and estimated to be 40 percent of all goods entering the country. Trade in California is estimated to double between now and the year 2020.

(c) Congestion in and around California's seaports, airports, and other transportation terminals threatens the state's economy, increases traffic problems, and results in poor air quality, particularly in those communities near port and terminal facilities.

(d) California is now home to six of the nation's 25 most congested urban areas. Los Angeles, San Francisco, San Diego, Riverside, San Jose, and Sacramento are on this dubious list. This level of congestion costs Californians millions of dollars in lost time, lost production, and fuel costs.

(e) Despite increased pressures on the state's transportation system, funds intended for investment in the system have not materialized in recent years, delaying capacity and safety improvements.

(f) During the 2003-04 and 2004-05 fiscal years, $2.1 billion in funding intended to be transferred to the Transportation Improvement
Fund (TIF) was retained in the General Fund, denying the state's transportation system funds for improvements and obligating the General Fund to repay those dollars in 2007-08 and 2008-09.

(g) Funding shortfalls do not just impact traditional transportation facilities. According to the Department of Water Resources (DWR), the absence of a dedicated funding stream to improve the state's 1,600 miles of levees has forced maintenance to be deferred, thereby jeopardizing the structural integrity of the levees that provide flood protection for 200,000 structures, 500,000 people, and two million acres of farm land, estimated to be valued at $47 billion.

(h) (1) The recently-completed environmental studies by the High-Speed Rail Authority determined all of the following:

(A) By the year 2020, there will be 11 million more people living in California, who will take 100 million more intercity trips, which will clog up our already congested freeways and airports.

(B) A new state-of-the-art high-speed train network serving all major metropolitan areas of the state will best serve the increase in intercity travel demands of the future.

(C) The high-speed train network will cost less than one-third of the cost to serve intercity trips on the highways or at the airports.

(D) The high-speed train network is far more safe and reliable than the automobile and the plane.

(E) The high-speed train network will be more environmentally friendly, save energy, and reduce air pollution.

(F) The high-speed train network will improve the state's economy and create 450,000 permanent jobs in California.

(2) Therefore, the construction of the high-speed train network as defined in the authority's final environmental impact report completed in 2005 is a high-priority transportation infrastructure project for the state and should be constructed on an incremental basis. This bond measure would provide the funding necessary for the first phase and the next four years of activities that can be accomplished towards building the high-speed train network, while providing rail improvements to improve the flow and enhance the safety of passenger and freight rail services in California.

(i) Enactment of the Safe Facilities, Improved Mobility and Clean Air Act of 2005 would provide needed investment to make the necessary improvements to relieve traffic congestion, increase mobility, improve the state's trade corridors, strengthen the state's levees, improve air quality, provide incentives for the production of affordable housing, and keep California's economy strong.

8879.22. As used in this chapter, the following terms have the following meanings:

(a) "Board" means any department receiving an allocation from the Department of Finance.

(b) "Committee" means the Safe Facilities, Improved Mobility, and Clean Air Finance Committee created pursuant to Section 8879.27.

(c) "Fund" means the Safe Facilities, Improved Mobility, and Clean Air Bond Fund of 2005 created pursuant to Section 8879.23.

Article 2. Safe Facilities, Improved Mobility, and Clean Air Bond Fund of 2005 and Program
8879.23. The Safe Facilities, Improved Mobility, and Clean Air Bond Fund of 2005 is hereby created in the State Treasury. The proceeds of bonds issued and sold pursuant to this chapter for the purposes specified in this chapter are hereby appropriated, without regard to fiscal years, to the Department of Finance for allocation in the following manner:

(a) One billion five hundred million dollars ($1,500,000,000) for projects in the State Transportation Improvement Program, to augment funds otherwise available for this purpose from other sources. The funds provided by this subdivision shall be deposited in the Transportation Facilities Account which is hereby created in the fund, and shall be available for appropriation to the Department of Transportation and for allocation by the California Transportation Commission.

(b) One billion dollars ($1,000,000,000) shall be available to the Department of Water Resources for the inspection, evaluation, improvement, and strengthening of the state's federally designated project levees. The funds shall be deposited in the Levee Facilities Account which is hereby created in the fund. The funds shall be made available for levee improvements on a matching basis, with the share provided from these bond revenues to pay for no more than 75 percent of a project's costs, and with the remaining matching funds to be provided in the form of local or regional assessment fee revenues, other local funds, or any federal funds available for these purposes.

(b) (1) On billion dollars ($1,000,000,000) shall be deposited in the Flood Control Account, which is hereby created in the fund. The money in the account shall be available to the Department of Water Resources, the State Reclamation Board, or any successor agency, upon appropriation by the Legislature, for the inspection, evaluation, improvement, construction, modification, and relocation of flood control levees, weirs, or bypasses constructed in cooperation with the United States, including related environmental mitigations and related infrastructure relocations.

(2) The Legislature may enact any legislation as is necessary to implement this subdivision.

(c) Two billion three hundred million dollars ($2,300,000,000) for restoration of Proposition 42 (Article XIX B) revenues, to be deposited in the Proposition 42 Repayment Account, which is hereby created in the fund. Money deposited in the account shall be used by the Controller, in lieu of moneys from the General Fund, to meet the transfer obligations to the Transportation Deferred Investment Fund specified in Sections 7105 and 7106 of the Revenue and Taxation Code as a result of suspending the transfer of moneys from the General Fund to the Transportation Investment Fund pursuant to Sections 14557.1 and 14558 of the Government Code with respect to the 2003-04 and 2004-05 fiscal years. Funds deposited in the Transportation Deferred Investment Fund shall be allocated as provided in Sections 7105 and 7106 of the Revenue and Taxation Code as those sections read on January 1, 2005.

(d) Two billion five hundred million dollars ($2,500,000,000) to be deposited in the California Ports Infrastructure, Security, and Air Quality Improvement Account, which is hereby created in the fund. The money in the account shall be available as follows:

(1) Two billion dollars ($2,000,000,000) shall be transferred to the Global Gateways Improvement Fund, which is hereby created. The
money in this fund shall be available for allocation by the California Transportation Commission for infrastructure improvements along federally-designated "Trade Corridors of National Significance" in this state or along other corridors within this state that have a high volume of freight movement, as determined by the commission.

Applicants for these funds shall provide matching funds from other revenues, in a percentage amount to be determined by the commission. In determining projects eligible for funding, the commission shall consult the Global Gateways Development Program report prepared by the Business, Transportation and Housing Agency pursuant to SCR 96 (Resolution Chapter 158, Statutes of 2000) or trade corridor improvement projects identified in an approved regional transportation plan. Eligible projects for these funds include all of the following:

(A) Highway capacity improvements and operational improvements to more efficiently accommodate the movement of freight, particularly for ingress and egress to and from the state's seaports, land ports of entry, and airports, and to relieve traffic congestion along major trade or goods movement corridors.

(B) Freight rail system improvements to enhance the ability to move goods from seaports, land ports of entry, and airports to warehousing and distribution centers throughout California, including projects that separate rail lines from highway traffic and other projects that improve the efficiency and capacity of the rail freight system.

(C) Projects to enhance the capacity and efficiency of ports.

(2) Four hundred million dollars ($400,000,000) shall be available for transfer to the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund, created pursuant to Section 44299 of the Health and Safety Code. Funds under this paragraph shall be available for allocation by the State Air Resources Board to reduce covered emissions from a covered source, as those terms are defined in paragraphs (5) and (7) of subdivision (a) of Section 44275 of the Health and Safety Code, relative to sources used primarily in the operations of ports in this state.

(3) One hundred million dollars ($100,000,000) shall be available to the California Infrastructure and Economic Development Bank to be allocated, as grants, for port, harbor, and ferry terminal security improvements. The money made available under this paragraph shall be continuously appropriated to the bank without regard to fiscal years. Eligible applicants shall be publicly owned ports, harbors, and ferry boat and ferry terminal operators, which may submit applications for the following types of projects:

(A) Video surveillance equipment.

(B) Explosives detection technology, including, but not limited to, X-ray devices.

(C) Cargo scanners.

(D) Radiation monitors.

(E) Thermal protective equipment.

(F) Site identification instruments capable of providing a fingerprint for a broad inventory of chemical agents.

(G) Other devices capable of detecting weapons of mass destruction using chemical, biological, or other similar substances.

(H) Other security equipment to assist in any of the following:

(i) Screening of incoming vessels and incoming or outbound cargo.

(ii) Monitoring the physical perimeters of harbors, ports, and
ferry terminals.

(iii) Providing or augmenting onsite emergency response capability.

(I) Overweight cargo detection equipment, including, but not limited to, intermodal crane scales and truck weight scales.

(J) Developing disaster preparedness or emergency response plans.

(e) One hundred million dollars ($100,000,000) to be deposited in the Transportation Project Enhancement and Mitigation Account, which is hereby created in the fund. The money in the account shall be available for transfer to the Environmental Enhancement and Mitigation Program Fund created pursuant to Section 164.56 of the Streets and Highways Code, for allocation to projects pursuant to that section.

(f) (1) Four hundred twenty-five million dollars ($425,000,000) to be deposited in the Affordable Housing Incentive Program Account, which is hereby created in the fund. Funds shall be available, upon appropriation, to the California Transportation Commission for the purpose of providing transportation funding grants, upon application, to cities, counties, and cities and counties that meet a significant portion of their overall and affordable housing needs. In order to be eligible for funds pursuant to this subdivision, a city, county, or city and county shall meet all of the following criteria:

(A) The city, county, or city and county has adopted a revised housing element in accordance with Section 65588 that the Department of Housing and Community Development has determined pursuant to Section 65585 to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7. For the purposes of this paragraph, an adopted housing element that has been self-certified pursuant to Section 65585.1 shall be deemed to have been approved by the department, unless a court finds that the jurisdiction’s housing element does not substantially comply with that article.

(B) The city, county, or city and county has met, as determined by the Department of Housing and Community Development in accordance with the forms and definitions determined by the department pursuant to Section 65400, at least 80 percent of its annualized overall housing need during the preceding year or 80 percent of its overall housing need from the beginning of the planning period, as determined pursuant to Section 65584.

(C) The city, county, or city and county has met, as determined by the Department of Housing and Community Development in accordance with the forms and definitions determined by the department pursuant to Section 65400, at least 30 percent of its annualized housing need for each of the very low, low-, and moderate-income categories during the preceding year or 30 percent of its overall housing need in each of the very low, low-, and moderate-income categories from the beginning of the planning period, as determined pursuant to Section 65584.

(2) The Department of Housing and Community Development shall report annually to the California Transportation Commission a list of cities, counties, or cities and counties that have met the requirements of paragraph (1).

(3) The California Transportation Commission shall award funds available under this section over a five-year period.

(4) Funds awarded pursuant to this section shall be used for improvements to neighborhood streets and roads. Improvements, as
used in this paragraph, mean those activities described in subdivision (e) of Section 7104 of the Revenue and Taxation Code.

(g) Nine hundred seventy-five million dollars ($975,000,000) to be deposited in the Regional Housing and Community Growth Incentive Account, which is hereby created in the fund. The money in the account shall be available as follows:

(1) Twenty five million dollars ($25,000,000) shall be available to the secretary for grants for the development of regional growth plans in accordance with the following schedule:

(A) Grants to regional agencies with a population of one million or more: fifteen million dollars ($15,000,000).

(B) Grants to regional agencies with a population of under one million: ten million dollars ($10,000,000).

(2) Seventy five million dollars ($75,000,000) shall be available to the secretary for grants to regional agencies for the establishment of revolving funds and for grants, to pay the costs incurred by local governments within the region to identify, review, and adopt any land use policies including amendments to general plans, community or neighborhood plans, zoning codes, subdivision codes, guidelines or planning policies necessary to authorize urban infill development in an area designated for that development in a regional growth plan. Eligible costs include those associated with compliance with Division 13 (commencing with Section 21000) of the Public Resources Code and costs necessary to conduct public outreach programs and facilitate citizen involvement in the plan development and approval process. Any fees recovered from project applicants that benefit from the plans and environmental review funded under this subdivision shall be transferred to the regional agency for use for the purposes of this subdivision or returned to the state at such time and under such terms as the secretary determines that further use of loan funds for these purposes is not required.

(3) Two hundred million dollars ($200,000,000) shall be available to the Secretary of Resources for competitive grants based on regional growth plans as follows:

(A) Grants shall be for the acquisition of wildlife habitat, open space, and easements on agricultural land consistent with an adopted and certified regional growth plan that contains a resource conservation element that analyzes and identifies mitigation for significant impacts on those resources considered in the regional growth plan.

(B) The regional agency may allow project applicants whose projects conform to the regional growth strategy to mitigate all or a portion of their impacts on wildlife habitat, agricultural lands and open space by payment of a fee, equal to the proportional impacts of the project.

(C) The Secretary of Resources shall award grants pursuant to this paragraph based on the applicant's demonstration, as reviewed by the appropriate department within the Resources Agency, that the grant will promote the following:

(i) Long term sustainable protection of wildlife habitat, wildlife corridors, and prime agricultural land within the region.

(ii) The use of the grant funds will assist in the implementation of land use policies of the regional growth plan, state planning priorities specified pursuant to Section 65041.1 of the Government Code, and with state policies for regional growth that are consistent
with those priorities, including the provisions of SB 832 of the 2005-06 Regular Session, if that legislation is enacted.

(iii) The use of the grant funds is consistent with other wildlife protection plans and strategies within the region including any natural community conservation plans, habitat conservation plans, state approved open space plans, or other regional conservation plans.

(iv) Project applicants are required to pay a fee equal to their proportional impacts.

(v) All fees paid pursuant to paragraph (iv) are used by the regional agencies for additional conservation projects consistent with the provisions of this paragraph or are returned to the state under such terms as the secretary shall determine.

(D) No grant shall be made until an implementing agreement has been executed between the secretary and the regional agency that includes:

(i) Provisions identifying the conservation goals, scope and geographical coverage of the plan.

(ii) Provisions identifying which public agencies or nonprofit organizations will be responsible for acquisition, management, and monitoring of conservation lands and easements under the grant. To the extent feasible, public agencies responsible for similar conservation activities should be used wherever that capacity already exists in the region.

(iii) Provisions to ensure the monitoring of easements and the protection of habitat values on lands acquired.

(iv) Provisions for the determination of mitigation credits and fees, where applicable, and for the use of fees for additional conservation expenditures under the plan.

(E) The secretary may impose such other conditions as are necessary to meet the goals of this subdivision.

(4) (A) Four hundred twenty-five million dollars ($425,000,000) shall be available to the secretary for competitive infill incentive grants to local public agencies that meet the following criteria:

(i) The local public agency is included in a regional growth plan.

(ii) The local public agency has conformed its local planning to the regional growth plan by adopting any land use policies including amendments to its general plan, community or neighborhood plans, zoning codes, subdivision codes, guidelines and policies necessary to provide for growth in those areas designated for urban development and prohibiting or limiting growth in those areas designated for other than urban uses consistent with the regional growth plan.

(iii) The region meets the requirements for local plan consistency for that round of grant funding.

(B) Grants pursuant to this paragraph shall be issued in four annual grant cycles beginning two years after the enactment of this chapter. To be eligible for a grant cycle, local public agencies covering not less than the percentage of population in the applicable region specified below must have met the requirements of paragraph (ii). Conformity requirements for each cycle are as follows:

(i) Grant cycle 1: 25 percent.
(ii) Grant cycle 2: 50 percent.
(iii) Grant cycle 3: 75 percent.
(iv) Grant cycle 4: 90 percent.
(C) The secretary shall establish additional criteria for the award of infill incentive grants to local agencies based on the degree to which the grants will assist the local public agency in increasing infill development and urban revitalization in an area designated by the regional growth plan for such development.

(D) Grant funds may be used for any capital outlay purpose consistent with this subdivision including, but not limited to:

(i) Creation, development and rehabilitation of urban parks, river parkways, and other public recreational facilities.
(ii) Urban greening projects including tree planting, community landscaping and other improvements to enhance the enjoyment and livability of urban neighborhoods.
(iii) Water, sewer, or other public utility infrastructure costs associated with infill development.
(iv) Street, road or other transportation improvements including transit improvements, bikeways, trolleys, and pedestrian facilities.

(5) Two hundred million dollars ($200,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended pursuant to the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code to be used for projects that meet either of the following criteria:
(A) The project is located in an area designated for infill development by a regional growth plan.
(B) The project qualifies for an exemption from the California Environmental Quality Act pursuant to Sections 21159.22, 21159.23, or 21159.24 of the Public Resources Code.

(6) Fifty million dollars ($50,000,000) shall be transferred to the Orphan Share Reimbursement Trust Fund to be expended by the administrator pursuant to the provisions of the Orphan Share Reimbursement Trust Fund established pursuant to Article 7.8 (commencing with section 25390) of Chapter 6.8 of Division 20 of the Health and Safety Code to be used for projects that are located in an area designated for infill development by a regional growth plan.

(7) The following definitions apply to this subdivision:

(A) "Secretary" means the Secretary of Business, Transportation and Housing.
(B) "Neighborhood plan" means a plan that meets the requirements of Section 65458 of the Government Code.
(C) "Regional agency" means a federally designated metropolitan planning organization, or a council of governments working with a metropolitan planning organization, for a region with a population of greater than one million. It is the intent of the Legislature that standards and procedures for the designation of regional agencies in areas of less than one million in population shall be enacted by statute not later than January, 2007.
(D) "Regional Growth Plan" is a plan that meets the requirements established in Section 65099 of the Government Code for planning or incentive grants.
(E) "Infill development" means residential or mixed commercial and residential development on an infill site as defined in
Section 21061.5 of the Public Resources Code, or in an area of an incorporated city that is predominantly developed with qualified urban uses and which has been designated for infill development by a regional growth plan.

(h) (1) Two hundred million dollars ($200,000,000) shall be deposited in the Flood Control Matching Account, which is hereby created in the fund. The money in the account shall be available to the Department of Water Resources for the purposes of funding the state's share of the nonfederal costs of flood control and flood prevention projects adopted and authorized as of January 1, 1999, under the State Water Resources Law of 1945 (Chapter 1 (commencing with Section 12570) and Chapter 2 (commencing with Section 12639) of Part 6 of Division 6 of the Water Code), the Flood Control Law of 1946 (Chapter 3 (commencing with Section 12800) of Part 6 of Division 6 of the Water Code), and the California Watershed Protection and Flood Prevention Law (Chapter 4 (commencing with Section 12850) of Part 6 of Division 6 of the Water Code), including the credits and loans to local agencies pursuant to Sections 12585.3 and 12585.4, subdivision (d) of Section 12585.5, and Sections 12866.3 and 12866.4 of the Water Code, and to implement Chapter 3.5 (commencing with Section 12840) of Part 6 of Division 6 of the Water Code.

(2) It is the intent of the Legislature that the state's share of the nonfederal costs of projects for flood control and flood prevention adopted and authorized after January 1, 2001, shall not exceed that portion of the nonfederal costs authorized pursuant to Chapter 1, (commencing with Section 12570) of Part 6 of Division 6 of the Water Code, or any amendments thereto.

(i) (1) One billion dollars ($1,000,000,000) to be deposited in the California Rail Corridor Improvement Account, which is hereby created in the fund. Funds shall be available, upon appropriation by the Legislature, to the High-Speed Rail Authority created pursuant to Division 19.5 (commencing with Section 185000) of the Public Utilities Code, without regard to fiscal year, for expenditure pursuant to paragraph (2).

(2) Funds made available pursuant to this subdivision shall be expended for the following specific corridor segments and purposes:

(A) Two hundred million dollars ($200,000,000) for the Los Angeles-Irvine segment of the LOSSAN corridor, for project-specific level environmental studies, planning, engineering, right-of-way acquisition, and construction of grade separations, bridges, and tracks. The authority shall develop a consolidated rail plan for the development of passenger rail services in the portion of the LOSSAN corridor between Los Angeles and Irvine. The plan shall formulate strategies to integrate commuter and intercity passenger rail systems and existing rail freight services operating in the corridor segment, improve interfaces with connecting services, and coordinate investments with transit-supportive land use. The plan shall be developed in cooperation with the Los Angeles County Metropolitan Transportation Authority (MTA) and the Orange County Transportation Authority (OCTA). The authority shall provide day-to-day management and technical support for the development of the plan with advice from MTA and OCTA, with input from other Los Angeles and Orange County transportation agencies, the Department of Transportation, Amtrak, railroad freight operators, any other affected agencies, and the general public. The funds may not be used for any right-of-way or construction projects or activity until the final consolidated rail
plan is adopted by the authority, MTA, and OCTA.

(B) Two hundred million ($200,000,000) for the Los Angeles-Riverside-San Diego corridor segment, for project-specific level environmental studies, planning, engineering, right-of-way acquisition, and construction of grade separations, bridges, and tracks. The authority shall develop a consolidated rail plan for the development of passenger rail services in the corridor segment between Los Angeles and Riverside. The plan shall formulate strategies to integrate commuter and intercity passenger rail systems and existing rail freight services operating in the corridor segment, improve interfaces with connecting services, and coordinate investments with transit-supportive land use. The plan shall be developed in cooperation with the Los Angeles County Metropolitan Transportation Authority (MTA) and the Riverside County Transportation Commission (RCTC). The authority shall provide day-to-day management and technical support for the development of the plan with advice from MTA and RCTC, with input from other Los Angeles, San Bernardino, and Riverside County transportation agencies, the Department of Transportation, Amtrak, railroad freight operators, any other affected agencies, and the general public. The funds may not be used for any right-of-way or construction projects or activity until the final consolidated rail plan is adopted by the authority, MTA, and RCTC.

(C) Two hundred million dollars ($200,000,000) for the Los Angeles-Palmdale-Bakersfield corridor segment, for project-specific level environmental studies, planning, engineering, right-of-way acquisition, and construction of grade separations, bridges, and tracks.

(D) Two hundred million dollars ($200,000,000) for the Bakersfield-Merced corridor segment, for project-specific level environmental studies, planning, engineering, right-of-way acquisition, and construction of grade separations, bridges, and tracks.

(E) Two hundred million dollars ($200,000,000) for the Merced-Bay Area corridor segment, for project-specific level environmental studies, planning, engineering, right-of-way acquisition, and construction of grade separations, bridges, and tracks.

(3) The authority may transfer funds between the corridor segments identified in paragraph (2) if all of the following conditions are met:

(A) The availability of matching funds in a particular corridor segment will result in a lower cost to the state for the construction of the entire network.

(B) The total amount of transfers does not exceed two hundred million dollars ($200,000,000).

(C) Not more than one-third of the funds specified in paragraph (2) for any corridor segment are transferred.

(4) The authority may not use funds made available under this subdivision for right-of-way acquisition or construction in the Los Angeles-Irvine or Los Angeles-Riverside corridor segments until a consolidated rail plan is adopted pursuant to paragraph (2). If a consolidated rail plan has not been adopted by 2010, the authority may transfer funds from a corridor segment that lacks an adopted plan to another corridor segment. That transfer shall not be subject to the conditions of paragraph (3).

(5) Notwithstanding paragraph (2), the authority may use the funds made available pursuant to paragraph (2) for the following
additional purposes without regard to corridor segment:

(A) Matching federal funds made available for high-speed train purposes not specified in paragraph (2).

(B) Planning, development, certification, and selection of a high-speed train system, including, but not limited to, rolling stock, signal systems, and electric power systems.

(6) As used in this subdivision, the following terms have the following meanings:

(A) "Authority" means the High-Speed Rail Authority.

(B) "High-speed train network" means the tracks, stations, rolling stock, and related facilities that are necessary for the operation of the high-speed train service as is further defined under the preferred alternatives section in the program level environmental report issued by the authority in 2005.

(C) "High-speed train project" means all activities that are necessary for the construction and operation of the high-speed train network.

(j) Two hundred seventy-five million dollars ($275,000,000) to be deposited in the Transit-Oriented Development Account, which is hereby created in the fund, for transfer to the Transit-Oriented Development Implementation Fund, for expenditure pursuant to the Transit-Oriented Development Implementation Program authorized by Chapter 3.6 (commencing with Section 50535) of Part 2 of Division 31 of the Health and Safety Code.


8879.25. Bonds in the total amount of seven billion eight hundred twenty-five million dollars ($7,825,000,000), two hundred seventy-five million dollars ($10,275,000,000), exclusive of refunding bonds, or so much thereof as is necessary, are hereby authorized to be issued and sold for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5. All bonds herein authorized which have been duly sold and delivered as provided herein shall constitute valid and legally binding general obligations of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal and interest thereof.

8879.26. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4), except Section 16727, and all of the other provisions of that law as amended from time to time apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

8879.27. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Safe Facilities, Improved Mobility, and Clean Air Finance Committee is hereby created. For the purposes of this chapter, the Safe Facilities, Improved Mobility, and Clean Air Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, the Director of Finance, and the Secretary of the Business, Transportation and Housing Agency, or a designated representative of each of those officials. The Treasurer
shall serve as the chairperson of the committee. A majority of the committee may act for the committee.

(b) The committee may adopt guidelines establishing requirements for administration of its financing programs to the extent necessary to protect the validity of, and tax exemption for, interest on the bonds. The guidelines shall not constitute rules, regulations, orders, or standards of general application.

(c) For the purposes of the State General Obligation Bond Law, any department receiving an allocation from the Department of Finance is designated to be the "board."

8879.28. Upon request of the board stating that funds are needed for purposes of this chapter, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Section 8879.23, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and be sold at any one time. Bonds may bear interest subject to federal income tax.

8879.29. There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, the bonds as provided herein, and all officers required by law to perform any duty in regard to the collections of state revenues shall collect that additional sum.

8879.30. Notwithstanding Section 13340, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out Section 8879.32, appropriated without regard to fiscal years.

8879.31. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312, for purposes of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this chapter, less any amount withdrawn pursuant to Section 8879.32. The board shall execute any documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated in accordance with this chapter.

8879.32. For the purpose of carrying out this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of any amount or amounts not to exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated in accordance with this chapter.

8879.33. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond
Law. Approval by the electors of this act shall constitute approval of any refunding bonds issued pursuant to the State General Obligation Bond Law.

8879.34. Notwithstanding any provisions in the State General Obligation Bond Law, the maximum maturity of any bonds authorized by this chapter shall not exceed 30 years from the date of each respective series. The maturity of each series shall be calculated from the date of each series.

8879.35. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

8879.36. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this chapter that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4, the Treasurer may maintain a separate account for investment earnings, order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

SEC. 1.3. Chapter 3.6 (commencing with Section 50535) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 3.6. TRANSIT-ORIENTED DEVELOPMENT IMPLEMENTATION PROGRAM

50535. There is hereby established the Transit-Oriented Development Implementation Program, to be administered by the Department of Housing and Community Development, to provide local assistance to cities, counties, cities and counties, transit agencies, and developers for the purpose of developing or facilitating the development of higher density uses within close proximity to transit stations that will increase public transit ridership.

50535.1. (a) There is hereby created in the State Treasury the Transit-Oriented Development Implementation Fund.

(b) Notwithstanding Section 13340 of the Government Code, all money in the fund, including any interest on loans made from the fund, is hereby continuously appropriated to the department for the purpose of carrying out this chapter.

(c) All interest, dividends, and pecuniary gains from investments or deposits of moneys in the fund shall accrue to the fund, notwithstanding Section 16305.7 of the Government Code. There shall be paid into the fund all of the following:

(1) Any moneys appropriated and made available by the Legislature for the purposes of the fund.

(2) Any moneys that the department receives in repayment of loans made from the fund, including any interest on loans made from the fund.

(3) Any other moneys that may be made available to the department for the purposes of this chapter from any other source.

50535.2. (a) To the extent that funds are available, the department shall make grants to cities, counties, cities and counties, or transit agencies for the provision of infrastructure
necessary for the development of higher density uses within close
proximity to a transit station, or to facilitate connections between
that development and the station.

(b) To the extent that funds are available, the department shall
make loans for the development and construction of a housing
development project within close proximity to a transit station. To
be eligible for a loan, at least 15 percent of the units in the
proposed development shall be made available at an affordable rent or
at an affordable housing cost to persons of very low or low income
for at least 55 years. Developments assisted pursuant to this
subdivision shall be on parcels at least a portion of which are
located within one-quarter mile of a transit station. A housing
development project may include a mixed-use development consisting of
residential and nonresidential uses.

(c) As used in this chapter, "transit station" shall have the same
meaning as defined in subdivision (b) of Section 65460.1 of the
Government Code.

50535.3. (a) In ranking applications pursuant to this chapter,
the department shall, among other criteria, consider the extent to
which the project or development will increase public transit
ridership and minimize automobile trips.

(b) The department shall also grant bonus points to projects or
developments that are within the boundaries of a transit village
development plan adopted pursuant to the Transit Village Development
Planning Act of 1994 (Article 8.5 (commencing with Section 65460) of
Chapter 3 of Division 1 of Title 7 of the Government Code) or that
are in an area designated by the appropriate council of governments
for infill development as part of a regional plan.

50535.4. (a) The department may use up to 5 percent of the funds
appropriated for the purposes of this chapter for its costs in
administering the programs authorized by this chapter.

(b) The department may administer the programs pursuant to
guidelines that shall not be subject to the requirements of Chapter
3.5 (commencing with Section 11340) of Division 3 of Title 2 of the
Government Code.

50535.5. This chapter shall become operative only if the voters
approve the Safe Facilities, Improved Mobility, and Clean Air Bond
Act of 2005, as contained in S.B. 1024 of the 2005-06 Regular
Session.

SEC. 1.7. Section 2704.21 is added to the
Streets and Highways Code , to read:

2704.21. If the voters approve the Safe Facilities, Improved
Mobility, and Clean Air Bond Act of 2005, as contained in SB 1024 of
the 2005-06 Regular Session, this chapter shall be repealed on the
date of that approval, and no bonds shall be sold pursuant to this
chapter, and, notwithstanding any other provision of law, the bond
act that is the subject of this chapter shall not be placed on the
ballot if it has not yet appeared on a ballot.

SEC. 2. Section 1 of this act shall become operative upon
adoption by the voters of the Safe Facilities, Improved Mobility, and
Clean Air Bond Act of 2005, as set forth in Section 1 of this act.

SEC. 3. (a) Notwithstanding Sections 9040, 9043, 9044, 9061, and
9094 of the Elections Code, or any other provision of law, the
Secretary of State shall submit Section 1 of this act to the voters
at the November 7, 2006, election.

(b) The Secretary of State shall ensure the placement of Section 1
of this act on the November 7, 2006, election ballot, in substantial compliance with any statutory time requirements applicable to the submission of statewide measures to the voters at a statewide election.

(c) The Secretary of State shall include, in the ballot pamphlet mailed pursuant to Section 9094 of the Elections Code, the information specified in Section 9084 of that code regarding the bond act contained in Section 1 of this act.

SEC. 4. Notwithstanding any other provision of law, all ballots shall have printed thereon and in a square thereof, the words: "Safe Facilities, Improved Mobility, and Clean Air Bond Act of 2005," and in the same square under those words, the following in 8-point type: "This act provides for a bond issue of seven billion eight hundred twenty-five million dollars ($7,825,000,000) ten billion two hundred seventy-five million dollars ($10,275,000,000) to provide funds for an essential public works facilities retrofit program." Opposite the square, there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against the act.

Where the voting in the election is done by means of voting machines used pursuant to law in the manner that carries out the intent of this section, the use of the voting machines and the expression of the voters' choice by means thereof are in compliance with this section.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for this act to be submitted to voters at the earliest possible time, it is necessary for this act to take effect immediately.
Rear Admiral Leendert “Len” Hering, Sr., was commissioned through the NROTC Scholarship Program from State University of New York Maritime College in 1977 with a Bachelor of Science degree in Meteorology and Oceanography. He has also earned a Master of Science degree in International Relations and Strategic Studies from the Naval War College, and a Master of Science degree in Business Management from Salve Regina University in Newport, R.I.

Rear Admiral Hering’s initial sea assignment was aboard USS SANTA BARBARA (AE 28), where he served as 1st and 2nd Division Officer and Assistant First Lieutenant. Upon completion of Department Head School in 1980 he was assigned to the commissioning crew of USS FAHRION (FFG 22) as Ship’s Control Officer and later as Combat Systems Officer. He had command of USS ARIES (PHM 5) from January 1989 to January 1991 and USS DOYLE (FFG 39) from July 1995 to March 1997. DOYLE was a member of the Vinson Battle Group in Desert Strike; the ship earned the Battle “E,” all possible departmental awards, the 1996 Chief of Naval Operations LAMPS Safety Award, and two TYCOM Safety Awards.

His assignments ashore include duty as operations and plans officer to Commander, Destroyer Squadron TWELVE; aide and administrative assistant to the Deputy Chief of Naval Operations for Naval Warfare; Action Officer, Pacific Command Branch J-33, Joint Operations Directorate, Joint Staff; 1st Battalion Officer and Ethics Instructor, U.S. Naval Academy, Annapolis, Maryland; Commanding Officer of Naval Base San Diego; Commander, Naval Surface Group Pacific Northwest; Commander, Navy Region Northwest, and presently Commander, Navy Region Southwest.

Rear Admiral Hering’s personal awards include (2) Legion of Merit, Defense Meritorious Service Medal, (4) Meritorious Service Medals, and various other personal achievement, service awards and ribbons.
ACCOPLISHMENTS, CHALLENGES AND OPPORTUNITIES
OF THE H. XVIII ADMINISTRATION OF TIJUANA

SANDAG

Para que estés bien y de buenas
GREATNESS AND CHALLENGES
CITY OF TIJUANA, BAJA CALIFORNIA

I would like to take this opportunity to thank you for the support that SANDAG has provided to assist the XVIII Municipality of Tijuana on its efforts to facilitate Binational affairs.

Today, in the year 2005, Tijuana is close to 2 million people. This huge population growth has given as a result, a complex challenge to the city's government to satisfy the increased demand of services. In the other hand, Tijuana has become the 5th city in importance of México, due to the size of its economy, in spite of its only 116 years of history.

Nowadays, the city's working force is concentrated in the manufacturer industry, the maquiladoras, commerce, and the services mainly related with the tourism. In the maquiladora sector, it's estimated that this 2005 will close with 215,000 workers against the 94,000 that it had 10 years ago. Concerning the foreign direct investment, Tijuana alone, stands-up with the 60% of the total invested in Baja California.

Through its history, one of Tijuana's main economic activities has been the tourism. Tijuana is much more than just the Revolución Avenue. The ample variety of activities, cultural events and the delicious cuisine of its Mexican and international restaurants, offer the best to the most delicate taste.

To provide a more efficient border crossing that benefits both San Diego and Tijuana, the governments of the two cities must work together in finding the best solution. We should look at both communities as one strong region. Every year, the people from Tijuana, spends nearly 3 billion dollars in San Diego. We need each other. We should increase the understanding of our mutual problems. Our agenda together is wide and complex. We have several issues concerning both cities: economic, tourism, educational, cultural and even ecological matters that are waiting for the best of our trust and mutual understanding.

Para que estés bien y de buenas
We should put San Diego and Tijuana in the map as one of the strongest regions of the Mexican American border. It's important to take into account that just 17 years ago 55 million people crossed the border from Tijuana to San Diego, and last year it got close to 100 million border crossings.

Right now the city of Tijuana faces a great deal of challenges. Experts tell us that with our population growing rate, in about 12 years we will have 4 million inhabitants. The city government is working in the construction of several projects to improve the flow of people and goods, and therefore, to increase Tijuana's productivity.

We strongly believe that a society investing in the children’s education is betting on a better future. That it’s why Tijuana is the only municipality, in all Mexico, with an education system of its own. The city manages 10 elementary and 3 junior high schools, attending 4,300 students. Under our administration and starting this coming school year, the parents of these students will not pay any cooperation to the city schools system. It is forbidden from now on. We think and therefore, enforce, that public education should be totally free. In accordance with our Mexican Constitution.

Here is where we need more help in acquiring the portable trailer like class rooms and equipment that is renewed every year by the San Diego Unified School District, the Department of Public Works, San Diego's Department of Public Security and San Diego's Fire Department.

We are facing many problems as time passes by. But we should put all our effort and work together, to make this noble binational region, a bright and livable place for the children of our children.

Para que estés bien y de buenas
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Para que estés bien y de buenas
TransNet Early Action Program

Plan of Finance

SANDAG
Overview

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

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

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

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

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

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Plan of Finance Components

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

(In Billions, 2002 Dollars)

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

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

- New BRT/Rail Operations: $3.9
- Bike & Pedestrian: $1.0
- Program Administration: $0.5
- Transit Services: $8.0
- Major Highway & Transit Projects (47): $16.7
- Local Streets & Roads: $14.1
- Financing Cost: $1.8
- Environmental Mitigation: $2.1
- Environmental Mitigation (Local): $0.9
- Smart Growth: $1.0
- Oversight Committee (Not Shown): $0.03

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

- Major Highway & Transit Projects (47) $16.7
- Transit Services $8.0
- Local Streets & Roads $14.1
- New BRT/Rail Operations $3.9
- Bike & Pedestrian $1.0
- Program Administration $0.5
- Financing Cost $1.8
- Environmental Mitigation $2.1
- Environmental Mitigation (Local) $0.9
- Smart Growth $1.0
- Oversight Committee (Not Shown) $0.03

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

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

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

Total Program $50.1 Billion

- Major Highway & Transit Projects (47) $16.7
- Local Streets & Roads $14.1
- Transit Services $8.0
- New BRT/Rail Operations $3.9
- Bike & Pedestrian $1.0
- Program Administration $0.5
- Financing Cost $1.8
- Environmental Mitigation $2.1
- Environmental Mitigation (Local) $0.9
- Smart Growth $1.0
- Oversight Committee (Not Shown) $0.03
Revenue Update

- **TransNet** revenues adjusted from 2002 to future dollar base

- State and Federal Matching Funds
  - Includes programmed matching funds for EAP projects
  - Includes future STIP/STP/CMAQ
  - Includes FTA New Starts
  - *Excludes* FTA formula funds/TDA/STA/Local gas tax
Project Cost Updates

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

- Bureau of Labor Statistics
- ENR
- Caltrans

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

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

*(In Millions of Dollars)*

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Policy Choices

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

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# TransNet Extension Expenditure Plan Update

*(In Millions of 2005 Dollars)*

<table>
<thead>
<tr>
<th></th>
<th>85%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
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<tr>
<td>State/Federal Funds</td>
<td>$4,537</td>
<td>$5,213</td>
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<tr>
<td>TransNet Major Corridor</td>
<td>$6,667</td>
<td>$6,667</td>
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<tr>
<td></td>
<td>$11,204</td>
<td>$11,880</td>
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<tr>
<td>Costs</td>
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</tr>
<tr>
<td>Early Action Projects</td>
<td>$2,741</td>
<td>$2,741</td>
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<tr>
<td>Other Major Corridors</td>
<td>$9,500</td>
<td>$9,500</td>
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<tr>
<td></td>
<td>$12,241</td>
<td>$12,241</td>
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<tr>
<td>Shortfall</td>
<td>($1,037)</td>
<td>($361)</td>
</tr>
</tbody>
</table>
TransNet Extension Expenditure Plan Update

85%

TransNet 55%

State & Federal 37%

Shortfall 8%

100%

TransNet 55%

State & Federal 43%

Shortfall 3%
2030 Regional Transportation Plan
(In Billions of 2002 Dollars)

- TransNet: $7.0 B
- Additional State/Federal Gas Taxes: $3.6 B
- Other Discretionary Funds: $1.4 B

Revenue Constrained Plan: $30.0 B

Mobility 2030 - $42 Billion Plan
## EAP Project Delivery Schedule

<table>
<thead>
<tr>
<th>Project</th>
<th>FY 06</th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 09</th>
<th>FY 10</th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
<th>FY 14</th>
<th>FY 15</th>
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</thead>
<tbody>
<tr>
<td>I-5 North Coast</td>
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<tr>
<td>I-15 BRT</td>
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<td>I-805</td>
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<tr>
<td>Mid-Coast LRT</td>
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<tr>
<td>Otay BRT (Phase 1)</td>
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</tr>
<tr>
<td>SR 52 (SR 125 to SR 67)</td>
<td></td>
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<tr>
<td>SR 52 Managed Lanes</td>
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<tr>
<td>(I-15 to SR 125)</td>
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<tr>
<td>SR 76 (Melrose to I-15)</td>
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<tr>
<td>Super Loop BRT</td>
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</tbody>
</table>

- **Environmental Only**: Green
- **Complete Projects**: Yellow
Summary of *TransNet* Major Corridor Program

*(Millions of Dollars)*

<table>
<thead>
<tr>
<th>Year</th>
<th>TransNet Revenues (Hwy/MC)</th>
<th>Bond/CP Proceeds</th>
<th>Total EAP Cost</th>
<th>Other Revenues</th>
</tr>
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<tbody>
<tr>
<td>2005</td>
<td>0</td>
<td></td>
<td>0</td>
<td>350</td>
</tr>
<tr>
<td>2006</td>
<td>100</td>
<td>150</td>
<td>250</td>
<td>150</td>
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<tr>
<td>2007</td>
<td>150</td>
<td>200</td>
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<td>2008</td>
<td>200</td>
<td>250</td>
<td>450</td>
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<tr>
<td>2009</td>
<td>350</td>
<td>300</td>
<td>650</td>
<td>100</td>
</tr>
<tr>
<td>2010</td>
<td>400</td>
<td>400</td>
<td>800</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>450</td>
<td>450</td>
<td>900</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>500</td>
<td>500</td>
<td>1000</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>550</td>
<td>550</td>
<td>1100</td>
<td>0</td>
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<tr>
<td>2014</td>
<td>600</td>
<td>600</td>
<td>1200</td>
<td>0</td>
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<tr>
<td>2015</td>
<td>650</td>
<td>650</td>
<td>1300</td>
<td>0</td>
</tr>
</tbody>
</table>
Financial Analysis Summary

- **With bonding**
  - EAP project schedules met
  - $1.3 billion in bonds/CP
  - $1.1 billion in interest cost

- **Without Bonding**
  - EAP completion delayed up to 10 years
  - Project cost escalation - estimated $708 million

- Public Benefits of Delivering the EAP Early
  - $540 million per year

- Benefits exceed costs
Policy Choices

- To bond or not to bond?
  - Bond

- What share of TransNet Major Corridor funds should go to EAP?
  - 90% to EAP
  - Maintain focus on EAP
  - 10% for other TransNet Major Corridors ($86 million over 10 years)

- What share of STIP/CMAQ/STP funds should go to EAP?
  - 85% to EAP
  - 15% to other transportation investments ($120 million over 10 years)
Transportation Committee Recommendation

- Approve *TransNet* Plan of Finance for the EAP
  - Use bonds to accelerate schedules
  - Set aside funds for other non-EAP projects

- Matching fund levels/set asides to be reconsidered in future updates
Next Steps

- Work on next major update to Plan of Finance to be coordinated with 2007 RTP
- Project Office – cost/schedule management
- All key assumptions to be closely monitored
- Transportation Committee and Board to be updated if issues arise
### EAP Project Schedule Delays Without Bonding

<table>
<thead>
<tr>
<th>Project</th>
<th>FY 06</th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 09</th>
<th>FY 10</th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
<th>FY 14</th>
<th>FY 15</th>
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</thead>
<tbody>
<tr>
<td>I-5 North Coast</td>
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<td>2025</td>
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<tr>
<td>Mid-Coast LRT</td>
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<td>Otay BRT (Phase 1)</td>
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<td></td>
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<td>2011</td>
</tr>
<tr>
<td>SR 52 Managed Lanes (I-15 to SR 125)</td>
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<td>2025</td>
</tr>
<tr>
<td>SR 76 (Melrose to I-15)</td>
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<td>2015</td>
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<tr>
<td>Super Loop BRT</td>
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<td>2023</td>
</tr>
</tbody>
</table>

Legend:
- **Green**: Environmental Only
- **Yellow**: Complete Projects
2006 STATE TRANSPORTATION IMPROVEMENT PROGRAM

Introduction

The 2006 State Transportation Improvement Program (STIP) covers the five-year period from FY 2007 through FY 2011. At its December 9, 2005, meeting, the Transportation Committee is being asked to recommend approval of the draft 2006 STIP funding proposal, which totals nearly $178 million. It was developed based on criteria approved by the Transportation Committee at its October 21, 2005, meeting. Proposed major projects include the State Route (SR) 52 Extension from SR 125 to SR 67, the Mid-Coast Trolley Extension to University City, and the Transportation Enhancement (TE) program. It should be noted that no new STIP funding was identified for the San Diego region as part of the 2006 STIP. The draft 2006 STIP includes only previously programmed 2004 STIP projects, and does not include any new projects.

RECOMMENDED 2006 STIP

<table>
<thead>
<tr>
<th>Project or Program</th>
<th>Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SR 52 Extension from SR 125 to SR 67, construction:</td>
<td>$140.893</td>
</tr>
<tr>
<td>2. Mid-Coast Trolley Extension to University City, design and right-of-way:</td>
<td>$5.254</td>
</tr>
<tr>
<td>3. Freeway Incident Detectors, Construction:</td>
<td>$6.050</td>
</tr>
<tr>
<td>4. SANDAG Planning and Program Monitoring:</td>
<td>$2.558</td>
</tr>
<tr>
<td>5. Transportation Enhancement – Funded Smart Growth Incentives Projects:</td>
<td>$16.617</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$177.719</strong></td>
</tr>
</tbody>
</table>

Discussion

At the October 21, 2005, meeting, the Transportation Committee approved the following criteria for programming the 2006 STIP:

1. Complete projects currently programmed in the STIP
2. Place particular emphasis on programming and completing TransNet Early Action projects
3. Program projects at the earliest possible time they can be constructed or implemented
4. Maintain existing STIP funding levels as a minimum on existing programmed projects
5. Reflect the efforts by the region and Caltrans to complete some of these projects outside the STIP through other funding sources
Based on direction from the Transportation Committee, $23.5 million in programming adjustments would be available for reprogramming to other existing STIP projects. Attachment 1 details the programming adjustments.

**STIP Background**

The STIP is a five-year transportation funding program that is typically used for capacity-increasing projects such as new or widened freeways, freeway improvements, including operational, Traffic Systems Management and others, as well as transit projects and vehicle procurements. The STIP is renewed every two years, with two new years of programming capacity added in the process. The last time the STIP was adopted was in 2004, and the five-year cycle for the 2004 STIP ends FY 2009. There are approximately three and a half years remaining in the 2004 STIP. It is now time for the 2006 STIP to be developed by the regions. The development of the 2006 STIP is based on regional priorities in combination with funding availability as determined by the California Transportation Commission (CTC) through its Fund Estimate.

The 2006 Fund Estimate identifies all revenues that are forecast to flow to various transportation accounts in the next five years. These revenue estimates reflect current law, such as Proposition 42, and are supposed to flow reliably according to statute from year to year. However, a significant portion of them has instead become subject to the annual state budget negotiation process, making them less reliable. Nonetheless, the CTC is required to determine the potential funding that could become available for the five-year period ending in FY 2011 if no budgetary diversions occur away from transportation.

According to the 2006 Fund Estimate recently adopted by the CTC, there is $5.6 billion in programming capacity statewide through the STIP. Of this amount, approximately $3.8 billion represents prior commitments from the 2004 STIP, including payback of Grant Anticipation Revenue Vehicle (GARVEE) bonds and AB 3090 reimbursements, as well as previously programmed projects. New statewide STIP programming capacity is approximately $1.8 billion. This new programming capacity has been distributed to the counties based on the status of their share balance. Counties that have already programmed their balances through advances in previous STIP cycles do not get additional programming capacity.

What this means to the San Diego region is that our 2006 STIP programming is limited to the amount already programmed on existing regional projects plus the funds from FY 2006 projects whose allocation requests have been placed on hold by the CTC. This totals nearly $151 million and reflects currently programmed projects between FY 2007 and 2009, plus $4 million from FY 2006 projects currently on hold, for a grand total available of $155 million. This figure does not include any TE funds, as these are administered separately, nor does it include any of the GARVEE bond payback or AB 3090 reimbursements, which have been taken off the top and are unavailable for reprogramming. The only way to increase funding for projects already programmed in the STIP is through redirections from other STIP programmed projects.
Remaining 2004 STIP

The 2004 STIP remaining program is distributed as shown in Table 1 below:

<table>
<thead>
<tr>
<th>Project</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. SR 52 Extension to SR 67: Right of Way</td>
<td>49,620</td>
<td>49,620</td>
<td></td>
<td>49,620</td>
</tr>
<tr>
<td>1b. SR 52 Extension to SR 67: Construction</td>
<td></td>
<td>68,920</td>
<td>68,920</td>
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</tr>
<tr>
<td>2. Mid-Coast Extension to University City: Right of Way Acquisition</td>
<td></td>
<td>5,254</td>
<td>5,254</td>
<td></td>
</tr>
<tr>
<td>3. I-805 Incident Detectors</td>
<td></td>
<td>6,050</td>
<td>6,050</td>
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<tr>
<td>4. Planning and Program Monitoring (PPM)</td>
<td>334</td>
<td>334</td>
<td>785</td>
<td>1,453</td>
</tr>
<tr>
<td>5. I-805 Ramp Meters</td>
<td></td>
<td>7,163</td>
<td>7,163</td>
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<tr>
<td>6. SR 54/SR 125 HOV Lanes: Design</td>
<td></td>
<td>6,500</td>
<td>6,500</td>
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<tr>
<td>7. Rideshare Program</td>
<td>1,824</td>
<td>1,879</td>
<td>1,935</td>
<td>5,638</td>
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<td>8. Federal Matching Funds</td>
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<td>187</td>
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<td>Total</td>
<td>51,965</td>
<td>7,467</td>
<td>91,353</td>
<td>150,785</td>
</tr>
</tbody>
</table>

Projects in italics are included in the TransNet Early Action Program

As part of the draft 2006 STIP, it is proposed that programming adjustments on projects listed 5 through 8 in Table 1 above be implemented. Details on the adjustments are described in more detail in Attachment 1.

Proposed 2006 STIP

The funding available for the 2006 STIP is shown below in Table 2. The 2006 STIP does not include any new programming capacity apart from a small amount of added federal Transportation Enhancement (TE) funds, which have limited applicability. In summary, the 2006 STIP includes approximately $155 million of STIP funds and $23 million in TE funds, for a total of approximately $178 million.

<table>
<thead>
<tr>
<th>Funding</th>
<th>Amount ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>STIP Funds</td>
<td></td>
</tr>
<tr>
<td>a. 2006 STIP Targets</td>
<td>150,785</td>
</tr>
<tr>
<td>b. Rollover funds from FY 2006</td>
<td>3,970</td>
</tr>
<tr>
<td>c. Subtotal 2006 STIP (a + b)</td>
<td>154,755</td>
</tr>
<tr>
<td>TE Funds</td>
<td></td>
</tr>
<tr>
<td>d. Existing TE Funds (FY 2007-09)</td>
<td>16,617</td>
</tr>
<tr>
<td>e. TE Fund Augmentation</td>
<td>6,347</td>
</tr>
<tr>
<td>f. Subtotal TE (d + e)</td>
<td>22,964</td>
</tr>
<tr>
<td><strong>Total 2006 STIP Funding Available (c+f)</strong></td>
<td><strong>177,719</strong></td>
</tr>
</tbody>
</table>

As discussed at the October 21, 2005, Transportation Committee meeting, the CTC has given SANDAG funding targets that, if enforced, would delay most of the regional funding by about two to three years. The CTC, however, is willing to consider flexibility to program funds for major projects that are or will be ready to go in the first two years of the STIP (FY 2007 and FY 2008), even
if the STIP targets show little or no funding available in those years. This flexibility is dependent on the project readiness that other regions with large programming targets in FY 2007 and FY 2008 may have. The 2006 STIP is proposed to be programmed as shown in Table 3. Project-specific discussion follows Table 3.

Table 3. Proposed 2006 STIP ($000s)

<table>
<thead>
<tr>
<th>Project</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>Total</th>
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<tr>
<td>1a. SR 52 – Right-of-Way</td>
<td>12,915</td>
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<td>12,915</td>
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<tr>
<td>1b. SR 52 - Construction</td>
<td>66,700</td>
<td>61,278</td>
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<td>127,978</td>
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<tr>
<td>2. Mid-Coast Extension – Design and Right-of-Way Acquisition</td>
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<td></td>
<td>5,254</td>
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<td></td>
<td>5,254</td>
</tr>
<tr>
<td>3. Freeway Incident Detectors - Construction</td>
<td></td>
<td></td>
<td>6,050</td>
<td></td>
<td></td>
<td>6,050</td>
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<tr>
<td>4. Planning and Program Monitoring</td>
<td>334</td>
<td>334</td>
<td>630</td>
<td>630</td>
<td>630</td>
<td>2,558</td>
</tr>
<tr>
<td>Subtotal</td>
<td>79,949</td>
<td>61,612</td>
<td>11,934</td>
<td>630</td>
<td>630</td>
<td>154,755</td>
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<tr>
<td>TE Funds – Pilot Smart Growth Incentives Program</td>
<td>6,026</td>
<td>4,268</td>
<td>4,500</td>
<td>1,823</td>
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<td>16,617</td>
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<td>TE Funds - Reserve</td>
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<td></td>
<td>2,472</td>
<td>3,875</td>
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<td>Total 2006 STIP</td>
<td>85,975</td>
<td>65,880</td>
<td>16,434</td>
<td>4,925</td>
<td>4,505</td>
<td>177,719</td>
</tr>
</tbody>
</table>

1. SR 52 Extension from SR 125 to SR 67: The programming change would advance the start of construction by two years, from FY 2009 to FY 2007. In addition, of the $23.5 million identified earlier resulting from 2004 STIP programming adjustments, approximately $22.3 million would be redirected for construction of this project. Programmed STIP funds on this project would be approximately $12.9 million to conclude the right-of-way phase and $128.0 million for construction, for a total of $140.9 million in STIP funding. This $446.6 million dollar project is scheduled to be complete by 2010.

2. Mid-Coast Trolley Extension to University City: It is proposed that the $5.3 million in the current STIP be programmed in FY 2009 for design. This funding would be delayed by one year from the current FY 2008 to allow for completion of the environmental document on the expanded scope to University City. An additional opportunity to program new STIP funds would be during the 2008 STIP cycle, once the environmental document has been approved. This approximately $900 million project is scheduled to be complete by FY 2015.

3. Freeway Incident Detectors: This project is fully programmed. No change in programming is proposed. This project installs incident detectors on Interstate 5 (I-5), SR 52, SR 94, and I-805. This $6.1 million project is scheduled to be operational by 2009.

4. SANDAG Planning and Program Monitoring: Statute allows Regional Transportation Planning Agencies to fund part of their planning and program monitoring activities through the STIP. This formula-based allocation would allow an additional $1.1 million to be programmed for SANDAG with the extension of the STIP to FY 2011.
Transportation Enhancements Program: In September 2005, the Transportation and Regional Planning Committees approved programming the $19.1 million in TE funds available through the 2004 STIP period to the Pilot Smart Growth Incentive Program (PSGIP). At its December 9, 2006, meeting, the Transportation Committee is being asked to provide direction on whether to use the $6.3 million in additional TE programming capacity on the PSGIP or on other TE-eligible projects. The additional TE funding would be programmed as a reserve in the 2006 STIP until specific projects are identified by the region.

**Next Steps**

The recommendations in this report are pending approval by the Transportation Committee on December 9, 2005. Any pertinent revisions will be noted at the Board of Directors meeting on December 16. Pending approval by the Board of Directors, SANDAG will submit the 2006 STIP to the CTC prior to January 30, 2006. The CTC is scheduled to adopt the statewide STIP at its April 27, 2006, meeting.

GARY L. GALLEGOS  
Executive Director

Attachment: 1. 2004 STIP Programming Adjustments

Key Staff Contact: José A. Nuncio, (619) 699-1908, jnu@sandag.org
### 2004 STIP Programming Adjustments ($000s)

<table>
<thead>
<tr>
<th>Project</th>
<th>Programmed Amount</th>
<th>Adjustment Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I-805 Ramp Meters</td>
<td>7,163</td>
<td>Some ramp meters are partially constructed, funding for remaining sites are included in Caltrans’ State Highway Operations and Protection Program (SHOPP) for the 2006 cycle. Shift $7.2 million to other existing STIP projects.</td>
</tr>
<tr>
<td>2. SR 54/SR 125 HOV Lanes: Design</td>
<td>6,500</td>
<td>Defer design and implement in coordination with TransNet-funded I-805 Managed Lanes. Shift $6.5 million to other existing STIP projects.</td>
</tr>
<tr>
<td>3. Rideshare Program</td>
<td>5,638</td>
<td>Fund with Congestion Mitigation &amp; Air Quality (CMAQ) or other funds. Shift $5.6 million to other existing STIP projects.</td>
</tr>
<tr>
<td>4. Federal Matching Funds</td>
<td>187</td>
<td>Fund with TransNet or other funds. Shift $187,000 to other existing STIP projects.</td>
</tr>
<tr>
<td><strong>Subtotal Adjustments</strong></td>
<td><strong>19,488</strong></td>
<td><strong>Available for reprogramming to other projects</strong></td>
</tr>
<tr>
<td>5. Roll-over funds from FY 2006</td>
<td>3,970</td>
<td>Funding available due to the CTC’s placing on hold the allocation request of $440,000 for federal matching funds program and $3.5 million for the Regional Rideshare program.</td>
</tr>
</tbody>
</table>

**Total** 23,458

---

Total Available for reprogramming to other projects
2006 STIP

2004 STIP Programmed vs. 2006 STIP Targets

Fiscal Year

Amount ($millions)

2004 STIP Programmed  2006 STIP Targets

This Item Relates to AI #12
Board of Directors
December 16, 2005
2006 STIP Approved Criteria

- Complete existing STIP projects
- Focus on TransNet EAP
- Construct and implement projects as early as possible
- Maintain existing program levels
- Adjust programming to account for funding by others

2006 STIP Proposed Program

- SR 52 Extension to SR 67 $140.89M
- Mid-Coast LRT Extension $5.25M
- Freeway Incident Detectors $6.05M
- SANDAG Planning & Monitoring $2.56M
- Already Programmed TE Funds $16.62M
- New TE Funding (Reserve) $6.35M

Total Proposed Program: $177.72M
2006 STIP Targets vs. 2006 STIP Proposed Program

![Bar graph showing 2006 STIP Targets vs. 2006 STIP Proposed Program](image)

- **Amount ($millions)**: 0, 20, 40, 60, 80, 100

- **2006 STIP Targets**
- **2006 STIP Proposed Program**

**Transportation Committee Recommendation:**

**Approve the 2006 STIP**
Next Steps

- Jan 30, 2006  STIP Submittal to CTC Deadline
- Apr 27, 2006  CTC Adopts STIP
Proposed Amendments to Bylaws and Board Policies

December 16, 2005

Subregional Appointments to PACs

Page 4: Bylaws, Article III, Section 3a

Page 20: Board Policy 2, Section 4.1.2

- Each subregion to notify staff of date, time, and place of meeting for subregional appointment decisions and then staff will notify members

- At time Chair gives notice of subregional appointment process, primary and alternate members to be given attendance records of current Board and PAC members

- Each subregion shall send a notice to the Chair of its selections for the PACs
Attendance

*Page 5: Bylaws, Article III, Section 5*
*Pages 21-22: Board Policy 2, Section 7*

- Purpose of changes is to ensure a quorum, participation, fairness, and knowledge
- Members must attend for at least half of the time set for the meeting or the duration of the meeting, whichever is less, to receive compensation
- Attendance requirements cover all organizations with voting rights not just subregional appointees

Officer Elections

*Page 9: Bylaws, Article V, Sections 3a-b*

- Goal is to formalize process to ensure open, fair, and ethical process for picking the best candidates
- Application forms to be created and approved by Executive Committee and then Board
- Application forms to be posted annually in July
- Application forms due within 30 days
- Only candidates submitting timely applications to be considered
Officer Elections

- Chair to appoint nominating committee in September
  - Only members from jurisdictions without applicants
  - Up to six members appointed including City and County
- Nominating committee will review applications and interview candidates
- Committee will submit a slate of nominees in November
- Nominations may still come from the floor on the day of elections
- Nominees from the application process or from the floor may not vote

Delegations of Authority

*Page 16: Board Policy 1, Section 14*

- Executive Committee given authority to conduct expedited reviews of Energy Working Group actions

*Page 17: Board Policy 1, Section 16*

- Transportation Committee given authority to approve Congestion Management Program and updates
Growth Management Review Board

Page 12: Bylaws, Article VIII

- 1988 Advisory Ballot Measure known as Proposition C
- SANDAG voluntarily agreed to monitor issues such as quality of life, growth, open space preservation, regional facilities, and regional planning
- Still carrying out these responsibilities, but not under this name

City of San Diego Changes

Page 19: Board Policy 2, Sections 1.2 to 1.5

- Per SB 1703 membership on Board to be made up of a mayor, councilperson, or supervisor who is appointed by the governing body
- Changes needed to Transportation, Regional Planning, Borders, and Public Safety Committee language to maintain flexibility

Page 20: Board Policy 2, Section 4.1.1

- Change to Section 4.1.1 is to allow continuation of practice of giving City of San Diego flexibility when making appointments to the PACs
Miscellaneous

Page 20: Board Policy 2, Section 3

- Clarification to ensure ex officio members to SANDAG will not have voting rights unless otherwise specifically stated.

Page 48: Board Policy 25, Section D, 1.2

- Will make all public notice periods for fare change hearings 15 days for consistency:
  - Take One/Rider Alerts
  - Printed notice in newspapers
  - Phone number for public comments posted on Web

AB 1234

Page 30: Board Policy 4, Section 4.14

- Requires 2 hours of ethics training by January 1, 2007, and every 2 years thereafter
  - Training materials must be approved by AG & FPPC
  - Certification of attendance can be used for SANDAG

Pages 36-37: Board Policy 11, Sections 1.7, 1.8, 2.5, 2.5.9, and 2.5.15

- Requires more structure to local agencies’ travel expense reimbursement process.
AB 1234

- Executive Committee recommends adoption of IRS Publication 1542 attached at Pages 40-41 because limits are updated annually
  - Up to $141 or $226 depending on time of year and city
  - Exceptions:
    - Sacramento, CA and Washington DC up to $300/day
    - Hotel stay in connection with a conference or education activity – lodging must not exceed maximum published group rate

Proposed Amendments to Bylaws and Board Policies

December 16, 2005