



BOARD OF DIRECTORS
APRIL 28, 2006

AGENDA ITEM NO. 06-04-1B
ACTION REQUESTED - APPROVE

BOARD OF DIRECTORS DISCUSSION AND ACTIONS
MARCH 24, 2006

Chairman Mickey Cafagna (Poway) called the meeting of the SANDAG Board of Directors to order at 9:09 a.m. The attendance sheet for the meeting is attached.

Chair Cafagna noted there was a revised agenda at the table indicating that Item No. 7 on the Draft FY 2007 Budget has been moved from Consent to Reports. The action on Item No. 16 related to the 2006 State Transportation Improvement Program (STIP) Funding Proposals also was changed from "Approve" to "Information." He stated that for Consent Item No. 6, this is the meeting set for the second reading of the ordinance entitled "Comprehensive Fare Ordinance."

1. APPROVAL OF MINUTES

Action: Upon a motion by Councilmember Patricia McCoy (Imperial Beach) and a second by Councilmember Jerry Jones (Lemon Grove), the SANDAG Board of Directors approved the minutes from the February 10 and February 24, 2006, meetings.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBERS COMMENTS

Don Stillwell, a member of the public, indicated that he has collected signatures over the past four weeks requesting that the Route 14 bus make a stop at the Grantville Trolley Station. He proposed that Route 14 operate by this trolley station and continue on to Kaiser Hospital and the Allied Gardens and Navajo areas. He believed that the prior action by the Metropolitan Transit System (MTS) Board to eliminate this stop at the Grantville Trolley Station should be reconsidered.

Councilmember Madaffer (City of San Diego) said he spoke with MTS Chair Harry Mathis and MTS Executive Director Paul Jablonski about Mr. Stillwell's request. He understands from MTS that the change cannot be made due to funding constraints. He asked for a final determination on this request from MTS.

Mr. Mathis, MTS Chair, said that Mr. Stillwell has been given a definitive answer, but he will not accept it despite the analysis that shows that his suggestion would not improve travel times for the majority of transit riders using the route. The majority of riders on this route do not have the Grantville Trolley Station as their destination, and if Mr. Stillwell's suggestion was implemented, these riders would be taken out-of-direction from their destinations.

Councilmember Phil Monroe (Coronado) stated that time is money, and the analysis shows that over 75 percent of the riders on this route would experience an out-of-direction

movement. As part of the Comprehensive Operations Analysis (COA), MTS is trying to eliminate out-of-direction movements.

Chuck Lungerhausen, a member of the public, solicited donations for the Multiple Sclerosis (MS) Water Walk on April 21, 2006, from 11:00 a.m. to 12:00 p.m., at the Mission Beach Plunge, 3001 Ocean Front Walk. He invited all to attend this event.

Linda Smith, a member of the public, distributed a handout (Title 49, Code of Federal Regulations [CFR] Parts 3 and 5 of Section 38.23, Securement Systems). She wrote to both Congressman Bob Filner and MTS about violations of the wheelchair securement equipment on trolley vehicles. She stated that it is strange that the existing devices can be declared legal by MTS. She asked Independent Taxpayers Oversight Committee (ITOC) Chair Maryam Babaki to go out with her so that she could explain the situation about wheelchair securement devices on the trolley system. Additionally, she said that yesterday (March 23) was the death of the transit system as we know it today (related to the approval of the COA by the MTS Board of Directors). She said the public knows that transit systems need more money. The transit agency is using the anger of the bus riding public to get money out of the local, state, and federal governments.

Chair Cafagna reminded Board members to submit their Statements of Economic Interests Form 700 to Deborah Gunn by the end of the month.

Mayor Pro Tem Ed Gallo (Escondido) said he was in attendance in place of Mayor Pfeiler, whose father is ill. He said that there is a card circulating for Mayor Pfeiler, and he hoped everyone would sign it.

Mayor Art Madrid (La Mesa) noted that a series of subregional workshops are scheduled to solicit input about how to make smart growth work in our region. He asked how the input gathered at these workshops would be used. He was concerned about receiving opinions at these workshops from relatively few people, which may not present the entire picture. He said that a biannual community survey for La Mesa was just completed courtesy of SANDAG and other organizations. One question posed in the survey was related to revitalizing University Avenue. Almost 80 percent of the respondents are in support of revitalizing this major thoroughfare, and only a handful was opposed to it. He questioned if a meeting was held in La Mesa's community center and only those people who opposed this project attended, how would this affect our decision?

Transportation Committee Chair, Councilmember Joe Kellejian (Solana Beach), said that staff will analyze the input gained from each of these workshops. Our obligation is to make sure that we obtain public input. He suggested that SANDAG Board members and alternates start announcing these workshops at their city council or Board of Supervisors meetings. It is important that all of us attend the workshop in our area and encourage other council/board members to attend as well. The more people that attend these workshops, the more likely we will receive a broader-based opinion concerning smart growth.

Mr. Gallegos reminded the Board that it adopted a Regional Comprehensive Plan (RCP). In order for this Plan to be successful, each local jurisdiction has to own it. We are working with member agency staffs and have identified about 200 potential smart growth areas. Some are zoned in your general and community plans now, and others will require you to

amend your plans. These workshops are the outreach piece to get input from around the region about proposed smart growth locations and how these locations should tie into how SANDAG makes regional transportation investments. All of the information that we receive will eventually come back to each of the local jurisdictions, which are the entities responsible for making the land use changes to make the smart growth areas work.

Councilmember McCoy stated that there was an opinion editorial piece in the *San Diego Union-Tribune* on March 22, 2006, written by our own Consul General of Mexico Luis Cabrera and David Stewart. She stated that it is an important article on how to make our binational economic region prosper. She encouraged Board members to go on-line and read the piece.

Consul General Cabrera provided information about this article. He said the article also was published by *Frontera*. He stated that through cooperation we can increase security at the border, and we are doing so. It also emphasizes our commitment to work together so the border is no excuse for impunity.

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

This item summarizes the actions taken by the Borders Committee at its February 24, 2006, meeting, the Regional Planning Committee meeting on March 3, the Executive Committee meeting on March 10, and the Transportation Committee and Public Safety Committee meetings on March 17, 2006.

Action: Upon a motion by Mayor Crystal Crawford (Del Mar) and a second by Councilmember Madaffer, the SANDAG Board approved Agenda Item No. 3, Actions from Policy Advisory Committees. Yes – 18 (weighted vote, 99%). No – 0 (weighted vote, 0%). Abstain – 1 (1%).

CONSENT ITEMS (4 through 6 and 8 through 11)

4. **PROPOSED CHANGES TO PUBLIC SAFETY COMMITTEE MEMBERSHIP (APPROVE)**

The Public Safety Committee (PSC) makes policy recommendations to the SANDAG Board of Directors related to public safety and homeland security. At its February 17, 2006, meeting, the PSC recommended adding three voting members and one advisory member in order to strengthen and enhance the Committee's regional public safety focus and mission. At its March 10, 2006, meeting, the Executive Committee recommended that the Board amend SANDAG Board Policy No. 002 to approve the proposed changes to the PSC membership. If approved, the additional voting members would include the San Diego County District Attorney, Regional Fire/Emergency Medical Services, and local transit agencies, and the Department of Defense as an advisory member to replace the courts.

5. *TransNet* ENVIRONMENTAL MITIGATION PROGRAM REGIONAL HABITAT CONSERVATION FUND: FY 2006 FUNDING RECOMMENDATIONS (APPROVE)

On December 16, 2005, the SANDAG Board of Directors approved the process for allocating FY 2006 *TransNet* Environmental Mitigation Program (EMP) - Regional Habitat Conservation funds for eligible land management projects. At its meeting on March 3, 2006, the Regional Planning Committee recommended that the Board approve the expenditure of \$750,000 in *TransNet* EMP funds for eight eligible land management projects. The Board also is asked to authorize the Executive Director to execute agreements with each of the applicants.

6. COMPREHENSIVE FARE ORDINANCE: SECOND READING AND ADOPTION (APPROVE)

On February 24, 2006, the SANDAG Board of Directors conducted a public hearing and the first reading of the Comprehensive Fare Ordinance. The proposed ordinance maintains the existing fare structure, system, and revenue-sharing agreements, and adds new provisions to facilitate introduction of the Compass Card fare media (regional smart card). The Board is asked to conduct the second reading and adopt the Comprehensive Fare Ordinance.

8. PROGRAMMING OF TRANSPORTATION ENHANCEMENT FUNDS: LAKE HODGES BICYCLE AND PEDESTRIAN BRIDGE PROJECT (APPROVE)

The 2006 State Transportation Improvement Program (STIP) included approximately \$6.3 million in new Transportation Enhancement (TE) funds for the San Diego region. At its December 16, 2005, meeting, the SANDAG Board of Directors approved placing these TE funds in a reserve, pending future funding recommendations. At its March 17, 2006, meeting, the Transportation Committee recommended programming \$2 million from the 2006 STIP TE reserve to the Lake Hodges Bicycle and Pedestrian Bridge Project.

9. BIKE TO WORK DAY 2006 (APPROVE)

Each year, SANDAG sponsors a regional Bike to Work Day to promote bicycling as a means of commuting. The SANDAG Board of Directors is asked to approve Resolution No. 2006-15 proclaiming Friday, May 19, 2006, as Bike to Work Day and to encourage member agencies to approve similar proclamations.

10. REPORT SUMMARIZING DELEGATED ACTIONS TAKEN BY EXECUTIVE DIRECTOR (INFORMATION)

In accordance with SANDAG Board Policy Nos. 003 (Investment Policy) and 017 (Delegation of Authority), this report summarizes certain delegated actions taken by the Executive Director during January 2006.

11. DRAFT FY 2005 AUDITED FINANCIAL STATEMENTS (INFORMATION)

In accordance with SANDAG Bylaws, the Draft FY 2005 Audited Basic Financial Statements, including the independent auditor's financial and compliance opinions, are presented for information purposes. When complete, copies of the final report will be distributed to each member agency.

Vice Mayor Pia Harris-Ebert (San Marcos) had a question on Item No. 5, related to the *TransNet* EMP Regional Habitat Conservation Fund. She said that the City of San Marcos submitted applications, but was not on the recommended list for funding. She asked if the City of San Marcos should apply again for funding. Mr. Gallegos encouraged the city to continue to apply. He said that this is part of our *TransNet* program to set aside economic benefit money for the environment. He added that staff would be happy to work with Ms. Harris-Ebert to provide feedback on her city's applications.

Action: Upon a motion by Mayor Christy Guerin (Encinitas) and second by Councilmember Madaffer, the SANDAG Board voted to approve Consent Item Nos. 4-6 and 8-11, including Resolution No. 2006-15. Yes – 19. No – 0. Abstain – 0. Absent – 0.

CHAIR'S REPORTS

12. REPORT ON NATIONAL CONFERENCES HELD IN WASHINGTON, D.C.: NATIONAL ASSOCIATION OF REGIONAL COUNCILS AND AMERICAN PUBLIC TRANSPORTATION ASSOCIATION (INFORMATION)

Vice Mayor Ron Morrison (National City) reported that during this time each year, the National Association of Regional Councils (NARC) and the American Public Transportation Association (APTA) hold their annual legislative conferences in Washington, D.C. Both conferences focus on approaches to funding transportation in the future. The NARC conference was held in February and he, Mayor Lori Holt Pfeiler, and Executive Director Gary Gallegos attended this conference. APTA held its conference in March. For the past several years, the North County Transit District (NCTD), MTS, and SANDAG have teamed up to show unity when visiting our federal delegation in Washington, D.C. This year NCTD attendees included its Chair Jerome Stocks, Vice Chair Ed Gallo, Board member Dave Druker, Executive Director Karen King, and Director of Fiscal and Support Services Richard Hannisch. The MTS attendees included Chief Executive Officer, Paul Jablonski and Director of Government Relations Sharon Cooney. Attendees from SANDAG included First Vice Chair Mary Sessom, Transportation Committee Chair Joe Kellejian, and Board members Scott Peters, Jim Madaffer, and Ron Morrison. Executive Director Gallegos, Chief Deputy Executive Director Diane Eidam, and Director of Government Relations Ellen Roundtree also attended the meetings with our Congressional delegation. Vice Mayor Morrison said that these meetings gave us the opportunity to meet with the Congressional delegation to talk about policy issues, promote our transportation projects, and emphasize Homeland Security issues. We also gained up-to-date information on the federal budget and legislative issues. We had very productive meetings with Senator Boxer that focused on Homeland Security, and we discussed border projects and State Route (SR) 905 with Congressman Bob Filner.

Transportation Committee Chair Kellejian continued the report by adding that we met with members from Senator Feinstein's office. The focus of the discussion was on our transportation priorities. They were very impressed with SANDAG's regional process and the consensus for priorities such as Interstate 5 (I-5), I-15, replacement buses, and border projects. We discussed SR 76, the I-5 interchange, and other North County transportation projects with Congressman Darrell Issa. We spoke with Congresswoman Susan Davis about the Mid-Coast trolley, replacement buses, I-15, and I-805. We met with staff members from

Congressman Duncan Hunter's office and discussed SR 52, replacement buses and mentioned that we have a disadvantage with not having a 50th District representative available. We also met with Dena Baron, the Clerk from the House Subcommittee on Transportation Appropriations, and discussed the impact of the vacancy of the 50th Congressional District seat. She recommended a course of action for us that includes a letter signed by all four remaining house members. Councilmember Kellejian said that it was his understanding that this letter is already in the works. Overall, the trip was very productive. He asked Mr. Gallegos to comment on the meetings with the Mexican Embassy and the Bureau of Indian Affairs (BIA).

Mr. Gallegos publicly apologized to the Mexican Consul General for not informing him of the meeting that had been scheduled with the Mexican Embassy in Washington, D.C. He said that our lobbyist had scheduled these meetings. Correct protocol was to call the State Department and because that wasn't done, we almost created an international incident. We worked through that issue and State Department representatives joined us at the meeting at the Mexican Embassy. The discussion focused on the Border Wait Time study and the need for the new third border crossing in East Otay Mesa. We also met with the BIA to start a dialogue with them, and we shared what we have been doing with the tribal nations in the San Diego region.

REPORTS

13. SANDAG MAGLEV STUDY PHASE 1 (ACCEPT)

Chair Cafagna recognized Chairman Joseph Craver from the San Diego County Regional Airport Authority (SDCRAA), and a representative from the Imperial Irrigation District (IID), Rudy Maldonado.

Councilmember Kellejian reported that last October the Transportation Committee authorized staff to work on the Phase 1 Maglev study to analyze the feasibility of a high-speed Magnetic Levitation (Maglev) train from San Diego to a potential airport site in Imperial County. The goal was to complete the study by March so that it could be used by the SDCRAA in its airport site selection efforts. This Maglev project is technically feasible but with some challenges, risks, and a hefty price tag.

Leslie Blanda, SANDAG Project Manager, stated that a stakeholders working group was formed to provide input and technical data for the Phase 1 study. Those invited to participate in this working group included staff from the IID, County of Imperial, County of San Diego, SDCRAA, Caltrans, and the cities of El Cajon, La Mesa, and San Diego. Two meetings were held: one in El Centro and the other in San Diego.

Ms. Blanda reported that this study was conducted by HNTB Corporation. She introduced Charles Quandel, HNTB Project Manager, to present the study, and Mike Kramen, the HNTB project principal.

Mr. Quandel stated that this study began in December 2005 and was completed this month. They began the analysis with three alignments resulting from the technical work conducted by the SDCRAA. He presented the study summary and findings and reviewed the study

process. Phase 1 included the study summary, Maglev technology, alignment alternatives, air-rail integration, ridership estimates, Maglev operations, freight opportunities, and capital cost estimates. The Maglev study findings indicated that a Maglev technology was feasible to build with needed infrastructure, but it has some risks and challenges. He noted that there is only one Maglev operation in revenue service around the world, there are no current operations in mountainous terrain, and continued research is needed for operations in long tunnels.

Mr. Quandel reviewed the alternative alignments, which ranged from 79 miles for the tunnel alignment to 98 miles for the alignment along the San Diego & Arizona Eastern (SD&AE) corridor. The capital cost range for the I-8 corridor alignment is \$15.2 billion to \$18.5 billion. He noted two types of Maglev technology: electromagnetic and superconductor. He showed slides of the Shanghai Maglev line, and the Yamanashi test track in Japan for the superconductor technology with speeds of up to 310 miles per hour (mph). He said that their presentation will focus on the I-8 corridor alignment from Miramar to the desert site since the analysis showed this has the lowest cost range. The most significant challenge is the mountainous terrain. We would need an average of 250 mph operation along the alignment to meet the travel time of 35 minutes. He showed a video of the proposed alignment. He noted that the guideway elements make up 45 percent of the capital costs. He showed slides of examples of guideway elements including at-grade segments, elevated guideway, high column bridges, and a shallow tunnel section. The air-rail integration is very important for this concept. He showed photos of the Shanghai and Frankfurt, Germany, stations. The Frankfurt station integrates air and rail modes. He said that it is important for air passengers to have the opportunity to purchase their air ticket and check their baggage in San Diego and pick it up at their destination.

He reviewed the 2030 ridership estimates done by SANDAG using assumptions provided by the consultant, including 10-minute peak headways with a passenger fare of \$20 one way. He reviewed the following ridership estimates: 47,600 daily passengers, an annual total of 18.2 million passengers, peak-hour ridership at 4,760, and a Maglev mode share of 48 percent. The conceptual operation plan included a trip time of 35 minutes or less, 10-minute peak-hour headways, 20-minute off-peak headways, 4-hour "peaks" in the morning and evening, 18- to 20-hour daily operations, and the requirement of a dual guideway. The Maglev train set requirements are 10 train sets (including two spares) with 8 cars per train set (7 passenger cars totaling 470 seats, and 1 baggage car). Mr. Quandel also reviewed the freight opportunities.

Councilmember Madaffer asked if the \$20 per trip cost estimate was in 2030 dollars. Mr. Quandel replied that all of the cost estimates are in 2005 dollars.

Mr. Quandel stated that the capital cost estimates include right-of-way, guideway, systems, maintenance facilities, stations, vehicles, environmental mitigation, professional services, and contingency. He also discussed the differences between a low-speed and a high-speed option. The difference in capital costs between the low-speed option and the high-speed option is related to tunnel work. The estimated cost per mile for the low-speed project was \$153.5 million and \$201.7 million for the high-speed project. He said that the peer review cost estimates were somewhat lower than the study figures. He noted that these figures were benchmarked from the costs of the proposed system in Baltimore-Washington, D.C. However, that proposed system has a relatively flat terrain compared to the study

alignment, of which two-thirds is in mountainous terrain. Also, the Baltimore-Washington system is only 39 miles long, and the San Diego alignment is about 93 miles long.

Councilmember Judy Ritter (Vista) asked if freight operations were included in these prices. Mr. Quandel replied that they did estimate the costs of freight operations, but adding freight operations would likely require significant added capital costs. Not much research has been done related to Maglev carrying heavy freight; however, the Los Angeles port authority is researching this now.

Ms. Blanda added that the Maglev system can carry the same kind of air freight that is currently carried by airplanes, but this is not included in the cost estimate.

Mr. Quandel stated that the operations and maintenance costs are difficult to estimate. The study range was \$100 million to \$150 million. They felt this cost range was reasonable, and the farebox should cover the operation and maintenance costs of this system.

Mayor Mark Lewis (El Cajon) asked where people will park their cars to use this system. Mr. Quandel answered that the study indicated a number of parking spaces at the stations, which is included in the costs. There would be one station in San Diego that would take you to the desert site.

Mayor Lewis noted that sometimes the I-8 freeway is closed due to high winds and snow. He asked about the impacts of weather on the Maglev system. Mr. Quandel replied that with 18- to 20-hour operations and 10- to 20-minute headways, the snow would not have the opportunity to accumulate. However, there is a maintenance vehicle that can be sent out before passenger trains to clear the snow off the tracks. You would not have to build infrastructure to handle high winds, however, because the Maglev trains wrap around the guideway system.

Captain Dan King (US Department of Defense) asked if this study was based on the assumption that Lindbergh Field would no longer be an operating airport. Mr. Quandel answered affirmatively.

Captain King asked how the name and location of the originating terminus (Miramar) were selected. Mr. Quandel replied that the name designates the approximate area, and that the Miramar location was used for study purposes because it is located at the centroid of the region's population.

Ms. Blanda added that the site was selected by the SDCRAA in looking at average travel times. The study also reviewed potential station locations at Qualcomm and the Santa Fe Depot in the San Diego downtown area.

Captain King asked on what maglev technology is the cost estimate based. Mr. Quandel responded that the study was conducted assuming electromagnetic technology.

Captain King said that electromagnetic technology requires a large amount of electricity and asked how this was addressed in the cost estimate. Mr. Quandel replied that we used a benchmark of existing systems to estimate the cost.

Captain King asked if the basic infrastructure guideway cost would be relatively insensitive to the technology used. Mr. Quandel said that based on their experience, the basic infrastructure cost would be about the same for any Maglev technology.

Captain King questioned the method used to determine the cost estimate. Mr. Quandel said that it was a parametric cost estimate.

MTS Chair Mathis stated that he and past MTS Chair Leon Williams were in China last year and rode the Maglev system in Shanghai, and it was quite an experience. It was a very smooth, comfortable ride; there was no noticeable vibration; and the acceleration and deceleration were very smooth. He suggested that if anyone is going to China, they should not miss riding on this system.

Mayor Steve Padilla (Chula Vista) clarified that SANDAG has been asked to submit a study to the SDCRAA for its use in selecting a site for an airport. When the airport site selection study is complete, more specific debate would be held on the cost elements of supporting infrastructure.

Mayor Madrid expressed concern about the aesthetics of bridges in the urban communities.

Councilmember Jones asked about the risk involved in this project. Mr. Quandel responded that for these alignments the risk is related to tunnel construction and operations in the mountainous areas. There is minimal research on operating speeds above 150 mph in a tunnel.

Mr. Jones noted that the report doesn't state what the risks are and how to overcome them. Mr. Quandel said that further tunnel research would need to be conducted. Maglev technology providers will tell you that this system can operate from a technology standpoint on a 10 percent grade. The question is the power or energy required to do that.

Supervisor Bill Horn (County of San Diego) commented that he didn't think this was a cost-effective system. He thought that a more inexpensive alignment could be done in Mexico.

Mr. Maldonado, Imperial Irrigation District, spoke on behalf of his ratepayers. He thanked SANDAG for participating in this study. His fear is that in ten years or less, San Diego will be called a suburb of Los Angeles. He strongly urged the Board to make decisions and move forward. The future is waiting for you.

Action: Upon a motion by Mayor Padilla and a second by Deputy Mayor Mackin (Oceanside), the SANDAG Board accepted the SANDAG Maglev Study Phase 1 report and authorized the release of the study report to the San Diego County Regional Airport Authority. Yes – 18 (weighted vote, 97%). No – 1 (Carlsbad) (weighted vote, 3%). Abstain – 0 (0%). Absent – 0.

7. DRAFT FY 2007 BUDGET (INCLUDING OVERALL WORK PROGRAM) (APPROVE)

Renee Wasmund, Director of Finance, reported that the major components of the Draft FY 2007 Budget include the Overall Work Program (OWP), transit capital program, and the *TransNet* Program. She said that staff is continually trying to improve our processes. She reviewed the process for developing the budget. We took a public opinion survey and streamlined the responses to four strategic goals, which were confirmed by the Executive Committee: improve mobility, encourage quality of life improvements, ensure public safety through efforts of ARJIS (Automated Regional Justice Information System) and criminal justice, and enhance our organizational effectiveness.

We identified the efforts that are mandated, committed, or have dedicated funding. That left some optional and discretionary work elements, which were categorized into high, medium, and low priorities, based on their contribution to the four strategic goals. We also wanted to make sure we are funding recurring expenses with recurring revenues. Pages 6 and 7 of the agenda report provide an explanation of how the budget is formatted. Previously, we had two documents but we have combined these into a single document and process.

Ms. Wasmund reviewed the contingency reserve funding strategy by stating that recurring revenue estimates have increased by 12 percent, we will hold member assessments constant, and we have received some one-time revenue totaling \$3.1 million. The Executive Committee urged maximizing a contingency reserve; therefore, the preliminary budget includes a \$3.3 million deposit to the contingency reserve, which would bring the total reserve to \$5 million or 9 percent by year-end FY 2007. She noted that funding the reserve gives the Board more flexibility to react to changing circumstances.

Ms. Wasmund indicated the emphasis areas for FY 2007, including a Regional Transportation Plan update, progress on traffic management programs, developing public/private partnerships, accelerating development of the *TransNet* Early Action projects, freight/intermodal planning, and a Mid-Coast corridor transit project. She mentioned that staff is proposing six new positions and one reclassified position. We also are proposing to continue the merit program and the 2 percent general salary increase to get salaries closer to market mid-point. The next steps are to distribute the draft FY 2007 Budget to member agencies and the public for comment, incorporate appropriate feedback into the final budget proposal, present the final budget to the Executive Committee on May 12, 2006, and bring it back to the Board for approval on May 26, 2006.

Councilmember Kellejian commended Ms. Wasmund for the easy-to-understand budget format.

Councilmember Scott Peters (City of San Diego) said there was one issue. On page 2-134, the term "UTC" is used to refer to University City but that is incorrect. You should use University City rather than UTC.

Action: Upon a motion by Councilmember Kellejian and a second by Mayor Madrid, the SANDAG Board approved the Draft FY 2007 Budget (including the Overall Work Program) for distribution to member agencies and other interested parties, with the change noted

above related to University City. Yes – 17 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (0%). Absent – Escondido and Oceanside.

14. DRAFT BOARD POLICY: IMPLEMENTATION GUIDELINES FOR SANDAG REGIONAL HOUSING NEEDS ASSESSMENT MEMORANDUM (APPROVE)

Susan Baldwin, Senior Planner, said that the purpose of this item is to request the Board's approval of a Board Policy related to the Regional Housing Needs Assessment (RHNA). State law requires each jurisdiction to prepare a housing element for its General Plan. The housing element is updated every five years. The due date for the current housing element cycle was June 30, 2005. As part of the process, SANDAG, in conjunction with the California Department of Housing and Community Development (HCD), determines the number of new housing units for which the region needs to plan during the five-year housing element cycle. SANDAG works with the local jurisdictions to allocate those housing units. The product of this process is the RHNA number that each jurisdiction must plan for in its housing element.

When the SANDAG Board adopted the RHNA numbers last February, the Board also adopted a policy memorandum to address certain equity issues that were raised during the RHNA process. The purpose of the Board's memorandum is to reward jurisdictions that are willing to accommodate more housing with financial incentives. The memo does this by tying decisions SANDAG makes about the allocation of certain discretionary local transportation funding to housing element compliance and housing production. The draft policy incorporates all of the provisions of the RHNA memorandum and was developed to provide guidelines on how we should implement the memorandum.

Ms. Baldwin reviewed the four major components of the draft guidelines: the funding programs subject to the RHNA memorandum only include funds allocated by SANDAG to local jurisdictions on a competitive basis; eligibility for funding through the end of 2006 will require that jurisdictions have submitted a draft housing element to HCD; eligibility for funding from January 2007 through the end of the housing element cycle will require a completed housing element, the submittal of an annual report to SANDAG summarizing the number of housing units it produces and progress toward rezoning if required by the housing element; and incentive points will be allocated for any funding programs subject to this RHNA policy memorandum starting in January 2007. These incentive points will be allocated based on the lower income housing production reported in the annual reports.

Ms. Baldwin said that the next funding program where the RHNA policy applies is the allocation of Transportation Development Act (TDA) nonmotorized program and the *TransNet* bicycle program funds. In order to be eligible for these funds, jurisdictions must have submitted a draft housing element to HCD by March 3. The next round of funding where the RHNA policy would apply would be next year's TDA/*TransNet* nonmotorized program funds. The Regional Planning Technical Working Group and the Regional Planning Committee have recommended approval of the draft policy.

Mayor Guerin stated that the City of Encinitas appreciates the memorandum and believes there is a need for it; however, the City felt there were some points that need to be made. Mayor Guerin stated that the memo includes the following language: "cities that are willing and able to accommodate additional housing." She said that there are many constraints to

housing production that are outside the control of a local jurisdiction, and these constraints can vary substantially between jurisdictions. The policy assumes that these constraints are all equal throughout the region and is a key component to a jurisdiction being “able” to meet housing goals. The affordable housing points do not recognize this or other constraints facing each community. Mayor Guerin’s suggestion was to modify the policy to put all jurisdictions on an equal playing field by linking the affordable housing points to the key housing constraints facing cities.

Ms. Guerin said that another issue related to this concern is that the policy assumes that affordable housing directly relates to smart growth. She said that the smart growth concepts tie growth to urban or more urbanized areas, where there are existing supporting infrastructure and transit services. Affordable housing may not be built within these areas or even close to these areas, and ultimately this would have a reverse effect of moving development away from smart growth areas or transit. She stated that the available funding is limited and needs to be directed where the region will get the most benefit. She provided three suggestions related to this issue: (1) modify Draft Board Policy No. 033 to ensure that the incentive points for affordable housing are tied to smart growth areas or have a strong relationship to transit/existing infrastructure; (2) reduce the amount of points allocated to affordable housing production, preventing this category from dominating the criteria, and (3) require that the draft policy be evaluated after a period of time to find out lessons learned. In addition, she suggested that the effectiveness of the policy be evaluated prior to including new sources of funding under the policy.

Mayor Guerin said that another concern is related to the hard and fast dates for submittal of information. Paragraph 2.4 of the draft policy identifies absolute time frames for cities to meet or funding will not be available for the coming year. She thought this does not take into account any reasons why a city has not received approval of its housing element or submitted its annual housing element report to SANDAG. Her suggestion for modification to this section was that jurisdictions be ineligible to compete for funding until (rather than unless) they are current with their housing element annual progress reports.

Mayor Guerin stated that another concern was related to the policy’s use of the word “minimum.” She noted that Section 2b of the policy states that “a minimum of 25 points out of 100 possible will be given to projects in jurisdictions in which lower income housing units are being produced.” Her suggestion was that the policy state instead “up to 25 points” or “no more than 25 points.”

Mayor Guerin noted a concern about Paragraph 2.4.2 of the draft policy, which states that to be eligible for funding, cities must have a determination of compliance from HCD. The effect of this language grants veto authority of local funding decisions to HCD. This is beyond the legislative intent of HCD. In addition, Encinitas will likely need to commit to a rezoning program to gain HCD’s certification of its housing element. This policy requires cities to demonstrate “progress toward implementing the rezoning program.” She asked how “progress” is defined. She thought that the policy should be modified to acknowledge that certain outcomes are outside of a city’s local control.

Mayor Guerin stated that in paragraph 2.5.1, the award of incentive points could favor funding certain projects even if they won’t be ready to implement for several years. There is no connection to a city’s affordable housing production and a particular project’s readiness.

She suggested using the proper weighting of the project readiness criterion so it is not negated by affordable housing incentive points.

Motion Made

Mayor Guerin moved to refer this matter to staff to address the comments raised and to return to the Board within 90 days with a revised policy. Supervisor Horn seconded the motion.

Councilmember Madaffer said he didn't have a problem with staff discussing this further. He agreed that the concerns raised, related to the willingness versus the ability of cities to accommodate additional affordable housing, make sense. However, he did not support the suggested modification related to affordable housing incentive points. He said that one of the things we need and don't have is enough affordable housing. We should do anything we can to incentivize this. He noted there are several pending legislative bills that actually continue what SANDAG has presented, which is to incentivize affordable housing production. He agreed with Mayor Guerin's comments that we give the policy a couple of years to see how it works.

Councilmember Madaffer asked staff about considering Mayor Guerin's concerns. Ms. Baldwin agreed to evaluate her concerns.

Councilmember Madaffer asked about the time delay. Mr. Gallegos stated that this policy establishes how to allocate the FY 2007 TDA and *TransNet* nonmotorized funds. SANDAG already has a policy that tells us how to do that. Our TDA requirements are that we have to provide the TDA allocations to the County Auditor by July.

Ms. Baldwin said that this year to be eligible for the FY 2007 TDA/*TransNet* funding, the requirement is that a city has a draft housing element that is submitted to HCD. Ten jurisdictions have submitted a draft housing element, and nine have not.

Mayor Madrid expressed concern that there are some jurisdictions who have worked hard to meet the criteria and if changes are made at this late date, they will be penalized for being an advocate for affordable housing principles.

Mayor Padilla asked for an answer to the question about allocation deadlines and the impact of Mayor Guerin's motion. Bob Leiter, Director of Transportation and Land Use, replied that the current TDA/*TransNet* funding allocations would be delayed if the motion were approved to delay approval of the draft policy by 90 days. He thought this discussion should apply to future rounds of funding.

Mayor Padilla agreed that is the approach he would prefer.

Vice Mayor Morrison would like to see these concerns addressed, but not penalize jurisdictions who have met the existing criteria.

Councilmember Jerome Stocks (North County Transit District [NCTD]) said that perhaps staff could report back in some period less than 90 days. He said that it troubles him that this

Board would adopt something that raised these kinds of concerns. We shouldn't adopt something with known flaws.

Mayor Crawford clarified that the recommended policy is actually more generous than the existing policy memorandum that the Board approved in February 2005 in conjunction with the final RHNA numbers. The policy we adopted last year required jurisdictions to have an approved housing element. This recommended policy would allow jurisdictions to be considered for funding this year if they have submitted a draft housing element. She said she would be more comfortable proceeding with staff's recommendation. She doesn't want to jeopardize TDA/*TransNet* allocations at this point.

Chair Cafagna stated that we have been given mandates where there are insufficient dollars for our jurisdictions to produce the affordable housing units. The problems are bigger than this.

Mr. Gallegos said that staff could return in 30 days. Some good points have been made from Encinitas. However, in 30 days the Board will have to decide so everyone knows what the rules are and so that the TDA/*TransNet* allocations are not delayed.

Councilmember Madaffer agreed with a 30-day delay. He asked for a revised policy and any comments on the revised policy to be given to Board members in advance of the meeting.

Mayor Guerin clarified that her motion was 90 days or less to give staff flexibility. The City of Encinitas has submitted its draft housing element. We need to address some of these issues so that this policy is more flexible.

Upon Mayor Guerin's consent, Councilmember Madaffer amended the motion to direct staff to report back in 30 days or less. Mayor Madrid seconded this amended motion.

Mayor Madrid said that this does not preclude staffs from our jurisdictions from reviewing this information or from suggesting possible changes.

Vice Mayor Pia Harris-Ebert noted that many jurisdictions have been making efforts to meet the affordable housing guidelines.

Amended Motion

Staff is directed to review the concerns raised and return in 30 days with options for potential changes to the draft policy to address the comments made.

Action: Upon a motion by Mayor Guerin and a second by Supervisor Horn, the SANDAG Board directed staff to report back in 30 days with options to Draft Board Policy No. 033 based on the comments provided. Yes – 17 (weighted vote, 96%). No – 2 (National City and San Marcos) (weighted vote, 4%). Abstain – 0 (0%). Absent – 0.

15. *TransNet* EARLY ACTION PROGRAM: INTERSTATE 15 MANAGED LANES CORRIDOR UPDATE (INFORMATION)

Councilmember Kellejian stated that Caltrans is providing the Board with a status report on the I-15 Managed Lanes and bus rapid transit (BRT) corridor. I-15 is undergoing an “extreme makeover” that will have a dramatic effect on congestion once it is completed. The I-15 Managed Lanes project is designed to maximize capacity, relieve congestion, and “wow” commuters. This report will outline construction progress in this corridor that will ultimately extend from downtown San Diego to SR 78 in Escondido. The Managed Lanes section of the corridor will operate from SR 163 in Kearny Mesa to SR 78 in Escondido. BRT will operate within the Managed Lanes and then continue on I-15 and SR 94 to and from downtown San Diego. SANDAG and Caltrans have been working together on strategies to implement the *TransNet* Early Action projects. One of the key elements of that plan is assigning Caltrans corridor directors the responsibility of executing the Early Action Program (EAP). He introduced Gustavo Dallardo, the corridor director for this project.

Mr. Dallardo reported that this project consists of 20 miles of Managed Lanes and BRT from SR 163 to SR 78. There are 15 miles of BRT between SR 163 and downtown San Diego. In total, it is a 35-mile-long corridor. He described three segments of the Managed Lanes project, the middle segment and the north and south segments. He also provided information on stations and direct access ramps (DAR) and the lane configurations for the middle, south, and north segments. In December 2007, in the middle segment, one additional northbound and one southbound lane will be opened between SR 56 and Via Rancho Parkway. The Managed Lanes between Rancho Bernardo Road and SR 56 also will be opened. In December 2008, the remaining Managed Lanes will be opened between Centre City Parkway and Rancho Bernardo Road. He showed various slides of construction progress on auxiliary lanes, bridges, overpasses, and Managed Lanes throughout the north I-15 corridor.

In the north segment, during 2005-2009, Caltrans will prepare the design of the Managed Lanes and acquire right-of-way; in 2008, they will begin construction using design sequencing; and in 2011, they will open the Managed Lanes between Centre City Parkway and SR 78. In the south segment during 2005-2010, they will prepare the design and acquire right-of-way; in 2008, they will begin construction using design sequencing; and in 2012, they will open the Managed Lanes between SR 163 and SR 56. For the SR 163 to downtown San Diego segment, Caltrans will prepare a corridor study between SR 163 and SR 94; SANDAG will prepare a feasibility study for transit stations at Kearny Mesa (Balboa Avenue) and Mission Valley; and SANDAG will prepare conceptual designs for the Mid-City (El Cajon Boulevard and University Avenue) and downtown San Diego stations.

Chair Cafagna complimented Mr. Dallardo on the Pomerado Bridge demolition process. He thought that the public notice program was great, and congratulated Caltrans on the process for this project.

Councilmember Monroe said that he had visited the Mid-City transit stations where new transit centers are opening. He thought all that was needed to complete these stations were elevators. He said that the MTS COA will now bring express routes to stop at the Mid-City stations. He asked about accelerating the process for obtaining elevators for these stations. Mr. Gallegos responded that it is not quite that easy, and it's not just about the elevators.

We have to build lanes for the buses because of the loading and unloading of passengers on the freeway. We need to build infrastructure to ensure safe operations.

Councilmember Monroe commented that there have been tremendous gains in construction materials, and he wondered why we can't look at a different technology such as using composite materials for the bridge structures. He asked if there is anything being done in the highway world to advance this technology.

Mr. Dallardo agreed that there is always room for improvement. However, before we start using composite materials, we need to ensure they are applicable and cost-effective. Mr. Gallegos mentioned that there are a couple of demonstration projects in the region being promoted by the University of California; however, the jury is still out on composite material's durability. During the earthquake retrofit program, Caltrans constructed a bridge at Manchester and I-5. The idea worked great in the lab, but its practical use had some problems.

Bill Figge, Caltrans, said they are looking for potential projects in which to use composite materials.

Action: This item was presented for information only.

16. 2006 STATE TRANSPORTATION IMPROVEMENT PROGRAM FUNDING PROPOSALS (INFORMATION)

Jose Nuncio, Senior Engineer/Programming Manager, reported that over the past couple of weeks the California Transportation Commission (CTC) has heard testimony on the 2006 STIP at hearings in regions throughout the state. He reminded Board members of the 2006 STIP projects that were approved in December 2005. The region did not receive any new money; this is money that was previously approved for these projects. Most of our 2006 STIP funds are being used on SR 52 and are proposed to be programmed during the first two years of the STIP versus the CTC's plan for programming the funding in the latter years of the STIP cycle. He compared SANDAG's proposal versus what the CTC told us was available. He also mentioned 2006 STIP statewide issues: the frontloading of proposals; the lack of funding capacity in the early years; a \$1 billion deficit in the first two years; \$800 million in proposed new highway projects that are over and above the statewide capacity for new projects; and the appearance of a large Public Transportation Account (PTA) balance that may not materialize. He said that in past years, the PTA has been taken for other purposes in the state budget; about \$380 million was taken from the PTA account in this fiscal year, and next year it will be \$325 million. This funding is only available if it is not taken for other purposes.

One impact of these statewide issues on the San Diego region is that the CTC may push out the dollars for SR 52 to future years. This project is *TransNet*-eligible and the region could advance the *TransNet* funds to maintain the schedule and then process an Assembly Bill (AB) 3090 reimbursement from the STIP program at a later date. The next steps are the release of the CTC staff's 2006 STIP programming recommendations on April 7, 2006, and adoption of the 2006 STIP by the CTC on April 27, 2006.

Councilmember Madaffer asked about the status of using Grant Anticipated Revenue Vehicle (GARVEE) bonds for SANDAG projects. Mr. Gallegos responded that the emphasis at the state level is on the infrastructure bonds, but we continue to bring up GARVEE bonds.

Action: This item was presented for information only.

17. UPCOMING MEETINGS

Chair Cafagna announced that this is the last Board meeting for Garry Bonelli, Communications Director, as the Department of Navy has called him back for at least six months of service. The Board wished Mr. Bonelli luck.

The next Policy meeting of the SANDAG Board of Directors is scheduled for Friday, April 14, 2006, at 10 a.m. The next Business meeting of the SANDAG Board of Directors is scheduled for Friday, April 28, 2006, at 9 a.m.

13. ADJOURNMENT

The meeting was adjourned at 11:46 a.m.

DGunn/M/DGU

**ATTENDANCE
SANDAG BOARD OF DIRECTORS' MEETING
MARCH 24, 2006**

JURISDICTION/ ORGANIZATION	NAME	ATTENDING	COMMENTS
City of Carlsbad	Matt Hall (Member)	Yes	
City of Chula Vista	Steve Padilla (Member)	Yes	
City of Coronado	Phil Monroe (Member)	Yes	
City of Del Mar	Crystal Crawford (Member)	Yes	
City of El Cajon	Mark Lewis (Member)	Yes	
City of Encinitas	Christy Guerin (Member)	Yes	
City of Escondido	Ed Gallo (Alternate)	Yes	
City of Imperial Beach	Patricia McCoy (Member)	Yes	
City of La Mesa	Art Madrid (Member)	Yes	
City of Lemon Grove	Jerry Jones (1st Alternate)	Yes	
City of National City	Ron Morrison (Member)	Yes	
City of Oceanside	Shari Mackin (Member)	Yes	
City of Poway	Mickey Cafagna, Chair (Member)	Yes	
City of San Diego - A	Jim Madaffer (Member)	Yes	
City of San Diego - B	Scott Peters (Alternate)	Yes	
City of San Marcos	Pia Harris-Ebert (Member)	Yes	
City of Santee	Jack Dale (Member)	Yes	
City of Solana Beach	Joe Kellejian (Member)	Yes	
City of Vista	Judy Ritter (Member)	Yes	
County of San Diego	Bill Horn (Member)	Yes	
ADVISORY MEMBERS LISTED BELOW (ATTENDANCE NOT COUNTED FOR QUORUM PURPOSES)			
Caltrans	Bill Figge (Alternate)	Yes	
MTS	Harry Mathis (Member)	Yes	
NCTD	Jerome Stocks (Member)	Yes	
Imperial County	Victor Carrillo (Member)	Yes	
US Dept. of Defense	CAPT Daniel King (Member)	Yes	
SD Unified Port District	William Hall (Member)	No	
SD County Water Authority	Marilyn Dailey (Member)	Yes	
Baja California/Mexico	Luis Cabrera Cuaron (Member)	Yes	