



**BOARD OF DIRECTORS
MARCH 24, 2006**

**AGENDA ITEM NO. 06-03-1A
ACTION REQUESTED - APPROVE**

**POLICY BOARD OF DIRECTORS
DISCUSSION AND ACTIONS
FEBRUARY 10, 2006**

Chairman Mickey Cafagna (Poway) called the meeting of the SANDAG Board of Directors to order at 4:21 p.m. The attendance sheet for the meeting is attached.

1. PUBLIC COMMENTS/COMMUNICATIONS/MEMBERS COMMENTS

Robert Hoffman, a member of the public, stated that no one is specifying the uses for the money that would result from the infrastructure bond. He said that money is now being put in many places where it is not worthwhile.

CONSENT ITEM (2)

2. SUMMARY OF JANUARY 13, 2006, INTERACTIVE POLLING EXERCISE (INFORMATION)

At its January 13, 2006, meeting, the SANDAG Board of Directors engaged in an interactive polling exercise to gauge regional priorities and guidelines in response to potential state infrastructure funding proposals. This report summarizes the results of the interactive polling exercise.

Action: This item was presented for information only.

REPORTS (3 through 4)

3. SANDAG'S FUNDING PRIORITIES FOR THE STATEWIDE INFRASTRUCTURE PROPOSALS (DISCUSSION/POSSIBLE ACTION)

Chair Cafagna welcomed members of the state delegation to this meeting, and he thanked them for working with us. He said that SANDAG has worked diligently over the past two months listening and engaging our local elected officials, transit agencies, Caltrans, and business and community interests to develop a consensus on priorities for the various statewide infrastructure proposals. We recognize the importance of speaking with a united regional voice so that we can be heard at the state level. He asked Second Vice Chair Lori Holt Pfeiler (Escondido) to state why our region, above others, is ready now for an infusion of infrastructure investment from the state.

Second Vice Chair Pfeiler stated that our strategic vision, the Regional Comprehensive Plan (RCP), is in place. We are among the first regions to have adopted such a plan, which sets forth how our cities and the County will handle growth in our region's population, housing, and employment through 2030. Besides this long-term plan, SANDAG is ready with local dollars to partner with the state on transportation investments that are crucially needed at both the regional and state levels. Our local *TransNet* sales tax measure will infuse \$14 billion of investment in improvements for highway, public transit, and local streets and roads during the next 40 years. More importantly, we are already jumpstarting several Early Action projects well before the *TransNet* Extension measure begins in 2008. One reason for our history of success is that our streamlined regional governance structure enables us to get things done. We also have a long history of cross-border collaboration. Through partnerships with our Mexican counterparts, we have identified a number of border-related improvements that will enhance California's economy and competitiveness. In the area of public safety, SANDAG has been a pioneer. By teaming together elected and public safety officials, we can more readily identify critical needs, make public policy, and make improvements out in the field for first responders.

First Vice Chair Sessom outlined the basic objectives for the state infrastructure proposals. She said that we have unanimous support to constitutionally protect Proposition 42 funds, which help fund regional and state highway and transit improvements as well as local streets. The next objective is to obtain our region's fair share of funding. We currently have 8.3 percent of the state's residents. It is important that funding be allocated to regions on a per capita basis. We also want to make sure that decisions about infrastructure projects are made at the regional level. We feel strongly that the region should prioritize projects with a review process that ensures the statewide priorities are addressed. Finally, we need funding to help implement the vision contained in our RCP. To be successful at reducing traffic congestion, meeting our housing needs, and bolstering our economy, we need local land use changes. As recognized in our RCP, we need to tie land use and transportation together, and we need reliable sources of funding to accomplish this through regular updates of our regional plan and local general plans.

Chair Cafagna stated that we have a number of specific objectives that we'd like to accomplish with the help of the statewide infrastructure bonds. We feel that state dollars will go farther if a local match component is included in the bond. As a self-help county, SANDAG is poised to invest local dollars. We believe that having local dollars should be a benefit, not a penalty, in the allocation of statewide proceeds. While much of the recent discussions at the state level have focused on new infrastructure, we feel strongly that we need to fund both new capacity as well as protect the infrastructure we already have. Our region strongly supports including a transit component in the statewide bonds so that our RCP vision will have a reliable, high-quality transit system connecting our local communities. We place a high priority on rehabilitating and restoring our existing transit infrastructure. We believe that the statewide proposals need to recognize the importance of transportation projects that facilitate international trade with Mexico. This should be done through the allocation of funds for goods movement. We also support funding for public safety communications and interoperability improvements needed to improve emergency response and homeland security at all levels of government.

Chair Cafagna said that we're ready to invest in infrastructure now, we have a plan in place, we have money in hand, we get things done quickly as a one-stop shop, we've got great

partners both within the region as well as with Mexico, and we can be a role model for the rest of the state, particularly in implementing multimodal transportation projects and in the public safety arena.

Action: No action was taken on this item.

4. DIALOGUE ON REGIONAL FUNDING PRIORITIES FOR STATEWIDE INFRASTRUCTURE PROPOSALS (DISCUSSION/POSSIBLE ACTION)

State Senator Denise Ducheny expressed her appreciation for accommodating the legislators by changing the time of this meeting. She commented that she and Senator Kehoe have been involved in the transportation, housing, and natural resources part of the policy committee bond discussions that have been occurring in Sacramento. We are fortunate that our region will have a member on the conference committee that will be responsible for prioritizing between all of the different funding areas. She said that the tricky part with some of the Governor's proposals is that there are a lot of policy issues, and we are struggling with getting through some of them. The criteria provided today will be helpful to that discussion. Senator Ducheny stated that the Legislature has had a rather lengthy discussion about the issue of local versus statewide priorities, including who sets the priorities and how. There is a lot of discussion about how big the bond should be, where the bond monies will go, and how the monies are allocated.

Senator Ducheny encouraged all of the Board members to attend a hearing of the Senate Transportation & Housing Committee in Chula Vista next week. This hearing is not focused specifically on the bonds, but it will allow our members to hear an overview of the issues this region faces, including specific infrastructure funding and project needs. Much of the hearing will be dedicated to goods movement issues. It also will include representatives from Imperial and Riverside counties. We are trying to provide an overview of the southern part of California and its connections to the overall statewide infrastructure systems. We intend to focus on transportation and include some of the more innovative housing solutions that have come out of the San Diego region. We have done better in the housing arena than other areas. We wanted to make sure the Committee knew what those projects looked like and how they might be funded if there was a housing component in the ultimate bond measure.

Senator Ducheny said she met with the Sheriff's office. They have a major concern about funding for local jails. The Governor has put the jails question on the table as well. In this region, Las Colinas is one jail that could use some improvements. We are probably ahead of some of the other parts of the state on newer jails, but we have to think about what our need is in that area. This goes along with funding for public communications and interoperability. She wanted to know the specific issues in the region's proposed public safety category. She stated her uncertainty about public safety being an appropriate category to bond, unless it focused on capital improvements.

Gary Gallegos, Executive Director, responded that public communications and interoperability are big issues for our region. Our Public Safety Committee (PSC) conducted a needs assessment, and this is a high priority on the PSC agenda. There is several hundred million dollars worth of needs, including upgrades to the communications system so that all of the different jurisdictions and their police departments can talk to one another.

Mr. Gallegos said that there are some systems that can talk to one another on the 800 megahertz frequency, however, not everyone is on the same frequency, and the current system may need to be upgraded. All of our federal, state, and local law enforcement agencies that have been participating with us on the PSC have agreed that interoperability and communications improvements are some of their biggest needs.

Senator Ducheny said that she saw in the packet some information about the region's unconstrained needs versus the amount of funding available. The overall statewide needs across all of the different categories are so enormous that we are not going to begin to be able to meet them. The question of prioritizing and leveraging local matching funds are being talked about a lot in the transportation arena, as well as in some of the other categories. And, you don't want to cut out funding for a region because they don't have a local match.

Chair Cafagna said that we just don't want to get penalized for having local monies. We want to be on the same playing field.

Senator Ducheny said that it would be helpful to know how much is needed to finish projects that are ready to go. We need to separate out: (1) our Traffic Congestion Relief Program (TCRP) projects, (2) projects already in the State Transportation Improvement Program (STIP), and (3) projects that have been designed and only need money for construction. We are trying to get a handle on that information both for our region and at the statewide level. She didn't foresee a transportation piece in any bond package to be more than about \$12 billion. Even that might be too high a number, if we decide on adding other funding categories in the bond. The bonding capacity is just not going to be there. We are trying to understand what we really need to get projects completed and get the most bang for the buck right now and not have to worry about projects that are 20 years down the road and have not been designed yet.

Chair Cafagna noted that we passed a local half-cent sales tax measure in 2004, which doesn't take effect as a revenue source until 2008.

Senator Ducheny commented that these bonds may not either.

Chair Cafagna said that we have designated Early Action projects on all of the major freeways and highways, and have bonded against that future revenue to come up with our own source of money. These projects are ready to go; they are through the environmental phase, and some are in construction.

Senator Ducheny asked if SANDAG would be looking to match money on these projects, or if these projects are funded, the match money could go for other projects. Chair Cafagna responded that the match money would be used to complete projects that are already underway.

Chair Cafagna asked Mr. Gallegos to review the priority of projects in the *TransNet* Early Action Program (EAP). Mr. Gallegos said that there is a list of infrastructure priorities for the San Diego region in the agenda packet (page 22) provided to the legislators. We conducted a survey amongst ourselves to prioritize our various needs. We know that we are not going to get enough money to completely address all of our unfunded needs; however, we are

focused on how we can address the unfunded gap to complete the *TransNet* Early Action projects that are already underway.

Mr. Gallegos referenced the *TransNet* EAP map on page 28 and said that those are the Early Action projects that the Board has adopted. Several billion dollars worth of investment is needed to complete those projects. When we went to the voters with *TransNet*, the assumption always was that for every dollar of local money dedicated to those projects, we would be able to leverage either a state or federal dollar to make them happen. It was always assumed it would be a 50 local/50 federal/state share. The Board jumpstarted this program by authorizing the issuance of bonds in order to get us started. Caltrans is working hard to complete the middle segment of I-15, but we have to make additional investments on both ends of that segment. We need a total investment of almost \$700 million in new dollars for the I-15 project. The reason we have been building this project piecemeal is because there hasn't been enough money for the whole corridor. If we received additional money, we could accelerate the project schedule for this and other corridor projects.

State Senator Christine Kehoe provided her overview of the discussions in Sacramento regarding the bonds. She serves on the Senate Transportation and Water Committees and on the Budget Committee, which is separate, but there is some spillover because of the financial scope of the bonds that the Governor is proposing. These committees are meeting weekly to go over these bonds piece by piece. Initially, there was some discussion in both committees about the Governor's attempt in the bonds to change the way state government operates. If the bonds are successful, the money goes to the state departments, is allocated by the state departments, and becomes a continuing appropriation to these departments. This process takes the Legislature out of any future actions regarding project prioritization and selection. When the Legislature is cut out of action in those decisions, so are you. The model that the Governor is proposing is very top-down. In the case of transportation, the Governor is proposing to completely revamp the decision-making process. As proposed, state agencies would determine priority for transportation projects. If the locals do not agree with these project priorities, there is an appeal process to replace projects in the Governor's list. But, your ultimate proposal must be approved by Caltrans to move forward, and Caltrans has a veto. It would be very much Sacramento-driven. She didn't think this was going to wind up happening. The Democrats have taken that off the table.

She said that the Legislature's deadline is March 10 to get the bonds ready for a June ballot. It is debatable about whether or not that will happen. She didn't think the ultimate dollar amount the Governor wants will be approved. The idea of a multi-year bond cycle in which they would approve bond measures for 2006, 2008, and 2012 is highly unlikely. If we can get agreement on what to put on the 2006 ballot, either in June or November, it will be a very successful discussion.

Senator Kehoe said that the local match dollars are critical. The discussion happening in Sacramento is not about which projects San Diego, San Francisco, or Los Angeles want. The discussion that's happening now is which areas of our transportation system need the most funding to start to close the gap that we have after years of neglect. We want a fair and competitive process. For an example, if you are building freeways, you will compete against other areas building freeways.

Senator Kehoe stated that everyone is talking about goods movement. San Diego is participating in the Caltrans Goods Movement Task Force. Our goods movement issues in San Diego are complicated because we are adjacent to the border with Mexico. No matter how big Los Angeles, Long Beach, and Oakland are, they don't deal with the same issues of land border crossings, including the busiest one in the world. The Port of San Diego and SANDAG have been working on that issue, and we need to keep pushing.

Senator Kehoe said that public safety interoperability has not been a part of the bond discussions; however, she agreed it is a critical issue and a very expensive one. Some parts of the state are doing better than others. San Diego is doing some of the most advanced work in the state via the Automated Regional Justice Information System (ARJIS), because they are using state-of-the-art technology. We need to include wireless in what we are doing. As always with technology issues, it's the question of when to use the technology available today and whether it will become obsolete in three to five years. That's happening all over the place and at every level. We have a statewide task force on interoperability that is supposed to be delivering a report in March, and the Little Hoover Commission and the Legislature are looking to that upcoming report for guidance on this issue. Sacramento has a good public safety interoperability system that also is considered a model.

Senator Kehoe said that she knows SANDAG doesn't directly deal with water, but the SANDAG Board members deal with water in each of their jurisdictions. The water bond is a fascinating document. It is fraught with all the difficulties of the transportation bond, including the legislative role, continuing appropriations, consolidating massive decision making in Sacramento, and virtually no local input once the money is approved. We want to make sure there is money for clean water. The water quality issues addressed in the bond are not the issues that cities with beaches need addressed. We are mindful that you need money for clean beaches and Stormwater runoff control. She thought this would be included. The other critical issue with the water bond is the idea of a surcharge proposed at \$3 per month statewide. This is very problematic. About one-third of Californians are not hooked up to a water system; instead, they get their water from wells and therefore would not pay this fee. That makes a flat rate scheme unlikely, and therefore, other pricing alternatives need to be explored.

Senator Kehoe said that SANDAG's RCP is a model for what other communities around the state should be doing, which is integrating land use, transportation, and looking at things systemwide. We need to do more of that. We would like to see more work done on how to link our transportation systems, water systems, planned growth, and where infill development should occur. Next to goods movement, infill development and redevelopment are two of the hottest topics in Sacramento. We want to link the transportation money as often as possible with good infill development. She is working hard to see transit highlighted in this transportation bond. We would like to see transit in the center city areas, but also going out to the suburbs where many of the jobs and housing are, and we need to make sure that there is an interaction between the urban core and the suburban neighborhoods. The suburban areas also need tremendous traffic relief.

Chair Cafagna said that one of the areas we feel is always underfunded is public transit infrastructure replacement. Our system is \$50 million a year in the hole for deferred infrastructure replacement. As we provide money for new capital improvements, we don't always fully recognize that parts of our transit system are 50, 60, or 70 years old and that we

need to replace tracks, bridges, and a host of other things. Funding for ongoing transit operations also is critically important if we are going to encourage continued growth of the transit systems we have.

Senator Ducheny said that if you get this transportation bond, then Proposition 42 can be used for transit operations.

Senator Kehoe said that she would like to do more than that if possible. There is critical interest in the pedestrian/transit interface at El Cajon Boulevard and I-15. She thanked Councilmember Madaffer for his hard work on that. The project has been a long-standing commitment to the community. We know that Caltrans is working on a study of that interface, and we will work with them at the Sacramento end. She hoped the SANDAG Board remembers its commitment to the community when we built the I-15 freeway. We said that there would be a way for pedestrians to get to the buses in the right-of-way via elevators.

Councilmember Joe Kellejian (Solana Beach) said that we have communicated to the state legislators, the Governor, and Senator Perata that we know that we are among the few counties in California that has passed a self-help transportation measure. We want to make sure that the state understands that we don't want to be passed up just because we have our own local dollars.

Senator Kehoe said that having local dollars puts San Diego in a better position. Local matches are going to be required on the transportation and water bonds. She said that San Diego's local match money is critical, and the region did the right thing with *TransNet*.

Senator Ducheny said that the counties with the biggest traffic congestion needs are the self-help counties. We are trying to highlight the most congested spots in the whole state and are trying to make sure that we are targeting the money appropriately to those places. The trickier match discussion has been in the goods movement piece where there has been talk of a four-to-one match. Some of those match requirements are more problematic in terms of where the fees are coming from, whether we'll have toll roads, and how much can shippers pay. If you are a small county, can you come up with a local match for air quality?

Senator Ducheny asked for clarification on the numbers provided. Mr. Gallegos replied that for the *TransNet* EAP, half the money needed has been identified in *TransNet*, and we are looking to leverage the other half with state and/or federal funds.

Senator Ducheny asked about the goods movement piece. Mr. Gallegos said that there is some overlap because some of the projects are the same. On some goods movement projects, we have local dollars, and on others we don't. The maritime and air cargo projects are ones where we don't have money specifically in *TransNet*.

Senator Ducheny suggested that separating out those projects that have funding and those that do not would be helpful.

Councilmember Kellejian said that we also have communicated that design-build is very important to San Diego County. We have seen that Interstate 405 is now eligible for

implementation through a design-build process. He asked the Legislators to comment on the design-build issue.

Senator Ducheny said that the hearing on the design-build, design-sequencing, and other project implementation tools is scheduled for next Tuesday afternoon, at 1:30 p.m., in Sacramento. She thought there might be some room for design-build on a limited basis, but there are still issues with this process. The legislators are not sure where this process would be beneficial. This is a policy debate. The problem with that type of debate is that it often takes longer. Putting that debate on the table delays anybody from getting money out the door through a bond proposal. There is a lot of support for design-sequencing. The toll roads discussion is mixed. They are discussing differences between public toll roads and private toll roads. Design-build is in the mix. We will hear a lot about it next week. She suggested that SANDAG look for where the constraints are with the existing processes and cite some good examples of project benefits using the new processes under discussion. She didn't think there would be a blanket design-build authority approved.

Chair Cafagna said that we wouldn't suggest design-build for small projects, but in the case of a larger project, like I-805 for example, if we could use design-build, we could save three or four years in the implementation phase.

Senator Ducheny agreed that legislators need parameters on the most effective use of design-build.

Pedro Orso-Delgado, Caltrans District 11 Director, said that Interstate 405 is a quasi-design-build project. Providing design-build authority provides flexibility to use whatever process works best for a particular project. There is another variation called construction management at risk that offers another opportunity. The state should look at making a variety of tools available from which we could pick and choose.

Assemblymember George Plescia said that design-build was supported by the Assembly Republican caucus. Members of this caucus are very much in favor of anything that gets projects delivered in a timely and less costly manner. We want this implemented in this bond, if the bond moves forward. Next week, legislation will be introduced related to that issue. These are very difficult bonds to deal with, and it's becoming a shopping season. We've got people popping up all over wanting to put something in these bonds. We want to be very fiscally prudent. If we move forward, we want to make sure this money will go for projects that are definitely needed, and eliminate the inefficiencies in how we deliver projects, whether they are transportation or water projects. It's very important for us, if our caucus is going to move forward to put things on the ballot, to make some reforms in how California does business.

Councilmember Scott Peters (City of San Diego) thanked the state legislators for coming down to San Diego today. There is a concern that San Diego doesn't get its fair share in these bond issues. He wanted to know when the bond measure comes out and people ask us about voting for it, how we will make the case for San Diego. He asked how the local elected officials can help the state legislators.

Assemblymember Lori Saldana said that the Democratic caucus on the Assembly side supports the idea of "greening up" the bonds. The Governor's Strategic Growth Plan only

puts out \$200 million for parks and wildlife. San Diegans rely on healthy parks, beaches, and clean water for their economy. People come here for those things. So, we are looking at how our open space and water quality can be incorporated into these plans.

Assemblymember Saldana said that another issue of incredible importance in San Diego is housing. One of the questions she had for staff before today's meeting was how many jurisdictions have submitted their housing element plans in this region. Nine jurisdictions have not submitted their housing elements, six have submitted a draft element, and two have submitted their completed elements. If we are to plan well, we need to know where people are going to be living, how we are going to move these people around, and how to accommodate the housing element into any long-term planning. She was surprised to see those numbers. She represents the City of San Diego area and has discussed condo conversion and other issues with Mayor Sanders. The infrastructure demands to support that type of housing density are really significant. Eighty percent of the conversion permits are actually in her 76th Assembly District. We need to look at what is happening with density in the urban core and what that means for infrastructure and the need for urban parks. We also don't want to ignore the quality of air and water for these families.

Assemblymember Saldana said that she is looking at goods movement as one of the issues we are working on and how can we get some money into this area. We are beginning those discussions about getting federal grants or other money to leverage with potential bonds for commercial freight and cruise ships. We are expanding our capacity for more cruise ships in San Diego. If we consider tourists as goods coming into our region, then we bring thousands of them in every time the cruise ships come in, and there are infrastructure demands associated with this.

Assemblymember Saldana stated that we have to do a better job on cross-border project development. There are some potential funds out there that we have not explored as a region. Baja California is attracting hundreds of millions of investment into their state. We have done very poorly on our side in getting infrastructure money from our own federal government. She and Senator Ducheny have discussed how to accomplish this better.

Assemblymember Saldana said that if we don't bring in greener elements to the bonds, she feels that San Diego will be the poorer for it. We rely on our environment and our quality of life, not only for our residents but to attract a lot of tourism that support service industry jobs. People come here because we offer them something they don't have any longer in other places.

Councilmember Patricia McCoy (Imperial Beach) said that the one issue she is concerned about is wastewater infrastructure. This is really important for the region. We all know how we are suffering with aging infrastructure, and we desperately need funding to rehabilitate and replace as much as we possibly can. She wondered where we would get the money to do that because it is very expensive.

Senator Ducheny said that the struggle is how much money we can deal with in whatever time frame we are looking at. She said that the Governor's proposal was more related to storage of potable water. She suggested looking at a measure now circulating for signatures aimed for the November 2006 ballot that is a \$5 billion water and natural resources measure. The folks promoting that initiative would prefer that those issues be

worked out as part of this infrastructure bond discussion. It does include some water quality components. It has some of the same categories as in Propositions 40 and 50. Some of those prior propositions did address the storm water and/or sewage runoff issue.

Senator Ducheny noted that there will be major resistance to earmarks. We have tried to develop categories, and then what we look at for fair share is drafting the categories in such a way that the San Diego region can be competitive. Generally speaking, in some of the categories we are going to be more competitive than other folks if we are careful in drafting the measure. We're going to be more competitive in providing matching funds, identifying projects that are ready to go, and we have done better than some areas in tying housing and transportation together because of the RCP. She said that if she were putting a bond together that included transportation and housing, and wanted to make sure it had a green piece; she would include the regional habitat conservation plans. There are only three counties who have such regional habitat plans. You will have to look carefully at the categories specified in the bond language, because you are not going to see dollars that just say San Diego. You may get some border infrastructure match because we have federal border infrastructure. Most of the time, the money in the bond will be in a category where San Diego is strongly competitive. We will be more competitive in some of the housing aspects because we are the only ones that are doing transit-oriented housing development. We are trying to set up a process that's fair and a formula that is fair, rather than identifying specific line items for individual projects.

Mayor Christy Guerin (Encinitas) said most of our constituents are concerned about traffic congestion. With regard to greening up the bonds, she suggested that the legislators review the *TransNet* model because it was extremely successful in accommodating both of those objectives. We came to an agreeable amount that would mitigate upfront for our transportation projects. When we have to go out and convince people that this bond is a good thing to do in the state, we have to be more focused on educating the voters. Among many of our constituents, there is a mindset that more houses mean more traffic, and since we are not dealing effectively with our traffic, why should we build more houses. We are trying to educate the public about putting smart growth along the transit corridors and integrating new housing and transit. As we go out and have to convince the voters to approve the bond, you have to be aware of these issues.

Senator Ducheny commented that if you could live close to where you work then you wouldn't be sitting in traffic.

Mayor Guerin noted that we are focusing on smart growth such as that at SANDAG. We have set up our own programs to provide incentives for smart growth. We have also discussed with the Governor's staff including smart growth incentives in the statewide proposals.

Assemblymember Plescia said that if we are going to go forward with a transportation bond or water bond, we want the money to go into projects. The Republican caucus is very leery of buying open space for mitigation. We have open space that has been purchased with past water bonds. When the open space needs to be managed, staff comes back requesting more money.

Mayor Guerin said she understands the issue. She suggested that the Assemblymember look at the *TransNet* model. Most of the projects in *TransNet* have to go through the California Environmental Quality Act (CEQA) process. We thought that if we had to do mitigation anyway, we should do it up front. We are not double-dipping in funding the environmental mitigation needs.

Senator Ducheny said that the Multiple Species Conservation Plan (MSCP) is the way to promote environmental needs in the statewide proposals. If there is an incentive for the housing that fits within the MSCP, San Diego and Riverside would benefit because we are among the few counties that have addressed that on a regional level. Some of the water quality issues also are critical to being able to build housing. Or, perhaps we can't build a freeway unless we do something related to storm water runoff. She stated that we need to think about how the different categories link together.

Mayor Mark Lewis (East County) said that East County also is concerned about sewer needs and wants to help the state meet its housing availability. He suggested that we encourage more telecommuting as a means to reduce traffic congestion. He noted that the City of El Cajon is at its capacity limits for water and sewer infrastructure, which means that it cannot build more housing.

Mayor Pfeiler stated that every jurisdiction has its own sewer system or they partner with other jurisdictions. The City of Escondido is at 85 percent capacity, and it will need to expand its own water treatment plant. The city will evaluate the plant expansion, decide how much of the expansion is for new development, and require developers to pay for their share of the costs. The City also will have to determine how much of the expansion is needed for regular maintenance and upgrades and then add that to the monthly sewer rates.

Mayor Lewis said that El Cajon relies on the City of San Diego for sewer. When the City of San Diego has problems with its sewer, El Cajon also has problems.

Senator Kehoe said that there is no money for sewage in this proposal. She understands this is a critical issue, but the state bonds are not designed to address local sewer problems.

Chair Cafagna agreed that sewer is not appropriate to be funded by the state bond funds; it's a local issue.

Councilmember Jerome Stocks (NCTD) thanked the legislators for attending the meeting today and agreed that this will be a complex issue. The points we hope you get from this meeting are that San Diego wants to make certain it gets its fair share on a statewide level and that the SANDAG Board believes that it should have input into which projects are prioritized.

Councilmember Madaffer thanked the legislators coming. He mention that at the SANDAG Board retreat, an interactive polling exercise was held and it summed up the priorities on how the region feels about various issues. The discussion related to transportation infrastructure improvements identified that we need to add capacity as well as maintain our existing systems. In looking at the allocation between other infrastructure improvements, local infrastructure came to the top. This polling information is a good representation of

how the region feels with respect to how these funding allocations should be made from a bond measure. The region also feels strongly that Proposition 42 should be constitutionally protected. We added a question about how bond funds should be allocated, and there was support for a fair formula-based process for part of the bond funding with the rest based on a competitive process that could be project-specific.

Senator Ducheny asked if the current STIP formula process theoretically meets the fair share test. Mr. Gallegos replied that based on the work the SANDAG Board did at the retreat, if we look at the current STIP formula, San Diego's share through the STIP is about 7.3 percent; yet San Diego's share of the population is 8.3 percent. There was strong consensus that our fair share ought to be on a per capita basis and that we ought to get at least 8.3 percent of the statewide funds available.

Councilmember Madaffer offered assistance from SANDAG as a regional body to help the legislators in their efforts as this bond proposal moves forward.

Assemblymember Plescia said that without a doubt the whole delegation can work together. He also thinks it might be important to look at counties similar to San Diego (e.g., Orange, Riverside, San Bernardino, and Imperial Counties) and get their legislators and agencies together with SANDAG on common issues.

Senator Ducheny said that the Senate Transportation and Housing Committee hearing next Wednesday will focus on the southern border region (Riverside, Imperial, and San Diego Counties) as well as interconnections with areas to the north. The point we are trying to make here is that the goods that go to the Port of Long Beach are driven in trucks on Interstates 5 and 805. People need to understand the interconnectivity of the goods movement system. SANDAG, because of the RCP, can be out front on the incentive deals. How we define pots of money, incentives, and matches will be important for San Diego. We need to word the bonds in a way that would provide funding to San Diego beyond any normal formula allocation process.

Chair Cafagna noted that there were several requests to speak.

Kathy Keehan, Executive Director, San Diego County Bicycle Coalition, expressed support for the funds in the bond proposals for bicycle, pedestrian, and park-and-ride facilities. These are important to relieve congestion, air quality, and provide options for trip-making. She agreed with SANDAG that the best way to allocate these dollars is not on an earmark process but by a per capita or programmatic basis. She also supported some of SANDAG's specific objectives including incorporating the local match. She thanked the SANDAG Board for including in the *TransNet* Extension 2 percent of the monies for bicycle and pedestrian projects that also can be used to leverage state dollars. She also asked that the existing sources of transportation revenue be protected, that San Diego receives its fair share, and that project prioritization occurs at the regional level.

Steven Russell, representing the City Heights Community Development Corporation, said that as we consider our regional infrastructure priorities, greater emphasis should be placed on transit projects. Transit infrastructure is a part of the housing infrastructure as well. More density in these communities will be supported if the local and transit infrastructure comes first. That is a rallying cry in the urban communities.

Tom Scott, Executive Director of the San Diego Housing Federation, supported the inclusion of affordable housing funds in the infrastructure bonds. Proposition 46 funds will expire this year. San Diego County achieved its fair share of 8.3 percent in Proposition 46 funds. In the first two years, \$76 million leveraged another \$200 million of private investment. In addition to that, 1,851 new homes and shelter beds were built, and funding was provided for 976 first-time home buyers. Without these funds, 40 percent of the low income households in this county would have fewer places to live. He asked that a small portion of the bond be dedicated to continuing this successful program.

Maria Cortez, President of the Teralta West Neighborhood Alliance, said she lives alongside the I-15 corridor between El Cajon Boulevard and University Avenue. She thanked SANDAG for working with the City Heights community on transportation issues. She still sees a lot of the traffic problems on El Cajon Boulevard and University Avenue and noted that even the side streets get congested during the rush hour. She mentioned the *TransNet* EAP financing plan that projects the completion of the full I-15 corridor improvements in 2012. It is her understanding that these improvements could be completed and necessary equipment could be provided for operation of the transit system as early as 2008 if additional local, state, and federal funds were available for that purpose. She asked that this project be accelerated. This would help the redevelopment of the City Heights area.

Jay Powell, Executive Director of the City Heights Community Development Corporation, stated that they have been working very hard on the I-15 bus rapid transit (BRT) project. He distributed a map of the proposed southern portion of the I-15 corridor. A Memorandum of Understanding (MOU) was executed between the State of California, Caltrans, and the City of San Diego. What is stated is that the dedicated bus lane for BRT was mitigation for the I-15 freeway project, which goes directly through City Heights and splits that community in half. He thanked the state representatives for recognizing this project. He would like to accelerate its completion. Route 960, which operates from Euclid Avenue through Mid-City to Sorrento Mesa, could use the new BRT stations in the corridor. The transit plazas could be ready soon.

Brad Barnum, representing the Associated General Contractors (AGC), said that AGC contractors are going to build most of the infrastructure that is being discussed. The AGC hosted a meeting last Monday to get behind the bond effort. We look forward to working with you on this. AGC also is in support of design-build legislation.

Chair Cafagna summarized what we would like the legislators to take away with them tonight: fair share, regional control of projects, and regional transportation and local infrastructure priorities to consider. These are the priorities this region has agreed upon through our polling and infrastructure discussions.

Assemblymember Plescia provided an update on the Proposition 42 issue. He is carrying the legislation to close the loophole, but he didn't think it would move in time for the June 2006 ballot. A transportation coalition has raised money and is getting signatures to place this on the November 2006 ballot to close the loophole.

Councilmember Phil Monroe (Coronado) commented that our success in *TransNet* was because we were project-specific. We focused on what people wanted and what they would

vote for. He was concerned that the legislators are talking about categories in the bonds and not specific projects. If we can get our fair share, and you let us prioritize, then we can help you get this passed.

Senator Ducheny cautioned that this is a statewide bond and if you start listing the projects, the bill would be 400 pages long. Plus, if you want to pass a statewide bond and want to list projects because it will make people feel good, then you basically only want to list projects for San Francisco and Los Angeles because that's a bond measure that could get passed statewide.

Deputy Mayor Shari Mackin (Oceanside) thanked the legislators for attending this meeting and the Board members for their attendance as well

Action: No action was taken on this item.

5. UPCOMING MEETINGS

The next Board of Directors Business meeting is scheduled for Friday, February 24, 2006, at 9 a.m.

6. ADJOURNMENT

The meeting was adjourned at 5:53 p.m.

DGunn/M/DGU

**ATTENDANCE
SANDAG BOARD OF DIRECTORS' MEETING
FEBRUARY 10, 2006**

JURISDICTION/ ORGANIZATION	NAME	ATTENDING	COMMENTS
City of Carlsbad	Matt Hall (Member)	Yes	
City of Chula Vista	Steve Padilla (Member)	No	
City of Coronado	Phil Monroe (Member)	Yes	Councilmember Frank Tierney also attended.
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	Lori Holt Pfeiler, Second Vice Chair (Mem	Yes	
City of Imperial Beach	Patricia McCoy (Member)	Yes	
City of La Mesa	Art Madrid (Member)	Yes	
City of Lemon Grove	Mary Sessom, First Vice Chair (Member)	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	Jerry Sanders (Member A)	Yes	
City of San Diego – B	Jim Madaffer (Member B)	Yes	Council President Scott Peters also attended.
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	Bob Campbell (1st Alternate)	Yes	
County of San Diego	Bill Horn (Member)	Yes	
ADVISORY MEMBERS LISTED BELOW (ATTENDANCE NOT COUNTED FOR QUORUM PURPOSES)			
Caltrans	Pedro Orso-Delgado (Alternate)	Yes	
MTS	Harry Mathis (Member)	Yes	
NCTD	Jerome Stocks (Member)	Yes	
Imperial County	Victor Carrillo (Member)	No	
US Dept. of Defense	CAPT Daniel King (Member)	No	
SD Unified Port District	William Hall (Member)	Yes	
SD County Water Authority	Marilyn Dailey (Member)	Yes	
Baja California/Mexico	Luis Cabrera Cuaron (Member)	No	