



BOARD OF DIRECTORS
MAY 26, 2006

AGENDA ITEM NO. 06-05-1A
ACTION REQUESTED - APPROVE

BOARD OF DIRECTORS DISCUSSION AND ACTIONS
APRIL 14, 2006

Chairman Mickey Cafagna (Poway) called the meeting of the SANDAG Board of Directors to order at 10:16 a.m. The attendance sheet for the meeting is attached.

1. PUBLIC COMMENTS/COMMUNICATIONS/MEMBERS COMMENTS

Don Stillwell, a member of the public, recommended restoring the Route 14 bus stop at the Grantville Trolley Station so that residents of the Allied Gardens, Navajo, and Grantville communities will not have to transfer to get to other areas using the Green Line Trolley.

Chair Cafagna acknowledged Huntington Beach Councilmember Debbie Cook, who serves on the Borders Committee.

Mayor Crystal Crawford (Del Mar) reported on her recent trip to the California Biodiversity Council (CBC) meeting on April 5-6, 2006. The Council meets several times a year and will meet again in San Diego in September. She said that the April meeting held in Merced was on "Cooperative Conservation in the Central Valley." She went on a tour of the grasslands wildlife management area, which is an example of a public/private partnership. This partnership has been going on for 18 years and has protected 80 acres of grasslands. This area is critical habitat for water fowl. She also learned that communities in the Central Valley area have become bedroom communities for San Francisco. Some people are commuting 90 minutes or more from home to work because they cannot afford houses in San Francisco. There has been a loss of agricultural lands and habitat due to building housing in areas not suitable for that purpose. She thanked the Board for allowing her to participate on this Council. She said if there were any questions about this meeting, to contact her or Janet Fairbanks. It was noted that there is a commonality with our partners in the state.

Pedro Orso-Delgado, Caltrans, said that on April 20, 2006, Caltrans will take possession of its new District 11 office building and consolidate operations from four other buildings. More significant from a community point-of-view is that shortly thereafter, Caltrans will make a parking lot in Old Town available. Caltrans has been talking to the Metropolitan Transit System (MTS) about using these parking spaces after hours for Old Town Transit Center parking needs.

Mayor Art Madrid (La Mesa) questioned the issue of water fowl mentioned by Mayor Crawford in her CBC report. He asked if the effects of the Asian bird flu were discussed. Mayor Crawford replied that the CBC did not discuss the Asian bird flu.

Councilmember Phil Monroe (Coronado) responded to Mr. Stillwell's comments. He said that MTS spent many hours listening to people before the Comprehensive Operations Analysis (COA) was implemented. He coauthored with other MTS Board members a piece in the *San Diego Union-Tribune* on where public transit needs to go. As a result of the COA workshops, many changes were made. MTS has identified eight urban centers wherein a network of transit services between these centers will be provided. Certain parameters and increased service frequency has been set in order to attract more riders. Running a good operational efficient system is the top priority. Mr. Stillwell's request has been considered by the MTS Board.

Councilmember Joe Kellejian (Solana Beach) announced the opening and dedication of a parking structure at the Oceanside Transit Center on April 19, 2006, at 11:30 a.m., sponsored by the City of Oceanside and the North County Transit District (NCTD). Many around this table have had a hand in ensuring that this parking structure had funding and was completed, and everyone worked hard to make this a reality.

Councilmember Jerry Rindone (MTS) complimented Councilmember Monroe's report of the challenges and opportunities from the COA. The COA was comprehensive and resulted in service adjustments that are hoped to increase ridership. The service adjustments will save \$5 million annually. Those savings will increase the efficiency of the system and be used for the infrastructure improvements. It has not been an easy process. The actions that were adopted will be phased-in over three time periods. SANDAG will continue to monitor them, and adjustments will be made over time.

REPORTS (2 through 4)

2. REGIONAL ENERGY PLANNING PROGRAM: PROGRESS TO DATE AND FUTURE OF THE PROGRAM (INFORMATION)

Councilmember Henry Abarbanel (Co-Chair of the Energy Working Group) provided a history of the Energy Working Group (EWG). The four subregions are members, along with representatives from business, labor, the environment, educational interests, the Department of Defense, and San Diego Gas & Electric (SDG&E) company. The idea was to put together a broad-based stakeholders group to examine regional energy issues in light of SANDAG's adoption of a Regional Energy Strategy (RES) in 2003. In the past, energy planning was done primarily by the large utilities in our service area. The primary responsibility for energy planning is in the hands of the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC). We are the only region in California that is successfully involving local government. We found out early on that the CPUC will announce formal proceedings and will need responses long before we can act to formulate a policy position on these proceedings. A year ago, SANDAG asked for permission to address letters under the signature of the SANDAG Board Chair to the CPUC, and we have exercised that task several times. SANDAG also was tasked with coordinating with our border regions, which has not taken place yet, although we did have a very intense discussion with the Consul General of Mexico and agreed to work together to identify resources to address border energy issues.

Councilmember Abarbanel reviewed the EWG priorities, which are: develop a stakeholder long-term resource plan, implement a "loading order," promote energy efficiency, and promote public outreach and education.

He reviewed the 2005-06 energy saving pilot program that includes: free technical/policy support to a city, an assessment of energy needs, public facilities audits, project development, and rebate/financing programs. An invitation letter was sent to area jurisdictions, and four cities responded. The City of Carlsbad was selected for the pilot program. We partnered with the San Diego Regional Energy Office (SDREO) and SDG&E to work with Carlsbad staff to identify those areas where energy efficiency measures could be implemented. There were 32 energy-saving measures implemented with a savings of about \$200,000 a year, and three projects are being implemented immediately that will net \$75,000 in incentive funds and save \$43,000 per year. Carlsbad did not pay for this program; the monies came from public goods funds. CEC monies are being sought for more of these kinds of programs for the local jurisdictions in San Diego County. The next steps would be to address barriers to implementation and identify state resources for an expanded program for all SANDAG members.

Councilmember Abarbanel reviewed the regulatory and legislative analysis activities of the EWG. The EWG has two subcommittees. In the first year, the policy subcommittee tracked energy legislation. Last October, Senator Christine Kehoe identified those issues where we wanted to see legislation proceed that would provide a benefit to our region. The EWG participated in developing language for Senate Bill (SB) 1539, working with Senator Kehoe. We also provided input to various CPUC proceedings. He and EWG Co-Chair Madrid visited the CPUC to find out how a local government could be involved in energy decisions. We have, through the language of SB 1539, identified several areas that coincide with areas that are natural activities for SANDAG to be involved in.

Councilmember Abarbanel said that the long-term energy resource plan is part of the motivating factor in pursuing alternative power brought here through the proposed transmission lines of our local utility, SDG&E. The CEC also has a state integrated policy report, and we are participating in that effort with SDG&E. It is our goal to go with SDG&E to the CPUC and the CEC when these reports are presented. It is our intention to go "arm-in-arm" with SDG&E, but not necessarily "hand-in-hand." At times, we may agree with SDG&E, and at other times we may disagree.

Councilmember Abarbanel said that the EWG has become a forum for discussing regional energy issues. We are working on the long-term energy resource plan for our region, have held a number of workshops, have met with CEC commissioners and the Executive Directors of the CEC and the CPUC, and we have made a number of local agency presentations on energy issues.

Mayor Crawford asked for clarification of the time period for the number of megawatts of energy saved by the City of Carlsbad. Councilmember Abarbanel replied that Carlsbad saved 4,000 megawatts over a year's time.

Councilmember Monroe asked if the savings in Carlsbad was to the City or its residents. Councilmember Abarbanel responded that it was a municipal savings. He hoped that other cities would implement similar programs for its residents.

Second Vice Chair Lori Holt Pfeiler (Escondido) asked if Carlsbad contributed capital dollars to the pilot program. Susan Friedman of SDREO answered that the Regional Energy Office provided the energy audit and rebates. There is some capital fund outlay; however, the CEC has low-interest loans that can offset this outlay so that only a minimal amount of money is needed up front. Technical staff at SDREO is available to work with local jurisdictions to determine what is suitable for each area.

Action: This item was presented for information only.

3. SENATE BILL 1539 (KEHOE) - PENDING LEGISLATION TO SUPPORT THE ACTIVITIES OF THE ENERGY WORKING GROUP (APPROVE)

Chair Cafagna noted that there was one request to speak.

Kurt Kammerer, a member of the public, commented about some of the broader issues. He commended the EWG for doing a great job but reminded them that SANDAG's involvement in energy goes back 30 years. This is not a new issue. He suggested that the EWG and SANDAG consider other priorities. He didn't agree that legislation is needed because a "community energy authority" can be formed without the need for new legislation. He recommended that this course of action be pursued.

He also suggested that the EWG look at what is being done to minimize duplication of existing efforts. Various energy plans throughout the state have a high priority for local control through distributed generation and local renewables. One thing that differentiates SANDAG is the ability to focus on these two issues. He mentioned a wind turbines project in the East County. He said that it is well documented that there is a significant capacity for wind-generated energy in East County. If renewables are important, SANDAG could establish a wind energy park and pave the way for developing those resources, which could meet most of the energy needs for the San Diego region. There also are untapped megawatts for solar energy in this region. He thought that SANDAG should focus on the regional development of renewable energy sources. He added that developers already are standing by to produce more wind energy.

Councilmember Abarbanel said that working with the CEC and CPUC Executive Directors, we developed a specific proposal to work on the following activities: evaluation of the effects of transportation on energy demand/co-locating utility infrastructure and transportation corridors, international border energy issues, working on implementation of energy goals in the state, and creation of a sustainable region. It was decided that in order to achieve some visibility and legitimacy before the CPUC, we should propose a bill that endorses the involvement of a coalition of local government and private energy interests from San Diego in specified CPUC and CEC activities in order to implement regional policies that are consistent with state energy policy. SB 1539 is the bill that originally included language that asks the CPUC and CEC to consider allocating existing funding to support both SANDAG's involvement with the CPUC and CEC activities as well as other energy-related activities by the coalition that implements regional energy policy but is not necessarily required of investor-owned utilities. SB 1539 passed out of the Senate Energy, Utilities, and Communications Committee on April 4, 2006, with the agreement that Senator Kehoe would amend the bill to remove the funding provisions. However, these amendments also would not preclude the EWG from working with the CPUC and CEC to

seek funding through existing channels. He commended Mayor Madrid, Gary Gallegos, SANDAG staff, and Second Vice Chair Holt Pfeiler for their participation in this effort. The next step is to send a letter of support to Senator Kehoe for SB 1539.

Chair Cafagna asked if we have received approval from SDG&E on the language of this bill. Councilmember Abarbanel replied affirmatively.

Mayor Madrid said that it is important to develop an energy planning activity that is consistent throughout the state.

Mayor Crawford asked how the relationship with SDG&E has progressed. Councilmember Abarbanel stated that the whole idea of participating in decision making on regional energy issues was not familiar to SDG&E. However, SDG&E has realized that it could reach out to its ratepayers in a more effective way through local government. Over the last two years, we have developed a very cooperative relationship. He commended them and other stakeholders on the EWG. He said that by doing things regionally, we can do things for everyone.

Mayor Madrid stated that he didn't want an adversarial relationship with any group. It took time to develop the current cooperative relationship. He gave several examples of how issues were worked through.

Councilmember Jerry Jones (Lemon Grove) noted that along the way during discussions of how effectively to address regional energy issues there were some comments made by SDG&E that long-term energy planning was its sole responsibility. He noted that things will get a lot better when you include elected officials on the front end rather than at the back end. The most significant thing is that we are now being included in the front end.

Action: Upon a motion by Mayor Madrid and a second by Councilmember Madaffer (City of San Diego), the SANDAG Board approved the submittal of a letter to State Senator Christine Kehoe expressing support for SB 1539, as amended. Yes – 16 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (0%). Absent – Carlsbad, Oceanside, and Solana Beach.

4. WORK PROGRAM AND FUNDING FOR REGIONAL ENERGY PLANNING PROGRAM (DISCUSSION)

Councilmember Abarbanel stated that the RES was adopted in June 2003, and the Regional Comprehensive Plan (RCP) was adopted in July 2004. The level of funding for the EWG will determine the level of effort provided for each of the following activities: outreach/education, transportation fuels/infrastructure corridors, border energy issues, developing a sustainable region, updating the RES, and participation in legislative/regulatory proceedings.

Councilmember Abarbanel reviewed the regional planning activities and had two policy questions: are the activities outlined in the Board report the appropriate priorities for the Regional Energy Planning Program and for the EWG are there other priorities that should be addressed.

Councilmember Abarbanel discussed the proposed Regional Energy Planning Program budget which totals \$900,000, with funding anticipated from the following: SANDAG (\$240,000), SDG&E (\$100,000), and the remainder from state and other sources. He said that the EWG has been working with SANDAG staff, and we are ready to move on to more substantial activities if funding resources can be identified. The plan we have developed seeks a significant amount of support from state agencies and support from the local region.

In order to perform the core activities, we think it will cost \$340,000. SDG&E has previously committed \$100,000 annually, and we would be seeking this same level of funding for coming fiscal years. We have not enlisted any commitment from local businesses. Qualcomm and other businesses have indicated an interest in helping to support this regional energy program. We will seek money from the CEC and the CPUC. When we visited with the Executive Director of the CEC, he indicated that they could possibly provide funding on an annual basis to support EWG activities. We are proposing a five-year pilot project.

Mr. Gallegos confirmed that in next year's proposed SANDAG budget, we have identified \$240,000 in general planning funds for the EWG's efforts. He said that we need to hire an energy expert on staff. The Board may be faced with choices in the future for these monies.

Second Vice Chair Holt Pfeiler asked about increasing the member assessments to support this work program, especially since the work program includes some energy audit resources for cities. Mr. Gallegos agreed that that is an option. We haven't raised the SANDAG member assessments in several years. This is something to consider for future years.

Councilmember Monroe mentioned that he is an alternate to the Shoreline Preservation Working Group. For two years, that working group has been wrestling with how to put sand back on the beaches. Mr. Gallegos stated that Councilmember Monroe brought up a valid issue. As part of the *TransNet* Extension measure, we made a commitment to come back and look at the needs in other infrastructure areas beyond transportation. That might be the tool to focus on for funding for such needs.

Councilmember Monroe questioned if the EWG is working on the right issues. The public speaker was in favor of renewables within San Diego County. He asked if the EWG is working on a recommendation to support the transmission of renewables. If this is a regional issue, this Board should take a position on that. He asked about what the EWG is doing on this issue and on the transmission line from Imperial County to San Diego currently proposed by SDG&E.

Councilmember Abarbanel said that one of the EWG's subcommittees is focused on resource issues. It has dedicated four months of meetings discussing issues such as SDG&E's Sunrise Powerlink transmission line. This subcommittee will report to the EWG in June or July, and the EWG will make a recommendation to the Regional Planning Committee and then to the Board.

Mayor Madrid stated that for a number of years, SANDAG has held a leadership role in fiscal issues at the state level. Carlsbad was able to save significant dollars as a result of the pilot program paid for by existing public goods funds. There are state organizations that will provide financial aid for these types of energy planning programs and projects. We

should proceed with identifying all potential revenue sources, especially from the state. Energy and water are issues that will impact this region more than anything else.

Supervisor Bill Horn (County of San Diego) noted that the County has been working with SDG&E and has saved millions. He was not supportive of raising the member assessments to fund the EWG. He also didn't want to take planning money away from transportation.

Second Vice Chair Pfeiler stated that over time, we should consider member assessment funding for this work, which is an expansion of regional energy planning for SANDAG. The EWG has a work program, and we all said that we want them to do that work. It has to become part of SANDAG. We are responsible as individual agencies to provide funds for that work program. We have been given a year's advanced notice of the need for finding a continuing funding source for energy planning.

Councilmember Jack Dale (Santee) said that it seems we are working to help SDG&E do its job. If all of this is to plan for regional energy needs, SDG&E should be paying for it. If SANDAG is going to put money into it, how can we be assured that state agencies like the CPUC will work to help us fund the program?

Councilmember Abarbanel disagreed that we would be helping SDG&E do its job. What we would be doing is helping the local utility to do our job. SDG&E collects on the utility bills a fee called "public goods funds," and SDG&E is supposed to use those funds for input on what ratepayers would like to see done in the region. In his opinion, this is part of the EWG's job as well. We can make the mandated energy programs work better for our region's residents. There also are items in our work program that are not SDG&E'S job.

Mr. Gallegos said that there are a lot of infrastructure issues facing the state, including energy, water, and transportation. The question for this region is should we rely on SDG&E to be productive by itself, or should we partner with them on the statewide issues to highlight specific things facing the San Diego region. We should be proactive when we can help shape statewide policies.

Mayor Christy Guerin (Encinitas) expressed concern with some of the proposed energy planning activities. Some of them look to be SDG&E's responsibilities, and others are issues that can be worked through our five existing Policy Advisory Committees. She was comfortable with the \$240,000 in SANDAG funding in the FY 2007 budget, but she was concerned about the need for future monies. She also expressed concern about where we are going with this. She stated that SDG&E is contacting each of us about the transmission line issue. We need to review this matter and bring back a recommendation to the SANDAG Board.

Mayor Steve Padilla (Chula Vista) said that some of the areas outlined are directly related to transportation issues. The City of Chula Vista has been involved in local energy policy issues. Local jurisdictions have very little impact because of the way the energy industry is currently structured and regulated. He agreed that there are existing opportunities that we are not taking advantage of, specifically the public goods fees. One criticism is that most regions are not involved at the front end. We should work together to provide direction on the proper use of the public goods fees in a way that brings a greater level of return to the region. This is an appropriate first step.

Councilmember Monroe wondered if SDG&E should be asked for comments.

Mr. J. C. Thomas with SDG&E said that they have had a successful working relationship with the EWG and that SDG&E has an existing commitment to provide some of the funding for input into the long-term energy resource plan. SDG&E goes out and works with a lot of different stakeholders, and SANDAG is one of them. That is an important part of SDG&E's process for building energy infrastructure. We have a lot of other resources, such as energy experts on resource planning and energy efficiency. We will be investing about \$10 million in local government programs.

Mr. Kammerer said that this is not just about where you can save money for local jurisdictions; we are paying 50-60 percent more for energy costs today. Just after the energy crisis when prices came up, there was talk about those prices decreasing. The over-reliance on natural gas keeps the price of energy up. We are highly reliant on natural gas. Our prices in the region are twice the national average.

Mayor Crawford stated that our Regional Comprehensive Plan recognizes all of the necessary elements for a sustainable region in the long-term, and energy is a piece of that. When we established the EWG, it was in recognition that this issue takes special knowledge. She expressed her appreciation for the work of the EWG and for its expertise in this issue area. She would like to see us get our hands around that \$100 million in public goods funds. We should continue to look for funding by working with our Legislature. We don't want to take money away from transportation projects.

Mayor Madrid said that we should not forget there are a number of other players in the private sector that should also be acknowledged. He stated that the activities of the EWG will benefit the entire region.

Action: No action was taken on this item.

5. UPCOMING MEETINGS

The next Board of Directors Business meeting is scheduled for Friday, April 28, 2006. The next Policy Board meeting is scheduled for Friday, May 12, 2006.

6. CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL IN ANTICIPATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 549567.9(b)(3)(c)-ONE POTENTIAL CASE

Chair Cafagna stated that the Board would be going into closed session to conference with General Counsel. The purpose of the closed session is to discuss potential litigation in accordance with Government Code Section 549567.9(b)(3)(c). He stated that only voting members should proceed to the closed session in the 7th Floor Conference Room. He adjourned the meeting into a closed session at 12:01 p.m., and reconvened it into open session at 12:07 p.m.

Julie Wiley, General Counsel, reported the following out of the closed session: the Board took action during closed session to deny the tort claim filed by William Hummel, Jr. and his parents.

7. ADJOURNMENT

The meeting was adjourned at 12:08 p.m.

DGunn/M/DGU

**ATTENDANCE
SANDAG BOARD OF DIRECTORS' MEETING
APRIL 14, 2006**

JURISDICTION/ ORGANIZATION	NAME	ATTENDING	COMMENTS
City of Carlsbad	Matt Hall (Member)	No	
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	Lori Holt Pfeiler (Member)	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)	No	
City of Poway	Mickey Cafagna, Chair (Member)	Yes	
City of San Diego - A	Jerry Sanders (Member A)	No	
City of San Diego - B	Jim Madaffer (Member B)	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	Pedro Orso-Delgado (Alternate)	Yes	
MTS	Jerry Rindone (1st Alternate)	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	