MEETING NOTICE
AND AGENDA

TransNet INDEPENDENT TAXPAYER
OVERSIGHT COMMITTEE (ITOC)
The ITOC may take action on any item appearing on this agenda.

Wednesday, January 9, 2008
9:30 a.m. to 1:30 p.m.

SANDAG
7th Floor Conference Room
401 B Street, 7th Floor
San Diego, CA 92101

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AGENDA HIGHLIGHTS

• TransNet PLAN OF FINANCE AND BOND ISSUANCE UPDATE
• TransNet ENVIRONMENTAL MITIGATION PROGRAM MEMORANDUM OF UNDERSTANDING
• INTERSTATE 15 CORRIDOR UPDATE

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Welcome to SANDAG. Members of the public may speak to the TransNet Independent Taxpayer Oversight Committee (ITOC) members on any item at the time the ITOC is considering the item. Also, members of the public are invited to address the ITOC on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The ITOC may take action on any item appearing on the agenda.

This agenda and related staff reports can be accessed at www.sandag.org under Meetings on SANDAG’s Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than noon, two working days prior to the ITOC meeting.

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1. SUMMARY FOR THE NOVEMBER 14, 2007, ITOC MEETING

   A summary of the November 14, 2007, ITOC meeting has been prepared for the Committee’s review and approval.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

   Members of the public will have the opportunity to address the ITOC on any issue within the jurisdiction of the ITOC. Speakers will be limited to three minutes each. Committee members also may provide information and announcements under this agenda item.

+3. TransNet II SENIOR TRANSPORTATION MINI-GRANT PROGRAM
   (Danielle Kochman)

   At the July ITOC meeting, the committee reviewed and commented on the proposed eligibility criteria, program rules, procedures, sample application form, and related materials for the new Senior Transportation Mini-Grant Program included in the TransNet Extension. Staff will present the updated application form and process, which incorporated the comments from the previous ITOC meeting, along with other feedback received from stakeholders.

+4. STATUS OF TransNet MAINTENANCE OF EFFORT (MOE) AUDITS
   (Renee Wasmund)

   The TransNet Extension Ordinance requires the setting of new Maintenance of Effort (MOE) levels. The process is complete, with the exception of: (1) the Cities of Carlsbad and Encinitas, who have requested that one-time expenditures be removed from the calculation; and (2) the Cities of Oceanside and San Diego, who are in the process of providing final information to the auditors. At this time, the recommendation is to proceed with the approval of the MOE audits for the remaining jurisdictions so that they are able to use the information in their FY 2009 budget development process.

+5. TransNet PLAN OF FINANCE AND BOND ISSUANCE UPDATE
   (Charles "Muggs" Stoll)

   A bond issuance of $600 million is being prepared for April 2008 to coincide with the commencement of sales tax collection under the TransNet Extension. As part of this process, the TransNet Plan of Finance has been updated and was presented to the Transportation Committee on December 14, 2007. The Plan of Finance update has incorporated Transportation Committee input and is now being presented to the ITOC for review and input to the Transportation Committee and Board of Directors.
The ITOC is asked to recommend that the SANDAG Board of Directors approve the EMP MOA, which establishes the process for providing advanced mitigation for projects identified in the Regional Transportation Plan. Advance mitigation was a fundamental tenant of the EMP component of the TransNet Extension Ordinance to provide greater certainty and accelerate project delivery.

Staff will provide an overview of the TransNet major corridor projects in terms of cost control and schedule adherence based on data provided through the Dashboard reporting system. Updates and refinements to the Dashboard will also be discussed. This item relates to the required quarterly reporting process specified under Paragraph 10 of the Ordinance. The ITOC is to review the information provided by staff and accept the quarterly report or make additional comments and recommendations.

Caltrans and SANDAG are working jointly on the development of all phases of the I-15 Managed Lanes corridor as part of the TransNet EAP. This report provides an update on the progress of all the ongoing phases of development. It also seeks a recommendation by the ITOC to the Transportation Committee and the Board of Directors to transfer $550,000 from the I-15 North Capital Improvement Project (CIP) to the I-15 Middle CIP.

SANDAG Financial Advisor Keith Curry of Public Financial Management will be available to give an informational overview of the history of past financial actions related to the TransNet program for the benefit of the new ITOC members.
11. INFORMATIONAL SESSION ON BROWN ACT COMPLIANCE
   (Julie Wiley)

   SANDAG General Counsel Julie Wiley will provide an overview of the requirements of
   the Brown Act and how it applies to participation in a SANDAG committee for the
   benefit of the new ITOC members.

   Estimated Start Time
   2:30

   + next to an agenda item indicates an attachment
MEETING SUMMARY FOR THE NOVEMBER 14, 2007, INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (ITOC) MEETING

File Number 1110200

Attendance
Committee Members:  • John Meyer, ITOC Chair  • Ron Gerow
  • Kevin Cummins  • Valerie Harrison
  • Hamid Bahadori
Ex-Officio Members:  • None
Staff:  • Charles “Muggs” Stoll

The meeting of the TransNet Independent Taxpayer Oversight Committee (ITOC) was called to order by Chair John Meyer at 9:34 a.m.

1. APPROVAL OF MEETING SUMMARY

Action: Upon a motion by Mr. Gerow and a second by Mr. Cummins, the ITOC approved the October 10, 2007, meeting summary.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Mr. Ed Krulikowski, candidate for the open position on the ITOC, stated that he has received support for his appointment to the ITOC from several organizations. He thanked the Committee members for consideration and stated that it has been very informative to attend the past three meetings.

Mr. Stoll stated that the Selection Committee will meet on November 30, 2007, at 8:30 a.m. immediately prior to the SANDAG Board of Directors meeting.
Chair Meyer reported that he presented the ITOC Annual Report to the SANDAG Board of Directors at their last meeting. He stated he informed the Board of the many challenges he feels facing the ITOC in the upcoming year. He also made comments to the Board regarding the selection process for the ITOC. He stated that the required qualifications in the Ordinance for appointment to the ITOC and the conflict of interest clause are very restrictive and that the process takes too long. The Board stated that they would review the Ordinance for proposed changes in the future. Chair Meyer reported that Councilmember Jim Madaffer, Chair of the SANDAG Transportation Committee, stated that he would follow up with the Board on potential changes to the Ordinance and expressed the Board’s gratitude to the ITOC members for their hard work over the past year.

Chair Meyer commented that Gary Gallegos, Executive Director, recently attended a conference of the Mobility 21 Coalition. He questioned why the San Diego Region was excluded from this important group or have not joined the Coalition. He stated that the Mobility 21 Coalition was a very active organization whose purpose is to ensure that Southern California receives state funding.

Mr. Bahadori responded that the Mobility 21 Coalition was started six years ago with three members and expanded last year to include the five southern California counties. The Mobility 21 Board voted last Friday to assess this first year with the five new members and to potentially include Santa Barbara and San Diego. The Board also may consider transportation agency membership and if there is an interest from SANDAG, the Board of Directors should send a written request for membership to the Mobility 21 Coalition Board.

Chair Meyer reiterated that SANDAG should consider membership in this influential organization.

Mr. Bahadori stated that the Mobility 21 Coalition’s focus is to advocate for programs, projects, and funding, and diversification can be counterproductive by putting its member regions at competition with one another. The Coalition Board is open to new membership but wants to be cautious.

3. 2006 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM (RTIP) - AMENDMENT NO. 9

Sookyung Kim, Financial Programming Manager, briefed the ITOC on the item. She stated that there were number of projects included in the Amendment, but she would just brief on the highlights.

Ms. Kim described the Interstate (I)-5 Lomas Santa Fe Interchange/High Occupancy Vehicle (HOV) and the I-805 Direct Access Ramp/HOV at Carroll Canyon projects. She stated that these projects are related, and the Amendment reflects the necessary changes in funding. The Amendment reflects Board-approved funding increases to the I-15 Managed Lanes project and the State Route (SR) 52 Freeway project. The next project highlighted by Ms. Kim was the SR 94 sound wall in La Mesa, which is part of the regional Highway Noise Barrier Program. This Amendment increases the funding for this project by utilizing funds from the regional Noise Barrier Program as recommended by the Cities/Counties Transportation Committee (CTAC).
Mr. Stoll commented that the SANDAG Board has an established a policy that one percent of State Transportation Improvement Program (STIP) funding would be set aside for sound wall retrofit projects. Many noise barriers were built with major capital projects, but this funding can be used for sound walls only where there is not a planned capital project. Local jurisdictions take the lead and bring these projects forward as candidates. The program has not been active because the STIP program has not had funding. With the recent Proposition 1B augmentation, funding is available to be used for this project. There are no other projects to be considered at this time for this funding. STIP funding is still at risk for future years, and so there may be few opportunities to use this funding.

Valerie Harrison asked whether these funds were specifically identified for the sound wall or whether funding would be shifted from future work on the SR 125/SR 94 project.

Ms. Kim stated that the funds could only be used for the sound wall and would not affect that funding, and Mr. Stoll concurred.

Ms. Harrison asked the location of the sound wall, and Mr. Stoll replied that the wall is located on SR 94 just east of Massachusetts Avenue on the westbound side.

Mr. Bahadari asked whether the recent California Transportation Commission (CTC) restrictions would affect funding for any of these projects.

Jose Nuncio, Senior Engineer/Financial Programming, stated that funding for some of these projects could be affected. One STIP rail project was diverted, and another project that is coming forward in January could be affected. The State budget also could affect funding for these projects.

Mr. Bahadari stated that many counties had started lobbying for funds after the CTC decision and that SANDAG should do something similar as far as lobbying for funding from other sources. We need to identify those projects that could potentially lose funding and lobby the legislature for funding for those projects.

Mr. Stoll stated that staff would keep an eye on the situation, particularly for SR 52.

Chair Meyer requested clarification on the definition of retrofitting; this project is looking at new sound walls not retrofitting existing ones.

Mr. Stoll stated that the term “retrofit” refers to addressing noise that is an existing problem, and the funding is for new walls in areas without an adjacent capital improvement project.

Ms. Kim stated that the rest of the projects are local projects and briefed the committee on the funding changes. These projects are scheduled for SANDAG Board approval on November 30.

Mr. Stoll stated that due to the timing of the item on the November 30 Board agenda, the item comes to this committee in this form prior to the Transportation Committee’s review.

Mr. Bahadari stated his concern that there are assumptions for State funding for these projects that are likely not to get that funding based on the recent CTC decision and the January State budget changes. He asked staff what their plan was for funding these projects if the State budget situation worsens.
Mr. Nuncio used the STIP as an example stating that the STIP is currently front loaded in terms of programming for the funds. We have received allocations for some projects. The CTC staff is proposing an allocation plan from which SANDAG would potentially benefit and actually put us ahead of the game.

Mr. Bahadori stated that he would like included in the motion that when the item goes to the Board, he would like the ITOC comments and concerns regarding the issue of the CTC decision and the impact on the Regional Transportation Plan (RTP) projects included in the staff briefing.

Mr. Stoll requested that Mr. Nuncio brief the Transportation Committee on the ITOC concerns and comments at the December Transportation Committee meeting.

Chair Meyer asked whether the Board and the Transportation Committee would be briefed at one of their meetings on the actions taken by the CTC and the bond issue, and Mr. Stoll confirmed that they would be briefed on these issues in December.

Mr. Gerow stated that he would like to make certain that the Board and the Transportation Committee are aware that it is the ITOC that in discussion of this item generated this concern.

Ms. Kim requested clarification of the comment that the ITOC wants expressed to the Board and whether to include it as a comment to the STIP item in December or with the presentation of this item to the Board.

Mr. Bahadori made a motion to recommend approval of Amendment No. 9 and to have staff express the comments and concerns of the ITOC regarding the potential loss of State funds for some of these projects to the Board when they adopt the RTP. It is not a concern that will affect the adoption of the RTP, only a financial concern of the feasibility of funding projects in the RTP.

Chair Meyer requested clarification of whether the ITOC was to approve the item or discuss and comment, and Mr. Stoll confirmed that the ITOC was to discuss and make comments.

Mr. Kevin Cummins requested clarification of whether the comments would be conveyed to the Board whether the ITOC made a motion or not, and Mr. Stoll confirmed that the comments would be conveyed to the Board either way.

Chair Meyer repeated the motion made by Mr. Bahadori and called for a vote.

**Action:** Upon a motion by Mr. Bahadori and a second by Ms. Harrison, the ITOC recommended that the Board of Directors approve Amendment No. 9 and directed staff to express the comments and concerns of the ITOC regarding the potential loss of State funds for some of these projects to the Board when they adopt the RTP.
4. **TransNet EAP FINANCING STRATEGY**

Renee Wasmund, Finance Director, introduced the item. In May 2005, the SANDAG Transportation Committee approved the initial financing strategy for funding the TransNet Early Action Program (EAP). Hedging strategies to lock in the historically low interest rates for SANDAG’s first long-term debt issuance under the TransNet Extension were approved in November 2005 by the SANDAG Board of Directors. Based on the expected expenditure plan for the TransNet EAP, it is recommended that SANDAG take advantage of the low interest rates provided by the interest rate swap, thereby issuing the entire $600 million in sales tax revenue bonds.

Ms. Wasmund further briefed the ITOC on how the swap is basically a tool that allows borrowing at the rate locked in 2005, which maximizes our ability to deliver the TransNet program. SANDAG pays a fixed rate to the swap provider and issues a variable rate for the $600 million in bonds issued. The concept is that the variable rate we pay over the 30 years of the bond repayment is expected to approximate the payments we receive, which synthetically fixes the rate at the fixed rate of the swap provider.

Ms. Wasmund stated that in 2005 SANDAG established a pool of underwriters and through them, issued commercial paper and received advice regarding the swap agreements. We again are using this pool of underwriters for proposals on issuing the $600 million of priority bonds. We received 11 proposals from the competitive process. Based on the proposals, staff recommends a diversified approach. Ms. Wasmund briefed the ITOC on the diversified approach for the bond issuance. In addition, staff recommends reducing the commercial paper program. The current outstanding balance for commercial paper will be paid off with the bond issuance. Commercial paper is intended to be used for short-term borrowing purposes. This will allow a savings of much of the $400,000 in administrative costs of the commercial paper program.

Mr. Bahadori stated that the ITOC had been briefed previously on the bond issue and commercial paper program and at that time, we were told that we needed the $335 million in commercial paper and requested staff explain why we are looking at this is new approach. He also asked for staff to explain if it is prudent to take this action now and whether the funding level requested is enough due to the uncertainty of the State budget.

Ms. Wasmund stated that the original decision of $335 million for commercial paper was based on the Plan of Finance at that time and what the reasonable expectations were at that time. Due to such things as project delays, environmental issues and studies, the estimated funding level has been impacted. Ms. Wasmund stated that we are borrowing at such as low rate that if we don’t do take advantage now, we could lose the opportunity for the interest rate swap. We do have a reasonable expectation that the amount of funding is what we can expend.

Keith Curry, SANDAG consultant with Public Financial Management, stated that a major reason SANDAG did not need this full amount in 2005 is that we received several hundred million dollars in State bond proceeds which were unanticipated. He stated that we need to issue the full $600 million in bonds now because of the low rate that was locked in 2005. The borrowing strategy is to lock in capital at low borrowing costs. If there is a delay in spending it, you will have a 200 basis point spread on your investment and earning at a fixed cost. It is prudent to lock the funds in now at these rates because the costs will be mitigated by the investments.
Ms. Harrison requested clarification as to why we do not offset the fixed rate with a fixed rate instead of a variable and why we are leaving London Interbank Offered Rate (LIBOR) and going with the Securities Industry and Financial Markets Association (SIFMA) index swap?

Mr. Curry replied the SIFMA is a tax exempt rate and with LIBOR, you take a risk with the tax rate change. If tax rates decrease, we won’t be paid enough, but if they go up, we will benefit. We reduce our risk by moving to a more conservative rate in the tenth year. We have achieved a synthetic fixed rate by borrowing at the low fixed rate and paying a variable on the bonds.

Discussion ensued among the members regarding the interest rate swap strategy, the proposed reduction in the use of commercial paper, whether issuing $600 million in bonds was a sufficient level of funding, and the competitive process for proposals.

Mr. Cummins commented that he would appreciate an earlier release of this type of information/action item because he did not have enough time to review it, and Ms. Harrison stated she would appreciate the same.

Chair Meyer stated that he would like to schedule a meeting with Ms. Wasmund and staff in advance of the ITOC meetings to be briefed on these types of issues.

Mr. Cummins requested staff provide him with the applicable 2005 documents.

Ms. Wasmund stated that we do not need a recommendation from the ITOC today. Based on the timing of the issue, staff can return to the ITOC at the next meeting with the new Plan of Finance and more background and explanation of this item.

**Action:** Upon a motion by Mr. Cummins and a second by Mr. Bahadori, the ITOC recommended that this item be added to the agenda for the next ITOC meeting.

5. **STATUS OF TransNet MAINTENANCE OF EFFORT (MOE) AUDITS**

Ms. Wasmund presented the item. Last February, the ITOC reviewed and commented on the set of procedures that were proposed to be used by SANDAG’s auditors, Caporicci & Larson (C&L), to perform the MOE audits. Since that time, the audits have been underway and are substantially complete. Staff reported back to the ITOC on the status of the MOE efforts.

Ms. Wasmund stated that the MOE is now indexed and our auditors have reviewed the status of the cities and counties. With the substantial completion of the audits, the ITOC now will look at the results and make decisions for future audits. Ms. Wasmund briefed staff on three issues that were identified. The first issue is whether the MOE requirements allow for expenditures to be averaged over a different period of time than three years or allow for some sort of consideration of spikes in expenditures by member agencies. During the audit, it was noted that some cities had reserved their general fund monies for expenditure during the base year, which does not represent a normal spending level. Julie Wiley, General Counsel, reviewed the TransNet Extension Ordinance, and its intention was to augment the general fund revenues – not replace general funds. Option 1A is to isolate and remove the one-time expenditure to show an actual first year of reasonable expenditures, and Option 1B would be to use the actual base year expenditures without accounting for spikes.
Mr. Bahadori requested clarification regarding the timeframe for the determining whether the spike was due to reserving funds for a capital expenditure.

Ms. Wasmund explained that in the two examples, there were specific projects identified, and it was clear that it was a one-time expenditure. In cases of spikes such as this, staff would brief the ITOC specifically on these instances.

Discussion ensued regarding the determination by the auditor on instances of spikes in general fund expenditures, reporting these on a case-by-case basis to the ITOC for its determination of whether the instance is a one-time spike for capital purposes, interpretation of the TransNet Extension Ordinance to allow for disregarding spikes for audit purposes, and how each option would affect the audit in general.

Mr. Bahadori stated that he would support Option 1A as long as the language used to define the one-time expenditure as a spike was more specific.

Mr. Gerow stated that we need to be careful on how specific the language is so as not to complicate the definition.

Mr. Bahadori requested staff to direct the auditors to look at expenditures during the base period and the immediate past three years for the initial audit. Future audits would be based on the base period, and the MOE would be established on that base period and measured against that base period thereafter.

Ms. Wasmund stated that staff was waiting for the ITOC input to instruct the auditors on how to proceed. She stated that we could instruct the auditors to review the six-year period only for those two cities who show a spike instead of for every city.

**Action:** Upon a motion by Mr. Bahadori and a second by Mr. Gerow, the ITOC supported staff recommendation Option 1A and directed that the auditors review a six-year period, the base year period, and the immediate past three years for any jurisdiction that requests a one-time variance.

Ms. Wasmund stated that the second issue is whether the Ordinance requires that the MOE levels be calculated on an aggregate basis or on the basis of each category: local streets, dial-a-ride program support, transit subsidy, habitat-related mitigation costs of local transportation projects, and smart growth incentive programs. The language of the original Ordinance is the same as the Extension Ordinance, and the practice under the original Ordinance was to use the separate totals as the basis for calculating the MOE. The question has arisen by the City of San Diego because they have a past subsidy for monthly pass sales that has been kept separate for past MOE purposes and the auditors need a determination whether to continue this process or to establish MOE levels on an aggregate basis.

Mr. Bahadori stated that the TransNet Ordinance states streets and roads specifically and that it does not state that any other subsidy should be considered in the MOE.

Ms. Wasmund stated that the Extension Ordinance does state that the MOE also shall apply to any local agency discretionary funds being used for other purposes. Staff is confident that the MOE does apply but the question is whether to establish the MOE levels on an aggregate basis or to separate them as done in past practice.
Discussion ensued regarding the positive and negative aspects of establishing the MOE levels on an aggregate basis or separately, staff interpretation of the language of the Extension Ordinance, the preference of the individual jurisdictions and degree of flexibility each option offers, and the effect on their budget process and revenues.

**Action:** Upon a motion by Mr. Bahadori, a second by Mr. Gerow and a 4-1 vote with Mr. Cummins in opposition, the ITOC supported staff recommendation of Option 2A and directed staff to include an explanatory statement of what past practices have been by staff.

Ms. Wasmund stated that the final issue is whether the requirement to spend at least 70 percent of TransNet funding for congestion relief purposes and no more than 30 percent for maintenance purposes also should apply to MOE spending of local discretionary funds. Ms. Wiley has clarified that the language applies to the TransNet funding specifically, not the MOE. Staff recommendation is that the requirement does not apply to MOE spending because it is clear in the Extension Ordinance that the funding split applies to TransNet revenues provided to the member agencies for their local street and road programs.

**Action:** This item was presented for information only.

6. **SPRINTER PROJECT STATUS REPORT AND SANDAG INDEPENDENT ASSESSMENT**

Jim Linthicum, Division Director, provided a monthly status report on the SPRINTER rail project, including discussion of implementation and effectiveness of project cost control measures and the SANDAG independent assessment of the project.

Mr. Linthicum stated that the mainline is 91 percent complete, and the communications systems are near completion with final zones scheduled for completion in early December 2007. The wildfires did not damage any area of the project, but did delay the schedule as the contractor could not work. All San Diego Gas & Electric crews were pulled off for the wildfires, thus delaying their work. The SPRINTER Operations Facility (SOF) and the San Marcos Loop are pending final inspection, and the diesel multiple units have been given preliminary acceptance. The settlement agreement calls for construction acceleration payments and liquidated damages. The milestone dates were too aggressive, and the contractor did not meet milestones five, six, or seven on time. The safety certifications submittals under Milestone 8 also will be pushed out from the October date to some time in December. Final completion of landscaping and maintenance is scheduled for March 2008. The California Public Utilities Commission (CPUC) is set to approve the system safety program plan and the system security plan the week on November 16th. The CPUC is scheduled to review safety certifications in early December. The CPUC is requiring that the gap from the gangway to the door be closed, and this retrofit is underway. The Estimate at Completion (EAC) will be affected by the settlement agreement, but no new requests for payment have been submitted. The EAC remains at $477.6 million and includes the base cost, which includes the maximum amount for the settlement agreement and contingency funds. The project budget remains at $484.1 million. A public opening is scheduled for December 28, 2007, with the goal to run revenue service operations on January 13, 2008. The largest risk to the budget is the construction quantities and change order costs that are backlogged, and staff are currently working to determine and negotiate these costs.
Mr. Bahadori requested clarification of the amount of the total construction claim filed by the contractor. Mr. Linthicum stated that the claim was around $15 million. The settlement agreement capped the amount of the claim for impact damages at $12.2 million.

Mr. Bahadori asked how the settlement agreement will affect the balance of the budget of $16.7 million and inquired as to the amount of funding needed to finish the project.

Karen King, Executive Director, North County Transit District (NCTD), stated that the $12.2 million already is considered in the EAC at $477.6 million. If the contractor submits claims for less, then it will lower the EAC.

Mr. Linthicum stated that the final budget can still be affected by the backlog of construction costs and change order costs. The settlement agreement only affects the impact damages. As long as the backlog costs remain under $16.7 million, we remain within budget.

Mr. Bahadori asked if there was an estimate on the backlog costs, and Mr. Linthicum stated that any estimate would be difficult to make because the actual cost has to be determined, and then negotiations with the contractor still have to be done.

Chair Meyer asked if there had been any progress on negotiations on the fines from the Water Board, and Mr. Linthicum stated that NCTD submitted a response to the Water Board, and Ms. King stated that although a meeting was schedule to discuss the fines, no decision had been made.

Chair Meyer asked if there were any other risks to the completion date and Mr. Linthicum stated that the only other risk could be with problems with the software at the SOF.

Chair Meyer requested clarification of how the bus schedule changes will work with or affect the revenue operations date in January, and Mr. Linthicum stated that the bus schedules will change to coordinate with the start of revenue operations, and there could be some duplicate service between late December and January 13, 2008.

Action: This item was presented for information only.

7. SUMMARY PRESENTATION OF TRANSIT OPERATOR BUDGETARY PLANNING

Metropolitan Transit System (MTS) and NCTD provided verbal overviews of the budgetary planning efforts for their respective transit systems, with an emphasis on the role of TransNet funds in the process.

Richard Hannasch, Finance Director, NCTD, and Kathy Sweet, Budget Manager, NCTD, provided the overview of the NCTD budget planning efforts. Mr. Hannasch reviewed the jurisdictional areas that NCTD services and the types of transit service offered. He stated that the current operating revenue sources are composed of passenger fares, auxiliary revenues such as advertising and concessions, and non-transportation revenues. Recurring grant revenue is composed of Transportation Development Act (TDA), TransNet, State Transit Agency (STA), Federal Transit Administration, and Medi-cal Administrative Activities funding of paratransit operations. Mr. Hannasch stated that the STA funding this year was reduced, and NCTD lost $7 million in anticipated funds. Non-recurring revenues are from a Congestion Mitigation Air Quality (CMAQ) grant, which funds projects and
transit that reduce transportation-related emissions. Mr. Hannasch stated that TransNet and TDA funds are the largest funding revenue sources. TransNet I and the Extension Ordinance have different allocations and that has affected budgetary planning.

NCTD expenses for 2008 are at $85,614,909 and include salaries and wages, benefits, insurance, advertising, and other expenses. Significant increases over the past few years have been fuel costs, purchased transportation to support the COASTER, paratransit and SPRINTER services, CALPERS benefits and insurance costs, and diesel costs.

Chair Meyer asked if the 26 percent increase of purchased transportation costs for the COASTER included their fuel costs, and Mr. Hannasch confirmed that it did and that the contractors purchase their own fuel, which is one factor that increases their costs.

Mr. Hannasch reviewed the five-year outlook for NCTD revenue and expenses. The projection showed minor increases in expected revenues and a conservative outlook for grant funding. Operating expenses increase at a higher rate. By 2012, NCTD expects a budget deficit of over $11 million primarily due to the loss of the CMAQ funding.

Chair Meyer asked if the NCTD Board has a policy to tie fare increases into cost-of-living increases.

Mr. Hannasch replied that NCTD has a general policy to review fares annually, and the Board has indicated a preference to have frequent, smaller fare increases as opposed to large, infrequent increases.

Chair Meyer requested clarification on how NCTD compares to the State law minimum for fare box recovery requirements.

Mr. Hannasch stated that NCTD is in line with fare box revenue recovery requirements and explained the breakdown of passenger fare revenues received by NCTD per service. Passenger fare revenues are a small component of the overall budget. The biggest threat to the budget is that revenues are not growing at the same rate as expenses.

Mr. Bahadori asked for information on how NCTD handles fleet replacement.

Mr. Hannasch stated that half the fleet has been replaced in the past few years and they do not have plans for future large fleet replacement expenses, just regular rotation.

Mr. Hannasch briefed the ITOC on the five-year baseline capital improvement program (CIP) summary. The total funding available is much lower than what is needed to maintain the infrastructure. He stated that the NCTD system provides necessary transportation services to the region, and he described the NCTD network.

Discussion ensued regarding the NCTD budget forecast, sales tax revenues, TransNet funding, COASTER service and revenues, and fare box recovery.
Sharon Cooney, Director of Government Affairs and Community Relations, MTS, stated that MTS provides various transit services for the region. She reviewed the structure of MTS and the service area. Ms. Cooney stated that MTS services over 270 million passengers a day and has a 26 percent fare box recovery. The subsidy per passenger is $1.55 and is one of the lowest in comparable regions. Ms. Cooney reviewed the statistics for bus operations and light rail operations provided by MTS. Ms. Cooney reviewed the results of the comprehensive operational analysis and redesign of routes, which increased ridership by 6 to 7 percent and reduced costs by $5 million.

Ms. Cooney briefed on the operating and capital funding sources for MTS. Sales tax revenues are slowing, and shortfalls are expected. MTS has implemented a fare increase and has cut expenses to meet budgetary requirements. Ms. Cooney briefed on the subsidy revenue budget funding for 2008. Total subsidy revenues are approximately $176 million. Ms. Cooney stated that operating funding relies on local sources. MTS goals for balancing the operating budget are to maintain expenses at inflationary levels, to balance the budget with recurring revenues, and to shift additional resources to the capital program to address infrastructure needs that have been outstanding for years.

Ms. Cooney briefed on the 2008 capital budget which faces a deficit. The agency goal is to fund the CIP by shifting excess revenues to the capital program. MTS is seeking additional funding sources through Proposition 1B, the Urban Partnership Agreement, and others. Ms. Cooney stated that the Blue and Orange Line rehabilitation program is in the TransNet EAP. She briefed the ITOC on funding for CIP projects and eligibility for funding under the TransNet Extension Ordinance.

Ms. Cooney stated that the five-year projection reflects a deficit, but the agency goal is to always have a balanced budget, and the agency will need to address the deficit annually.

Chair Meyer asked whether the plan for the Blue Line included purchasing new vehicles or rehabilitating the older vehicles.

Ms. Cooney stated that the plan is to invest in at least one low-board trolley car per line, and the balance of the funding would be to rehabilitate the current older vehicles. Additionally, fuel and energy costs are rising and will affect budgetary planning in the near future.

Ms. Harrison inquired about the increase in the cost of the monthly passes and why there was no specific cost annotated for the youth and senior passes.

Ms. Cooney stated that the cost is dictated by TransNet and is calculated as a set percentage of the cost of the regular pass.

Mr. Stoll stated that the Regional Comprehensive Plan (RCP) identified three public infrastructure needs without a dedicated funding source. These three needs are beach replenishment, stormwater/water quality and habitat protection. The Board considered these three issues and has directed staff to bring a Quality of Life initiative forward for consideration. The Board also has considered adding transit operations to the Quality of Life initiative. There was a commitment in the TransNet Extension to seek a funding source for the habitat protection and management needs of the region by 2008. Mr. Stoll noted that many of the environmental stakeholders agreed to postpone that requirement until 2010 in order to explore the concept of including habitat funding within the larger Quality of Life initiative.
Chair Meyer questioned whether the toll revenue that is currently dedicated funding for the express bus service would remain as such under the Managed Lanes concept.

Ms. Cooney stated that MTS the loss of toll revenue from FasTrak® amounted to $800,000. MTS anticipates that once the Managed Lanes are fully open, the revenue will increase.

Mr. Stoll stated that current policy for FasTrak® is to better utilize the reversible lanes, and any excess revenues would fund the transit service in the corridor. Revenues have dropped due to several reasons, such as construction and the opening of SR 56. We do expect that after construction, revenue would be restored.

Ms. Cooney stated that MTS is back-filling the commuter services at this time.

Mr. Hannasch commented that both NCTD and MTS will be looking for a variety of funding options and what would be the best use of funding sources.

Action: This item was presented for information only.

8. TRANSIT PROJECT PROGRAMMING AMENDMENT

Mr. Nuncio presented the item. MTS has requested an amendment to re-direct $4.5 million from the Regional Transportation Management System (RTMS) project to another project to add fare boxes to contract vehicles that will be able to work with the Smart Card system.

The RTMS was originally intended to provide MTS buses with computer-aided dispatch and communications equipment. But now the greater need is to equip the current vehicles with fare boxes to support the Smart Card system. Staff originally proposed funding the fare boxes with STIP augmentation funds, but to make it easier to work with the CTC, staff proposes an exchange of TransNet funds for STIP funds. In order to comply with TransNet requirements, we need to report this proposed exchange to both the ITOC and the Transportation Committee with final approval by the Board of Directors.

Mr. Bahadori asked staff when the deferred equipment would be funded and installed, and Ms. Cooney stated that the equipment would be installed as funding becomes available. The project could be deferred because there is a system in place now.

Mr. Bahadori asked if the current equipment would work with signal priority or next bus programs.

Mr. Hannasch stated that none of the current buses have this equipment. The funding was originally for extending the program that NCTD has in place within the MTS area. However, MTS feels that the Smart Card integration is a higher priority.

Mr. Bahadori asked staff to determine when the next best opportunity would be for funding the original program or whether staff feels that the project would not be done.

Mr. Nuncio stated that the next opportunity to fund the original program would be the next STIP cycle.

Ms. Harrison requested clarification as to why the systems were not installed originally.
Mr. James Dreisbach-Towle, Systems Integration, stated that replacement of equipment is done in a staggered manner in order to facilitate replacement or upgrade later.

Discussion ensued regarding funding opportunities, public perception regarding the timing of installation, and level of priority for both the Smart Card system fare boxes and the original dispatch communications project.

Action: Upon a motion by Mr. Bahadori and a second by Mr. Cummins, the ITOC supported the staff recommendation to redirect the funds from the RTMS project to upgrade fare boxes on contract vehicles and to keep the RTMS project as a priority for future funding.

9. FUTURE MEETING SCHEDULE

Mr. Stoll made several announcements, including a CTAC workshop scheduled for December 6, 2007, the ITOC selection committee scheduled for November 30, 2007, and the grand opening for the Southbay Expressway on November 16, 2007.

Additionally, Mr. Stoll requested input from the members on the timing of receipt and the preferred method for receiving ITOC materials. Discussion ensued and the members preferred that hard copies be mailed, as well as having the material e-mailed. Mr. Cummins also requested that the minutes be provided to the members earlier as well, and Mr. Stoll stated that the ITOC will now have a clerk to take and prepare minutes which will streamline the process.

The ITOC has previously chosen to hold meetings on the second Wednesday of the month. However, there may be some question whether to hold the next scheduled meeting on December 12, 2007, due to the holidays. Staff provided a description of potential agenda items for the ITOC’s consideration in deciding to hold the meeting as scheduled. Upcoming agenda items include the Plan of Finance, which will go to the Transportation Committee for information at their December meeting. The item would have been brought back to the ITOC at their next meeting, which is now scheduled on December 12, 2007. The Plan of Finance goes to the full Board in late January or early February. Other proposed agenda items include presentations on the Lake Hodges project, the Environmental Mitigation Program, and the State of the Commute and performance measures. If the December 12, 2007, meeting is cancelled, the Plan of Finance would not be going to the Transportation Committee for action until after the January ITOC meeting, but the item would go to the Transportation Committee as an information item.

Discussion ensued regarding whether to cancel the December 2007 meeting and the timing of the Plan of Finance item and other proposed agenda items. After discussion, the ITOC members’ consensus was to cancel the December meeting as long as the members were given hard copies of the information item that goes to the Transportation Committee in December to review prior to their meeting in January 2008.

Chair Meyer stated that an ITOC member should attend CTAC workshop for information sharing and relationship building, and the members agreed. Mr. Stoll stated that he would provide the members with information on the December workshop so each member can choose whether they want to attend.
Chair Meyer requested a presentation on the status of the I-15 project from Mr. Gustavo Dallarda, Caltrans, at a meeting in the near future, and Mr. Stoll agreed to docket the item along with SANDAG staff to discuss FasTrak® implementation along the corridor.

Mr. Bahadori requested a quarterly update on all the corridor projects, and Mr. Stoll stated that these would be scheduled.

Chair Meyer commented that he was contacted by two engineering firms with concerns associated with SANDAG’s on-call consultant procurement process. He requested that Mr. Stoll look into the situation. Mr. Stoll responded that he would contact Jack Boda, Director of Mobility Management and Project Implementation, to address the issue.

10. ADJOURNMENT

Chair Meyer adjourned the meeting at 1:55 p.m.
Introduction

The recent extension of the TransNet half-cent transportation sales tax for San Diego County includes a mini-grant program for specialized transportation services for seniors. The ordinance states that:

“Three and one-fourth percent of the funds made available under Section 4(C) shall be used to support a competitive grant program for nonprofit organizations and local agencies. The funds shall be used to provide specialized transportation services for seniors focusing on innovative and cost-effective approaches to providing improved senior transportation, including, but not limited to, shared group services, special shuttle services using volunteer forces, and brokerage of multi-jurisdictional transportation services.”

At the July 18, 2007, ITOC meeting, the members of the committee reviewed and commented on the initial draft of the evaluation criteria and application form. The ITOC unanimously supported the concept of merging the TransNet Senior Mini-Grant Program with the Federal Transit Administration (FTA) senior transportation-related programs. Merging these programs allows the TransNet money to further leverage available federal funding and provide as much senior transportation service as possible with existing dollars. The ITOC also requested to further review the evaluation criteria and application procedures at a future meeting.

Recommendation

The ITOC is asked to recommend approval of the evaluation criteria for the TransNet Extension Senior Transportation Mini-Grant Program to the Transportation Committee for their February 15, 2008, meeting.

Discussion

TransNet II designates 3.25 percent of the total 16.5 percent in annual TransNet transit operating and capital funding for the Senior Mini-Grant program. This will yield approximately $1.0 million each year when funding becomes available in FY 2009. Funds will be awarded through a competitive grant process. As a regional agency, SANDAG will consider transportation services that address the transportation needs of seniors in all parts of the region for distribution of mini-grant funds. The senior mini-grant program is targeted towards older adults and provides another source of funding for senior transportation programs in addition to the federal Elderly and Persons with Disabilities (Section 5310) and New Freedom (Section 5317) programs.
The goal of the Senior Mini-Grant Program is to improve mobility for seniors throughout the County. SANDAG will provide financial assistance for transportation services planned, designed, and carried out to meet the special transportation needs of elderly individuals in all areas – urban, suburban, and rural.

Since coordination among agencies increases the cost-effectiveness of dollars spent, projects that promote coordination will be favored. The Senior Mini-Grant Program may be most effective if coordinated with the federal grant programs mentioned earlier to make the most efficient use of all available local, state, and federal resources.

Since the July ITOC meeting, the draft application form and evaluation criteria have been reviewed by numerous stakeholder groups, including SANDAG’s Social Services Transportation Advisory Council and a Volunteer Driver Coalition. Additionally, SANDAG has undergone a competitive process for the Federal programs using a similar application form. Based on lessons learned from this competitive process and input received from stakeholders, the application form and evaluation criteria have been updated.

**Proposed Changes to the Grant Application**

On September 19, 2007, SANDAG staff presented the draft application form and evaluation criteria to the Volunteer Driver Coalition, a group organized by Full Access & Coordinated Transportation. Two changes are proposed to be made to the grant application based on feedback received at this meeting. The first change is to include a definition section in the application defining critical terms such as senior and operating expense. A concern was raised regarding the service effectiveness indicator that was being used to score applicants. When using passengers per vehicle revenue hour to determine the service effectiveness, the capacity of the vehicles being used is not taken into consideration. This would put services using sedans for their transportation services at a distinct disadvantage to services using vans or buses. Therefore, it is proposed that the service effectiveness indicator be changed to passenger utilization and be a ratio of one-way passenger trips provided to total number of seats available to be used.

On December 14, 2007, the Transportation Committee reviewed the evaluation committees’ funding recommendations for the FTA’s Job Access and Reverse Commute and New Freedom programs. The application form and evaluation criteria for these programs are nearly identical to that proposed for the Senior Mini-Grant Program. The Transportation Committee requested the evaluation criteria be reviewed prior to the next competitive selection cycle. This resulted from the feeling that some projects received a low ranking that were addressing extremely important needs in the community. Therefore, staff is proposing that the first criteria Project Need/Goals and Objectives be separated into two separate criteria. Isolating the Project Need criteria will allow the review committee to rate the importance of the community need that is being addressed by the project. Additionally, staff is recommending altering the weightings of the evaluation criteria in order to allow the need being addressed to have a heavier bearing on the final score. The table (page 3) details the previous evaluation criteria weightings, and the proposed changes.
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<th>Evaluation Criteria</th>
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<th>Proposed New Weighting</th>
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<tr>
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<td>Goals and Objectives</td>
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<td>Implementation Plan</td>
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<td>Coordination and Program Outreach</td>
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<td>Performance Indicators</td>
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<td>Program Effectiveness</td>
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<td>Innovation</td>
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<tr>
<td>Project Budget</td>
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Finally, the Transportation Committee requested an additional competitive process for New Freedom be held in the spring of 2008. Since the proposed approach to implementing the Senior Mini-Grant program is based on the concept of merging these federal programs with the TransNet program, originally the competitive process was going to be held in the fall of 2008. If the ITOC recommends the evaluation criteria to the Transportation Committee at the January meeting, the Transportation Committee will be able to approve it in February, allowing the first Senior Mini-Grant competitive cycle to take place with applications due to SANDAG in March 2008. Additionally, this will allow for the projects to be approved and ready to be implemented when the funding becomes available in July 2008.

**Next Steps**

If the ITOC acts to recommend the evaluation criteria to the Transportation Committee, the Transportation Committee will review the criteria at the February 15, 2008, meeting, and the first Senior Mini-Grant competitive cycle will take place in spring 2008.

BOB LEITERT
Director of Land Use and Transportation Planning

Attachment: 1. Draft 2008 TransNet Senior Mini-Grant Application Form

Key Staff Contact: Danielle Kochman, (619) 699-1921, dko@sandag.org
TransNet
Senior Mini-Grant Program

Competitive Grant Application
Federal Fiscal Year 2008 Funding Cycle

March 2008
Section 1

Senior Mini-Grant Program Overview
Background

A. TransNet

Since 1988, TransNet, the 1/2% sales tax for local transportation projects has been instrumental in expanding the transportation system, reducing traffic congestion, and bringing critical transit projects to life.

In November 2004, 67 percent of voters approved a 40-year extension of TransNet, which will generate an additional $14 billion for public transit, highway, and local street and road improvements. SANDAG leverages these funds with state and federal resources to improve the region’s transportation infrastructure and tackle growing traffic congestion head-on.

The recent extension of TransNet includes a mini-grant program for specialized transportation services for seniors. The ordinance states that:

“Three and one-fourth percent of the funds made available under Section 4(C) shall be used to support a competitive grant program for nonprofit organizations and local agencies. The funds shall be used to provide specialized transportation services for seniors focusing on innovative and cost-effective approaches to providing improved senior transportation, including, but not limited to, shared group services, special shuttle services using volunteer forces, and brokerage of multi-jurisdictional transportation services.”

B. Senior Mini-Grant Program

The TransNet Extension funds the Senior Mini-Grant Program by setting aside 3.25 percent out of the total 16.5 percent in annual TransNet revenues allocated for transit operating and capital purposes. This will yield approximately $1 million each year when funding becomes available in FY 2009. Funds will be awarded through a competitive grant process. As the regional agency, SANDAG will consider transportation services that address the transportation needs of seniors in all parts of the region for distribution of mini-grant funds. The Senior Mini-Grant Program is targeted toward older adults and to provide another source of funding for senior transportation programs in addition to the Federal Transit Administration (FTA) Job Access and Reverse Commute (Section 5316), Elderly and Persons with Disabilities (Section 5310), and New Freedom (Section 5317) programs.

Since Coordination among agencies increases the cost-effectiveness of dollars spent, projects that demonstrate coordination will be favored. This will allow the projects to collaboratively provide the most amount of service possible with existing dollars.

The goal of the Senior Mini-Grant Program is to improve mobility for seniors throughout the County. SANDAG will provide financial assistance for transportation services planned, designed, and carried out to meet the special transportation needs of elderly individuals in all areas – urban, suburban, and rural. The program requires coordination with Federally assisted programs and services in order to make the most efficient use of resources.
C. Definitions

- **Senior** includes, at a minimum, all persons 65 years of age or older. Grantees may use a definition that extends eligibility for service to younger (e.g., 62 and older, 60 and over) persons.

- **Coordinated Public Transit-Human Services Transportation Plan** means a plan that identifies the transportation needs of individuals with disabilities, older adults, and people with low incomes, provides strategies for meeting those local needs, and prioritizes transportation services for funding and implementation. Available at: http://www.sandag.org/CoordinatedPlan

- **Mobility Management** consists of short-range planning and management activities and projects for improving coordination among public transportation and other transportation-service providers carried out by a recipient or subrecipient through an agreement entered into with a person, including a government entity, under 49 U.S.C. Chapter 53 (other than Section 5309). Mobility management does not include operating public transportation services.

- **In-Kind Contributions** involve a contribution of time, money, or resources by an individual or entity (volunteer) that can be used towards the match amount. Examples may include an accountant donating time, or a tire company discounting prices. Refer to the Corporation for National and Community Service at http://www.nationalservice.org/

- **Operating Expense** relates to an expense associated with a company’s or organization’s daily operations. Operating expenses may include wages, office supplies, vehicle fuel, etc.

- **Capital Expense** relates to an expense associated as a major purchase (start-up costs, assets, improvements) within a company or organization. Capital expenses may include vehicles, tires, computer system and software, maintenance equipment, communication system, etc.

- **Match Amount** any source may be used as a match amount including in-kind contributions. Only TransNet funds may not be used for matching.

- **User Fee** includes any fare received from passengers including ride based donations.
Grant Application Procedures

The Senior Mini-Grant Program funding can be used for projects throughout San Diego County. The initial project application consists of the program-specific requirements detailed in this package of forms and instructions.

A. Eligible Applicants

Eligible applicants may include:

- Local government agencies
- Tribal governments
- Social services agencies
- Private and public transportation operators
- Non-profit organizations

B. Eligible Use of Program Funds

Senior Mini-Grant Program funds are intended to fund innovative and flexible programs that support the transportation needs of older adults. It is the intent of this program to use the existing level of funding to provide the highest level of transportation services for older adults possible. Therefore, projects that offer new programs or expanded services are encouraged. The funding may be used to continue existing programs; however, programs or projects that have been operating longer will be scored against progressively higher cost-efficiency, cost-effectiveness, and service-effectiveness indicators. Since the intent is for this funding to provide the highest level of transportation services for older adults possible, cost effective solutions are encouraged.

C. Eligible Projects

Senior Mini-Grant Program funds may be used for planning, capital, or operating costs of services and facilities that improve mobility for older adults. Eligible projects includes travel training programs, volunteer driver and aide programs, paratransit, the brokerage of multi-jurisdictional transportation services, and capital projects, such as purchasing vehicles and supporting accessible taxis, rider-sharing, and vanpooling programs.

D. Cost-Sharing/Match Requirement

Funds can be used to support up to 80 percent (80/20 match) for all operating projects. Fare revenue generated on the service to be supported may not be used as matching funds for operating grants. For capital projects, funds can be used to support up to 20 percent (20/80 match) of all costs. This funding can be used to leverage the federal dollars for similar programs that are available. The local match for these projects can be any source except for user fees, including in kind.
E. Project Selection

Projects will be awarded through a competitive selection process. A review committee comprised of staff from SANDAG and non-applicant agencies, such as state agencies, municipalities and social services agencies will review, score, and rank the project applications. The list of selected projects will then be submitted to the SANDAG Transportation Committee in November 2008 and to the SANDAG Board of Directors for final approval in December 2008. This approved list of projects will be published and funded using TransNet funding.

F. Project Eligibility

SAFETEA-LU, the Transportation Reauthorization Act passed in 2005, requires that funding for three federal programs be derived from a locally developed, coordinated public transit-human services transportation plan. Three federal programs, Job Access and Reverse Commute, New Freedom, and Elderly and Persons with Disabilities, are available to assist in funding transportation programs geared toward transportation disadvantaged groups, including seniors. These three funding sources are available to public transit operators, as well as human service agencies, non-profits, and private agencies providing transportation. Federal legislation requires that projects be included in the Coordinated Plan in order to be eligible for funding.

A Coordinated Plan is intended to identify the transportation needs of individuals with disabilities, older adults, and people with low incomes and to provide strategies for meeting those local needs and prioritizing transportation services for funding and implementation. The intent of this requirement is to provide incentives for the coordination among health and human service agencies, public, private, and non-profit transportation providers to create efficiencies in service delivery, reduce duplication of services, and address any gaps in service for the targeted populations.

Since the goal of the Senior Mini-Grant Program is to provide the highest level of transportation services for older adults possible, any efficiencies that can be achieved through the coordinated planning process will help in achieving this goal. Therefore, locally it is required that projects to be funded by the Senior Mini-Grant Program must also be derived from the Coordinated Plan.

Grants may be requested for up to one year with two one-year options. The extension of the grant for the two one-year options will be contingent upon funding being available and the program achieving the performance goals, which will be defined by the maximum number of points possible for all of the three performance indicators. Programs including volunteer driver services may have lower standards for the passenger-per-vehicle service hour based on the number of seats available in their fleet of vehicles.

G. Pre-Application Meetings

SANDAG will host public pre-application meetings to review this package and answer questions. Meetings will be held in ____________________.
Applicature Deadline

Six applications (an original and five copies) need to be submitted to SANDAG by March XX, 2008. SANDAG will not accept faxed or electronic applications. Each application will be reviewed, scored, and ranked. The recommendations will be forwarded to the SANDAG Independent Taxpayer Oversight Committee (ITOC) for recommendation to the Transportation Committee for final approval. Following approval by the Transportation Committee the selected projects will be included in a RTIP amendment. When the Regional Transportation Improvement Program (RTIP) amendment is approved by the Federal Transit Administration (FTA) and Federal Highway Administration (FHWA), the projects will be eligible to be funded as long as the grant recipient has signed all necessary agreements with SANDAG.

Applications should be submitted to:  
Dan Levy  
SANDAG  
401 B Street, Suite 800  
San Diego CA 92101

Written questions will be accepted at the above address, through email at dle@sandag.org, or by fax at (619) 699-1905 until February XX, 2008. Answers to all questions will be posted on the SANDAG website on the project home page:

http://www.sandag.org/Coordinated Plan

The responses to the questions will also be sent via e-mail to persons who register their e-mail address with SANDAG at the pre-proposal meeting. All answers will be posted or e-mailed out no later than February XX, 2008.

The information in this application is a public record. Applicants should not include information that may be regarded as confidential.
Section 2

Senior Mini-Grant
Grant Application Form

Grant applications missing any portion of this form may be disqualified. Please explain any omissions.
Application Checklist – Applications Due: March XX, 2008, 2:00 p.m.

Applicants should use this checklist to ensure that all applicable parts of the application and attachments are completed and submitted. Please provide explanations for any requested information that is missing from your application as omissions may result in disqualification. Please note that late applications will not be considered for funding. Late applications will be returned unopened if received after the March XX, 2008, 2 p.m., due date.

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<tr>
<th>Parts A to G</th>
<th>Identification, Grant Summary, and Signature Page</th>
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<td>☐ (G) Project Overview/Description</td>
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| Part H       | ☐ Signature Page                                    |

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<td>☐ (I) Project Needs/Goals and Objectives</td>
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<td>☐ (J) Implementation Plan</td>
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<td>☐ (N) Innovation</td>
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| Part O       | ☐ Project Budget(s)                                |
### A. Applicant Information

| Legal Name: |
| Address: |
| City/State/Zip: |
| Contact Person: |
| E-mail: | Phone: | Fax: |
| Alternate Contact (optional): |
| E-mail: | Phone: | Fax: | |

- Received grants from 5310 program in the past

### B. Project Location

Describe the geographic area that will be served by your transportation program. Attach a map of the service area as an appendix.

### C. Program (check one)

- [ ] TransNet Senior Mini-Grant Program
- [ ] New Freedom Project – Wrong form; please use New Freedom application
- [ ] Job Access and Reverse Commute Project – Wrong form; please use JARC application

### D. Project Type (check all that apply)

- [ ] Capital Only (Complete section E)
- [ ] Operating Only (Complete Section D)

### E. Operating Project Information

| Number of users to be served by new or improved service, facilities, or equipment: |
| Total number of trips to be provided annually: |
| Percentage of population served that are seniors: % |
| Amount of grant request: $ | Local Matching Funds: $ |
| Total Cost of Project (grant + match + fare revenue/user fee): |
| Cost per trip: $ |
| Project Beginning and Ending Dates: _____ to _____ |

### F. Capital or Operating Project Information (existing or proposed)

| Number of users to be served by new or improved service, facilities, or equipment: |
| Percentage of senior residents in geographic area served: % |
| Amount of grant request: $ | Matching Funds: $ |
| Total Cost of Project (grant + match): $ |
| Project Beginning and Ending Dates: _____ to _____ |
G. Project Overview Description


H. Applicant Signature:

To the best of my knowledge and belief, all data in this application is true and correct. The applicant will comply with the necessary local agreements if assistance is awarded.

_________________________________________     _______________________
Signature Applicant/Representative                  Date

____________________________________________
Printed or typed Applicant/Representative

____________________________________________
Title                                          Organization
Project Narrative

Please provide a brief narrative to describe the project. You must answer all parts of each question to be eligible to obtain full points. This narrative must not exceed ten pages. The project scoring criteria can be found in the next section.

I. Project Need/Goals and Objectives (20 Points)

1. Describe the strategy, need or project from the Coordinated Plan (including page #’s) that your grant application project seeks to address.

2. Describe how project activities will mitigate the transportation need.

J. Project Need/Goals and Objectives (10 Points)

1. Briefly describe the client group currently served by your agency

2. Describe the specific community this project will serve, and provide pertinent demographic data and/or maps.

3. What are the project’s goals and objectives?

K. Implementation Plan (15 Points)

1. Describe when the project will begin, or if already in existence, when it began.

2. If the project is an existing program, please explain why it needs funding from the Senior Mini-Grant Program.

3. Define the length of the time period to complete the project, or when the project will end.

4. Describe key personnel assigned to this project.

5. Provide evidence of your agency’s ability to manage the project.

6. Estimate the number of seniors that will be served, and/or the number of trips that will be served by the operation or capital equipment that will be supported with this grant

7. Provide an operational plan for delivering service. Include route map, if applicable, and hours of operation and days in service. OR Provide an implementation plan for completing a capital project, including key milestones and estimated completion date.

8. Explain how this project relates to other services or facilities provided by your agency or firm and demonstrate how it can be achieved within your technical capacity.

9. Discuss sources other than this grant that were considered and why these are not available or appropriate to fund the proposed project.
L. Coordination and Program Outreach  
(15 Points)  

1. Describe how the project will be coordinated with public and/or private transportation and social service agencies serving seniors. (vehicle sharing, dispatching or scheduling, maintenance, staff training programs, joint procurement of services and supplies, active participation in local social service transportation planning process, back-up transportation, client trips).

2. Describe how project sponsor will continue to involve key stakeholders throughout the project.

3. Describe efforts to market the project, and ways to promote public awareness of the program.

4. Letters of support should be obtained from key stakeholders and attached to the grant application.

M. Performance Indicators  
(15 Points)  

1. Please complete the performance indicators section found in the following pages.

N. Program Effectiveness  
(5 Points)  

1. Please explain why the proposed project is the most appropriate match of service to the demonstrated need.

2. Describe a plan for monitoring and evaluation of the service, and steps to be taken if original goals are not achieved.

3. If the project is expected to continue beyond the period of this grant please explain how it will be funded. Please highlight any changes expected in the future.

O. Innovation  
(5 Points)  

1. Describe any proposed use of innovative approaches that will be employed for this project.

2. Discuss what is innovative about the approach and how the innovations could be applied to other services in the region.

P. Project Budget  
(15 points)  

1. Project sponsor should provide a complete budget indicating project revenues and expenditures in the format provided in the next section.

2. Estimate the proposed cost per trip (or other unit of service).

3. Describe efforts to ensure its cost-effectiveness.
Please complete the appropriate budget page(s) from the following pages. If your project is seeking money for a single use (e.g., Operating) you need only to complete a single page (e.g. Operating). However if your project includes both operating and capital) you must complete all applicable budget pages **PLUS** the rollup page. The budget pages can be completed electronically; they also are available in Microsoft Excel format and contain calculations.
# Senior Mini-Grant Operating Budgets

<table>
<thead>
<tr>
<th>Line #</th>
<th>Expense Items</th>
<th>Amount</th>
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<tbody>
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<td>$</td>
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<tr>
<td>162</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>163</td>
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<tr>
<td>164</td>
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<td>167</td>
<td></td>
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</tr>
<tr>
<td>168</td>
<td></td>
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</tr>
<tr>
<td>169</td>
<td>Expense Subtotal (Add lines 161-168)</td>
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<tr>
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<td>Revenue - Other Federal Grants (list on attached page)</td>
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<tr>
<td>171</td>
<td>Revenue - Other Grants</td>
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<tr>
<td>172</td>
<td>Revenue - Donations/Fund Raising</td>
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<td>173</td>
<td>Revenue – Other</td>
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<td>In kind contributions (explain on attached page)</td>
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<td>Revenue Subtotal (Add lines 170-174)</td>
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<tr>
<td>177</td>
<td>Revenue - Fares &amp; User Fees</td>
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<td>178</td>
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<td>80% of Eligible Project Cost (Line 178)</td>
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<td>180</td>
<td>Operating Grant Request Amount (not to exceed Line 179)</td>
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### Senior Mini-Grant Capital Budgets

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<td>182</td>
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<td></td>
<td>$</td>
</tr>
<tr>
<td>188</td>
<td></td>
<td>$</td>
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<tr>
<td>189</td>
<td>Expense Subtotal (Add lines 181-188)</td>
<td>$</td>
</tr>
<tr>
<td>190</td>
<td>Revenue - Other Federal Grants (list on attached page)</td>
<td>$</td>
</tr>
<tr>
<td>191</td>
<td>Revenue - Other Grants</td>
<td>$</td>
</tr>
<tr>
<td>192</td>
<td>Revenue - Donations/Fund Raising</td>
<td>$</td>
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<tr>
<td>193</td>
<td>Revenue - Other</td>
<td>$</td>
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<tr>
<td>194</td>
<td>In kind contributions (explain on attached page)</td>
<td>$</td>
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<td>195</td>
<td>Revenue Subtotal (Add lines 190-194)</td>
<td>$</td>
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<td>$</td>
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<td>197</td>
<td>Revenue - Fares &amp; User Fees</td>
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<td>198</td>
<td>Eligible Project Cost (Subtract Line 197 from Line 196)</td>
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<tr>
<td>199</td>
<td>20% of Eligible Project Cost (Line 198)</td>
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<tr>
<td>200</td>
<td>Capital Grant Request Amount (not to exceed Line 199)</td>
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</table>
# Senior Mini-Grant Roll Up

Use this sheet only if your project involves more than one budget sheet (Capital + Operating)

<table>
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<th>Line #</th>
<th>Expense Items</th>
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<td><strong>Operating</strong></td>
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<tr>
<td>I</td>
<td>Mini-Grant Eligible Project Cost (from Line 78 of Operating Budget)</td>
<td>$</td>
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<tr>
<td>J</td>
<td>Mini-Grant Requested Grant Amount (From Line 80 of Operating Budget)</td>
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<tr>
<td></td>
<td><strong>Capital</strong></td>
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<tr>
<td>K</td>
<td>Mini-Grant Eligible Project Cost (from Line 98 of Capital Budget)</td>
<td>$</td>
</tr>
<tr>
<td>L</td>
<td>Mini-Grant Requested Grant Amount (From Line 100 of Capital Budget)</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
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<tr>
<td>M</td>
<td>Total Mini-Grant Eligible Project Costs (Line I + Line K)</td>
<td>$</td>
</tr>
<tr>
<td>N</td>
<td>Total Mini Grant Requested Grant Amount (Line J + Line L)</td>
<td>$</td>
</tr>
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### Senior Mini-Grant Performance Indicators

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<tr>
<th>Line #</th>
<th>Operating Information</th>
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<tr>
<td>221</td>
<td>Number of Years in Service</td>
</tr>
<tr>
<td>222</td>
<td>Total Number of One Way Passenger Trips</td>
</tr>
<tr>
<td>223</td>
<td>Total Number of Vehicles</td>
</tr>
<tr>
<td>224</td>
<td>Average Number of Service Hours per Vehicle</td>
</tr>
<tr>
<td>225</td>
<td>Total Number of Vehicle Service Hours (line 222 multiplied by line 223)</td>
</tr>
<tr>
<td>226</td>
<td>Operating Cost (line 169) $</td>
</tr>
<tr>
<td>227</td>
<td>Operating Cost per Passenger (line 226 divided by line 222) $</td>
</tr>
<tr>
<td>228</td>
<td>Operating Cost per Vehicle Service Hour (line 225 divided by line 224) $</td>
</tr>
<tr>
<td>229</td>
<td>Passengers per Vehicle Service Hour (line 221 divided by line 224)</td>
</tr>
</tbody>
</table>
Project Scoring Criteria

The following information and scoring criteria will be used to score and rate project applications for the Senior Mini-Grant Program.

I. **Project Need**................................................................. 20 points

The project should directly address transportation gaps and/or barriers identified in the 2008 – 2011 Short Range Transit Plan and Coordinated Public Transit and Human Services Transportation Plan (The Coordinated Plan), and demonstrate how the project was derived from the strategies identified in the Coordinated Plan.

J. **Goals and Objectives**....................................................... 10 points

Project application should clearly state the overall program goals and objectives. Project should serve appropriate communities and populations.

K. **Implementation Plan**..................................................... 15 points

For projects seeking funds to support program operations, applicants must provide a well-defined service operations plan, including days and hours of operation for operating grants. The applicant must describe implementation steps and timelines for carrying out the plan. The project application should indicate the number of persons expected to be served, and the number of trips (or other units of service) expected to be provided. The service operations plan should identify key personnel assigned to this project and their qualifications. Project sponsors should demonstrate their institutional capability to carry out the service delivery aspect of the project as described.

For projects seeking funds for capital purposes, the applicant must provide a solid rationale for use of Senior Mini-Grant funds for this purpose, and demonstrate that no other sources of funds are appropriate to meet this need. Also, provide an implementation plan and timelines for completing the capital project.

L. **Coordination and Program Outreach**............................. 15 points

Proposed projects will be evaluated based on their ability to coordinate with other community transportation and/or social service resources. Project sponsors should clearly identify project stakeholders, and how they will keep stakeholders involved and informed throughout the project. Project sponsors should also describe how they would promote public awareness of the project. **Letters of support from key stakeholders should be attached to the grant application.**
M. Performance Indicators ................................................................. 15 points

There will be three different performance indicators that will be evaluated to measure the effectiveness of the project in meeting the identified goals. They are as follows: Cost Efficiency, measured by the operating cost per vehicle service hour; Cost Effectiveness, measured by the operating costs per passenger; and Service Effectiveness, measured by passengers per vehicle revenue hour. These three performance indicators will be worth a maximum of 5 points each and will be based on the matrices below:

**Cost Efficiency**  
Operating Cost in Dollars per Vehicle Service Hour

<table>
<thead>
<tr>
<th>Points</th>
<th>Proposed/1st year</th>
<th>2nd year</th>
<th>3rd year</th>
<th>4+ year</th>
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<tbody>
<tr>
<td>0</td>
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<td>&gt; 65</td>
<td>&gt; 60</td>
<td>&gt; 55</td>
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<tr>
<td>1</td>
<td>65&gt;x≥70</td>
<td>60&gt;x≥65</td>
<td>55&gt;x≥60</td>
<td>50&gt;x≥55</td>
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<tr>
<td>3</td>
<td>60&gt;x≥65</td>
<td>55&gt;x≥60</td>
<td>50&gt;x≥55</td>
<td>45&gt;x≥50</td>
</tr>
<tr>
<td>5</td>
<td>≤ 60</td>
<td>≤ 55</td>
<td>≤ 50</td>
<td>≤ 45</td>
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</table>

**Cost Effectiveness**  
Operating Cost in Dollars per Passenger

<table>
<thead>
<tr>
<th>Points</th>
<th>Proposed/1st year</th>
<th>2nd year</th>
<th>3rd year</th>
<th>4+ year</th>
</tr>
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<tbody>
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<td>&gt; 29</td>
<td>&gt; 26</td>
<td>&gt; 23</td>
</tr>
<tr>
<td>1</td>
<td>29&gt;x≥32</td>
<td>26&gt;x≥29</td>
<td>23&gt;x≥26</td>
<td>20&gt;x≥23</td>
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<tr>
<td>3</td>
<td>26&gt;x≥29</td>
<td>23&gt;x≥26</td>
<td>20&gt;x≥23</td>
<td>17&gt;x≥20</td>
</tr>
<tr>
<td>5</td>
<td>≤ 26</td>
<td>≤ 23</td>
<td>≤ 20</td>
<td>≤ 17</td>
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**Service Effectiveness**  
Passenger Utilization in Percentages

<table>
<thead>
<tr>
<th>Points</th>
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<th>2nd year</th>
<th>3rd year</th>
<th>4+ year</th>
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<tr>
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<td>25&gt;x≥15</td>
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<td>5</td>
<td>≥ 35</td>
<td>≥ 40</td>
<td>≥ 45</td>
<td>≥ 50</td>
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</table>
N. Program Effectiveness

The project will be scored based on the project sponsor’s ability to demonstrate that the proposed project is the most appropriate match of service delivery to the need. Points will also be awarded for projects that have a high probability of being self-sufficient in future years.

O. Innovation

The project provides new or innovative service concepts or facilities that have the potential for improving access and mobility for the senior population and may have future application elsewhere in the region.

P. Project Budget

Projects must submit a clearly defined project budget, indicating anticipated project expenditures and revenues, including documentation of matching funds. Proposals should address long-term efforts and identify potential funding sources for sustaining the service beyond the grant period. Proponent shall demonstrate how using this funding leverages resources to the maximum possible extent.
INDEPENDENT TAXPAYER
OVERSIGHT COMMITTEE

January 9, 2008

AGENDA ITEM NO.: 4

Action Requested: RECOMMEND

STATUS OF TRANSNET MAINTENANCE OF EFFORT (MOE) AUDITS

File Number 1110200

Introduction

The TransNet Extension Ordinance requires the setting of new Maintenance of Effort (MOE) levels. The process is complete, with the exception of: (1) the Cities of Carlsbad and Encinitas, who have requested that one-time expenditures be removed from the calculation; and (2) the Cities of Oceanside and San Diego who are in the process of providing final information to the auditors.

At this time, the recommendation is to proceed with the approval of the MOE audits for the remaining jurisdictions so that they are able to use the information in their FY 2009 budget development process. It is expected that the outstanding audits will be completed in the next month and will be ready for review at the February ITOC meeting.

Recommendation

The ITOC is asked to recommend to the Transportation Committee that the MOE audits as listed on Attachment 1 be approved.

Discussion

Section 8 of the TransNet Extension Ordinance (Attachment 2) prescribes the requirement to develop a new MOE level, based on the level of discretionary funds expended for street and road purposes on average over the fiscal years 2000-01, 2001-02, and 2002-03. The MOE level will then be subject to adjustment every three years based on the Construction Cost Index developed by Caltrans, not to exceed the growth rate in the local jurisdiction’s general fund revenues over the same time period.

Last February, the ITOC reviewed and commented on the set of procedures that were proposed to be used by SANDAG’s auditors, Caporicci & Larson (C&L), to perform the MOE audits. Since that time, the audits have been underway and are substantially complete. The result of the procedures is a new MOE base that will then be applied in fiscal year 2009, which is the first year the requirements under the TransNet Extension Ordinance will apply.
We have waited to finalize the audits so that we could compile and address any questions and concerns that were raised during the audits and then apply the resolution to those questions on a consistent basis across the 18 cities and the County. At the November 14, 2007, ITOC meeting and the December 14, 2007, Transportation Committee meeting, guidance was provided with respect to several issues. As a result, the auditors are in the process of performing additional analysis for Carlsbad and Encinitas in order to review and analyze one-time expenditures. We anticipate those audits will be finalized in time for the February ITOC meeting. The Cities of Oceanside and San Diego have not requested additional analysis, and their audits are in the process of being finalized. The remaining audits do not have any outstanding items and are ready for approval (Attachment 1).

RENEE WASMUND
Director of Finance

Attachments: 1. TransNet MOE levels by jurisdiction
              2. Section 8 of TransNet Extension Ordinance

Key Staff Contact: Lisa Kondrat-Dauphin, (619)699-1942, lko@sandag.org
## Maintenance of Effort Levels by Jurisdiction

<table>
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<tr>
<th></th>
<th>Streets &amp; Roads</th>
<th>Specialized Transp Svcs</th>
<th>Transit Bus Subsidies</th>
<th>Smart Growth</th>
<th>Habitat-Related Mitigation</th>
<th>New MOE Base</th>
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1 Incorporated in 1986
2 TransNet I had a $0 MOE base
Excerpt from TransNet Ordinance

SECTION 8. MAINTENANCE OF EFFORT: It is the intent of the Legislature, as stated in the Act, and the Commission that revenues provided from this measure be used to augment, not supplant existing local revenues being used for the purposes set forth in Section 4 herein. Each local agency receiving revenues pursuant to Section 4(D) shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years completed prior to the operative date of this Ordinance (Fiscal Years 2000-01, 2001-02, 2002-03), as was reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads and as verified by an independent auditor. The maintenance of effort level as determined through this process shall be subject to adjustment every three years based on the Construction Cost Index developed by Caltrans. Any increase in the maintenance of effort level based on this adjustment shall not exceed the growth rate in the local jurisdiction's General Fund revenues over the same time period. The Commission shall not allocate any revenues pursuant to Section 4(D) to any eligible local agency in any fiscal year until that local agency has certified to the Commission that it will include in its budget for that fiscal year an amount of local discretionary funding for streets and roads purposes at least equal to the minimum maintenance of effort requirement. An annual independent audit shall be conducted to verify that the maintenance of effort requirement for each agency was met. Any local agency which does not meet its maintenance of effort requirement in any given year shall have its funding under Section 4(D)(1) reduced in the following year by the amount by which the agency did not meet its required maintenance of effort level. In the event that special circumstances prevent a local agency from meeting its maintenance of effort requirement, the local agency may request up to three additional fiscal years to fulfill its requirement. Such a request must be approved by the Commission. The Independent Taxpayer Oversight Committee shall also review such requests and make recommendations to the Commission. Any local street and road revenues not allocated pursuant to the maintenance of effort requirement shall be redistributed to the remaining eligible agencies according to the formula described in Section 4(D)(1). The maintenance of effort requirement also shall apply to any local agency discretionary funds being used for the other purposes specified under Section 4. In addition, revenues provided from this Ordinance shall not be used to replace other private developer funding that has been or will be committed for any project.
San Diego Association of Governments - TransNet Program

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

January 9, 2008

AGENDA ITEM NO.: 5

Action Requested: DISCUSSION/POSSIBLE ACTION

TransNet PLAN OF FINANCE UPDATE

On December 14, 2007, a proposed update to the TransNet Plan of Finance (POF) was presented to the Transportation Committee as an information item (Attachment 1). As a result of the presentation of the item, it was requested that staff return to the January 18, 2008, Transportation Committee meeting with a revision to the POF update, taking into account input received from the committee members. In addition to a review of the originally proposed POF update presented to the Transportation Committee, this report to the ITOC will summarize the input received from the Transportation Committee on December 14, 2007, and will present three new TransNet POF update scenarios developed in response to the input.

Summary of Transportation Committee Input/Comments on POF Update

The major issue involved in the input received from the Transportation Committee regarding the POF update was the proposed revision to the Mid-Coast Transit project schedule. The Mid-Coast Transit project schedule for completion was proposed for extension from 2014 to 2020. This schedule revision was proposed for several reasons, including the anticipated difficulty in securing a federal full funding grant agreement for the Light Rail Transit (LRT) project alternative as required by the TransNet Extension Ordinance and the need to balance overall cash flow for the TransNet program with few other alternatives within the Early Action Program (EAP) to do so. Several of the committee members expressed concern over the extended schedule for the Mid-Coast Transit project, as well as the I-805/Southbay Bus Rapid Transit project and were interested in seeing an alternative(s) that would hold the current EAP project schedules and more information on the effects of schedule changes on non-EAP projects.

Therefore, as a result of the discussion, the Transportation Committee took the following action on December 14, 2007:

Upon a motion by Deputy Mayor Rindone and a second by Chair Pro Tem Emery, the Transportation Committee directed staff to return at the January 18, 2008 meeting with an alternative Plan of Finance that takes into account the input from the Committee.
POF Update Alternative Scenarios

In addition to the originally proposed POF Update, three additional alternative scenarios have been developed to address the input received from the Transportation Committee. All three alternative scenarios assume the same revision to the set-asides for non-TransNet funds as in the original scenario.

Alternative Scenario 1
Hold all Current EAP Schedules – This scenario would maintain the current schedules included in the EAP for all projects, including the Mid-Coast Transit project (Attachments 2 and 5). This scenario results in a negative cash flow for the TransNet program beginning in approximately 2026, with a need to add nearly $3 billion in new non-TransNet funds to complete all of the projects contained in the program.

Alternative Scenario 2
Hold Current Mid-Coast Schedule and Adjust Other EAP Projects – This scenario would maintain the current schedule included in the EAP for the Mid-Coast Transit project and would extend other EAP project schedules to 2020 including I-805/BRT, SR 76, Blue/Orange Line Trolley upgrades, and Mid-City Rapid Bus (Attachments 3 and 6). This scenario results in a very similar cash flow for the TransNet program as the original proposal to adjust only the Mid-Coast Transit project to 2020, with a negative cash flow beginning in approximately 2042 and a need to add approximately $2.3 billion in new non-TransNet funds to complete all of the projects contained in the program.

Alternative Scenario 3
Shared EAP Schedule Adjustments – This scenario would maintain the current schedules included in the EAP for all projects currently in construction, but would adjust all of the other projects to complete in 2018 including Mid-Coast Transit, I-805/BRT, SR 76, Blue/Orange Line Trolley upgrades, and Mid-City Rapid Bus, (Attachments 4 and 7). This scenario results in a negative cash flow for the TransNet program beginning in approximately 2033, with a need to add approximately $2.5 billion in new non-TransNet funds to complete all of the projects contained in the program.

These three scenarios, combined with the originally proposed POF update, are being presented for discussion as the TransNet program moves forward toward the pending $600 million bond issuance as approved in 2005. Regardless of the scenario chosen to follow at this juncture, the TransNet POF is a constantly evolving process that involves continuous monitoring and review of revenues and costs and the constant search for additional matching funds to leverage over the 40-year span of the program.

CHARLES “MUGGS” STOLL
TransNet Program Manager

Attachments: 1. December 14, 2007 Transportation Committee Item 7, TransNet POF Update (without attachment 3 due to updated Quarterly TransNet EAP report included in 1/9/08 ITOC agenda)
2-4. POF Update Alternative Scenario EAP Schedules
5-7. POF Update Alternative Scenario Cash Balance Forecasts
TransNet PLAN OF FINANCE UPDATE

Introduction

In December 2005, the SANDAG Board of Directors approved the first Plan of Finance (POF) for the TransNet extension and established a financial strategy for implementing the Early Action Program (EAP) of projects and fulfilling ongoing commitments for the existing TransNet program. The financial strategy approved by the Board included expanding the existing commercial paper program from $135 million to $335 million, locking in low interest rates through an interest rate exchange agreement (swap), and issuing $600 million of long-term variable rate debt in April 2008.

The POF was approved by the SANDAG Board of Directors with the understanding that the POF is a dynamic process that requires continual refinement as circumstances change, and should be updated at least annually. Therefore, the POF was updated for the first time in December 2006 when three transit projects were added to the EAP. Although this update is consistent with an annual cycle, an update of the POF is particularly appropriate at this time to support the pending $600 million bond issuance in April 2008, in addition to including the cost and revenue developments over the past year.

The EAP was established to “jump-start” the implementation of several key projects prior to the beginning of TransNet Extension in FY 2009, with the objective of completing those projects within the first five to seven years of the new program. This visionary action has resulted in much progress on several EAP projects in the last two years and the execution of the plan to issue long-term bonds will allow for this momentum to continue. The proposed POF update presented in this report confirms that both the EAP and the overall TransNet Program of projects can be completed with some adjustments to project schedules, a greater commitment to securing matching funds and a modification to the funding set-aside established in December 2005.

Discussion

Important Developments for the TransNet Program since 2005

State Bond Funding – A very important development since the 2005 TransNet Plan of Finance was established was the approval of $19.9 billion Proposition 1B State Infrastructure Bonds by the California voters in November 2006. The first opportunity to compete for the $4.5 billion Corridor Mobility Improvement Account (CMIA) element of the bonds came in early 2007, and the San Diego region was successful in securing approximately $432 million for EAP projects. It is clear that a major reason for the region’s success in securing these funds was due to having projects ready to go on Interstate 15 (I-15), Interstate 5 (I-5) and Interstate 805 (I-805). This was further validation that the SANDAG Board of Director’s decision to aggressively pursue the EAP projects paid off by not only providing transportation infrastructure sooner for regional commuters, but by ultimately securing more state bond funds to match the local commitment of sales tax dollars.
Changes to the EAP – The EAP adopted in 2005 included a total of seven major corridors as shown in (Attachment 1). In the past two years, various actions taken by the SANDAG Board of Directors have resulted in a number of additions and modifications to the EAP as shown in (Attachment 2). The major changes to the program that were incorporated in the first POF update in December 2006 included the addition of the SPRINT Light Rail Transit project, Trolley vehicle upgrades on the Blue and Orange Lines, and additional Environmental Mitigation Program (EMP) expenditures. Since that time, the suspension of the State Route 52 (SR 52) high occupancy vehicle (HOV)/Managed Lanes project to provide funds for the SR 52 freeway extension project cost increases was approved, the budget for the I-15 Managed Lanes project was increased, and the Mid-City Rapid Bus project was added to the EAP. These changes were presented to the Independent Taxpayers Oversight Committee (ITOC), the Transportation Committee, and the Board of Directors as part of a series of regular updates and individual actions as the development of the EAP progressed.

Construction Cost Escalation – As has been reported previously, construction costs have continued to escalate at historically high rates since the first POF was approved in 2005. Virtually all public infrastructure providers, not only in the San Diego region but throughout the world-wide construction industry, have been struggling with this situation. Although the effects of this unprecedented escalation on the TransNet Program are substantial, it has resulted in increased efforts to control project costs through innovative partnerships and program-wide initiatives. This did result in increases and adjustments to some EAP project budgets such as the I-15 Managed Lanes and the SR 52 extension in Santee, which were presented to the ITOC, Transportation Committee, and approved by the Board of Directors. It is important to note that the most recent cost data may be signaling a leveling off of escalation rates, but it is too soon to know whether this will become a longer trend or not.

Proposed TransNet Extension Plan of Finance Update

Costs

The SANDAG TransNet Program Office continues to work with the Corridor Directors and project teams to refine the costs and schedules for the EAP projects. The costs are updated to current year dollars and then escalated to the year of construction. The construction cost pressures discussed previously have resulted in increased costs and longer schedules than what was approved in the first POF. In performing the POF update, these revised and more detailed costs were used for the EAP projects, while the non-EAP project costs are included in aggregate due to the lesser level of project definition and detail. The latest quarterly EAP update shows the current cost estimates for all of the individual EAP projects (Attachment 3).

Revenues

The amount of state and federal funds assumed for the EAP are based on committed funds to date. In addition, the revenue forecast is based on a series of assumptions that can be summarized as follows:

For fiscal years covering the current Regional Transportation Improvement Program period (FY 2007 to FY 2011), federal and state funds are based on committed or authorized amounts. For future years, SANDAG estimated federal, state, and local transportation funds based on historic experience, including an assumption of a federal participation rate of 50 percent for New Starts and
Small Starts for the major transit projects. SANDAG also used conservative assumptions to forecast other transportation funds, including TransNet sales tax receipts. It is anticipated that during the 40-year life of the TransNet program, there will be periods of high and low economic cycles, and that the program as presented in this updated POF has a reasonable expectation of fulfilling the Ordinance.

The results of the updated project costs and revenue forecast is summarized in the following sources and uses of funds table, projected cash balance graph, and corridor schedule change bar chart (Attachments 4, 5, and 6).

Making it Work

The proposed POF update presented in this report successfully delivers not only the EAP, but the entire TransNet extension program with some reasonable modifications to the POF as approved in 2005 and modified in 2006. To summarize, the proposed modifications would be as follows:

- Revise the set-aside for the future State Transportation Improvement Program (STIP), Congestion Mitigation and Air Quality (CMAQ) and Surface Transportation Program (STP) funds from 15 percent to 6 percent and include State and Local Partnership Program (SLPP) funds in this set-aside as well. The remaining 6 percent set-aside will allow for the continuation of the most critical Transportation Demand Management (TDM) and Intelligent Transportation System (ITS) activities in the region.

- The completion of the EAP would extend from 2015 to 2020. The only significant change in project schedule would be the delay of the construction of the Mid-Coast transit corridor (see Attachment 6).

- Seek and secure approximately 5 percent more in total program funds over the life of the program to further match the projected revenues (see Attachment 5).

Moving forward with the EAP and overall TransNet program with these modifications to the POF will allow the momentum gained in these past two years to continue. By delivering a combination of finished construction projects and critical development milestones on other projects, the region will be providing for the mobility needs of its citizens while continuing to successfully compete for the additional funds the program will need in the future.

The continued success of the EAP relies on the issuance of the $600 million in long-term variable rate bonds (previously approved by the Board in November 2005). Accordingly, included in the schedule below are dates for review and approval of the bond documents.

Next Steps

Following is the proposed schedule:

- January 9 ITOC – update on status of bond issue; review of POF and recommend approval to Transportation Committee
January 18 Transportation Committee – update on status of bond issue; review of preliminary draft bond documents; second review of POF and recommendation to Board of Directors to approve POF.

January 25 Board of Directors – approve POF; review of preliminary draft bond documents.

February 13 ITOC – final update on status of bond issue and recommend approval to Transportation Committee.

February 15 Transportation Committee – final review of bond documents; recommend approval to Board of Directors

February 22 Board of Directors – final review and approval of bond documents.

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

CHARLES “MUGGS” STOLL
TransNet Program Manager

2. Current TransNet Early Action Projects (December 2007)
4. TransNet Major Corridors/Environmental Mitigation Program Sources and Uses
5.Projected Cash Balance and EAP Project Completion
6. Project Schedules

Key Staff Contact: Charles “Muggs” Stoll, (619) 699-6945, mst@sandag.org
Early Action Projects

Tier 1 Projects
1. SR 76 - Widening
2. SR 52 - New freeway
3. Mid-Coast LRT

Tier 2 Projects
4. I-15 Managed Lanes - North and South Extension
5. SR 52 - HOV/Managed Lanes (Reversible)
6. I-5 North Coast Corridor - Environmental Effort
7. I-805 Corridor - Environmental Effort (North and South Phases)
Early Action Projects

1. SR 76 - Widening
2. SR 52 - Widening and Extension
3. Mid-Coast and Super Loop Transit
4. I-15 Managed Lanes and Bus Rapid Transit (BRT)
5. I-5 North Coast Corridor - Environmental Effort and HOV Lanes
6. I-805 Corridor - Environmental Effort & BRT
7. SPRINTER - Oceanside to Escondido
8. Trolley - Vehicle and Station Upgrades (Blue and Orange Lines)
9. Mid-City Rapid Bus
This attachment from the December 14, 2007, Transportation Committee (Item 7) has been omitted; an updated report is included in the January 9, 2008, ITOC agenda.
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**Plan of Finance Schedule**

**Board Approved Schedule (TransNet Dashboard Schedule)**

**Abbreviations**

- BRT = Bus Rapid Transit
- ED = Environmental Document
- LOMAS = Lomas Santa Fe Interchange
- ML = Managed Lanes
# Plan of Finance: Hold EAP Schedules

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**Plan of Finance Schedule**

**Board Approved Schedule (TransNet Dashboard Schedule)**

Abbreviations:
- **BRT** = Bus Rapid Transit
- **ED** = Environmental Document
- **LOMAS** = Lomas Santa Fe Interchange
- **ML** = Managed Lanes
## Plan of Finance: Hold Mid-Coast - Corridor Schedule

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**Plan of Finance Schedule**

**Board Approved Schedule (TransNet Dashboard Schedule)**

**Abbreviations**

- BRT = Bus Rapid Transit
- ED = Environmental Document
- LOMAS = Lomas Santa Fe Interchange
- ML = Managed Lanes
Plan of Finance: Hold Mid-Coast Schedule
End Balance

 Millions of Dollars

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Plan highlights:
- 6% End Balance
- EAP TransNet Projects
- Non-EAP TransNet Projects
January 9, 2008

AGENDA ITEM NO.: 6

Action Requested: DISCUSSION/POSSIBLE ACTION

TransNet ENVIRONMENTAL MITIGATION PROGRAM
MEMORANDUM OF AGREEMENT (MOA)

File Number 3002700

Introduction

The TransNet Extension Ordinance and Expenditure Plan, approved countywide by voters in November 2004, includes an Environmental Mitigation Program (EMP), which is a funding allocation category for the costs to mitigate habitat impacts for regional transportation projects. The EMP is a unique component of the TransNet Extension in that it goes beyond traditional mitigation for transportation projects by including a funding allocation for habitat acquisition, management, and monitoring activities as needed to help implement the regional habitat conservation plans. This funding allocation is tied to mitigation requirements and the environmental clearance approval process for projects outlined in the Regional Transportation Plan. On September 24, 2004, the SANDAG Board of Directors approved EMP implementation guidelines (Attachment 1). These guidelines serve as the initial steps in the process for preparing the required agreements with the U.S. Fish and Wildlife Service and the California Department of Fish and Game.

On June 20, 2007, SANDAG staff gave a presentation to the Independent Transportation Oversight Committee (ITOC) on the status of the EMP and the next steps, which included the development of a memorandum of understanding (MOA) with the federal and state wildlife agencies. Since the June ITOC meeting, staff from SANDAG, Caltrans, U.S. Fish and Wildlife Service, and California Department of Fish and Game have reached agreement on the provisions of a proposed MOA, which will establish the process for the allocation of TransNet funds for the early mitigation of TransNet projects, along with the methods for providing assurances that the early mitigation will satisfy future project mitigation needs. SANDAG staff is seeking input, as appropriate, on the MOA to provide to the Board of Directors in February.

Discussion

The TransNet Extension Ordinance EMP states, “The intent is to establish a program to provide for large-scale acquisition and management of critical habitat areas and to create a reliable approach for funding required mitigation for future transportation improvements thereby reducing future costs and accelerating project delivery (Section D).”
Working with the signatory agencies (SANDAG, Caltrans, U.S. Fish and Wildlife Service, and California Department of Fish and Game), it was decided that a processing agreement in the form of an MOA would best expedite the goals of the TransNet EMP while providing the necessary assurances for transportation project mitigation. The draft MOA (Attachment 2), as agreed to by all the signatory agencies, provides for the capacity to fund the early acquisition of mitigation land for future transportation projects, along with the process for providing the assurances that land conserved or restored under the TransNet EMP will be suitable for future mitigation. This satisfies the two fundamental tenants of the EMP – early, large-scale acquisition and management of habitat that will provide the mitigation for future transportation projects, thereby reducing future costs and accelerating project delivery.

On December 11, 2007, the 20 members of the SANDAG Environmental Mitigation Program Working Group (EMPWG) discussed the proposed MOA. The EMPWG was developed by the SANDAG Board to advise the Regional Planning Committee (RPC) and the SANDAG Board on issues related to the coordination and implementation of the EMP. The EMPWG recommended to “support the MOA as drafted, with the understanding that there will be comments and possible edits made, and presuming that they don’t change the flavor, intent, or goals of this MOA, the Working Group supports it.” Their recommendations go to the RPC in February.

The key aspects of the proposed MOA are graphically depicted in a flowchart (Attachment 3). Mr. Greer will provide a PowerPoint presentation outlining the key elements of the TransNet EMP and how the proposed MOA achieves these objectives.

Attachments: 1. TransNet EMP Implementation Guidelines
   2. Proposed TransNet EMP Memorandum of Agreement
   3. TransNet EMP Memorandum of Agreement Concepts Flowchart

Key Staff Contact: Keith Greer, (619)699-7390; kgr@sandag.org
**TransNet Extension**

**ENVIRONMENTAL MITIGATION PROGRAM IMPLEMENTATION GUIDELINES**

**Recommendation**

It is recommended that the Board of Directors concur with the implementation guidelines, as outlined in this report, to be used as the basis for the agreements with state and federal wildlife agencies that will be required to implement the Environmental Mitigation Program (EMP) consistent with the passage of Proposition A.

**Introduction**

The TransNet Extension Ordinance and Expenditure Plan, as adopted by the Board on May 28, 2004, includes an attachment containing a set of principles (Attachment 1) that further defines the major elements of the EMP and a process for how the EMP will be implemented if Proposition A is approved by the voters on November 2, 2004. These principles refer to the establishment of a regional entity to be responsible for the allocation of funds available under the EMP and the development of implementing agreements needed to provide coverage for the projects in the Regional Transportation Plan (RTP) under the adopted habitat conservation plans.

Following the adoption of the Ordinance, a series of meetings related to the EMP has taken place including representatives of environmental organizations, officials from the state and federal wildlife agencies (California Fish & Game and U.S. Fish & Wildlife Service), SANDAG Board members and staff. These discussions have been focused on developing guidelines for the implementation of the EMP which will serve as the initial steps in the process for preparing the required implementing agreements and establishing the regional entity. The purpose of this item is to provide a statement of intent from the Board regarding the implementation of the EMP, as summarized in the implementation guidelines outlined in the Discussion section.

**Discussion**

Based on the results of these discussions related to the EMP, and building upon the numerous EMP requirements contained in the adopted Ordinance and its attachments, a summary of the implementation guidelines representing areas of agreement on specified issues is provided below. These implementation guidelines provide a statement of intent regarding how the EMP will be implemented if Proposition A is approved by the voters in November. These guidelines assume the early implementation of the EMP program. The acceleration of the EMP program is important in order to provide for the required mitigation of key projects in advance so that transportation project implementation can be accelerated as well. These early actions would require restructuring the financial plans for the current program or borrowing against future funding from the new program beginning in FY 2009. This advance funding would be one of many issues to be resolved in a detailed financial planning analysis to be undertaken following passage of Proposition A. The
The total financing costs for early land acquisitions under this line of credit, including any subsequent debt financing that may be used to retire the line of credit, would not exceed $230 million, which would be paid from the “Regional Habitat Conservation Fund” (up to $200 million) and a portion of total financing costs allocated in the Expenditure Plan (up to $30 million).

Total costs for the EMP are not to exceed $880 million, of which $650 is allocated for direct mitigation of transportation projects, up to $200 million for allowable activities under the Regional Habitat Conservation Fund, and up to $30 million for additional financing costs.

In addition, to the degree needed, up to $82 million in “intra-program fund transfers” (interest-free fund transfers from transportation project categories) would be allowed beginning in FY 08-09. Such intra-program transfers would be distributed over the early years of the program in such a way that transportation projects are not delayed. Such transferred funds would be returned for use on transportation projects by end of the program.

4. Funding for advanced land acquisitions under this program would be made available beginning July 1, 2006, with approximately $290 million of habitat land to be purchased over no more than a fifteen year period.

5. The SANDAG Board of Directors would be designated as the regional entity responsible for the allocation of funding under this program. The Board of Directors would be advised by a policy committee that includes a limited number of elected officials representing SANDAG member agencies, as well as non-voting members representing the wildlife agencies, U.S. Army Corps of Engineers, and the State Coastal Conservancy. The committee would also include a representative of the California Department of Transportation (Caltrans) and a representative of the California Department of Fish and Wildlife (CDFW).
Engineers, and other entities responsible for issuing permits and entitlements for transportation projects.

6.5. The policy committee (regional entity) described in Section 5 above, Principle 5 would be advised by a technical working group that includes staff members representing the entities described above, as well as representation from a consortium of habitat preserve land managers who are active within the county.

These guidelines provide the initial steps toward development of the agreements with the wildlife agencies required to implement the EMP and to ensure that the intent of the EMP is carried out. In addition to being used in the development of these required agreements, the guidelines also will be used in other actions related to the implementation of the EMP as they are presented to the SANDAG Board of Directors in the future should Proposition A be successful this November.

GARY L. GALLEGOS
Executive Director

Attachment

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

No Budget Impact
TRANSNET EXTENSION ENVIRONMENTAL MITIGATION PROGRAM (EMP)
PRINCIPLES

1. The TransNet Extension Expenditure Plan shall include a funding allocation category entitled “Transportation Project Environmental Mitigation Program.”

2. The Environmental Mitigation Program (EMP) shall include an allocation for the estimated direct costs for mitigation of upland and wetland habitat impacts for regional transportation projects included in the proposed TransNet Expenditure Plan, as well as for regional projects that are included in the adopted 2030 Regional Transportation Plan Mobility Network. The “mitigation costs,” including land acquisition, restoration, management, and monitoring, for these regional projects are estimated at approximately $450 million. Funds for direct mitigation, management and monitoring of these projects shall be placed into a “Transportation Project Mitigation Fund,” where they can be used as partial funding for regional acquisition, habitat management and monitoring activities related to implementation of the Multiple Species Conservation Program (MSCP), the Multiple Habitat Conservation Program (MHCP), and future amendments thereto.

3. The EMP shall also include an allocation for the estimated direct costs for mitigation of upland and wetland habitat impacts for local transportation projects, in a total amount not to exceed $200 million. Funds for direct mitigation of these projects shall also be placed in the “Transportation Project Mitigation Fund” outlined in Section 2 above.

4. The EMP shall also include a funding allocation for the estimated economic benefits of incorporating specified regional and local transportation projects into applicable habitat conservation plans, thereby allowing mitigation requirements for covered species to be fixed, and allowing mitigation requirements to be met through purchase of land in advance of need in larger blocks at a lower cost. The benefits of this approach are estimated at approximately $200 million ($150 million for regional projects and $50 million for local projects). This amount will be allocated to a “Regional Habitat Conservation Fund,” which will be made available for regional habitat acquisition, management and monitoring activities necessary to implement the MSCP and MHCP described in Section 2 above. Therefore, the total funding allocation for the Environmental Mitigation Program shall be set at $850 million.

5. SANDAG shall work with the Wildlife Agencies (California Department of Fish and Game and the US Fish and Wildlife Service) and permit holders under the MSCP and MHCP to establish a regional entity that will be responsible for the allocation of funding included in the “Regional Habitat Conservation Fund” in accordance with the goals and policies of said plans. In addition, this entity will provide recommendations regarding the structure and content of future funding measures as described in Section 10 below.

6. Land acquisitions, and management and monitoring activities, that result from the implementation of this program shall receive credit toward the “regional funding obligations,” if any, under the applicable habitat conservation plans, with the exception that land acquisitions in the MSCP planning area (as designated and permitted as of April 9, 2004) shall not count toward the regional funding obligation for land acquisition (currently estimated at 10,267 acres) established for that program.
7. In order to provide the economic benefits of the proposed EMP, the participating local jurisdictions shall apply for, and the Wildlife Agencies shall process, requests for any necessary amendments to the previously adopted MSCP and related agreements and permits, to include Regional Transportation Plan (RTP) transportation projects as “covered projects” under this plan pursuant to the standards in effect at that time for the remaining life of those plans. For projects in the planning areas of the MHCP and proposed MSCP North County Suburban for unincorporated North County, the participating local jurisdictions shall include RTP projects in their proposed plans and implementing agreements, and the Wildlife Agencies will process those plans and agreements so as to provide coverage for RTP projects for the life of those plans.

8. The expenditure of funds included in this allocation category shall be phased over time in order to allow goals of regional habitat acquisition, management and monitoring to be met, while also meeting the requirements for individual transportation projects. The timeframe by which the phasing will be done will allow for the early acquisition of land within the first 10 years of the permits and/or amended permits with corresponding funds available for management and monitoring. In addition, mitigation land for projects in the planning area covered in the proposed MSCP for unincorporated North County shall be purchased within the multiple habitat planning area designated for that plan, while mitigation for projects in the adopted MSCP and MHCP planning areas shall be purchased within the multiple habitat planning areas designated for those plans, unless otherwise approved by SANDAG, the Wildlife Agencies, and affected permit holders. As transportation projects are completed, if it is determined that the actual direct costs for mitigation of upland and wetland habitat impacts are less than those that were estimated in Section 2 above, those cost savings shall be transferred to the “Regional Habitat Conservation Fund” described in Section 4 above.

9. In addition to the direct economic benefits associated with inclusion of these projects in the MSCP and MHCP, SANDAG and the Wildlife Agencies both recognize the value of expedited processing of environmental documents for individual transportation projects by all involved Federal, State, and regional agencies. Therefore, SANDAG and the Wildlife Agencies shall actively support efforts to accomplish complete review of environmental documents within reduced timeframes. To the extent that the processing time required for such documents is reduced, the value of expedited processing shall be allocated equally between transportation-related expenditures and the “Regional Habitat Conservation Fund”. SANDAG and the Wildlife Agencies will develop guidelines for implementing this principle within one year of the passage of the TransNet extension.

10. SANDAG agrees to act on additional regional funding measures (a ballot measure and/or other secure funding commitments) to meet the long-term requirements for implementing habitat conservation plans in the San Diego region, within the timeframe necessary to allow a ballot measure to be considered by the voters no later than four years after passage of the TransNet Extension. In the event that such future funding measures generate funding to fully meet regional habitat acquisition and management requirements, SANDAG is authorized to reallocate excess funds included in the “Regional Habitat Conservation Fund” to local transportation projects.
11. In the event that SANDAG and its member agencies are not able to obtain coverage for transportation projects the MSCP and MHCP in accordance with the principles set forth above, the funding allocations set forth in this program shall be made available to meet habitat mitigation requirements of transportation projects, either through an alternative program that is acceptable to SANDAG, its member agencies, and the Wildlife Agencies, or through environmental review and permitting of individual projects under existing regulatory procedures.
Memorandum of Agreement (MOA)
among the San Diego Association of Governments ("SANDAG"), the California
Department of Fish and Game ("CDFG"), the California Department of Transportation
("Caltrans"), and the United States Fish & Wildlife Service ("USFWS") (collectively "the
signatories") regarding the mitigation for transportation projects under the TransNet
Extension Ordinance Environmental Mitigation Program

WHEREAS, in April 2003 the SANDAG Board of Directors (SANDAG Board) adopted the 2030
Regional Transportation Plan (RTP) entitled MOBILITY 2030, The Transportation Plan for the
San Diego Region;

WHEREAS, the RTP includes a list of transportation network improvements and other
transportation programs that are intended to improve the mobility of people and goods
throughout the region;

WHEREAS, the TransNet Extension Ordinance and Expenditure Plan (Commission
Ordinance 04-01) was adopted by the SANDAG Board on May 28, 2004, to provide for continuation
of the half-cent transportation sales tax for 40 years to relieve traffic congestion, improve safety,
and match state/federal funds;

WHEREAS, the TransNet Extension Ordinance and Expenditure Plan (TransNet Extension)
was approved by the voters on November 2, 2004;

WHEREAS, the TransNet Extension included the establishment and implementation of an
Environmental Mitigation Program (EMP), including 11 principles that further defined the major
elements of the EMP;

WHEREAS, mitigation, which means for this MOA, the early acquisition, creation,
restoration, enhancement, and/or management of high-quality habitat, is more cost-effective and
more biologically beneficial than the mitigation of habitat based on a project-by-project approach
to mitigation;

WHEREAS, the TransNet EMP is intended, in part, to provide for early large-scale acquisition
and management of important habitat areas and to create a reliable approach for funding required
mitigation for future transportation improvements, thereby enabling the purchase of habitat that
may become more scarce in the future, reducing future costs and accelerating project delivery;

WHEREAS, proactive mitigation of transportation projects would provide an opportunity to
implement the TransNet EMP by providing opportunities for early large-scale conservation, permit
streamlining, and establishing certain cost savings;

WHEREAS, the need for biological monitoring and management of the habitat preserve
areas is critical to maintain habitats and ecosystem processes for the persistence and resilience of
native flora and fauna;

LEGAL REVIEW BY SIGNATORIES STILL REQUIRED
WHEREAS, the signatories to this MOA agree that a TransNet Plan of Finance (POF) will be adopted which reflects the capacity for funding up to $440 million (nominal dollars) over ten years, and provide funding of $4 million dollars annually for ten years for management and monitoring as the approach toward the timing and expenditure of funds under the EMP:

WHEREAS, the parties have determined that entering into this MOA does not constitute the adoption of, or a commitment to carry out, the concept plan as those terms are used in the California Environmental Quality Act, public resource code section 21000, et seq. ("CEQA"), that entering into this agreement does not constitute a major federal action significantly affecting the human environment as those terms are used in the National Environmental Policy Act, 42, U.S.C. section 4321, et seq. ("NEPA"), and that completion of CEQA and NEPA compliance are conditions precedent to any party being committed to carry out any obligations set forth in this agreement for which such compliance is required.

NOW THEREFORE, BE IT RESOLVED that the signatories agree to implement the EMP, through the provisions of this MOA, as follows:

1. The signatories agree to implement the Conservation and Mitigation Strategy (CMS) (Attachment A, and incorporated by reference) as the method for identifying priority habitat acquisition, creation and restoration opportunities which will be designed to fully mitigate the range of anticipated wildlife habitat, natural communities, fisheries, and sensitive species\(^1\) impacts resulting from the adopted RTP Mobility Network, as well as TransNet funding for local transportation projects. The CMS aligns the estimated impacts of a RTP project(s), to mitigation opportunities, and the types of agreements identified under number 6, below, which will provide regulatory assurances under the authority and jurisdiction of the signatory agencies.

2. SANDAG agrees to update the TransNet Plan of Finance (POF) adopted on December 15, 2006, within three months of signing this MOA to reflect a cash flow for mitigation of TransNet regional and local transportation projects totaling $440 million (nominal dollars\(^2\)) over the next ten years pursuant to the following schedule:

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A total of $160 million will be made available, as needed, for EAP and non-EAP mitigation\(^3\) and according to the priorities under number 7 below. For financial analysis purposes, these funds are to be assumed to be spread out over four years; however, should an opportunity arise as identified and agreed to by the signatories that would require a change in the cash flow, money could be made available as needed as approved by the SANDAG Board. Funds

\(^1\) Sensitive species are generally those which have been covered, or anticipated to be covered, by approved or in progress NCCP/CP planning efforts.

\(^2\) These values are held constant for the year they are expended.

\(^3\) Mitigation is the acquisition, creation, restoration, enhancement and/or management of habitat lands.

LEGAL REVIEW BY SIGNATORIES STILL REQUIRED
are to be allocated and spent for three primary purposes (1) acquisition, (2) restoration and enhancement, and (3) monitoring and management, as required to meet each transportation project's full mitigation needs. Funds not utilized in any given year could be rolled over into the next fiscal year. Borrowing to the degree necessary to meet this objective would be implemented consistent with the adopted POF, with debt service to be paid from annual EMP revenues. Up to $82 million in interest-free fund transfers from transportation categories would be provided as a loan to finance the early acquisitions as provided by the schedule above. And $30 million in debt-service assistance as identified in the ordinance also would be provided. Interest-free fund transfers from transportation project categories would be allowed in such a way that transportation projects are not delayed. Such transferred funds would be returned for use on transportation projects by end of the program.

3. The signatories agree to update the POF to allocate $4 million, escalated annually for inflation, beginning in fiscal year 2008 until fiscal year 2018 to be used for regional management and monitoring. The source of the funds allocated for regional management and monitoring are attributed to the Regional Conservation Fund as described in TransNet Extension EMP Principle 4.

4. Upon execution of this MOA, SANDAG will release $1.3 million approved by the SANDAG Board on December 15, 2006, for regional management and monitoring activities in addition to the $4 million pursuant to number 3, above. Yearly accounting and an analysis of the expenditures and their effectiveness in implementing the management and monitoring goals of the regional habitat conservation plans will be completed by SANDAG staff, in consultation with the signatories.

5. Starting in 2010, and then once every two years thereafter, SANDAG will develop a report card to analyze the status and progress of the MOA in implementing the goals of the TransNet EMP for presentation to the SANDAG Board as apart of the update to the Regional Transportation Improvement Program (RTIP).

The signatories agree to evaluate and modify, if necessary, the POF no later than ten years after execution of this agreement to accommodate potential variations in funding, changes to the adopted RTP, and changes to the CMS. This could be done before, and/or apart, from the required TransNet ten-year Comprehensive Review.

6. EMP funds will be made available according to the schedule described in the POF. The release for advance mitigation will be contingent upon executed agreements intended to establish the mitigation of TransNet-funded regional and local transportation projects as identified in Attachment B (incorporated by reference). The agreements may take various forms and address a range of actions from project-specific to more programmatic-level approaches towards mitigation and conservation actions. Types of agreements could include, but are not limited to:

   a. Advanced Mitigation Agreement (e.g., Bolsa Chica)
   b. Wetland Mitigation Banking Agreement (e.g., Rancho Jamul)
   c. Conservation Banking Agreement (e.g., Rancho San Diego)
d. Programmatic Consultation (e.g., Rail Corridor from Orange County to Oceanside)

e. Early Section 7 Consultation

f. Project(s) Specific Agreement(s)

g. Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)

h. Regional General Permits (e.g., Contra Costa County)

7. The focus of the initial mitigation efforts under this CMS will be on those RTP projects identified and approved by the SANDAG Board of Directors as Early Action Program projects then projects that belong to the "revenue constrained" scenario of the RTP. Mitigation opportunities for the remaining transportation projects will be initiated if the signatories of this MOA agree that an environmental mitigation opportunity has arisen to satisfy a non-Early Action Program project consistent with number 2 above. SANDAG will work with the local jurisdictions to develop a similar approach for local transportation projects evaluating the early and longer-term mitigation needs.

8. Ten years after signature of this MOA by all parties, if actual direct costs for mitigation of upland and wetland impacts of the transportation projects that have received all of the permits are less than those that were estimated by SANDAG (Attachment B), the unused balance and any economic benefit generated over the ten-year period, shall be transferred to the Regional Habitat Conservation Fund for projects. These funds would be made available for regional habitat acquisition, management, and monitoring as described in the TransNet EMP Principle number 8. SANDAG and Caltrans will actively partner with USFWS and CDFG during the permitting process for TransNet projects impacting wetlands, and waters of the U.S. regulated by the USACOE, EPA, Regional Water Quality Control Board (RWQCB), CDFG, and California Coastal Commission.

9. If a project(s) conforms to the scope, general alignment, and biological effects analysis described in an executed agreement, no additional compensatory mitigation to satisfy the Endangered Species Act (ESA)—California Endangered Species Act (CESA), California Natural Community Conservation Planning Program (NCCP), Fish and Game code section 1600 et seq. are anticipated.

10. Project(s) will be reviewed by the Wildlife Agencies to determine consistency with approved agreements. The Wildlife Agencies will contact, in writing, the signatories within 60 days regarding conformance with the executed agreements. If the project does not conform, the Wildlife Agencies will identify necessary actions for the issuance of permits under the executed agreement. For projects that conform to the executed agreements, the Wildlife Agencies will expedite issuance of the permits, as staffing allows.

11. Principals of the federal "Safe Harbor" agreements pursuant to ESA § 17.22(c) (d) and 17.32(c) (d) may be included in any agreement that improves resources in advance of project impacts that may be affected by the project (e.g., coastal lagoon restoration).
12. Assurances for local transportation projects will be, or are already, provided through the local jurisdictions’ HCP/NCCP permits and implementing agreements (e.g., Cities of Chula Vista, San Diego, La Mesa, Poway, Carlsbad, and the County of San Diego). Other jurisdictions could be provided the assurances upon adoption of their subarea plans and subsequent implementing agreements and HCP/NCCP permits.

13. Advance mitigation for projects identified in Mobility 2030 (2004) may be available for other TransNet projects as identified in the RTP. Substituted projects must have impacts equal to or less than the original project and the exchange must be approved by the Wildlife Agencies. The amount of use of mitigation credits would be addressed by subsequent agreements as identified under number 6 above.

14. USFWS and CDFG will actively partner with SANDAG and Caltrans during the permitting process for TransNet projects impacting wetlands, and waters of the U.S. regulated by the USACOE, EPA, RWQCB, and CDFG through wetland banking agreements, master streambed alteration agreements, regional general permits, or other appropriate mechanisms. The signatories support wetland creation and restoration projects for use as advance mitigation and will mutually assist with identifying and obtaining funding for planning and permitting of the creation and restoration projects.

15. USFWS will support and/or present the federal consistency determination for federal projects to the California Coastal Commission for coastal wetland restoration agreement(s) should the projects meet the consistency determination requirements.

16. SANDAG, acting as the San Diego County Regional Transportation Commission, is accountable for all TransNet expenditures pursuant to the TransNet Extension Ordinance. As such, SANDAG is responsible for the expenditure of funds for advanced mitigation through the execution of the agreements described in number 6, above. It is SANDAG’s intent to continue to utilize the capabilities and expertise of Caltrans staff, a SANDAG-contracted independent third-party, or itself to acquire real property and develop and implement restoration plans. The Wildlife Agencies will identify opportunities and priorities pursuant to the CMS.

17. The signatories agree in good faith to provide the legal, financial, technical, and staff resources necessary to implement the provisions of this MOA. However, nothing in this MOA shall be construed as obligating the signatories to expend funds, or for the future payment of money, in excess of appropriations authorized by law, nor does this MOA guarantee the final issuance of permits.

18. The signatories agree to review and modify this MOA, if necessary, after ten years from its signature by all parties based upon its performance in providing advanced mitigation, enhanced project delivery, and overall availability of TransNet funding. Based upon the results of this review, all signatories retain the right to obtain mitigation of individual projects on a project-by-project basis pursuant to Section D and Principle 11 of the TransNet Extension Ordinance and the FESA and CESÁ.

SAN DIEGO ASSOCIATION OF GOVERNMENTS

______________________________
Gary Gallegos
Executive Director

______________________________
Pedro Orso-Delgado
Director Caltrans District 11

______________________________
Date

______________________________
Date

APPROVED AS TO FORM:

CALIFORNIA DEPARTMENT OF FISH AND GAME

______________________________
Kevin Hunting
Deputy Director

______________________________
Office of General Counsel

______________________________
UNITED STATES FISH AND WILDLIFE SERVICE

______________________________
Date

______________________________
Therese O’Rourke
Assistant Field Supervisor

______________________________
Date

LEGAL REVIEW BY SIGNATORIES STILL REQUIRED
**TransNet Conservation and Mitigation Strategy (CMS)**

The goal of the *TransNet Conservation and Mitigation Strategy (CMS)* is to: (1) identify conservation opportunities for habitat acquisition, creation, and restoration that promotes regional habitat conservation planning, and (2) align these opportunities in such a way to fully mitigate the range of potential wildlife habitat, natural communities, fisheries, and sensitive species impacts resulting from transportation projects in the adopted 2030 Regional Transportation Plan (RTP).

**Identification of Conservation Opportunities**

The U.S. Fish and Wildlife Service and the California Department of Fish and Game (Wildlife Agencies) will partner with SANDAG and Caltrans to identify conservation opportunities that promote the regional conservation of biodiversity, thereby implementing San Diego's regional habitat plans that have been adopted (or will be adopted) under the Natural Community Conservation Planning Act (NCCP), and as Habitat Conservation Plans (HCPs) under the Endangered Species Act. Implementation of these NCCPs/HCPs will collectively promote the San Diego Regional Comprehensive Plan (2004) policy objective to "Preserve and maintain natural biological communities and species native to the region" (p. 153), and also will provide certainty and streamlined regulatory permitting of future transportation projects.

The opportunities would consist of identification of land acquisitions, upland and wetland restoration and creation, and other specific actions that will contribute to the goal of "maintain[ing] and enhance[ing] biological diversity in the region and conserving viable populations of endangered, threatened, and key sensitive species and their habitat, thereby preventing local extirpation and ultimate extinction (MSCP Biological Goals and Standards)."

In assisting with the development of the conservation opportunities, the Wildlife Agencies will use the basic fundamental tenets of habitat reserve design based upon the recommendations of the NCCP scientific advisors, and specific objectives based upon the current needs of the regional NCCPs/HCPs, as well as the opportunities to leverage TransNet funds with non-TransNet funding. While the fundamental tenets would not change over time, the objectives will be subject to periodic reassessments as the regional NCCP/HCP matures.

**Alignment with RTP Mitigation Needs**

Based upon a review of the RTP projects and the estimated impacts (Attachment B), the Wildlife Agencies will partner with SANDAG and Caltrans, and other federal and state regulatory agencies, to align mitigation needs of the RTP project(s) with the identified conservation opportunities, with emphasis on transportation projects belonging to the Early Action Program then projects that belong to the "revenue constrained" scenario of the RTP. The conservation opportunity shall meet the mitigation needs of the project(s) and be formalized in an appropriate agreement as identified in the MOA prior to the release of funds for acquisition of such property. The Wildlife Agencies will not mandate a specific opportunity as the required mitigation, but instead provide a range of

---


5 Specific objectives could include, as examples, preservation of vernal pool and maritime succulent scrub habitat; restoration of quino checkerspot butterfly and burrowing owl habitat, and creation of coastal wetland habitat.

LEGAL REVIEW BY SIGNATORIES STILL REQUIRED
options for SANDAG and Caltrans to consider based upon cost, timeliness, and respect for private property rights, other state and federal regulatory requirements, and other considerations.

Conceptually, conservation opportunities that achieve the mitigation for estimated RTP project(s) impacts can be grouped into coastal wetlands, jurisdictional freshwater wetlands, uplands, and species specific. Habitat acquisition, restoration, creation, and species-specific enhancement will all be considered, as appropriate.

It is expected that in order to implement this approach, some projects may require additional biological analysis to provide more specificity on the habitats and species that could be impacted and conservation opportunities as a follow-up to confirm the assumptions of executed agreements as described in the MOA.
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Subtotal: 45, 142, 95, $381,810,000

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Notes:
3030 Regional Transportation Plan approved April 2003.
TPMF, Transportation Project Mitigation Fund.
Acreages estimated using Generalized Vegetation mapping from SANDAG's 1995 Regional Vegetation database.
Cost per acre based on recent mitigation ratios, acquisition, restoration, creation, and enforcement costs.
Costs are in 2002 dollars.

EAP = Early Action
Project = Constraining
RC = Revenue
Expected
UN = Unconstrained

LEGAL REVIEW BY SIGNATORIES STILL REQUIRED
FOR DISCUSSION PURPOSES
TRANSNET EMP Memorandum of Agreement Concepts

Conservation & Mitigation Strategy

Opportunities

1 or more Project’s Mitigation Needs

Available Funding $440 M/10yr

AGREEMENTS

RTP Projects & Local Roads (Attachment B)

Updated Plan of Finance

EMP

Executed

Release of Funds for Mitigation

Permits Issued

After 10 years: Assessment of Cost Savings & Economic Benefit

Regional Biological Monitoring and Management

Annual Funding $4 M/10 years

RHCF Fund

Available

Funding

$440 M/10yr

1 or more
Project’s
Mitigation Needs
San Diego Association of Governments - TransNet Program

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

January 9, 2008

AGENDA ITEM NO.: 7

Action Requested: INFORMATION

QUARTERLY REPORT ON THE TransNet EARLY ACTION PROGRAM

File Number: 1200100

Introduction

This report provides an overview of the TransNet Early Action Program (EAP) in terms of cost control and schedule adherence and the general trends that affect both cost and schedule. This overview fulfills the ITOC requirement defined in the TransNet Ordinance to review the major congestion relief projects for performance in terms of cost control and schedule adherence on a quarterly basis.

Discussion

The TransNet Early Action Program (EAP) includes improvements to nine transportation corridors: State Route (SR) 76, SR 52, Mid-Coast and Super Loop Transit, Interstate (I-) 15 Managed Lanes and Bus Rapid Transit (BRT), I-5 North Coast Corridor, I-805 Corridor, SPRINTER, Trolley Upgrades, and Mid-City Rapid Bus. The location of these transportation improvements are shown in Attachment 1. The TransNet Dashboard reporting system is used to track cost control and schedule adherence. The Dashboard can be accessed at www.KeepSanDiegoMoving.com.

Schedule Adherence

Work products remain on schedule for the SR 76, SR 52, Mid-Coast, I-5, I-805, and SPRINTER projects. Implementation of the I-15 BRT stations between Downtown and SR 163 has been delayed. Caltrans has determined that the original design concept for center platform stations needs to be adjusted. A community working group has been formed, and new design options are being developed. It is estimated that the stations will be completed in 2013 instead of 2012 as originally anticipated. Baseline schedules for the Trolley Upgrades and Mid-City Rapid Bus projects have not yet been established. Feasibility studies are being completed for these projects.

Cost Control

Cash flow charts (for support phases) from the Dashboard can be found in Attachment 2. These charts indicate that the actual expenditures are tracking closely against budgeted amounts for most projects. Expenditures are accruing more slowly than anticipated for the I-15 BRT stations between Downtown and SR 163. As discussed in the Schedule Adherence section, this project is experiencing delay due to a potential significant change to the project scope. In the last quarterly report, the I-15
FasTrak® project was accruing expenses more slowly than anticipated. This was due to a difficult procurement process for selecting an integrator to develop the project. These challenges were overcome, an integrator was selected, and the current cash flow chart shows this project is back on track.

**Trends**

For the first time since late 2005, the Caltrans construction cost index declined. The 12-month index is down 31.3 points to 309.9 for the third quarter of 2007 compared to the second quarter of 2007 when the index was at 341.2. The average number of bidders is a good indication of the level of competition for transportation project construction work. More competition usually means better bid prices. The average number of bidders on Caltrans construction projects over $5 million is up 1.1 points to 5.4 for the third quarter of 2007 compared to the second quarter of 2007 when the average number of bidders was 4.3. See Attachment 3 for more information.

Recent local bid prices show an encouraging trend toward lower prices for construction. Out of nine bidders, the low bid by Skanska USA for SR 905 construction between Britannia Boulevard and Siempre Viva Road was $61.8 million, 22 percent less than the engineer’s estimate of $79.0 million. Out of five bidders, the low bid by Errecas Inc. for SR 52 construction between SR 125 and Cuyamaca Street was $56.8 million, also 22 percent less than the engineer’s estimate of $72.8 million. Local prices for aggregate remain high, with prices at $40 per cubic meter (Class 2 Aggregate Base). The statewide average price is $22 per cubic meter. A lack of local aggregate sources is the likely cause for the higher prices.

The resale price of single-family homes is a good indicator of right-of-way costs for transportation projects. The median resale price for San Diego County in November 2007 was down 5 percent at $528,000 compared to the November 2006 when the median resale price was $555,000.

**2007 Accomplishments**

A number of mobility improvements were implemented in 2007. A new southbound lane was opened to traffic on I-15 between Rancho Bernardo and SR 56. This new lane is relieving one of the worst bottlenecks in the region. The total vehicle hours of delay between Centre City Parkway and SR 78 on southbound I-15 dropped from 80,000 hours per month in November 2006 to 20,000 hours per month in November 2007. This represents a 400 percent drop in congestion levels.

Similar results were experienced when a new eastbound lane was opened to traffic on SR 52. This new lane between Mast Boulevard and Santo Road reduced the total vehicle hours of delay from nearly 4,000 hours in November 2006 to 1,000 hours in November 2007. See the charts in Attachment 6 for more information.

Significant additional matching funding was secured for TransNet projects in 2007. A total of $432 million of California Prop. 1B, Corridor Mobility Improvement Account (CMIA) funding was secured. This funding will be used for I-15 Managed Lanes construction between SR 163 and SR 56 ($350 million) and I-5/I-805 High Occupancy Vehicle (HOV) lane construction between Carroll Canyon Road and the I-5/I-805 Merge in Sorrento Valley ($82 million). An additional $19.5 million of SHOPP funding was secured for the southbound I-805 auxiliary lane at E Street through the CMIA.
A total of $214 million of California Prop. 1B, State Transportation Improvement Program (STIP) Augmentation funding was secured for SR 52 construction between SR 125 and Cuyamaca Street. These matching funds help to achieve the 50 percent match goal established by the TransNet Extension Ordinance.

Major milestones were reached when: the ribbon-cutting ceremony was held for the SPRINTER transit service between Oceanside and Escondido; the ribbon-cutting ceremony was held for the SR 125 Toll Road; the public hearing was held for SR 76 widening between Melrose Drive and Mission Road; and the construction contract was awarded for SR 52 construction between SR 125 and Cuyamaca Street.

Four new TransNet projects were started in 2007. These projects include the previously mentioned I-5/I-805 HOV lanes, Orange/Blue Line Trolley Upgrades, Mid-City Rapid Bus, and I-805 auxiliary lanes at E Street. Project development efforts are underway. Significant progress was made on the construction of the I-15 Managed Lanes and Bus Rapid Transit stations and the I-5 HOV Extension and Lomas Santa Fe Avenue Interchange modifications.

Attachments: 1. TransNet Early Action Projects  
2. Cash Flow To Date Charts  
3. Caltrans Construction Costs and Average Number of Bidders Charts

Key Staff Contact: Richard Chavez, (619) 699-6989; rch@sandag.org
Early Action Projects

1. SR 76 - Widening
2. SR 52 - Widening and Extension
3. Mid-Coast and Super Loop Transit
4. I-15 Managed Lanes and Bus Rapid Transit (BRT)
5. I-5 North Coast Corridor - Environmental Effort and HOV Lanes
6. I-805 Corridor - Environmental Effort & BRT
7. SPRINTER - Oceanside to Escondido
8. Trolley - Vehicle and Station Upgrades (Blue and Orange Lines)
9. Mid-City Rapid Bus

TransNet
www.KeepSanDiegoMoving.com
At several meetings last year, the ITOC reviewed the status of the SPRINTER project and the related financial plan for fully funding the project. During those meetings, it was requested that the ITOC and the SANDAG Transportation Committee receive regular updates on the ongoing implementation of the SPRINTER and SANDAG’s independent assessment of the final cost estimates and the schedule for completion of the project. This is the next in that series of status reports.

Attachment for this report:

- Attachment 1 - Draft Transportation Committee report for the January 18, 2007, meeting summarizing the progress on the implementation of the SPRINTER rail project.
SPRINTER PROJECT STATUS REPORT AND SANDAG INDEPENDENT ASSESSMENT

Introduction

The North County Transit District (NCTD) SPRINTER Rail Project converts an existing 22-mile freight rail corridor into a Diesel Multiple Unit (DMU) transit system connecting Oceanside, Vista, unincorporated County areas, San Marcos, and Escondido. The SPRINTER is a TransNet-funded project to increase east-west mobility in the Highway 78 corridor. In response to requests from NCTD and the Federal Transit Administration (FTA), SANDAG staff is currently providing support and oversight services for the project and has been asked by the SANDAG Board of Directors to report on its progress monthly to the Transportation Committee.

Discussion

Current Progress

All construction work required for the start of revenue service is complete. NCTD has been conducting pre-revenue operations on the project’s entire 22 miles since mid-December. Revenue service will begin when NCTD and their contract operator have had enough training and testing of the systems to ensure safety and reliability.

Revenue service may not begin prior to the California Public Utilities Commission’s (CPUC) approval of the SPRINTER’s System Safety Program Plan and System Security Plan on January 10th. CPUC staff approval is also needed for NCTD’s safety certifications. The final certifications are scheduled to be delivered to the CPUC on January 7th.

The remaining construction work on the contract not critical to revenue service is scheduled to be complete in March. This includes landscaping, permanent stormwater control measures, the parking lot at Nordahl Station, the eastbound platform at Escondido Avenue Station, and punch list work.

A recent storm eroded the bank of Loma Alta Creek near the Crouch Street Station. NCTD will push the tracks away from the creek and provide further protection via a sheet piling between the creek and the track bed.

The contractor has not achieved any of the internal milestones agreed to in the settlement agreement signed last spring. Accordingly, no constructive acceleration payments have been made and the contractor is subject to liquidated damages. It should be noted that the contractor may receive relief from these provisions if they can show they were delayed by NCTD.
Estimate at Completion

The settlement agreement with the Mainline contractor provides for payments not to exceed $12.2 million for damages the contractor incurred due to design changes. Before receiving payment, the contractor is required to submit documentation verifying any loss. NCTD has made payments totaling $3.1 million toward this part of the settlement agreement.

The current estimate at completion (EAC) remains at $477.6 million which includes a $7 million contingency. The EAC includes the maximum value of the settlement agreement plus the forecasted cost of each change order. The project budget set by the NCTD Board, and included in the Amended Recovery Plan for the FTA, is $484.1 million, giving NCTD an additional $6.5 million of capacity between budget and EAC. (Note, an EAC of $477.8 million was reported last month; this was based on preliminary information and was since corrected.)

The new work on the eastbound platform at Escondido Avenue is estimated to cost $200,000. The erosion control work at Crouch Street Station will cost approximately $50,000. Both these costs are included in the current EAC.

NCTD staff is focusing its construction management effort on calculating the final quantities and change order costs. They are resolving approximately $4 million of this backlog per month. As the backlog is reduced, forecast costs become final costs and the risk to budget decreases.

JACK BODA
Director of Mobility Management and Project Implementation

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Caltrans and SANDAG are working jointly on the development of all phases of the I-15 Managed Lanes corridor as part of the TransNet Early Action Program. This report provides an update on the progress of all the ongoing phases of development. The report includes an update on the FasTrak® program subsequent to the implementation of new account and transponder fee changes on May 1, 2007 and an overview of the proposed expansion of the FasTrak® program and its coordination with the Managed Lanes construction project.

Attachment: 1. Caltrans I-15 Managed Lanes Corridor Update

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Introduction

Caltrans and SANDAG are jointly developing the Interstate 15 Managed Lanes/Bus Rapid Transit (I-15 ML/BRT) project included in the TransNet Early Action Program (EAP) authorized by the SANDAG Board of Directors in January 2005. This project includes construction of four managed lanes, operational improvements, implementation of the region’s first BRT service, and expansion of the existing FasTrak® system. This report provides an overview of project progress and an update of the project budget.

Recommendation

Due to the transfer of work from the I-15 North Segment to the I-15 Middle Segment, which may result in a potential saving to the Corridor, the ITOC is asked to support a transfer of funds in the amount of $550,000 from the I-15 North CIP to the I-15 Middle CIP. The total Corridor budget would remain unchanged at $1.29 billion.

Discussion

The I-15 ML/BRT project covers a 35-mile corridor that stretches from downtown San Diego to State Route (SR) 78 in Escondido. The project includes BRT service, 20 miles of Managed Lanes, and the expansion of the FasTrak® electronic toll collection system.

I-15 Managed Lanes

Four Managed Lanes will be constructed in the median of I-15 between SR 163 and SR 78. The Middle Segment stretches from SR 56 to Centre City Parkway, is currently under construction, and is scheduled to be open to traffic by December 2008. The South Segment, from SR 163 to SR 56, and the North Segment, from Centre City Parkway to SR 78, are currently under design and will be constructed between 2008 and 2012.

ML – Middle Segment

The Middle Segment extends from SR 56 to Centre City Parkway in Escondido and is eight miles in length. Four new Managed Lanes will be constructed in the median of I-15 separated by a moveable barrier. The moveable barrier will allow for three lanes in the southbound direction, one lane in the northbound direction, and vice versa, during peak travel conditions. Three new DAR interchanges will provide direct access to the Managed Lanes. Additional general purpose lanes and auxiliary lanes are also included.

Significant construction progress has been made on this segment since the beginning of construction in December 2003. To date, over $270 million in constructed improvements have been completed, $70 million remain. The project includes extensive reconstruction of the northbound and southbound lanes and existing bridges to accommodate the new Managed Lanes. The necessary widening of the Camino del Norte and Rancho Bernardo bridges has been completed. New overpass bridges have been completed at State Route 56/Ted Williams, Carmel
Mountain Road and Pomerado/West Bernardo. One additional southbound and one additional northbound general purpose lane across Lake Hodges have been opened to traffic in 2007. They have helped to relieve one of the region’s most troubling bottlenecks by reducing travel time on average 15 minutes for southbound commuters and 8 minutes for northbound commuters.

The last bridge at Bernardo Center Drive and the remaining portions of the Rancho Bernardo and Sabre Springs DAR interchange will be completed by mid-2008. After the completion of the initial FasTrak® system work, the Managed Lanes will be opened to traffic from SR 56 to Rancho Bernardo Road. The remaining work to the north, including bridges at Green Valley and Lake Hodges and the Managed Lanes construction between Via Rancho Parkway, and Centre City Parkway are scheduled for completion by December 2008. After the completion of the final FasTrak® system work, the Managed Lanes will be opened to traffic from SR 56 to Centre City Parkway. The first landscaping project is scheduled to begin in 2008.

The Middle Segment budget is $428 million. The Middle Segment contingency budget is expected to be depleted by the completion of construction, with no reserve for any construction-related claims that may remain unresolved. Future budget adjustments may be required to cover these potential costs.

Flatiron Construction Corp. has proposed to advance the excavation of 50,000 m³ of good material from the I-15 North Segment to take advantage of the fact that they can use this material as backfill on Unit 5 of the Middle Segment and the Rancho Bernardo Transit Station. Since the quantity of excavation exceeds the quantity of embankment in the I-15 North Segment, this material would be exported offsite as part of the North Segment at a significantly higher cost, currently estimated at $25/m³. Staff has analyzed their proposal and agrees that it would be a benefit to the corridor to complete this work as part of the I-15 Middle Segment at a cost of $11/m³, which includes clearing and grubbing, excavation, traffic control and erosion control measures. Therefore, staff is requesting a transfer of funds in the amount of $550,000 from the I-15 North CIP to the I-15 Middle CIP. The total Corridor budget would remain unchanged at $1.29 billion.

In October 2007, the Witch Creek wildfire crossed I-15 between Duenda and Via Rancho Parkway. Electrical facilities, irrigation, landscape, guardrail, signs, fence and contractor property were damaged as a result of the fire. There was also minor damage to one of the columns at the recently constructed Green Valley bridge. An emergency contract was set up and has repaired guardrail, signs, electrical facilities and the damaged column. Burned trees have also been removed and erosion control has been applied. A second emergency contract is going out to bid next spring to repair damaged irrigation and landscape. As a direct result of the fire, construction activities were suspended during one week. Other indirect impacts to the schedule occurred due to the redirection of forces for emergency work and damage to contractor materials.

ML – North Segment

The North Segment includes the construction of four Managed Lanes, two in each direction with a fixed barrier in between. The segment also includes operational improvements and a DAR interchange. The segment stretches four miles between Centre City Parkway and SR 78. The North Segment includes two roadway construction units and two landscaping projects. Unit 1 is from Centre City Parkway to just north of Ninth Avenue, and Unit 2 extends from Ninth Avenue to SR 78. A storage and maintenance facility will be built on the northwest corner of Del Lago Boulevard and I-15 for the movable barrier transfer machines. The North Segment is being designed by a combination of Caltrans staff and SANDAG consultants.

Plans, Specifications and Estimate (PS&E) for Unit 2 were completed on October 31, 2007. Right of Way Certification and Ready to List milestones are planned in January 2008, Advertising in March 2008 and Bid Opening in May 2008.
PS&E for Unit 1 is planned in January 2008, Right of Way Certification and Ready to List are planned in May, Advertising in June and Bid Opening in August.

PS&E for the Barrier Transfer Machine Facility was completed on December 11, 2007, Right of Way Certification was completed in November, RTL is planned for March 2008, advertising in April and Bid Opening in June.

The North Segment is planned to be open to traffic by the end of 2011. The current approved budget for the Managed Lanes – North Segment is $250.6 million.

In our last report there were two factors identified as that may affect the schedule for the North Segment. First, Unit 2 required California Public Utility Commission (CPUC) clearance for the widening of the West Washington Avenue bridge over the SPRINTER rail corridor. Caltrans has obtained the required approval from the CPUC and continues to work with the North County Transit District (NCTD) to secure the necessary railroad agreements. Second, the project includes a $19 million contribution from the State Highway Operations and Protection Program (SHOPP) for the addition of general purpose lanes and auxiliary lanes. These funds were previously programmed in FY 2009/10. Caltrans and the California Transportation Commission have successfully advanced these funds to FY 2007/08.

Since our last report, an additional factor has been identified that may affect the delivery of the North and South segments. Due to the Witch Creek wildfire, utility companies redirected their staff to emergency work and the preparation of relocation plans for projects was put on hold. Caltrans has been working with utility companies to ensure that relocation plans can be completed on time and that Right of Way Certification and Ready to List milestones are not delayed. At this time the delay is not expected to be significant.

ML – South Segment

The South Segment includes the construction of four managed lanes, two in each direction with moveable barrier in between, on the stretch of I-15 between SR 163 and SR 56. It is comprised of three roadway units and three follow-up landscape projects. Unit 1 is from SR 52 to Carroll Canyon Road, Unit 2 is from Miramar/Pomerado Road to Mira Mesa Boulevard, and Unit 3 is from Mira Mesa Boulevard to SR 56. An additional project, referred to as Unit 5, will build the Mira Mesa/Scripps Ranch Community DAR interchange. The South Segment is being designed by a combination of Caltrans staff and SANDAG consultants.

PS&E for Unit 3 was completed on July 24, 2007. Right of Way Certification was completed on August 20 and Ready to List was completed on October 1. Bid Opening is planned on January 10, 2008.

PS&E for Unit 1 was completed on October 4, 2007. Right of Way Certification was completed on August 15. Ready to List is planned in January 2008, Advertising in February and Bid Opening in April.

PS&E for Unit 2 is planned for January 2008, Right of Way Certification February, Ready to List in March, Advertising in April and Bid Opening in June.

The South Segment is planned to be opened to traffic by the end of 2012. The current approved budget for the Managed Lanes – South Segment is $467.1 million.

Environmental studies are being completed for the Mira Mesa/Scripps Ranch Community DAR interchange and are scheduled to be completed in early 2009. The interchange cost and schedule will be revised when the scope is defined in the final environmental document.
I-15 Bus Rapid Transit (BRT)

I-15 BRT implementation is divided into three work segments. The BRT - North Segment is a 20-mile corridor between SR 163 and SR 78 and includes the construction of five BRT stations: Escondido, Del Lago, Rancho Bernardo, Sabre Springs/Peñasquitos, and Mira Mesa. Each station will include park-and-ride facilities and bus staging areas. The BRT - South Segment includes BRT stations at University Avenue and El Cajon Boulevard in the Mid-City community of San Diego and development of downtown San Diego stations that support both I-15 and I-805 BRT operations. The third work segment includes the procurement of BRT vehicles. BRT service is planned for initial operation in 2012.

BRT – North Segment

The Rancho Bernardo and Sabre Springs/Peñasquitos stations will be constructed in phases. The interim stations will open with surface parking in 2008, concurrent with the opening of the Managed Lanes between SR 56 and Rancho Bernardo Road. Existing commuter express bus service will use these stations until BRT operations begin in 2012. The design plans for the interim stations have been completed. Construction began in November 2007 and will be completed by December 2008. The final design for the stations includes parking structures. These parking structures are scheduled to be finished by 2012.

The Mira Mesa Transit Center includes the development of a two-acre bus transit center within the Miramar College campus. SANDAG, Caltrans, and the San Diego Community College District are working on an agreement to address right-of-way and operational issues. This station is scheduled to be completed by 2011. The current approved budget for the BRT - North Segment is $56.4 million. There are still many details surrounding the final design of the BRT - North Segment stations. The cost of parking structures and satellite parking is not currently included in the budget.

BRT – South Segment

The BRT - South Segment includes the construction of stations at El Cajon Boulevard and University Avenue in the Mid-City community of the City of San Diego. The BRT - South Segment also includes the development of downtown stations that support I-15 and I-805 BRT operations. Design concepts are being developed by an ad-hoc group formed of community representatives with input from SANDAG, Caltrans, the City of San Diego and the Metropolitan Transit System (MTS) for the El Cajon Boulevard and University Avenue stations. A range of feasible alternatives that can be carried forward to the environmental phase will be developed by next summer.

Vehicle Procurement

Many exciting BRT vehicle options and models exist. MTS and SANDAG will begin the BRT vehicle selection and procurement process in 2009 with delivery and start-up scheduled for 2012.

FasTrak®

State law allows solo drivers to pay a fee through electronic toll collection to use the Express Lanes in the median of I-15 between SR 163 and SR 78. To participate, solo drivers must have a pre-paid FasTrak® account and transponder in their windshield when they use the Express Lanes. Carpoolers and public transit riders use the Express Lanes for free. In October 2007 SANDAG awarded a $51 million contract to Transcore, L.P., to design, build, operate and maintain for up to ten years the new FasTrak® system that will be deployed with the I-15 ML/BRT project.
The new FasTrak® system will be deployed in phases. The initial phase will coincide with the full opening of the Managed Lanes Middle Segment in 2008. Additional segments will be deployed with the opening of the Managed Lanes North and South Segments, in 2011 and 2012, respectively.