Chair Mary Sessom (Lemon Grove) called the meeting of the SANDAG Board of Directors to order at 9:05 a.m. The attendance sheet for the meeting is attached. Chair Sessom welcomed the new faces on the Board, including: Commissioner Laurie Black from the Port of San Diego; Capt. Robert Fahey, Department of Defense; two new County supervisors, Greg Cox and Dianne Jacob; Oceanside Councilmember Jerry Kern; and Councilmember Tony Young from the City of San Diego.

1. **APPROVAL OF MINUTES (APPROVE)**

   **Action**: Upon a motion by First Vice Chair Lori Holt Pfeiler (Escondido), and a second by Councilmember Jim Madaffer (City of San Diego), the SANDAG Board of Directors approved the minutes from the December 7, 2007, Board Policy and December 21, 2007, Business meetings.

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

   There were no public comments, communications, or member comments.

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

   This item summarizes the actions taken by the Executive and Borders Committees on January 11, 2008, and the Transportation and Public Safety Committees on January 18, 2008.

   Chair Sessom noted that there was one request to speak on this item.

   Teresa Quiroz, a member of the public, commented on her opposition to the Board approving the actions taken by the Transportation Committee on January 18, 2008. The Transportation Committee approved a list of guiding principles whereby the Metropolitan Transit System (MTS) must sustain a transit system at current service levels. However, in the face of massively reduced funding, the only way to achieve that sustainability is through service cuts and fare increases. She said that Senate Bill (SB) 1703 provided the authority to raise fares to the Board. The decision to resolve the funding crises by these efforts does not provide a strong commitment to meet the needs of the people of this region. Any decision to cut service without completing a Title VI report is a violation of federal law. She asked that the Board consider the effect of these actions on transit dependents.

   Councilmember Crystal Crawford (Del Mar) asked if the actions by the Transportation Committee on this issue have been analyzed by legal counsel. Julie Wiley, General Counsel, responded that she has not conducted an analysis of this particular issue, but believed that the actions taken by the Transportation Committee to approve guiding principles did not trigger the Title VI requirement under the statute.
Councilmember Madaffer, Chair of the Transportation Committee, noted that Ms. Quiroz made these same assertions at the Transportation Committee meeting, and we took them into consideration. Her comments are part of a much bigger picture for transit in general. He reminded everyone that we only receive one-sixth of one cent for transit in this region. He hoped that a “quality of life” measure could address the funding needs of transit in our area.

Councilmember Phil Monroe (Coronado) said that in response to comments made by various special interests and focus groups similar to those made by Ms. Quiroz, the Board at its upcoming Retreat will look at a new “quality of life” initiative with the potential to include transit.

**Action:** Upon a motion by Second Vice Chair Jerome Stocks (Encinitas), and a second by Councilmember Madaffer, the SANDAG Board of Directors approved Agenda Item No. 3, Actions from Policy Advisory Committees. Yes – 17 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – National City and Santee.

**CONSENT ITEMS (4 through 10)**

4. **FY 2009 FEDERAL TRANSPORTATION APPROPRIATIONS PROPOSALS (APPROVE)**

In October 2007, the Transportation Committee approved the criteria for selecting projects for consideration in the FY 2009 federal transportation appropriations process. Staff has worked with Caltrans, the transit agencies, and local jurisdictions to develop the priorities for the FY 2009 funding cycle. The Board is asked to approve the prioritized list of FY 2009 federal transportation funding requests.

5. **PROPOSED AMENDMENTS TO THE CONFLICT OF INTEREST CODE (APPROVE)**

Every two years, staff reviews the SANDAG Conflicts of Interest Code to determine if updates or modifications are necessary. The Board is asked to approve the proposed amendments to the Conflict of Interest Code.

6. **APPOINTMENT OF POLICY ADVISORY COMMITTEE MEMBERS (INFORMATION)**

SANDAG Board Policy No. 002 requires the City of San Diego, County of San Diego, and Board members from each of the four subregions (North County Coastal, North County Inland, East County, and South County) to make their appointments to the five Policy Advisory Committees by January 31 of each year. The subregions are currently in the process of appointing their representatives to the Executive, Transportation, Planning, Borders, and Public Safety Committees.

7. **CULMINATING REPORT ON THE REGIONAL PLANNING STAKEHOLDERS WORKING GROUP (INFORMATION)**

The SANDAG Board of Directors created the Regional Planning Stakeholders Working Group (SWG) in December 2004 to assist with the implementation of the Regional Comprehensive Plan and the development of the 2030 Regional Transportation Plan (RTP). The SWG met for two and a half years, first chaired by Santee Councilmember Jack Dale, and then chaired by
Del Mar Councilmember Crystal Crawford. The SWG has fulfilled its responsibilities and has sunnsettled, per its Charter, upon adoption of the final 2030 RTP. This item summarizes the working group's contributions and accomplishments during this time period. A reception will be held immediately following the Board meeting to recognize the group's contributions to the planning process.

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

In accordance with SANDAG Board Policy Nos. 003 (Investment Policy), 017 (Delegation of Authority), and 024 (Procurement and Contracting-Construction), this report summarizes certain delegated actions taken by the Executive Director since the last Board meeting.

9. REPORTS ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG (INFORMATION)

Board members will provide brief reports orally or in writing on external meetings and events attended on behalf of SANDAG since the last Board meeting.

10. FISCAL YEAR 2007 AUDITED COMPREHENSIVE ANNUAL FINANCIAL REPORT (INFORMATION)

In accordance with SANDAG Bylaws, the Draft FY 2007 Comprehensive Annual Financial Report, including the independent auditor's financial and compliance opinions, are presented for informational purposes. When complete, copies of the final report will be distributed to each member agency.

Action: Upon a motion by First Vice Chair Pfeiler, and a second by Councilmember Madaffer, the SANDAG Board of Directors approved Consent Items Nos. 4 through 10. Yes - 17. No - 0. Abstain - 0. Absent – National City and Santee.

REPORTS (11 through 16)

11. TRIBAL TRANSIT FEASIBILITY DRAFT REPORT (ACCEPT)

Kim Yearyean, General Manager for the Reservation Transportation Authority (RTA), stated that one goal of the 2006 Tribal Summit was to establish a forum to discuss transportation issues. As a result, the Interagency Technical Working Group on Tribal Transportation Issues was established, held its first meeting in October 2006, and has been meeting quarterly with the support of SANDAG staff. Many tribes have supported this Working Group through hosting meetings in Indian Country, including Barona, Rincon, Viejas, San Pasqual, and Pauma. We have been pleased with the participation of tribal representatives and public agencies in this effort. Through this forum we have provided input to the recently adopted RTP; learned about federal, state, and local funding opportunities; raised concerns about issues with various agencies; and provided input on specific transportation planning projects. This report is the first technical product of our Working Group. Based on the recommendations of this study, the RTA applied for federal funding. We hope the Working Group will provide a basis for continued dialogue on transit-based solutions in the rural areas that can help our nations and our neighbors.
Jane Clough-Riquelme, Tribal Liaison, reported that the objective of this study was to examine the feasibility of improving transit operations between tribal areas and the region. Based on the needs assessment and technical analysis, two corridors were identified. A key consideration for this selection was the existence of full-service health clinics in these two areas. Recommendations for both the southern and northern corridors were described as well as additional recommended actions. She said that the federal grant required the development of preliminary cost estimates for the proposed services, and she shared those estimates with the Board.

One of the tasks of the Working Group was to investigate additional funding sources and options. One option was the availability of Federal Transit Administration (FTA) Tribal Transit funding, which is a new program through the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). There is no local match required for this funding, and it is a nationwide program that can be applied for each year. As a result of this study, in August 2007 the RTA applied for this funding. The FTA will be announcing awards in March 2008. If this FTA funding is secured, the RTA will work with MTS and the North County Transit District (NCTD) to implement the service recommendations. She noted that the FTA grant would fund services for the first four years. This study also identified the potential need for the tribes to contribute to ongoing operations if the federal grants are not continued in the surface transportation reauthorization to be considered in 2009.

Supervisor Dianne Jacob (County of San Diego) expressed her interest in this matter as it is in her supervisorial district. She asked if these transportation services would be available to both tribes and surrounding communities. Ms. Clough-Riquelme responded that it is an FTA requirement of this funding to strengthen the transit connections between the tribes and the general public.

Supervisor Jacob asked about this process and how the recommended actions would tie into existing routes. Ms. Clough-Riquelme replied that this was a feasibility study to start a dialogue, and there is no funding to implement the recommendations. We have presented the study results to NCTD, but we have not yet presented them to MTS. Should the RTA be successful in obtaining the FTA grant funding, a cooperative agreement for service improvements will need to be negotiated among the RTA, SANDAG, MTS, and NCTD.

Supervisor Jacob expressed support for this effort, and requested that staff keep her apprised of progress.

Gary Gallegos, Executive Director, added that this grant provides tribal nations with an opportunity to obtain federal dollars that otherwise would not come to the region. It is a way of leveraging new dollars and connecting the reservations with the rest of the transportation system in the region.

Pedro Orso-Delgado, Caltrans District 11 Director, added that if the RTA is successful with the grant, Caltrans would be the administrator and pass-through agency for the funds; then the funds would go to the RTA.

Councilmember Crawford complimented the work that has been done, and pointed out that this is an achievement of the goals from the Tribal Summit.
Robert Smith, Chair of the Pala Band of Mission Indians, and Southern California Tribal Chairmen’s Association [SCTCA] representative, stated that if the tribes are awarded this grant, the benefits won’t be confined to the reservations. He said that this is an example of a good government-to-government relationship.

**Action:** Upon a motion by Councilmember Crawford and second by Councilmember Madaffer, the SANDAG Board of Directors accepted the Tribal Transit Feasibility Report, and directed staff to forward the document to Caltrans as the final product of the Caltrans grant. Yes – 19 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent - None.

12. **INTERSTATE 15 FASTRAK® STATUS UPDATE AND REVENUE CONTRIBUTIONS (APPROVE)**

Councilmember Madaffer said that the Board approved a pricing policy that has stabilized program revenues. There are now new issues for us to discuss. There is an urgent need to execute an agreement with Caltrans to ensure traffic safety and operations while the new Managed Lanes facility is under construction. We also must continue our efforts to provide funding for improved transit services in the Interstate 15 (I-15) corridor. The Transportation Committee was pleased with the outcome of the pricing policies and recommended the Board approve the agreements.

Sam Johnson, Manager of Intelligent Transportation and Mobility Services, reported that the new pricing policy approved last year was the first update since the program’s inception. He reviewed the policy’s features, and indicated that all of the goals were achieved. The primary change to the pricing policy was the two new account fees. We were concerned about the effect of this change on our customers. As a result of this new pricing policy, two things have occurred: (1) we had 3,000 inactive account closures, and (2) we increased the number of active accounts by 400. All of the accounts pay their fair share, which allows program sustainability. The new issue is that we will be opening expanded Managed Lanes, which will increase operating costs. While this will be a significant cost increase, it provides customers with more flexibility and choice. We will need to execute agreements with Caltrans and MTS. He discussed program priorities, and described the cooperative agreement with Caltrans related to SANDAG program revenues. The SANDAG share is based on the percentage of FasTrak customers using the Managed Lanes (approximately 25 percent of total traffic in the lanes).

Gustavo Dallardo, I-15 Corridor Manager, described the proposed corridor improvements. This corridor is divided into three segments: middle (summer 2008), north (fall 2011), and south (fall 2012). He provided information on the temporary traffic control system during this construction period. He also mentioned the I-15 temporary transition from the existing two-lane high-occupancy-vehicle facility (HOV) to a four-lane Managed Lane facility. The estimated annual cost for FY 2009 to FY 2013 is $2.16 million. The SANDAG share is $540,000, and Caltrans’ share is $1.62 million.

Mr. Johnson reviewed the key points of the Memorandum of Understanding with MTS. He discussed projected contributions and forecasted revenues and costs.

Chair Sessom noted that the bids for the most recent construction contract for this work came in under estimates by $12 million.
Councilmember Bob Emery, MTS, said that the report acknowledged the flexibility in working with MTS to come up with sufficient funds to meet the needs of the bus rapid transit (BRT) service that will start in this corridor in 2012. It also recognized that the $500,000 ceiling of FasTrak dollars that go to MTS are half of what it now receives. The $1.5 million projected for use on that corridor, even coupled with the $500,000, will not cover the potential cost of operating the full BRT. We are still looking for financing for that BRT service.

Supervisor Greg Cox, County of San Diego, mentioned that he is a relatively new user of the toll road in the southern part of the County, and has one of the transponders. He asked how this pricing policy would impact those who primarily use the State Route (SR) 125 toll road, and if there would be an account maintenance fee charged to those users who then use the I-15 Managed Lanes. Mr. Johnson replied that our fees are only for the customers that sign up with SANDAG. If you are an account holder with the South Bay Expressway (SBX) for SR 125, you will only pay SANDAG when you use the SANDAG facilities on I-15. The I-15 pricing policy would not apply if you are an account holder with SBX.

Supervisor Cox clarified that if he occasionally uses the I-15 Managed Lanes, he would pay the going rate for that facility. Mr. Johnson answered affirmatively.

Mr. Orso-Delgado asked for the Board’s support in getting the agreement executed to ensure that Caltrans District 11 will receive its 75 percent share from the state Department of Finance.

Councilmember Madaffer acknowledged that there is a lot of work still to be done. We need to see some aggressive marketing for FasTrak along I-15. We need to be more efficient with technology in terms of possibly saving money on the California Highway Patrol contract. This is a good step forward, and he thanked staff for their work on this program.

Councilmember Jerry Kern, Oceanside, asked if the transponder would be available at Costco and other retailers. Mr. Johnson replied that the Transportation Corridor Agencies (TCA) in Orange County worked out a deal with Costco to distribute their transponders through those retail outlets. However, customers still need to sign up with TCA to have the account maintained and managed. He noted that the TCA fee structure is slightly different than ours, but it has a much larger user base.

Councilmember Kern commented that the more convenient and easier the program, the more people will use it.

Harry Mathis, MTS Chair, reiterated that the $500,000 is a ceiling and is dependent upon the revenue stream. MTS was getting $1 million to support the operations in that corridor in prior years. This decrease is a real impact on the MTS budget.

Councilmember Young, San Diego, asked if we have conducted studies of who uses these lanes. Mr. Johnson answered that we have not done a recent study, but we are kicking off a huge marketing effort as part of the launch of the expanded system. We will be gathering that kind of information and reporting back with recommendations to the Transportation Committee and Board on strategies to address those market segments.
Councilmember Judy Ritter, Vista, said that the transponders have a lifetime warranty, and asked how their useful life is monitored. Mr. Johnson answered that the lifecycle of a transponder is about five years. He acknowledged that monitoring the transponders is one of the challenges. We are taking a proactive approach with a recall effort to ensure customers have a valid working transponder. Staff will report back to the Transportation Committee with an enforcement strategy and technology improvements.

Supervisor Cox asked about using the transponder for various toll facilities. Mr. Johnson responded that the legislation for California requires that all toll roads be interoperable. You can sign up with an operator in the Bay Area and still use our toll roads with the same transponder.

Mr. Gallegos said that the SBX will figure out their market quickly, and they will know who is using their system. If SBX finds out there are a lot of users who are not in their system, they will probably institute a management fee.

First Vice Chair Pfeiler asked about the fees for TCA. Mr. Johnson said that TCA charges a flat $1.00 per month fee as a transponder lease, which is not offset by usage. It’s a good business model for them due to the number of customers they have. Mr. Gallegos explained that with our model if you pay your fee and use the road, and your usage is in excess of that fee, then the fee is considered part of the usage costs.

**Action:** Upon a motion by Councilmember Madaffer and second by Second Vice Chair Stocks, the SANDAG Board of Directors approved the revenue contribution agreements with Caltrans and MTS, and authorized the Executive Director to execute the agreements in substantially the same form as attached to the agenda report. Yes – 19 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent - None.

Chair Sessom introduced the new Consul of Mexico, Ramón Fernandez, who just joined the meeting.

**13. FY 2008 BUDGET AND OVERALL WORK PROGRAM AMENDMENT: SMART PARKING PILOT PROJECT (APPROVE)**

Councilmember Madaffer stated that staff will report on a new project that SANDAG is working on in partnership with NCTD, Caltrans, and the Federal Highway Administration (FHWA) to use technology to improve transportation mobility and efficiency. This project is a pilot program that will examine how Smart Parking systems can enhance transit service and maximize available parking capacity. It also presents an opportunity to improve services to the public, but in a sustainable manner. The Transportation Committee recommended the Board approve the project and amend the Overall Work Program to include this project in the budget.

Alex Estrella, Senior Planner, noted the partnerships for this pilot program. There were two grants totaling $1.28 million for this project, with 50 parking spaces set aside for a fee through this program. The program required the installation of small stationary devices. The devices monitor parking lot occupancy and the entering/exiting area of the parking lots. The parking status is then available through the Internet. This program is currently being implemented at five COASTER stations. He described the key project objectives and milestones.
Councilmember David Allan, La Mesa, asked if this was a federal grant for this parking program. Mr. Estrella responded that it is a combined state and federal grant. Mr. Gallegos said that with parking spaces costing $30,000 to $50,000, this program will show how parking utilization can be optimized.

Councilmember Lesa Heebner, Solana Beach, asked if we are using it now at the COASTER stations. Mr. Estrella replied that the devices are being installed now as part of Phase I for data collection. Then we will report the results to the NCTD Board and SANDAG Transportation Committee.

Councilmember Heebner asked what percentage of parking spaces are involved. Mr. Estrella said he did not know the exact number but thought it was about ten to 20 spaces located along the boarding platforms at each station.

Councilmember Heebner asked if this information can be obtained on your cell phone through the 511 system. Mr. Estrella replied affirmatively.

Councilmember Heebner asked if there will there be on-site signage. Mr. Estrella answered that there is a strong marketing component to the project and signage will be a part of that.

Second Vice Chair Stocks said that he also sits on the NCTD Board, and this program was well-received by that body. The devices are little computers with transponders that send data to a larger computer. This program will help us find out how our assets are being used. If you can give a consumer a certain level of security about the availability of a parking space, that’s a great service.

Ed Gallo (NCTD) said he would like to see the results of a similar pilot program at the San Francisco Bay Area Rapid Transit (BART) stations.

Action: Upon a motion by Councilmember Madaffer and second by First Vice Chair Pfeiler, the SANDAG Board of Directors approved an amendment to the FY 2008 Budget and Overall Work Program to accept $640,000 in federal funding and to add a new work element 6000800 for the Smart Parking Pilot Project. Yes - 19 (weighted vote, 100%). No - 0 (weighted vote, 0%). Abstain - 0 (weighted vote, 0%). Absent - None.

14. 2008 STATE TRANSPORTATION IMPROVEMENT PROGRAM (APPROVE)

Councilmember Madaffer said that the 2008 State Transportation Improvement Program (STIP) process follows existing criteria to focus on three components: finish what we started, complete the TransNet Early Action Program (EAP), and target funds for projects that are ready to go. The Transportation Committee urged approval of this item.

José Nuncio, Senior Engineer/Finance Programming, reported that this is a state program of projects for major highway and transit improvements. It is reviewed every two years. He provided a five-year picture from FY 2007 to FY 2011, which is the programming period for the current 2006 STIP. He reviewed the changes from the 2006 STIP to the 2008 STIP, and noted that there are no new STIP funds for the San Diego region within the 2008 STIP period (through FY 2013). However, there is an increase of $7.9 million in Transportation Enhancements funds in FY 2012 and FY 2013. The GARVEE (Grant Anticipated Revenue
Vehicle) debt service continues through FY 2013. He provided information on the programming capacity statewide in the 2008 STIP.

The 2008 STIP prioritizing criteria are to complete existing STIP projects, focus on the TransNet EAP, and project readiness. He reminded the Board how the STIP supports the projects in the TransNet EAP. He mentioned several projects that have received STIP funds. He reviewed the 2008 STIP programming recommendations for continuing existing projects and a proposal to add a new project—SR 76 widening. He described how this proposal meets the criteria. He added that projects that are ready to go are critical to California Transportation Commission (CTC) decisions. He reviewed the 2008 STIP draft programming recommendations for Transportation Enhancement funds. He noted that these funds have a number of restrictions.

Councilmember Young asked about the kinds of projects included in the Transportation Enhancements program. Mr. Nuncio replied that the SANDAG Board has used these funds in the past to fund projects in the Pilot Smart Growth Incentive Program.

Councilmember Gallo asked how soon we can start working on developing priorities for the new Transportation Enhancements funds. Mr. Nuncio said that SANDAG planning staff is developing draft smart growth incentive program criteria now.

**Action:** Upon a motion by Councilmember Emery and second by Councilmember Madaffer, the SANDAG Board of Directors approve the 2008 STIP. Yes - 19 (weighted vote, 100%). No - 0 (weighted vote, 0%). Abstain - 0 (weighted vote, 0%). Absent - None.

15. **TransNet PLAN OF FINANCE UPDATE AND DRAFT BOND DOCUMENTS (APPROVE)**

A. **TransNet PLAN OF FINANCE UPDATE (APPROVE)**

Councilmember Madaffer said that the Transportation Committee has reviewed the TransNet Plan of Finance (POF) twice before bringing it to the Board. Staff developed three new financing scenarios that were presented to the Transportation Committee last week. The update relies on a number of assumptions. The Committee agreed to hold to the current EAP schedules. After we go through the POF, Renée Wasmund, Director of Finance, will summarize the draft bond documents in anticipation of the $600 million bond issuance later this year. This is a compilation of bond financing to lock in low interest rates, and it will allow us to move on the EAP and fulfill our commitment to the voters.

Muggs Stoll, TransNet Program Manager, presented the funding breakdown for the 40-year TransNet program. He showed the focus on major corridors and the Environmental Mitigation Program (EMP). He described the developments since the first POF in 2005, including passage of the state bond funding (Proposition 1B), continued construction cost escalation, and changes to the EAP. He indicated the status of the EAP projects. He commented that several major construction projects have recently come in under the Engineer’s Estimates. He provided information on project cost updates. He described the original POF update proposal and the initial Transportation Committee input that expressed concern about moving out the Mid-Coast project. In response to the Transportation Committee’s concerns, staff developed three alternative Plan of Finance scenarios: Alternative 1, hold all EAP schedules, Alternative 2, hold the Mid-Coast Transit...
Project, or Alternative 3, share the EAP schedule delays. He also reviewed proposed key Plan of Finance adjustments, and showed the sources and uses of the funds for all of the scenarios.

Mr. Stoll listed projects that are in TransNet, but which are not included in the EAP. He noted that both the Independent Taxpayers Oversight Committee (ITOC) and the Transportation Committee recommended approval of Alternative 1. Actions to make this scenario work include the close monitoring of all key assumptions, the development of a project office to continue cost/schedule management, and continuing to manage the program to take advantage of potential funding opportunities.

Councilmember Madaffer noted that the Transportation Committee spent quite a bit of time discussing this item. This initially came to the Committee in December 2007 and the Committee asked staff to come back and sharpen their pencils. We wanted to keep faith with the voters. The ITOC recommended that as well. This region consistently has done extremely well getting dollars that were not forecasted. Because of that track record we feel confident that we will see that type of activity continue. There are $20 billion dollars available in Proposition 1B funds statewide. This money will go toward jumpstarting California’s economy by funding projects that are ready to go.

Councilmember Allan mentioned that we had two major wildfires here in the last several years. He asked if the Transportation Committee looks at all routes for emergency situations when reviewing projects. He pointed out the traffic congestion issue on SR 67 to Ramona during the last wildfire. Mr. Stoll stated that the widening of SR 67 is part of the TransNet program, but it is not included in the EAP.

Councilmember Allan said that we’ve had two major emergencies and asked if that is taken that into consideration. Mr. Gallegos answered that through development of the Regional Transportation Plan, the Board has adopted criteria, and traffic volume is one element considered in prioritizing projects. Interstates 5, 15, and 805 carry a significant amount of people. Given the rankings of the criteria adopted by the Board, SR 67 is further down the list than the interstate highway projects in the EAP.

Councilmember Allan commented that we want to be reassured that emergency operations are taken into consideration in project rankings.

Commissioner Laurie Black (Port of San Diego) congratulated Mr. Gallegos and Councilmember Madaffer on their efforts to obtain infrastructure funds for the San Diego region. She is a true believer in collaborative dialogue, and it was a fight for our region. Our region was able to use the economy to drive the argument for infrastructure funds. She will do her best to bring the Port to the dialogue. The Port will be hosting a capital development workshop in three weeks.

Councilmember Rindone expressed support for the staff recommendation. He said that the San Diego Chargers will be analyzing proposals to build a stadium. If these
kinds of scenarios come about, we will need to be mindful of the transportation needs for such a facility.

Councilmember Emery agreed with Supervisor Roberts’ position at the Transportation Committee meeting to send the POF back to staff, especially the proposal to push back the Mid-Coast project. This project was in the first TransNet Ordinance and carries the same weight as the other EAP projects. He reviewed the benefits of this project, and expressed support for the staff recommendation.

Supervisor Jacob noted that two projects not in the EAP are expansion of the SR 94/SR 125 north-south ramps and expansion of SR 67. She hoped there would be another EAP developed at some point in the future that would include these projects. The element Councilmember Allan mentioned is extremely important and agreed that our overall preparedness should be a component in criteria for future programs.

Councilmember Gallo said that it is important for all of us to support Alternative 1. He sat in on a group discussing improvements to SR 67, and there was extreme opposition by the folks from Ramona on any improvements to that highway. He agreed that SR 67 needs to be improved.

Chair Sessom noted that there were two requests to speak on this item.

Clive Richard, a member of the public, agreed with the discussion to include the emergency preparedness in project rankings. He was excited to go forward with the recommendation to keep the EAP on track. All of these projects are important and need to be completed in a timely manner. This Board and the region have to be committed to securing funds to complete these projects. He also asked that SANDAG ensure that our legislative delegation in Washington, D.C., understands that these projects are critical to the prosperity of this region. He complimented staff for coming back with this proposal.

Jay Powell, City Heights Economic Development Corporation, said that one of the items included in the chart indicating the focus on major corridors and the EMP is the I-15 Managed Lanes/BRT project. That is a $1.2 billion project. Part of that project includes the SR 15 BRT stations and approaches. That’s now at a $25 million cost, but we are engaged in a discussion with the community about a redesign. He spoke in support of that focus and the 2012 completion date, and what has been done to keep on that schedule. He agreed promises to the public need to be kept. He distributed an article that was in a special section on San Diego in the San Diego Union-Tribune on this issue. The other item he wanted to bring up is the emphasis on transit. One of the companion items at the Transportation Committee was guiding principles. There will be a discussion at the upcoming Board Retreat to talk about the importance of transit and how the Board prioritizes the different issues. Transit needs more support. It is reflected in the RTP. “Transit First” was one of the guidelines that was included in the TransNet Ordinance. The future “quality of life” initiative being considered by SANDAG should include a greater investment in transit.
Councilmember Monroe expressed disappointment in some of the quotes in the article distributed by Mr. Powell. It seemed to say there is still a group that is holding to the centerline stations when he thought there was agreement to eliminate that option. We were really going to look ahead and create a new answer to the issue. He expressed support for the recommended action.

Mr. Powell stated that what has been set up by San Diego Councilmember Atkins and with community support is a project manager working very closely with the community. The community is continuing to evaluate a number of alternatives, including the centerline stations. Caltrans is represented on this group, and they will provide input in that process. We are looking for the best solution for BRT in that area. The emphasis is to get on with this project and to get a practical solution.

**Action:** Upon a motion by Councilmember Madaffer and second by Second Vice Chair Stocks, the SANDAG Board of Directors approved the following: a preferred TransNet POF Update based on Alternative 1; and the revision of 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. These actions will support the pending issuance of $600 million in long-term variable rate debt, which will activate the financing strategy and interest rate swaps approved by the Board of Directors in December 2005. Yes – 19 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent - None.

**B. TransNet DRAFT BOND DOCUMENTS UPDATE (INFORMATION)**

Chair Sessom mentioned that she and staff spent several days last week in San Francisco talking to underwriters, rating agencies, bond counsel, our financial advisor, and insurance companies about the issuance of bonds critical to our projects.

Ms. Wasmund introduced Keith Curry, from Public Financial Management, who is our financial advisor; and Kathleen Leak from SANDAG Bond Counsel, Orrick, Herrington and Sutcliffe. She then explained how the POF will pay for the EAP.

Ms. Wasmund reported that in December 2005 the Board approved a financial strategy for implementing the EAP that included expanding the commercial paper program from $135 million to $335 million. This action was taken to help us in this interim time period before we could issue the necessary bonds. At that time, we took advantage of historically low interest rates, and the SANDAG Board approved entering into a forward starting interest rate swap agreement. That helped us to secure low rates. This final leg of the strategy is to Issue $600 million in variable long-term debt.

Ms. Wasmund described how the swap works and plays into the overall strategy. We entered into three swap agreements with three different counter parties: Bank of America, Goldman Sachs, and Merrill Lynch. Under the swap, we pay a fixed rate to the swap providers and in return we receive a variable rate (65 percent of LIBOR). LIBOR stands for the London Interbank Offering Rate, and is the rate that banks lend to other banks, and is a widely used reference rate for these transactions. The
idea is that we want to structure the debt so that the variable rate bonds we issue will trade at the same rate that we are receiving on the first variable rate. Historically, over time, it has shown that these payments do match. The 65 percent of LIBOR that we receive is pretty close to the variable rate debt that we are paying the bond holders. What you are left with is the fixed rate.

Ms. Wasmund said that based on the underwriting proposals received in October, we were planning on issuing $300 million of Variable Rate Demand Bonds (VRDBs) and $300 million of Auction Rate Securities (ARS). These are both forms of variable rate bonds. The difference is that the VRDBs are supported by a bank-provided liquidity facility or letter of credit, similar to a home equity line of credit. The ARS are supported by bond insurance. Since mid-December the ARSs are trading at a higher rate than the VRDBs. Prior to that, they have been significantly lower than the VRDBs, which led us to consider this diversified approach. The increased ARSs trading rate is not related to the nature of those bonds, but has to do more with the uncertainty of the bond insurance market (the subprime lending market fall-out). We are constantly monitoring the situation and strategizing to decide our best course of action.

Ms. Wasmund stated that our current strategy is to first achieve our AA underlying rating. This is a key element to avoid any trading penalty in today's market. We shared the SANDAG story with the rating agencies and the bond insurers, and received extremely positive feedback. We have every reason to believe we will achieve these ratings, and expect to find that out next week.

Ms. Wasmund continued that the second leg of our strategy is to solicit the credit facilities for the VRDBs. Potentially we could issue all of the variable rate debt as VRDBs. We have structured the documents to be multimodal to go with either ARSs or the VRDBs, whichever turns out to be the best strategy. Part of our strategy is to reduce our existing Commercial Paper program from $335 million to $135 million. That will help us free up existing capacity from the liquidity providers for the Commercial Paper program, and potentially move them over to the VRDBs program. We are going to proceed with requesting insurance proposals on the ARSs, and we will hear about that in about a week and a half. That will allow us to make a cost-effectiveness determination of the ARSs versus issuing the VRDBs. Although the market is experiencing a lot of turbulence right now, there are always ready buyers for a high-quality municipal bond, and SANDAG does fit that bill. She provided a brief overview of the documents to help the Board understand the purpose of each one.

Ms. Wasmund stated that on February 13, staff will present information to the ITOC for its recommendation, and on February 15, this presentation will be made to the Transportation Committee for its recommendation. On February 22, we will come back to the Board for approval of the documents. Around the end of March we will actually issue the bonds.

Supervisor Cox said that with the reduction in the prime interest rate that occurred earlier this week and a potential further reduction, is the anticipated rate we will get take that reduction into account? Ms. Wasmund replied that both the rate we receive under the swap and the rate that we pay on the variable rate bonds will
move with the market. Ms. Wasmund reminded the Board that the whole point of entering into the swap was not to play the market but to have a fixed rate.

Supervisor Cox asked if our legal counsel reviewed this and feels that there has been full and complete disclosure. Ms. Wiley said she has reviewed every page of every document, and was unaware of any disclosures that were not included within these documents.

Councilmember Crawford noted that in a couple of the documents there are blanks, and asked that when these documents come back to us in February, will we have that information filled in. Ms. Wasmund replied that we will have a lot of that information filled in; however, we will not have the actual rate because we won’t know that until bonds are issued.

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

16. **UPDATE ON SANDAG CLIMATE CHANGE PLANNING ACTIVITIES (INFORMATION)**

Bob Leiter, Director of Land Use and Transportation Planning, reported that in the last several years climate change issues have taken on increasing importance at both the federal and state level. Over the last two years, state laws have required regional transportation agencies such as SANDAG to address climate change issues in our planning activities. He provided an overview of what is going on at the federal and state level on these issues, the activities that SANDAG is doing in response to direction from the State of California on climate change, and some of the next steps we plan to take to address climate change issues in our regional planning.

Councilmember Gallo asked about the contributors to greenhouse gas emissions mentioned in the presentation. Mr. Leiter responded that those are the major sectors at the state level.

Councilmember Gallo said that if we are going to participate in these efforts, we will have to pay more attention to public transit, and consider the Mid-City folks and their proposal. He proposed that NCTD change its slogan to “we are your environmental solution.” If we are going to be serious about emissions then we have to consider that.

Mayor Ron Morrison, National City, asked if the electric generation imports is related to electricity that is generated somewhere else, but we get the benefit of. Mr. Leiter replied affirmatively, and clarified that it would be energy imported from other states. He added that the way the state looks at it our consumption of that energy has the same impact on climate change as if we were generating it within the State of California.

Mayor Morrison used the example of the Alameda Corridor which is taking products from China and delivering them to Ohio and getting the benefit for it. We still take the credit for that also. Mr. Leiter agreed that was his understanding. That points out the importance of the federal government laying out a framework where the State of California’s efforts are coordinated with other efforts.

Mr. Gallegos cautioned that these are percentages. That interregional energy generation will show up in the actual numbers.
Second Vice Chair Stocks referred to Mr. Leiter’s comments about a need to reduce vehicle miles traveled (VMTs) for personal vehicles, and asked if there is a factor considered related to time of operation or a credit for reducing congestion. He noted that stop-and-go operation produces a far greater amount of pollution than a car traveling smoothly. We need to consider the hours of operation as well as VMTs. Mr. Leiter acknowledged that was a good point. He thought the planners have focused on VMT but as we refine our planning on this we will find that approaches like congestion reduction also are going to have benefits.

Councilmember Monroe pointed out that the energy production and transportation on the national charts are almost reversed that at the state level, and a lot of that comes from the coal generation in other states. When we talk about a Climate Change Action Plan, the focus is on climate change and carbon. He recently represented SANDAG at a training session in Portland, Oregon, with the San Diego Regional Economic Development Corporation, and sustainability also was mentioned. He agreed that we should take other components into consideration. The SANDAG Climate Change Action Plan should focus more on a wider range of issues. Our next RCP will exhibit our leadership in all of these areas. Mr. Leiter agreed that one of the specific concerns raised about SB 375 had to do with recognizing that there should not be a sole focus on VMT reduction in defining where urban development should occur and how we have planned habitat conservation. We think you have to balance those issues.

Councilmember Lesa Heebner, Solana Beach, asked if the inventory of greenhouse gas emissions in the Climate Change Action Plan will be broken down by jurisdiction. Mr. Leiter replied that it would be at the San Diego regional level.

Councilmember Heebner said those who have signed the U.S. Mayors’ Climate Protection Agreement, were asked to report back with that information by jurisdiction. It would check where we are now to measure future success. Mr. Leiter agreed to go back and look at how we might be able to develop that kind of information.

Councilmember Heebner asked if the “business as usual” forecast is just on greenhouse gas emission numbers or if there is a bigger picture. Mr. Leiter said that the San Diego Foundation is currently leading an adaptation study (Focus 2050) and will make predictions about the kinds of natural environment and physical changes at the year 2050, under a “business as usual” forecast. The Foundation will provide that information to SANDAG and other agencies in the region.

Commissioner Black pointed out that the Port passed a sustainability policy in December 2007. We are going specifically after Proposition 1B monies available through the California Air Resources Board (CARB). That grant is due at the end of March, and it has to do specifically with all the requirements for the Port. At some point in time, we have to integrate air, land, and water because each one affects the other. This is a really good opportunity for all the cities and other public agencies to consolidate their efforts on this issue.

Marilyn Dailey, San Diego County Regional Water Authority, asked which agencies make up of the Land Use Subcommittee (LUSCAT). Mr. Leiter responded that it is a broad based team with representatives from CARB, the California Energy Commission, Caltrans, and invited participants from Metropolitan Planning Organizations (MPOs), local governments, and
major trade groups. There is an even larger stakeholder advisory group, and we participate through this group.

Councilmember Crawford asked if we are providing data to assist the San Diego Foundation with the 2050 forecast data. Mr. Leiter answered affirmatively, and added that we are providing them with our 2030 growth forecast and will work with them to lay out a methodology to extend that forecast out to 2050. We also are working with them to share the information we are developing on a regional baseline inventory. As we do our “business as usual” forecast, we will provide that information as well.

Councilmember Crawford asked if staff was surprised by the 3 percent reduction in greenhouse gas emissions from implementing our Smart Growth Concept Map. Mr. Leiter acknowledged that he was a bit surprised because other regions are seeing more significant reductions as a result of their smart growth strategies. Some of the difference has to do with modeling and transportation issues that are unique in each area.

Councilmember Crawford asked if staff will report back to the Board with results of that analysis. Mr. Leiter replied that SB 375 or some version of that bill will ultimately lead us toward addressing climate change in our future RTPs in a more structured way. Through the Climate Change Action Plan we want to get a jumpstart on that, and know what we can start doing now to address that problem.

Councilmember Crawford talked about the importance of sharing information with our constituents. One of the things she has heard is that swimming pools is one of the largest consumers of energy. She didn’t think the average resident knows that fact. She wondered if there is some information that we could be providing to the public so they can make smarter decisions to reduce their own individual or family consumption of energy and emissions.

Councilmember Jerry Kern (Oceanside) asked how much of this information is skewed by the greater Los Angeles basin. We need to focus on things we can actually do in our region. Mr. Leiter said that’s why we are doing the baseline emissions inventory. Once we get that information, we will see how San Diego County stacks up.

Councilmember Kern asked Mr. Leiter how he felt we compared with other regions in the state on this issue. Mr. Leiter said that in the industrial sector, most of the petroleum production and distribution goes on in the Los Angeles and Bay Area basins. That’s one big factor that would make our numbers look a lot different than their numbers. Activities at the Ports of Los Angeles and Long Beach have direct impacts on greenhouse gas emissions, which will make their numbers look different. What’s hard to know is when you line all those factors up, how the numbers will actually change. There are definitely differences among the regions.

Councilmember Madaffer said that what the Climate Change Action Plan will show us is that when it comes to land use planning in each of our cities. If we don’t do what we can to create more villages and more urban infill to maximize densities along our transportation corridors, we are going to find the state doing it for us. What we need to watch closely is what CARB can do and what bills like SB 375 can do. Maximizing density along urban corridors and transportation corridors is going to be the best way to address what the Climate Change Action folks are looking at.
Action: This item was presented for information only.

19. UPCOMING MEETINGS

The next Policy meeting of the Board of Directors is scheduled for Friday, February 8, 2008, at 10 a.m. The next Business meeting is scheduled for Friday, February 22, 2008 at 9 a.m. Chair Sessom noted that the agenda packets for the Retreat have been placed before you, and she asked Board member to take them with you.

17. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL IN ANTICIPATION OF LITIGATION

Chair Sessom convened the meeting into a closed session at 11:54 a.m. Chair Sessom reconvened the meeting into open session at 12:23 p.m.

General Counsel Julie Wiley reported the following out of closed session: on Agenda Item No. 17, the Board voted to reject the claim of Gloria Nepomuceno.

18. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – EXISTING LEGISLATION

General Counsel Julie Wiley reported the following out of closed session: no reportable action was taken on Agenda Item No. 18.

20. ADJOURNMENT

The meeting was adjourned at 12:28 p.m.

DGunn/M/DGU
# ATTENDANCE
## SANDAG BOARD OF DIRECTORS’ MEETING
### JANUARY 25, 2007

<table>
<thead>
<tr>
<th>JURISDICTION/ ORGANIZATION</th>
<th>NAME</th>
<th>ATTENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Carlsbad</td>
<td>Matt Hall (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Chula Vista</td>
<td>Jerry Rindone (Alternate)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Coronado</td>
<td>Phil Monroe (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Del Mar</td>
<td>Crystal Crawford (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of El Cajon</td>
<td>Mark Lewis (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Encinitas</td>
<td>Jerome Stocks, 2nd Vice Chair (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Escondido</td>
<td>Lori Holt Pfeifer, 1st Vice Chair (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Imperial Beach</td>
<td>Jim Janney (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of La Mesa</td>
<td>Dave Allan (1st Alternate)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Lemon Grove</td>
<td>Mary Sessom, Chair (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of National City</td>
<td>Ron Morrison (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Oceanside</td>
<td>Jerry Kern (1st Alternate)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Poway</td>
<td>Bob Emery (2nd Alternate)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of San Diego - A</td>
<td>Jim Madaffer</td>
<td>Yes</td>
</tr>
<tr>
<td>City of San Diego - B</td>
<td>Tony Young</td>
<td>Yes</td>
</tr>
<tr>
<td>City of San Marcos</td>
<td>Rebecca Jones (2nd Alternate)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Santee</td>
<td>Jack Dale (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Solana Beach</td>
<td>Lesa Heebner (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>City of Vista</td>
<td>Judy Ritter (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>County of San Diego - A</td>
<td>Greg Cox (Member A)</td>
<td>Yes</td>
</tr>
<tr>
<td>County of San Diego - B</td>
<td>Dianne Jacob (Member B)</td>
<td>Yes</td>
</tr>
<tr>
<td>Caltrans</td>
<td>Pedro Orso-Delgado (Alternate)</td>
<td>Yes</td>
</tr>
<tr>
<td>MTS</td>
<td>Harry Mathis (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>NCTD</td>
<td>Ed Gallo (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>Imperial County</td>
<td>Victor Carrillo (Member)</td>
<td>No</td>
</tr>
<tr>
<td>US Dept. of Defense</td>
<td>CAPT Robert Fahey (Alternate)</td>
<td>Yes</td>
</tr>
<tr>
<td>SD Unified Port District</td>
<td>Laurie Black (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>SD County Water Authority</td>
<td>Marilyn Dailey (Member)</td>
<td>Yes</td>
</tr>
<tr>
<td>Baja California/Mexico</td>
<td>Lydia Antonio (Alternate)</td>
<td>Yes</td>
</tr>
<tr>
<td>Southern California Tribal Chairmen’s Association</td>
<td>Robert H. Smith (Member)</td>
<td>Yes</td>
</tr>
</tbody>
</table>