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BOARD OF DIRECTORS
POLICY AGENDA

Friday, July 11, 2008
9 a.m. to 12 noon

SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

• PROPOSED RESPONSE TO SAN DIEGO COUNTY GRAND JURY REPORTS
• CONSTRUCTION AGGREGATE QUARRY TOUR

PLEASE TURN OFF CELL PHONES DURING THE MEETING

YOU CAN LISTEN TO A PORTION OF THE BOARD OF DIRECTORS MEETING HELD AT THE SANDAG OFFICES BY VISITING OUR WEB SITE AT WWW.SANDAG.ORG

MISSION STATEMENT
The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus, makes strategic plans, obtains and allocates resources, plans, engineers, and builds public transit, and provides information on a broad range of topics pertinent to the region’s quality of life.

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Welcome to SANDAG. Members of the public may speak to the Board of Directors on any item at the time the Board is considering the item. Please complete a Speaker’s Slip, which is located in the rear of the room, and then present the slip to the Clerk of the Board seated at the front table. Also, members of the public are invited to address the Board on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The Board of Directors 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 the SANDAG 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 12 noon, two working days prior to the Board of Directors meeting.

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1. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG. Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Speakers are limited to three minutes. Board members also may provide information and announcements under this agenda item.

CHAIR’S REPORT (2)

+2. PROPOSED RESPONSE TO SAN DIEGO COUNTY GRAND JURY REPORTS

On May 21, 2008, the San Diego County Grand Jury issued two reports entitled “SANDAG: How Much Growth is Sustainable?” and “A Warmer World -- A Challenge and An Opportunity.” The reports included findings and recommendations related to SANDAG work program activities. In accordance with state law, SANDAG is required to respond to the findings and recommendations. The Board of Directors is asked to discuss and provide feedback on the proposed responses to the two San Diego County Grand Jury reports. Based on Board of Directors discussion, staff will revise the draft responses and schedule Board action on the item for the July 25, 2008, meeting.

REPORT (3)

+3. CONSTRUCTION AGGREGATE QUARRY TOUR (Richard Chavez and Joy DeKorte)

This item will include a presentation about aggregate shortages facing the San Diego region and implications for regional infrastructure projects. The Board of Directors also will tour the site of a modern quarry in Mission Valley.

4. UPCOMING MEETINGS

The August 8 and August 22, 2008, Board meetings have been cancelled. The next Policy meeting of the Board of Directors is scheduled for Friday, September 12, 2008, at 10 a.m. The next Business meeting of the Board of Directors is scheduled for Friday, July 25, 2008, at 9 a.m.

5. ADJOURNMENT

+ next to an agenda item indicates an attachment
Introduction

On May 21, 2008, the San Diego County Grand Jury issued two reports entitled "SANDAG: How Much Growth is Sustainable?" (Attachment 2) and "A Warmer World – A Challenge and An Opportunity" (Attachment 3). The reports included findings and recommendations related to SANDAG regional planning and capital program work activities. In accordance with state law, SANDAG is required to respond to the report findings and recommendations by mid-August 2008.

Discussion

The San Diego County Grand Jury issued two reports about SANDAG on May 21, 2008. In accordance with state law, SANDAG is required to respond to the Grand Jury reports by August 19, 2008. Staff has prepared draft responses to the reports, which are included as Attachment 1. The proposed comments respond to the facts, findings, and recommendations in the reports. The SANDAG responses have been prepared in accordance with state requirements (described below).

State Requirements for Grand Jury Report Review and Comment

The California Penal Code §933(c) requires any public agency, which the Grand Jury has reviewed and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. For agencies such as SANDAG, such comment is required to be made no later than 90 days after the Grand Jury publishes its report. California Penal Code §933.05 also details the manner in which comments are to be made:

(a) As to each Grand Jury finding, the responding person or entity shall indicate one of the following:

(1) The respondent agrees with the finding.

(2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
(b) As to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:

(1) The recommendation has been implemented, with a summary regarding the implemented action.

(2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.

(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

Next Steps

Following Board of Directors discussion on July 11, 2008, staff will revise the draft responses to the San Diego County Grand Jury reports. Board action on the item will be scheduled for the July 25, 2008, meeting.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Proposed SANDAG Responses to San Diego County Grand Jury Reports

Key Staff Contact: Kim Kawada, (619) 699-6994, kka@sandag.org
Proposed SANDAG Responses
to San Diego County Grand Jury Reports


Discussion 1 - Infrastructure Capacity

Fact: The SANDAG projects of Highway 76 and the SPRINTER train are examples that contribute to our present infrastructure deficit.

Finding #01: While construction delays in Highway 76 continued, many housing developments using this highway were built without the transportation infrastructure to support them.

- **SANDAG Response:** SANDAG agrees with this finding.

Finding #02: When the time frame delays and cost increase of the SPRINTER are applied to the existing and future SANDAG projects, the infrastructure deficit will increase dramatically.

- **SANDAG Response:** SANDAG disagrees with this finding. It is not appropriate to extrapolate regionwide capital costs and schedules based upon a single project. SANDAG has completed several projects within budget and ahead of schedule, such as the Interstate 15 (I-15) Managed Lanes and I-5 High Occupancy Vehicle (HOV) Lane projects.

Fact: SANDAG has not published a combined infrastructure assessment, or considered one in its plans to be provided to the public for the region. The figures for each element of infrastructure can be found in several different reports, but not in a single overall assessment format.

Finding #03: An easy to read scorecard by city or supervisorial district for unincorporated areas showing the population and the infrastructure element figures should be developed. These assessments will show infrastructure figures, such as public safety or hospital beds, so everyone can tell if development (both employment centers and housing tracks) can be supported.

- **SANDAG Response:** SANDAG partially disagrees with this fact and finding. An element of the SANDAG Regional Comprehensive Plan (RCP) is the Integrated Regional Infrastructure Strategy (IRIS), which includes a capacity and needs assessment for ten regional infrastructure areas and a discussion on how to better link them together to improve performance. In addition, SANDAG prepares an annual performance monitoring report for regional facilities, including indicators for regional transportation systems, water supply, and water quality. The most recent report, entitled “Regional Comprehensive Plan: 2007 Annual Performance Monitoring Report,” was prepared in November 2007.

It is a common practice to allocate the limited resources available based on criteria reflecting public priorities. Recognizing that there are limited resources also recognizes that not every need can be met; otherwise taxes and or fees must rise to provide the resources to meet all needs. Furthermore, in most cases there is not one broadly
accepted level for public facilities or services, such as public safety or hospital beds. In addition, not all infrastructure can be assessed at the regional level. (See response to Recommendation #08-64.)

**Fact:** SANDAG often is criticized in the press for project delays and not building more highway lanes or roads, as many citizens want less spent on public transportation. SANDAG is caught in the middle between what the state mandates (more mass transit) and what the public wants (more lanes).

**Finding #04:** It may not be possible to pave our way out of congestion; other cities have tried it for years with little success. By approving managed growth first in order to allow the mass transportation infrastructure to catch up, SANDAG will be required to concentrate on the new mandates from the state, and look closely at water and power needs.

- **SANDAG Response:** SANDAG disagrees with both the fact and finding. The State of California does not mandate mass transit. In addition, many local citizens and civic groups have provided written testimony and testified before the SANDAG Board of Directors advocating for more public transit facilities and services (e.g., see public comments received on the 2030 Regional Transportation Plan (RTP) and at recent hearings on transit fare and service changes). SANDAG disagrees with the characterization of how growth occurs, and further, SANDAG does not have land use authority and cannot “approve managed growth.”

**Fact:** Cutbacks on Quality of Life are being made due to large increases in regional population. Recently one local city cancelled an annual holiday fair that had gone on for many years and another city stated that the jazz lawn concerts are getting too large and need to be reduced. A newspaper article tells of large gatherings at regional parks by charities and others that are having a negative impact on the park’s neighborhood. Additionally, beach goers and surfers are complaining about having to pay to park at the beach.

**Finding #05:** The facts above are examples of how growth without enough infrastructures in place will affect the quality of life.

- **SANDAG Response:** SANDAG disagrees with both the fact and finding that imply that quality of life is “cut back” solely due to large increases in regional population. Population growth, both the rate and the absolute number of people, has slowed significantly in recent decades compared with the population growth during the 1970s and 1980s. Out of the last 40 years, only the decade of the 1990s has been slower than the current decade, and the region was in a recession during the four years of the decade starting in 1990. In addition, the examples provided are too narrow to be used to judge such a broad measure as quality of life. There are other appropriate measures of quality of life, such as clean water, habitat preservation, shoreline preservation, and transit services. (See also the response to Finding #03 above.)

**Discussion 2 – Boxed In**

**Fact:** At the end of 2007 the board of SANDAG considered two choices with respect to the Regional Transportation Plan Funding: a Revenue Constrained Scenario of $41 billion or a Reasonably Expected Revenue Scenario of $57 billion.
Finding #06: The region in the past has been able to attract funds and grants from many different sources. If these additional funds are not found, it appears that a $16 billion adjustment is going to be needed.

- **SANDAG Response:** SANDAG agrees with this finding, and we are aggressively pursuing additional resources to fully fund our $57 billion RTP.

**Fact:** Acceptance of competitive fixed prices is prevalent by SANDAG and most government agencies in the region. Competitive fixed prices are accepted as the best price obtainable, if they are close to the budgeted amount. Regional road prices and cost elements are not compared to the prices paid by our neighboring counties.

Finding #07: Prices for construction have recently come down from past prices and SANDAG believes it is due to the potential for a recession. However, the costs of cement, rock and steel have not come down. It appears that no one is looking into the question of whether we paid too much in the recent past or should today’s prices be even less than quoted.

- **SANDAG Response:** SANDAG partially disagrees with this fact and finding. The wording of the fact suggests that competitive prices are fixed. This is not accurate. Competitive prices are variable, and only after an assessment to identify the best and most cost-effective proposal are prices established in a contract. The competitive bidding process is standard procedure in both the public and private sectors. SANDAG goes to great lengths to attract many bidders, both from within and outside the San Diego region, ensuring a competitive process. Construction of major transportation infrastructure projects is subject to open, competitive bidding, negating the need to analyze past prices received. In addition, prices for construction materials have leveled off as global rates of growth are no longer accelerating. It is possible that commodity prices could come down from their current levels, but this would require more than a leveling of global rates of growth or a substantial increase in supply or productivity of the commodities or production process.

**Fact:** Currently there are three mass transit systems in place currently in the county: Metropolitan Transit System, North County Transit District, and the Metro Liner.

Finding #08: If the current projected growth estimates are allowed; a far-reaching mass transit system to all corners of the county is needed. Combining rail systems and expanding train lines would be a good start.

- **SANDAG Response:** SANDAG disagrees with this finding. Our RTP includes a comprehensive transit plan, including rail systems, but it is not intended to serve “all corners of the county.” In addition, though stated in the fact, there is no transit system called “the Metro Liner.” However, the Southern California Regional Rail Authority, a joint powers authority consisting of the five county transportation planning agencies, provides a commuter rail service in Southern California known as Metrolink. Certain lines of this rail service provide a connection at the Oceanside Transit Center.
Discussion 3 - SANDAG Board

Fact: SANDAG has started a recent study on Quality of Life (QoL) issues, which includes beach sand replenishment, quality of water, mass transit, and wastewater run off.

Finding #09: These QoL issues have long been with us and have been addressed by the area cities and county. To look at them regionally will be a new challenge for the board members.

- SANDAG Response: SANDAG partially agrees with this finding. In the adopted Regional Comprehensive Plan (RCP), SANDAG evaluated a number of regional infrastructure issues affecting the “quality of life” in the San Diego region (see the RCP Integrated Regional Infrastructure Strategy). Some of these infrastructure areas are addressed primarily by local jurisdictions, while others are addressed primarily by regional agencies such as SANDAG. The SANDAG Board of Directors has identified four RCP infrastructure components that are in need of more reliable revenues: public transit, habitat conservation, water quality, and shoreline preservation. The 18 cities and County government have addressed and provided resources for these infrastructure components; however, these also are components for which a regional approach may make sense.

Fact: Many of the cities use terms of “Build Out” and “Open Space,” while a consistent definition is hard to find. We see statements in the press from elected officials using these terms and they sound something like growth will stop at “build out” and “open space” is to be left natural. One city classifies I-5 as open space.

Finding #10: SANDAG should provide better definitions of these terms for the public to understand.

- SANDAG Response: SANDAG partially disagrees with this finding. In the RCP, the term “open space” is defined as “areas of land not covered by structures, driveways, or parking lots.” There is no widely accepted definition of “build out.”

Discussion 4 - County Audit

Fact: SANDAG’s financial system is owned and administered by Metropolitan Transit System (MTS) without an up to date agreement outlining the use of this system.

Finding #11: Since MTS is a recipient of grants from SANDAG, there is a potential conflict of interest for MTS to administer the financial system.

- SANDAG Response: SANDAG partially disagrees with this finding. Specific portions of the finding are addressed individually below:

  1. “Personnel interviewed indicated that the SANDAG Enterprise Resource Planning (ERP) software solution, Integrated Financial and Administrative Solution (IFAS), is installed in a server physically located at another organization. Additionally, a formal agreement between the two entities, SANDAG and MTS, outlining the joint use of IFAS is not currently in effect.”
This is factual. The IFAS server is physically located at MTS, and there is not a formal agreement in place outlining the joint use of the IFAS server (SANDAG and MTS run separate instances of the IFAS financial data on that server as explained in No. 3 below).

2. The second paragraph of the finding explaining the history leading up to the current situation is factual.

3. “Due to the arrangement, SANDAG does not possess physical or logical control of their ERP system.”

SANDAG does possess logical control of the SANDAG IFAS system. Connection to the system physically located at MTS is via a dedicated T-1 communications circuit between SANDAG and MTS. Each agency administers its own IFAS instances (MTS Production and MTS Test administered by MTS, SANDAG Production and SANDAG Test administered by SANDAG). Each of these four instances is an entirely separate database. Password-protected access to the SANDAG instances is controlled by SANDAG; password-protected access to MTS instances is controlled by MTS.

4. “Additionally, since MTS is also a grantee of SANDAG there is a potential conflict of interest for them to host the ERP.”

SANDAG and MTS share the annual maintenance cost (paid to Sungard Bi-Tech). In addition, SANDAG and MTS each pay Sungard Bi-Tech the annual licensing fee, depending on the number of users and the modules each agency uses. Each agency separately administers its IFAS instances, using password-protected access. In addition, the SANDAG Finance Department has extensive checks and balances in place to ensure the integrity of the SANDAG IFAS data. These factors ensure there would not be any conflict of interest with MTS hosting the physical aspects of the IFAS system. It would cost over $100,000 to establish a new IFAS server at SANDAG.

5. “Furthermore, responsibilities and liabilities are not clearly outlined in a legal contract, leaving the joint use agreement as only a mutual understanding between the two organizations.”

Practices to date have been based on mutual verbal understanding and five years of experience with the current arrangement. However, SANDAG will formalize the joint use agreement with MTS in the form of a Memorandum of Understanding (MOU) between the agencies, to be completed no later than October 31, 2008.

**Fact:** Many different excel spreadsheets are used to track grants and prepare monthly reports back to the grantor. Input to these spreadsheets is not automated to transfer data from expenditure systems.

**Finding #12:** With the many separate spreadsheets needed for the various grants, the reliance factor decreases. SANDAG was not able to ensure that access lists to these reporting systems are updated as needed to reflect the current user environment, or that these lists are reviewed periodically.
• **SANDAG Response:** SANDAG partially disagrees with this finding. SANDAG uses Excel spreadsheets to compile information for progress reports to grantor agencies. The source of the data is the financial system. Spreadsheet format is generally standardized among the type of grantor, however different reporting requirements exist for different grantors, and widespread standardization would not meet the reporting requirements of the individual grantor agencies. Compensating controls exist with two levels of supervisory review of every billing and progress report. These controls are reviewed on an annual basis by the independent third-party auditors in connection with the annual financial audit and the Single Audit. In addition, SANDAG is subjected to the Federal Transit Administration triennial review, with progress billings and quarterly reporting an area of focus. The last triennial review found the process and controls were sufficient, and the review resulted in no findings or recommendations.

With respect to access to various state and federal online reporting systems, SANDAG updates the access as needed to reflect the current user environment (i.e., upon employee termination or hiring). One individual generally is appointed “administrator” authority (by the online reporting system) and that individual has the security to make the changes. In response to the comment, SANDAG will keep a written list of access to the online reporting systems and will log all changes by using an add/remove form.

**Fact:** Several periodic audits are both required and performed on the financial records of SANDAG. An ongoing tracking system for the various findings has not been established.

**Finding #13:** When the auditor asked for the findings and recommendations for the past three years, SANDAG cited “they had no findings except one which was resolved.” The auditor later discovered findings from audits and reviews still in process of resolution.

• **SANDAG Response:** SANDAG partially disagrees with this finding. When the question was initially asked, it was in context of the annual financial audit, which produces a “Management Letter.” This is a normal outcome of the annual financial audit. The response provided was in reference to that question. SANDAG also provided the last annual review of the SANDAG Indirect Rate Cost Proposal, which is conducted by Caltrans. This was provided without any prompting by the auditor. The review conducted by the California Legislative Analyst’s Office (LAO), as required by Senate Bill (SB) 1703, was provided upon request by the auditor, after his reading of Board minutes. The findings of the LAO dealt primarily with operational areas within SANDAG and not specifically with grant or TransNet administration.

The auditor concluded that “there are currently no written standards or a formal process for handling and tracking audit or review findings and recommendations made to SANDAG from outside entities.” A process does exist at the Executive Team level; however, this process will be strengthened by assigning this responsibility to the recently added SANDAG Internal Auditor position.

**Fact:** The duties of receiving, processing, and depositing checks are not adequately segregated to ensure proper safeguarding.

**Finding #14:** A sole mail clerk opens and distributes all the incoming mail for SANDAG over four floors daily. This includes incoming checks. The auditor found that unendorsed checks could be left unattended in the mail clerk’s cubicle.
SANDAG Response: SANDAG disagrees with this finding. The finding states that “unendorsed checks could be left unattended in the mail clerk’s cubicle.” When the mail clerk is absent, another employee delivers the mail, including any unendorsed checks.

Recommendations

The 2007/2008 San Diego County Grand Jury recommends that the San Diego Association of Governments Board of Directors:

08-64: Establish an assessment scorecard by county district or city that outlines the infrastructure carrying capacity. This will include needed water, waste water treatment, police, fire protection, hospital care, environmental concerns, mass transit, existing roads, energy supplies and anything else supplied by the cities and county government. Using this scorecard each district and its citizens will know the required infrastructure that is available to support additional growth.

SANDAG Response: This recommendation will not be implemented because it is not warranted or is not reasonable. Some local jurisdictions already conduct these types of assessments for their own jurisdictions, and this is appropriate because they have local land use authority, and required service and facility levels vary by local jurisdiction.

08-65: Propose a realistic budgeting process that does not rely on borrowing against growth to pay for the deficit existing in our infrastructure.

SANDAG Response: This recommendation will not be implemented because it is not warranted or is not reasonable. The SANDAG Regional Transportation Plan is not dependent on “borrowing against growth.” Instead the plan sets forth a Reasonably Expected Funding scenario that anticipates new revenue from a variety of sources, such as user fees, more federal and state funds, fair share assessments on new development, and other local initiatives.

08-66: Explore alternatives to having area Mayors and Supervisors make the board decisions. With the State mandates becoming more restrictive, regional decisions will need to be voted on that support the entire region and not just a city or part of the county.

SANDAG Response: This recommendation will not be implemented because it is not warranted or is not reasonable. Alternative governance structures have been evaluated several times in recent years, and the consensus at the local and state levels has provided support for the current SANDAG Board of Directors governance structure and process.

08-67: To look at the cost elements of the new lower priced contracts, compare the cost elements to the elements of past contracts and contracts of neighboring counties. Also these new cost elements should be used in settling any claims on existing contracts.

SANDAG Response: This recommendation will not be implemented because it is not warranted or is not reasonable. Construction of major transportation infrastructure projects is subject to open, competitive bidding, negating the need to analyze past contracts received. (See prior response to Finding #07.) In addition, using new cost elements in settling claims on existing contracts is not feasible to the extent that it would be inconsistent with the terms of the existing contractual agreements.
08-68: In your reply to the San Diego County Audit & Controllers audit findings, please provide a copy to the Grand Jury.

- **SANDAG Response:** This recommendation will be implemented. A copy of the separate response to the audit findings will be sent with SANDAG final responses to the Grand Jury report.

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**Facts/Findings**

**Fact:** AB 32, The Global Warming Solutions Act of 2006, requires that GHG emissions be reduced to 1990 levels by the year 2020, a 25 percent reduction.

**Finding #08:** Local government has a responsibility to inventory GHG emissions in its operations and in the community, set reduction targets, and to create and implement an action plan.

- **SANDAG Response:** SANDAG partially disagrees with this finding. To our knowledge, the state has not assigned specific responsibilities to local governments for implementing the provisions of Assembly Bill 32 (AB 32). However, many local governments have voluntarily begun to implement such provisions. Similarly, SANDAG entered into a partnership with the California Energy Commission to develop a Regional Climate Action Plan. This plan will include an inventory of the San Diego region’s greenhouse gas (GHG) emissions from the transportation, electricity, and natural gas sectors of the economy, which on a statewide basis account for nearly 75 percent of all GHG emissions. The plan will focus on GHG reduction strategies within those sectors. Other specific requirements of AB 32 will be addressed as they are developed by the state.

**Fact:** SANDAG does not have a climate protection action plan in place.

**Finding #09:** As the regional governing body charged with transportation planning, the major source of GHG emissions, SANDAG has a special obligation to be the leader in developing and implementing an effective climate protection action plan.

- **SANDAG Response:** SANDAG agrees with this finding. The California Transportation Commission (CTC) recently adopted revised guidelines for preparation of Regional Transportation Plans (for which SANDAG is responsible in the San Diego region). These CTC guidelines set forth recommendations for addressing greenhouse gas emissions in the update of such plans. The Regional Climate Action Plan being prepared by SANDAG will include strategies to address greenhouse gas emissions from the transportation sector, in addition to other sectors of the regional economy. See also the response to Finding #8 above, concerning the current status of a Regional Climate Action Plan.

**Fact:** Two of the major utility companies in California are on track for meeting the state requirement of obtaining 20 percent of electricity from renewable sources.
Fact: The local utility company has announced that it will not be able to meet the state mandate.

Finding #10: SANDAG has a responsibility to use its influence to encourage the local utility to match the commitment of other California utility companies to develop renewable energy resources.

- **SANDAG Response:** SANDAG agrees with this finding. SANDAG adopted a Regional Energy Strategy (RES) in 2003, which included renewable energy goals through 2030. At the time the strategy was developed, the RES renewable energy goals were more aggressive than the state requirements. Since that time, the state has adopted a new Renewable Portfolio Standard that exceeds what is included in the RES. SANDAG is currently updating the RES and will reevaluate the renewable energy goals as well as all other goals of the RES.

Fact: California is second only to Arizona in percentage of sunshine.

Finding #11: This region has a renewable source of energy that is not being sufficiently utilized.

- **SANDAG Response:** SANDAG agrees with this finding.

Recommendations

The 2007/2008 San Diego County Grand Jury recommends that the SANDAG Board of Directors:

08-76: Develop a climate protection action plan with specific policies and procedures including targets and timetables which will enable the region to comply with the mandate of AB 32.

- **SANDAG Response:** SANDAG is currently preparing a Regional Climate Action Plan, which will identify strategies to reduce GHG emissions from the transportation, electricity, and natural gas sectors of the economy. In addition, when the next RTP update is completed in 2011, SANDAG will prepare that plan in accordance with the California Transportation Commission requirements for the preparation of RTPs. SANDAG also is updating its Regional Energy Strategy along with the Regional Climate Action Plan, which is scheduled to be completed by June 2009.

08-77: Work closely with the utility companies to encourage actions that will promote quality of life and sustainability.

- **SANDAG Response:** SANDAG has implemented this recommendation, through the creation of a Regional Energy Working Group, which includes San Diego Gas and Electric and other stakeholders. The Regional Energy Working Group is currently working on the update of the Regional Energy Strategy and Regional Climate Action Plan.
SAN DIEGO COUNTY GRAND JURY 2007—2008 (filed May 21, 2008)

SANFAG: HOW MUCH GROWTH IS SUSTAINABLE?

SUMMARY

The San Diego Region has been described as an island surrounded by the Pacific Ocean, Mexico, mountains and Camp Pendleton. However, these physical boundaries may not be as important as the infrastructure constraints facing growth in this region. The challenges today include water, power, airports, transportation, landfills, sufficient medical care, schools, police, and fire protection. In addition, the largest city in the county intends to borrow money for day-to-day infrastructure maintenance while many believe it is on the verge of bankruptcy. As we grow and accommodate a million more residents into our region, we create more demand on the fragile infrastructure. We are not catching up, only creating additional challenges in providing for infrastructure and maintenance.

The Board of Directors of the San Diego Association of Governments (SANDAG) is comprised of representatives of the 18 cities and county government. They provide a necessary forum for regional decision-making. The role of SANDAG is to develop strategic plans, build consensus, obtain and allocate funds and provide information on a wide range of topics related to the region’s quality of life. Chief among SANDAG’s responsibilities are adopting and implementing a Regional Comprehensive Plan (RCP) and a Regional Transportation Plan (RTP). The RCP, which was adopted in 2004, is the strategic planning framework for the region. SANDAG has provided a very good forum and the region has greatly benefited from the studies and open discussions on regional problems. SANDAG has forecasted that the region will grow by one million people before 2020. SANDAG’s official position is that it does not promote growth and maintains that it is impossible to slow or control growth in an area of our size.

The 2007/2008 San Diego County Grand Jury found no easy infrastructure assessment or scorecard, by city or county district, or combined benchmarks used by SANDAG where it does a comparison of the regional infrastructure carrying capacity and projected growth. It has just begun to consider a Quality of Life Study, which, we anticipate will look at the impact of growth on our quality of life. SANDAG’s position is they neither discourage nor encourage growth. The question then becomes: Will we continue to add millions of people to our area until we look like Los Angeles or New York City?

PURPOSE

1. To point out that rapid growth has surpassed many areas of the infrastructure carrying capacity of the region. While SANDAG is a great asset to the region, it does not continue obtaining opinion surveys of what the citizens of the region think of the growing infrastructure deficit that growth has caused. Nor does it answer the question: Is there an optimal population for our region within the constraints of water, power, police, schools and other infrastructure necessities?
2. To examine the funding for regional infrastructure maintenance. In many cases the cities of San Diego County have borrowed money or issued bonds counting on future growth and property taxes to pay today’s infrastructure maintenance debts. The mayors and council members of these cities make up most of the SANDAG Board and make the final decisions of SANDAG. These decisions box us in by creating a cycle that works only if more growth continues forever (no light at the end of this tunnel). Plans need to be realistic reflecting managed growth and respecting existing infrastructure constraints rather than borrowing on future growth.

3. To examine the level to which the SANDAG Board reflects the concerns of the regional citizens they represent. Presently, SANDAG Board Members are mostly mayors, city council members or other regional representatives. The decisions made by the board are very important to the region. Those interviewed admit the constituents that elected them, seldom ask how they voted for an issue at SANDAG. Few even realize they sit on the SANDAG Board.

4. To provide findings of a limited scope audit of SANDAG performed by the San Diego County Auditor and Controller Office at the request of the Grand Jury.

**PROCEDURES**

Members of the Grand Jury:

- Viewed a presentation by the SANDAG Executive Director and staff.
- Attended over 30 of the SANDAG working group and board meetings.
- Reviewed many SANDAG published reports.
- Interviewed current and former board members and employees of SANDAG.
- Requested and reviewed an audit of SANDAG by the County Chief of Audits.
  (Attached)

**DISCUSSION 1 INFRASTRUCTURE CAPACITY**

In recent years this region has experienced unprecedented growth from both internal and external sources. Like many regions we have a sizeable undocumented population that contributes to and exacerbates our infrastructure growth. The local Governments escalated this growth in a “build it and they will come” philosophy. It was assumed that government would work out the growing infrastructure constraints or carrying capacity later. With our limited regional constraints, we may not have that luxury. It is time to take a closer look and manage our growth better. If we continue to invite growth and increase the infrastructure deficit, we will continue to lower our quality of life. As Edward Abbey stated: “Growth for the sake of growth is the ideology of the cancer cell.”

Examples of how infrastructure growth has slowed are: the State Route 76 expansion and the Sprinter train. The SR 76 project will change a 2-lane road into a 4-lane road.
between I-5 and I-15. A western section was completed several years ago and now could be widened to 6 lanes. The remaining 10 miles of the conversion from 2 to 4 lanes was included during the 1987 Transnet sales tax plan. While the projected completion plan for this dangerous stretch of road is 2014, because of money constraints and priorities, there is an extended plan being considered within SANDAG, which would move completion to 2020. That would mean an improvement to a 10-mile stretch of road will have taken 33 years. Even if the present completion plans of 2014 holds, it will still take 27 years. In the meantime, accidents and fatalities will continue on the old route. The Sprinter train also goes between I-15 and I-5 that took 20 years from planning to completion. Not only has the schedule slipped many times over the years, but the cost estimate has gone from a vision of $20 mil in 1986 to $352 mil in 2003 and $477 million recently.

If we know the carrying capacity or peak population density of our region, we can manage development growth. This will allow the supporting infrastructure to grow in unison with development and not behind it. This would include development of employment centers (industrial parks, universities and large office buildings) and large housing tracts. Infrastructure carrying capacity is a measure of what an area can support, including the knowledge of whether the present population and/or any new development has or will have utilities, water, hospital beds, police, schools, fire protection, transportation, etc they require.

It should be noted that while SANDAG does not have direct control or authority of land use within the cities and county, SANDAG board members do. But SANDAG should have a role in informing the citizens of the region by letting them know with an easily understood assessment or scorecard if the total infrastructure by district or city has the ability (carrying capacity) to support both existing and pending growth. The scorecard would go a long way in gaining confidence from the citizens of the region for SANDAG.

Recently the state passed mandates under AB-32, the California Global Warming Solutions Act of 2006 that will reduce greenhouse gas (GHG) emissions to 1990 levels by promoting mass transit and providing for more homes closer to work locations. This will have strong positive effects on our growth patterns, environment and infrastructure. SANDAG should take credit for embracing these mandates and include the mandated requirements in existing plans. To be more responsive, SANDAG should announce that it is going to promote GHG reduction, manage our growth, pay attention to the existing quality of life as well as the carrying capacity of what our current infrastructure can support. Presenting an image of a slow, well-managed region, living and growing within its means, would make anyone proud to live here.
**FACTS / FINDINGS**

**Fact:** The SANDAG projects of Highway 76 and the Sprinter train are examples that contribute to our present infrastructure deficit.

**Finding #01:** While construction delays in highway 76 continued, many housing developments using this highway were built without the transportation infrastructure to support them.

**Finding #02:** When the time frame delays and cost increase of the Sprinter are applied to the existing and future SANDAG projects, the infrastructure deficit will increase dramatically.

**Fact:** SANDAG has not published a combined infrastructure assessment, or considered one in its plans to be provided to the public for the region. The figures for each element of infrastructure can be found in several different reports, but not in a single overall assessment format.

**Finding #03:** An easy to read scorecard by city or supervisorial district for unincorporated areas showing the population and the infrastructure element figures should be developed. These assessments will show infrastructure figures such as public safety or hospital beds, so everyone can tell if development (both employment centers and housing tracks) can be supported.

**Fact:** SANDAG is often criticized in the press for project delays and not building more highway lanes or roads, as many citizens want less spent on public transportation. SANDAG is caught in the middle between what the state mandates (more mass transit) and what the public wants (more lanes).

**Finding #04:** It may not be possible to pave our way out of congestion; other cities have tried it for years with little success. By approving managed growth first in order to allow the mass transportation infrastructure to catch up, SANDAG will be required to concentrate on the new mandates from the state, and look closely at water and power needs.

**Fact:** Cutbacks on Quality of Life are being made due to large increases in regional population. Recently one local city cancelled an annual holiday fair that had gone on for many years and another city stated that the jazz lawn concerts are getting too large and need to be reduced. A newspaper article tells of large gatherings at regional parks by charities and others that are having a negative impact on the park’s neighborhood. Additionally, beach goers and surfers are complaining about having to pay to park at the beach.

**Finding #05:** The facts above are examples of how growth without enough infrastructures in place will affect the quality of life.
DISCUSSION 2  BOXED IN

Most citizens agree that new growth should pay for most if not all of new development infrastructure needed. Good government budget practices allow borrowing for large capital improvements, but not to pay for day-to-day maintenance. Much of our maintenance on existing infrastructure has been delayed in favor of new development infrastructure, which limits funding to pay for present problems. So we box ourselves in by borrowing from the future. Then the only choice is to keep growing to pay for the required maintenance of today. In the past, SANDAG has been fortunate enough to receive grants and allocations from both state and federal government as bailouts. However, both state and federal governments are presently cutting many areas.

Because of the problems in our infrastructure deficit, our ability to provide solutions to other problems such as a larger regional airport, providing needed school buildings and hospitals, increasing our wastewater treatment facilities and finding the water we will need tomorrow at an affordable price is decreased.

FACTS/FINDINGS

Fact: At the end of 2007 the board of SANDAG considered two choices with respect to the Regional Transportation Plan Funding: a Revenue Constrained Scenario of $41 billion or a Reasonably Expected Revenue Scenario of $57 billion.

Finding #06: The region in the past has been able to attract funds and grants from many different sources. If these additional funds are not found, it appears that a $16 billion adjustment is going to be needed.

Fact: Acceptance of competitive fixed prices is prevalent by SANDAG and most government agencies in the region. Competitive fixed prices are accepted as the best price obtainable, if they are close to the budgeted amount. Regional road prices and cost elements are not compared to the prices paid by our neighboring counties.

Finding #07: Prices for construction have recently come down from past prices and SANDAG believes it is due to the potential for a recession. However, the costs of cement, rock and steel have not come down. It appears that no one is looking into the question of whether we paid too much in the recent past or should today’s prices be even less than quoted.

Fact: Currently there are three mass transit systems in place currently in the county: Metropolitan Transit System, North County Transit District and the Metro Liner.

Finding #08: If the current projected growth estimates are allowed; a far-reaching mass transit system to all corners of the county is needed. Combining rail systems and expanding train lines would be a good start.
DISCUSSION 3 SANDAG BOARD

While they are all elected officials, SANDAG Board members are not elected to that position. The board is made up of two members from the Board of Supervisors, two from the City of San Diego and one each from the other seventeen cities. While the members mostly set aside rivalries between cities and try to be responsible, they are limited in two areas: 1) for the most part they individually have not had any professional training in planning, and 2) they have to consider the constituents who elected them first and the needs of the region second.

Since the board members were elected to govern for only a slice of the entire region, when the region needs something like an additional rail line, a power plant or an aggregate mine, the answer is too often “Not in My Back Yard.” The region, as a whole, has to suffer and pay extra for these political decisions. The most recent TransNet sales tax extension was estimated to fund much more than it probably will cover. Because sales tax revenues have recently declined, the SANDAG board is searching for a new income base to support present and future projects.

FACTS/FINDINGS

Fact: SANDAG has started a recent study on Quality of Life (QoL) issues, which includes beach sand replenishment, quality of water, mass transit and wastewater run off.

Finding #09: These QoL issues have long been with us and have been addressed by the area cities and county. To look at them regionally will be a new challenge for the board members.

Fact: Many of the cities use terms of “Build Out” and “Open Space”, while a consistent definition is hard to find. We see statements in the press from elected officials using these terms and they sound something like growth will stop at “build out” and “open space” is to be left natural. One city classifies I-5 as open space.

Finding #10: SANDAG should provide better definitions of these terms for the public to understand.

DISCUSSION 4 COUNTY AUDIT

We requested and received a limited-scope audit report from the San Diego County Auditor & Comptroller Office. The audit revealed that some internal controls need to be strengthened, tracking procedures should be refined, prior audit findings are not tracked and made a permanent record, and the segregation of functions need to be improved. The facts and findings below are also addressed and expanded in the attached Audit.

Fact: SANDAG’s financial system is owned and administered by Metropolitan Transit System (MTS) without an up to date agreement outlining the use of this system.

Finding #11: Since MTS is a recipient of grants from SANDAG, there is a potential conflict of interest for MTS to administer the financial system.
Fact: Many different excel spreadsheets are used to track grants and prepare monthly reports back to the grantor. Input to these spreadsheets is not automated to transfer data from expenditure systems.

Finding #12: With the many separate spreadsheets needed for the various grants, the reliance factor decreases. SANDAG was not able to ensure that access lists to these reporting systems are updated as needed to reflect the current user environment, or that these lists are reviewed periodically.

Fact: Several periodic audits are both required and performed on the financial records of SANDAG. An ongoing tracking system for the various findings has not been established.

Finding #13: When the auditor asked for the findings and recommendations for the past three years, SANDAG cited “they had no findings except one which was resolved.” The auditor later discovered findings from audits and reviews still in process of resolution.

Fact: The duties of receiving, processing and depositing checks are not adequately segregated to ensure proper safeguarding.

Finding #14: A sole mail clerk opens and distributes all the incoming mail for SANDAG over four floors daily. This includes incoming checks. The auditor found that unendorsed checks could be left unattended in the mail clerk’s cubicle.

RECOMMENDATIONS

The 2007/2008 San Diego County Grand Jury recommends that the San Diego Association of Governments Board of Directors:

08-64: Establish an assessment scorecard by county district or city that outlines the infrastructure carrying capacity. This will include needed water, waste water treatment, police, fire protection, hospital care, environmental concerns, mass transit, existing roads, energy supplies and anything else supplied by the cities and county government. Using this scorecard each district and its citizens will know the required infrastructure that is available to support additional growth.

08-65: Propose a realistic budgeting process that does not rely on borrowing against growth to pay for the deficit existing in our infrastructure.

08-66: Explore alternatives to having area Mayors and Supervisors make the board decisions. With the State mandates becoming more restrictive, regional decisions will need to be voted on that support the entire region and not just a city or part of the county.
08-67: To look at the cost elements of the new lower priced contracts, compare the cost elements to the elements of past contracts and contracts of neighboring counties. Also these new cost elements should be used in settling any claims on existing contracts.

08-68: In your reply to the San Diego County Audit & Controllers audit findings, please provide a copy to the Grand Jury.

COMMENDATION

In our observance of the many meetings and reports, the staff appeared to be very professional and helpful. We feel SANDAG provides a very necessary service to the region and thank them for their service. SANDAG also should be commended on a very well organized web site: www.sandag.org

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made no later than 90 days after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made within 60 days to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

(a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
   (1) The respondent agrees with the finding
   (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
   (1) The recommendation has been implemented, with a summary regarding the implemented action.
   (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
   (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or
department being investigated or reviewed, including the
governing body of the public agency when applicable. This
time frame shall not exceed six months from the date of
publication of the grand jury report.

(4) The recommendation will not be implemented because it is not
warranted or is not reasonable, with an explanation
therefor.

(c) If a finding or recommendation of the grand jury addresses budgetary or
personnel matters of a county agency or department headed by an elected
officer, both the agency or department head and the Board of Supervisors
shall respond if requested by the grand jury, but the response of the Board
of Supervisors shall address only those budgetary or personnel matters
over which it has some decision making authority. The response of the
elected agency or department head shall address all aspects of the findings
or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal
Code §933.05 are required from the:

<table>
<thead>
<tr>
<th>Responding Agency</th>
<th>Recommendations</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Association of Governments</td>
<td>08-64 through 08-68</td>
<td>8/19/08</td>
</tr>
</tbody>
</table>

ANNEX A

REPORT FROM SAN DIEGO COUNTY CHIEF OF AUDITS
Grand Jury Audit of the
San Diego Association of Governments
INTRODUCTION AND BACKGROUND

The San Diego Association of Governments (SANDAG) serves as the Metropolitan Planning Organization (MPO)\(^1\) for the San Diego County region. In 2003, California Senate Bill 1703, as amended by Assembly Bill 361, called for the consolidation of transit planning, programming, project implementation, and construction from the Metropolitan Transit Development Board (MTDB)\(^2\) and the North County Transit District (NCTD) into SANDAG. SANDAG Board of Director voting is based on both membership and the population of each jurisdiction among the San Diego region’s 18 cities and county government. Additionally, representatives from other key regional transportation stakeholders sit on the Board as non-voting members.\(^3\) SANDAG employs a full-time staff to assist and guide the Board of Directors in its deliberative and decision-making process. In fiscal year 2008, SANDAG is operating on a total budget of $359.3 million, of which, over $302.7 million is allocated to regional transportation planning and implementation efforts.

The San Diego County Regional Transportation Commission (Commission) is a blended component unit of SANDAG. The Commission is responsible for the implementation and administration of transportation improvement programs funded by the San Diego countywide ½ percent sales tax. This tax became effective on April 1, 1988 as a result of the passage of Proposition A – The San Diego County Transportation Improvement Program. The sales tax funds are used for highway, public transit, and local streets and road improvements. This program is now known as TransNet. The Commission is authorized to allocate the revenues as per the terms of ballot measure Proposition A and issue limited tax bonds payable from the sales tax receipts, the proceeds of which can be used to finance approved highway, transit, and local street and road projects. SANDAG’s Board of Directors serves as the Commission and uses SANDAG staff to assist in administration. In November 2004, the voters of San Diego County extended the ½ cent sales tax another 40 years to 2048. The extension of TransNet allowed SANDAG to create the Early Action Program which includes new transportation improvement projects and will complete projects originally scheduled for the original TransNet program which were not completed because of increased cost.\(^4\)

As a direct result of the Early Action Program, the Independent Taxpayer Oversight Committee (ITOC) was created and implemented, before the July 1, 2008 effective date, to oversee the TransNet Early Action Program activity which is being funded with future TransNet funds through bonding. The ITOC will have added responsibility of coordinating independent audits to analyze how TransNet dollars are being spent, to conduct performance reviews to determine how well the projects being implemented are meeting the objective of reducing traffic congestion, and to provide recommendations on how to improve the TransNet program's

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1 Metropolitan Planning Organization: A federally required planning body responsible for the transportation planning and project selection in its region; the governor designates an MPO in every urbanized area with a population of over 50,000 people. SANDAG is the San Diego region’s MPO.
2 MTDB was renamed Metropolitan Transit System (MTS) in 2005.
3 The California Department of Transportation (Caltrans), the U.S. Department of Defense, the San Diego Unified Port District, Metropolitan Transit System, North County Transit District, San Diego County Water Authority, Imperial County and Tijuana/Baja California Norte are non-voting advisory members of SANDAG.
4 The three projects not finished were: the eastern end of Highway 76 linking to I-15 in the North County; the last two miles of Highway 52 connecting to Highway 67 in the East County; and the trolley extension to UCSD.
performance over time. ITOC members are chosen by the ITOC Selection Committee, which consist of a panel of city mayors and county supervisors.

**AUDIT SCOPE AND LIMITATIONS**

At the request of the Grand Jury, the Office of Audits & Advisory Services (OAAS) conducted a limited scope audit of the San Diego Association of Governments (SANDAG). The objective of the audit was to assess whether internal controls over the grant program and TransNet program administration are properly designed and implemented. The Grand Jury also requested that OAAS research and report when the last outside audit of SANDAG was conducted, determine if there were findings, and if so, verify that any recommendations were complied with. A trend analysis of SANDAG financial statements was also created for the Grand Jury’s review, see Appendix I.

This audit was conducted in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236.

**METHODOLOGY**

OAAS implemented a multi-faceted methodology that included the following:

- Interview of key SANDAG personnel;
- Review and walkthrough of processes and financial reports; and
- Analysis of available data related to the stated objectives

**AUDIT RESULTS**

In our opinion, internal controls over grant program and TransNet program administration provide reasonable assurance that the administration processes are operating as designed by SANDAG management.

**FINDINGS**

Although grant program and TransNet program internal controls were regarded as sufficient, OAAS found opportunities for improvement within SANDAG grant program and TransNet program administration which would benefit from the strengthening of internal controls.

**Finding I: SANDAG’s Financial System is Owned and Administered by MTS**

Personnel interviewed indicated that the SANDAG Enterprise Resource Planning (ERP) software solution, Integrated Financial and Administrative Solution (IFAS), is installed in a

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5 A process by which an organization manages and integrates the important parts of its business. An ERP management information system integrates areas such as planning, purchasing, inventory, sales, marketing, finance, human resources, etc. ERP is most frequently used in the context of software.
server physically located at another organization. Additionally, a formal agreement between the two entities, SANDAG and MTS, outlining the joint use of IFAS is not currently in effect.

Consolidation between certain functions of SANDAG, MTDB and NCTD, as a direct result of California Senate Bill 1703, created an environment where resources were being shifted and centralized from amongst the three organizations into SANDAG. As responsibilities and personnel were being consolidated under SANDAG, IFAS was identified as the ERP system for use. At the time, IFAS was utilized solely by MTDB. The cost of a new instance of IFAS physically located at SANDAG was deemed too expensive and an ineffective use of funds by SANDAG management. As a way of reducing costs, it was agreed that SANDAG’s IFAS production and test instances would reside on the same server where MTS’ IFAS production and test instances reside, which is physically located in MTS facilities. Costs related to IFAS are split between MTS and SANDAG. A formal Memorandum of Understanding (MOU) was discussed between the two organizations but never developed.

Due to the arrangement, SANDAG does not possess physical or logical control of their ERP system. Additionally, since MTS is also a grantee of SANDAG there is a potential conflict of interest for them to host the ERP. Furthermore, responsibilities and liabilities are not clearly outlined in a legal contract, leaving the joint use agreement as only a mutual understanding between the two organizations.

Finding II: Finance Software Control

Excel spreadsheets are used to track actual grant program and TransNet program expenditures. Progress reporting is done in this manner because IFAS is a project based system which does not currently give SANDAG the ability to directly run reports in the manner required by grantors. SANDAG report preparers print out project expenditure information from IFAS and manually input information into spreadsheets where funding source information is aggregated and reported as needed. Users of the financial system are not educated on how to automate information transfer from IFAS into spreadsheet reports for normalization into reports. These spreadsheets are not controlled in a manner that is appropriate for the level of reliance which they currently hold in reporting for SANDAG. Spreadsheet use is not standardized and only quarterly reports are saved in the share drive, monthly reports are kept on the report preparer’s computer terminal.

Additionally, various state and federal grantors have online reporting systems which SANDAG personnel must use to report on grants as required by individual grantors. When interviewed, management was not able to ensure access lists to these reporting systems are updated as needed to reflect the current user environment or that these lists are reviewed periodically. External system access lists, which do not reflect the current users authorized exposes SANDAG to use by past employees who may still have access.

Finding III: Findings & Recommendations are not Tracked

There are currently no written standards or a formal process for handling and tracking audit or review findings and recommendations made to SANDAG from outside entities.

Currently findings, observations and recommendations from outside audits or reviews are not tracked in an orderly manner. When findings, observations or recommendations occur they may
Finding IV: Control Over Check Receipts

Duties involved in receiving, processing, and depositing checks are not adequately segregated to ensure checks are properly safeguarded. A sole SANDAG Mail Clerk handles all the mail for SANDAG including incoming mail receipts. Mail is distributed across four floors which SANDAG occupies. When processing mail, the mail clerk attempts to not open letters which contain checks but is not always successful. If the Mail Clerk is absent for one day the mail is picked up by another SANDAG employee. Unendorsed checks may be left in the AR Clerks cubicle unattended. After coding checks to their appropriate account, checks are given back to the mail clerk. The mail clerk then prepares and makes the deposit. Deposits stay at the AR Clerks desk until deposited. However, the deposit will not be run if the AR Clerk is absent unless other arrangements are made. If aggregated receipts are less than $50,000 then they may be held on to until receipts are over that amount. The current process may lead to a loss of accountability of receipts, especially those lonesome receipts which are not expected by SANDAG.

REPORT DISTRIBUTION

This report is intended solely for the information of the San Diego County Grand Jury. Further distribution of this report is at the discretion of the Grand Jury.

COMMENDATION

The Office of Audits & Advisory Services commends and sincerely appreciates the courteousness and cooperation extended by the San Diego Association of Governments’ officers and staff throughout this audit.

AUDIT TEAM

Franco Lopez, Auditor II

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6 Lonesome receipts are funds received which were not expected by SANDAG, e.i., donations and mass legal settlements.
Appendix I

Comparisons with Similar Organizations:
At the request of the Grand Jury, OAAS created the following comparison of MPOs with a similar transportation tax as SANDAG’s TransNet program. MPOs chosen for comparison against SANDAG were: San Bernardino Association of Governments (SANBAG), Riverside County Transportation Commission (RCTC) and Orange County Transportation Authority (OCTA). It should be noted these commissions are primarily concerned with regional transportation and do not have the additional overall responsibilities which SANDAG has in the areas of housing, economics, environment, and public safety. Table I shows the MPO Similarity Matrix.

Table 1. MPO Transportation Tax Similarity Matrix

<table>
<thead>
<tr>
<th>Entity</th>
<th>SANDAG</th>
<th>RCTC</th>
<th>OCTA</th>
<th>SANBAG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Sales Tax Program</td>
<td>TransNet</td>
<td>Measure A</td>
<td>Measure M</td>
<td>Measure I</td>
</tr>
<tr>
<td>Voter Approved</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Effective Date</td>
<td>Nov-87</td>
<td>Nov-88</td>
<td>Apr-91</td>
<td>Nov-89</td>
</tr>
<tr>
<td>Sales Tax Limit</td>
<td>1/2%</td>
<td>1/2%</td>
<td>1/2%</td>
<td>1/2%</td>
</tr>
<tr>
<td>Length</td>
<td>20 yrs</td>
<td>20 yrs</td>
<td>20 yrs</td>
<td>20 yrs</td>
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<tr>
<td>Tax Extended</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Bonding Authority</td>
<td>Yes</td>
<td>Yes-Limited</td>
<td>Yes</td>
<td>Yes-Limited</td>
</tr>
<tr>
<td>Admin Spending Limit</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
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<tr>
<td>Annual Appropriations Limit</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<td>Citizen Oversight Committee</td>
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<td>No</td>
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<td>Yearly Audit Required</td>
<td>Yes</td>
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<td>Appointed Board of Governors</td>
<td>Yes</td>
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<td>Yes</td>
</tr>
<tr>
<td>Transportation Plan Based</td>
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<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Equity in Distribution Provision 7</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>– Freeway Projects</td>
<td>33%</td>
<td>-</td>
<td>43%</td>
<td>-</td>
</tr>
<tr>
<td>– Regional Street &amp; Road Projects</td>
<td>N/A</td>
<td>-</td>
<td>11%</td>
<td>-</td>
</tr>
<tr>
<td>– Local Street &amp; Road Projects</td>
<td>33%</td>
<td>-</td>
<td>21%</td>
<td>-</td>
</tr>
<tr>
<td>– Transit Projects</td>
<td>33%</td>
<td>-</td>
<td>25%</td>
<td>-</td>
</tr>
</tbody>
</table>

The Transportation Sales Tax programs of all the MPOs in Table I were approved for extension by their respective voters. All MPOs reviewed use their transportation sales tax as programmed in their Federal and State mandated transportation improvement plan.

The primary area where these MPOs differ is in the manner in which transportation sales tax proceeds are distributed. Only RCTC and SANBAG have requirements in their sales tax ordinances which require they return funds to pre-designated regions proportionate to funds generated in those regions. As such, they adopt improvement plans which address the unique needs of each of these regions. OCTA and SANDAG do not have a requirement in their respective ordinances to return funds to pre-designated regions. Rather, OCTA and SANDAG prioritize programs for implementing the region’s overall strategy for improving the transportation system.

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7 RCTC & SANBAG have certain distribution requirements which require proceeds to be returned based on population and jurisdiction where tax was collected.
Trend Analysis:
At the request of the Grand Jury, OAAS compiled the following trend analysis of SANDAG’s net assets and activities for the past three audited fiscal years. Table 2 shows the Net Assets Trend of SANDAG. Table 3 shows the Activities Trend of SANDAG.

Table 2. Net Assets Trend Analysis

<table>
<thead>
<tr>
<th>Net Assets Trend</th>
<th>SANDAG Government &amp; Business Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td>Current and other assets</td>
<td>168,160,780</td>
</tr>
<tr>
<td>Capital assets</td>
<td>218,687,940</td>
</tr>
<tr>
<td>Total assets</td>
<td>386,848,720</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>166,808,732</td>
</tr>
<tr>
<td>Restricted liabilities</td>
<td>28,328,861</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>195,137,593</td>
</tr>
<tr>
<td>Net Assets:</td>
<td>0</td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>218,687,940</td>
</tr>
<tr>
<td>Restricted for:</td>
<td>0</td>
</tr>
<tr>
<td>Capital project retentions</td>
<td>0</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(26,976,813)</td>
</tr>
<tr>
<td>Total net assets</td>
<td>191,711,127</td>
</tr>
</tbody>
</table>

Table 3. Activities Trend Analysis

<table>
<thead>
<tr>
<th>Activities Trend</th>
<th>SANDAG Government &amp; Business Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
</tr>
<tr>
<td>Program Revenues:</td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>2,534,800</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>64,902,496</td>
</tr>
<tr>
<td>Capital grants and contributions</td>
<td>35,697,195</td>
</tr>
<tr>
<td>General Revenues:</td>
<td></td>
</tr>
<tr>
<td>Sales taxes</td>
<td>248,467,503</td>
</tr>
<tr>
<td>Local Transportation Development Act funds</td>
<td>4,521,845</td>
</tr>
<tr>
<td>Investment income</td>
<td>5,916,150</td>
</tr>
<tr>
<td>Indirect cost recovery</td>
<td>22,625,351</td>
</tr>
<tr>
<td>Land sales</td>
<td>0</td>
</tr>
<tr>
<td>Rental revenue</td>
<td>405,794</td>
</tr>
<tr>
<td>Other revenues</td>
<td>638,289</td>
</tr>
<tr>
<td>Total revenues</td>
<td>385,709,423</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>26,852,026</td>
</tr>
<tr>
<td>Program activities</td>
<td>227,075,674</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>9,051,666</td>
</tr>
<tr>
<td>Total expenses</td>
<td>262,979,366</td>
</tr>
<tr>
<td>Chgs in net assets before capital contributions and transfers</td>
<td>122,730,057</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>(40,600,248)</td>
</tr>
<tr>
<td>Transfers</td>
<td>0</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>82,129,809</td>
</tr>
<tr>
<td>Net assets (deficits), beginning of year</td>
<td>109,581,318</td>
</tr>
<tr>
<td>Net assets (deficits), end of year</td>
<td>191,711,127</td>
</tr>
</tbody>
</table>

The majority of SANDAG’s net assets are primarily construction-in-progress (CIP). This CIP is primarily due from the revenue bonds of the TransNet Early Action Program which is secured with future TransNet tax proceeds. As such, the net assets deficit trend is primarily due to the sales tax revenue bonds of the Commission.
Appendix II

SUMMARY OF PENDING FINDINGS, OBSERVATIONS & RECOMMENDATIONS

At the request of the Grand Jury, OAAS compiled the following listing of previous audits and their pending observations and recommendations for the past three fiscal years. These findings and observations are from reviews and audits from the external auditor, the California Department of Transportation and the California Legislative's Analyst Office.

Automated Regional Justice Information System (ARJIS) finding:
ARJIS is a Joint Powers Agreement which provides the regional criminal justice enterprise information system utilized by more than 50 local agencies in the San Diego region. SANDAG assumed control of ARJIS but the City of San Diego continued to perform financial accounting and reporting up until July 1, 2006. The City of San Diego had not yet issued the ARJIS audited financial statements, at the time of the audit, and as a result the ARJIS financial information presented in the SANDAG financial statements was presented as unaudited. The recommendation made was that SANDAG closely monitor the process to ensure ARJIS financials are reported timely and accurately. This recommendation was implemented as SANDAG took ARJIS accounting and reporting responsibilities from the City of San Diego on July 1, 2006.

Department of Transportation (DOT) Unresolved Prior Audit Findings:
The California Department of Transportation Audits and Investigations Division audited the SANDAG Indirect Cost Allocation Plan (ICAP) for the fiscal year ended June 30, 2008 to determine whether the ICAP is presented in accordance with Office of Management and Budget Circular A-87 and the Department of Transportation’s Local Programs Procedures. While there were no findings in the audit, the report outlined that in prior audit reports a finding related to the reimbursement of Information Technology costs in the amounts of $347,388 for FYE 6/30/02, $344,399 for FYE 6/30/03, $412,527 for FYE 6/30/04, and $396,320 for FYE 6/30/05, as a result of the IT costs not being included in the indirect rate approved by the DOT.

The recommendation was that SANDAG reimburse the DOT for $1,500,634 of unallowed IT costs, or resubmit to the Department revised final invoices, detailing additional unbilled costs with the necessary supporting documentation. While SANDAG agreed with the finding, it did not agree with the recommendation, and instead has been working with the DOT’s District 11 to resolve this finding. The District allowed SANDAG to invoice the DOT for additional allowable direct costs that were not previously included in the invoices submitted. Therefore, the additional costs to be billed by SANDAG would be off set by unallowed IT costs. At the date of the DOT report (11/27/07) it was found that SANDAG has not submitted revised final invoices to the Department for each of the affected fiscal years, as such, this issue is still in process of resolution.

TransNet Compliance with FY2007 findings:
Caporicci & Larson, SANDAG external auditors, had findings during the TransNet FY2007 compliance audit on sixteen TransNet fund recipients related to having TransNet funds on hand that exceeded the 30 percent funding on hand limit outlined in
SANDAG Board Policy 31. An agency which maintains a balance of more than 30 percent of its annual TransNet apportionment (after debt service payments) must use the remaining balance to fund projects. In these cases, SANDAG will need to defer payment until the unused balances fall below the 30 percent threshold.

The SANDAG Finance Department is actively managing the funding for these TransNet fund recipients to ensure their TransNet funds on hand do not exceed the 30 percent limit outlined in SANDAG Board Policy 31.

The external auditor also noted that the City of Lemon Grove posted several adjustments to their TransNet fund after the FY2006 audit was completed resulting in a restatement of FY2006 numbers.

**Legislative Analyst Office (LAO) Report findings:**
The LAO report is a status report to inform the California Legislature concerning the progress of implementation for California Senate Bill 1703. The Legislature directed the LAO to prepare a report evaluating the San Diego regional governance structure and SANDAG’s effectiveness in a variety of areas including land use, transportation, affordable housing, and the environment. The findings of the LAO dealt primarily with operational areas within SANDAG and not specifically with grant or TransNet administration. For a listing of the findings see Appendix III. While not addressing all the findings, in response to the LAO report SANDAG has done the following:

- Developed a Smart Growth Concept Map which identifies areas throughout the region that would link smart growth land uses and transportation infrastructure.

- Developed a Smart Growth Incentive Program which provides grant funding to local jurisdictions that implement smart growth land uses and have prioritized discretionary transportation funding to agencies that provide a greater share of their regional housing needs.

- SANDAG has made changes to its governance structure; two San Diego County representatives - one representing the incorporated areas and another representing the unincorporated areas of the county - sit on the SANDAG Board of Directors.

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8 The 16 recipients named in the finding are Carlsbad, Chula Vista, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, MTS, National City, Oceanside, Poway, San Diego, San Marcos, County of San Diego, Solana Beach and Vista.
Appendix III

LAO REPORT FINDINGS

The following is an outline of findings found in the LAO’s report SANDAG: An Assessment of Its Role in the San Diego Region:

Governance
- SANDAG Plays a More Prominent Role Than Most Other Councils of Governments…
- …But SANDAG’s Authority to Address Most Regional Issues Is Limited
- SANDAG’s Actions Require Broad Consensus
- Little Ability to Hold Members Accountable for Regional Objectives

Land Use
- Land Use Decisions Will Determine Region’s Ability to Accommodate Growth
- SANDAG Lacks Any Authority to Regulate Land Development
- Economic Factors Influence Land Developments
- SANDAG Encourages Multifamily Housing, But Few Follow
- Some Local Agency Plans Emphasize Retail and Low-Density Housing
- Many Factors Counter SANDAG’s Effectiveness In Influencing Land Use

Transportation
- SANDAG Is the Primary Transportation Entity In the Region
- SANDAG’s Decisions Often Reflect Regional Concerns
- Regional Decision Making Faces Constraints
- SANDAG’s Influence on Transportation Demand Is Limited
- Consolidation Might Improve Coordination of Transit Services
- Consolidation Under SANDAG Needs Clarification

Housing and The Environment
- SANDAG Limited in Its Efforts to Promote Housing
- Region’s Housing Problems Not Likely to Improve Soon

Air Quality
- Governance Responsibilities Well Defined
- Limits of a Single-Function Entity
- SANDAG’s Air Quality Role Limited

Water Quality
- Reasonable Allocation of Governance Roles
- Constraints on Achieving Water Quality Improvement
- SANDAG Has Virtually No Role in Water Quality

Natural Habitat Conservation
- New Conservation Program Still in Infancy
- SANDAG Has Opportunity to Assist in Habitat Plan Implementation
A WARMER WORLD—
A CHALLENGE AND AN OPPORTUNITY

SUMMARY

On August 31, 2006, the California Legislature passed Assembly Bill (AB) 32, the Global Warming Solutions Act of 2006. AB 32 requires that the state’s Green House Gas (GHG) emissions be reduced to 1990 levels by 2020. Included in the most abundant Green House Gases are carbon dioxide, methane and nitrous oxide. The primary sources of GHG due to human action are attributed to transportation (vehicle emissions), energy (electricity generation) and waste (methane from solid waste landfills). The required reduction will be accomplished through an enforceable cap on GHG emissions, which will be phased in beginning in 2012. The California Air Resources Board (CARB) is developing regulations, in accordance with AB 32, which will become enforceable in January 2010. Another bill on the horizon is SB (Senate Bill) 375, which, if passed, would require Regional Transportation Plans (RTPs) to include a “sustainable community strategy” which would reduce vehicle miles traveled in order to meet lower emission standards. Sustainability, at its most basic level, means “meeting the needs of the present without compromising the ability of future generations to meet their own needs.”

The County of San Diego, its 18 cities, and the San Diego Association of Governments (SANDAG), have primary responsibility for meeting state environmental mandates. San Diego is fortunate to have a rich knowledge base with its three universities and renowned climate scientists. At least twelve scientists from Scripps Institution of Oceanography participated in the preparation of the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), two as lead authors.

At the end of this report is a List of Acronyms and Abbreviations, followed by Appendix A, which is a list of ten simple steps from the San Diego Regional Energy Office and the San Diego Climate Protection Action Plan that can be taken by individuals that will decrease carbon dioxide emissions, and Appendix B, which is the US Conference of Mayors Climate Protection Agreement.

PURPOSE

The purpose of the study is:

- To call attention to the impact of climate change on the San Diego region;
- To review the policies and practices of local governmental agencies in regard to greenhouse gas emission reduction, offering commendation and recommendations as appropriate;
To suggest ways that San Diego’s local governments, working with business, educational and other community organizations, can positively affect climate change issues.

PROCEDURES

Interviews Conducted

- City of San Diego Environmental Services Department Staff
- San Diego City Council Member
- County of San Diego Department of Planning and Land Use Staff
- SANDAG Staff
- Representative of Coast Keeper
- Climate Scientist from Scripps Institute of Oceanography
- Representative of San Diego Foundation
- Representative of Mission Valley Rotary Club
- Representative of the University of San Diego (USD) Energy Office

Materials Reviewed

- City of San Diego Climate Protection Action Plan July 2005
- Conservation Element of the City of San Diego General Plan
- City of Chula Vista Climate Change Working Group Final Recommendations Report
- SANDAG White Paper on Climate Change Planning Issues
- SANDAG White Paper on Regional Habitat Conservation
- US Conference of Mayors 2005 Climate Protection Agreement
- Multiple Species Conservation Plan
- US City Sustainability Rankings – SustainLane 2006
- Letter from the Office of the California Attorney General to the San Diego City Planning Department regarding the General Plan Update
- Letter from the Office of the California Attorney General to SANDAG regarding the Regional Transportation Plan
- Articles from the San Diego Union Tribune, Voice of San Diego, and North County Times
- “Preparing for Climate Change: A Guidebook for Local, Regional, and State Governments” by the Climate Impact Group, University of Washington and King County, Washington
- “Best Practices for Climate Protection-A Local Government Guide” by the International Council for Local Environmental Initiatives

BACKGROUND

The Inter-governmental Panel on Climate Change (IPCC), a Nobel Prize winning assemblage of international scientific scholars, has expressed the conviction that climate change is happening and that human activity is the primary cause. New studies, including the Fourth Assessment Report released by the IPCC in November of 2007, reveal that change is happening and at a faster rate than previously believed. Scientists
warn that a change in direction is needed in order to avoid the worst effects of a warming world.

Climate models used by scientists at the Scripps Institution of Oceanography, University of California San Diego, forecast decreasing rainfall, reduced snow pack in the Sierra, continuing drought and more frequent and intense wildfires. As the population grows and development continues to expand into eastern areas of the County, demand for electricity will increase and additional fossil fuel powered generating facilities will need to be brought on line, which will, in turn, produce more GHG emissions. Climate models indicate sea level rise of seven to twenty-three inches or more by the end of the century, which will result in shoreline erosion and serious damage to coastal communities.

Of special concern is the reality that 90% of the water for the San Diego region is imported from Northern California and the Colorado River, a practice that consumes nearly 20% of the energy used in the state. Computer models at Scripps project a 50% chance that Lake Mead, a key reservoir and source of water for San Diego, will become functionally dry within the next couple of decades. A recently released study shows that outflow exceeds inflow, which means that the system is in peril. There is a major and immediate threat to the region’s water supply but local officials, with certain exceptions, express minimal awareness or concern.

San Diego County has more rare, threatened and endangered plant and animal species than any other county in the continental United States. For this reason, it is considered a “national hotspot”. Climate change presents a special threat to these resources. An extended drought will result in the increasing loss of forests and native habitat due to susceptibility to disease and invasive pests, and the frequency and severity of wildfire events.

DISCUSSION #1

Response to Climate Change – City of San Diego

The City of San Diego displayed early leadership in recognizing and making plans to address climate change. On January 29, 2002, the San Diego City Council unanimously approved the San Diego Sustainable Community Program with direction to: 1) participate in the Cities for Climate Protection (CCP) program coordinated through the International Council of Local Environmental Initiatives (ICLEI); 2) establish a 15% greenhouse gas (GHG) reduction goal set for 2010, using a 1990 baseline; 3) use the recommendations of a scientific Ad Hoc Advisory Committee as a means to improve the GHG Emission Reduction Action Plan within the City organization and to identify additional community actions.

On January 4, 2004, the Mayor and City Council accepted San Diego’s Climate Protection Action Plan that included a recommendation to reduce GHG emissions from City Operations. Also in 2004, the City of San Diego was selected by the US Environmental Protection Agency for the annual Climate Protection Award.
The City of San Diego’s July 2005 Climate Protection Action Plan addresses GHG emissions from the total community and specifically, emissions from City operations. Both categories are separated into three components: Energy, Waste and Transportation. City operations, which represent 2% of the total, have steadily reduced its share of GHG emissions through fuel efficiency, energy conservation, the use of renewable energy and the use of methane gas to generate electricity. Unfortunately, the community at large, the other 98%, continues to increase its per capita GHG emissions and at the present rate will not meet AB 32 guidelines. As of 2005, emissions from City operations were 10% below the 1990 baseline but for the total community, emissions were 30% above the 1990 baseline.

In 2005 the mayor of San Diego and six other cities within San Diego County signed the US Conference of Mayors Climate Protection Agreement, which is a pledge to cut GHG emissions to 7 percent below 1990 levels by 2012. The six other cities are Chula Vista, Del Mar, Imperial Beach, La Mesa, Solana Beach and Vista. The agreement (see Appendix B) says, in part, “We will strive to meet or exceed Kyoto Protocol targets for reducing global warming pollution by taking actions in our own operations and communities such as: 1) Inventory global warming emissions in City operations and in the Community, set reduction targets and create an action plan; 2) Adopt and enforce land use policies that reduce sprawl, preserve open space, and create compact, walkable urban communities; 3) Promote transportation options such as bicycle trails, commute trip reduction programs, incentives for car pooling and public transit; and 4) Help educate the public, schools, other jurisdictions, professional associations, business and industry about reducing global warming pollution.” Only two of the signatory cities, San Diego and Chula Vista, have adopted GHG reduction plans within their city operations and established reduction targets.

The City’s Climate Protection Action Plan lists 22 policies, initiatives and resolutions related to protecting the environment such as encouraging “green” building, directing growth into compact patterns of development (City of Villages strategy), planning for and implementing development of improved public transit, implementing water reclamation/reuse, using recycled products and using alternative fuels. Most of the policies establish guidelines, call for “encouragement”, or are expressed in very general terms that do not include timetables and specific actions. Few are being implemented and none are reviewed annually, as called for in the Plan.

One climate friendly policy that is being implemented is San Diego City Council Policy No. 900-14, the Sustainable Building Policy effective May 29, 2003. Leadership in Energy and Efficiency Design (LEED) is the US Green Building Council’s national program for certifying environmentally sustainable design, construction and resource practices for the American building industry. There are five key sustainability aspects of the design and construction processes: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. There are four levels of LEED certification – certified, silver, gold and platinum. Each level is reached by obtaining points from the LEED rating system that offers 7 prerequisite points and 69
elective points. LEED certified level requires 26-32 points, silver level, 33-38 points, gold level, 39-51 points and platinum level 52 plus.

City Council Policy No. 900-14 commits the City to achieving at least LEED “Silver” Level Certification for all new City facilities and major renovation projects of over 5,000 square feet and provides expedited processing for private LEED construction. A LEED Accredited Professional approves buildings for certification. The City currently has 15 LEED certified buildings and many more (68) that are registered for review.

The Climate Action Plan states, “The City of San Diego can do more as an organization through policies and practices to reduce the volume of GHG emission. However, if the largest one-hundred companies in San Diego put forward the same level of commitment, actively working to reduce GHG emissions associated with their energy, water and transportation operations, we would be much closer to reaching the 2010 target for the community.” This observation suggests an educational/leadership role for the City.

The City of San Diego adopted the General Plan Update on March 10, 2008, completing a process that began in 1999. In June 2007, the Office of the California Attorney General sent a letter to the City complimenting it on having adopted a Climate Action Plan in 2005, signing the US Mayor’s Climate Protection Agreement, and adopting smart growth planning measures. However, the Climate Action Plan primarily addresses GHG emissions attributed to City operations, which only comprise 2% of the total, and does not address the other 98% from residences and businesses. Also, mitigation measures in the General Plan frequently state goals or preferences without any commitment to adopt or enforce.

In response to the California Attorney General, input from the Natural Resource and Culture Committee, and public comment, the section in the General Plan Conservation Element on Climate Change and Sustainable Development was revised and strengthened to include City Council, Policy CE-A.2:

"Reduce the City’s carbon footprint. Develop and adopt new or amended regulations, programs and incentives as appropriate to implement the goals and policies set forth in the San Diego General Plan to:

- Create sustainable and efficient land use patterns to reduce vehicular trips and preserve open space;
- Reduce fuel emission levels by encouraging alternative modes of transportation and increasing fuel efficiency;
- Improve energy efficiency, especially in the transportation sector and buildings and appliances;
- Reduce the Urban Heat Island effect through sustainable design and building practices, as well as planting trees (consistent with habitat and water conservation policies) for their many environmental benefits, including natural carbon sequestration;
- Reduce waste by improving management and recycling programs;
- Plan for water supply and emergency reserves.”
The City Planning and Community Investment Department (CPCI) and the Environmental Services Department (ESD) are to be commended for developing and strengthening GHG reduction policies. The new policies in the Conservation Element provide a framework for a leadership position on climate change issues, but regulations and measurable targets and timetables need to be adopted and implemented in order to comply with the mandate of AB 32.

Although a frontrunner in expressing early support for sustainability, in the 2006 US Sustainability rankings of the 50 largest cities in the nation, San Diego ranks only 17th. Numbers one, two and three respectively are Portland, San Francisco and Seattle. Cities are evaluated on 15 indicators including public transit, renewable energy, local food, tap water quality, knowledge base, air quality and development approaches. San Diego scored highest in “knowledge base” but compared unfavorably in housing affordability, tap water quality, city commuting and metro congestion. San Diego is described, however, as an emerging leader that “…needs to invest in public transportation so that using it becomes an everyday experience for more residents.”

An article in the February 13, 2008 Popular Science magazine published a list of America’s greenest cities. There were 14 California cities on the list (more than any other state) but San Diego did not make the cut. Portland ranked highest with San Francisco second. The selection was based on data from the US Census and the National Geographic Society’s Green Guide. Four categories were considered including electricity from renewable sources; transportation based on commuting patterns by public transit and air quality levels; green living, based on the number of green buildings certified by the US Green Building Council; and the comprehensive level of a city’s recycling program. As America’s top green city, half of Portland’s power comes from renewable sources, a quarter of the workforce commutes by bike, carpool or public transportation, and it has 35 LEED certified buildings.

At a recent meeting of the San Diego City Council Natural Resources and Culture Committee, the Environmental Services Department (ESD) described its involvement in a “Green Cities California” program wherein Ten California Cities are collaborating in advancing sustainable practices. ESD also announced formation of the new “City Green Team” monthly meetings with representatives of City Planning and Community Investment, ESD, Water, Metro Wastewater, Engineering and Capital Projects, Development Services, and Centre City Development Corporation to coordinate and advance GHG reduction efforts. These actions reflect a renewed commitment to enhance San Diego’s leadership role in climate protection.

FACTS/FINDINGS

Fact: AB 32, The Global Warming Solutions Act of 2006, requires that GHG emissions be reduced to 1990 levels by the year 2020, a roughly 25% reduction under business as usual estimates.
Finding #01: Local government has a responsibility to inventory global warming emissions in City operations and in the community at large, set reduction targets, create and implement an action plan.

Fact: The City of San Diego adopted the Sustainable Community Program in 2002 and a Climate Protection Action Plan in 2005.

Fact: The Climate Protection Action Plan lists 22 policies, initiatives and resolutions, recommends annual review and revision of these measures and the development of additional climate protection policies.

Fact: The Conservation Element of the recently adopted General Plan includes a section on Climate Change containing policies that address local GHG mitigation strategies.

Finding #02: Regulations need to be in place in order to implement adopted policies and reduce the City’s carbon footprint.

Fact: San Diego has an exceptional knowledge base with three universities and researchers who are among the world’s leading climate scientists.

Finding #03: Local policy makers should make better use of the expertise of the researchers and the accumulated scientific information that is available in the San Diego academic community.

RECOMMENDATIONS

The 2007/2008 San Diego County Grand Jury recommends that the Mayor and the City Council of the City of San Diego:

08-69: Review all policies, initiatives and resolutions listed in the Climate Protection Action Plan and strengthen them to include targets, benchmarks and timetables in order to meet the mandate of AB 32.

08-70: Develop an education and outreach program to inform the public, schools, professional associations, business and industry, and other jurisdictions about what they can do to reduce pollution, which may contribute to GHG.

08-71: Develop a formal structure whereby policy makers can interface with academia in order to develop policies that take into account all available options and technologies and that are based in fact.

COMMENDATIONS

The 2007/2008 San Diego County Grand Jury commends the Mayor of the City of San Diego for endorsing The US Mayors Climate Protection Agreement.
The 2007/2008 San Diego County Grand Jury commends the Mayor and the City Council of the City of San Diego for approving the City of San Diego Climate Protection Action Plan and for including Climate Change and Sustainable Development in the recently adopted General Plan.

**DISCUSSION #2**

*Response to Climate Change – City of Chula Vista*

The City of Chula Vista has been involved in the Cities for Climate Protection campaign since the early 1990s and was the first city of under 1 million residents to become a founding member of the International Council of Local Environmental Initiatives (ICLEI). As part of this campaign, the City adopted and implemented a Carbon Dioxide Reduction Plan in which it assessed its 1990 GHG emissions and outlined actions to decrease emissions by 20% by 2010.

On May 1, 2007, the City accepted the 2005 GHG Inventory Report and directed staff to reconvene a Climate Change Working Group. The report indicated that, while municipal emissions were down 17%, annual citywide levels had increased 35% since 1990. Measures implemented to reduce emissions from city operations, such as retrofit of traffic and pedestrian signals with energy efficient technology and ongoing replacement of municipal fleets with fuel-efficient and alternative fuel vehicles have proven effective in reducing municipal pollution. The 35% increase citywide is considered primarily due to a 61% increase in population (from 135,136 in 1990 to 217,543 in 2005). This increase represents a significant challenge, but one that the City of Chula Vista has accepted.

On April 1, 2008, the Climate Change Working Group returned to the Chula Vista City Council with its final recommendations on measures to reduce the community’s “carbon footprint”. The Working Group comprised of residential, business and community group representatives reviewed 90 carbon-reducing measures that were previously implemented by other communities for possible application to Chula Vista. The final recommendations, seven in number, are those that the Working Group considered most likely to reduce GHG emissions over the next few years:

1) Require that 100% of the replacement vehicles purchased for the municipal fleet be high efficiency (hybrid) or alternative fuel vehicles.

2) Encourage City-contracted fleet operators to adopt the use of high-efficiency (hybrid) or alternative fuel vehicles, by stipulating that 100% of replacement vehicle purchases should be alternative fuel or hybrid vehicles.

3) Require City of Chula Vista-licensed businesses to participate in an energy assessment of their physical premises every three years and upon change of ownership.
4) Adopt community-wide green building standards that are comprehensive in coverage and mandatory. New and substantially remodeled structures will be required to be built to LEED silver or to an equivalent third party certification green building program, with the effect of having an energy efficiency impact of at least 20% over Title 24.

5) Facilitate widespread installation of solar photovoltaic (PV) systems on commercial, residential and municipal facilities by developing and implementing a solar energy conversion program. Proactively enforce existing codes requiring pre-plumbing for solar hot water.

6) Facilitate “Smart Growth” around the H Street, E Street and Palomar Street Trolley Stations.

7) Coordinate with Otay Water District, San Diego County Water Authority and the Sweetwater Water Authority to convert turf lawns to xeriscape (landscaping that employs drought resistant plants).

The City Council adopted the entire proposal.

**FACTS/FINDINGS**

**Fact:** Over a ten-month period, the City of Chula Vista’s Climate Change Working Group reviewed 90 GHG emissions reducing measures being employed by other communities for potential use in Chula Vista.

**Finding #04:** The Chula Vista City Council unanimously approved an aggressive program for addressing global warming in City operations and in the community.

**RECOMMENDATIONS**

The 2007/2008 San Diego County Grand Jury recommends that the Mayor and the City Council of the City of Chula Vista:

08-72: Maintain its commitment to reducing GHG emissions by fully implementing the recommendations of the Climate Change Working Group.

**COMMENDATION**

The 2007/2008 County Grand Jury commends the Mayor and City Council of the City of Chula Vista for exercising courage and leadership in adopting an aggressive sustainable community strategy.
DISCUSSION #3

Response to Climate Change – County of San Diego

San Diego County has adopted a number of “Green Initiatives” including LEED Certified or Silver Standard buildings within its facilities. The Department of Parks and Recreation has two LEED buildings. The Medical Examiner and Forensics Center as well as the Libraries in Fallbrook and Ramona will be built to at least the LEED silver standard, as will all County Operations Center redevelopment projects. The County also has nearly 100 hybrid vehicles in its own fleet with 15 more to be purchased this year.

The County has a Green Building Incentive Program for private developers which offer expedited processing, a 7.5% reduction in plan check and building permit fees and no fees for installation of photovoltaic systems and small wind turbines. Also, the County has reached a 52% waste diversion rate, which brings it into compliance with AB 939, the Integrated Waste Management Act of 1989. This law required that local jurisdictions reduce disposal of waste from the base year of 1990 by 50% by the year 2000 or face potential fines of $10,000 per day. The County has established goals for energy conservation and development of renewable energy sources, but like City goals, they are expressed in terms of encouraging and working together to achieve, as opposed to targets, timetables and measurable outcomes.

Although not in response to local climate change issues, but of significant importance to habitat protection, the County, several cities within the County and SANDAG began developing a regional Habitat Conservation Plan (HCP) in the early 1990s. It received national recognition as the first region to develop such a plan. The purpose of the program was to preserve key areas of habitat in order to protect endangered species and those that could become endangered without protection while providing certainty and expedited processing for development in appropriate areas. The plan involves land acquisition, land management and monitoring.

All portions of San Diego County will be included in one of four regional habitat conservation plans: 1) the Multiple Species Conservation Plan South (MSCP) approved in 1998; 2) the Multiple Habitat Conservation Program (MHCP) approved by SANDAG in 1993; 3) the North County Multiple Species Conservation Program (MSCP) to be completed in the fall of 2009; and 4) the East County Multiple Species Conservation Program (MSCP) is scheduled to be completed in the Fall of 2010. Without these habitat conservation plans, San Diego, with its high population growth and large number of species requiring protection, was headed for a “train wreck” as described by a former U.S. Secretary of the Interior.

The County is in the process of updating its general plan, but it will not be complete until at least 2010. The County at this point has no Climate Action Plan and no specific program for meeting the requirements of AB 32. The formation of a Climate Action Team is under discussion, but no definitive steps have been taken.
As a comparison, King County, Washington is widely recognized as a leader in developing specific action plans to reduce GHG emissions and to mitigate the impact of global warming. King County is the largest county in the state of Washington, with a population of nearly 2 million, an area of 2,000 square miles and an annual budget of $4 billion. Scientists at the University of Washington formed an interdisciplinary Climate Impacts Group (CIG) to study the impacts of global climate change on the Pacific Northwest and to work with planners and policy makers to apply this information to the regional decision making process. The process began with development of a study prepared by various deans at the University of Washington studying projections for the quality of life in 2050 if no mitigating actions were taken. The results of that study were the basis for the County’s climate action plan.

In September 2007, King County and the CIG, in association with the ICLEI published “Preparing for Climate Change: A Guidebook for Local, Regional and State Governments”. This guidebook, with its many specific recommendations, may be an excellent resource for the County Department of Planning and Land Use as it begins preparation of a climate action plan. For example, Chapter 6 “Build Your Climate Change Preparedness Team” recommends a full-scale cross departmental preparedness team including many services, operations and infrastructure such as: water supply, wastewater treatment, public health, environmental protection, planning and zoning, parks and recreation, economic development and emergency services.

Another valuable local resource that will soon be available is the Focus 2050 Study for the San Diego Region, which is scheduled for release in June 2008. This is a study funded by the San Diego Foundation and under the direction of the University of California San Diego Environment and Sustainability Initiative. The study will provide a snapshot of the San Diego region in 2050 if current trends continue. It will focus on eight interrelated areas including:

- Climate change
- Population growth
- Land use and sprawl
- Transportation
- Water
- Energy
- Public health
- Biodiversity and habitat

This analysis will seek ways to reduce GHG emissions and develop and implement adaptation strategies to address the potentially harmful economic, social and ecological consequences of climate change in our region.

**FACTS/FINDINGS**

**Fact:** AB 32, The Global Warming Solutions Act of 2006, requires that GHG emissions be reduced to 1990 levels by the year 2020, a 25% reduction.
Finding #05: San Diego County Government has a responsibility to inventory global warming emissions in County operations and in the community at large, set reduction targets and create and implement an action plan.

Finding #06: San Diego County has not yet developed a climate protection action plan.

Fact: There are valuable tools available, such as the King County Guidebook for Local, Regional and State Governments, on preparing a climate protection action plan.

Finding #07: San Diego County needs a climate action plan in order to comply with State legislation and to begin the process of stabilizing and reducing GHG emissions.

RECOMMENDATIONS

The 2007/2008 San Diego County Grand Jury recommends that the San Diego County Board of Supervisors:

08-73: Review all policies, initiatives and resolutions related to climate protection strengthening them as needed to include targets, benchmarks and timetables in order to meet the mandate of AB 32.

08-74: Develop an education and outreach program to inform the public, schools, professional associations, business and industry, and other jurisdictions about what they can do to reduce pollution that may cause global warming.

08-75: Develop a formal structure whereby policy makers can interface with academia in order to develop policies that will promote sustainability and that are science based.

DISCUSSION #4

Response to Climate Change – SANDAG

The Board of Directors of the San Diego Association of Governments (SANDAG) is comprised of representatives of the 18 cities and county government. They provide a forum for regional decision-making. The role of SANDAG is to develop strategic plans, build consensus, obtain and allocate funds and provide information on a wide range of topics related to the region’s quality of life. Chief among SANDAG’s responsibilities are adopting and implementing a Regional Comprehensive Plan (RCP) and a Regional Transportation Plan (RTP). The RCP, which was adopted in 2004, is the strategic planning blueprint for the region. It did not take climate change into account in the 2004 update. The revised RTP was adopted in November 2007 despite objection from the Attorney General’s office. Since the transportation sector accounts for 38 - 40% of all
GHG emissions, decisions on regional transportation and the impact of increasing growth in vehicle miles traveled (VMT) are of critical importance.

Following passage of AB 32, the Office of the Attorney General has commented on the environmental impact reports (EIRs) on major planning documents for jurisdictions throughout the state (such as the City of San Diego General Plan discussed earlier). The Attorney General’s office filed a lawsuit against the County of San Bernardino because the EIR did not adequately analyze the General Plan’s impacts on climate change and did not propose mitigation measures for climate change impacts.

The Attorney General’s letter to SANDAG regarding the RTP commended SANDAG for including a policy to adopt a regional Climate Action Plan, but expressed a number of concerns. The RTP embraces the Smart Growth Concept, which means compact and transit accessible employment, accessible, pedestrian oriented mixed-use development patterns and land re-use. However, the RTP Smart Growth Concept Map shows 193 widely dispersed urban and rural “smart growth” areas. Many of these areas are far from employment opportunities or access to transit. Designation on the Smart Growth Concept Map makes a site eligible for infrastructure development incentives. The Attorney General’s letter questioned the large number of smart growth sites suggesting that the RTP smart growth map seems to be “focused on developable land rather than access to transit or employment.” The letter also criticized the RTP for favoring freeway expansion over expanding public transit, biking and walking recommended by an Independent Transit Review.

A White Paper on Climate Change Planning Issues presented at the January 25, 2008 SANDAG board meeting acknowledges that SANDAG has jurisdiction over activities that contribute to climate change and recognizes a responsibility to reduce GHG emissions. The report states that currently the California Environmental Quality Act (CEQA) guidelines do not provide direction on evaluating climate change impacts, which creates some level of uncertainty. The California Air Resources Board (CARB) is the state agency responsible for monitoring and regulating sources of GHG emissions. The timeline for implementation of AB 32 shows preparation and approval of a scoping plan to occur by January 1, 2009 with regulations based on the scoping plan to become effective January 1, 2012. There is currently, however, a detailed fact sheet from the Attorney General’s office, which describes climate change mitigation best practices and there are many letters to various jurisdictions, including SANDAG, that have numerous mitigation suggestions. Many cities, including San Diego and Chula Vista have moved forward using ICLEI protocol to establish GHG emission 1990 levels and targets without waiting for the final word from CARB.

In September 2002, a California law known as the Renewable Portfolio Standard (RPS) requiring utility companies in California to obtain at least 20% of their electricity from renewable resources was passed. The original law set a deadline of 2017. In September 2006 the California legislature passed SB 107, which accelerated this requirement so that it must be met by 2010. The Governor has endorsed this accelerated schedule and has set a goal of achieving a 33-percent renewable energy share by 2020 for the state as a whole.
SANDAG’s Energy Working Group has been assisting with the local utility companies to assist and encourage compliance with the renewable energy deadline. Unfortunately, the local utility announced in October 2007 that it is unlikely to meet the state’s renewable energy goals. The other two large utility companies in the state have two and three times the amount of renewable energy sales, respectively, and both companies appear to be on track to meet the renewable energy deadline. One of these companies has launched the nation’s largest solar cell installation, a project “that will place 250 megawatts of advanced photovoltaic generating technology on 65 million square feet of roofs of Southern California commercial buildings – enough power to serve approximately 162,000 homes.” According to the weather service, which monitors 265 weather stations nationwide, California is the second sunniest state. Arizona is number one.

The California Public Utilities Commission (CPUC) issued a draft final report entitled “Achieving a 33 Percent Renewable Energy Target”. The authors of the report concluded that it is economically and technically feasible to achieve a 33% RPS in California by 2020 and moreover, this may result in a net savings to California’s electricity customers over a twenty year period.

**FACTS/FINDINGS**

**Fact:** AB 32, The Global Warming Solutions Act of 2006, requires that GHG emissions be reduced to 1990 levels by the year 2020, a 25% reduction.

**Finding #08:** Local government has a responsibility to inventory GHG emissions in its operations and in the community, set reduction targets, and to create and implement an action plan.

**Fact:** SANDAG does not have a climate protection action plan in place.

**Finding #09:** As the regional governing body charged with transportation planning, the major source of GHG emissions, SANDAG has a special obligation to be the leader in developing and implementing an effective climate protection action plan.

**Fact:** Two of the major utility companies in California are on track for meeting the state requirement of obtaining 20% of electricity from renewable sources.

**Fact:** The local utility company has announced that it will not be able to meet the state mandate.

**Finding #10:** SANDAG has a responsibility to use its influence to encourage the local utility to match the commitment of other California utility companies to develop renewable energy resources.

**Fact:** California is second only to Arizona in percentage of sunshine.
Finding #11: This region has a renewable source of energy that is not being sufficiently utilized.

RECOMMENDATIONS

The 2007/2008 San Diego County Grand Jury recommends that the SANDAG Board of Directors:

08-76: Develop a climate protection action plan with specific policies and procedures including targets and timetables which will enable the region to comply with the mandate of AB 32.

08-77: Work closely with the utility companies to encourage actions that will promote quality of life and sustainability.

COMPLETE RECOMMENDATIONS

The 2007/2008 San Diego County Grand Jury recommends that the Mayor and the City Council of the City of San Diego:

08-69: Review all policies, initiatives and resolutions listed in the Climate Protection Action Plan and strengthen them to include targets, benchmarks and timetables in order to meet the mandate of AB 32.

08-70: Develop an education and outreach program to inform the public, schools, professional associations, business and industry, and other jurisdictions about what they can do to reduce pollution, which may contribute to GHG.

08-71: Develop a formal structure whereby policy makers can interface with academia in order to develop policies that take into account all available options and technologies and that are based in fact.

The 2007/2008 San Diego County Grand Jury recommends that the Mayor and the City Council of the City of Chula Vista:

08-72: Maintain its commitment to reducing GHG emissions by fully implementing the recommendations of the Climate Change Working Group.

The 2007/2008 San Diego County Grand Jury recommends that the San Diego County Board of Supervisors:

08-73: Review all policies, initiatives and resolutions related to climate protection strengthening them as needed to include targets, benchmarks and timetables in order to meet the mandate of AB 32.
08-74: Develop an education and outreach program to inform the public, schools, professional associations, business and industry, and other jurisdictions about what they can do to reduce pollution that may cause global warming.

08-75: Develop a formal structure whereby policy makers can interface with academia in order to develop policies that will promote sustainability and that are science based.

The 2007/2008 San Diego County Grand Jury recommends that the SANDAG Board of Directors:

08-76: Develop a climate protection action plan with specific policies and procedures including targets and timetables which will enable the region to comply with the mandate of AB 32.

08-77: Work closely with the utility companies to encourage actions that will promote quality of life and sustainability.

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made no later than 90 days after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made within 60 days to the Presiding Judge with an information copy sent to the Board of Supervisors. Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

(a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
   (1) The respondent agrees with the finding
   (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
   (1) The recommendation has been implemented, with a summary regarding the implemented action.
   (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

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<tr>
<th>Responding Agency</th>
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<td>Mayor, City of San Diego</td>
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LIST OF ACRONYMS AND ABBREVIATIONS

AB 32 — (Calif. State Assembly Bill) Global Warming Solutions Act of 2006

AB 939 — Integrated Waste Management Act

SB 107 — (Calif. State Senate Bill) Renewable Energy

SB 375 — Transportation, Land Use and the California Environmental Quality Act

CARB — California Air Resources Board

CCP — Cities for Climate Protection

CEQA — California Environmental Quality Act

CIG — Climate Impacts Group

CPUC — California Public Utilities Commission

ESD — Environmental Services Department

GHG — Green House Gas

HCP — Habitat Conservation Plan

ICLEI — International Council of Local Environmental Initiatives

IPCC — Inter-governmental Panel on Climate Change

LEED — Leadership in Energy and Environmental Design

MHCP — Multiple Habitat Conservation Program

MSCP — Multiple Species Conservation Program

RCP — Regional Comprehensive Plan

RPS — Renewable Portfolio Standard

RTP — Regional Transportation Plan

SANDAG — San Diego Association of Governments

VMT — Vehicle Miles Traveled
APPENDIX A

REDUCE GREENHOUSE GAS EMISSIONS IN SAN DIEGO COUNTY

10 SIMPLE STEPS TO HELP SLOW GLOBAL WARMING

While government, business, and technology can help forge the path to a clean-energy future, individuals must also act. Personal choices can make a difference. Below are 10 things you can do. If all San Diegans took the steps listed below, we could reduce our carbon dioxide emissions by nearly nine million tons!

1. Turn off unnecessary lights and unplug un-used electronic devices. You can save hundreds of pounds of carbon dioxide per year.

2. Buy energy-efficient light bulbs. Replace three frequently used light bulbs with compact fluorescent bulbs and save 300 lbs of carbon dioxide per year.

3. Drive less. Cars account for more than 40% of our regions greenhouse gas emissions. Leaving your car at home just two days a week will reduce your carbon dioxide emissions by 1,590 pounds per year.

4. Conserve water. Because transporting and treating water requires about 10% of California’s energy annually, using water more efficiently also means using less energy. You can save hundreds of pounds of carbon dioxide just by using water wisely.

5. Plant more shade trees. Over its lifetime, a typical tree in our region absorbs 780 pounds of carbon dioxide.

6. Recycle paper, glass, and metal. By recycling half the waste you generate at home and using recycled products, you can keep 2,400 pounds of carbon dioxide out of the atmosphere each year.
7. Use more energy from renewable sources. The San Diego Regional Energy Office will launch an energy rebate program in January 2007, with tens of millions of dollars available annually for rebates to consumers who install solar-power or wind-power sources.

8. Wash your clothes in cold water. About 90% of the energy used to wash your clothes is used to heat the water! There are now new detergents specially designed for cold-water washing. So revisit your laundry aisle and switch to Cold Wash/Cold Rinse. You will keep 500 pounds of carbon dioxide out of the atmosphere each year.

9. Line-dry your clothes. There is no shortage of sunshine in San Diego, and you won’t generate any carbon dioxide.

10. Encourage your friends and local, state, and federal government representatives to take the steps necessary to curb global warming.

Sources: San Diego Regional Energy Office
City of San Diego Climate Protection Action Plan, July 2005.
APPENDIX B

2005 ADOPTED RESOLUTIONS

ENVIRONMENT

ENDORsing THE U.S. MAYORS CLIMATE PROTECTION AGREEMENT

WHEREAS, the U.S. Conference of Mayors has previously adopted strong policy resolutions calling for cities, communities and the federal government to take actions to reduce global warming pollution; and

WHEREAS, the Inter-Governmental Panel on Climate Change (IPCC), the international community’s most respected assemblage of scientists, has found that climate disruption is a reality and that human activities are largely responsible for increasing concentrations of global warming pollution; and

WHEREAS, recent, well-documented impacts of climate disruption include average global sea level increases of four to eight inches during the 20th century; a 40 percent decline in Arctic sea-ice thickness; and nine of the ten hottest years on record occurring in the past decade; and

WHEREAS, climate disruption of the magnitude now predicted by the scientific community will cause extremely costly disruption of human and natural systems throughout the world including: increased risk of floods or droughts; sealevel rises that interact with coastal storms to erode beaches, inundate land, and
damage structures; more frequent and extreme heat waves; more frequent and greater concentrations of smog; and

WHEREAS, on February 16, 2005, the Kyoto Protocol, an international agreement to address climate disruption, went into effect in the 141 countries that have ratified it to date; 38 of those countries are now legally required to reduce greenhouse gas emissions on average 5.2 percent below 1990 levels by 2012; and

WHEREAS, the United States of America, with less than five percent of the world’s population, is responsible for producing approximately 25 percent of the world’s global warming pollutants; and

WHEREAS, the Kyoto Protocol emissions reduction target for the U.S. would have been 7 percent below 1990 levels by 2012; and

WHEREAS, many leading US companies that have adopted greenhouse gas reduction programs to demonstrate corporate social responsibility have also publicly expressed preference for the US to adopt precise and mandatory emissions targets and timetables as a means by which to remain competitive in the international marketplace, to mitigate financial risk and to promote sound investment decisions; and

WHEREAS, state and local governments throughout the United States are adopting emission reduction targets and programs and that this leadership is bipartisan, coming from Republican and Democratic governors and mayors alike; and

WHEREAS, many cities throughout the nation, both large and small, are reducing global warming pollutants through programs that provide economic and quality of life benefits such as reduced energy bills, green space preservation, air quality improvements, reduced traffic congestion, improved transportation
choices, and economic development and job creation through energy conservation and new energy technologies; and

WHEREAS, mayors from around the nation have signed the U.S. Mayors Climate Protection Agreement which, as amended at the 73rd Annual U.S. Conference of Mayors meeting, reads: The U.S. Mayors Climate Protection Agreement D. We urge the federal government and state governments to enact policies and programs to meet or beat the target of reducing global warming pollution levels to 7 percent below 1990 levels by 2012, including efforts to: reduce the United States’ dependence on fossil fuels and accelerate the development of clean, economical energy resources and fuel-efficient technologies such as conservation, methane recovery for energy generation, waste to energy, wind and solar energy, fuel cells, efficient motor vehicles, and biofuels; E. We urge the U.S. Congress to pass bipartisan greenhouse gas reduction legislation that includes 1) clear timetables and emissions limits and 2) a flexible, market-based system of tradable allowances among emitting industries; and F. We will strive to meet or exceed Kyoto Protocol targets for reducing global warming pollution by taking actions in our own operations and communities such as: 1. Inventory global warming emissions in City operations and in the community, set reduction targets and create an action plan. 2. Adopt and enforce land-use policies that reduce sprawl, preserve open space, and create compact, walkable urban communities; 3. Promote transportation options such as bicycle trails, commute trip reduction programs, incentives for car pooling and public transit; 4. Increase the use of clean, alternative energy by, for example, investing in “green tags”, advocating for the development of renewable energy resources, recovering landfill methane for energy production, and supporting the use of waste to energy technology; 5. Make energy efficiency a priority through building code improvements, retrofitting city facilities with energy efficient lighting and urging employees to conserve energy and save money; 6. Purchase only Energy Star equipment and appliances for City use; 7. Practice and promote sustainable building practices using the U.S. Green Building...
Council's LEED program or a similar system; 8. Increase the average fuel efficiency of municipal fleet vehicles; reduce the number of vehicles; launch an employee education program including anti-idling messages; convert diesel vehicles to bio-diesel; 9. Evaluate opportunities to increase pump efficiency in water and wastewater systems; recover wastewater treatment methane for energy production; 10. Increase recycling rates in City operations and in the community; 11. Maintain healthy urban forests; promote tree planting to increase shading and to absorb CO2; and 12. Help educate the public, schools, other jurisdictions, professional associations, business and industry about reducing global warming pollution.

NOW, THEREFORE, BE IT RESOLVED that The U.S. Conference of Mayors endorses the U.S. Mayors Climate Protection Agreement as amended by the 73rd annual U.S. Conference of Mayors meeting and urges mayors from around the nation to join this effort.

BE IT FURTHER RESOLVED, The U.S. Conference of Mayors will work in conjunction with ICLEI Local Governments for Sustainability and other appropriate organizations to track progress and implementation of the U.S. Mayors Climate Protection Agreement as amended by the 73rd annual U.S. Conference of Mayors meeting.

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Tom Cochran, Executive Director
1620 Eye Street, NW, Washington, DC 20006
Tel. 202.293.7330 – Fax 202.293.2352
info@usmayors.org
CONSTRUCTION AGGREGATE QUARRY TOUR

(Tour subject to change to meet 11:30 a.m. return deadline)

Tour participants will be taken by bus to the Vulcan Mission Valley Quarry to learn about the history of quarry operations in San Diego County and experience, first-hand, a modern facility in operation. Construction aggregate includes sand, gravel, and crushed rock and is an important building material. Aggregate is the key ingredient in concrete and asphalt. Tour participants also may visit former quarry sites in Mission Valley that have been “reclaimed” for other uses like housing and shopping. A fact sheet on regional aggregate shortages is attached.

Please note: Members of the public or news media wishing to participate in the tour should contact SANDAG Clerk of the Board Deborah Gunn at (619) 699-1912 or dgu@sandag.org no later than 5 p.m., Tuesday, July 8, 2008.

GARY L. GALLEGOS
Executive Director

Attachment: 1. Regional Aggregate Shortages Fact Sheet

Key Staff Contact: Richard Chavez, (619) 699-6989, rch@sandag.org
In November 2004, San Diego voters approved a 40-year extension of TransNet, which will generate $14 billion for public transit, highway, and local street and road improvements. SANDAG is working with its transportation partners, Caltrans, the Metropolitan Transit System (MTS), and North County Transit District (NCTD) to improve the region’s transportation infrastructure and tackle growing traffic congestion head-on.

Constructing these transportation improvement projects creates a need for basic construction materials, such as aggregate. Aggregate materials include sand, gravel and crushed stone, and are used as base material under roads and rails to provide a solid foundation. Aggregate is also the key ingredient in concrete and asphalt. San Diego County has enough aggregate to fill its construction needs, but much of it is found in environmentally sensitive areas or on military bases with restricted access. Aggregate supply sites (quarries) within the county have dropped from 48 in 1980 to 12 sites today. The number of active quarries is expected to continue to decline, dropping to eight within the next five years.

With a 70 percent reduction in the number of active quarries in the region, the remaining producers have only been able to supply 50 percent of the aggregate needed for the region’s transportation projects. The San Diego region is paying almost double the statewide average for aggregate.

The state projects an 83 percent shortfall in aggregate supply for meeting the region’s 50-year demand.
percent of the county’s aggregate needs. In order to satisfy all aggregate consumption needs, our area has had to rely on imports from Imperial, Riverside, Los Angeles and San Bernardino Counties. These sources of aggregate are on average more than 90 miles away. Transportation costs have a negative affect on aggregate pricing with delivered prices doubling every 25 to 30 miles. As a result of these high transportation costs, aggregate prices in the San Diego region are almost double the statewide average as indicated in the bar chart below. For example, aggregate base material is currently $40 per cubic meter for local Caltrans transportation project construction; the statewide average is $22 per cubic meter.

The aggregate supply shortage is also a statewide issue. An assessment conducted by the State of California Geological Survey projects a 40 percent shortfall in the statewide supply of aggregate material. The county currently has an 83 percent shortfall in being able to meet its projected 50-year demand with local permitted aggregate material.

**Regional Challenges to be Addressed**

- To make regional aggregate prices comparable to statewide prices, more cost efficient local sources of aggregate would need to be identified.
- Providing policy makers with balanced information regarding the diminishing supply of local aggregate and related issues such as land use policy implications, cost efficient sources of aggregate, and environmental impacts related to the closure and/or opening of aggregate sites.
- Geospatial mapping of past, present and possible future aggregate sites.
June 24, 2008

Chairman Harry Mathis
Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

Dear Chairman Mathis:

SUBJECT: Response to Public Comments by Don Stillwell

On several occasions, Mr. Don Stillwell, member of the public, has attended SANDAG Transportation Committee meetings to express his concerns during the Public Comments/Communications portion of the meeting in regards to the coordination between the MTS Route #14 eastbound bus and the Green Line Trolley in Mission Valley. Copies of correspondence submitted by Mr. Stillwell to the Transportation Committee are enclosed.

On behalf of the Transportation Committee, I would like to request that MTS staff prepare a written response to Mr. Stillwell’s requests and be available to discuss the issues at the next Transportation Committee meeting on July 18, 2008, at 9 a.m. The meeting will be held in the SANDAG 7th Floor Board Room at 401 B Street, San Diego, CA 92101.

We appreciate your attention to this matter and should you have questions, you may contact me or Charles “Muggs” Stoll, SANDAG Transportation Committee Liaison at (619) 699-6945 or mst@sandag.org.

Sincerely,

JIM MADAFFER
Transportation Committee Chair

MST/dsn

Enclosures
Proposed Response to San Diego County Grand Jury Reports

July 11, 2008
Background

- Two reports issued by San Diego County Grand Jury in mid-May:
  - “SANDAG: How Much Growth is Sustainable?”
  - “A Warmer World – A Challenge and An Opportunity”
Background

• By mid-August, SANDAG must respond to:
  – Findings
    • agree
    • disagree wholly or in part
  – Recommendations
    • has been implemented
    • will be implemented
    • requires further analysis, or
    • will not be implemented
Findings – “SANDAG: How Much Growth is Sustainable?”

• Fourteen different findings

• Topics included
  - Infrastructure needs and funding
  - Capacity of SANDAG to affect population growth
  - Quality of life issues
  - Financial system and reporting requirements
Findings – “SANDAG: How Much Growth is Sustainable?”

- Prepared draft responses (pp. 3-9)
  - Described how regional infrastructure needs are determined and funded
  - Clarified how growth occurs
  - Discussed major infrastructure components affecting quality of life
  - Clarified SANDAG financial and reporting processes

• Four different findings

• Topics included
  – Local and regional AB 32 responsibilities for addressing greenhouse gas emissions
  – SANDAG role in influencing renewable energy resources

- Prepared draft responses (pp. 10-11)
  - Clarified expected roles under AB 32
  - Discussed SANDAG efforts in climate change and energy planning
    - Regional Climate Action Plan
    - Regional Energy Strategy update
    - Energy Working Group participation
Grand Jury Recommendations – Growth

• #08-64 – Establish an “assessment scorecard” by county district or city
  - Will not be implemented
  - Some local jurisdictions already prepare these assessments
  - Required service and facility levels vary by local jurisdiction
  - SANDAG prepares an annual RCP performance monitoring report for key regional indicators
#08-65 - Propose a “realistic budgeting process” that does not rely on borrowing against growth for infrastructure

- Will not be implemented
- SANDAG 2030 RTP relies on new revenue sources, not on “borrowing against growth”
Grand Jury Recommendations – Growth

- #08-66 - Explore alternatives to having area mayors and supervisors make board decisions
  - Will not be implemented
  - Alternative governance structures have been previously evaluated
  - Support for current SANDAG governance model
Grand Jury Recommendations – Growth

• #08-67 - Cost elements from prior contracts and neighboring counties should be compared and used in settling claims on existing contracts

  - Will not be implemented

  - Construction of major transportation projects subject to open, competitive bidding process

  - Not feasible to use new cost elements to settle claims on existing contracts
• #08-68 - Provide SANDAG response to County Auditor findings to the Grand Jury
  - Will be implemented
  - Will submit response letter to County Auditor report along with final SANDAG responses to Grand Jury reports
Grand Jury Recommendations – Climate Change

- #08-76 – Develop a climate protection action plan to comply with AB 32
  - Will be implemented
  - Currently preparing a Regional Climate Action Plan that will be completed this fiscal year
• #08-77 - Work closely with utility companies to promote quality of life and sustainability
  - Has been implemented
  - SDG&E actively participates on Regional Energy Working Group
  - Also assisting with Regional Climate Action Plan and Regional Energy Strategy update
Next Steps

• Final responses will be prepared following today’s discussion

• Board action scheduled for July 25 meeting

• Submittal by August 19 to Presiding Judge of the Superior Court
Proposed Response to San Diego County Grand Jury Reports

July 11, 2008
San Diego County Grand Jury Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Dist.</th>
<th>Location</th>
<th>Occupation</th>
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<tr>
<td>William J. Ballard</td>
<td>4</td>
<td>San Diego</td>
<td>Retired University Professor</td>
</tr>
<tr>
<td>Joen E. Dahn</td>
<td>3</td>
<td>La Jolla</td>
<td>Retired Program Analyst</td>
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<td>Rudy L. David</td>
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<td>Chula Vista</td>
<td>Retired Retail Sales</td>
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<td>William Eichler</td>
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<td>Escondido</td>
<td>Retired Electrician-Project Manager</td>
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<td>Edward E. Embly</td>
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<td>Land developer</td>
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<td>Edward H. Jessop</td>
<td>2</td>
<td>El Cajon</td>
<td>Technical Writer</td>
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<td>Nellie J. Joseph</td>
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<td>Lakeside</td>
<td>Retired Legislative aide</td>
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<td>Jack R. Key</td>
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<td>Oceanside</td>
<td>Retired Contracting Officer</td>
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<td>William L. Khunglevich</td>
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<td>Vista</td>
<td>Retired Law Enforcement</td>
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<td>Blake C. Lawless</td>
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<td>Sea Side Consultant</td>
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<tr>
<td>Michael R. Letendre</td>
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<td>San Diego</td>
<td>Sports Official</td>
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<tr>
<td>Robert J. McNamara</td>
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<td>San Diego</td>
<td>Retired Eligibility Worker-County of San Die</td>
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<td>Edward F. Nuebecker</td>
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<td>Carlsbad</td>
<td>Wafer</td>
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<td>Kevin M. Prout</td>
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<td>Neomia R. Spears</td>
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<td>Retired Accountant</td>
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<td>Retired-DOD Mgmt Specialist/Calibration Pr</td>
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<td>Bonnie Kenk</td>
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<td>Director Animal Welfare Organization</td>
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<tr>
<td>Candice E. Westbrook</td>
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<td>Retired Small Business Owner</td>
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<tr>
<td>James J. Whalen</td>
<td>1</td>
<td>San Diego</td>
<td>Master Chief Petty Officer, U.S. Navy (Retir</td>
</tr>
</tbody>
</table>

Foreman: Michael R. Letendre

San Carlos resident Michael R. Letendre has been selected to lead the 2007-2008 San Diego Jury. Letendre and 18 other Grand Jurors will begin service on July 1st. This is the first time Letendre, a retired Navy cook, has served on the Grand Jury. He applied to serve on last year was not chosen in the lottery. "I feel this is the perfect opportunity to do something for my way of giving back," says Letendre. Besides his Grand Jury duties, Letendre serves as pr San Diego Federation of Volleyball Officials, an organization that provides referees for high school games.

The California Constitution provides for a group of 19 citizens of the County to be brought to

County of San Diego: San Diego County Grand Jury Members

6/10/2008
dedicate a year of full-time service looking into the workings of government.

The new Grand Jurors were drawn from a field of 111 residents.
GUEST EDITORIAL

The Up Side

Downtown growth fuels drops in housing prices

By JIM SCHMIDT

Recently, the Sierra Club voted by a 10 to 2 margin not to oppose foreign immigration, which, along with increases in births over deaths and greater longevity, are the reasons San Diego is growing, according to the San Diego Association of Governments (SANDAG). I am a grandson of immigrants and favor legal immigration; accordingly, I must ask: If the Sierra Club opposes growth and is not opposed to immigration, is it opposed to longer lives, which also fuels growth?

I am an affordable housing advocate who served as counsel for Home Federal Bank during the 1960s, when San Diego lost 35,000 aerospace jobs. We had a residential vacancy rate of 11.1 percent, and we were called "Bust Town, USA." In the early 1970s, we had recovered, and new home constructions escalated. The Sierra Club then led the opposition to new homes in Mira Mesa, where Pardee Homes was building 1,200-square-foot homes on 60- by 100-foot lots and selling them for $16,700. The claim was that new housing causes growth, which is the result of growth and not the cause of growth. At that time, the total processing, construction and move-in time was less than one year, compared with the typical 3- to 4-year processing times today, which fuels home price increases.

Typically, a family can afford a home at a price of around three times the gross family income. In recent years, San Diego's median home prices have soared to the $400- and $500,000 level, pricing most families out of the market (median family incomes are in the $40,000 to $60,000 range). Home prices are out of reach. The current submarine fiasco has hurt San Diego's housing market, and hopefully, the problem will subside within a year. The book "New Homes and Poor People," by the Institute of Social Research at the University of Michigan, concludes that home construction in one area creates a movement of other families, with lower-income people the beneficiaries. The study shows that the building of a new home precedes a movement of 3.5 families, which means that 100 homes create a movement of 350 families/occupants, thus opening other types of housing. One hundred new homes in Scripps Ranch helps apartment renters in North Park and City Heights.

Changes in Downtown San Diego since Pete Wilson became mayor in 1973 are outstanding. Wilson started the Centre City Development Corporation (CCDC), with many private sector representatives on its board of directors. Before Horton Plaza opened in the mid-1980s, our Downtown was blighted, and many areas looked terrible. Horton Plaza's completion also helped to revitalize other areas, starting with the Gaslamp Quarter. Now, San Diego is called America's finest city, with an abundance of housing and probably the finest downtown in America.

Most families with school-aged children may not find their needs met downtown. However, the addition of new housing Downtown opens up more housing in other areas of San Diego under the housing movement factor referred to in the Michigan study and helps families in other areas of San Diego.

In San Diego, we need teamwork. Labor, business, chambers of commerce, local government and others need to lead the way to accommodate our housing needs to speed up the processing of building permits. We are fortunate now to have a strong economy with job opportunities so our children can stay here. Education on growth is needed, and the new housing and growth opponents need to analyze the situation and support the items that will increase our housing supply to accommodate the needs of the working people. All of us have changed our positions on the issues in the past based upon factual information. Let's stop forcing people to buy homes in Temecula, with its long commute, in order to afford a new home. Current "no growth" advocates need to get on board to help the public interest. Let's put the growth issue to bed and concentrate on helping the public by increasing housing affordability.