MEETING NOTICE
AND AGENDA

TransNet INDEPENDENT TAXPAYER
OVERSIGHT COMMITTEE (ITOC)

The ITOC may take action on any item appearing on this agenda.

Wednesday, March 12, 2008
9:30 a.m. to 1:30 p.m.

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

Staff Contact: Charles “Muggs” Stoll
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AGENDA HIGHLIGHTS

• FY 2008/2009 BUDGET FOR ITOC
• UPDATE ON ACTIVITIES RELATED TO A POTENTIAL REGIONAL "QUALITY OF LIFE" INITIATIVE

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

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

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SANDAG offices are accessible by public transit. Phone 1-800-COMMUTE or see www.sdcommute.com for route information.
+1. SUMMARY FOR THE FEBRUARY 13, 2008, ITOC MEETING

A summary of the February 13, 2008, ITOC meeting has been prepared for the Committee’s review and approval.

+2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

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

REPORTS (3 through 5)

+3. FY 2008/2009 BUDGET FOR ITOC (Charles "Muggs" Stoll)

The FY 2008/2009 is the first year ITOC will need to develop a budget and monitor its expenditures in accordance with the TransNet Extension Ordinance. Staff will present an overview of the budgeting process and will seek input from ITOC members in the development of a budget that addresses ITOC-required responsibilities.

+4. PROPOSED AMENDMENT TO BOARD POLICY NO. 031: TransNet ORDINANCE AND EXPENDITURE PLAN RULES (Renée Wasmund)

The TransNet Maintenance of Effort (MOE) audits have been completed and two issues require clarification through an amendment to Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules. The ITOC is asked to recommend to the Executive Committee that the Board of Directors approve amendments to Board Policy No. 31 concerning the TransNet MOE provisions.

+5. UPDATE ON ACTIVITIES RELATED TO A POTENTIAL REGIONAL "QUALITY OF LIFE" INITIATIVE (Rob Rundle)

At the request of ITOC members, staff will present a summary of current actions and activities related to the potential for a regional “Quality of Life” initiative, including a review of the recent SANDAG Board of Directors Retreat.

6. FUTURE MEETING SCHEDULE

The next meeting of the Independent Taxpayer Oversight Committee is scheduled for Wednesday, April 9, 2008, at 9:30 a.m.

7. ADJOURNMENT

+ next to an agenda item indicates an attachment
MEETING SUMMARY FOR THE FEBRUARY 13, 2008,
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (ITOC) MEETING File Number 1110200

Attendance
Committee Members Present:
- John Meyer, ITOC Chair
- Kevin Cummins
- Jim Ryan

Absent:
- Valerie Harrison
- Hamid Bahadori

Staff:
- Charles “Mugs” Stoll

The meeting of the TransNet ITOC was called to order by Chair John Meyer at 9:34 a.m.

1. APPROVAL OF MEETING SUMMARY

Action: Upon a motion by Mr. Cummins and a second by Mr. Gerow, the ITOC approved the January 9, 2008, meeting summary.

Chair Meyer commented that the summary may be too elaborate. Mr. Cummins commented that the role of the ITOC is to provide comments and direction to staff for future action and having a record of discussion is important. Mr. Gerow stated his agreement with Mr. Cummins’ statement and his support for continuing to produce the meeting summary in its current form, which was the consensus of the ITOC members.

1a. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public comments.

Item 9 was taken first due to time constraints.

9. LAKE HODGES BICYCLE AND PEDESTRIAN BRIDGE STATUS REPORT (INFORMATION)

Bill Prey, Construction Engineer, presented the item and introduced Susan Carter, Deputy Director, San Dieguito River Park Joint Powers Authority.

The San Dieguito River Park Joint Powers Authority (River Park) has undertaken construction of a bicycle and pedestrian bridge over Lake Hodges, west of Interstate 15 (I-15). The new bridge will provide better and safer pedestrian and bicycle access between the north and south sides of the...
lake. The ITOC has requested that SANDAG staff take an active role in providing oversight on the project and that the River Park provide a regular status report on the progress of the project. Mr. Prey has taken on the oversight responsibility and presented a status report of the project.

The new bridge will be approximately 1,000 feet long by 14 feet wide with a 12-foot-wide walking surface. The structure has three spans and a pre-cast concrete deck and was designed utilizing an innovative stress-ribbon design concept. Mr. Prey gave a description of the bridge structure.

The $9,908,000 project (includes both Phase 1 and Phase 2) is funded with a combination of federal, state, and local money. Because $1,875,000 of the funding will come from the TransNet Extension Ordinance, the project is subject to review by the ITOC. On June 15, 2007, the River Park Board of Directors awarded the contract for Phase 2 of the project to FCI Constructors, Inc., in the amount of $6,679,275, even though this resulted in an overall funding shortfall of $235,000. The shortfall will be needed in about one year, and the River Park Board committed to fund whatever remains of the shortfall by the time it is needed. In March 2007, SANDAG provided an additional $1,875,000 in FY 2009 TransNet Extension Ordinance Bicycle, Pedestrian, and Neighborhood Safety funds for the project under the condition that the River Park would not come back to SANDAG requesting additional money. If sufficient grants and/or donations were not secured, River Park planned to raise the funds by borrowing, obtaining a mortgage on the San Dieguito River Park office, or assessing the River Park's member agencies. However, the River Park office was destroyed in the October 2007 firestorms. As a result, funding remains a primary concern on the project.

Phase 1 of the Lake Hodges Bicycle and Pedestrian Bridge project consisted of constructing the bridge abutment on the south side of the lake and is complete. This work was constructed by FCI Constructors, Inc., and completed on May 15, 2007, for a total cost of $2,055,000.

In June 2007, Phase 2 of the project also was awarded to FCI Constructors, Inc. Construction began September 16, 2007, after the bird nesting season restrictions ended. No construction is scheduled to occur from March 16, 2008, to September 15, 2008, unless the contractor is successful in gaining approval to continue construction during the normal nesting season. Otherwise, construction is scheduled to resume September 16, 2008, and be complete by March 16, 2009. As of the end of January, construction on the project is approximately 51 percent complete, with 37.5 percent of the working days expended. Progress billings were $3.4 million out of the contract total of $6.7 million, and construction has been under way for 4.5 months out of the 12 months of working time available.

The contractor installed temporary piling and constructed the temporary trestle needed to facilitate the installation of the two supporting piers and bridge deck. The contractor has completed driving the permanent piling for the bridge columns and sheet piles, and internal bracing for the cofferdams also has been installed. The concrete seal course at the bottom of the cofferdams was placed in January, and the contractor has begun moving water out of the two cofferdams.

In January, the retaining wall for the north abutment was placed along with the abutment leveling course. Rebar and block-outs were placed thereafter, and on February 1, approximately 200 cubic yards of concrete for the north abutment were placed. Except for minor details, the shop drawings for the pre-cast concrete bridge deck panels have been reviewed and approved. Rock anchor fabrication also has been approved and is underway.

Remaining work includes construction of the bridge piers, drilling and placing the rock anchors, casting and placing of the bridge deck, stressing the bridge deck elements, and installation of related work, such as handrails, lighting, etc., as well as removal of the temporary trestle. Overall,
the physical construction of the project is proceeding in accordance with the scope, schedule, and budget. In general, physical progress on Phase 2 is proceeding satisfactorily with respect to budget, schedule, and quality. Mr. Prey discussed the few change orders for the project and the potential redesign change orders that may save some money on the project. Although the contingency allocation for the project is low, construction change orders have been few. The $21,420 of work originally planned to be completed in Phase 1 has been transferred to Phase 2, along with the necessary funding, resulting in a net zero cost. The $21,420 of funds already was programmed into the Phase 1 contract, but it was found to be advantageous to delay this work until the completion of the Phase 2 work.

River Park is investigating additional cost-saving construction change orders that could reduce the cost of the bridge handrail and lighting systems. The recent rain storms raised the lake level, but this did not cause any significant damage to the work. Although the work was delayed to some extent by the fire and rain, the loss of wildlife habitat due to fire has raised the possibility that construction could be allowed to continue during the nesting season (March 16 through September 15). The contractor has been successful in implementing this concept at the adjoining I-15 construction being performed for Caltrans. Once the determination has been made that the habitat is destroyed, the process for approval on continuing construction is eased. This could result in additional savings to River Park. Currently discussions are taking place between River Park and the contractor; however, if River Park decides to pursue this option, discussion will need to be expanded to include the city and the regulatory agencies. Thirdly, less-driven steel piling has been needed for construction of the bridge piers due to encountering better subsurface material than expected. This is expected to result in additional saving to River Park of approximately $5,925.

Ms. Carter stated that River Park is working on finding funding sources to cover the shortfall, and its member agencies have committed to funding the project. River Park will fund the project even if they have to place a mortgage on the reconstructed San Dieguito River Park office.

Chair Meyer requested clarification on the funding shortfall and Phase 1 construction cost numbers.

Mr. Prey stated that the numbers were incorrect in the report and, after review by staff, they were corrected for the presentation today.

Jim Callaghan, a member of the public stated that when the project was originally brought to the ITOC for approval, they were told that all redesign was done and that the costs were valid. He stated that Mr. Prey briefed them today that there was a million dollar change order due to the cost of the trestle that was necessary due to water in the river, even though water was present at the time of the original approval.

Mr. Prey stated that the original bid and project conception was based on not having a dry river bed. The trestle was included in the original bid and not a change order. The million dollars of increased costs referred to a comparison with the preliminary cost estimate prior to the project formally going to bid. The cost increases the project has experienced are due to various reasons, but the largest contributing factor is that the cost of concrete and steel has risen significantly over the years and the project consists primarily of concrete and steel.

Mr. Callaghan asked whether there were any costs during the stop-work period during the nesting season, and Mr. Prey stated that the contractor only would be paid if they actually do work on the project, such as delivery of materials to the site.

**Action:** This item was presented for information only.
Sookyung Kim, Financial Programming Manager, presented the item. The transit operators within the SANDAG region receive various federal, state, and local revenues to support both ongoing operations and capital projects. SANDAG is responsible for the apportionment of these funds to the transit operators and to the local agencies for the non-motorized program. Since one of those revenue sources is TransNet, the ITOC is asked to review and comment on the projections. SANDAG provides revenue estimates to the transit operators and to local agencies for the nonmotorized program. Those revenues include the Transportation Development Act (TDA), TransNet, Federal Transit Administration (FTA), and the State Transportation Assistance (STA) program. Under TDA law, SANDAG is required to provide this information by March 1 each year, necessitating action by the Board in February.

As the Regional Transportation Planning Agency (RTPA), SANDAG is responsible for determining the revenue forecast for the coming year for various funding sources including TransNet. Each year, SANDAG publishes a five-year estimate in order assist the local agencies and transit operators with their budget process.

SANDAG has developed a short-term revenue model that reacts better to current trends. The model takes into account various factors that would impact sales tax receipts (the local economy, housing, wages, personal income, unemployment rate, population, etc.) and uses quarterly historical data to develop a seasonally adjusted growth rate for the next five years.

In addition to providing for the five-year estimate, this report includes a revision to the current year, FY 2008 estimate for TransNet. The receipts for TransNet in the first six months of the current fiscal year are approximately 2.4 percent less than the same period in the prior year. Based on historical trends and on the continuing overall negative economic trends, we expect that the second half of the fiscal year will be weaker than the first half. Using this information, and consistent with the new short-term model, the recommendation is to reduce the FY 2008 estimated TransNet revenues by 2.9 percent less than the FY 2007 actual receipts.

That means for TransNet, the total would be $240.7 million. SANDAG has met with both transit operators to review the short-term model, as well as the revision to the FY 2008 revenues, and they are aware of the changes coming. Also, SANDAG sent out a memo notifying the local agencies regarding the revision to TransNet revenues.

The TransNet revenue estimates were developed using the newly developed short-term model.

The Transportation Committee at its meeting on February 15, 2008, is scheduled to recommend to the SANDAG Board at its February 22, 2008, meeting to approve the revised FY 2008 estimates for TDA and TransNet and approve the projections for all revenue sources from FY 2009 to FY 2010.

Chair Meyer stated his concerns regarding the percentages reported in the presentation. The current recession affects sales tax negatively, and he stated that he feels these projections may be too optimistic.

Marney Cox, Chief Economist, stated that the Chair’s concerns were that the forecast for sales tax revenue for this year and next may not have captured the weakness in the economy and some of the responses being offered to offset its impacts. The sales tax revenue projections were based on a forecast schedule that ended in January 2008, and staff used information to run the model that
took us through December 2007. The data is relatively new. Through the first half of FY 2007/2008 (July to December of 2007), we were down about 2.4 percent of revenue received over the same time last year. We realized that we would face a decline and that the decline would accelerate. We projected a greater decline during the second half of the fiscal year of about 3.4 percent, for an average of about 2.9 percent for the entire year. So, we anticipated the decline and that the problems associated with the recession would manifest themselves in the sales tax revenues in light of the impacts to the consumer. We are more optimistic and expect that by the new fiscal year, FY 2009, we would see about a 2.2 percent increase, and the federal government programs would kick in at the same time offsetting the rate of decline and recession. We do still anticipate a lower-than-normal growth rate for FY 2009 as we come out of the recession. We expect the reversal of the recession to begin during the third quarter of FY 2009. In FY 2010 we anticipate returning back to pre-recession numbers and getting back on track with growth rates at about 4 percent to 5 percent rate.

Mr. Cox described the model that staff developed. The model runs off historical sales tax information and uses dummy variables to determine what quarter you are in and how important that quarter is to the overall contribution to sales tax revenue for that year. It is a seasonably adjusted concept as each quarter does not reflect 25 percent of the total sales tax. Quarter four tends to run the highest due to Christmas and quarter two runs the lowest, but staff included variables in the model to account for these variances. The accuracy of the model runs at 99.9 percent. The standard model is weaker during times of economic downturns and also during economic boons. Staff made some adjustments using professional judgment to the model to get the estimate of 2.9 percent decline for the year and the moderate growth of 2.2 percent for FY 2009.

Mr. Cummins asked staff if there was a method in place, such as monthly data, that would trigger a need to re-forecast. Mr. Cox stated that staff receives data monthly, but it is not as useful as the quarterly data. The quarterly data is more reflective of the actual revenues. Mr. Cox stated that staff has some very technical data on the model that they could send to him now, and they are working on a less technical version of the model that they also could send later.

Chair Meyer asked if we had already informed the transit agencies of this data and what their reaction to the news was.

Renée Wasmund, Finance Director, stated that staff has kept the transit agencies informed regularly so there are no surprises. They recognize that there will be a need for adjustments in the future and will need to plan for it.

Action: This item was presented for information only.

3. 2006 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM (RTIP) - QUARTERLY AMENDMENT (DISCUSSION/POSSIBLE ACTION)

Ms. Kim presented the item. The ITOC is asked to review the report for the February 15, 2008, Transportation Committee meeting regarding Amendment No. 11 of the 2006 RTIP, focusing its review on the TransNet Extension program and TransNet Local Street and Road Improvements projects. Additionally, the ITOC is asked to review Amendment No. 13 scheduled for the Board of Directors meeting on February 22, 2008. Any significant comments received during the meeting will be reported to the Transportation Committee.
Ms. Kim briefed the ITOC on two of the projects. She stated that there were only two projects that she thought needed to be pointed out to the ITOC. The first project is the I-5 high occupancy vehicle Managed Lanes project and the second is the City of San Diego’s I-5/Genesee Avenue Interchange project. The City of San Diego is requesting a swap of funds from RSTIP funds from I-5 project for funds from TransNet. The rest of the projects are local projects and fairly routine. TransNet requires that the local agencies to use no more than 30 percent of available revenues toward maintenance projects and no less than 70 percent of revenues for congestion relief projects, and all of the projects included in this RTIP amendment that are funded with TransNet Extension funding have met this requirement. Additionally, agencies are required to submit signed resolutions. SANDAG has not received signed resolutions from the cities of El Cajon, Encinitas, and Escondido. If not received by February 14, 2008, those projects will be removed from this amendment.

Amendment 13 is the Capital Improvement Program for the transit operators. TransNet funding is included in the program. Additionally North County Transit District (NCTD) is using TransNet funding for operations, but they have sufficient revenues to cover their programs.

Chair Meyer asked staff to report to the Transportation Committee that the ITOC has reviewed the amendments and have no additional significant comments.

Action: The ITOC chose not to take a formal action on this item.

4. UPDATE ON FINAL TransNet BOND PROPOSAL (INFORMATION)

Ms. Wasmund presented the item. In anticipation of the issuance of $600 million in bonds to support the TransNet Early Action Program, Ms. Wasmund updated the ITOC on the final bond strategy as the documents are being readied for recommendation by the Transportation Committee and approval by the Board of Directors later this month. Some recent developments include the upgrade of SANDAG from AA to the AAA bond rating, making SANDAG one of the highest-rated revenue bond issuers in the nation.

Also, the other aspect of our strategy was to achieve cost-effective credit support bids from major banks. SANDAG planned to issue the bonds either as Auction Rate Security (ARS) bonds, with the underlying security being bond insurance or as Variable Rate Demand Bonds (VRDB), with the underlying security being a bank liquidity facility. We recommend issuing the full $600 million as VRDBs due to the turmoil in the bond insurance market at this time and the number of favorable bids from the bank liquidity facilities.

Keith Curry, SANDAG consultant with Public Financial Management, commented that the AAA rating was extraordinary for a sales tax bond agency and congratulated SANDAG on its achievement. Because of this rating, SANDAG received six competitive bids from bank liquidity facilities and was able to achieve excellent premiums. SANDAG should see more on the LIBOR swap than we are paying on our bonds, which will push the cost of the capital down further than the estimates.

Chair Meyer asked how many bids were actually received, and Mr. Curry stated that there were four bids from the liquidity facilities, one of which was overpriced, one of which bid only for $100 million, and we accepted the other two bids. SANDAG received two bids from the insurance providers, one of which already has been downgraded, and we determined not to take the deal the way it was designed.
Mr. Callaghan asked if there was an announcement regarding the AAA rating. Ms. Wasmund stated that press releases were sent out last week, and SANDAG also will send a release this week.

Action: This item was presented for information only.

5. SPRINTERS PROJECT STATUS REPORT AND SANDAG INDEPENDENT ASSESSMENT (INFORMATION)

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

All construction work required for the start of revenue service is complete. Only the California Public Utilities Commission’s (CPUC) staff approval of NCTD safety certifications remains to be resolved. The certifications were submitted to the CPUC on January 7, 2008. CPUC staff only has expressed concern about the certification dealing with the gap that exists between the edge of the boarding gangway and the side of the diesel multiple unit vehicle. NCTD believes this can be resolved in the next few weeks and has set a date of March 9, 2008, to begin revenue service. As of Monday, February 11, 2008, the CPUC has given verbal approval of the certifications. Mr. Linthicum presented pictures of the gaps on the boarding gangway and explained the concerns of the CPUC. NCTD has agreed to mitigation measures to include ambassadors at the stations to assist passengers in boarding during the initial start-up phase of operation. The CPUC expressed concerns regarding the railings, and the compromise was that NCTD receive written approval to leave the railings as they were built.

The construction work not critical to revenue service is scheduled to be complete in April. This includes landscaping, permanent stormwater control measures, the parking lot at the Nordahl Station, the eastbound platform at the Escondido Avenue Station, and punch list work. On January 31, 2008, NCTD submitted an abatement plan to the Regional Water Quality Control Board addressing its concerns about temporary and permanent storm water control measures along the entire rail corridor. Mr. Linthicum briefed the ITOC on the mitigation measures that NCTD is undertaking for flood abatement and the details of the storm water abatement plan. The cost of the abatement plan has not been determined and so is not included in the estimate at completion (EAC).

The current EAC is $478.3 million, which is an increase of $700,000 from last month. All milestones are complete, except milestone 9 landscaping, although none were completed on time. The current EAC includes a $7.8 million contingency and assumes NCTD will pay the maximum potential value of the settlement agreement with the mainline contractor of $15.5 million. It also includes a forecasted cost for over 200 change orders yet to be negotiated. The project budget set by the NCTD Board, and included in the Amended Recovery Plan for the FTA, is $484.1 million, giving NCTD an additional $5.8 million of capacity between budget and EAC, for a total of $13.6 million total funds available.

Mr. Ryan asked for clarification on the role of the TransNet Extension Ordinance for the project, and Mr. Linthicum replied that in the fall of 2006, the TransNet Extension Ordinance funded a portion of the budget shortfall for the project. The funds were identified in the Ordinance to work on either the SPRINTERS Corridor or State Route 78. The Board made the project an Early Action Program project under TransNet Extension Ordinance to bring those funds forward to help pay for the project. Any amounts of funds not expended below the project budget of $484.1 million return to the TransNet pot of money.
Discussion ensued regarding what will happen to any funds that are not expended, and Mr. Linthicum stated that he would research the question and return to the ITOC with the answer. (After the presentation, Mr. Linthicum returned with the SANDAG Board Agenda Item dated December 15, 2006, which states that funds remaining first would be credited to the NCTD $5.35 million TDA carryover contribution and second to TransNet.)

Mr. Linthicum stated that the outstanding change orders continue to be the largest risk to budget. Also, the additional staff and construction management costs incurred with the delay to revenue service add to the budget risk. Other concerns affecting the budget were the Escondido Avenue platform design, the stormwater abatement measures, the recovery of the storm water fine, the claim against the designer, the channel clean-up at Crouch Street, and additional costs due to delays.

Staff has scheduled an EAC workshop on February 27, 2008, to look at all project costs and risks to determine a current EAC and will report back on the results next month.

Mr. Linthicum addressed some specific concerns that ITOC members had with more detailed information. The Escondido Avenue platform design solution is to install a sliding plate. There was never a plan to rebuild the platform. Also, NCTD has told the contractor that they are responsible for the storm water fine. What typically happens in cases like this is that the contractor will counter, stating that the reason the fine was assessed is because the design that NCTD provided them to build was unprotectable. NCTD has stated that the cost overruns and delays were the fault of the redesigns, but any claim against the designer’s Errors and Omissions insurance will be deferred until completion of all work.

Chair Meyer asked if the designer had been sued or notified of this claim against them, and Mr. Linthicum stated that when the problems were first identified NCTD needed the redesigns and so both parties have signed an agreement to delay the claim until the end of the calendar year.

Chair Meyer stated that many problems occurred as a result of the size and shape of the new vehicles, and the stations were not designed to accommodate the new vehicles. He requested clarification regarding whether the design changes were the responsibility of the designer.

Mr. Linthicum stated that NCTD chose the vehicles and depending on where the design phase was at the time the vehicles were ordered, they should bear the responsibility. The designer was not involved in the choice of the vehicles.

Mr. Linthicum stated that the cost for the Crouch Street channel clean-up is a project cost and is now included in the EAC. The additional costs due to delays are mostly soft costs, such as construction management and NCTD staff costs. He stated that he would be examining the costs at the EAC workshop.

Chair Meyer commented that the savings created in the NCTD budget for the SPRINTET should be credited back to the capital account for TransNet. Mr. Linthicum stated that any day that a transit system doesn’t operate is a subsidy saved, and staff would have that discussion with the operators.

**Action:** This item was presented for information only.
6. BICYCLE, PEDESTRIAN, AND NEIGHBORHOOD SAFETY PROGRAM FUNDING OPTIONS FOR FY 2009 (RECOMMEND)

Chris Kluth, Associate Regional Planner, presented the item. FY 2009 is the first year of the TransNet Extension program. SANDAG is developing the San Diego Regional Bicycle Plan that will guide future funding policies and guidelines that can be applied beginning in FY 2010. For FY 2009 the Bicycle, Pedestrian and Neighborhood Safety Program is scheduled to receive approximately $5.8 million in TransNet funding and $2.6 million in TDA funding and Congestion Mitigation and Air Quality funds for a total of $9.2 million. However, there are two outstanding claims ($3.8 million for the Inland Rail Trail and $1.875 for the Lake Hodges Bridge, as well as a recommended set-aside of $1 million) existing against FY 2009 funding that total $5.675 million, which will leave approximately $2.525 million for the remainder of the funding program.

Mr. Kluth reviewed the project selection criteria, the project evaluation and selection process, the next steps, and the staff recommendation. Chair Meyer asked for clarification on how the selection committee is formed, and Mr. Kluth stated that the selection committee is actually a review panel. The applications are basically self-scored in part, and some categories are scored in-house using geographic information systems and cost analysis. The review panel verifies the scores for accuracy.

Chair Meyer requested clarification on the project evaluation and scoring process, and Mr. Kluth described the process. Chair Meyer asked whether the criteria include all the subregions, and Mr. Kluth stated that the process does include this breakdown. The criteria can address both local and regional projects.

Chair Meyer asked whether the million dollar set-aside could be used for the shortfall on the Lake Hodges Bridge, and Mr. Kluth stated that the Board of Directors decision precludes using any more TransNet or SANDAG funds for the project.

Chair Meyer asked staff to investigate whether these funds could be used for the Lake Hodges Bridge and whether the million dollar set-aside is made up of any other funds than TransNet. Mr. Stoll stated that his understanding is the Board of Directors included conditions that precluded the use of any other types of funding whether from TransNet or other sources for the Lake Hodges Bridge but he could clarify that and report back to the ITOC.

Chair Meyer asked whether the numbers reflect the lower sales tax revenues, and Mr. Kluth confirmed that they did.

Mr. Garcia requested clarification regarding that this report reflects the FY 2009 program receiving $5.8 million in TransNet funds, but that the report to the Transportation Committee states $4.9 million. Mr. Kluth stated that the Transportation Committee agenda item does not reflect the most recent correct figure based on the lower sales tax revenues. The actual number is $5,000,099.

Mr. Garcia also requested clarification regarding the application project element of major traffic generators and how a major traffic generator is defined. Mr. Kluth gave a brief description and definition of major traffic generators such as schools, shopping centers, and recreational areas.

Mr. Cummins asked if the next cycle would include different criteria or other changes and whether there have been any complaints or concerns regarding the criteria.
Mr. Kluth replied that staff is starting work on a Regional Bicycle Plan, and part of that plan will be a funding strategy for the entire program and at that time we would look again at the selection and funding criteria and make any adjustments based on the funding strategy. We have used these selection criteria for several years and made adjustments, so we expect that the selection criteria will be similar, though the method of funds allocation may be different. We have not had any complaints regarding the criteria, and we have always received a good cross section of both bicycle and pedestrian and local and regional projects from throughout the county.

Mr. Stoll stated that this year’s call for projects is about the same as the past few years, and Mr. Kluth stated that it was very close, but that we also were paying over $6 million toward regional projects.

Mr. Stoll commented that the TransNet Extension Ordinance has a bigger Bicycle and Pedestrian program than the original ordinance and with the Regional Bike Plan release, we can anticipate a much larger call for projects, so next fiscal year is a good time to reevaluate the program and project criteria.

Mr. Kluth stated that staff is working to find the best balance between regional and local projects, and hopefully, this will be reflected in the Regional Bike Plan.

Action: Upon a motion by Mr. Garcia and a second by Mr. Gerow, the ITOC recommended approval of the existing project selection criteria for the FY 2009 funding cycle, the set-aside for the Inland Rail Trail project, and the set-aside for other potential costs associated with regional bicycle projects that are currently under construction.

7. CONSTRUCTION AGGREGATE RESOURCES PRESENTATION (INFORMATION)

Crystal Howard of EnviroMINE, Inc., a San Diego-based firm, provided a presentation on the scarcity of permitted construction aggregate resources in San Diego County, including implications for future development.

Ms. Howard described what construction aggregate is composed of and the volume needed for common use. Ms. Howard described the sources of construction aggregate in San Diego and stated that there are no longer sources for sand in the county, and it all must be imported.

Ms. Howard stated that production of aggregate is falling below the demand. By 2030 there will be only five sources of aggregate in the county due to expiration of permits and mine depletion. San Diego has ten years of permitted reserves remaining, and that falls way below the demand. Land use constraints continue to hamper acquisition of mineral resources. The permitting process takes too long and is cost prohibitive. Permits should take about 48 months to 66 months, but acquiring the permit for the most recent mine took 18 years. Aggregate shortages exist for several reasons; the number of quarries is decreasing, conflicting land uses, mineral resources are not protected, and the permitting process is cost- and time-prohibitive. The county demand is currently satisfied through increased production at current mines, imports and use of recycled material.

Ms. Howard described the problems that the region faces relying on these sources.

Ms. Howard stated that the potential solutions are to continue to import even though costs continue to increase, to permit additional reserves locally, and to recycle more aggressively. Ms. Howard briefed the ITOC on the comparison between the impacts from importing versus the benefits from permitting sites locally. One major benefit to increasing the number of local permits is the reduction of local greenhouse gases. Ms. Howard stated that the region needs to streamline the
permitting process, designate mineral resource reserves in general plan land uses, designate extractive use zones, require in-kind replacement for land uses, and take advantage of sediment removal of reservoirs.

Chair Meyer commented that the region is impacted because we do not have local access to construction materials, and having to import those increases costs of construction.

Mr. Garcia asked whether there is the option of working with other entities like Caltrans on securing public material sites.

Ms. Howard stated that these are site-specific and are historically small and would not provide the amount of aggregate to meet shortfall.

Mr. Linthicum stated that the state has previously decided to sell the mines and not maintain borrow pits.

Mr. Garcia commented that the problem is statewide and Ms. Howard concurred that the problem is statewide, but the San Diego region is one of the most critical areas.

Mr. Linthicum stated that sand was imported from Imperial County by train and that train was no longer considered competitively priced, but that with the current economic situation, it could become a competitive source again.

Mr. Cummins commented that none of the locations of proposed reserves are centrally located to TransNet project locations, and Chair Meyer stated that there would always be transport costs involved, but at least the cost would be reduced.

Richard Chavez, Principal Engineer, commented that the Caltrans Construction Cost Index for the final quarter of 2007 dropped again, the second quarter in a row, which is rare. The number of bidders has increased, which makes costs more competitive and lower. Even with these positive trends, sources for aggregate are still short. SANDAG is waiting for the environmental document for the new mine, Liberty Quarry, and is working with the Port to expand their facilities. Also, SANDAG is working at putting better policies into place within the region.

Chair Meyer commented that San Diego only has ten years of aggregate remaining and it is very important to look at finding other sources.

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

8. REPLACEMENT/SELECTION PROCESS FOR NEW ITOC MEMBERS (DISCUSSION/ POSSIBLE ACTION)

Mr. Stoll presented the item. Concern has been expressed regarding the difficulties encountered in recruiting and selecting new ITOC members.

Chair Meyer commented that the ITOC will have three vacancies next spring, and he expressed his concerns regarding the process. He stated that there exists very restrictive language regarding conflict of interest and selection. He stated that he would like to have discussion regarding possible changes to simplify and/or improve the process for filling future vacancies.
Mr. Garcia asked for clarification regarding the conflict-of-interest clause and why members can’t excuse themselves when an item is on the agenda that may pose a conflict.

Chair Meyer also requested clarification as to why members can’t attend through teleconference or video conference.

Ms. Wiley reviewed the ordinance language and implementation policies. She stated that she discussed the language with those entities who wrote the ordinance to find out what their intent was for conflicts of interest. She stated that based on their intent, the Board of Directors adopted Rule #19 that allows for the same level of restrictions on the ITOC representatives as those restrictions that apply to Board members. The conflict exists when TransNet funds flow to the organization or employment of the potential member.

Discussion ensued among the committee members regarding possible strategies to improve the process as future vacancies arise.

Chair Meyer asked staff to provide written direction to the members on the conflict-of-interest issues and guidance for future selection processes.

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

10. **STATUS OF TransNet MAINTENANCE OF EFFORT (MOE) AUDITS (DISCUSSION/POSSIBLE ACTION)**

Ms. Wasmund presented the item. Section 8 of the TransNet Extension Ordinance prescribes the requirement to develop a new MOE level based on the level of discretionary funds expended for street and road purposes on average over the fiscal years 2000/2001, 2001/2002, and 2002/2003. TransNet funds are not to be used to replace discretionary funds but to supplement them. The MOE level then will be subject to adjustment every three years based on the Construction Cost Index developed by Caltrans, not to exceed the growth rate in the local jurisdiction’s general fund revenues over the same time period.

Last February, the ITOC reviewed and commented on the set of procedures that were proposed to be used by SANDAG's auditors, Caporici & Larson (C&L), to perform the MOE audits. Since that time, the audits have been underway and are substantially complete. The result of the procedures is a new MOE base that will then be applied in FY 2009, which is the first year the requirements under the TransNet Extension Ordinance will apply. At the January 9, 2008, ITOC meeting, all the audits except Carlsbad, Encinitas, Oceanside, and San Diego were recommended for approval.

The process is complete, with the exception of the City of San Diego, who will provide final information to the auditors upon issuance of the FY 2006 Comprehensive Annual Financial Report. Ms. Wasmund stated that the recommendation is to proceed with the approval of the MOE audits for the cities of Carlsbad, Encinitas, and Oceanside so that they are able to use the information in their FY 2009 budget development process.

Discussion ensued among the members and representatives from the cities of Carlsbad and Encinitas regarding the base line level and spikes in their budgets.

Ms. Wasmund stated that the only outstanding audit is the City of San Diego and staff continues to work with them to finalize their audit.
Mr. Garcia asked how often the MOE is established and Ms. Wasmund replied that the MOE is established one time, but the new ordinance has a provision to escalate the MOE base every three years based on the lower of the Construction Cost Index or general fund growth in revenues.

**Action:** Upon a motion by Mr. Garcia and a second by Mr. Gerow, the ITOC recommended approval of the MOE audits for the cities of Carlsbad, Encinitas, and Oceanside. Mr. Cummins abstained from the vote.

11. **UPCOMING MEETINGS**

The next meeting of the ITOC is scheduled for Wednesday, March 12, 2008, at 9:30 a.m.

Mr. Stoll reviewed upcoming agenda items and commented that the first ITOC annual budget review was coming up for next fiscal year.

Mr. Cummins stated he would like an item placed on a future agenda to brief the ITOC on the quality of life measure that the Board is considering.

12. **ADJOURNMENT**

Chair Meyer adjourned the meeting at 1:22 p.m.
FY 2008/2009 BUDGET FOR ITOC

Introduction

The FY 2008/2009 is the first year Independent Taxpayer Oversight Committee (ITOC) will need to develop a budget and monitor its expenditures in accordance with the TransNet Extension Ordinance. Staff will present an overview of the budgeting process and will seek input from the ITOC members in the development of a budget that addresses ITOC-required responsibilities.

Discussion

The ITOC budget for FY 2008/2009 is to be developed in accordance with the TransNet Extension Ordinance (appropriate excerpts included as Attachment 1), the ITOC Bylaws (Attachment 2), and the guidance document developed for its Performance Audit Responsibilities (Attachment 3). In order to frame the discussion of the FY 2008/2009 ITOC budget, the following summary of issues is presented for consideration.

Budget Summary

In reviewing ITOC responsibilities in accordance with the Ordinance and related documents, the budgetary needs of the committee primarily involve audit activities. First of all, annual recurring budgetary needs include costs associated with conducting the annual fiscal and compliance audits and the associated year-end report to the Board of Directors. There also are other items that do not recur every year, such as the triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet-funded projects and programs.

For FY 2008/2009, ITOC will be responsible for the first triennial performance audit, but not the annual fiscal audit, as the fiscal audit will be focused on the final year of the initial TransNet program and not the Extension. However, some consideration needs to be given to the year-to-year budgeting process as in the future there will be years where both a fiscal and performance audit will be required. The Ordinance does allow for any remaining budget to be carried over from year-to-year, which will help facilitate securing sufficient budget capacity to meet both obligations in those years when it is required.
Discussion Points for 2008/2009 ITOC Budget

- Performance audit scope of work
- Annual Report to the Board of Directors
- Changing scope of annual fiscal audits
- Use of existing SANDAG auditors for 2009/2010 annual fiscal audit
- Other activities or initiatives?

Attachments:
1. Excerpts from the TransNet Extension Ordinance and Expenditure Plan
2. ITOC Bylaws (without attachments)
3. Guidance Document on ITOC Performance Audit Responsibilities

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express bus and rail transit. This action is predicated on the desire to establish a uniform mitigation program that will mitigate the regional transportation impacts of new development on the Arterial system. While the RTCIP cannot and should not fund all necessary regional transportation network components and improvements, the RTCIP will establish a new revenue source that ensures future development will contribute its pro rata share towards addressing the impacts of new growth on regional transportation infrastructure.

B. Oversight, Audit and Funding Allocations

The Regional Transportation Congestion Improvement Program (RTCIP) shall be overseen by SANDAG and implemented by each local agency, with the objective of developing a consolidated mitigation program for the San Diego region as a funding source for the Regional Arterial System. The RTCIP and each local agency’s Funding Program shall be subject to an annual review and audit to be carried out by the SANDAG and the Independent Taxpayers Oversight Committee, as defined in Section 11 of this Ordinance. Any local agency that does not provide its full monetary contribution required by Section 9(A) in a given fiscal year will not be eligible to receive funding for local streets and roads under section 4(D)(1) of the TransNet Ordinance for the immediately following fiscal year. Any funding not allocated under 4(D)(1) as a result of this requirement shall be reallocated to the remaining local agencies that are in compliance with this Section.

C. Implementation of the Regional Transportation Improvement Program (RTCIP)

Provisions for implementation of the RTCIP are described in the document titled “TransNet Extension Regional Transportation Congestion Improvement Program,” which is hereby incorporated by reference as if fully set forth herein.

SECTION 10. BONDING AUTHORITY: Upon voter approval of the ballot proposition to approve the extension of the tax and the issuance of bonds payable from the proceeds of the tax, bonds may be issued by the Commission pursuant to Division 12.7 of the Public Utilities Code, at any time, and from time to time, payable from the proceeds of the existing tax and its extension and secured by a pledge of revenues from the proceeds of the tax, in order to finance and refinance improvements authorized by Ordinance 87-1 and this Ordinance. The Commission, in allocating the annual revenues from the measure, shall meet all debt service requirements prior to allocating funds for other projects.

SECTION 11. INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE: An Independent Taxpayer Oversight Committee (ITOC) shall be established to provide an enhanced level of accountability for expenditure made under the Expenditure Plan. The ITOC will help to ensure that all voter mandates are carried out as required and will develop recommendations for improvements to the financial integrity and performance of the program. The roles and responsibilities of the ITOC, the selection process for ITOC members, and related administrative procedures shall be carried out in substantially the same manner as further described in the document titled “Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the TransNet Program,” which is hereby incorporated by reference as if fully set forth herein. Up to $250,000 per year, with adjustments for inflation based on the Consumer Price Index for San Diego County, may be expended for activities related to the ITOC.

SECTION 12. ADMINISTRATIVE EXPENSES: Revenues may be expended by the Commission for staff salaries, wages, benefits, and overhead and for those services, including contractual services, necessary to administer the Act; however, in no case shall such expenditures exceed one percent of the annual revenues provided by the measure. Any funds not utilized in a given fiscal year shall
STATEMENT OF UNDERSTANDING REGARDING THE IMPLEMENTATION OF THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE FOR THE TRANSNET PROGRAM

Purpose of the ITOC

The Independent Taxpayer Oversight Committee (ITOC) is intended to provide an increased level of accountability for expenditures made under the TransNet Extension, in addition to the independent annual fiscal and compliance audits required under the existing TransNet program. The ITOC should function in an independent, open and transparent manner to ensure that all voter mandates are carried out as required in the Ordinance and Expenditure Plan, and to develop positive, constructive recommendations for improvements and enhancements to the financial integrity and performance of the TransNet program.

Intent of the ITOC as a Functional Partner to SANDAG

The TransNet Ordinance contains a summary of the ITOC’s role and responsibilities consistent with the above Purpose. In this document, additional and supplementary details with regard to the ITOC are delineated. These pertain to the process for selecting members of ITOC, terms and conditions governing membership, responsibilities, funding and administration, and conflict of interest provisions.

It is noteworthy that these details have been developed in a cooperative process between SANDAG and representatives of the San Diego County Taxpayers Association, and with the involvement of other transportation professionals within the region. This document is understood to provide the basis for describing how the ITOC will function once the Ordinance is approved.

In addition to the details outlined in this document the intent that provides the foundation for the desired partnership between ITOC and SANDAG, as viewed by the principal authors, is summarized as follows:

- **Resource**—it is the intent that the ITOC will serve as an independent resource to assist in SANDAG’s implementation of TransNet projects and programs. The Committee’s membership is designed to provide to SANDAG a group of professionals who, collectively, can offer SANDAG the benefit of their experience to advance the timely and efficient implementation of TransNet projects and programs. The ITOC will work in a public way to ensure all deliberations are conducted in an open manner. Regular reports from the ITOC to the SANDAG Board of Directors (or policy committees) are expected with regard to program and project delivery, and overall performance.

- **Productive**—it is the intent that the ITOC will rely upon data and processes available at SANDAG, studies initiated by the ITOC, and other relevant data generated by reputable sources. It is understood, however, that SANDAG will be continuously striving to improve the reliability of data and to update analytical and modeling processes to be consistent with the state-of-the-art, and that the ITOC will be kept abreast of any such efforts, and invited to participate in development of such updates in a review capacity.
Cost-efficient—it is the intent that the ITOC will not add cost burden to SANDAG’s implementation of the TransNet program and projects. Rather, through a cooperative and productive working relationship between ITOC and the SANDAG implementation team, it is the objective that costs will be saved.

Flexible—it is the intent that the ITOC will assist SANDAG to be opportunistic to take advantage of changing situations in the future with regard to technologies and transportation developments. Therefore, the provisions contained below are viewed through 2048 based upon a 2004 perspective and are not meant to be unduly restrictive on ITOC’s and SANDAG’s roles and responsibilities.

Membership and Selection Process

1. Membership: There shall be seven ITOC voting members with the characteristics described below. The intent is to have one member representing each of the specified areas of expertise. If, however, after a good faith effort, qualified individuals have not been identified for one or more of the areas of expertise, then no more than two members from one or more of the remaining areas of expertise may be selected. For each of the areas of expertise listed below, an individual representing one of the region’s colleges or universities with a comparable level of academic experience also would be eligible for consideration.

- A professional in the field of municipal/public finance and/or budgeting with a minimum of ten years in a relevant and senior decision making position in the public or private sector.
- A licensed architect, civil engineer or traffic engineer with demonstrated experience of ten years or more in the fields of transportation and/or urban design in government or the private sector.
- A professional with demonstrated experience of ten years or more in real estate, land economics, and/or right-of-way acquisition.
- A professional with demonstrated experience of ten years or more in the management of large-scale construction projects.
- A licensed engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten years experience in a relevant and senior decision making position in the government or private sector.
- The chief executive officer or person in a similar senior-level decision making position, of a major private sector employer with demonstrated experience in leading a large organization.
- A professional in biology or environmental science with demonstrated experience of ten years or more with environmental regulations and major project mitigation requirements and/or habitat acquisition and management.

Ex-Officio Members: SANDAG Executive Director and the San Diego County Auditor

The criteria established for the voting members of the ITOC are intended to provide the skills and experience needed for the ITOC to carry out its responsibilities and to play a valuable and constructive role in the ongoing improvement and enhancement of the TransNet program.
Applications will be requested from individuals interested in serving on the ITOC through an open, publicly noticed solicitation process.

2. Technical Screening Committee: A technical screening committee will be established to review applications received from interested individuals. This committee will consist of three members selected by the SANDAG Executive Director from high-level professional staff of local, regional, state or federal transportation agencies outside of the San Diego region, or from one of the region’s colleges or universities in a transportation-related field, or a combination thereof. The committee will develop a list of candidates determined to be qualified to serve on the ITOC based on the criteria established for the open position(s) on the ITOC. The technical screening committee will recommend two candidates for each open position from the list of qualified candidates for consideration by the Selection Committee. The recommendations shall be made within 30 days of the noticed closing date for applications.

3. Selection Committee: A selection committee shall be established to select the ITOC members from the list of qualified candidates recommended by the technical screening committee. The selection committee shall consist of the following:

- Two members of the County of San Diego Board of Supervisors
- The Mayor of the City of San Diego
- A mayor from the Cities of Chula Vista, Coronado, Imperial Beach, or National City selected by the mayors of those cities.
- A mayor from the Cities of El Cajon, La Mesa, Lemon Grove, or Santee selected by the mayors of those cities.
- A mayor from the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, or Solana Beach selected by the mayors of those cities.
- A mayor from the Cities of Escondido, Poway, San Marcos, or Vista selected by the mayors of those cities.

The selection of ITOC members shall be made within 30 days of the receipt of recommendations from the technical screening committee. All meetings of the selection committee shall be publicly noticed and conducted in full compliance with the requirements of the Brown Act. Should the selection committee be unable to reach agreement on a candidate from the qualified candidates recommended by the technical screening committee, the selection committee shall request the technical screening committee to recommend two additional qualified candidates for consideration.

Terms and Conditions for ITOC members

- ITOC members shall serve a term of four years, except that initial appointments may be staggered with terms of two to four years.
- ITOC members shall serve without compensation except for direct expenses related to the work of the ITOC.
- In no case shall any member serve more than eight years on the ITOC.
If and when vacancies in the membership of the ITOC occur, the same selection process as outlined above shall be followed to select a replacement to fill the remainder of the term. At the completion of a term, eligible incumbent members will need to apply for reappointment for another term.

Term limits for ITOC members should be staggered to prevent significant turnover at any one time. The initial appointment process should be based on this staggered term limit concept.

**ITOC Responsibilities**

The ITOC shall have the following responsibilities:

1. Conduct an annual fiscal and compliance audit of all TransNet-funded activities using the services of an independent fiscal auditor to assure compliance with the voter-approved Ordinance and Expenditure Plan. This annual audit will cover all recipients of TransNet funds during the fiscal year and will evaluate compliance with the maintenance of effort requirement and any other applicable requirements. The audits will identify expenditures made for each project in the prior fiscal year and will include the accumulated expenses and revenues for ongoing, multi-year projects.

2. Prepare an annual report to the SANDAG Board of Directors presenting the results of the annual audit process. The report should include an assessment of the consistency of the expenditures of TransNet funds with the Ordinance and Expenditure Plan and any recommendations for improving the financial operation and integrity of the program for consideration by the SANDAG Board of Directors. This consistency evaluation will include a review of expenditures by project type for each local jurisdiction. The ITOC shall share the initial findings of the independent fiscal audits and its recommendations with the SANDAG Transportation Committee 60 days prior to their release to resolve inconsistencies and technical issues related to the ITOC's draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and recommendations, and adopt its report for submission directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as objective and accurate as possible in whatever final report it adopts. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.

3. Conduct triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet-funded projects and programs to review project delivery, cost control, schedule adherence and related activities. The review should include consideration of changes to contracting, construction, permitting and related processes that could improve the efficiency and effectiveness of the expenditure of TransNet revenues. These performance audits shall be conducted using the services of an independent performance auditor and should include a review of the ITOC's performance. A draft of the ITOC's report and recommendations regarding the performance audits shall be made available to the SANDAG Transportation Committee at least 60 days before its final adoption by the ITOC to resolve inconsistencies and technical issues related to the ITOC's draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and related recommendations, and adopt its report for presentation directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as
objective and constructive as possible in the text and presentation of the performance audits. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.

4. Provide recommendations to the SANDAG Board of Directors regarding any proposed amendments to the Ordinance and Expenditure Plan.

5. Provide recommendations as part of the 10-year review process. This process provides an opportunity to undertake a comprehensive review of the TransNet program every 10 years and to make recommendations for improving the program over the subsequent 10 years. This review process should take into consideration the results of the TransNet-funded improvements as compared to the performance standards established through the Regional Transportation Plan and the Regional Comprehensive Plan.

6. Participate in the ongoing refinement of SANDAG’s transportation system performance measurement process and the project evaluation criteria used in development of the Regional Transportation Plan (RTP) and in prioritizing projects for funding in the Regional Transportation Improvement Program. The focus of this effort will be on TransNet-funded projects. Based on the periodic updates to the RTP, as required by state and federal law, the oversight committee shall develop a report to the SANDAG Transportation Committee, the SANDAG Board of Directors and the public providing recommendations for possible improvements and modifications to the TransNet program.

7. On an annual basis, review ongoing SANDAG system performance evaluations, including SANDAG’s “State of the Commute” report, and provide an independent analysis of information included in that report. This evaluation process is expected to include such factors as level of service measurements by roadway segment and by time of day, throughput in major travel corridors, and travel time comparisons by mode between major trip origins and destinations. Such information will be used as a tool in the RTP development process.

8. Review and comment on the programming of TransNet revenues in the Regional Transportation Improvement Program (RTIP). This provides an opportunity for the ITOC to raise concerns regarding the eligibility of projects proposed for funding before any expenditures are made. In addition to a general eligibility review, this effort should focus on significant cost increases and/or scope changes on the major corridor projects identified in the Ordinance and Expenditure Plan.

9. Review proposed debt financings to ensure that the benefits of the proposed financing for accelerating project delivery, avoiding future cost escalation, and related factors exceed issuance and interest costs.

10. Review the major Congestion Relief projects identified in the Ordinance for performance in terms of cost control and schedule adherence on a quarterly basis.

In carrying out its responsibilities, the ITOC shall conduct its reviews in such a manner that does not cause unnecessary project delays, while providing sufficient time to ensure that adequate analysis can be completed to allow the ITOC to make objective recommendations and to provide the public with information about the implementation of the TransNet program.
ITOC Funding and Administration

1. All costs incurred in administering the activities of the ITOC, including related fiscal and performance audit costs, shall be paid annually from the proceeds of the TransNet sales tax. The funds made available to the ITOC shall not exceed $250,000 annually, as adjusted for inflation annually for the duration of the program. Any funds not utilized in one fiscal year shall remain available for expenditure in subsequent years as part of the annual budget process.

2. The expenditures of the ITOC shall be audited annually as part of the same fiscal audit process used for all other TransNet-funded activities.

3. The process for selecting the initial ITOC members shall be started no later than April 1 of the year following the passage of the Ordinance by the voters. Because the funding for this activity would not be available until Fiscal Year 2008-09, the ITOC activities during the initial transition period will be phased in to the extent possible within the budget constraints of the one percent administrative cap under the current TransNet Ordinance. Given the forty-year duration of the TransNet tax extension, the ITOC shall continue as long as funds from the current authorization remain available.

4. An annual ITOC operating budget shall be prepared and submitted to the SANDAG Board of Directors for its approval 90 days prior to the beginning of each fiscal year.

5. All ITOC meetings shall be public meetings conducted in full compliance with the Brown Act. The ITOC will meet on a regular basis, at least quarterly, to carry out its roles and responsibilities.

6. SANDAG Directors and staff will fully cooperate with and provide necessary support to the ITOC to ensure that it successfully carries out its duties and obligations, but should limit involvement to the provision of information required by the ITOC to ensure the independence of the ITOC as it carries out its review of the TransNet program and develops its recommendations for improvements.

7. ITOC members and their designated auditors shall have full and timely access to all public documents, records and data with respect to all TransNet funds and expenditures.

8. All consultants hired by the ITOC shall be selected on an open and competitive basis with solicitation of proposals from the widest possible number of qualified firms as prescribed by SANDAG's procedures for procurement. The scope of work of all such consultant work shall be adopted by the ITOC prior to any such solicitation.

9. SANDAG shall provide meeting space, supplies and incidental materials adequate for the ITOC to carry out its responsibilities and conduct its affairs. Such administrative support shall not be charged against the funds set aside for the administration of the ITOC provided under No. 1 above.
Conflict of Interest

The ITOC shall be subject to SANDAG’s conflict of interest policies. ITOC members shall have no legal action pending against SANDAG and are prohibited from acting in any commercial activity directly or indirectly involving SANDAG, such as being a consultant to SANDAG or to any party with pending legal actions against SANDAG during their tenure on the ITOC. ITOC members shall not have direct commercial interest or employment with any public or private entity, which receives TransNet sales tax funds authorized by this Ordinance.
INTRODUCTION

The TransNet Extension Ordinance and Expenditure Plan, approved by the voters in November, 2004 as Proposition A, established the Independent Taxpayer Oversight Committee (ITOC). The ITOC is intended to provide an increased level of accountability for expenditures made under the TransNet Extension, in addition to the independent annual fiscal and compliance audits required under the existing TransNet program. The ITOC is to function in an independent, open and transparent manner to ensure that all voter mandates are carried out as required in the Ordinance and Expenditure Plan, to support the implementation of the objectives of Proposition A to reduce congestion and improve regional mobility, and to develop positive, constructive recommendations for improvements and enhancements to the financial integrity and performance of the TransNet program. The ITOC reports to the public and makes recommendations to the SANDAG Board of Directors, which has the responsibility for decisions related to the implementation of the TransNet program. These bylaws are based on the provisions related to the ITOC that were included as part of Proposition A.

A. MEMBERSHIP

There shall be seven ITOC voting members with the characteristics described below. The intent is to have one member representing each of the specified areas of expertise. If, however, after a good faith effort, qualified individuals have not been identified for one or more of the areas of expertise, then no more than two members from one or more of the remaining areas of expertise may be selected. For each of the areas of expertise listed below, an individual representing one of the region’s colleges or universities with a comparable level of academic experience also would be eligible for consideration. The criteria established for the voting members of the ITOC are intended to provide the skills and experience needed for the ITOC to carry out its responsibilities and to play a valuable and constructive role in the ongoing improvement and enhancement of the TransNet program. Applications will be requested from individuals interested in serving on the ITOC through an open, publicly noticed solicitation process. The seven voting members are to include:

1. A professional in the field of municipal/public finance and/or budgeting with a minimum of ten years in a relevant and senior decision making position in the public or private sector.

2. A licensed architect, civil engineer or traffic engineer with demonstrated experience of ten years or more in the fields of transportation and/or urban design in government or the private sector.

3. A professional with demonstrated experience of ten years or more in real estate, land economics, and/or right-of-way acquisition.

4. A professional with demonstrated experience of ten years or more in the management of large-scale construction projects.

5. A licensed engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten years experience in a relevant and senior decision making position in the government or private sector.
6. The chief executive officer or person in a similar senior-level decision making position, of a major private sector employer with demonstrated experience in leading a large organization.

7. A professional in biology or environmental science with demonstrated experience of ten years or more with environmental regulations and major project mitigation requirements and/or habitat acquisition and management.

8. Ex-Officio Members: SANDAG Executive Director and the San Diego County Auditor

B. SELECTION PROCESS

1. Technical Screening Committee

A technical screening committee will be established to review applications received from interested individuals. This committee will consist of three members selected by the SANDAG Executive Director from high-level professional staff of local, regional, state or federal transportation agencies outside of the San Diego region, or from one of the region’s colleges or universities in a transportation-related field, or a combination thereof. The committee will develop a list of candidates determined to be qualified to serve on the ITOC based on the criteria established for the open position(s) on the ITOC. The technical screening committee will recommend two candidates for each open position from the list of qualified candidates for consideration by the Selection Committee. The recommendations shall be made within 30 days of the noticed closing date for applications.

2. Selection Committee

A selection committee shall be established to select the ITOC members from the list of qualified candidates recommended by the technical screening committee. The selection committee shall consist of the following:

- Two members of the County of San Diego Board of Supervisors
- The Mayor of the City of San Diego
- A mayor from the Cities of Chula Vista, Coronado, Imperial Beach, or National City selected by the mayors of those cities.
- A mayor from the Cities of El Cajon, La Mesa, Lemon Grove, or Santee selected by the mayors of those cities.
- A mayor from the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, or Solana Beach selected by the mayors of those cities.
- A mayor from the Cities of Escondido, Poway, San Marcos, or Vista selected by the mayors of those cities.

The selection of ITOC members shall be made within 30 days of the receipt of recommendations from the technical screening committee. All meetings of the selection committee shall be publicly noticed and conducted in full compliance with the requirements of the Brown Act. Should the selection committee be unable to reach agreement on a candidate from the qualified candidates...
recommended by the technical screening committee, the selection committee shall request the technical screening committee to recommend two additional qualified candidates for consideration.

C. TERMS AND CONDITIONS FOR ITOC MEMBERS

1. Length of Term

ITOC members shall serve a term of four years, except that initial appointments may be staggered with terms of two to four years. Term limits for ITOC members should be staggered to prevent significant turnover at any one time.

2. Additional Term

For a member eligible to serve for an additional four year term, an application for reappointment to continue as a member of the ITOC must be submitted to the Selection Committee for approval at least 120 days prior to the end of the member’s current term. If the Selection Committee does not approve the additional term, the position will be considered vacant at the end of the member’s current term and the selection process for a new member will be initiated. In no case shall any member serve more than eight years on the ITOC.

3. Removal From Membership

Members of the ITOC may be removed for cause including the member’s failure to attend more than 50% of the regular ITOC meetings, not including special meetings or subcommittee meetings, in one calendar year or for failure to comply with the ITOC’s conflict of interest provisions. The Selection Committee will be automatically notified when an ITOC member has failed to meet the established standard for attendance and will consider any appeal or review of extenuating circumstances prior to initiating the process to select a new member.

4. Vacancies

If mid-term vacancies occur as a result of Section C(3) or due to the death, disability, or resignation of a member, the process for replacement shall generally follow the same process as established for regular appointments described in Section B. The Selection Committee may modify the process as may be necessary given the particular circumstances. Every effort should be made to fill the vacancy in the same area of expertise.

5. Selection of Chair and Vice-Chair:

The ITOC shall select a Chair and Vice-Chair by majority vote of the committee. The Chair and Vice-Chair shall serve a term of one year. The selection will be made at the first regular meeting following commencement of the SANDAG fiscal year.

6. Responsibilities of the Chair

The Chair will run the ITOC meetings, work with staff to set the agenda for the meetings, and serve as the primary spokesperson for the ITOC to the SANDAG Board of Directors and Transportation Committee, other groups and organizations, and the media.
7. **Responsibilities of the Vice-Chair**

The Vice-Chair serves in the capacity of the Chair when the Chair is not available.

8. **Compensation**

ITOC members shall serve without compensation except for direct expenses (parking/ mileage for attendance at meetings) related to the work of the ITOC.

9. **Conflict of Interest**

The ITOC shall be subject to SANDAG’s conflict of interest policies. ITOC members shall have no legal action pending against SANDAG and are prohibited from acting in any commercial activity directly or indirectly involving SANDAG, such as being a consultant to SANDAG or to any party with pending legal actions against SANDAG during their tenure on the ITOC. ITOC members shall not have direct commercial interest or employment with any public or private entity, which receives TransNet sales tax funds authorized by this Ordinance. Each ITOC member shall be required to sign a conflict of interest statement and an annual statement of economic interests.

D. **ITOC FUNDING AND ADMINISTRATION**

1. **Annual Funding**

Beginning with the implementation of the TransNet Extension on July 1, 2008, costs incurred in administering the activities of the ITOC, including related fiscal and performance audit costs, shall be paid annually from the proceeds of the TransNet sales tax. The funds made available to the ITOC shall not exceed $250,000 annually, as adjusted for inflation annually for the duration of the program. Any funds not utilized in one fiscal year shall remain available for expenditure in subsequent years as part of the annual budget process.

2. **Transition Period**

During the initial transition period through July 1, 2008, the ITOC’s activities will be phased in to the extent possible within the budget constraints of the one percent administrative cap under the initial TransNet Ordinance. Through June 30, 2008, the provisions of the initial TransNet Ordinance will remain in effect with requirements such as the completion of the annual fiscal audits of TransNet recipients being administered by SANDAG using the 1% administrative funds. Staff will work in coordination with the ITOC on key activities that will become ITOC responsibilities after July 1, 2008 and seek ITOC’s input as appropriate during this transition period.

3. **Duration of the ITOC**

Given the forty-year duration of the TransNet tax extension, the ITOC shall continue as long as funds from the current authorization remain available. These activities would include conducting annual fiscal audits of recipients until TransNet funds are fully expended and the development of related project close-out procedures. The ITOC budget for FY 2048 should reflect the estimated funding required to complete the close-out of the TransNet program.
4. **Audits of ITOC Expenditures**

The expenditures of the ITOC shall be audited annually as part of the same fiscal audit process used for all other TransNet-funded activities.

5. **Annual Budget Process**

An annual ITOC operating budget shall be prepared and submitted to the SANDAG Board of Directors for its approval 90 days prior to the beginning of each fiscal year, starting April 1, 2008 for the 2008-09 Fiscal Year.

6. **Open Meeting Requirements**

All ITOC meetings, including any standing subcommittees of the ITOC which may be established, shall be public meetings conducted in full compliance with the Brown Act. The ITOC will meet on a regular basis, at least quarterly, to carry out its roles and responsibilities.

7. **Meeting Procedures**

Except as otherwise provided by the TransNet Ordinance or its bylaws, the ITOC shall conduct its business in accordance with generally accepted parliamentary procedures based on the principles of Roberts Rules of Order, as applicable to committees similar to the ITOC.

8. **Quorum**

A quorum of the ITOC shall consist of a minimum of four members. To pass a motion, fifty percent plus one of the members present and voting must vote in favor (a minimum of three votes at the minimum quorum level).

9. **Access to Records**

ITOC members and their designated auditors shall have full and timely access to all public documents, records and data with respect to all TransNet funds and expenditures.

10. **Consultant Selection**

All consultants hired by the ITOC shall be selected on an open and competitive basis with solicitation of proposals from the widest possible number of qualified firms as prescribed by SANDAG’s procedures for procurement. The scope of work of all such consultant work shall be adopted by the ITOC prior to any such solicitation.

**E. STAFFING AND SUPPORT OF THE ITOC**

1. **General Support for ITOC**

At the ITOC’s request, SANDAG shall provide reasonable staff support and shall provide meeting space for regularly scheduled meetings at the SANDAG offices (401 B Street, Suite 800, San Diego, CA 92101). SANDAG will provide supplies and incidental materials adequate for the ITOC to carry
out its responsibilities and conduct its affairs. Such staffing and administrative support shall not be charged against the funds set aside for the administration of the ITOC provided under Section D(1).

2. Compliance with Public Meeting Requirements

SANDAG shall assist the ITOC in terms of compliance with the public meeting laws, including posting meeting notices and agendas. An Internet webpage for the ITOC will be maintained by SANDAG as part of its website containing ITOC agenda materials, reports, and other information related to the ITOC. As a general practice, the agenda and related materials will be distributed to ITOC members one week prior to the scheduled meeting.

3. Preserving ITOC Independence

SANDAG Directors and staff will fully cooperate with and provide necessary support to the ITOC to ensure that it successfully carries out its duties and obligations, but should limit involvement to the provision of information required by the ITOC to ensure the independence of the ITOC as it carries out its review of the TransNet program and develops its recommendations for improvements.

F. ITOC ROLES AND RESPONSIBILITIES

The TransNet Ordinance specifies the roles and responsibilities for the ITOC and describes the intent of the ITOC as a functional partner to SANDAG in the ongoing implementation of the TransNet program. As stated in the TransNet Ordinance, in carrying out its responsibilities, the ITOC shall conduct its reviews in such a manner that does not cause unnecessary project delays, while providing sufficient time to ensure that adequate analysis can be completed to allow the ITOC to make objective recommendations and to provide the public with information about the implementation of the TransNet program.

1. Intent

The TransNet Extension Ordinance (pp. 44-45) contained intent language that summarized the foundation of the desired relationship between ITOC and SANDAG. That intent language is included below and provides general guidance for how the ITOC and SANDAG should interact as the ITOC carries out each of the specific roles and responsibilities.

- Resource—it is the intent that the ITOC will serve as an independent resource to assist in SANDAG’s implementation of TransNet projects and programs. The Committee’s membership is designed to provide to SANDAG a group of professionals who, collectively, can offer SANDAG the benefit of their experience to advance the timely and efficient implementation of TransNet projects and programs. The ITOC will work in a public way to ensure all deliberations are conducted in an open manner. Regular reports from the ITOC to the public and to the SANDAG Board of Directors (or policy committees) are expected with regard to program and project delivery, and overall performance.

- Productive—it is the intent that the ITOC will rely upon data and processes available at SANDAG, studies initiated by the ITOC, and other relevant data generated by reputable sources. It is understood, however, that SANDAG will be continuously striving to improve the reliability of data and to update analytical and modeling processes to be consistent with the state-of-the-art,
and that the ITOC will be kept abreast of any such efforts, and invited to participate in development of such updates in a review capacity.

- **Cost-efficient**—it is the intent that the ITOC will not add cost burden to SANDAG’s implementation of the TransNet program and projects. Rather, through a cooperative and productive working relationship between ITOC and the SANDAG implementation team, it is the objective that costs will be saved.

- **Flexible**—it is the intent that the ITOC will assist SANDAG to be opportunistic to take advantage of changing situations in the future with regard to technologies and transportation developments.

2. **Implementation Procedures**

A set of implementation procedures for each of the basic ITOC responsibilities established in the Ordinance will be developed by the ITOC and updated from time to time as necessary. These implementation procedures will be based on the basic Ordinance language for each ITOC responsibility with additional background information, a detailed description of the way in which the ITOC is to approach each area of responsibility, and a schedule or general timing for when each activity should be undertaken.

**G. EFFECTIVE DATE AND AMENDMENTS:**

1. **Effective Date**

These Bylaws shall become effectively upon adoption by a majority vote of the ITOC.

2. **Amendments:**

These Bylaws may be amended or repealed and new Bylaws adopted by majority vote of the ITOC members in office at that time.

Attachments:

1. Full Text of the TransNet Extension Ordinance and Expenditure Plan
2. Summary of major Brown Act requirements for public meetings
3. Key provisions of Roberts Rules of Order for conducting meetings
4. ITOC Guidelines

Note: Attached materials on Brown Act, Roberts Rules of Order, and related administrative guidelines for conducting meetings were prepared by Julie Wiley, SANDAG General Counsel and were distributed at the first ITOC meeting on May 18, 2005.
Ordinance Language

“Conduct triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet-funded projects and programs to review project delivery, cost control, schedule adherence and related activities. The review should include consideration of changes to contracting, construction, permitting and related processes that could improve the efficiency and effectiveness of the expenditure of TransNet revenues. These performance audits shall be conducted using the services of an independent performance auditor and should include a review of the ITOC’s performance. A draft of the ITOC’s report and recommendations regarding the performance audits shall be made available to the SANDAG Transportation Committee at least 60 days before its final adoption by the ITOC to resolve inconsistencies and technical issues related to the ITOC’s draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and related recommendations, and adopt its report for presentation directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as objective and constructive as possible in the text and presentation of the performance audits. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.”

Background/Discussion

- Performance audits are intended to examine the performance of agencies in delivering certain products and services. In this situation, it is the performance of SANDAG, Caltrans, MTS, NCTD, the County of San Diego, the cities and other agencies involved in the implementation of the TransNet Early Action Program and other TransNet-funded projects and services. This is not a financial audit, but a somewhat more subjective review of how well the agencies are doing in delivering projects on time and within budget.

- The performance audit should review the experience over the three-year period under evaluation, identify any problems encountered, and make recommendations for improving efficiency and effectiveness of expenditures under the TransNet program.

- Subsequent performance audits would include a review of the status of the implementation of the recommendations made in the prior performance audit and an evaluation of the effectiveness of those recommendations.

- The performance audit should include a review of the approaches being followed for contracting, construction management, permitting, and other processes related to project implementation and consider changes to improve the efficiency and effectiveness of the overall project development process.

- The independent contractor to be used to perform these performance audits should have experience in project design, construction management, and related project implementation activities.

- Prior to issuing the Request for Proposals (RFP) for the independent performance auditor, the ITOC should discuss the specific issues to be addressed in the performance audit, identify activities to be evaluated, and develop a specific scope of work to be included in the RFP. Certain issues may arise over the next three years that the ITOC would like to have the auditors consider as part of the audit scope.
- Depending on the level of detail in the scope of work, the cost for the triennial audit process could be in excess of $100,000. The cost of these performance audits would come out of the ITOC’s annual funding ($250,000 as adjusted for inflation) which becomes available in FY 2008-09.

- The quarterly reporting process, as required under Paragraph #10 of the Ordinance, is directly related to this performance audit process in that the data regarding project delivery, cost control, and schedule adherence provided through the quarterly reporting process will be the key information to be reviewed by the performance auditor.

**Procedures in Preparation for the Initial Performance Audit**

- Review and comment on the list of “Continuing Improvement of TransNet Program Management Priorities” items (pp. 39-41 of the PBS&J TransNet Program Management Assessment) and finalize the list to initiate and implement improvements to enhance the efficiency and effectiveness in terms of scope, schedule, and costs for TransNet projects at the project, corridor, and overall program level.

- Using TRIP (Trends/Risks/Issues/Progress) “dashboard” reports provided through the quarterly reporting process (Paragraph #10), track the actual costs and schedules for the projects in the program as compared to the baseline estimates. Identify changes or variances from the baseline estimates and the reasons for these changes. Refine the quarterly report format as needed to establish a tool to monitor the progress of the program on a regular basis at the project, corridor, and program level to quantify success.

- Establish procedures to monitor and evaluate alternatives considered for changes to design and construction contracting approaches for Early Action projects and innovative ways to obtain required permits from other agencies to expedite or maintain project schedules.

- Review and comment on an overall program progress report that provides an update on progress achieved on a project, corridor, and overall program basis each year based on the data generated through the quarterly reporting process.

- Document the status and progress made on the implementation of agreed upon recommendations made in the prior performance audit [for future performance audits].

**Schedule/Timing**

- The first triennial performance audit should begin in Fiscal Year 2008-09 covering the three-year period from Fiscal Year 2005-06 – to Fiscal Year 2007-08. The consultant selection process should be initiated by April 1, 2008 so that a consultant can be under contract and begin work in early FY 2008-09.

- The schedule for the audit process should provide for a draft report and recommendations to be made available to the SANDAG Transportation Committee at least 60 days prior to the ITOC’s scheduled approval of the final report.
The TransNet Maintenance of Effort (MOE) audits have been completed and two issues require clarification through an amendment to Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules. The ITOC is asked to recommend to the Executive Committee that the Board of Directors approve amendments to Board Policy No. 31 concerning the TransNet MOE provisions.

Attachment: 1. Section 8 of TransNet Extension Ordinance
San Diego Association of Governments

EXECUTIVE COMMITTEE

March 14, 2008

AGENDA ITEM NO.: 5

AMENDMENT TO BOARD POLICY NO. 031: TransNet ORDINANCE
AND EXPENDITURE PLAN RULES

File Number 1110200

Action Requested: RECOMMEND

Introduction

The TransNet Extension Ordinance requires the setting of new Maintenance of Effort (MOE) levels. The process is complete, with the exception of the City of San Diego, which will provide the final information to the auditors upon issuance of their Fiscal Year 2006 Comprehensive Annual Financial Report.

Discussion

Section 8 of the TransNet Extension Ordinance (Attachment 1) prescribes the requirement to develop a new MOE level, based on the level of discretionary funds expended for street and road purposes on average over the fiscal years 2000-2001, 2001-2002, and 2002-2003. The MOE level will then be subject to adjustment every three years based on the Construction Cost Index developed by Caltrans, not to exceed the growth rate in the local jurisdiction’s general fund revenues over the same time period.

Last February, the Independent Taxpayers Oversight Committee (ITOC) reviewed and commented on the set of procedures that were proposed to be used by SANDAG auditors, Caporicci & Larson (C&L), to perform the MOE audits. Since that time, the audits have been underway and are substantially complete. The result of the procedures is a new MOE base that will then be applied in FY 2009, which is the first year the requirements under the TransNet Extension Ordinance will apply.

The Transportation Committee and Board of Directors have approved the MOE base levels for the Cities of Chula Vista, Coronado, Del Mar, El Cajon, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Marcos, Santee, Solana Beach, Vista, and the County of San Diego. The MOE base levels for the Cities of Carlsbad, Encinitas, and Oceanside are scheduled for Transportation Committee review on March 21, 2008, and Board of Directors approval on March 28, 2008. The MOE audit for the City of San Diego is in progress.

At the November 14, 2007, ITOC meeting and the December 14, 2007, Transportation Committee meeting, guidance was provided with respect to two issues that arose during the performance of the audits.

Issue No. 1 - Both Carlsbad and Encinitas had concerns that the initially calculated MOE level included one-time expenditures that resulted from “banking” general fund monies and that
subsequently expending those funds during the base period resulted in an artificially high MOE level. Carlsbad and Encinitas requested that we consider removing those one-time expenditures from the calculation. When this request was discussed with the Transportation Committee and the ITOC, it was recognized that Section 8 of the Extension Ordinance clearly states the intended purpose of the MOE requirement is to ensure that revenues provided from TransNet be used to augment, not supplant existing local revenues.

Based on review by legal counsel, the Board has the ability to interpret the Ordinance's language to require use of the fiscal years in question, but allow some flexibility to adjust the MOE amount when there have been extraordinary expenditures. Even though the extraordinary expenditures language was not included in the Extension Ordinance, it is clear that the intent behind the MOE requirements is to prevent TransNet funds from being used to supplant existing local funding. The Board is able to exercise some latitude to make exceptions to a strict application of the MOE provisions as long as its purpose in interpreting the provisions in such a manner is not to circumvent the unambiguous goal of the language. Some flexibility in accounting for spikes in expenditures would be consistent with the intent of ensuring that the local agencies do not supplant local funds with TransNet funds.

Based on this legal review, the ITOC directed the auditors to perform additional procedures for Carlsbad and Encinitas in order to review and analyze the one-time expenditures. The additional procedures included obtaining discretionary local street and road expenditure information from the cities for the three years preceding the MOE base period for trend analysis, as well as a listing of the one-time expenditures for all six years. Upon review of this additional information, the ITOC has recommended approval of the adjusted MOE levels for Carlsbad and Encinitas.

**Issue No. 2** - This issue would only affect those agencies that spend local discretionary funding on TransNet expenditure categories other than local streets and roads. The language in Section 8 of the Extension Ordinance states the MOE will be determined on the basis of “discretionary funds expended for street and road purposes...as was reported in the State Controller’s Annual Report of Financial Transactions for Streets and Roads.” The Extension Ordinance also states “the MOE also shall apply to any local agency discretionary funds being used for the other purposes specified under Section 4.” The language in the Extension Ordinance for this provision is identical to the language used in the original Ordinance. Under the original Ordinance, the informal practice was to use the separate totals as the basis for calculating the MOE. It is recommended that this practice be documented in Board Policy No. 031 to clarify that separate MOE levels will be used which is consistent with past practice (i.e., separate MOE levels for each category in Section 4 of the Ordinance: major highway and transit congestion relief projects, transit programs to support seniors and disabled persons, specialized transportation services for seniors, monthly transit passes for senior, disabled and youth riders, transit operations, local streets and roads, habitat-related mitigation costs of local transportation projects, and the smart growth incentive program).

At this point it is appropriate to amend Board Policy No. 031, “TransNet Ordinance and Expenditure Plan Rules” in order to provide clarification for these two issues. As such, Rule No. 22 is proposed to be added as follows. The ITOC is scheduled to review the proposed rule at its March 12, 2008, meeting and its comments will be provided to the Executive Committee.
Rule #22: TransNet Extension Ordinance Maintenance of Effort (MOE) base level implementation guidelines

Text: Section 8 of the Extension Ordinance provides guidelines regarding the MOE base level calculation and implementation.

Section 8 of the Extension Ordinance states the intended purpose of the MOE requirement is to ensure that revenues provided from TransNet be used to augment, not supplant, existing local revenue. Some flexibility in accounting for spikes in expenditures would be consistent with the intent of ensuring that the local agencies do not supplant local funds with TransNet funds. Therefore, one-time expenditures that were a result of “banking” general fund monies and subsequently expending those funds during the base period Fiscal Years 2001 - 2003 may be isolated and removed so that the MOE is representative of a normal annual spending level, subject to review by the ITOC and approval by the Board of Directors.

In addition, the language in Section 8 of the Extension Ordinance states the MOE will be determined on the basis of “discretionary funds expended for street and road purposes...as was reported in the State Controller’s Annual Report of Financial Transactions for Streets and Roads.” The Extension Ordinance also states “the MOE also shall apply to any local agency discretionary funds being used for the other purposes specified under Section 4.” Based on this language, the MOE levels are to be established separately for each category in Section 4 of the Ordinance: major highway and transit congestion relief projects; transit programs to support seniors and disabled persons; specialized transportation services for seniors; monthly transit passes for seniors, disabled, and youth riders; transit operations; local streets and roads; habitat-related mitigation costs of local transportation projects; and the smart growth incentive program. The annual audits of the MOE expenditure requirement will report the expenditures for each of these separate categories.

RENEE WASMUND
Director of Finance

Attachment: 1. Section 8 of TransNet Extension Ordinance

Key Staff Contact: Renee Wasmund, (619) 699-1940, rwa@sandag.org
SECTION 8. MAINTENANCE OF EFFORT: It is the intent of the Legislature, as stated in the Act, and the Commission that revenues provided from this measure be used to augment, not supplant existing local revenues being used for the purposes set forth in Section 4 herein. Each local agency receiving revenues pursuant to Section 4(D) shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years completed prior to the operative date of this Ordinance (Fiscal Years 2000-01, 2001-02, 2002-03), as was reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads and as verified by an independent auditor. The maintenance of effort level as determined through this process shall be subject to adjustment every three years based on the Construction Cost Index developed by Caltrans. Any increase in the maintenance of effort level based on this adjustment shall not exceed the growth rate in the local jurisdiction's General Fund revenues over the same time period. The Commission shall not allocate any revenues pursuant to Section 4(D) to any eligible local agency in any fiscal year until that local agency has certified to the Commission that it will include in its budget for that fiscal year an amount of local discretionary funding for streets and roads purposes at least equal to the minimum maintenance of effort requirement. An annual independent audit shall be conducted to verify that the maintenance of effort requirement for each agency was met. Any local agency which does not meet its maintenance of effort requirement in any given year shall have its funding under Section 4(D)(1) reduced in the following year by the amount by which the agency did not meet its required maintenance of effort level. In the event that special circumstances prevent a local agency from meeting its maintenance of effort requirement, the local agency may request up to three additional fiscal years to fulfill its requirement. Such a request must be approved by the Commission. The Independent Taxpayer Oversight Committee shall also review such requests and make recommendations to the Commission. Any local street and road revenues not allocated pursuant to the maintenance of effort requirement shall be redistributed to the remaining eligible agencies according to the formula described in Section 4(D)(1). The maintenance of effort requirement also shall apply to any local agency discretionary funds being used for the other purposes specified under Section 4. In addition, revenues provided from this Ordinance shall not be used to replace other private developer funding that has been or will be committed for any project.
UPDATE ON ACTIVITIES RELATED TO A POTENTIAL REGIONAL
"QUALITY OF LIFE" INITIATIVE

At the request of ITOC members, staff will present a summary of current actions and activities related to the potential for a regional "Quality of Life" initiative, including a review of the recent SANDAG Board of Directors Retreat.

Attachment for this report:

Attachment: 1. Interagency Technical Working Group on Tribal Transportation Issues for the February 20, 2008, meeting providing an update on efforts being taken by SANDAG to identify funding to meet some of these long-term regional needs identified in the Regional Comprehensive Plan
The SANDAG Board of Directors has been discussing strategies to fund some of the region’s “Quality of Life” infrastructure needs such as beach sand replenishment, habitat conservation, water quality enhancements, and transit operations. SANDAG staff will provide an update on efforts being taken by SANDAG to identify funding to meet some of these long-term regional needs identified in the Regional Comprehensive Plan (RCP). Attached for the Working Group’s information are four reports on each of these policy areas that were discussed by the SANDAG Board of Directors at their annual retreat January 30-February 1, 2008 (Attachments 1-4).

Attachments:  
A. Water Quality  
B. Public Transit  
C. Habitat Conservation  
D. Shoreline Preservation  

Key Staff Contact: Rob Rundle, (619) 699-6949, rru@sandago.org
WATER QUALITY

- Should the jurisdictional permit obligations be paid for or offset by regional funds? If so, how much or at what percent?
- Are capital improvements a necessary component?
- Should regional monitoring include more than permit requirements?
- Should a water quality effort and funding be included in a quality of life initiative?

Water bodies within the region, including groundwater, lakes, reservoirs, rivers, streams, lagoons, estuaries, vernal pools, bays, and the ocean, are among our most valuable resources. They provide a wide range of “beneficial uses,” or the uses of water necessary for the survival or well-being of humans, plants, and animals. Beneficial uses of water serve to promote both tangible and intangible economic, social, and environmental goals. For example, the beaches and coastline provide places to relax and play, and they attract tourism, which stimulates the regional economy. Regional reservoirs provide a needed water supply and emergency storage function. Water bodies also provide habitat for many of the region’s rare, threatened, and endangered species, while serving as an important part of an overall healthy environment.

The quality of the region’s water bodies is affected by pollution. In recent years, water pollution from point sources like industrial waters from factories has been greatly reduced. The majority of water pollution now occurs from non-point sources, which originate from diffuse sources and are the result of man’s uses or disturbances of land.

Urban and stormwater runoff are primarily caused by non-point source pollutants and have been identified under local, regional, and national research programs as the principle cause of water quality problems in most urbanized regions. Runoff from precipitation or human activities flows over the land untreated into our waters and often contains a host of contaminants, such as trash and debris, bacteria and viruses, oil and grease, sediments, nutrients, and metals from sources such as cars leaking oil, fertilizers from farms and gardens, failing septic tanks, pet waste, and residential car washing.

Several federal, state, and local government entities are responsible for monitoring and/or regulating water quality within the region. Additionally, numerous laws provide a basis for water quality and establish the goals and objectives that guide the region’s water quality programs.

To address pollution in the San Diego region, the San Diego Regional Water Quality Control Board (RWQCB) issued a National Pollution Discharge Elimination System (NPDES) Permit in 1990 to regulate the discharge of point and non-point source pollution. This permit was renewed in 2001 and most recently in 2007. The current permit was issued to the 18 incorporated cities within San Diego County, the County of San Diego, the San Diego Unified Port District, and the San Diego County Regional Airport Authority. These agencies, with the County of San Diego as the lead agency, are collectively known as the “Copermittees.” The permit ordered the Copermittees to collaborate to control waste.

1 NPDES Order No. R9-2007-0001
discharges in stormwater and other urban runoff from the Municipal Separate Storm Sewer Systems (MS4) that drain into the watersheds of the region.

The Permit requires in part, that the Copermittees develop and implement three water quality programs to address the pollution found in urban stormwater runoff: the Jurisdictional Urban Runoff Management Program, the Watershed Urban Runoff Management Program, and the new Regional Urban Runoff Management Plan.

The NPDES permits also require regular water quality monitoring. Assessments must be completed to ensure compliance with the permit standards. There are several local jurisdictions and government agencies throughout the San Diego region that perform water quality assessments. In addition, there are non-profit organizations and other interested parties that routinely assess water quality.

SANDAG adopted the Regional Comprehensive Plan (RCP) in 2004. The RCP included a Healthy Environment chapter that discussed the issue of water quality in the region. SANDAG staff has developed three cost options for the implementation of a regional water quality management program aimed at pollution prevention and source control to protect the health of the water bodies and watersheds within the region.

**Option A - Capital Improvements, Contribution Toward Jurisdictional Costs, and Funding for Regional Monitoring**

This option includes costs for a capital improvement program that is included in the Integrated Regional Water Management Plan, one-third of the reoccurring Jurisdictional Urban Runoff Management Plan implementation, and annual monitoring, education, and membership fees.

At the State level, an innovative approach to water management that evolved out of Proposition 50 (Water Security, Clean Drinking Water, Coastal, and Beach Protection Act [2002]) was the Integrated Regional Water Management (IRWM) planning process. The IRWM planning process is a local water management approach aimed at securing long-term water supply reliability within California by first recognizing the inter-connectivity of water supplies and the environment and then pursuing projects yielding multiple benefits for water supplies, water quality, and natural resources.

Local IRWM planning efforts are being led by the Regional Water Management Group, a partnership of the County of San Diego, the City of San Diego and the San Diego County Water Authority. It was formed in 2005 to develop an IRWM plan for the San Diego region and to ensure the region is eligible for future state grant funding. Regional stakeholders, including SANDAG, make up the Regional Advisory Committee (RAC) that advises the Regional Water Management Group. The RAC has approximately 22 members who provide expertise in the areas of water supply, wastewater, recycled water, stormwater and urban runoff, natural resources, and environmental stewardship. The San Diego IRWM was finalized in October 2007.

Through Proposition 50, grant funds are available for projects identified in adopted IRWM plans. The application process requires...
a prioritized list of regional projects, which was created through a project prioritization process implemented by the RAC. The projects came from a regional application and project submittal process. They were then ranked and screened based upon approved criteria. This process resulted in lists of Tier 1 and Tier 2 projects. This option focuses on the cost to implement Tier 1, which would cost approximately $649 million (2008 dollars). These funds would be phased over 40 years.

This estimate of Tier 1 IRWM plan costs may be refined over the next year as the region waits to hear about possible funding from Propositions 50 and 84. If funding becomes available there would be excess funding that could be used for Tier 2 projects. Additionally, the IRWM plan process only considers projects that were submitted during the call for projects phase. Therefore, excess funds could be used on new regional projects that were not originally included in the IRWM but meet IRWM criteria.

This estimate also includes one-third of the cost associated with implementing the Jurisdictional Urban Runoff Management Plans (JURMP) annually. The JURMP, which is developed and implemented by each municipality, describes what the jurisdiction is doing within its own borders to reduce the pollution levels found in their MS4 to the maximum extent practicable.

Building upon a model used for regional habitat conservation plans that requires one-third of revenues for habitat conservation to be paid by the local jurisdictions, the estimate for reoccurring costs for the annual JURMP implementation was divided by one-third. These funds would be provided directly to the region’s jurisdictions to off-set some of the costs associated with implementing the municipal permit. The goal is to enhance water quality, not relieve the jurisdictions of their responsibilities under the permit. One-third of the cost to implement the JURMP is $48.6 million (2008 dollars).

Lastly, this option includes the cost of a regional monitoring program, education and outreach, and membership in the California Stormwater Quality Administration (CASQA). This estimate includes the cost for regional stormwater Copermittee monitoring and education and outreach, as well as Baykeeper’s regional monitoring program. These costs are approximately $4.1 million (2008 dollars) per year.

This estimate only includes water quality monitoring that is required by the permit and efforts that currently are underway by Baykeeper. This does not include certain types of monitoring such as wet weather monitoring and only looks at certain types of pollutants. As progress is made in addressing pollution in the region, the focus of monitoring efforts likely will change and expand over time. Table 1 reflects the costs of Option A.

### Table 1

**Annual and Cumulative Cost for Option A**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual</strong></td>
<td>$16.2 million</td>
<td>$48.6 million</td>
<td>$4.1 million</td>
<td>$68.9 million</td>
</tr>
<tr>
<td><strong>40 Years</strong></td>
<td>$648.9 million</td>
<td>$1.9 billion</td>
<td>$164.8 million</td>
<td>$2.7 billion</td>
</tr>
</tbody>
</table>

Please note that some of the Tier 1 projects and all of the Tier 2 projects did not have costs associated with them. This cost reflects available Tier 1 costs.
**Option B - Non-Capital Improvements**

This option focuses primarily on complying with the NPDES permit requirements that require the Copermittees to reduce the discharge of pollutants to the maximum extent practicable with the goal of ultimately achieving compliance with water quality standards. A study prepared in January 2004 for the California State Water Resources Control Board, prepared by Office of Water Programs, California State University, Sacramento (CSUS) used NPDES compliance costs for sample cities to establish compliance costs per household or the amount each household would contribute toward NPDES compliance. That cost per household was determined to be $38 annually, which was multiplied by the SANDAG estimate for the number of households within the San Diego region for each year through 2050. The annual cost estimate is approximately $50.5 million (2008 dollars).

This estimate may be imperfect. The study completed by CSUS did not account for activities, such as street sweeping and trash collection, that are not considered permit compliance costs by the RWQCB, but which are accounted for in many jurisdictional programs. Additionally, the per household cost did not account for requirements under the 2007 NPDES permit. Table 2 reflects the costs of Option B.

**Option C - Capital Improvements, Jurisdictional Costs, and Funding for Regional Monitoring**

Option C is a variation of Option A. This option includes costs for a capital improvement program that is included in the Integrated Regional Water Management Plan, the reoccurring Jurisdictional Urban Runoff Management Plan implementation, and annual monitoring, education, and membership fees.

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**Table 2**

<table>
<thead>
<tr>
<th></th>
<th>Annual Non-Capital Improvements</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option B (2008 $)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td>$50.5 million</td>
<td>$50.5 million</td>
</tr>
<tr>
<td>40 Years (2010 - 2050)</td>
<td>$2 billion</td>
<td>$2 billion</td>
</tr>
</tbody>
</table>

**Notes:**

3 Maximum extent practicable (MEP) is a dynamic performance standard which evolves over time as urban runoff management knowledge increases.

4 The NPDES Stormwater Cost Survey looked at five municipalities and one metropolitan area within California that are demonstrating meaningful progress toward MEP compliance. Therefore, the mean of the six values for each of the cities in the survey was used to estimate. The mean value of $35 was used in 2005 and escalated at three percent through 2030 for a value of $38 per household.
This option also includes the cost to implement Tier 1 of the IRWM Plan $648 million (2008 dollars), but all in the first ten years. Option A allocates the funds over 40 years. Additionally, this option includes all of the reoccurring costs associated with implementing the JURMP, which is $145.9 million (2008 dollars). Option A only allocates one-third of the yearly JURMP costs.

Lastly, this option includes the same reoccurring regional monitoring program, education and outreach, and CASQA membership costs as in Option A ($4.1 million). Table 3 reflects the costs of Option C.

### Table 3
#### Annual and Cumulative Costs for Option C

<table>
<thead>
<tr>
<th>Option C (2008 $)</th>
<th>One-time Costs</th>
<th>Reoccurring Costs</th>
<th>Reoccurring Costs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital Improvements</td>
<td>Annual JURMP Implementation</td>
<td>Annual Monitoring, Education and CASQA</td>
<td></td>
</tr>
<tr>
<td><strong>Annual</strong></td>
<td>$16.2 million</td>
<td>$145.9 million</td>
<td>$4.1 million</td>
<td>$166.2 million</td>
</tr>
<tr>
<td><strong>40 Years (2010 - 2050)</strong></td>
<td>$648.9 million</td>
<td>$5.8 billion</td>
<td>$164.8 million</td>
<td>$6.6 billion</td>
</tr>
</tbody>
</table>

### Totals

The table below includes totals for Options A, B, and C for the annual costs, as well as all 40 years, 2010 through 2050.

### Table 4
#### Comparison of Annual and Cumulative Costs for Options

<table>
<thead>
<tr>
<th>Totals (2008 $)</th>
<th>Option A</th>
<th>Option B</th>
<th>Option C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual</strong></td>
<td>$68.9 million</td>
<td>$50.5 million</td>
<td>$166.2 million</td>
</tr>
<tr>
<td><strong>40 Years (2010 - 2050)</strong></td>
<td>$2.7 billion</td>
<td>$2 billion</td>
<td>$6.6 billion</td>
</tr>
</tbody>
</table>

Key Staff Contact: Shelby Tucker, (619) 699-1916, stu@sandag.org

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5 These costs do not reflect an off set to address inflation and retain the current 2008 purchasing power.
A central component to the SANDAG Regional Comprehensive Plan (RCP) is creating better communities by making land use decisions that focus on smart growth developments near public transit facilities. The 2030 Regional Transportation Plan: Pathways to the Future (RTP) implements this strategy by focusing transit investments in the urban core areas of both the Metropolitan Transit System (MTS) and North County Transit District (NCTD) service areas in order to provide mobility choices.

Three guiding principles underlie an initial transit funding concept:

- **Create a sustainable funding source for existing transit services** - MTS and NCTD are projecting short and long term operating deficits as costs outside the agencies control, such as fuel, energy, and insurance, continue to rise. Funding from traditional sources such as the state Public Transportation Account also are diverted to other needs. And the volatile effects of economic cycles contribute to transit funding uncertainty. An ongoing, sustainable level of funding is needed to help supplement existing funding sources to ensure adequate operations and maintenance of the existing system and create a strong basic system in the urban core areas. In addition, increased funding for senior/disabled transportation, including improved coordination of social service agency transportation, can better utilize existing resources and help offset the need for costly new services.

- **Implement improvements aimed at taking transit to the “next level”** - Building off the TransNet program of major capital improvement projects designed to improve transit connectivity along the key regional travel corridors, these “next level” infrastructure improvements and services would increase the attractiveness of transit and serve to tap new rider markets.

- **Develop other alternative solutions** - In some areas, other strategies can be more cost-effective in providing alternatives to the automobile. The focus here would be on implementation of Transportation Demand Management measures such as vanpooling and shuttles, along with pedestrian and bicycling enhancements to improve the access to transit stops.

**Transit Project Components and Funding Estimates**

Using each of these guiding principles as a starting point, staff proposes a number of project components and funding estimates for possible inclusion in this Transit Funding Concept. Cost estimates were developed from the Reasonably Expected Funding scenario in the recently adopted RTP. Since this discussion represents an initial concept on the types of projects that could be included, cost ranges
(in 2008 dollars) were developed based on the RTP costs and then adding 20 percent. Based on discussion and direction at the SANDAG Board of Directors retreat, a more detailed funding plan will be developed as the next phase of analysis.

1. **Basic Transit System**

Local Services. One of the components of the Transit First network strategy is local bus services that provide not only basic transit trips but also serve as important connectors to and from regional services such as trolley and commuter rail and Bus Rapid Transit. These services also would be based on the priority corridors identified by MTS, NCTD and SANDAG, which seek to develop a system of 10-15 minute, all-day service corridors. This funding component focuses on completing that network and further enhancements that would allow for 10-minute frequencies in key corridors where justified based on demand ($14 million to $17 million annually).

Arterial Rapid Bus Service. Rapid Bus offers a high speed, limited-stop service that supplements local bus service in key arterial corridors for riders making longer distance trips. A system of frequent and relatively low capital Rapid Bus services would be created in the urban core areas ($41 million to $49 million annually).

Transit Priority Measures. There are a number of low-cost capital improvements that can be made to increase transit speeds and reliability, to make it more competitive with the automobile. Transit signal priority and queue jumpers at busy intersections allow the bus to get ahead of traffic in the main lanes and increase the attractiveness of transit as a result ($6 million to $8 million annually).

Senior and Disabled Transit Service. As our population ages, the region’s challenge to provide safe, affordable, and convenient transit services for our senior and disabled populations will increase. There are a variety of alternatives to address the needs of this population, including a RTP goal to double the TransNet mini-grant program, which provides grants to community-based transit providers, and to increase funding for social service provider coordination and mobility management. Successful implementation of these types of solutions, and other solutions to be developed could ensure a more productive service system and potentially reduce the financial commitment to our region ($8 million to $10 million annually).

System Capital Maintenance. Replacement vehicles and infrastructure rehabilitation are needed to provide long-term support for both the existing system and improvements outlined above. ($68 million to $82 million annually).

2. **“Next Level” Transit System**

Regional Service Improvements. The RTP makes investments in transit projects and services that are intended to open new markets in key transit corridors. These include implementation of limited stop commuter express services in existing corridors for riders traveling long distances (e.g., along the South Bay I-5 corridor to complement the Blue Line), construction of dedicated BRT transitways to improve travel speeds in highly congested areas (e.g., between Downtown and Kearny Mesa, and in University City-Sorrento Mesa), and completion of a University City rail tunnel that will increase travel speeds and enable higher frequent COASTER and Amtrak service ($90 million to $108 million annually).
3. Alternative Solutions

Transportation Demand Management (TDM). TDM measures, such as vanpools and shuttles, can provide a more appropriate and cost-effective service in certain corridors such as the long commute on the I-15 corridor from Riverside County. In addition, alternatives, such as last-mile vanpool or station cars, could be developed to connect BRT and rail stations to suburban job centers that are not cost-effective for conventional transit service ($2 million to $3 million annually).

Bicycle and Pedestrian Improvements. Allocate additional funding to promote bicycling and pedestrian usage that facilitates access to transit services through small-scale infrastructure improvements ($1 million to $2 million annually).

Summary of Cost Estimates

The estimated costs for the various project components outlined above can be summarized as follows:

Table 1
Annual and Cumulative Cost for Transit Enhancements

<table>
<thead>
<tr>
<th></th>
<th>Base Transit System</th>
<th>“Next Level” Transit System</th>
<th>Alternative Solutions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual</strong></td>
<td>$137 million to</td>
<td>$102 million to $124 million</td>
<td>$3 million to $5 million</td>
<td>$242 million to $295 million</td>
</tr>
<tr>
<td></td>
<td>$166 million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>40 Years (2010 - 2050)</strong></td>
<td>$5.4 billion to $6.6 billion</td>
<td>$4.0 billion to $4.9 billion</td>
<td>$120 million to $200 million</td>
<td>$9.6 billion to $11.8 billion</td>
</tr>
</tbody>
</table>

Key Staff Contact: Dave Schumacher, (619) 699-6906, dsc@sandag.org
HABITAT CONSERVATION

- Should a standardized management plan be developed with base costs for the purposes of estimating regional funding needs?
- Should a regional funding source include an endowment for perpetual management and monitoring?
- Should the jurisdictions be required to maintain their current level of effort regarding open space management?
- Should a habitat conservation effort and funding be included in a quality of life initiative?

San Diego County is internationally recognized for its climate and geographic diversity of beaches, canyons, mountains, and deserts. San Diego also is an international hotspot for endemic species; containing more endangered species than any other county in the continental United States. As a growing metropolitan mega-region, San Diego has been grappling with the conflict between growth, development, and economic prosperity, and the conservation of native species and their habitats. Historically this conflict has led to an increase in the number of species being listed as endangered by the federal and state wildlife agencies, creating increased delays for development, including critical public infrastructure projects, and resulting in regional economic instability. Fortunately, San Diego County also stands at the forefront of the nation in attempting a proactive solution to address this tension by balancing growth and habitat conservation.

As described in the July 13, 2007, SANDAG Policy Board Workshop on Habitat Conservation, all of San Diego County is included in one of four habitat conservation planning areas that have been approved or are in the approval process: the Multiple Species Conservation Program (MSCP) South (approved in 1998), the Multiple Habitat Conservation Program (MHCP) (approved in 2003), and the North and East County MSCPs, which currently are being developed.

These plans fall under the umbrella of the State of California Natural Communities Conservation Planning Program, enacted as law in 1991, which provides a method to proactively identify areas necessary for species conservation and those areas more suitable for development. These plans break the cycle of the piecemeal approach toward habitat conservation planning that historically has led to an increased number of species being listed as endangered and the economic ramifications that result from those actions. The goal of these conservation plans are to proactively identify, conserve, and manage an interconnected network of habitat for the protection of native species, and accommodate planned growth resulting in greater economic stability for the region. The certainty provided by these plans assists in the timely and cost-effective development of critical regional infrastructure, local public infrastructure, and private development.
As described in an economic analysis prepared by SourcePoint (the SANDAG Service Bureau), the San Diego region’s economy would fare much better under regional habitat conservation plans. The result would be more property and sales tax, higher personal income, and higher retail sales due to increases in land use certainty and development permit streamlining. Habitat preservation may be viewed as an investment; a way to ensure the opportunity for uninterrupted economic growth.

The long-term success of these habitat plans relies upon the cooperative development of a secure, regional funding source by the cities and county. In November 2004, the voters adopted the TransNet Extension Ordinance which included an Environmental Mitigation Program (EMP) to mitigate impacts of future transportation projects identified in the 2030 Regional Transportation Plan. The EMP was a significant first step toward successful long-term implementation of the habitat conservation plans, but it was always recognized that additional funding would be required for the region to successfully complete the plans and secure the benefits for future growth and conservation. To this end, the TransNet Extension Ordinance includes a provision that states:

“SANDAG agrees to act on additional regional funding measures (a ballot measure and/or other secure funding commitments) to meet the long-term requirements for implementing habitat conservation plans in the San Diego region, within the timeframe necessary to allow a ballot measure to be considered by the voters no later than four years after passage of the TransNet Extension. In the event that such future funding measures generate funding to fully meet regional habitat acquisition and management requirements, SANDAG is authorized to reallocate excess funds included in the ‘Regional Habitat Conservation Fund’ to local transportation projects. (TransNet Environmental Mitigation Program Principle 10).”

In addition, SANDAG adopted the Regional Comprehensive Plan (RCP) in 2004. The RCP included a Healthy Environment chapter that discussed the topic of habitat conservation in the region. SANDAG staff has developed three cost options for the implementation of the regional habitat conservation plans.

**Option A – Habitat Conservation, Land Management Regional Monitoring, and Program Administration**

This option includes all the costs to implement the basic requirements of regional conservation plans as currently approved or proposed by the jurisdictions. All of the regional habitat conservation plans require four components for their successful implementation: (1) acquisition of habitat for conservation and one-time start up costs (e.g., trash removal, restoration, fencing), (2) the active management of lands to maintain their habitat values, (3) a regional monitoring program to determine the effectiveness of those lands at conserving species and natural processes, and (4) a structure for program administration.

Since 1993, SANDAG staff has been working with the jurisdictions on estimating the costs for the regional habitat conservation programs. This work, initially prepared as part of the RCP, was updated for inflation and new information in preparation for the October 12, 2007, SANDAG Policy Board meeting.

It is estimated that a total of 17,657 acres are needed to be acquired by the local jurisdictions to comply with the requirements.

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7 This would only include the acquisition of land identified as that required to meet the local contributions, not the required federal, state, or private contributions of land identified in the plans.
of the existing and proposed habitat conservation plans. While the North and East County MSCPs have not been adopted, the County of San Diego staff has provided estimates and timelines on the acquisition needs within their planning areas. The total land acquisition costs based upon updated land values and the one-time start up cost would be approximately $465 million (2008 dollars).

The long-term management of the conserved lands and monitoring to ensure program effectiveness are required under the regional habitat conservation plans. This is similar to other regional infrastructure efforts which require periodic management and monitoring of the system to ensure that the investment in the infrastructure is being maintained and programs are functioning as expected. In our highway infrastructure system, this translates into roadway repair, lane re-striping, and ramp metering; and its effectiveness is assessed in cyclical reports such as the SANDAG “State of the Commute” report.

Management under the habitat conservation plans consists of general land management activities or stewardship (e.g., fire management, trail maintenance, fencing, signage, enforcement, litter removal), and biological management (e.g., invasive removal, predator control, habitat restoration). Monitoring consists of statistically robust, quantitative monitoring to establish regional status and trends of species and vegetation communities.

The habitat conservation plans assume that each jurisdiction will prepare management plans and activities to establish the specific management requirements for preserve areas based upon the size of the preserve area, the vegetation types and species, and type and intensity of adjacent land uses. Most of these management plans still are being developed and/or do not have itemized cost estimates for management activities. In general, wetlands are more expensive to manage than uplands, and larger, isolated lands are less expensive than small lands near urban areas. But beyond those generalities, management costs are area specific, which represents a challenge in determining regional cost estimates for lands that do not have area specific management directives.

In order to establish regional cost estimates for land management and monitoring, SANDAG staff worked with the Cities of San Diego and Carlsbad and the County of San Diego and reviewed the draft Santee Fanita Ranch management plan. These agencies have the largest and/or most current information on land management costs. Staff also has worked with USFWS and CDFG which are actively updating the regional monitoring plans to reflect an increased scientific understanding of regional monitoring developed over the last ten years. The total costs based upon these recent estimates for land management and monitoring is approximately $1 billion (2008 dollars). This cost would cover the management and monitoring on all existing public lands and those lands acquired to meet the local share of habitat acquisition.
Finally, Option A assumes the need for Program Administration to implement the habitat conservation plans. This was assumed to be ten percent of the annual reoccurring cost – this is consistent with other habitat conservation programs that were examined. The total program administration cost is estimated at approximately $102.9 million (2008 dollars). Table 1 reflects the costs of Option A.

<table>
<thead>
<tr>
<th>Option A (2008 $)</th>
<th>One-time Costs Land Acquisition, Restoration and Start Up</th>
<th>Annual Reoccurring Costs Habitat Management and Monitoring</th>
<th>Program Administration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual</strong></td>
<td>$11.6 million</td>
<td>$25.7 million</td>
<td>$2.5 million</td>
<td>$39.9 million</td>
</tr>
<tr>
<td><strong>40 Years (2010 - 2050)</strong></td>
<td>$465 million</td>
<td>$1 billion</td>
<td>$102.9 million</td>
<td>$1.6 billion</td>
</tr>
</tbody>
</table>

Table 1
Annual and Cumulative Cost for Option A
Option B - Habitat Conservation, Land Management, Regional Monitoring, Program Administration, Contingency and Endowment

Option B builds on the basic requirements of the regional habitat conservation plans outlined in Option A, and provides for a contingency for management and monitoring and a perpetual endowment. Most infrastructure types have a contingency to address unforeseen events. For habitat conservation, the contingency was suggested as a funding method to address unexpected changes in the conditions of the conserved lands (e.g., large scale wildfires, exotic species invasion). The proposed contingency was based on ten percent of the annual management and monitoring costs. The costs for providing a ten percent management and monitoring contingency are estimated at approximately $102.9 million (2008 dollars).

Option B also includes provisions for the establishment of a perpetual endowment to fund management and monitoring after 40 years\(^8\). If an endowment is desirable, it is recommended that the endowment be built up with annual payments over 40 years which then could generate funding in perpetuity starting in year 41. The estimated cost of the endowment is $996.5 million (2008 dollars) consisting of annual payments of $24.9 million. Table 2 reflects the costs of Option B.

Option C - Habitat Conservation, Land Management, Regional Monitoring, Program Administration, Contingency, Endowment, and Management of Private Dedicated Lands

During discussions at the Environmental Mitigation Program Working Group on regional funding, a disagreement arose over the need for public funding to provide basic land management of private land dedicated to the jurisdictions in exchange for land development rights (i.e., exactions). Each jurisdiction has developed a separate approach to address this issue ranging from requiring no additional funding for basic land management from land owners seeking development entitlements to the establishment of a benefit assessment district or individual endowments. The previous regulatory permits associated with those plans have expired.

Table 2
Annual and Cumulative Cost for Option B

<table>
<thead>
<tr>
<th></th>
<th>Option A Costs</th>
<th>Contingency (10%) on Management and Monitoring</th>
<th>Perpetual Endowment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option B (2008 $)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual</strong></td>
<td>$39.9 million</td>
<td>$2.6 million</td>
<td>$24.9 million</td>
<td>$67.4 million</td>
</tr>
<tr>
<td><strong>40 Years (2010 - 2050)</strong></td>
<td>$1.6 billion</td>
<td>$102.9 million</td>
<td>$996.5 million</td>
<td>$2.7 billion</td>
</tr>
</tbody>
</table>

\(^8\) Pursuant to the signed Implementing Agreement contracts associated with the regional habitat conservation plans, all land acquired during the life of the habitat plans would require perpetual management and monitoring even after the regulatory permits associated with those plans have expired.
options did not include the additional cost of basic land management, or the increase in the required amount of the endowment, for these privately dedicated lands (estimated at 140,000 acres). The estimated additional cost for managing these future dedicated lands is $1.1 billion (2008 dollars). Table 3 reflects the costs of Option C.

Table 3
Annual and Cumulative Costs for Option C

<table>
<thead>
<tr>
<th>Option C (2008 $)</th>
<th>Option B Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>$67.4 million</td>
</tr>
<tr>
<td></td>
<td>$26.4 million</td>
</tr>
<tr>
<td></td>
<td>$93.8 million</td>
</tr>
<tr>
<td>40 Years (2010 - 2050)</td>
<td>$2.7 billion</td>
</tr>
<tr>
<td></td>
<td>$1.1 billion</td>
</tr>
<tr>
<td></td>
<td>$3.7 billion</td>
</tr>
</tbody>
</table>

Totals

Table 4 includes totals for Options A, B, and C for the annual costs, as well as the cumulative cost for 40 years, 2010 through 2050.

Table 4
Comparison of Annual and Cumulative Costs for Options

<table>
<thead>
<tr>
<th>Totals (2008 $)</th>
<th>Option A</th>
<th>Option B</th>
<th>Option C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual</td>
<td>$39.9 million</td>
<td>$67.4 million</td>
<td>$93.8 million</td>
</tr>
<tr>
<td>40 Years (2010 - 2050)</td>
<td>$1.6 billion</td>
<td>$2.7 billion</td>
<td>$3.8 billion</td>
</tr>
</tbody>
</table>

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

9 These costs do not reflect an offset to address inflation to retain the current 2008 purchasing power.
SHORELINE PRESERVATION

- Should the San Diego region implement beach sand retention efforts?
- Should sand retention structures be built in the San Diego region?
- How often should beach replenishment occur?
- Should a beach sand replenishment effort and funding be included in a quality of life initiative?

In 1993, the SANDAG Board of Directors adopted the Shoreline Preservation Strategy (SPS) which outlines a long-term approach to addressing the region’s shoreline erosion problems. The SPS identified beach replenishment as the most environmentally sensitive approach to restoring the region’s beaches and maintaining the recreation and property protection qualities of beaches. In 1996, SANDAG initiated a comprehensive Shoreline Monitoring Program (Monitoring Program) which measures beach width and shorezone volume (sand depth) along the region’s coastline. The ongoing Monitoring Program provides important information that is used for decision making and planning for beach replenishment activities.

In 2001, SANDAG completed the first major beach replenishment project in the region by placing 2.1 million cubic yards of sand on 12 beaches from Oceanside to Imperial Beach. The Regional Beach Sand Project (RBSP) was considered the first pilot project to determine the feasibility of regional beach sand replenishment and was designed to determine if beach sand replenishment could be implemented in the region without damaging sensitive marine resources.

The Monitoring Program results indicate that the RBSP provided measurable increases in beach for four years in the Oceanside and Silver Strand Cells (2001–2004), and five years in the Mission Beach Cell (2001–2005). The shorezone volume gains that occurred in the Oceanside and Mission Beach Cells following the RBSP persisted through 2007. In the Silver Strand Cell, the shorezone volume decreased following the RBSP, and remained below the pre-RBSP value until after the non-RBSP nourishment activities were conducted in 2005.

While the beach width gains were diminished after four to five years, it is important to highlight that shorezone volume gains were largely retained. Although the recreational beach benefits have been largely lost, the storm protection benefits afforded by the shorezone volume gains have persisted. Furthermore, the unexpected beach width gains that were noted in 2006 may not have occurred without the shorezone volume gains derived from the RBSP. Before the project was built, it was expected that the project would provide benefits to the shoreline for at least five years.

SANDAG staff has developed two cost options for long-term beach sand replenishment. While both options include sand replenishment and the costs for the Regional Shoreline Monitoring Program, Option A also includes assumptions regarding construction of permanent sand retention structures.

ATTACHMENT D

• Should the San Diego region implement beach sand retention efforts?
• Should sand retention structures be built in the San Diego region?
• How often should beach replenishment occur?
• Should a beach sand replenishment effort and funding be included in a quality of life initiative?
Option A - Sand Retention Structures with Regional Beach Sand Replenishments Every Ten Years

This option includes costs for regional sand retention structures as well as regional sand replenishment and monitoring program activities.

SANDAG staff used the Regional Beach Sand Retention Strategy, prepared by Moffat and Nichol in 2001, to determine the costs of potential retention structures that could be placed throughout the region for Option A. The report primarily looks at the potential for groins and artificial reefs to be placed in various locations throughout the region. For the purpose of this estimate, it was assumed that reefs would be built in Carlsbad, Encinitas (2), Solana Beach, and San Diego and groins would be built in Oceanside and Coronado. The estimated total cost for the reefs and groins would be $94.6 million. These structures last 50 years and this estimate assumes the structures would be built in 2015 at the time of the first replenishment.

The consulting firm of Moffatt and Nichol prepared an estimate outlining the detailed costs associated with implementing a beach sand replenishment project similar to the RBSP. The Moffatt and Nichol information was used to prepare this estimate which assumes that regional replenishment would occur every ten years beginning in 2015. Because structures are being built during the time of the first replenishment, the sand placed on the beach will remain longer and replenishment can occur less frequently. The total cost for each replenishment in 2008 dollars is $22.6 million for a total 40-year cost of $90.3 million (four proposed replenishments).

Additionally, this estimate includes the yearly Monitoring Program costs of $103,975. The results from the Monitoring Program, as described above, were utilized to plan and implement the RBSP.

Building sand retention structures will require the region to address additional environmental issues that were not analyzed as part of the RBSP. Additional analysis specific to retention structures could include the probability of success, environmental consequences such as downcoast impacts, impacts on surfing and living resources, upfront and down-the-road costs, aesthetics, construction disruptions, and legal considerations. Addressing all of these issues will help determine the “best” structures for the sites selected.

However, even if it is determined that a structure should be built in a particular site, a structure in that city may not be politically feasible. In the past, there has been strong opposition to any type of structure for various reasons such as aesthetics, harmful environmental impacts, and increased down-coast erosion. However, as sand becomes more expensive and growth and development continues to cut off the natural supply of sand to beaches, structures have become more palatable, particularly submerged reefs.

At the December 2007 Shoreline Preservation Working Group meeting, Marco Gonzalez from the Surfrider Foundation stated that the organization is interested in retaining sand with submerged reefs, but would be opposed to groins or hard structures. The U.S. Army Corps of Engineers also seems to favor the submerged reef. The Corps is building a pilot reef in Ventura.

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10 The Regional Beach Sand Retention Strategy included a list of the preferred retention method as requested by each coastal city. The retention method would be carefully evaluated prior to implementation.
Recent research and information regarding the retention of sand has resulted in more options. And, as these new types of structures are implemented and tested around the world, they may become options for future placement in the San Diego region. Table 1 reflects the costs of Option A.

**Option B – Regional Beach Sand Replenishments Every Five Years**

This cost estimate for Option B assumes that regional replenishment would occur every five years, starting in 2015, rather than every ten years as assumed in Option A. The total cost for each beach replenishment is the same as above, $22.6 million (2008 dollars) for a total 40-year cost of $180.7 million (eight proposed replenishments).

Additionally, the cost for the Monitoring Program is the same as above, $103,975. The Monitoring Program showed that the RBSP had benefits to the region's beaches overall. However, there are some beaches that did not retain sand as well as others. Additional replenishment plans will need to closely examine the type of material that is placed on each beach. And, because there are no structures, material likely will not stay as long and replenishment will need to occur more frequently. Table 2 reflects the costs of Option B.

### Table 1
**Annual and Cumulative Cost for Option A**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Annual</td>
<td>$2.4 million</td>
<td>$2.3 million</td>
<td>$103,975</td>
<td>$4.7 million</td>
</tr>
<tr>
<td>40 Years (2010 – 2050)</td>
<td>$94.6 million</td>
<td>$90.3 million</td>
<td>$4.2 million</td>
<td>$189.1 million</td>
</tr>
</tbody>
</table>

### Table 2
**Annual and Cumulative Cost for Option B**

<table>
<thead>
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<tbody>
<tr>
<td>Annual</td>
<td>$4.5 million</td>
<td>$103,975</td>
<td>$4.6 million</td>
</tr>
<tr>
<td>40 Years (2010 – 2050)</td>
<td>$180.7 million</td>
<td>$4.2 million</td>
<td>$185 million</td>
</tr>
</tbody>
</table>
Totals

Since the completion of the RBSP, the Shoreline Preservation Working Group (Working Group) has been working to identify investment levels and funding options to enable future beach sand replenishment projects to be implemented. In December 2007, the Working Group discussed the options presented above and favored Option A. Table 3 includes annual totals for Options A and B as well as costs for the entire 40-year program.

Table 3
Comparison of Annual and Cumulative Costs for Options

<table>
<thead>
<tr>
<th>Totals (2008 $)</th>
<th>Option A</th>
<th>Option B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual</strong></td>
<td>$4.7 million</td>
<td>$4.6 million</td>
</tr>
<tr>
<td><strong>40 Years (2010 - 2050)</strong></td>
<td>$189.1 million</td>
<td>$185 million</td>
</tr>
</tbody>
</table>

Key Staff Contact: Rob Rundle, (619) 699-6949, rru@sandag.org

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11 These costs do not reflect an offset to address inflation and retain the current 2008 purchasing power.
<table>
<thead>
<tr>
<th>ITEM #</th>
<th>RECOMMENDATION</th>
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<tbody>
<tr>
<td>+1.</td>
<td>APPROVE</td>
</tr>
<tr>
<td></td>
<td><strong>SUMMARY FOR THE FEBRUARY 13, 2008, ITOC MEETING</strong></td>
</tr>
<tr>
<td></td>
<td>A summary of the February 13, 2008, ITOC meeting has been prepared for the Committee’s review and approval.</td>
</tr>
<tr>
<td>2.</td>
<td>INFORMATION</td>
</tr>
<tr>
<td></td>
<td><strong>PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS</strong></td>
</tr>
<tr>
<td></td>
<td>Members of the public will have the opportunity to address ITOC on any issue within the jurisdiction of ITOC. Speakers will be limited to three minutes each. Committee members also may provide information and announcements under this agenda item.</td>
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<tr>
<td>+3.</td>
<td>DISCUSSION</td>
</tr>
<tr>
<td></td>
<td><strong>REPORTS (3 through 56)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>FY 2008/2009 BUDGET FOR ITOC (Charles &quot;Muggs&quot; Stoll)</strong></td>
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<td></td>
<td>The FY 2008/2009 is the first year ITOC will need to develop a budget and monitor its expenditures in accordance with the TransNet Extension Ordinance. Staff will present an overview of the budgeting process and will seek input from ITOC members in the development of a budget that addresses ITOC-required responsibilities.</td>
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<tr>
<td>+4.</td>
<td>APPROVERECOMMEND</td>
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<td></td>
<td><strong>PROPOSED AMENDMENT TO BOARD POLICY NO. 031: TransNet ORDINANCE AND EXPENDITURE PLAN RULES (Renée Wasmund)</strong></td>
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<td></td>
<td>The TransNet Maintenance of Effort (MOE) audits have been completed and two issues require clarification through an amendment to Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules. The ITOC is asked to recommend to the Executive Committee that the Board of Directors approve amendments to Board Policy No. 31 concerning the TransNet MOE provisions.</td>
</tr>
<tr>
<td>+5.</td>
<td>INFORMATION</td>
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<td></td>
<td><strong>UPDATE ON ACTIVITIES RELATED TO A POTENTIAL REGIONAL &quot;QUALITY OF LIFE&quot; INITIATIVE (Rob Rundle)</strong></td>
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<td></td>
<td>At the request of ITOC members, staff will present a summary of current actions and activities related to the potential for a regional &quot;Quality of Life&quot; initiative, including a review of the recent SANDAG Board of Directors Retreat.</td>
</tr>
<tr>
<td>6.</td>
<td>INFORMATION</td>
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<td><strong>SPRINTER PROJECT STATUS REPORT AND SANDAG INDEPENDENT ASSESSMENT (Jim Linthicum)</strong></td>
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<td></td>
<td>This item provides a monthly status report on the SPRINT rail project, including discussion of implementation and effectiveness of project cost control measures and the SANDAG independent assessment of the project.</td>
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</table>
The next meeting of the Independent Taxpayer Oversight Committee is scheduled for Wednesday, April 9, 2008, at 9:30 a.m.

+ next to an agenda item indicates an attachment
Current Progress

- Revenue service began March 9th
- Ridership: 13,000; no significant problems
- Nordahl Station parking lot to be complete mid-April
- Eastbound Escondido Ave platform complete end of April
- Stormwater, landscaping & punch list work complete this spring
SPRINTER Completion Schedule

**Revenue Operations:**
- **December 2007**
  - **11/30/07:** MS 5.5: $825K, no LD’s
    - Track complete, Dispatch from CCF, three stations functional
  - **8/2/07:** MS 6: $940K, no LD’s
    - Six stations fully complete and operational
  - **9/3/07:** MS 7: $660K, $20K/Day LD’s
    - Substantial Completion
    - Pre-Revenue 11/30/07
    - Operations: December 2007
  - **10/1/07:** MS 8: $495K, $20K/Day LD’s
    - Safety Certification Submittals
  - **10/14/07:** MS 9: $330K, $3K/Day LD’s
    - Complete Landscaping at Eleven Stations
  - **12/1/07:** Final Completion: $20K/day LD’s
    - Complete all Landscaping and Maintenance Period

**Stormwater Issues**

- **Regional Water Board “Clean Up & Abatement Order”: 12/31/07**
- **NCTD’s plan submitted 1/31/08:**
  - Full site assessment by mid-February
  - Stations & yards protected by March 1\(^{st}\)
  - Entire corridor protected by May 1\(^{st}\)
  - Status reports every 15 days
  - Hired 4 new storm water inspectors
  - New permanent BMP’s
Stormwater Issues

- New $685,000 fine issued 3/4/08
- Violations from 10/3/07 thru 1/25/08
- Similar to December’s $160,000 fine
- Potential additional fines per the Regional Water Board
- All fines passed along to contractor

Stormwater Issues

- Significant progress since January
- Mainline contractor’s increased efforts
- New contractor hired to assist
Estimate at Completion (EAC)

- No new EAC for January
- Estimating credits to contract
- Negotiating outstanding change orders
- Previous EAC: $478.3M
  - Includes full $15.5M maximum value of settlement agreement
  - Includes $470.5M base cost and $7.8M contingency
- Project budget: $484.1M
- Total funds available: $484.1M - $470.5M = $13.6M
Estimate at Completion (EAC)

Risk to budget

- Backlog of change orders
- Additional cost for stormwater protection measures
- Potential delay claim from Mainline contractor
- Additional staff & CM costs due to delay in opening