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**BOARD OF DIRECTORS DISCUSSION AND ACTIONS**

**JANUARY 23, 2009**

Chair Lori Holt Pfeiler (Escondido) called the meeting of the SANDAG Board of Directors to order at 9:05 a.m. The attendance sheet for the meeting is attached.

Chair Pfeiler said she would take item No. 10 out of order to accommodate state Senator Kehoe's schedule.

10. PRESENTATION OF AWARD OF RECOGNITION TO SENATOR CHRISTINE KEHOE (INFORMATION)

Chair Pfeiler recognized Senator Christine Kehoe's efforts on Senate Bill (SB) 1685, providing SANDAG with flexibility to expand the uses of sales tax revenues beyond transportation-related projects for future ballot measures. Senator Kehoe previously worked on Assembly Bill (AB) 361 that would enable SANDAG to adopt and administer a San Diego Regional Comprehensive Plan. This new law builds upon that work. SB 1685 allows local voters to decide what investments are needed to maintain the quality of life for our growing region. On behalf of the SANDAG Board, she thanked Senator Kehoe and presented her with an award of recognition.

Senator Kehoe expressed her appreciation at being acknowledged for the hard work SANDAG did. She enjoys working with cities and the County of San Diego, and feels that the problems we are now facing need a regional approach. The more we work together on our goals for reducing greenhouse gas (GHG) emissions, traffic congestion reduction, and a higher quality of life, the better the citizens of San Diego will be. She acknowledged SANDAG for being a needed regional resource.

1. APPROVAL OF OCTOBER 24, 2008, MEETING MINUTES (APPROVE)

Mayor Crystal Crawford (Del Mar) requested an amendment to the December 19, 2008, minutes. On page 8, at the top of the page, she made a comment about attending an event with Senator Boxer to hear a presentation. She asked that those minutes be corrected to clarify the context of that conversation as follows, "Mayor Crawford stated that she and First Vice Chair Pfeiler attended an event for Senator Barbara Boxer and heard about the current activities of the Senate Committee on Environment and Public Works (EPW), which Senator Boxer chairs. They were able to get direction..."

Councilmember Lesa Heebner (Solana Beach) also clarified her statement on page 15, seventh paragraph down. The minutes currently indicate, "Councilmember Heebner stated

that the Board needs to take a more proactive approach and requested that sponsorship of SB 375 technical clean up legislation be added to the goal." Councilmember Heebner said that her request was that "substantive" rather than "technical" clean up language be added to the goal.

Action: Upon a motion by Mayor Jim Wood (Oceanside), and a second by First Vice Chair Jerome Stocks (Encinitas), the SANDAG Board of Directors approved the minutes from the December 5 Policy and December 19, 2008, Business meetings, as amended, with San Diego Council President Ben Hueso and La Mesa Councilmember Dave Allan abstaining.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Chair Pfeiler stated that she had received no requests to speak.

3. ACTIONS FROM POLICY ADVISORY COMMITTEES (APPROVE)

This item summarizes the actions taken by the Executive and Borders Committees on January 9, and the Transportation Committee meeting on January 16, 2009.

Action: Upon a motion by Mayor Mary Sessom (Lemon Grove) and second by First Vice Chair Stocks, the SANDAG Board of Directors approved the actions taken by the Policy Advisory Committees at the meetings noted above. Yes – 17 (weighted vote, 97%). No – 0 (weighted vote, 0%). Abstain – Vista (weighted vote, 3%). Absent – National City.

**CONSENT ITEMS (4 through 8)**

4. FY 2008 AUDITED COMPREHENSIVE ANNUAL FINANCIAL REPORT (INFORMATION)

In accordance with SANDAG Bylaws, the FY 2008 Comprehensive Annual Financial Report, including the independent auditor's financial and compliance opinions, are presented for informational purposes. Copies of the final report will be distributed to each member agency.

5. FY 2010 FEDERAL TRANSPORTATION APPROPRIATIONS PROPOSALS (APPROVE)

In October 2008, the Transportation Committee approved the criteria for selecting projects for consideration in the FY 2010 federal transportation appropriations process. Staff has worked with Caltrans, the transit agencies, and local jurisdictions to develop the priorities for the FY 2010 funding cycle. The Board of Directors is asked to approve the list of proposed project funding requests for the FY 2010 federal transportation appropriations cycle.

6. EQUAL EMPLOYMENT OPPORTUNITY PROGRAM (INFORMATION)

In accordance with SANDAG Board Policy No.007, this report summarizes the Equal Employment Opportunity Program and the Disadvantaged Business Enterprise Program results for 2008 as well as reviews the Equal Employment Opportunity Program goals for the upcoming year.

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

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

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

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

Action: Upon a motion by Mayor Mark Lewis (El Cajon), and a second by Councilmember Carrie Downey (Coronado), the SANDAG Board approved Consent Items Nos. 4 through 8. Yes - 18. No - 0. Abstain - 0. Absent – National City.

**CHAIR'S REPORT (9 through 11)**

11. RECOGNITION OF PAST SANDAG CHAIR (INFORMATION)

Chair Pfeiler asked Mayor Sessom to join her at the lectern. Chair Pfeiler said that it has been a pleasure working with Mayor Sessom and that she has been a strong and tireless leader. She kept SANDAG focused and moving forward on important issues. The region is a better place because of her work. Chair Pfeiler also said that she personally learned a great deal working with Mayor Sessom and that she will be a better chair because of the excellent example Mayor Sessom provided. On behalf of her and the entire Board, she expressed appreciation for all of Mayor Sessom's work throughout her tenure as Chair of the SANDAG Board.

Chair Pfeiler presented Mayor Sessom with the gavel she used during her two-year tenure as Chair.

Mayor Sessom expressed her thanks to each Board member, indicating that each one helped to make her experience beneficial. She commented on her personal growth through this experience over the past two years. She recognized the vice chairs and the Policy Advisory Committee chairs for all of their work and assistance.

**REPORTS (12 through 17)**

Chair Pfeiler noted that she would be taking certain reports out of order.

13. STATE BUDGET CRISIS IMPACT ON TRANSPORTATION PROJECTS (APPROVE)

Second Vice Chair and Transportation Committee Vice Chair Jack Dale (Santee) stated that the Transportation Committee recommends that the Board approve the staff recommendation to address the impacts on transportation projects from the state budget crises. The state is apparently no longer able to pay its bills, including for transportation

construction projects. Many of the region's highest priority construction projects are at risk of being suspended, which would result in about \$18 million in costs. The staff recommendation would ensure that these projects continue to move forward and not be suspended. It does not increase project budgets, but uses nonbond funds to cover expenditures. When the state does correct the budget situation, it will transfer back the bond money to cover the nonbond money used for these construction projects. There are some risks associated with this recommendation. A critical element of the Transportation Committee's recommendation is the contingent approval of a Regional Transportation Improvement Program (RTIP) amendment to allow SANDAG to continue to pay contractors upon the California Transportation Commission's (CTC) approval of necessary programming changes for bond funds on these corridors. He introduced Mr. Nuncio, Manager of Financial Programming and Project Control, to provide the staff report.

Mr. Nuncio reported that the state budget crisis poses a significant risk to ongoing construction contracts. Proposition 1B (Prop. 1B) bonds are backed by the General Fund. The condition of the General Fund affects the ability to issue new bonds. Revenues from the bond sales go into the Pooled Money Investment Account (PMIA). The state uses the PMIA for temporary internal borrowing that occurs to keep state government operating. The current market conditions and the lack of a balanced budget have restricted the state's ability to sell those bonds. As a result, the cash reserve in the PMIA has dropped precipitously and this means the state has to suspend the award of any new bond projects.

Mr. Nuncio said that the most visible impacts of this situation is the inability to award a construction contract for State Route (SR) 905 between Britannia Boulevard and Interstate 805 (I-805), and the replacement of the Santa Margarita River Bridge along the Pacific Surfliner corridor, just north of Oceanside. The state also has issued letters to local agency sponsors advising them not to award bond-funded contracts unless the agency can fund the project with its own resources.

Mr. Nuncio stated that more recent effects include the state's ability to pay contractors' progress payments on bond-funded transportation projects currently under construction. These projects include completion of the I-15 Express Lanes (South) between SR 163 and SR 56, the SR 52 Freeway Extension between SR 125 and SR 67, and the initial phase of SR 905 between Sempre Viva Road and Britannia Boulevard. Between these and other local agency and transit projects, it is estimated that approximately \$557 million in Prop. 1B funds for projects that are currently under construction are at risk.

Mr. Nuncio noted that the act of suspending a contract and restarting it a few weeks or months later can incur significant additional costs to the completion of the project. These activities include bringing a job site to a safe condition; removing equipment from the site; missing environmental work windows resulting in delays, storage, or restocking fees for materials already purchased; traffic control for the job site; maintenance of barriers between moving traffic and job sites; bringing the equipment back on site once the contract is restarted; retraining workers; and delay claims. Caltrans estimates the cost to suspend contracts in these corridors is about \$18 million. This would be a net loss of funds.

Mr. Nuncio explained the recommended "cash management option" would use programmed federal formula and *TransNet* funds, up to the Board-approved amount, in place of Prop. 1B funds for the I-15, SR 52, and SR 905 major corridors. These fund transfers would maintain work in these corridors for about eight months. That would give the state

more time to resolve the budget situation. In order to make this option work, we would need approval from the CTC to move bond funds currently programmed from I-15 South to the I-15 North segment. We will seek CTC approval for this action. While the CTC considers these funding changes, the contractors are at risk for not getting paid. Contractors may not be able to sustain a long nonpayment period. Even if the CTC approves moving the funds, until the state actually issues bonds to back up that money, it is a programmatic change. There would be other challenges in implementing this cash management proposal, including working with the Federal Highway Administration (FHWA) for approval. We would need FHWA approval to federalize and insert all required federal clauses into the contract documents. This could possibly increase costs.

Mr. Nuncio said that other options to explore are how long contractors can continue to work without pay. Contractors would want some guarantee of payment at the end of any interim period. Caltrans and contractors are assessing the possibility of slowing down contracts. Hopefully, we will know more about the federal economic stimulus package soon, and will be able to switch those funds for bond funds. The region also can continue to advance *TransNet* funds, which would require us to borrow money quicker than we had originally anticipated. However, in this kind of bond market it is difficult to determine what the rates would be. We also will be assessing the long-term impact of this approach to the *TransNet* program. The Independent Taxpayer Oversight Committee (ITOC) reviewed this cash management approach earlier this month and recommended approval.

Mr. Nuncio stated that next steps will be to work with the CTC to make sure the State Transportation Improvement Program (STIP) and Congestion Mitigation Improvement Account (CMIA) funds at risk are approved in early February. We also will wait for the federal economic stimulus package and then determine how that might be incorporated into our proposal.

Chair Pfeiler asked if there were any questions or comments from Board members.

Mayor Crawford acknowledged that there are costs to federalize the movement of funds from the I-15 North segment to the I-15 South segment. However, those appear to be minimal compared to the costs of demobilization and remobilization. She asked what it would cost to federalize the projects. Mr. Nuncio responded that the initial look at federalizing indicates it would cost substantially less than suspending contracts.

Pedro Orso-Delgado, Caltrans District 11 Director, stated that the biggest cost will be associated with steel. Federal contracts have a Buy America provision. The I-15 South segment contract didn't have a Buy America provision, nor did one contract on SR 52, but the SR 905 did. The cost is on the order of magnitude of less than \$1 million to convert to a federal project. He talked with the federal agency staff this morning, and they are willing to work with us on this approach. However, contractors would have to stop buying steel from current suppliers and start buying from American sources.

Mayor Cheryl Cox (Chula Vista) asked if it would be accurate to assume that this financial plan to fund existing construction projects might delay funding for projects that have not yet been started.

Mr. Gallegos responded that the bottom line is that if the state delays its budget then, yes, it will constrict the region's ability to add new projects. Direction from the Board is to

continue existing construction contracts. We came up with a list of projects that could use federal economic stimulus money, and there is \$7.4 million in projects that we are ready to advertise and others we could get ready in six months to a year. The objective is to maximize the federal dollars that come to San Diego and the state. The only opportunity in the short-term to keep our contracts going is federal economic stimulus dollars. Another important aspect is to get assurances from the CTC that if we use stimulus dollars to backfill the state bonds, those bond dollars will come to the San Diego region.

Supervisor Pam Slater-Price (County of San Diego) thought this was a good proposal. There is no certainty that we will get federal economic stimulus money, but it is the best we can do under these circumstances. The \$18 million demobilization/remobilization cost is lost money. President Obama wants to get money into projects that are ready to go. In this case, SANDAG is an organization that has regional consensus and ready-to-go projects. She thought we would be competitive for the economic stimulus dollars.

Mayor Jim Janney (Imperial Beach) agreed this is a good proposal. It is difficult in these financial times to come up with a solution like this. We need the jobs in this county, and this is a good way to keep things going.

Mayor Ron Morrison (National City) said that when we take a look at the costs to shut down and restart, this proposal makes sense. The only caution is if we don't get the assurance from the state to backfill the bond funds, then we will have basically all of our projects shutting down. There is always a fear that the state's promises won't be kept, so we need to weigh that possibility.

Mr. Gallegos said that's why we are recommending this action be contingent on getting those assurances from the CTC. If we are unsuccessful, it will be because the CTC failed to act, and we would report that back to the Board.

Action: Upon a motion by Mayor Wood and second by Supervisor Slater-Price, the SANDAG Board of Directors approved a Cash Management Option where programmed federal formula and *TransNet* funds within the I-5, SR 52, and SR 905 major corridors would be used on Prop. 1B bond-funded elements of their respective corridors up to the Board-approved budget amount. The Board also approved Amendment No. 3 to the RTIP, contingent upon necessary action by the CTC to reprogram bond funds to nonbond-funded elements of the I-15, SR 52, and SR 905 projects. FHWA authorization for the use of federal funds would be required upon RTIP approval. Yes – 19 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent - None.

### **CHAIR'S REPORT (9 through 11) (Continued)**

#### **9. PRESENTATION OF AWARD OF RECOGNITION TO SENATOR DENISE DUCHENY (INFORMATION)**

Chair Pfeiler recognized State Senator Denise Ducheny for her work on SB 1486. This bill would authorize SANDAG to collect a toll from travelers using SR 11 to develop and construct the new highway and Otay Mesa East Port of Entry facility. The bill had a long journey through the Legislature last year, but with the leadership of Senator Ducheny the bill was signed into law. This new law employs an innovative, public investment approach to

meeting our infrastructure needs at the border. She presented Senator Ducheny with a plaque of appreciation.

Senator Ducheny thanked the Board for this recognition. As evidenced by the previous discussion and this bill, San Diego has been out in front with solutions. In December 2008, she was invited to participate in a borders working group in Washington, DC. At that meeting, it was apparent that this bill has become a national model. A lot of localities are looking at this as a model approach.

Senator Ducheny noted that the San Diego legislative delegation will sign a letter to the CTC to support this cash management approach. She agreed you need that assurance on receiving the bond money to pay back other funding sources. She said that on issues like this the San Diego legislative delegation is in agreement. The federal economic stimulus package is a moving target, but we are trying to get San Diego projects included. She said that the best thing about SANDAG is that the Board speaks with one voice. Having the region with its own planning structure in place to move together has been a benefit. She thanked the Board for being creative and courageous enough to try something new.

### **REPORTS (12 through 17) Continued**

#### **16. DESTINATION LINDBERGH AD HOC AIRPORT REGIONAL POLICY COMMITTEE UPDATE (INFORMATION)**

Mayor Sessom introduced this item by stating that we are planning ahead for a changing world. This item is an update on the Destination Lindbergh Master Plan and next steps.

Mayor Sessom stated that San Diego Mayor Jerry Sanders, Second Vice Chair Jack Dale, and consultant Mike Zdon have been helping the Ad Hoc Policy Committee to develop the ground access plan. This is an information item and will come back in February for action.

Mr. Zdon stated that this has been a year-long, comprehensive planning process, guided by the Ad Hoc Policy Committee (AHPC), which came out of a Memorandum of Agreement (MOA) signed by the San Diego County Regional Airport Authority (SDCRRA), the City of San Diego, and SANDAG. The AHPC also was informed by other key participants such as the Metropolitan Transit System (MTS), the North County Transit District (NCTD), the Port of San Diego, and the Department of Defense (DOD).

Mr. Zdon reported that the study objectives included four major alternatives: (1) determine the ultimate buildout of Lindbergh Field, (2) judge the feasibility of an intermodal transit center (ITC), (3) develop actions to reduce traffic around surrounding local streets (Harbor/Grape/Hawthorn/Laurel), and (4) review the potential for direct airport access off of I-5. The existing airport is on 661 acres, and has one 9,400-foot runway, three terminals, a commuter fuel farm, traffic tower, air cargo, and general aviation area.

Mr. Zdon stated that the evaluation of runway/terminal access opportunities led to four specific alternatives: A2 (South-centric option), A3 (Hybrid option), A8 (Hybrid with Road option), and B1 (North-centric option). He reviewed each of these alternatives and noted that the alternatives were then screened based on project objectives and goals developed by the AHPC. He said the recommended alternative is A2 with some modifications. He

explained the project phasing and what would be accomplished during each phase. He said it has been determined an opening day facility that included a consolidated rental car facility (CONRAC)/parking/ITC/rubber-tired transit connection would be feasible from a capital and operating cost perspective. Additional analysis is being conducted. He said that the final date for a decision about the north or south gates will be when Terminal 1 needs to be replaced. Airport capacity is anticipated to be maxed out between 2025 and 2030.

Mayor Sessom clarified that this project is not about increasing capacity but how we can optimize access in/out of Lindbergh Field, and how to make it function better for its passengers. The ITC is the core of public transit in San Diego County. We are getting close to the end of this study. The consultant presented to the AHPC some initial results of the financial analysis. It was very preliminary and the consultant was asked to come back with better figures on the financial analysis. The AHPC also received a preliminary draft of the executive summary. We still have more work to do. The parking structure proposed as part of the Terminal 2 expansion was a key issue that resulted in the MOA; our initial concerns were the traffic impacts that would result from that structure, along with the question of how the structure related to the long-term plans for Lindbergh Field. We are working towards a solution that would decouple the parking structure from the Terminal 2 expansion. This could allow the Airport Authority to move ahead with its initial expansion. The Airport Authority would have to perform a new analysis if it decides to proceed with the parking structure.

Concurrent with the decoupling of the parking structure, we also are seeking a 30-day extension of the MOA to give sufficient time to prepare the financial analysis, and allow time to review the draft summary report. Once we have reviewed all of the work products from the Destination Lindbergh concept plan, we will come back to the Board with a recommended opinion on whether it has addressed our concerns in the MOA.

Mayor Sanders said this has been an interesting process, and we have made tremendous progress. He appreciated the working relationship among the various parties. The Airport Authority has been very willing to work with us. Some of the things that were originally in the plan are not now included, and new concepts have been brought forward. This plan will solve a lot of the traffic problems around the airport and will increase transit alternatives.

Commissioner Laurie Black (San Diego Unified Port District) clarified that comments she makes are hers and not those of her Port Commission colleagues. She is convinced that pulling together regional planning agencies is the best approach to these kinds of issues. She asked staff to point out who owns the land surrounding the airport to provide a better understanding of the situation.

Mr. Zdon provided a general overview, and said that the airport land is leased from the Port District, and land surrounding the airport also is owned by the Port.

Commissioner Black stated that the Port Commission has not seen any of this information and has had no discussions about it. She thought it would be helpful if she could get this information presented to the Port Commission to increase its understanding.

Mayor Crawford said that this is an excellent project and process from her perspective. She asked where we are in the process so that we are all going in the same direction.

Second Vice Chair Dale commented that Mayor Sanders, Mayor Sessom, and Authority Chair Alan Bersin are doing a remarkable job of bringing everyone together. He noted that there are three members of the Port District that have been sitting in on meetings and their concerns have been brought up. When we are done, we will have something that is good for the region. This is about moving people and connecting transportation in the region. We need to make sure we're ready for high-speed rail, Trolley, and the COASTER. This is a remarkable effort, and will make a difference in the region.

Commissioner Black agreed that this is an amazing opportunity. She said she didn't feel protective of the Port's land, and thought this is the vision that will move the region forward. What she is hearing from the Port Commission is that it won't be giving its land away. However, she feels that actions have to be taken for the good of the region. She wants to be sure the Port District is a part of this.

Action: This item was presented for information only.

#### 15. MID-COAST CORRIDOR TRANSIT PROJECT UPDATE (INFORMATION)

Second Vice Chair Dale stated that the Mid-Coast Corridor Transit Project is a high-priority Early Action Project that was included in the original *TransNet* measure. We have an excellent consultant team on board to assist us with project development and securing federal funding. He introduced Leslie Blanda, Project Development Program Manager, to provide a report.

Ms. Blanda explained that the Mid-Coast Corridor Transit Project extends trolley service from Old Town to University City. She showed the Locally Preferred Alternative (LPA) and described the alignment and station locations. The current project development phase includes preparation of the environmental document and conduct of Preliminary Engineering (PE). Alternatives for the environmental study include the LPA reevaluation, additional light rail transit (LRT) alignment variations, a commuter rail shuttle alternative, Bus Rapid Transit (BRT) alternative, No Build, and a Transportation Systems Management (TSM) alternative. The public outreach effort includes Board approval of the alternatives for scoping in March 2009, conduct of public scoping meetings in March/April 2009, evaluation of public input received at these meetings, and refining alternatives.

Ms. Blanda said that the approval of the draft environmental document is scheduled for June 2009, with the final to be complete by August 2010. She noted that PE can proceed after Board selection of an LPA and receipt of Federal Transit Administration (FTA) approval of the PE application. The Board may select an LPA prior to the draft environmental document. Project funding includes *TransNet* capital funds and FTA New Starts funds, and *TransNet* operating funds (through 2048). The cost of the Mid-Coast LPA is estimated at \$1.2 billion. This estimate is escalated to the year of expenditure and will be updated during the current phase. There is a public involvement plan under development and it will commence in spring 2009. Stakeholder coordination continues through project development, and coordination with key stakeholders is underway. She reviewed the project schedule from March 2009 leading up to the beginning of revenue service in December 2015 - June 2018, depending upon the timing of the federal Full Funding Grant Agreement (FFGA), project delivery method selected, environmental challenges, and controversy.

Chair Pfeiler asked if there were any Board comments or questions.

First Vice Chair Stocks expressed support for the recommended LPA; however, we are only going three-quarters of where we need to go, which is to the Sorrento Valley COASTER station. He recommended studying that segment, and determining if this project could handle COASTER trains rather than just the Trolley. Having this additional segment would increase the speed and capacity of the COASTER.

Supervisor Slater-Price said she would support looking at the alternative proposed by First Vice Chair Stocks, but it should include the evaluation of parking. She said that there had been earlier discussions about a COASTER station at University Towne Centre (UTC).

Councilmember Matt Hall (Carlsbad) asked where operational monies will come from. Ms. Blanda replied that there are operational monies included in *TransNet* until 2048.

Councilmember Bob Campbell (Vista) said that as NCTD Chair, he wanted to thank MTS for its cooperation in trying to resolve the Sorrento Valley COASTER Connection situation. We are looking forward to support from SANDAG. He commented that if transit takes too long, people will not use it.

Mayor Crawford asked about the status of the COASTER tunnel with regard to the extended segment suggested by First Vice Chair Stocks. First Vice Stocks replied that a meeting was recently held at UTC with key stakeholders in attendance. Everyone was in agreement with the tunnel; however, it hasn't risen to the top of the priority list due to the financial situation.

Mayor Crawford noted that it makes sense to add on more segments to the environmental document.

MTS Chair Harry Mathis stated that he has long been an advocate of the COASTER tunnel, but has reservations about adding this to the Mid-Coast Corridor Transit project. We are talking about two different projects. What you are suggesting would redefine the Mid-Coast Corridor Transit Project. He had no objection to the additional study suggested.

Action: This item was for information only.

## 12. STATE-LOCAL PARTNERSHIP PROGRAM (APPROVE)

Second Vice Chair Dale stated that the Board approved the State & Local Partnership Program (SLPP). These funds were included in Prop. 1B as a reward to jurisdictions that had approved sales tax measures and other mechanisms to improve the transportation system. Although Prop. 1B programs appear to be frozen at the moment, the region needs to be poised to act on these funds when they become available. Once they are available, they will help leverage *TransNet* funds for the Early Action Program (EAP) and other regional projects. He urged the Board to approve these funds so the region can be ready once Prop. 1B funds start flowing again. He noted that the Transportation Committee's recommendation is for 94 percent of these funds to be used for the EAP and 6 percent for the Grossmont Trolley Project. He noted that Mr. Nuncio would provide a staff report.

Mr. Nuncio reported that Prop. 1B provided \$1 billion for the SLPP. As part of this year's budget and legislative process, a \$200 million initial appropriation was approved together with the implementing program guidelines. The five-year program is split into two elements: a formula-based program consisting of 95 percent of the funds, and a competitive discretionary program consisting of the remaining 5 percent. The Transportation Committee recommendation was to program approximately \$83.6 million in formula funds that San Diego would receive during the life of the program.

The implementation guidelines for this program were developed by the Legislature through Assembly Bill (AB) 268, and approved by the Governor on September 30, 2008. AB 268 distributes the 95 percent of program funds on a formula basis to match certain voter-approved taxes and tolls dedicated to transportation, and 5 percent through a discretionary program to match uniform developer fees dedicated to transportation. AB 268 is specific regarding the types of eligible projects, useful life, and types of eligible matching funds. The CTC must allocate the funds consistent with the legislation. The calculation to determine San Diego's share of this statewide program includes both local sales tax revenues and population as estimated by the Department of Finance. The CTC has estimated that approximately 9 percent of the formula program total would be available for the San Diego region. This equals \$16.6 million for one year, or nearly \$83.6 million for the five-year program.

SLPP funds can only be used for construction, not for operations or preconstruction activities. The recommendation is in two different segments: 94 percent for the *TransNet* EAP projects (\$15.7 million in FY 08/09), and 6 percent for ready-to-go projects (\$1 million in FY 08/09). Staff reviewed the current Capital Improvement Program for potential candidate projects. Staff recommended, and the Transportation Committee concurred, with funding the Grossmont Station Pedestrian Enhancements project. This project, however, is underfunded by approximately \$3.2 million. We would apply for money through the *TransNet* bicycle and pedestrian program. Even though this is a competitive process, given the characteristics of this project, we feel it is a good candidate to receive some of those monies. Staff is looking at ways to reduce the cost of the project as well as evaluating the possibility of other project savings to fully fund this project. We will keep the Board updated on the funding strategy for this project.

Mr. Nuncio reported that all local jurisdictions, through the Cities/County Transportation Advisory Committee (CTAC), were informed about the 5 percent SLPP competitive grant program. We also sent guidelines to the jurisdictions once they were adopted by the CTC. Eligibility requirements are similar to the formula program, but there is a \$1 million limit per project per funding cycle. There is not a lot of money available statewide. The CTC is scheduled to receive funding applications under this competitive grant program by February 17, 2009. Any jurisdiction wanting to submit an application needs to meet this deadline. Jurisdictions need to show a local match on a one-on-one basis with developer fees. The region also can submit projects that are ready-to-go. SANDAG will be submitting a funding application for the Super Loop project.

Mr. Nuncio noted that even though the Prop. 1B funds are frozen at this time, the CTC was not able to change the timeline of the process. Project evaluations will be completed by April. The CTC will approve the program but defer any allocations until the financial situation improves.

Chair Pfeiler asked if there were any Board comments or questions on this item.

Councilmember Dave Allan (La Mesa) urged fellow Board members to approve this recommended action. He added that this project would benefit nearby Grossmont Hospital, and this is the only hospital in East County. He added that the Grossmont Shopping Center also will go through some major changes in the near future.

Action: Upon a motion by Councilmember Allan and second by Supervisor Dianne Jacob (County of San Diego), the SANDAG Board of Directors approved that as the SLPP funds are appropriated by the Legislature, 94 percent of the funds set aside under previous Board direction for *TransNet* EAP projects be programmed on the next ready to go *TransNet* EAP project; and, further, that the Board approve \$1 million of the FY 2008/2009 appropriation (representing the remaining 6 percent not set aside for the *TransNet* EAP projects) be set aside to match other potential *TransNet* funds for the Grossmont Station Pedestrian Enhancements project. Yes – 17 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Coronado and Encinitas.

#### 14. FINANCIAL MARKET STATUS (INFORMATION)

Marney Cox, Chief Economist, stated that this would be a two-part presentation; the first part will bring you up-to-date on the economy and the second will review the Board's financial strategy.

Mr. Cox reported that the economy continues to be gloomy, with a 4.5 to 5 percent drop in the fourth quarter. We expect a similar decrease in the current quarter, some easing in the second quarter, and better results in the third quarter. December 2008 numbers came in as bad as November 2008. Overall job decline is 2.5 million for the year. Most job losses occurred during the last four months of the year. In San Diego, there were 15,000 more job losses through November 2008 compared with last year at the same time. We are typically at 1 percent of the national level. San Diego is not being as impacted as the national economy. However, the unemployment perspective got worse in December 2008, rising from 6.89 percent to 7.3 percent. San Diego is at 6.8 percent as of November 2008. Overall, the unemployment rate is about 5.8 percent. He mentioned two additional factors: the length of time of unemployment has doubled, and the number of hours being worked has declined.

The housing sector continues to receive gloomy news. Month-to-month there are new record lows—with new home sales nationally down 50 percent from last year. San Diego has followed suit. Foreclosures were up in December across-the-board. One positive move is that we are beginning to see a pick-up in home sales, with 50 percent of those sales being distressed units. Mortgage rates are running about 5 percent across-the-board. However, loan standards have risen, which means it's harder to get a loan. We found that half of the mortgages that were worked out in 2008 are headed for foreclosure as a result of the recession and growing unemployment.

In the area of retail sales, the 2008 holiday season proved to be worse than expected. That resulted in retail sales decreasing 1-2 percent for 2008. San Diego, on a fiscal year basis, declined by 1.4 percent. We expect a full percent decline in 2009. This outlook is in line as expected. That's where we had our growth rate for retail sales. There is no reason to change

our outlook for the current fiscal year as we project a 4 percent decline in retail sales and a 2 percent increase in 2010.

Renee Wasmund, Director of Finance, said that even with all this turmoil the financial strategy put into place by the Board is still a good one. We continue to fine-tune it. She showed the current debt structure consisting of a \$100 million commercial paper program backed by Citigroup, with Dexia Liquidity; \$600 million swaps, backed by Goldman Sachs, Merrill Lynch, and Bank of America; and \$600 million of variable rate debt, backed by Goldman Sachs and Barclays (replacing Lehman) with JP Morgan Liquidity; and DeLaRosa (replacing UBS) and JP Morgan, with Dexia Liquidity. These products are designed to work together and hedge our exposure. She explained the SANDAG variable rate program performance and how it compared to the performance of the Securities Industries and Financial Market Association (SIFMA). Historically, we are trading with the benchmark.

Ms. Wasmund said that another measure is the total cost of our financial strategy compared to a fixed rate approach. We have traded a full 1 percent better than the fixed rates. The program is working as designed. Right now we are focusing on replacing liquidity facilities. Dexia is trading higher than other facilities, and our contract with JP Morgan expires this March. We are working on a number of options. We issued a Request for Proposals (RFP) to replace our liquidity provider, and those proposals are due today. There is a lot of demand and a small supply. We are currently paying 20 basis points, but we expect to pay 120 basis points. Once we get our bids in, we will look at our options. It might make sense to take another approach. We are considering the issuance of a one-year bond anticipation note. If we can get this at less cost than a liquidity facility, we may go with that. There also may be some opportunities to restructure our swaps to get more value. We will come back in February with a plan for the Board to review.

Chair Pfeiler asked if there were questions from the Board.

Councilmember Anthony Young (City of San Diego) asked for an explanation of the swap transaction. Ms. Wasmund provided that explanation.

Action: This item was presented for information only.

17. PRESENTATION BY UNITED FOR A HATE FREE SAN DIEGO (INFORMATION)

Chair Pfeiler noted that Assemblymember Lori Saldaña asked that this presentation be placed on the agenda.

Reverend Wayne Riggs, Plymouth Congregational Church, stated that United for A Hate Free San Diego is a coalition of 52 faith leaders, community leaders, and organizations that have been meeting regularly since November 2007 in response to a growing trend of hate-motivated behavior in San Diego communities. In confronting this blight in our community, all of us need to be involved, and elected officials are key. He expressed appreciation for allowing this presentation, and to open the door to come to the individual areas. The increases in hate crimes are statistically significant in our county. They are in virtually every segment of our society. People are injured and killed by hate crimes. Hate crime is defined as "a criminal act committed, in whole or in part because of the victim's actual or perceived disability, gender, nationality, race, ethnicity, religion, or sexual orientation." What alarms

us is the increasing number of hate groups located in the Southern California region. We cannot ignore this is a growing problem among us.

Estela DeLosRios, Center for Social Advocacy, stated that these crimes are showing a more anti-immigrant approach. This strongly affects San Diego County. The number of hate crimes against Hispanics tripled from 2005-2006, and there were more hate crimes in 2006 than in the last five years. This prompted the creation of the United for A Hate Free San Diego.

Rev. Riggs said that the faith community has a role to play. However, this problem appeals to the common humanity of people under the "Golden Rule." Without the leadership of our elected officials this effort will not succeed.

Ms. DeLosRios said that on June 12, 2008, we held our first Hate Crime summit. There was a Call to Action to sign a declaration for a Hate-Free San Diego. The purpose of this event was to raise awareness, to educate, and to recognize that we are all impacted by these crimes.

Edgar Hopida, Council on American-Islamic Relations, San Diego Chapter, provided hate crime statistics for San Diego County for a three-year period from 2005-2007, as well as a summary of these statistics. He noted, however, that there is a percentage of hate crimes that are not reported, and they are not included in these statistics.

Ashley Walker, San Diego Human Relations Commission, said that when you look at the summary, there is a slight decrease in the number of reported hate crimes, but that is offset by an increased number of perpetrators. The increase in reported hate crimes is from the two groups that are least likely to report, Latinos and the lesbian/gay/bisexual/transgender community. The increase of known suspects relates to number of hate groups in our community. African-Americans are consistently found to be victims of bias and hate crimes each year. Three out of every ten hate crimes are against African-Americans.

Ms. Walker asked for two actions: (1) that the Board adopt a declaration against hate-motivated behaviors for each jurisdiction, and (2) assist with development of an annual hate crimes report for San Diego County. Within the next 30 days we will come to your community and ask for help getting this declaration signed. The Human Relations Commission usually prepares the annual hate crimes report, but there is only one person in this San Diego City department. She hoped SANDAG would help with the development of that report. She offered her assistance to the area jurisdictions.

Second Vice Chair Dale commented that the information speaks for itself. He noted that one part of this presentation mentioned that all communities have experienced this problem, but the communities of Santee and Lakeside are specifically spelled out in the declaration. While he did not deny that hate crime incidents have occurred in his jurisdiction, he suggested that any mention of specific communities be deleted from the declaration.

Ms. Walker agreed that this is a draft document and could be revised.

Rev. Riggs said they didn't mean to single out one or two jurisdictions as this is a countywide problem.

Chair Pfeiler stated that this item will be referred to the Public Safety Committee, but every city needs to request on its own that you come and make a presentation to them. She expressed her appreciation for their attendance and presentation.

Action: This item was presented for information only .

## 18. UPCOMING MEETINGS

Chair Pfeiler noted that she sent an e-mail to the Board indicating that this year's Board Retreat has been scaled back to begin on Thursday, January 29, and end at 12 noon on Friday, January 30. Due to the challenges that many of us are facing, she believed that it is vital we come together to meet and discuss the important issues before us; however, we also need to be fiscally prudent. The Retreat agenda is very full and informative. We will have discussions with economists, policy experts, our Caltrans Director Will Kempton, and a session on Friday morning with CTC Commissioners. After these important discussions we will leave the Retreat with more information on what our opportunities are and be able to provide direction to staff on how we want to tackle these complicated issues in the coming months. The Board Retreat agenda has been distributed around the dais and you should bring the agenda with you to the Retreat.

Chair Pfeiler welcomed newcomers Mark Muir from the San Diego County Water Authority, and CAPT. Martin Smith, representing the Department of Defense.

The next Board Policy meeting is scheduled for Friday, February 13, 2009, at 10 a.m. The next Board Business meeting of the Board of Directors is scheduled for Friday, February 27, 2009, at 9 a.m.

## 19. ADJOURNMENT

The meeting was adjourned at 11:18 a.m.

DGunn/M/DGU

**ATTENDANCE**  
**SANDAG BOARD OF DIRECTORS' MEETING**  
**JANUARY 23, 2009**

JURISDICTION/ ORGANIZATION	NAME	ATTENDING
City of Carlsbad	Matt Hall (Member)	Yes
City of Chula Vista	Cheryl Cox (Primary)	Yes
City of Coronado	Carrie Downey (Primary)	Yes
City of Del Mar	Crystal Crawford (Primary)	Yes
City of El Cajon	Mark Lewis (Primary)	Yes
City of Encinitas	Jerome Stocks, 1st Vice Chair (Primary)	Yes
City of Escondido	Lori Holt Pfeiler, Chair (Primary)	Yes
City of Imperial Beach	Jim Janney (Primary)	Yes
City of La Mesa	Dave Allan (1st Alternate)	Yes
City of Lemon Grove	Mary Sessom (Primary)	Yes
City of National City	Ron Morrison (Member)	Yes
City of Oceanside	James Wood (Member)	Yes
City of Poway	Don Higginson (1st Alt.)	Yes
City of San Diego - A	Jerry Sanders (Primary, Seat A)	Yes
City of San Diego - B	Ben Hueso (Primary, Seat B)	Yes
City of San Marcos	Rebecca Jones (2nd Alternate)	Yes
City of Santee	Jack Dale (2nd Vice Chair)	Yes
City of Solana Beach	Lesia Heebner (Primary)	Yes
City of Vista	Bob Campbell (1st Alt.)	Yes
County of San Diego - A	Dianne Jacob (Primary, Seat A)	Yes
County of San Diego - B	Pam Slater-Price (Primary, Seat B)	Yes
Caltrans	Pedro Orso-Delgado (Alternate)	Yes
MTS	Harry Mathis (Member)	Yes
NCTD	Bob Campbell (Primary)	No
Imperial County	Victor Carrillo (Member)	Yes
US Dept. of Defense	CAPT Martin Smith (Alternate)	Yes
SD Unified Port District	Laurie Black (Member)	Yes
SD County Water Authority	Mark Muir (Primary)	Yes
Baja California/Mexico	Lydia Antonio (Alternate)	Yes
Southern California Tribal Chairmen's Association	Robert H. Smith (Member)	No