



**BOARD OF DIRECTORS
MARCH 27, 2009**

**AGENDA ITEM NO. 09-03-1B
ACTION REQUESTED - APPROVE**

BOARD OF DIRECTORS DISCUSSION AND ACTIONS

FEBRUARY 27, 2009

Chair Lori Holt Pfeiler (Escondido) called the meeting of the SANDAG Board of Directors to order at 9:02 a.m. The attendance sheet for the meeting is attached.

1. **APPROVAL OF JANUARY 23, 2009, MEETING MINUTES (APPROVE)**

Action: Upon a motion by Mayor Mark Lewis (El Cajon), and a second by Mayor Jim Janney (Imperial Beach), the SANDAG Board of Directors approved the minutes from the January 23, 2009, meeting.

2. **PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS**

Chuck Lungerhausen, a member of the public, provided information regarding the Multiple Sclerosis (MS) Walk and solicited donations. He also expressed concern about another potential fare increase for public transit services.

Sharon Feierabend, a member of the public, expressed opposition to the Mid-Coast Corridor Transit project. She said that project was part of the *TransNet* package sold to voters in 2004. However, a peer review panel recommended not proceeding with this project, indicating there is not enough development along the alignment to support it and that bus service would be sufficient. She also wondered why the Torrey Pines Bridge was on the San Diego list of projects for federal economic stimulus dollars. It was her understanding that the bridge was funded by a federal grant, and construction would begin as soon as plans are completed. She asked for a status report on this project.

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

This item summarizes the actions taken by the Transportation Committee on February 6, the Executive Committee on February 13, and the Public Safety Committee on February 20, 2009.

Supervisor Pam Slater-Price, County of San Diego, stated her concerns about how the federal economic stimulus funds will be administered. Gary Gallegos, Executive Director, responded that the federal stimulus money is not earmarked, so it will come down through traditional funding programs to the state and to the regions. The state is looking at legislation to streamline the process rather than having the state funds go through the California Transportation Commission (CTC). The stimulus program requires the state to be able to obligate 50 percent of the funds within 120 days.

Supervisor Slater-Price stated that we need to bypass the state as much as possible as it skims off its share and delays funds. As a Board we should do everything we can to get the money directly. Mr. Gallegos said that we have been monitoring the state legislation. The dollar value coming to the region is not a huge amount. Some public transportation stimulus funds will be provided to the transit operators. The stimulus money needs to be moved fairly quickly because there of the “use it or lose it” provisions. We have projects ready and can use the money now.

Supervisor Slater-Price asked if there will be a future agenda item explaining how these monies will be allocated. Mr. Gallegos responded affirmatively. We will use the Board’s existing process to determine which projects should be funded so that we can meet the obligation deadlines.

Supervisor Slater-Price noted that a lot of regions are advocating that some of this money go directly to cities and counties. Mr. Gallegos said that we are working at the state level to maximize the amount of money to come to our region with the maximum amount of flexibility. There is strong support from around the state for the legislation to bypass the CTC process.

Caltrans District 11 Director Pedro Orso-Delgado said that the Caltrans Director Will Kempton had an opportunity recently to speak before the Assembly Transportation Committee. The proposed legislation would allocate about one-third to the state and two-thirds to regions through the Surface Transportation Program (STP) formula. Some legislators think we should use the existing State Transportation Improvement Program (STIP) process that goes through the CTC. It is important for SANDAG to weigh in on which way it prefers. We are working through the Cities/County Transportation Advisory Committee (CTAC) to get local agencies ready to federalize projects so that we have everything in place to move ahead.

Supervisor Slater-Price asked if there is an existing SANDAG policy related to unallocated monies. Mr. Gallegos answered that the Board does have a policy in place that directs 94 percent of new discretionary funding toward implementation of the *TransNet* Early Action Program (EAP). The state legislation will give us guidance. If that guidance is different from Board policy, we would come back and discuss that with the Board of Directors.

Chair Pfeiler noted that National City Mayor Ron Morrison serves as our California Association of Councils of Governments (CALCOG) representative, which also has been providing input on the state legislation.

Action: Upon a motion by Supervisor Slater-Price (County of San Diego) and second by Councilmember Matt Hall (Carlsbad), the SANDAG Board of Directors approved the actions taken by the Policy Advisory Committees at the meetings noted above. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Poway.

CONSENT ITEMS (4 through 7)

4. QUARTERLY INVESTMENT REPORT FOR PERIOD ENDING DECEMBER 31, 2008 (INFORMATION)

The SANDAG Investment Policy requires that the Board be provided a quarterly report of investments held by SANDAG. This report includes all money under the direction or care of SANDAG as of December 31, 2008.

5. QUARTERLY PROGRESS REPORT ON TRANSPORTATION PROJECTS FOR OCTOBER THROUGH DECEMBER 2008 (INFORMATION)

This quarterly report summarizes the current status of major highway, transit, arterial, traffic management, and transportation demand management projects in the SANDAG five-year Regional Transportation Improvement Program (RTIP) for the period ending December 31, 2008.

6. 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.

7. 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 Cheryl Cox (Chula Vista), and a second by Mayor Jim Desmond (San Marcos), the SANDAG Board of Directors approved Consent Items Nos. 4 through 7. Yes – 18. No – 0. Abstain – 0. Absent – Poway.

CHAIR'S REPORT (8 through 9)

8. APPOINTMENT OF POLICY ADVISORY COMMITTEE CHAIRS AND VICE CHAIRS (INFORMATION)

In accordance with SANDAG Bylaws, the Chair appoints the Chairs and Vice Chairs of the Transportation, Regional Planning, Borders, and Public Safety Committees each February. A listing of appointments and the 2009 calendar of meetings were included in the agenda package.

Chair Pfeiler appointed the following Policy Advisory Committee Chairs/Vice Chairs: for the Transportation Committee, Santee Councilmember Jack Dale, Chair, and Carlsbad Councilmember Matt Hall, Vice Chair; for the Regional Planning Committee, Imperial Beach Mayor Jim Janney, Chair, and Lemon Grove Councilmember Jerry Jones, Vice Chair; for the Borders Committee, Imperial Beach Councilmember Patricia McCoy, Chair, and San Diego County Supervisor Greg Cox, Vice Chair; for the Public Safety Committee, El Cajon Mayor

Mark Lewis, Chair, and Carlsbad Chief of Police Tom Zoll, Vice Chair. Chair Pfeiler expressed appreciation for everyone who agreed to serve in these leadership positions.

Action: This item was presented for information only.

9. **SUMMARY OF ANNUAL SANDAG RETREAT (INFORMATION)**

This report provides a summary of the discussion at the annual SANDAG Board retreat held on January 29–30, 2009.

Chair Pfeiler stated that the Board Retreat was very productive. It was good to see alternates and partner agencies participating. This Retreat was challenging as we listened to reports on the current difficult economic environment. It was good to hear from Will Kempton and Gary Gallegos about efforts to keep our major projects moving forward and the pursuit of more dollars to the region. We held discussions regarding the reduction of greenhouse gas (GHG) emissions and Senate Bill (SB) 375. It was interesting to hear the different perspectives. We also heard about the future of the federal transportation bill. A highlight was hearing from CTC Commissioners John Chalker and James Earp. Chair Pfeiler Introduced Anne Steinberger, Marketing Program Manager, for the staff report.

Ms. Steinberger reported that we had breakout sessions on greenhouse gas reductions, the federal transportation bill, and fiscal impacts on local governments. Issues identified from those discussions are compiled on pages 2–4 of the staff report. Related to GHG reductions, we will report back to the Board on the development of the 2050 Regional Transportation Plan (RTP), Sustainable Communities Strategy, and Climate Change Action Plan. Our legislative team is working on the federal transportation bill and will report back in March with proposed principles. The SANDAG team also will work on those issues identified related to fiscal needs. One issue about the need to identify additional transit funding sources falls under the Quality of Life effort.

Chair Pfeiler noted that staff wanted to be sure that it captured the priorities identified at the Retreat.

Action: This item was presented for information only.

REPORTS (10 through 15)

10. **TRANSIT REVENUE APPORTIONMENTS AND PROJECTIONS (APPROVE)**

Second Vice Chair (and Transportation Committee Chair) Dale said that each year SANDAG provides revenue projections for the next five years for various federal, state, and local funding to transit operators and to local agencies. This year's report includes the projected revenues for the FY 2010 apportionments and estimates through 2014. He noted that SANDAG will be using the forecast developed by Marney Cox, Chief Economist, for the *TransNet* sales tax revenue and will be using the County of San Diego Auditor's forecast for Transportation Development Act (TDA) sales tax revenues.

Sookyung Kim, Financial Programming Manager, pointed out that one funding source that has been included in former reports is the State Transit Assistance (STA). STA has been a significant funding source for transit operators. The state budget has suspended this funding source until 2013. Should things change regarding this source of funding, we will report back to the Transportation Committee and Board. The TDA is a major funding source for transit operators and for the nonmotorized program. The County of San Diego provides the apportionment for the coming fiscal year, and it has forecast a 1 percent decline in revenues. *TransNet* is another source of funding. The SANDAG forecast for this funding source is a 2 percent increase. Both TDA and *TransNet* are based on sales tax revenues. SANDAG staff is working with the County and will continue to monitor this difference in revenue projections. If necessary, we will come back with mid-year adjustments. The Federal Transportation Administration (FTA) provides two formula funding programs for transit. The federal government is currently operating under a continuing resolution. As a result, the amounts assumed for FY 2010 for the FTA programs are the same as last year.

North County Transit District (NCTD) Chair Bob Campbell commented on his hope that SANDAG revenue projections come to fruition. Transit operators are having to make significant cuts to their budgets. NCTD Chair Campbell asked Board members to encourage their citizens to ride transit. That will help keep services in place.

Action: Upon a motion by Second Vice Chair Dale and second by Councilmember Carrie Downey (Coronado), the SANDAG Board of Directors: (1) adopted the FY 2010 apportionments for various federal and local programs; and (2) approved the use of the revenue projections for FY 2011 to FY 2014 for these programs. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent - Poway.

11. FUNDING RECOMMENDATION FOR FY 2009 JOB ACCESS AND REVERSE COMMUTE PROJECTS (APPROVE)

Second Vice Chair Dale stated that the Transportation Committee reviewed this item and recommended funding the Metropolitan Transit System (MTS) Route 905 and two other transportation projects listed in the report. He introduced Danielle Kochman, Assistant Regional Planner, to provide a staff report.

Ms. Kochman said this item discusses recommendations for funding local projects through the Jobs Access and Reverse Commute (JARC) program. SANDAG is the designated recipient for distributing these federal funds for the San Diego urbanized area. This is the third competitive cycle that SANDAG has coordinated to distribute these funds. The purpose of this program is to provide funding for operations, capital, and mobility management projects aimed at serving reverse commuters and low-income individuals traveling to jobs and employment-related activities. These funds have a 20 percent local match requirement for capital and mobility enhancements, and a 50 percent match for operating projects. One result of a previous competition was a contingency allocation for MTS Route 905. This project also was eligible for the statewide JARC competition through Caltrans. MTS recently received notice that it was awarded \$200,000 for this route; however, it still needs \$153,843. Staff recommended that this project receive the additional funding through the SANDAG JARC program.

Ms. Kochman reviewed the competitive process. Applications were reviewed by an outside evaluation committee. While local agencies can apply for up to three years of funding, there is only one remaining year authorized. Four applications were received totaling \$349,311. The evaluation committee is recommending that the two highest-ranked projects receive funding totaling \$120,101: Comlink Transportation and Employment Transportation for Refugees. In addition to awarding this funding, the Board is being asked to approve a contingency allocation for the next highest-ranked project should further resources become available. If not, the unallocated \$75,000 would roll over into future year cycles. The next steps are to amend the RTIP to include these projects, and obtain FTA approval before executing contracts with the grant recipients.

Action: Upon a motion by Supervisor Slater-Price and second by Councilmember Hall, the SANDAG Board of Directors approved: (1) an allocation of \$153,843 for the MTS Route 905 project, (2) an allocation of \$120,101 to fully fund the two highest ranked projects (Attachment 1 to the agenda report); and (3) a contingency allocation of all remaining FY 2009 JARC funds to the remaining unfunded projects based on rankings should additional funding become available. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Poway.

Chair Pfeiler stated that she would take Item No. 13 out of order to ensure that we have enough time for the other items.

13. DESTINATION LINDBERGH (DRAFT CONCEPT PLAN FOR PHASE II AMP) REVIEW OF FINAL DRAFT PLAN (DISCUSSION/POSSIBLE ACTION)

Mayor Mary Sessom, Lemon Grove, provided background information based on her prior personal experience on the San Diego County Regional Airport Authority Board of Directors. The Authority Board at the time was tasked with finding another airport location. After spending \$14 million, an airport site proposal was put on the ballot and it failed. Understanding all of the challenges and obstacles to relocate the airport, she felt that there needed to be a different way of getting people in and out of this county, and not just by air. Based on the public's vote, we realized we needed to figure out how to make Lindbergh Field work and improve our economy. Mayor Jerry Sanders, San Diego, thought we should use this opportunity to look at something bigger that will solve not only the immediate traffic problem around Lindbergh Field, but that could potentially serve this region for the future. He pulled together the Ad Hoc Policy Advisory Committee bringing together the major regional stakeholders. This committee spent a lot of time pulling together this plan. Destination Lindbergh is a viable plan for how we are going to move people and goods around this county, in/out of this county, and how to connect San Diego to the rest of the Southern California region. If this plan is implemented, it will be one of the most significant efforts this region will have accomplished. Mayor Sessom thanked Mayor Sanders for his leadership.

Mayor Sessom stated that if you approve the recommended action, this will be forwarded to the Airport Authority. The City of San Diego also will have to approve this plan. If all three agencies pull together, this will radically change our city over the next 30 years. She introduced Holland Young, Jacobs Consultancy (the Airport Authority's Destination Lindbergh consultant), Mike Zdon, consultant to SANDAG, Keith Wilcheitz, San Diego County Regional Airport Authority staff, and Louis Misko, consultant to the City of San Diego.

Mr. Zdon stated that this presentation will summarize SANDAG concerns with Phase 1 of the Airport Master Plan (Terminal 2 expansion), review actions in the Memorandum of Agreement (MOA), review Phase II of the Airport Master Plan (Destination Lindbergh), and summarize mitigation actions to reduce traffic and increase transit usage.

The Terminal 2 Expansion improvements include ten new jet gates, a 2,000–4,000 space parking garage, dual passenger pickup/drop off roadway, and improvements to taxiway, aprons, and general aviation facilities. SANDAG concerns with these improvements are that traffic projections are limited to 2015, the Draft Environmental Impact Report (DEIR) concluded there were no significant impacts on traffic, there were concerns with regard to the parking garage, and there is no commitment by the Airport Authority to implement the identified traffic mitigations. Mr. Zdon said that based on these concerns, the MOA was structured. The MOA requirements include an evaluation of the operational and financial feasibility of an Intermodal Transportation Center (ITC) on the north side of the runway, a consolidated rental car facility on the north side of the runway, a passenger terminal on the north side of the runway (with and without gates) and mitigation of existing and future traffic on North Harbor Drive and surrounding arterials.

Mr. Young stated that Destination Lindbergh has been a year-long planning effort, guided by the MOA between the City of San Diego, SANDAG, and the Airport Authority. He referenced the Ad Hoc Policy Committee formed by Mayor Sanders. Mr. Young provided a project overview including existing airport facilities, project goals, development alternatives, a recommended development plan, a preliminary financial plan, and next steps. The project goals included ground transportation, intermodal facilities, a passenger terminal, airfield/airspace issues, environmental stewardship, a financially feasible plan, and regional development benefiting the greater San Diego County/Southern California area, as well as downtown San Diego, the Convention Center, the cruise terminal, and adjacent communities.

Mr. Young said that a wide range of development alternatives were evaluated. There were two families: the A series alternatives all included gates on the south side of the airport; and the B Series alternatives have gates on the north and/or on both the north and south sides. He noted that evaluation criteria were organized by sustainability categories: economic, operational, natural resources, and social. The comprehensive evaluation resulted in Alternative A2, north processing/south gates, as the alternative that scored the best. Mr. Young showed a video simulation of the Intermodal Transportation Center at full build-out. He described 2015 opening day facilities. He also showed subsequent 2020 planning activity Level 1 facilities, 2030 planning Level 2 facilities, and the ITC in 2030.

Supervisor Dianne Jacob (County of San Diego) asked if the facilities shown in 2030 would be at surface or below level. Mr. Young responded that we might have to do both depending on height and Federal Aviation Administration (FAA) requirements.

Mr. Young stated that the conclusion of the preliminary financial analysis is that the opening day phase of the Destination Lindbergh program can be financed in a viable manner, although additional analysis is needed for Planning Levels 1 and 2 facilities. This is a unique project with private and public partnerships. It would be eligible for a wide range of funding from various sources. The entire project is estimated to cost approximately \$3.8 billion in 2009 dollars. The improvements for opening day are anticipated to cost about \$457 million. The entire project is estimated to cost approximately \$4.9 billion to

\$11.2 billion in escalated dollars. The inflation range is between 2 percent and 8 percent annually. A 4 percent escalation rate was used in the preliminary financial analysis.

He reviewed potential funding sources from traditional airport sources including the FAA Airport Improvement Program, passenger facility charges, airport revenue bonds, and internally generated airport capital, as well as non-traditional airport sources such as special facility bonds, rental car customer facility charges, third-party funding, and Transportation Infrastructure Finance and Innovation Act (TIFIA) loan proceeds. Non-airport sources are state and local funds, tax increment financing, public-private partnerships, TDA sales tax funds, local streets and road funds, State Transportation Improvement Program (STIP) funds, *TransNet* sales tax funds, STA funds, Proposition 1B infrastructure bonds, high-speed rail bonds, STP funds, Congestion Mitigation and Air Quality (CMAQ) funds, future carbon emission reduction funds, and FTA discretionary and formula funds.

Mr. Young strongly recommended doing detailed planning as we need to replace Terminal 1 around 2020. Next steps include preparing a concept implementation strategy for the first phase of development, which would include key decision points, detailed physical planning, environmental planning, cost estimating with value engineering, development of a detailed funding plan, and programming and project sequencing.

Mr. Zdon summarized the status of near-term mitigation actions, including the decoupling of the parking garage from the Terminal 2 expansion, and a separate agreement between the City of San Diego and the Airport Authority to be developed for the implementation mitigation measure related to the proposed Terminal 2 expansion. Other Airport Authority actions are to undertake a ground access transportation management plan and implementing short-range transit actions.

Mr. Zdon reviewed the Destination Lindbergh findings that recommended the North Side ITC, the consolidated rental car facility, and the passenger terminal; increased transit use through development of the ITC, and reduced traffic on Harbor, Laurel, Grape, and Hawthorn streets. He reviewed the existing traffic volumes on those streets with the 2010 Terminal 2 expansion, 2015 ITC opening day, in 2020, and in 2030, which showed a 15.5 percent to 21 percent traffic reduction.

First Vice Chair Jerome Stocks (Encinitas) asked if there was a parking garage on the south side. Mr. Zdon replied affirmatively, and noted that Destination Lindbergh addresses that issue in the MOA.

Mr. Zdon reviewed the study's conclusions: the Airport Authority is undertaking efforts on the short-term improvements in transit connections and ground access; Destination Lindbergh recommendations would further increase transit use and reduce traffic on surrounding arterials; and Destination Lindbergh 2015 opening day appears to be financially feasible. The SANDAG Board is asked to assess if additional information is needed to make a determination as to whether the Airport Authority has effectively addressed SANDAG concerns and authorize the SANDAG Executive Director to submit a letter to the Airport Authority conveying the Board's determination.

Chair Pfeiler indicated there were several requests to speak on this item.

Leon Campbell, representing the Airport Trust, said that the Airport Trust opposes Destination Lindbergh and favors Destination San Diego South Bay. An airport is possible in

the South Bay due to a United States Patent that allows an airport to reduce the size of its footprint by having two levels. Destination San Diego South Bay would be located on an island in the South Bay with connections to shore installations. He described the features of this proposed airport. He stated that the Airport Trust would prefer that the SANDAG Board not take any action until a preliminary review of this new Airport Trust plan can be conducted and presented for review.

Elyse Lowe, Executive Director of Move San Diego, thanked Mayor Sanders for his leadership on the Ad Hoc Policy Advisory Committee. Move San Diego is excited about the concept of the ITC and improved access to public transit. Public transit is key to keeping this city moving. We would like to know more about the high-speed rail projections. She said this is an amazing opportunity, and we look forward to supporting you on this project.

Chair Pfeiler recognized several Board members for comments.

Mayor Jerry Sanders (City of San Diego) stated that this was a cooperative effort. He complimented Mr. Young on doing an incredible job. This is a long-term workable plan for Lindbergh Field. It is really something that everyone came together on. He appreciated the work of staff and committee members. He is committed to seeing this through. He offered to form a committee for the implementation plan. He acknowledged concerns expressed by Supervisors Roberts and Jacob about traffic mitigation. He has been working with the Airport Authority on that issue. This plan will improve circulation, connections with mass transit, and potential alternatives, such as the high-speed bullet train. We cannot live without this blueprint for the future. This is a doable vision for the future, especially with the new initiatives in the federal Department of Transportation. He hoped we could move this forward today.

Mayor Ron Morrison, National City, asked about the parking area on south side of the airport. Mr. Young answered that there is a myriad of support facilities on the property. We will need to continue to provide for cargo, operations, and maintenance facilities for the airport. Some of those activities are in that footprint area depicted on the south side.

Mayor Morrison confirmed that this will continue to be an airport-related area. Mr. Young replied affirmatively, and added that there is no surplus of airport property.

Mayor Morrison commented that's where the traffic would be coming off of Harbor Drive. Mr. Young noted that a lot of airport employees use public transit.

NCTD Chair Campbell said it was nice to see this innovation. On behalf of NCTD, he would like to see the SANDAG Board take action to move this forward. Having an improved loading/unloading baggage system would alleviate a lot of traffic off of Interstate 5 (I-5). If every agency does their part and doesn't look at the short-term we will have a marvelous system.

Mayor Crystal Crawford (Del Mar) said she was pleased to see this presentation. She asked for clarification regarding the traffic reductions on surrounding streets. Mr. Zdon said that the gray bars on the slides are the forecasted traffic from the airport from 2010 to 2030. The trips that would access the airport would probably be in automobiles. Mr. Gallegos added that it is what would likely happen if you didn't make any further improvements.

Mayor Crawford commented that there would be increased traffic volumes on Harbor Drive but that is with no other improvements to the airport. Mr. Zdon agreed and said that the gray bars are the impacts of Destination Lindbergh.

Councilmember Carrie Downey (Coronado) said that access to I-5 comes in 2020. It seems that's the mitigation that would address the impacts on surface streets. What in the plan will provide that mitigated difference between 2015 and 2020, and why are we waiting for the surface transportation improvements? Mr. Young replied that the largest gain in reducing traffic from surrounding streets results from moving the consolidated rental car area off of Harbor Drive. Airport shuttle buses will then be removed from the surface streets. We can connect with I-5 sooner, but it is an expensive effort and is dependent upon funding availability.

Mr. Gallegos noted that in order for the improvements to work, they have to be done together.

Supervisor Slater-Price thought this is good plan and long overdue. She wondered why it couldn't have been done in 1998. She suggested that public relations efforts clarify the reason for the improvement costs, since airport capacity is not being expanded. She congratulated the parties on this plan.

Supervisor Jacob thanked Mayor Sanders for his leadership on this issue. She also noted that Mayor Sessom has worked very hard on this effort. She expressed support for moving forward. She asked if there will be another report with more details. Mr. Gallegos answered that this is a blueprint. From staff's perspective, we are optimistic about this plan and look forward to the subsequent work together. The stimulus dollars may offer us an opportunity to get money for implementation. We do best when we work together. The City and County of San Diego, the Port District, the Airport Authority, and SANDAG together should pursue federal discretionary dollars for development of the detailed planning needed to move the plan forward.

Supervisor Jacob asked if the connection from north to south could be underground. Mr. Gallegos said the key is to evaluate the cost/benefits of doing that.

Supervisor Jacob stated that had this analysis been done 20 years ago, we probably would have been able to pay for all of the environmental documents. This is way overdue. She hoped we will expedite completion of this project.

Mayor Art Madrid (La Mesa) asked about the timeframe for consolidating the rental car facilities. Mr. Young said that we could move immediately on that item. The rental car facilities are problematic today. The Airport Authority also agrees that the consolidation should be moved up quickly. Mr. Wilcheitz agreed with moving quickly on this effort. He noted that the rental car facilities are onboard with this as well. The facility would be on airport property.

Mayor Madrid asked how the ITC would be powered. He suggested it could be a model for solar energy. We also should start recommending rental agencies have hybrid vehicles.

Mayor Lesa Heebner, Solana Beach asked if there will be a connection with the COASTER at the ITC. Mr. Zdon responded affirmatively, and stated that there would be three tracks. Mr. Young added that the rental car user fees would be able to pay for the rental car

facility, but not the ITC. Mr. Wilcheitz said legislation that provided the ability to charge rental car fee transactions did not include the Airport Authority, so that had to be amended. The Airport Authority now has that authority so it's a matter of implementation.

Commissioner Laurie Black, Port District, said that this project is critical. She is committed to going to Washington, D.C., to talk with federal legislators regarding money for airports. She noted that the Port needs to cooperate as this is about quality of life. This project will help get cars off the freeways. She thanked Mayor Sanders for this effort.

Action: Upon a motion by First Vice Chair Stocks and second by Mayor Sanders, the SANDAG Board of Directors determined that the final Draft Conceptual Plan (Destination Lindbergh) adequately addresses the concerns raised by SANDAG on the Phase 1 Airport Master plan (Terminal 2 Expansion), and authorized the Executive Director to submit a letter to the San Diego County Regional Airport Authority conveying the Board's determination. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent - Poway.

12. FINANCIAL MARKET STATUS AND PROPOSED AMENDMENT TO *TransNet* EXISTING INTEREST RATE SWAPS (APPROVE)

Renée Wasmund, Director of Finance, noted that we discussed this same financial concept two weeks ago. She introduced Andrew McKendrick with PFM, and Mr. Cox.

Ms. Wasmund provided background on the debt structure for the *TransNet* EAP. We put together a financing strategy that included a commercial paper program. In 2005 we employed interest rate exchange agreements (swaps) to take advantage of historically low interest rates. We executed three 30-year floating-to-fixed rate interest rate swaps of \$200 million each in advance of issuing \$600 million of variable rate demand bonds. She explained how the swap structure works in tandem with the variable rate bonds. The swaps are designed to hedge the variable rate bonds to a fixed rate. The swaps are working as designed and have resulted in a borrowing rate of about 4.2 percent, realizing a savings to date of \$5.7 million compared to borrowing at a fixed rate. Our variable rate program is outperforming the fixed rate program. Current market conditions have dictated an unusual opportunity to lower borrowing costs. SANDAG could take advantage of the current SIFMA/LIBOR (Securities Industries and Financial Market Association/London Interbank Offered Rate) relationships by executing a SIFMA versus LIBOR floating-to-floating or "basis" swap. The combination of the basis swap and the existing swap would effectively amend the existing swaps without having to actually change the existing floating-to-fixed interest rate swaps. This overlay would allow SANDAG to bid out the new transaction to a group of potential counterparties without changing the existing hedges. The expected benefit to SANDAG would be a substantial reduction in the cost of the debt after 2018. Assuming current income tax rates, it is expected that the bonds will trade at about 65 percent of LIBOR, so the expected excess payment on the hedge to SANDAG would be 35 percent of LIBOR. We recommend setting a target rate of 100 percent of LIBOR for this overlay transaction. In exchange for these expected savings, SANDAG would be accepting tax risk, but the only way we would be worse off is if taxable rates are lower than tax exempt rates. If we do this transaction, we would have the lowest cost of borrowing in the State of California. At the last meeting the Board authorized staff to solicit interest. We hope to get that solicitation out soon. If we do not achieve that 100 percent LIBOR rate, we would not enter into a transaction.

First Vice Chair Stocks asked why we can't do this next year instead of in 2018. Ms. Wasmund said that our swap agreements do not convert to SIFMA until 2018.

Mayor Crawford noted that under the discussion section of the staff report, the borrowing rate is listed as 4.2 percent. However, in the presentation the rate is listed at 3.8 percent. She asked for an explanation of the time period surrounding these two numbers. Ms. Wasmund said the difference is primarily a result of last year's market dislocation. Some areas are trading a little higher than we are receiving. The difference between the two figures is the excess we are paying due to market anomalies.

Mayor Crawford asked about the timing of this proposal. Ms. Wasmund said that if we were to execute the swaps today it would be at 102 percent of LIBOR.

Councilmember Hall asked about the costs for these transactions. Ms. Wasmund said that we have a cost with PFM for two of the three transactions of approximately \$60,000, and with Orrick Harrington, it is approximately a \$40,000-\$50,000 flat fee.

Mayor Crawford asked what the savings would be for this new transaction. Ms. Wasmund replied that in 2018 we would start to realize savings of about \$4.8 million per year.

Mayor Crawford clarified that we only would incur that \$100,000 fee if we proceed with this new transaction. Ms. Wasmund answered yes, plus legal costs of about \$10,000-\$15,000.

Mayor Desmond thanked Ms. Wasmund and staff for bringing forward this opportunity.

Second Vice Chair Dale asked what we can do to make sure the investment parties are sound and will be able to meet our needs. He also wondered what happens if the responses are not at the 100 percent of LIBOR level. Ms. Wasmund responded that the Board's swap policy states a certain credit quality that parties have to meet. We will qualify a pool of parties that meet the minimum requirements. Our documents are written so that if the counterparties are downgraded, they have to post collateral. If we terminate the swap they would owe us money. A lot of these kinds of transactions require two-way collateral; however, we negotiated an agreement that does not require us to post collateral. We are well safeguarded.

Chair Pfeiler thanked Ms. Wasmund for her explanation of this transaction.

Action: Upon a motion by Mayor Desmond and second by Supervisor Jacob, the SANDAG Board of Directors authorized the Executive Director to enter into the swap transaction and to execute all necessary documents if the targeted rate can be achieved. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent - Poway.

14. **SORRENTO VALLEY COASTER CONNECTION SERVICES (APPROVE)**

Second Vice Chair Dale stated that we have been discussing the funding shortfall for the Sorrento Valley COASTER Connection (SVCC) for some time, and we all agree it is a service we would like to retain. He said that MTS and NCTD have reached agreement on a plan for retaining the most productive parts of this service. The SANDAG Board must make a finding that the revised service plan is consistent with regional policies, goals, and objectives. He introduced Dave Schumacher, Principal Planner, to provide the staff report.

Mr. Schumacher reported that NCTD and MTS have been working diligently to keep at least a portion of the SVCC in place. Previously, about 70 percent of the annual costs to operate SVCC services were subsidized by funding from the San Diego County Air Pollution Control District (APCD) and I-805/I-5 construction mitigation funds from Caltrans. Both the APCD and Caltrans funding sources totaling nearly \$732,000 were no longer available as of July 1, 2008. In order to help offset this funding loss, the SANDAG Board approved charging a one-way fare of \$1.00 (\$0.50 for Seniors/Disabled/Medicare and \$40.00 for a monthly pass) for all SVCC passengers, effective September 1, 2008. Since the implementation of this fare, ridership has dropped significantly with a corresponding increase in per passenger subsidy. A number of employers now operate their own company shuttles to transport their employees to and from the Sorrento Valley COASTER Station. MTS has exhausted its FY 2009 funding for the SVCC services.

MTS and NCTD have reached agreement that would eliminate the least productive services and significantly reduce costs. The service costs will be shared equally between the two transit operators and the new service will be implemented on April 1, 2009. Mr. Schumacher stated that since the SVCC services are routes of regional significance, SANDAG Board Policy No. 018 requires a determination whether the restructured services are consistent with regional policies, goals, and objectives prior to the holding of a public hearing or implementing the actual service changes. Due to the timing of the proposed changes and the SANDAG meeting schedule, the Board rather than the Transportation Committee is being asked to make the requisite finding. Based on analysis of the proposed changes, staff believes the revised service plan would be consistent with regional policies, goals, and objectives.

Chair Pfeiler noted one request to speak on this item.

Elyse Lowe, Executive Director of Move San Diego, thanked MTS and NCTD for the proposed cost-sharing agreement to keep the service. This is an important link. Move San Diego supports the SVCC and asked the SANDAG Board to approve this. She commented that it is difficult to restore transit riders once you have broken their routine.

NCTD Chair Campbell reiterated that MTS and NCTD have worked together on this issue. However, this is a short-term solution. We will monitor this service closely. He was pleased to see this action before the SANDAG Board. The Memorandum of Understanding has been approved by both the MTS and NCTD Boards.

Supervisor Slater-Price stated that she was at the original dedication ceremony for opening this service, and at that time we thought it was a "red letter" day. She appreciated the transit operators working together to find resources to continue this service. She agreed this is a critical service link. She hoped that larger employers in the SVCC service area will work with you to continue this service.

Action: Upon a motion by Supervisor Slater-Price and second by First Vice Chair Stocks, the SANDAG Board of Directors approved a finding that the revised Sorrento Valley COASTER Connection service plan is consistent with regional policies, goals, and objectives. Yes – 16 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – La Mesa, Poway, and the City of San Diego.

15. CLOSED SESSION-CONFERENCE WITH LEGAL COUNSEL SIGNIFICANT EXPOSURE TO LITIGATION, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(B)—ONE POTENTIAL CASE

Chair Pfeiler convened the meeting into a closed session at 10:58 a.m. She reconvened the meeting into open session at 11:04 a.m.

Chair Pfeiler reported that in closed session the SANDAG Board rejected the claim.

16. UPCOMING MEETINGS

Chair Pfeiler said that the Policy Board meeting scheduled for Friday, March 13, has been cancelled. The next Board of Directors Business meeting is scheduled for Friday, March 27, 2009, at 9 a.m.

17. ADJOURNMENT

The meeting was adjourned at 11:05 a.m.

DGunn/M/DGU

ATTENDANCE
SANDAG BOARD OF DIRECTORS' MEETING
FEBRUARY 27, 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	Art Madrid (Member)	Yes
City of Lemon Grove	Mary Sessom (Primary)	Yes
City of National City	Ron Morrison (Member)	Yes
City of Oceanside	Jerry Kern (1st. Alt.)	Yes
City of Poway	Don Higginson (1st Alt.)	No
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	Jim Desmond (Member)	Yes
City of Santee	Jack Dale (2nd Vice Chair)	Yes
City of Solana Beach	Lesia Heebner (Primary)	Yes
City of Vista	Judy Ritter (Primary)	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 (1st. Alt.)	Yes
MTS	Harry Mathis (Member)	No
NCTD	Bob Campbell (Primary)	Yes
Imperial County	Victor Carrillo (Member)	Yes
US Dept. of Defense	CAPT Martin Smith	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)	Yes