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BOARD OF DIRECTORS POLICY AGENDA

Friday, January 8, 2010
10 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

- **TRANSIT OPERATIONS FUNDING WORKSHOP**

PLEASE TURN OFF CELL PHONES DURING THE MEETING

**YOU CAN LISTEN TO THE BOARD OF DIRECTORS
MEETING BY VISITING OUR WEB SITE AT WWW.SANDAG.ORG**

MISSION STATEMENT

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

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

This agenda and related staff reports can be accessed at www.sandag.org under Meetings on the SANDAG Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than 12 noon, two working days prior to the Board of Directors meeting.

In compliance with the Americans with Disabilities Act (ADA), SANDAG will accommodate persons who require assistance in order to participate in SANDAG meetings. If such assistance is required, please contact SANDAG at (619) 699-1900 at least 72 hours in advance of the meeting. To request this document or related reports in an alternative format, please call (619) 699-1900, (619) 699-1904 (TTY), or fax (619) 699-1905.

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BOARD OF DIRECTORS POLICY AGENDA

Friday, January 8, 2010

ITEM #	RECOMMENDATION
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1.	PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS	
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Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a "Request to Speak" form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Speakers are limited to three minutes. Board members also may provide information and announcements under this agenda item.

REPORTS (2)

2.	TRANSIT OPERATIONS FUNDING WORKSHOP (SANDAG, Metropolitan Transit System, and North County Transit District staffs)	DISCUSSION
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In response to a request made at the December 18, 2009, Board of Directors meeting, SANDAG staff will provide an overview of recent changes in revenues available for transit operations funding, and Metropolitan Transit System and North County Transit District staffs will provide an overview of their current and projected future agency operating budgets. SANDAG staff also will review the *TransNet* local sales tax measure and other short- and long-term strategies as potential options to provide additional transit operations funding for the region.

3.	UPCOMING MEETINGS	INFORMATION
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The next Business meeting is scheduled for Friday, January 22, 2010, at 9 a.m. The next Policy meeting is scheduled for Friday, February 12, 2010, at 10 a.m.

4.	ADJOURNMENT	
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+ next to an agenda item indicates an attachment

SANDAG Board of Directors Meeting: 1/8/2010

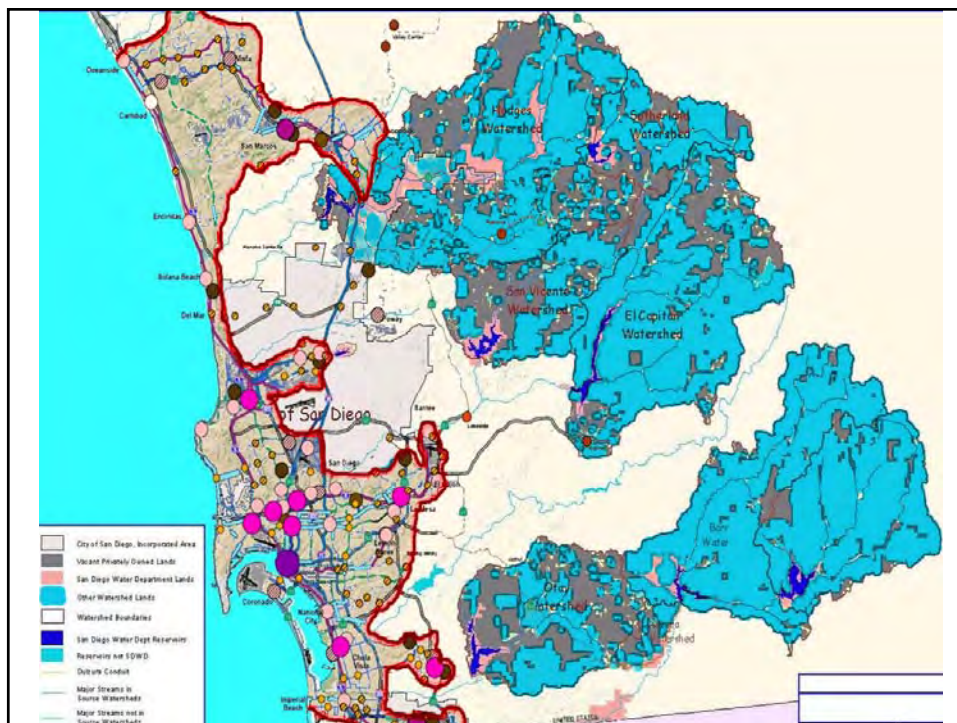
- Item 2: Transit Operations Funding Workshop
 - SANDAG staff will also **review the *TransNet*** local sales tax measure and other short- and long-term strategies as potential options to provide **additional transit operations funding for the region.**

TransNet

- Current: Section 4, Annual Expenditures
 - **42.4% for major highway/transit projects**
 - 8.1% operation of specific projects
 - **16.5% transit programs**
 - 33% local programs
- Proposed:
 - 38% for major highway/transit projects
 - 20% transit programs

SANDAG Quality of Life Ad Hoc Steering Committee

- Excerpt from Katz and Associates Community Mapping Process: TRANSIT IS KEY
 - Transit – With few exceptions, transit is seen as key to solving many of the region's quality of life. Strong sentiment among stakeholders that a new vision for transit needs to be developed and debated. General consensus that current system does not serve anyone really well.



Job Creation and Transit

Type of Project	Recovery Act Funds Associated with Projects Under Contract	Direct, On-Project Jobs Created or Sustained (Full-Time-Equivalent Job Months)*	Thus: Job-months per \$billion
Public transportation	\$4,405,188,041	72,328	16,419
Highway infrastructure (STP funds) ³	\$15,809,805,858	138,831	8,781

Source: Center for Neighborhood Technology, Smart Growth America, and US PIRG. *What we learned from the stimulus*. January 2010

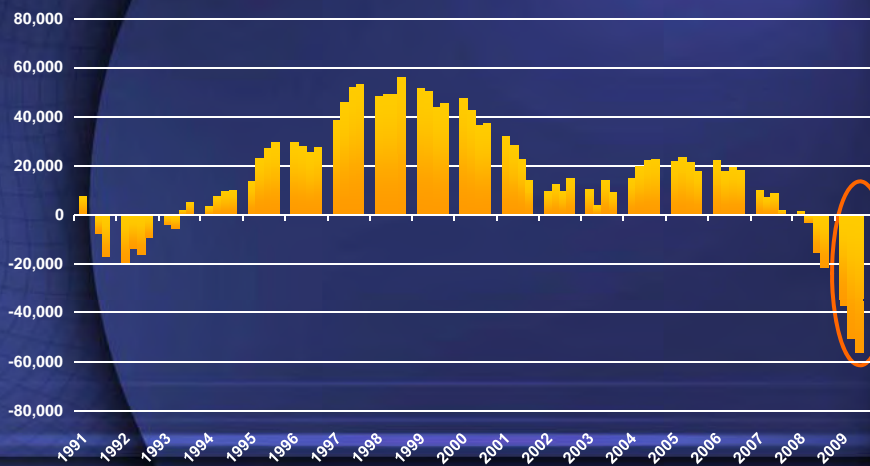


Transportation Funding Workshop

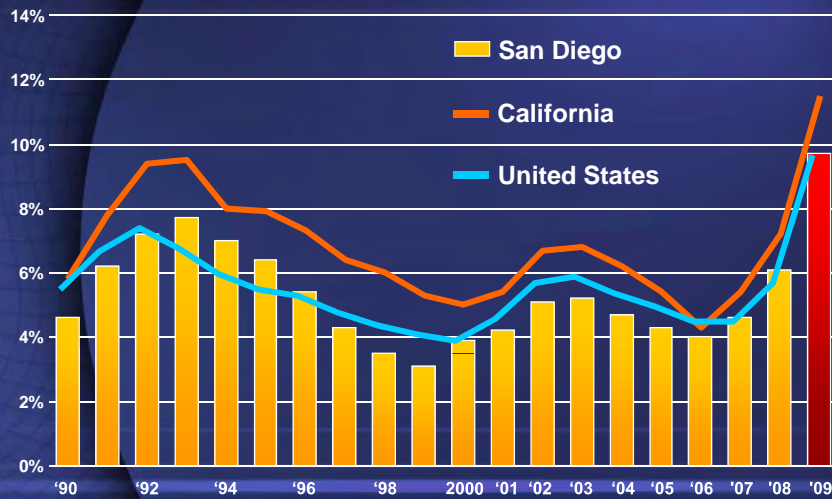
January 2010

SD - Decline in Payroll Jobs

Change Y-O-Y by Quarter

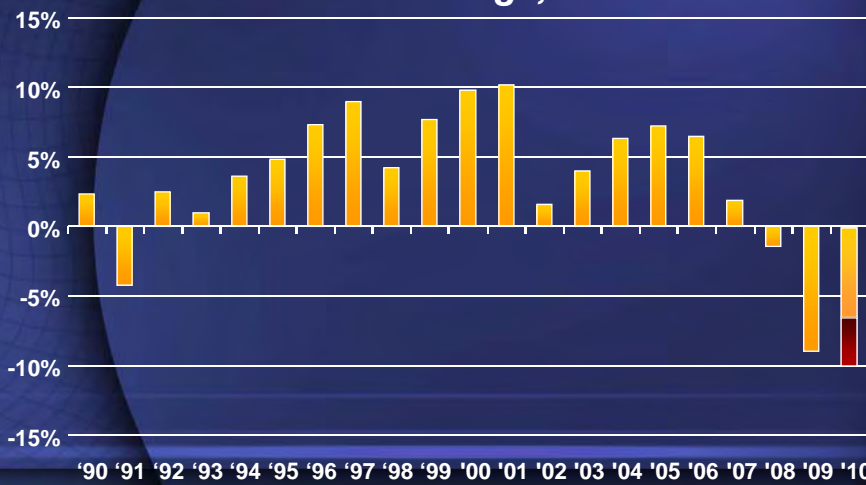


SD - Rising Unemployment Rate



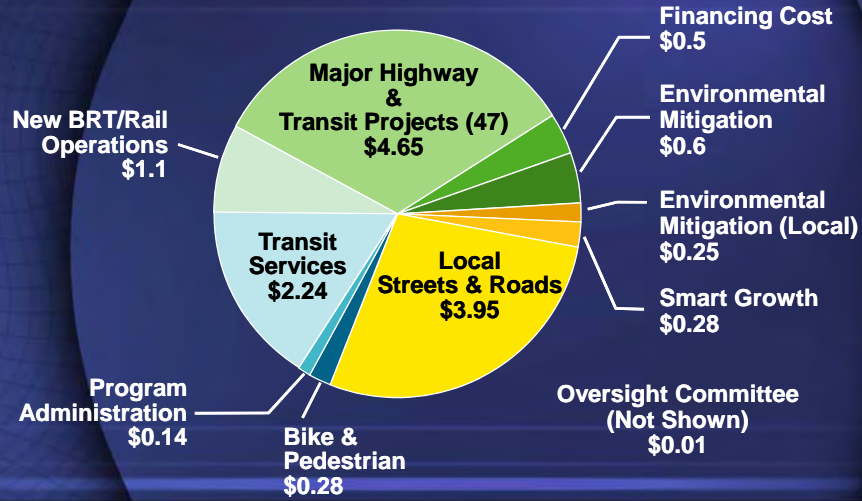
SD - Decline in Taxable Retail Sales

Y-O-Y Percent Change, Fiscal Years



TransNet 40 Year Revenues

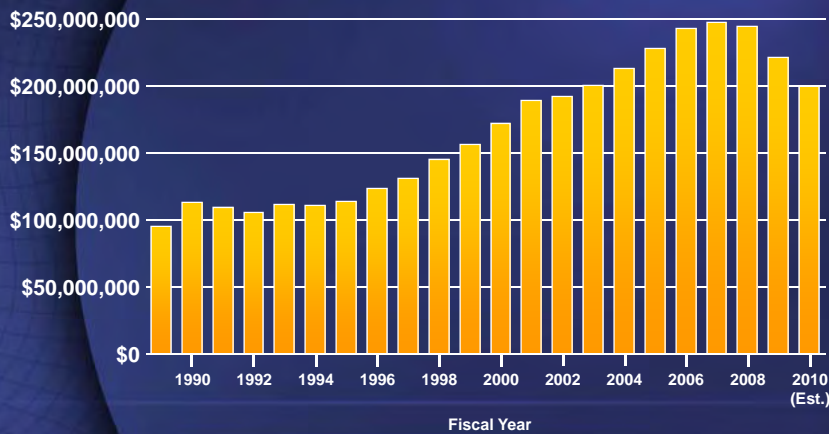
(In Billions, 2002 Dollars)



SANDAG 5

TransNet Historical Revenues

TransNet Sales Tax Revenues



Debt Service Payments = \$33.5 million

SANDAG 6

Major Corridor Expenditure Plan



SANDAG 7



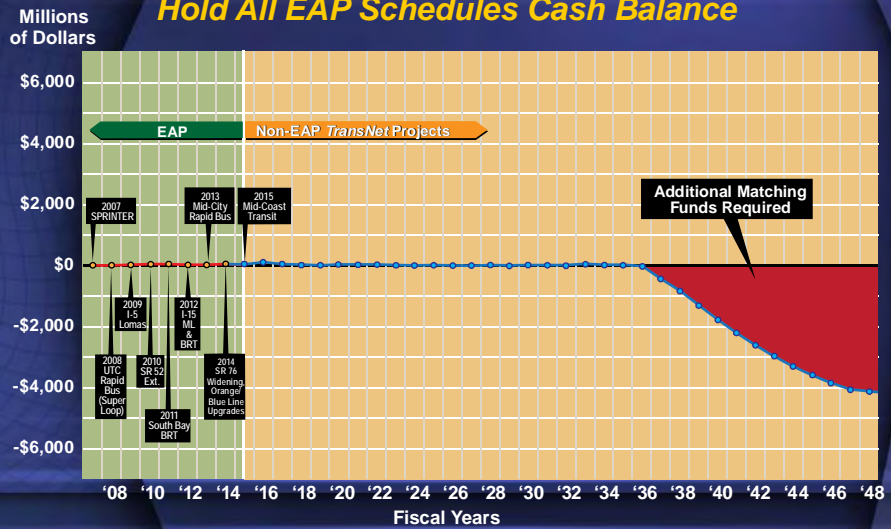
Major Corridor Congestion Relief Projects

- \$5.2 billion for 47 major highway and transit capital projects
- 50/50 match assumption
- \$1.1 billion for new transit operations
- \$600 million for environmental
- \$500 million in financing costs

SANDAG 8

2009 POF Update Scenario

Hold All EAP Schedules Cash Balance



TransNet

Early Action Projects

1. SR 76 - Widening
2. SR 52 - Widening and Extension
3. Mid-Coast and Super Loop Transit
4. I-15 Managed Lanes and Bus Rapid Transit (BRT)
5. I-5 North Coast Corridor – Environmental Effort and HOV Lanes
6. I-805 Corridor – Environmental Effort & BRT
7. SPRINTER - Completed
8. Trolley Upgrades (Blue and Orange Lines)
9. Mid-City Rapid Bus



TransNet Extension - Important Provisions

- No Supplanting of Funds
- No Contingency Funds
- Amendment Requirements:
 - Vote of the people required to change:
 - Amount and duration of the tax
 - Priority projects from the original *TransNet*
 - Maintenance of Effort provision
 - Private developer fees
 - Independent Taxpayer Oversight Committee
 - Environmental Mitigation Program
 - Two-thirds vote of Commission (SANDAG) required to change all other provisions

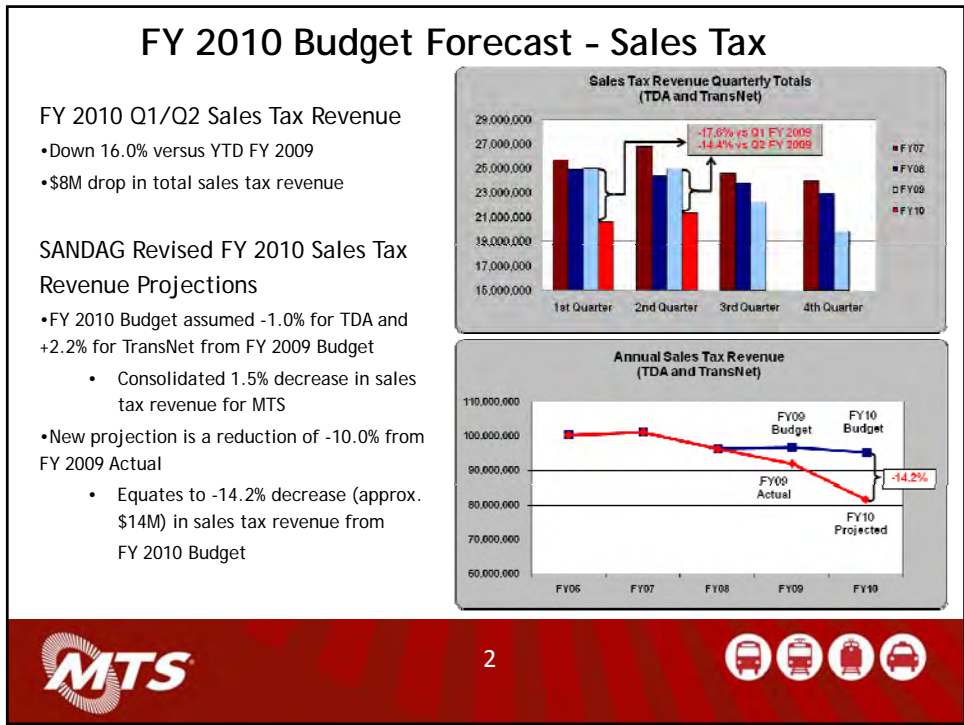
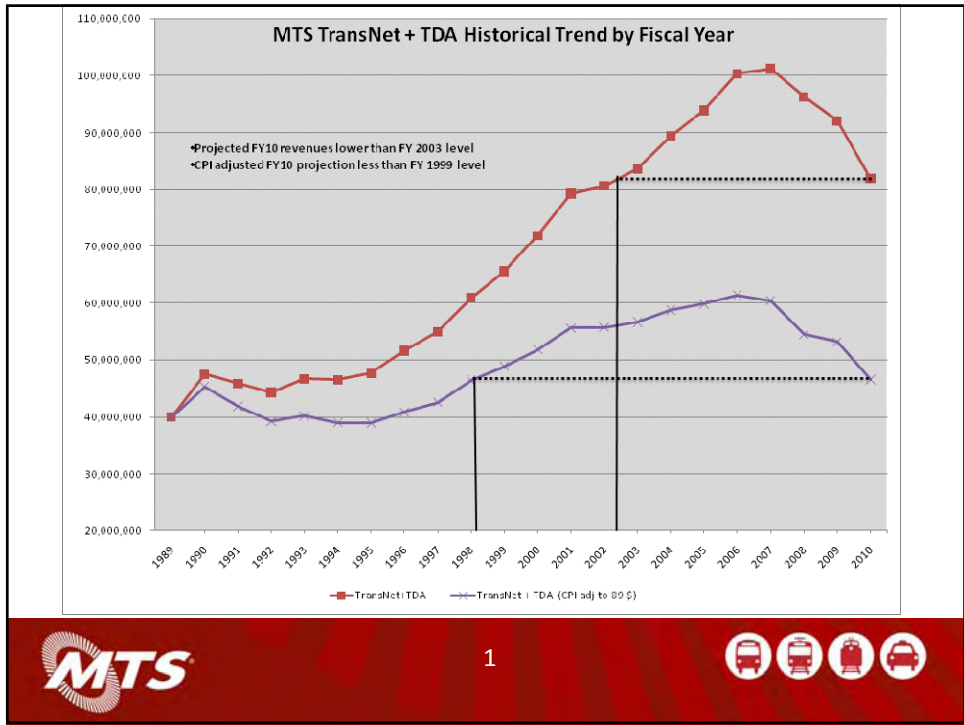
Possible **TransNet** Options

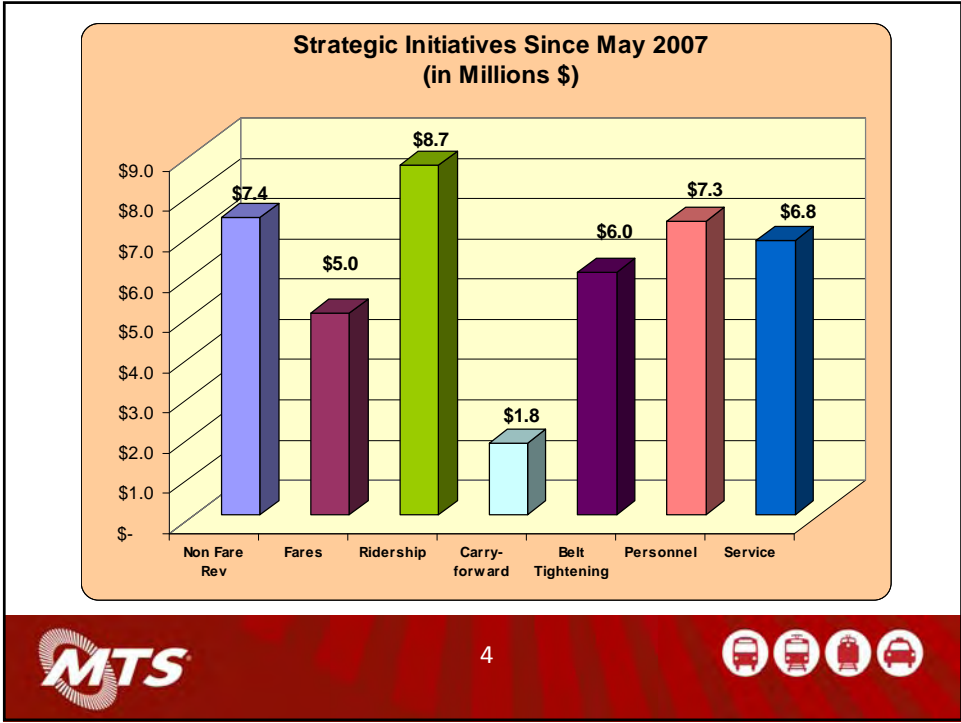
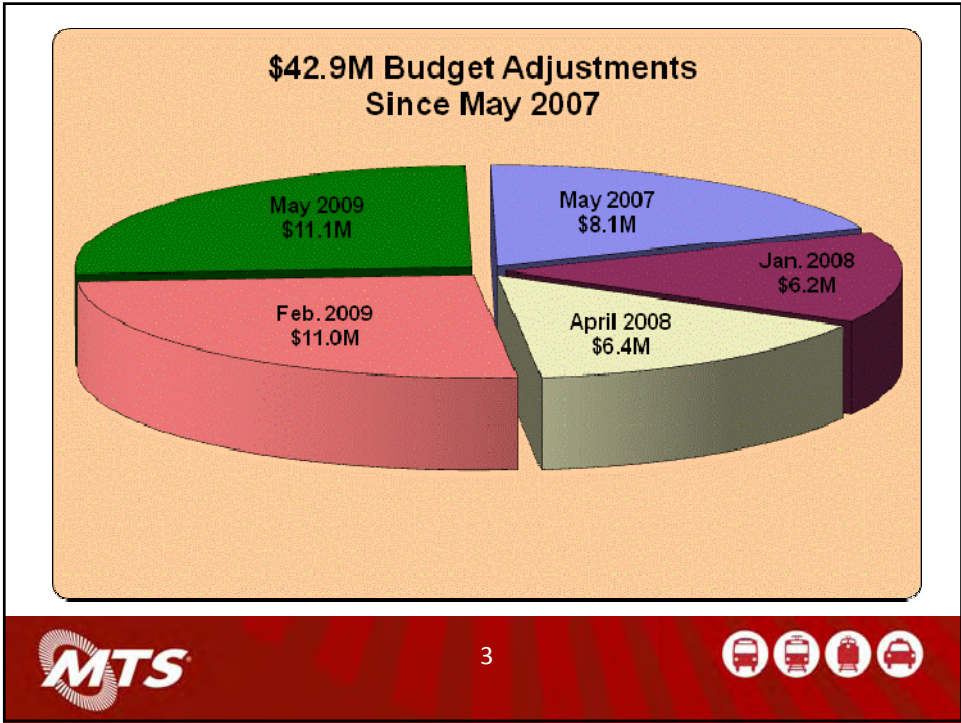
- MTS request to evaluate raising the qualifying senior age from 60 to 65
- Delay Projects
- Use Local Street and Roads Funds
- Others

Transit Impediments Study

- Presented to Board of Directors June 26, 2009
- Assessed financial impediments and evaluated funding options
- At Board Direction:
 - Have worked with Senator Kehoe on district-level funding options
 - Continuing to work with QOL committee
 - Will assess options as part of 2050 RTP

Discussion





**Projected FY2010 / FY2011 Operating Budgets
(In Thousands \$)**

	MTS	
	FY10	FY11
Operating Revenues	92,011	93,861
Recurring Subsidy Revenues	104,566	105,804
Non-Recurring Subsidy Revenues	1,892	-
Total Revenues	198,469	199,665
Operating Expenses	214,729	217,456
Operating Deficit	(16,260)	(17,791)



**Operating Budget Solutions - FY2010 / FY2011
(In Thousands \$)**

	MTS	
	FY10	FY11
Operating Deficit	(16,260)	(17,791)
ARRA - 10% Preventative Maintenance	5,860	-
Compressed Natural Gas Credits	3,200	3,200
Shift from Capital Budget	3,521	5,000
Service Adjustments	2,300	7,000
Total Non Recurring Funding / Service Adjs.	14,881	15,200
Remaining Deficit	(1,379)	(2,591)



**Projected FY2010 - FY2012 Operating Budgets
(In Thousands \$)**

	FY10	MTS FY11	FY12
Operating Revenues	92,011	93,861	94,799
Recurring Subsidy	104,566	105,666	107,779
Non-Recurring Subsidy	14,473	8,338	-
Total Revenues	211,050	207,865	202,579
Operating Expenses	212,429	210,456	214,665
Operating Deficit	(1,379)	(2,591)	(12,086)





Financial Update January 8, 2010

Economic conditions

The New York Times

California Joblessness Reaches 70-Year High

By JENNIFER STEINHAUER
Published: September 18, 2009

LOS ANGELES — California's unemployment rate in August hit its highest point in nearly 70 years, starkly underscoring how the nation's incipient economic recovery continues to elude millions of Americans looking for work.

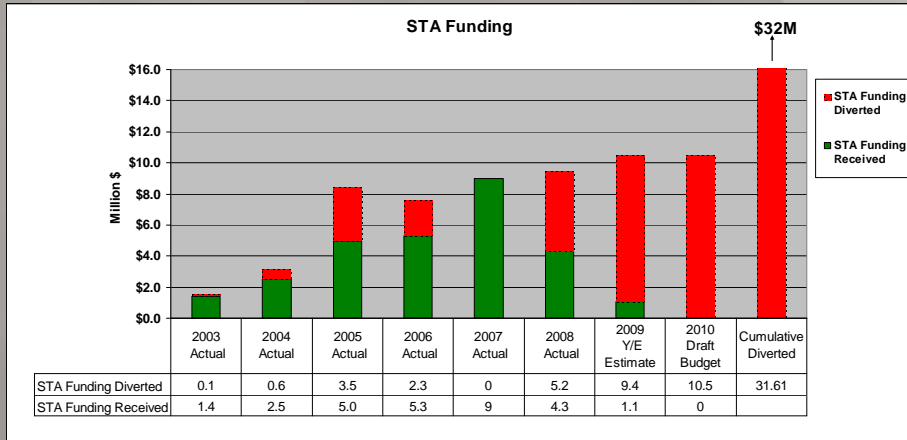
Numbers Soar
California's unemployment rate has reached the highest point since 1942.

While job losses continue to fall, the state's new unemployment rate — 12.2 percent, according to the Bureau of Labor Statistics — is far above the national average of 9.7 percent and places California, the nation's most-populous state, fourth behind Michigan, Nevada and Rhode Island. Statistics kept by the state show California's unemployment rate was 14.7 percent in 1940, said Kevin Callori, a spokesman for the California Employment Development Department. While California has convulsed under the same blows as the rest of the country over the last two years, its exposure to both the foreclosure crisis and the slowdown in construction — an industry that has fueled growth in much of the state over the last decade — has been outsized.

Total building levels in California have fallen to \$23 billion this year from \$63 billion in 2005; home building this year is less than a quarter of what it was in 2005, according to the Center for Continuing Study of the California Economy.

Note: California's 1940 rate is based on 1970 as a point of base.
Source: Bureau of Labor Statistics
BY JENNIFER STEINHAUER

State funding – diversions in past years



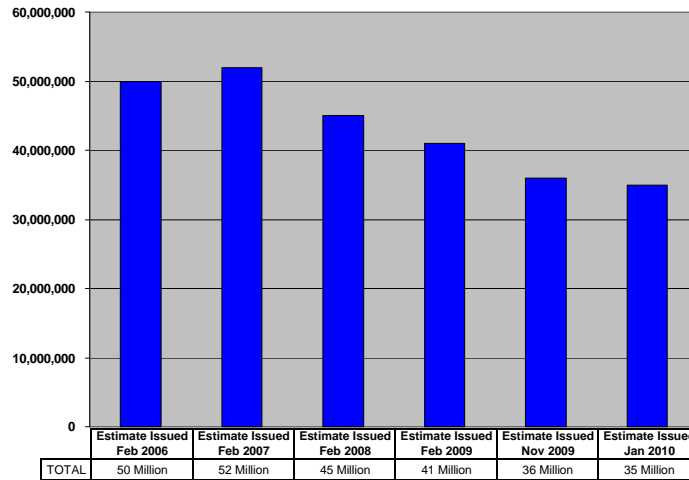
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State funding cuts for future years

FY 2011	-\$10,500,000
FY 2012	-\$10,500,000
FY 2013	-\$10,500,000
FY 2014	-\$10,500,000
FY 2015	-\$10,500,000
<hr/>	
LOST REVENUE	-\$52,500,000

4

FY 2010 sales tax-related revenue estimates



5

Actions taken in FY 2009

Responding to deteriorating revenues, NCTD implemented several cost-cutting measures.

Some of the most significant:

- Service reductions were implemented in August 2008 and January 2009
- Through layoffs and attrition, the number of represented employees was reduced by 9%
- Number of non-represented positions was reduced by 15%

6

FY 2010 budget included additional actions

- Froze compensation for coach operators and all non-represented employees (savings of over \$1 million)
- Reduced contracted services (savings of about \$2 million)

7

Effect of November 2009 reduced estimate

November 2009 estimate of sales-tax related revenues was about \$5 million lower for the current FY 2010.

One-time revenues have helped shore up current year finances:

- Stimulus funding of \$2.4 million for operations
- Fund exchange of \$1.8 million of Section 5307 and 5309 funding

Other significant cost savings initiatives include:

- Service reduction effective in January 2010 (savings of about \$1 million in FY 2010, and about \$2 million in FY 2011)
- Contracted out fixed route bus services, effective July 2010 (savings begin in FY 2011 at \$5.5 million, increasing to \$8.1 million in FY 2012)

8

Effect of anticipated January 2010 reduced estimate

We anticipate that the January 2010 estimate of sales-tax related revenues will be an additional \$1 million lower for the current FY 2010, putting the current fiscal year in deficit.

Forecasts for future years indicate continuing deficits.

NCTD is continuing to review additional initiatives for cost savings, involving all modes.

NCTD is committed to preserving as much service for the public as possible. However, if revenues continue to deteriorate, NCTD will be forced to implement contingency plans for additional service reductions.

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