TRANSPORTATION COMMITTEE AGENDA

Friday, October 15, 2010

8:30 a.m. Joint Meeting with Regional Planning Committee

The Transportation Committee Meeting will continue immediately following the Joint Meeting

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

A PORTION OF THIS MEETING WILL BE HELD JOINTLY WITH THE REGIONAL PLANNING COMMITTEE

AGENDA HIGHLIGHTS

• 2050 REGIONAL TRANSPORTATION PLAN: DRAFT REVENUE CONSTRAINED NETWORK SCENARIOS
• 2050 REGIONAL TRANSPORTATION PLAN: DRAFT POLICY OPTIONS TO SUPPORT THE TRANSIT NETWORK
• 2050 REGIONAL TRANSPORTATION PLAN: SUSTAINABLE COMMUNITIES STRATEGY

PLEASE TURN OFF CELL PHONES DURING THE MEETING

YOU CAN LISTEN TO THE TRANSPORTATION COMMITTEE 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.
Welcome to SANDAG. Members of the public may speak to the Transportation Committee on any item at the time the Committee 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 Committee staff. Also, members of the public are invited to address the Committee on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The Transportation Committee may take action on any item appearing on the agenda.

This agenda and related staff reports can be accessed at www.sandag.org under meetings on SANDAG’s Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than noon, two working days prior to the Transportation Committee meeting. Any handouts, presentations, or other materials from the public intended for distribution at the Transportation Committee meeting should be received by the Clerk of the Board no later than 12 noon, two working days prior to the 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.

SANDAG offices are accessible by public transit. Phone 511 or see 511sd.com for route information.
TRANSPORTATION COMMITTEE  
Friday, October 15, 2010

CONVENE JOINT MEETING WITH THE  
REGIONAL PLANNING COMMITTEE

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>RECOMMENDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS</td>
</tr>
</tbody>
</table>

Members of the public will have the opportunity to address the Transportation and Regional Planning Committees on any issue within the jurisdiction of the Committees 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 prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Committee members. Speakers are limited to three minutes. Committee members also may provide information and announcements under this agenda item.

REPORTS (B through D)

+B. 2050 REGIONAL TRANSPORTATION PLAN: DRAFT REVENUE CONstrained TRANSPORTATION NETWORK SCENARIOS (Heather Werdick)  

Based on revenue projections, various Revenue Constrained Transportation Network Scenarios have been developed using the prioritized project list and other factors. One of the goals of the Revenue Constrained Transportation Network Scenarios is to build and operate as much of the Unconstrained Transportation Network as possible, given revenue availability and flexibility, project priorities, and performance measures outcomes. Based on feedback from SANDAG Working Groups, Policy Advisory Committees and Board of Directors over the past month, staff will present the Revenue Constrained Transportation Network scenarios, as well as the preliminary performance of each scenario. Regional Planning and Transportation Committee members are asked to discuss and provide feedback on the draft Revenue Constrained Transportation Network scenarios.

+C. 2050 REGIONAL TRANSPORTATION PLAN: DRAFT POLICY OPTIONS TO SUPPORT THE TRANSIT NETWORK (Carolina Gregor and Dave Schumacher)  

In conjunction with the preparation of the various Revenue Constrained Transportation Network Scenarios, SANDAG is preparing a menu of policy options that could be considered for inclusion in the RTP to support the transit network that ultimately becomes part of the overall transportation network. A draft menu of policy options is attached. The
Regional Planning Technical Working Group, Cities/County Transportation Advisory Committee, and Regional Planning Stakeholders Working Group have participated in an interactive exercise to help prioritize the options for consideration by the Regional Planning and Transportation Committees. In addition, a public workshop is planned later this month. The options also will be considered for possible inclusion in the Sustainable Communities Strategy (SCS).

2050 REGIONAL TRANSPORTATION PLAN: SUSTAINABLE COMMUNITIES STRATEGY (Coleen Clementson)

The Sustainable Communities Strategy (SCS) will be an integral part of the 2050 Regional Transportation Plan, demonstrating how the regional development pattern, transportation network, policies, and programs can work together to achieve greenhouse gas emission targets for cars and light trucks. The SCS will be based upon four building blocks that have underpinned transportation planning in the San Diego region for many years: (1) a land use pattern that accommodates the region’s future employment and housing needs, and protects sensitive habitat and other resources; (2) a transportation network of public transit, highways, local streets, bikeways, and walkways; (3) transportation demand management strategies; and (4) transportation system management programs. A summary of the SANDAG Board discussion on this report will be presented to the Transportation and Regional Planning Committees for information.

ADJOURN JOINT MEETING WITH THE REGIONAL PLANNING COMMITTEE AND CONVENE MEETING OF THE TRANSPORTATION COMMITTEE

APPROVAL OF OCTOBER 1, 2010, MEETING MINUTES

MEMBER COMMENTS

Members of the public shall have the opportunity to address the Transportation Committee on any issue within the jurisdiction of the Committee 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 prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Committee members. Speakers are limited to three minutes. Committee members also may provide information and announcements under this agenda item.
On July 23, 2010, the Board of Directors approved the 2010 TransNet Plan of Finance update. In September, the Independent Taxpayer Oversight Committee (ITOC) received a verbal report on the bond strategy and the Transportation Committee and the Board reviewed the draft bond documents and financing schedule for the issuance of $350 million in long-term fixed rate debt. At its October 13, 2010, meeting, ITOC will be receiving an update on the proposed issuance of $350 million in fixed-rate bonds. The Transportation Committee is asked to recommend that the Board of Directors, acting as the San Diego County Regional Transportation Commission, adopt Resolution No. RTC 2011-01, authorizing the issuance of not to exceed $350 million of fixed-rate bonds and the execution and distribution of the documents that are attached to the report in substantially final form.

SANDAG is currently developing the 2050 Regional Transportation Plan (RTP), which is anticipated to be adopted in summer 2011 along with its air quality conformity determination. While the horizon year of this RTP is 2050, the approved emissions model (EMFAC 2007) only contains emissions factors to 2040. Since no other emissions model is approved for use in conformity determinations by Metropolitan Planning Organizations in California, SANDAG is exploring options under the Transportation Conformity Rule to conduct the air quality conformity determination for its 2050 RTP. At its September 17, 2010, meeting the Transportation Committee released the draft proposed methodology for conducting the air quality conformity determination for the 2050 RTP for a 30-day comment period, and scheduled a public hearing to solicit public comments on shortening the conformity timeline and proposed methodology for the regional emissions analysis for the October 15, 2010, Transportation Committee meeting. The Transportation Committee is asked to: (1) hold a public hearing to solicit public comments on shortening the conformity timeline and proposed methodology for the regional emissions analysis for the 2050 RTP; and (2) after considering public comments, recommend the shortening of the conformity timeframe and proposed methodology for conducting the 2050 RTP air quality conformity determination to the Board of Directors for approval.
A public hearing will be held on the Regional Short Range Transit Plan (RSRTP) and Coordinated Plan for 2010-2014. The Coordinated Plan provides a blueprint for the development of transit and human services transportation in the San Diego region for the next five years. The Draft Coordinated Plan was presented and circulated for public comment at the Transportation Committee on September 17, 2010. The Transportation Committee is asked to: (1) conduct a public hearing on the 2010-2014 Coordinated Plan; and (2) after considering public comments, recommend that the Board of Directors approve the Final 2010-2014 Coordinated Plan in substantially the same form as shown in Attachment 2 to the report.

Due to the Thanksgiving holiday schedule, the next meeting of the Transportation Committee is scheduled for Friday, November 12, 2010 (second Friday), at 9 a.m., and will be the only meeting in November.
2050 REGIONAL TRANSPORTATION PLAN: DRAFT REVENUE
CONSTRANGED TRANSPORTATION NETWORK SCENARIOS

Introduction

During the past few months, staff presented the draft 2050 Regional Transportation Plan (RTP) Unconstrained Highway and Transit Networks to the Board of Directors, Policy Advisory Committees (PACs), various SANDAG working groups, and at other public meetings for input. At its July 23, 2010, meeting the Board accepted the draft Unconstrained Transportation Network for use in the development of the draft 2050 RTP.

Based on revenue projections through 2050, various initial Revenue Constrained Transportation Network Scenarios have been developed using prioritized project lists and other factors. The Revenue Constrained Transportation Network Scenarios attempt to build and operate as much of the Unconstrained Transportation Network as possible, given revenue availability and flexibility, and project priorities. Maps of the Revenue Constrained Transit and Highway Scenarios were included in previous agenda packets. Staff is in the process of updating the maps into a Geographic Information System (GIS) format. The revised maps will be presented at the meeting. However, this report contains various attachments that specifically indicate which transit and highway projects are included in each scenario, as discussed further below. The Regional Planning and Transportation Committees are asked to discuss and provide feedback on the Draft 2050 Revenue Constrained Network Scenarios.

Discussion

Alternative Revenue Constrained Network Scenarios

Over the last month, staff prioritized the future projects in all modes included in the Unconstrained Transportation Network using the Board-approved transportation project evaluation criteria. Based on revenue projections to 2050, four initial Revenue Constrained Transportation Network Scenarios with a range of modal emphases were developed using these prioritized project lists and other factors. Various levels of Transportation Demand Management (TDM)/Transportation System Management (TSM) programs and projects, Smart Growth Incentive Program funding, and Regional Bicycle Plan improvements are proposed in each of the scenarios. Additionally, local street and road improvements are included in each scenario.

Initial revenue estimates presented previously to the Board of Directors indicate that approximately $100 billion to $110 billion would be available through 2050, with $3 billion to $3.5 billion (or approximately three percent of the total projected revenues) as flexible funding. Each Scenario allocates the flexible funding differently, as described further below.
Transit and Highway Projects Common to All Scenarios

Several transit and highway projects are common to all four Scenarios. Transit and highway projects contained in each Scenario are listed in Attachments 1 and 2. As specified in these attachments, the transit and highway networks include a number of “baseline” projects (most of them included in the TransNet Extension Ordinance) that are in various stages of advanced planning, design, or under construction, but are not projected to be completed by the time the 2050 RTP is adopted. It is therefore necessary to assume the costs and construction of these “baseline” projects in the transit and highway networks of all four Scenarios. These baseline projects include:

- Mid-Coast Trolley extension
- Trolley system rehabilitation
- Interstate 15 (I-15) Bus Rapid Transit (BRT) from Escondido to Downtown San Diego
- I-15 BRT from Escondido to Sorrento Mesa/University City
- South Bay BRT from Otay Mesa to Downtown San Diego
- Mid-City Rapid from San Diego State University to Downtown San Diego
- South Bay transit maintenance facilities and Downtown BRT stations/layovers
- I-15 Managed Lanes from State Route 163 (SR 163) to SR 56 and from Centre City Parkway to SR 78
- SR 76 from Melrose Drive to I-15
- SR 905 from I-805 to Mexico

Other proposed projects from the Unconstrained Transportation Network common to all four Scenarios include:

- High-Speed Rail (HSR) from Los Angeles to Lindbergh Field Intermodal Transportation Center (ITC)
- HSR Commuter Rail Overlay from Temecula to Lindbergh Field ITC
- Lindbergh Field ITC
- COASTER Double-tracking (TransNet)
- COASTER Del Mar Tunnel
- COASTER positive train control
- SPRINTER Double-tracking (TransNet)
- Enhanced service frequencies on Blue and Orange Trolley Lines, including several grade separations needed for the increased frequencies (TransNet)
- Several Rapid Bus routes in key high demand arterial corridors
- Shuttle/Circulator Service in San Marcos (to be locally funded)
- Increased service frequencies on local bus routes within the Urban Area to 10-minute all-day
- Bike and pedestrian network improvements to support access to the regional transit system
- TransNet highway projects, including improvements to I-5, I-8, I-15, SR 52, SR 54, SR 56, SR 67, SR 78, SR 94, and SR 125
- TransNet highway project on I-805 is included in different configurations for each scenario
• TransNet freeway connectors (I-5/SR 56, I-5/SR 78, and SR 94/SR 125)
• TransNet High Occupancy Vehicle (HOV) connectors (I-5/I-805, I-15/SR 78, and I-15/SR 94)

The following planned toll projects are revenue neutral and are included in all of the Scenarios:

• SR 11 toll road
• SR 241 toll road (as a Southern California Association of Governments/Orange County Transportation Authority project)

For the most recent RTPs, SANDAG has continued to refine the region’s vision for a flexible highway system that serves multiple purposes and accommodates different types of travel. The highway projects included in the initial Scenarios focus on implementing the highway projects as part of the major corridors component of TransNet. Therefore, there are minimal differences between the highway networks in the initial Scenarios, and instead this report focuses largely on the differences between the transit networks within each of the Scenarios.

**Transit Emphasis Scenario**

The Transit Emphasis scenario allocates the full $3 billion to $3.5 billion in flexible funding toward transit services.

**Transit Approach**

The transit network in this Scenario is built on the dual philosophy of (1) reinforcing and upgrading existing transit services, and (2) maximizing the overall number of transit projects in this Scenario that include a variety of rail, BRT, Rapid Bus, and local bus improvements.

The rail projects included in this Scenario include the Downtown Trolley Tunnel in downtown San Diego to facilitate frequency enhancements for the Blue and Orange Trolley lines (7.5-minute all-day frequencies). Inclusion of the Downtown Trolley Tunnel also would enable implementation of express Trolley services on both the Blue and Orange Lines, which introduce “skip-stop” services to facilitate faster travel times for passengers making longer distance trips along these corridors. This Scenario also would convert the Mid-City Rapid Bus service over time to a light rail transit (LRT) service to better serve the strong demand for transit in the Mid-City area. Complementing this LRT route along the east-west corridor between downtown San Diego and San Diego State University (SDSU) would be a north-south LRT service that would connect SDSU and Chula Vista via Mid-City, the southeastern San Diego communities, and National City. For the SPRINTER service, an extension of the line to North County Fair is included.

In terms of BRT and Rapid Bus services, a key capital project included in this scenario is the Kearny Mesa Guideway\(^1\) in the SR 163 travel corridor to facilitate fast and direct access for a number of all-day BRT, peak period BRT, Rapid Bus, and local bus services to improve access to the residential and employment centers in downtown San Diego, Bankers Hill, Hillcrest, Mission Valley, Sharp/Children’s Hospital complex, and Kearny Mesa. Several other new BRT services would be

---

\(^1\) The Kearny Mesa Guideway would provide a dedicated transitway for BRT, Rapid Bus, and local bus services for a north-south travel corridor between downtown San Diego and Kearny Mesa in order to improve directness of travel and travel speeds, especially in the Hillcrest and Mission Valley areas.
implemented in the I-5, I-805, SR 52, and SR 78 freeway corridors that utilize the Managed Lanes/HOV system investments that facilitate high-speed travel to serve long-distance trip making demand in these areas. Also, 15 new Rapid Bus routes would be implemented along several key arterial corridors throughout the region.

Reintroducing streetcar and/or shuttle/circulator services to the region has generated strong interest at the Transportation Committee/Board level, and with our working groups and community members. The Transit Emphasis Scenario includes the two highest ranked streetcar projects – downtown San Diego, and Hillcrest/Balboa Park.

Highway Approach

The highway network for this Scenario focuses on improvements that support the transit network, such as HOV and Managed Lanes, including all TransNet projects.

Rail/Freight Emphasis Scenario

The Rail/Freight Scenario allocates one half of the $3 billion to $3.5 billion in flexible funding toward rail-based transit projects, and the other half toward other projects that support goods movement.

Transit Approach

The transit network in this Scenario is built on maximizing the number of rail-based transit projects. In terms of light rail services, the Rail/Freight Emphasis Scenario (like the Transit Emphasis Scenario) includes the Downtown Trolley Tunnel to facilitate frequency enhancements for the existing Blue and Orange Trolley services, as well as express trolley services on both the Blue and Orange Lines. In the Central and South County area, two new LRT lines would be implemented: Pacific Beach to El Cajon via Kearny Mesa, Mission Valley, and SDSU; and University Towne Center (UTC) to Chula Vista via Kearny Mesa, Mission Valley, Mid-City, southeastern San Diego, and National City. In North County, this scenario includes an express SPRINTER service between Escondido and Oceanside, and the extension of the SPRINTER line to North County Fair. This is the only Scenario that includes the UTC COASTER Station and UTC Tunnel, providing a more direct connection for North County commuters into the University City area.

Due to the high capital costs of new rail projects and the UTC COASTER and Tunnel, additional new rail lines outlined in the Unconstrained Transit Network (SDSU to San Ysidro, UTC to Mira Mesa, Otay Mesa to Chula Vista, and the transition of the Mid-City Rapid to LRT) could not be included in the Rail/Freight Scenario.

The emphasis on rail services in this Scenario means that most BRT and Rapid Bus services in the Unconstrained Transportation Network are not included. The Kearny Mesa Guideway also is not included, resulting in longer travel times for the BRT and Rapid Bus that serve this corridor.

Highway Approach

The highway network in this Scenario includes additional improvements beyond those included in TransNet to support goods movement in key corridors, such as additional capacity to SR 54, SR 67, SR 94, and SR 905.
**Highway Emphasis Scenario**

The Highway Emphasis Scenario allocates the full $3 billion to $3.5 billion in flexible funding toward the highway network.

**Transit Approach**

The transit network in this Scenario builds upon the Managed Lanes and HOV investment in the highway network, and as a result, includes all BRT, peak BRT, and Rapid Bus Routes proposed in the Unconstrained Transportation Network. This scenario includes the Kearny Mesa Guideway to facilitate the BRT and Rapid Bus routes, but it does not include the Downtown Trolley Tunnel, and therefore it does not include any of the Trolley Express routes or the SPRINTER Express services.

With the exception of the Kearny Mesa Guideway in the SR 163 travel corridor between downtown San Diego and Kearny Mesa, BRT services are relatively inexpensive to implement since they utilize already planned Managed Lanes/HOV facilities. There is no Managed Lanes/HOV facility proposed for the SR 163 corridor, thus resulting in the need for a separate transit guideway. As a result, the capital costs of the BRT routes are limited primarily to station improvements, vehicle acquisition, and associated maintenance facilities. These relatively low capital costs allow a higher number of transit projects to be included in this Scenario than otherwise might be expected, including all Rapid Bus projects and two light rail projects (SDSU to San Ysidro and UTC to Mira Mesa).

**Highway Approach**

The Highway Emphasis highway network is the most aggressive in adding highway capacity. Of all of the Scenarios, it builds the most of the Unconstrained Highway Network, including all TransNet projects. Improvements include additional lanes on I-5, I-8, SR 52, SR 54, SR 56, SR 67, SR 76, SR 94, SR 125, SR 163, I-805, and SR 905.

**Fusion Scenario**

The Fusion Scenario allocates one-third of the $3 billion to $3.5 billion in flexible funding toward transit services, one-third toward highways, and one-third toward rail grade separations in support of the local streets and roads. This Scenario attempts to reflect the results from a statistically reliable survey that was conducted earlier this year as part of the 2050 RTP planning process, which indicated that the voting public is interested in enhancing existing transit services, pursuing new transit services, addressing bottlenecks on freeways, and addressing local road issues.

**Transit Approach**

The transit network in this Scenario focuses a blend of enhancements to the existing transit system and new transit services. Unlike the implication of the title, the transit network in the Fusion Scenario is not necessarily a “merging” of all of the projects in the other three Scenarios. Rather, this Scenario attempts to reflect a combination of existing and new transit projects that could resonate particularly well with the public.
In addition to the baseline projects and the transit projects common to all four Revenue Constrained Network Scenarios discussed above, the new transit projects that would be implemented in this Scenario include the Kearny Mesa Guideway to facilitate new BRT and Rapid Bus services in the SR 163 travel corridor, and new LRT projects aimed at providing trolley service to a wider geographic service area, including LRT lines in the following corridors: Pacific Beach to El Cajon via Kearny Mesa and Mission Valley; UTC to Mira Mesa via Sorrento Mesa; and UTC to Chula Vista via Kearny Mesa, Mission Valley, Mid-City, southeastern San Diego, and National City; and extension of the SPRINTER line to North County Fair. It also includes SPRINTER Express service, with stops at the Oceanside, Vista, and Escondido Transit Stations. This approach differs from the Transit Emphasis Scenario in that it focuses more attention on new trolley lines versus improvements to existing trolley lines. As such, it does not include the Downtown Trolley Tunnel included in the Transit Emphasis Scenario that would enable express trains on the Blue and Orange Lines. It also focuses less attention on Rapid Bus services (the Fusion Scenario includes six Rapid Bus services versus 15 included in the Transit Emphasis Scenario).

Finally, this Scenario includes implementation of the highest number of streetcar and/or shuttle/circulator services since this mode resonated highly with many stakeholders that provided input on the Unconstrained Transportation Network. It should be noted that the carrying capacity of this mode is relatively low compared with other services, and their costs are relatively high given the number of passengers served. The primary value of streetcars and shuttle/circulator services is their role as localized “people-movers” within downtown-like settings that provide for internal circulation and provide connections to regional transit services. These services have generally been implemented in conjunction with redevelopment and/or economic development efforts, utilizing a high level of non-transit funding from other agencies and the private sector support. Consistent with this experience in other cities, 75 percent of funding for streetcar/shuttle projects in the Revenue Constrained Network Scenarios is assumed to come from non-transit funding sources, sources that would have to be identified for these projects to move forward.

Highway Approach

The Fusion highway network provides a number of HOV and Managed Lanes improvements in addition to key operational improvements to relieve bottlenecks and congestion and includes all TransNet projects.

Scenario Performance

SANDAG is evaluating the various Revenue Constrained Network Scenarios based upon Board-approved plan performance measures. A summary of the ten performance measures that have been evaluated to date, comparing the four initial Scenarios to the 2050 No Build alternative and 2008 existing conditions is included in Attachment 3.
Social Equity

The Social Equity performance measures require some elaboration as the data must be evaluated in several ways. As part of the Revenue Constrained Network Scenario performance evaluation, using Board-approved performance measures, preliminary social equity analyses were conducted for three indicators: average travel time; percent of work trips accessible in 30 minutes in peak periods by drive alone, carpool, and transit; and percent of homes within half a mile of a transit stop. Table 1 shows preliminary draft results for these three indicators. This evaluation will be expanded to additional social equity performance indicators as modeling data becomes available.

**Table 1: Draft 2050 Regional Transportation Plan Social Equity Performance Measures Preliminary Results**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOCIAL EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average travel time per person trip (in minutes)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-income population</td>
<td>15</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Non low-income population</td>
<td>16</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Minority population</td>
<td>15</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Nonminority population</td>
<td>16</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Percent of work trips accessible in 30 minutes in peak periods by mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-income population</td>
<td>79%</td>
<td>71%</td>
<td>71%</td>
<td>71%</td>
<td>72%</td>
<td>71%</td>
</tr>
<tr>
<td>Drive alone</td>
<td>80%</td>
<td>72%</td>
<td>78%</td>
<td>78%</td>
<td>80%</td>
<td>78%</td>
</tr>
<tr>
<td>Carpool</td>
<td>15%</td>
<td>14%</td>
<td>23%</td>
<td>22%</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>Non low-income population</td>
<td>72%</td>
<td>67%</td>
<td>66%</td>
<td>66%</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Drive alone</td>
<td>74%</td>
<td>69%</td>
<td>73%</td>
<td>73%</td>
<td>75%</td>
<td>73%</td>
</tr>
<tr>
<td>Carpool</td>
<td>5%</td>
<td>5%</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Nonminority population</td>
<td>77%</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
<td>71%</td>
<td>70%</td>
</tr>
<tr>
<td>Drive alone</td>
<td>78%</td>
<td>71%</td>
<td>77%</td>
<td>77%</td>
<td>79%</td>
<td>77%</td>
</tr>
<tr>
<td>Carpool</td>
<td>9%</td>
<td>10%</td>
<td>17%</td>
<td>16%</td>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td>Minority population</td>
<td>72%</td>
<td>67%</td>
<td>66%</td>
<td>66%</td>
<td>67%</td>
<td>66%</td>
</tr>
<tr>
<td>Drive alone</td>
<td>73%</td>
<td>68%</td>
<td>72%</td>
<td>72%</td>
<td>74%</td>
<td>72%</td>
</tr>
<tr>
<td>Carpool</td>
<td>5%</td>
<td>6%</td>
<td>12%</td>
<td>11%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Nonminority population</td>
<td>83%</td>
<td>83%</td>
<td>84%</td>
<td>84%</td>
<td>84%</td>
<td>84%</td>
</tr>
<tr>
<td>Percent of homes within 1/2 mile of a transit stop</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-income population</td>
<td>64%</td>
<td>63%</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Non low-income population</td>
<td>75%</td>
<td>75%</td>
<td>79%</td>
<td>79%</td>
<td>79%</td>
<td>79%</td>
</tr>
<tr>
<td>Minority population</td>
<td>61%</td>
<td>59%</td>
<td>64%</td>
<td>64%</td>
<td>64%</td>
<td>64%</td>
</tr>
</tbody>
</table>

2 This table only shows draft results available to date. Data for additional social equity performance measures are under development.
Preliminary analyses of the Scenarios have been conducted to determine whether any of the Scenarios would conflict with requirements in Title VI of the Civil Rights Act or other applicable social equity laws, which require that the benefits and burdens of the Scenarios be equitably distributed between the low-income and minority (LIM) and non-LIM populations. A threshold question is whether each of the Scenarios will improve conditions for LIM populations, relative to the 2050 No Build alternative or 2008 existing conditions. The initial modeling results for the three performance indicators referenced above show that all of the Scenarios will maintain or improve conditions for LIM populations compared to the 2050 No Build alternative. LIM populations would fare better in the three mobility and accessibility indicators with the investments proposed in every Scenario. Moreover, none of the Scenarios has a significantly different impact on LIM populations when they are compared to each other.

The next question analyzed was whether LIM populations would receive a similar or greater benefit compared to non-LIMs under each of the Scenarios relative to the No Build alternative. The preliminary modeling results show no difference in average travel times between LIM and non-LIM populations for each of the Scenarios in 2050. LIM populations would receive slightly greater accessibility gains for drive alone, carpool, and transit peak period work trips (within 30 minutes) compared to non-LIM populations. However, the percent of homes within a half-mile of a transit stop shows slightly higher accessibility gains for non-LIM populations.

In addition, the draft results of the three social equity performance measures outlined above for each of the Scenarios were compared to 2008 existing conditions to find out how mobility and accessibility indicators would change over time (2050) for LIM populations compared to non-LIM populations. The draft modeling results suggest similar levels of mobility (travel time) for both LIM and non-LIM populations. The percent of drive alone, carpool, and transit peak period work trips accessible within 30 minutes would slightly decline for both LIM and non-LIM populations in a similar fashion. The percent of homes within a half-mile of a transit stop shows similar accessibility gains for both LIM and non-LIM populations.

Transit Mode Share

In addition, earlier this year, the SANDAG Board of Directors accepted peak period, home-to-work transit mode share goals for 14 subregional areas within the overall Urban Area as defined in the Urban Area Transit Strategy. The establishment of goals related to this performance measure requires a more detailed analysis to understand the results of the preliminary analysis. Mode share refers to the proportion of people using a particular mode, such as driving solo, using transit, carpooling, biking, or walking, for a particular trip. For example, if there is a five percent transit mode share in a particular area, that means that five percent of the trips in that area were made on transit. The map in Attachment 4 shows the mode share goal ranges by subregion in the Urban Area. Attachment 5 contains a table showing the projected peak period transit mode shares for the Urban Area and by subregion for each Scenario in comparison to existing transit mode shares (2008) and the 2050 goal ranges.

From a regional perspective, the four Scenarios are all projected to meet the overall Urban Area transit mode share goal range of 10 to 15 percent, with projected peak period transit mode shares of 10 percent in the first three Scenarios and 11 percent in the Fusion Scenario. This represents a doubling from the 2008 existing transit mode shares in the Urban Area, or an increase from about 58,000 daily peak period transit trips to approximately 114,000 daily peak period transit trips in the Fusion Scenario.
From a subregional perspective, all four Scenarios are projected to meet the subregional mode share goal ranges in six subareas: University City, Otay Mesa/Otay Ranch, North I-15 Corridor, Central Coastal Area, Coastal South Bay, and East County/Santee. The goals are not met by any of the Scenarios in four subareas: Downtown San Diego, the Central Core area, the Oceanside/Escondido Corridor area, and the North Central Coastal area. The goals are not met in one or more of the Scenarios for the remaining subareas.

In short, the Transit Emphasis Scenario and the Fusion Scenario meet the mode share goals in the highest number of subregional areas (8 and 9 areas, respectively), while the Rail/Freight Emphasis Scenario and the Highway Emphasis Scenario meet the mode share goals in fewer areas (7 areas each). The Transit Emphasis Scenario achieves the highest projected transit mode shares in downtown San Diego and the Central Core, although, as noted above, the projections come short of meeting the established goal ranges in these areas. The Fusion Scenario has the same or higher transit mode shares in University City, Sorrento Mesa, Kearny Mesa, the Central Coastal Area, and East County/El Cajon, and has the second highest mode shares in Downtown and the Central Core Area, following the Transit Emphasis Scenario. As mentioned above, the Fusion Scenario has the highest projected mode share for the overall Urban Area (11%).

Agenda Item #C proposes a menu of policy options that could be considered for inclusion in the 2050 RTP to enhance transit ridership and mode share in the overall Urban Area and subareas, and help further decrease vehicle miles traveled and greenhouse gas emissions.

**Initial Recommendations for Refinements to the Revenue Constrained Transportation Network Scenarios**

Based on feedback from the working groups, PACs, and the Board of Directors, proposed refinements to the initial Scenarios are outlined below.

Staff plans to further evaluate potential transit modifications of specific high capital cost projects (e.g., Downtown Trolley Tunnel, the Kearny Mesa Guideway, the new LRT projects, and the UTC rail tunnel). Because of funding limitations within the Scenarios, only a few of these projects could be implemented in each Scenario. Potential phasing strategies or project modifications could result in a higher number of projects being funded. In addition, the Rapid Bus system proposed in the Unconstrained Transportation Network seems to be highly cost-effective based on the ridership generated compared to capital costs. Over the next month, further analysis of phasing strategies and/or potential project modifications will be conducted to maximize the number of effective transit projects that can be funded throughout the urban area.

Highway modifications that staff plans to continue working on include adding the I-15 toll lanes between SR 78 and Riverside County and including more operational highway improvements. Additionally, staff will continue to evaluate modifications to specific highway corridors based on comments received. As the Scenarios are fully developed, staff will continue to coordinate highway and transit corridor improvements as phasing is more refined.
Next Steps

Based on feedback from working groups, PACs, and the Board of Directors, staff will refine the Scenarios and continue to evaluate their performance. The Revenue Constrained Transportation Network Scenarios will be presented to working groups and the Board of Directors in October. The Board of Directors will be asked to select a preferred Revenue Constrained Transportation Network Scenario in November. Once a preferred Revenue Constrained Network Scenario is selected, continued network refinements and performance evaluations will be made throughout the Draft 2050 RTP review period in 2011 to ensure the most effective and efficient transportation network is developed for final approval.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Attachments: 1. Draft 2050 RTP Revenue Constrained Network Scenarios - Transit Project List - October 8, 2010
2. Draft 2050 RTP Revenue Constrained Network Scenarios - Highway Project List - October 8, 2010
3. 2050 RTP Performance Measures: Preliminary Results
4. Map of 2050 Transit Mode Share Goal Ranges by Subregion
5. Draft 2050 RTP Projected Transit Mode Shares for Revenue Constrained Scenarios by Subregion

Key Staff Contacts: Heather Adamson Werdick, (619) 699-6967, hwe@sandag.org
Carolina Gregor, (619) 699-1989, cgr@sandag.org
Dave Schumacher, (619) 699-6906, dsc@sandag.org
### Draft 2050 RTP Revenue Constrained Network Scenarios

#### Transit Project List

October 8, 2010

<table>
<thead>
<tr>
<th>Scenario #1 Transit Emphasis</th>
<th>Scenario #2 Rail/Freight Emphasis</th>
<th>Scenario #3 Highway Emphasis</th>
<th>Scenario #4 Fusion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASELINE PROJECTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>TNET</td>
<td>Trolley - Mid-Coast LRT Extension (Rte 510)</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>TNET</td>
<td>Trolley - Trolley System Rehabilitation</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>TNET</td>
<td>BRT - North I-15 (Sabre Springs/Mira Mesa PNRs, Mid-City Stations) (Rte 610)</td>
<td>✓</td>
</tr>
<tr>
<td>4</td>
<td>TNET</td>
<td>BRT - Escondido-UTC via Mira Mesa Blvd (Rte 470 Project)</td>
<td>✓</td>
</tr>
<tr>
<td>5</td>
<td>TNET</td>
<td>BRT - South Bay BRT (Otay Mesa-Downtown) (Rte 628)</td>
<td>✓</td>
</tr>
<tr>
<td>6</td>
<td>TNET</td>
<td>Rapid - Mid-City Rapid - Phase 1</td>
<td>✓</td>
</tr>
<tr>
<td>7</td>
<td>TNET</td>
<td>South Bay Maintenance Facility</td>
<td>✓</td>
</tr>
<tr>
<td>8</td>
<td>TNET</td>
<td>Downtown BRT stations/layovers</td>
<td>✓</td>
</tr>
<tr>
<td><strong>NEW/EXPANDED PROJECTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>High Speed Rail (HSR) Commuter Rail Overlay - Temecula to Lindbergh ITC (Rte 598)</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>High Speed Rail (HSR) Intercity - Temecula to Lindbergh Field ITC</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>High Speed Rail (HSR) Extension from Lindbergh Field ITC to International Border</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>TNET</td>
<td>COASTER - Tunnel (Del Mar) (Rte 398)</td>
<td>✓</td>
</tr>
<tr>
<td>5</td>
<td>TNET</td>
<td>COASTER - Double Tracking (including Fairgrounds &amp; Convention Center Stations) (Rte 398) (partial TransNet funding)</td>
<td>✓</td>
</tr>
<tr>
<td>6</td>
<td>TNET</td>
<td>COASTER - Tunnel (UTC) and UTC COASTER Station (Rte 398)</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>TNET</td>
<td>COASTER - Positive Train Control</td>
<td>✓</td>
</tr>
<tr>
<td>8</td>
<td>TNET</td>
<td>SPRINTER - Double Tracking (Oceanside-Encinitas); rail grade separations assumed at El Camino Real, Vista Village, Melrose, and Mission/San Marcos SPRINTER Stations (Rte 399)</td>
<td>✓</td>
</tr>
<tr>
<td>9</td>
<td>TNET</td>
<td>SPRINTER - Branch Extensions to North County Fair (Rte 399)</td>
<td>✓</td>
</tr>
<tr>
<td>10</td>
<td>TNET</td>
<td>SPRINTER - Branch Extensions to East Escondido (Rte 399)</td>
<td>-</td>
</tr>
<tr>
<td>11</td>
<td>TNET</td>
<td>SPRINTER Express - Stops at Oceanside, Vista, Escondido Transit Centers (Rte 588)</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>TNET</td>
<td>Trolley - Blue Line Frequency Enhancements (grade separations at: Taylor St) (Rte 510)</td>
<td>✓</td>
</tr>
<tr>
<td>13</td>
<td>TNET</td>
<td>Trolley - Blue Line Frequency Enhancements (grade separations at: Palomar St, H St, E St, 32nd St, 28th St, Washington St/Sassafras St) (Rte 510)</td>
<td>✓</td>
</tr>
<tr>
<td>14</td>
<td>TNET</td>
<td>Trolley - Orange Line Frequency Enhancements (grade separations at: Allison/University, Severin Dr, Broadway/Lemon Grove Ave, Euclid Ave) (Rte 520)</td>
<td>✓</td>
</tr>
<tr>
<td>15</td>
<td>TNET</td>
<td>Trolley - Green Line Frequency Enhancements (Rte 530)</td>
<td>✓</td>
</tr>
<tr>
<td>16</td>
<td>TNET</td>
<td>Trolley - Downtown Trolley Tunnel between Park/Island and Ad H St (facilitates frequency enhancements for Blue/Orange Lines and Blue/Orange Express) (Rt 510 &amp; 520)</td>
<td>✓</td>
</tr>
<tr>
<td>17</td>
<td>TNET</td>
<td>Trolley - Downtown Bus Tunnel and Hubs</td>
<td>-</td>
</tr>
<tr>
<td>18</td>
<td>TNET</td>
<td>Trolley Express - Blue Line Express - UTC to San Ysidro via Downtown (Rte 540)</td>
<td>✓</td>
</tr>
<tr>
<td>19</td>
<td>TNET</td>
<td>Trolley Express - Orange Line Express - El Cajon to Downtown San Diego via Euclid (Rte 522)</td>
<td>✓</td>
</tr>
<tr>
<td>20</td>
<td>TNET</td>
<td>Trolley Express - H St Trolley Station (formerly EUC) to UTC via Mid-City, Kearny Mesa (Rte 566)</td>
<td>-</td>
</tr>
<tr>
<td>21</td>
<td>TNET</td>
<td>Trolley - SDSU to Downtown via El Cajon Blvd/Mid-City (transition of Mid-City Rapid to LRT) (Rte 560)</td>
<td>✓</td>
</tr>
<tr>
<td>22</td>
<td>TNET</td>
<td>Trolley - Pacfic Beach to El Cajon via Kearny Mesa, Mission Valley, SDSU (Rte 563)</td>
<td>-</td>
</tr>
<tr>
<td>23</td>
<td>TNET</td>
<td>Trolley - SDSU to San Ysidro via East San Diego, SE San Diego, National City (Rte 550)</td>
<td>-</td>
</tr>
<tr>
<td>24</td>
<td>TNET</td>
<td>Trolley - UTC to H St Trolley Station via Kearny Mesa, Mission Valley, Mid-City, National City (Rte 562)</td>
<td>-</td>
</tr>
<tr>
<td>25</td>
<td>TNET</td>
<td>Trolley - UTC to Mira Mesa via Sorrento Mesa (Rte 561)</td>
<td>-</td>
</tr>
<tr>
<td>26</td>
<td>TNET</td>
<td>Trolley - Otay Mesa East Border Crossing to western Chula Vista via Otay Ranch/Millenia (Rte 564)</td>
<td>-</td>
</tr>
<tr>
<td>27</td>
<td>TNET</td>
<td>Guideway- Kearny Mesa Guideway (facilitates direct access for BRT, Rapid Bus, and local bus - Rtes 120, 610, 640, 652)</td>
<td>✓</td>
</tr>
<tr>
<td>28</td>
<td>TNET</td>
<td>BRT - Otay Mesa to Sorrento Mesa via I-805, Kearny Mesa (TransNet Rte 680)</td>
<td>✓</td>
</tr>
<tr>
<td>29</td>
<td>TNET</td>
<td>BRT - I-5 - San Ysidro to Kearny Mesa via I-5 shoulder lanes/HOV lanes, Downtown, Kearny Mesa Guideway (Rte 640)</td>
<td>✓</td>
</tr>
<tr>
<td>30</td>
<td>TNET</td>
<td>BRT - Downtown to UTC via Kearny Mesa Guideway/I-805 (Rte 652)</td>
<td>✓</td>
</tr>
<tr>
<td>31</td>
<td>TNET</td>
<td>BRT - El Cajon to UTC/Campus Pt via Santee, SR 52, I-805 (Rte 870) (Peak only)</td>
<td>✓</td>
</tr>
<tr>
<td>32</td>
<td>TNET</td>
<td>BRT - Oceanside to Escondido via SR 78 HOV Lanes (Rte 430)</td>
<td>✓</td>
</tr>
<tr>
<td>33</td>
<td>TNET</td>
<td>BRT - Chula Vista to Palomar Airport Road Bus, Park via I-805/5 (Rte 650) (Peak Only)</td>
<td>-</td>
</tr>
<tr>
<td>34</td>
<td>TNET</td>
<td>BRT - El Cajon to Sorrento Mesa via SR 52, Kearny Mesa (Rte 890)</td>
<td>✓</td>
</tr>
<tr>
<td>35</td>
<td>TNET</td>
<td>BRT - El Cajon to Otay Mesa via Spring Valley, SR 125, Millenia (Rte 692)</td>
<td>-</td>
</tr>
<tr>
<td>36</td>
<td>TNET</td>
<td>BRT - Mid City to Palomar Airport Road via Kearny Mesa/I-805/I-5 (Rte 653) (Peak Only)</td>
<td>✓</td>
</tr>
<tr>
<td>37</td>
<td>TNET</td>
<td>BRT - Oceanside to UTC via I-5, Carlsbad, Encinitas (Rte 940) (Peak Only)</td>
<td>✓</td>
</tr>
<tr>
<td>38</td>
<td>TNET</td>
<td>BRT - Santee/El Cajon Transit Centers to Downtown via SR 94 (Rte 90)</td>
<td>✓</td>
</tr>
<tr>
<td>39</td>
<td>TNET</td>
<td>BRT - Millenia/Otay Ranch to Sorrento Mesa Express (Rte 688)</td>
<td>✓</td>
</tr>
<tr>
<td>Scenario #</td>
<td>TRANSIT PROJECTS</td>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
</tr>
<tr>
<td>------------</td>
<td>------------------</td>
<td>------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>40</td>
<td>BRT - Millenia/Otay Ranch to UTC/Torrey Pines Express (Rte 689)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>41</td>
<td>Rapid - Mid-City Rapid – Phase 2 Balboa Park (Rte 15)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>42</td>
<td>Rapid - Oceanside to UTC via Hwy 101 Coastal Communities, Carmel Valley (Rte 473)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>43</td>
<td>Rapid - Old Town to Sorrento Mesa via Pacific Beach, La Jolla, UTC (Rte 30)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>44</td>
<td>Rapid - Carlsbad to San Marcos via Palomar Airport Road Corridor (Rte 440)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>45</td>
<td>Rapid - La Mesa to Ocean Beach via Mid-City, Hillcrest, Old Town (Rte 10)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>46</td>
<td>Rapid - Coronado to Downtown via Coronado Bridge (Rte 910)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>47</td>
<td>Rapid - Point Loma to Kearny Mesa via Old Town, Linda Vista (Rte 28)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>48</td>
<td>Rapid - Spring Valley to SDSU via SE San Diego, Downtown, Hillcrest, Mid-City (Rte 11)</td>
<td>−</td>
<td>✓</td>
</tr>
<tr>
<td>49</td>
<td>Rapid - Fashion Valley to UTC/UCLA via Linda Vista and Clairemont (Rte 41)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>50</td>
<td>Rapid - SDSU to Spring Valley via East San Diego, Lemon Grove, Skyline (Rte 636)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>51</td>
<td>Rapid - North Park to 32nd Street Trolley via Golden Hill (Rte 637)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>52</td>
<td>Rapid - Downtown Escondido to East Escondido (Rte 471)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>53</td>
<td>Rapid - Eastlake/EUC to Palomar Trolley via Main Street Corridor (Rte 635)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>54</td>
<td>Rapid - San Ysidro to Otay Mesa via Otay, SR 905 Corridor (Rte 638)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>55</td>
<td>Rapid - Otay to North Island via Imperial Beach and Silver Strand, Coronado (Rte 639)</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>56</td>
<td>Rapid - H Street Trolley to Millenia via H Street Corridor, Southwestern College (Rte 709)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>57</td>
<td>Rapid -North Park to Downtown San Diego via 30th St (Rte 2)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>58</td>
<td>Rapid - Oceanside to Vista via Mission Ave/Santa Fe Road Corridor (Rte 474)</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>59</td>
<td>Rapid - Camp Pendleton to Carlsbad Village via College Blvd, Plaza Camino Real (Rte 477)</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>60</td>
<td>Rapid - Kearny Mesa to Downtown via KM Guideway (Rte 120)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>61</td>
<td>Rapid - UTC Area Super Loop (Rte 180)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>62</td>
<td>Rapid - Escondido to Del Lago via Escondido Blvd &amp; Bear Valley (Rte 350)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>63</td>
<td>Streetcar - Hillcrest/Balboa Park/Downtown San Diego Loop (Rte 554)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>64</td>
<td>Streetcar - 30th St to Downtown San Diego via North Park/Golden Hill (Rte 555)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>65</td>
<td>Streetcar - Downtown San Diego: Little Italy to East Village (Rte 553)</td>
<td>✓</td>
<td>−</td>
</tr>
<tr>
<td>66</td>
<td>Streetcar - El Cajon Downtown (Rte 557)</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>67</td>
<td>Streetcar - Chula Vista Downtown (Rte 551)</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>68</td>
<td>Streetcar - Escondido Downtown (Rte 558)</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>69</td>
<td>Streetcar - National City Downtown (Rte 552)</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>70</td>
<td>Streetcar - Oceanside Downtown (Rte 559)</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>71</td>
<td>Streetcar - Mission Beach to La Jolla via Pacific Beach (Rte 565)</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>72</td>
<td>Shuttles - San Marcos</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>73</td>
<td>Local Bus Routes - 10 min in key corridors</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>74</td>
<td>Feeder Bus System</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>75</td>
<td>Kearny Mesa Street Network Upgrades to Support Transit, Bike and Pedestrian, and SeaWorld Pedestrian Bridge</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>76</td>
<td>Lindbergh Intermodal Transit Center (ITC)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>77</td>
<td>San Ysidro Intermodal Center</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>78</td>
<td>Otay Mesa East Intermodal Transit Center</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>79</td>
<td>Bike/Pedestrian Access Improvements</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>80</td>
<td>Other (Maintenance facilities, transit system rehab, park and ride, ITS)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Scenario #1</td>
<td>Scenario #2</td>
<td>Scenario #3</td>
<td>Scenario #4</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>BASELINE PROJECTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Route</strong></td>
<td><strong>From</strong></td>
<td><strong>To</strong></td>
<td><strong>Existing</strong></td>
</tr>
<tr>
<td>1</td>
<td>TNET</td>
<td>I-15</td>
<td>SR 163</td>
</tr>
<tr>
<td>2</td>
<td>TNET</td>
<td>I-15</td>
<td>Centre City Pkwy</td>
</tr>
<tr>
<td>3</td>
<td>TNET</td>
<td>SR 76</td>
<td>Melrose Drive</td>
</tr>
<tr>
<td>4</td>
<td>TNET</td>
<td>SR 905</td>
<td>I-805</td>
</tr>
<tr>
<td><strong>FREEWAY/ HIGHWAY IMPROVEMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Route</strong></td>
<td><strong>From</strong></td>
<td><strong>To</strong></td>
<td><strong>Existing</strong></td>
</tr>
<tr>
<td>1</td>
<td>TNET</td>
<td>I-5</td>
<td>SR 905</td>
</tr>
<tr>
<td>2a</td>
<td>TNET</td>
<td>I-5</td>
<td>SR 54</td>
</tr>
<tr>
<td>2b</td>
<td>TNET</td>
<td>I-5</td>
<td>SR 54</td>
</tr>
<tr>
<td>3</td>
<td>TNET</td>
<td>I-5</td>
<td>I-15</td>
</tr>
<tr>
<td>4</td>
<td>TNET</td>
<td>I-5</td>
<td>I-8</td>
</tr>
<tr>
<td>5</td>
<td>TNET</td>
<td>I-5</td>
<td>La Jolla Village Dr</td>
</tr>
<tr>
<td>6</td>
<td>TNET</td>
<td>I-5</td>
<td>I-5/I-805 Merge</td>
</tr>
<tr>
<td>7a</td>
<td>I-5</td>
<td>SR 56</td>
<td>Palomar Airport Rd</td>
</tr>
<tr>
<td>7b</td>
<td>TNET</td>
<td>I-5</td>
<td>SR 56</td>
</tr>
<tr>
<td>8a</td>
<td>TNET</td>
<td>I-5</td>
<td>Palomar Airport Rd</td>
</tr>
<tr>
<td>8b</td>
<td>TNET</td>
<td>I-5</td>
<td>Palomar Airport Rd</td>
</tr>
<tr>
<td>9</td>
<td>I-5</td>
<td>Vandegrift Boulevard</td>
<td>Orange County</td>
</tr>
<tr>
<td>10</td>
<td>I-8</td>
<td>I-5</td>
<td>I-15</td>
</tr>
<tr>
<td>11</td>
<td>I-8</td>
<td>I-15</td>
<td>SR 125</td>
</tr>
<tr>
<td>12</td>
<td>I-8</td>
<td>SR 125</td>
<td>2nd Street</td>
</tr>
<tr>
<td>13</td>
<td>TNET</td>
<td>I-8</td>
<td>2nd Street</td>
</tr>
<tr>
<td>14</td>
<td>I-8</td>
<td>Los Coches</td>
<td>Dunbar Rd</td>
</tr>
<tr>
<td>15</td>
<td>SR 11</td>
<td>I-805</td>
<td>Mexico</td>
</tr>
<tr>
<td>16a</td>
<td>TNET</td>
<td>SR 15</td>
<td>I-5</td>
</tr>
<tr>
<td>16b</td>
<td>TNET</td>
<td>I-15</td>
<td>SR 94</td>
</tr>
<tr>
<td>17</td>
<td>TNET</td>
<td>SR 15</td>
<td>Viaduct</td>
</tr>
<tr>
<td>18</td>
<td>TNET</td>
<td>SR 15</td>
<td>I-8</td>
</tr>
<tr>
<td>19</td>
<td>I-15</td>
<td>SR 78</td>
<td>Riverside County</td>
</tr>
<tr>
<td>20</td>
<td>SR 52</td>
<td>I-5</td>
<td>I-805</td>
</tr>
<tr>
<td>21</td>
<td>TNET</td>
<td>SR 52</td>
<td>I-805</td>
</tr>
<tr>
<td>22a</td>
<td>TNET</td>
<td>SR 52</td>
<td>I-15</td>
</tr>
<tr>
<td>22b</td>
<td>TNET</td>
<td>SR 52</td>
<td>I-15</td>
</tr>
<tr>
<td>23</td>
<td>TNET</td>
<td>SR 52</td>
<td>SR 125</td>
</tr>
<tr>
<td>24a</td>
<td>TNET</td>
<td>SR 54</td>
<td>I-5</td>
</tr>
<tr>
<td>24b</td>
<td>TNET</td>
<td>SR 54</td>
<td>I-5</td>
</tr>
<tr>
<td>25a</td>
<td>TNET</td>
<td>SR 56</td>
<td>I-5</td>
</tr>
<tr>
<td>25b</td>
<td>TNET</td>
<td>SR 56</td>
<td>I-5</td>
</tr>
<tr>
<td>26</td>
<td>SR 67</td>
<td>I-8</td>
<td>Mapleview St</td>
</tr>
<tr>
<td>27</td>
<td>TNET</td>
<td>SR 67</td>
<td>Mapleview St</td>
</tr>
<tr>
<td>28</td>
<td>SR 76</td>
<td>I-5</td>
<td>Melrose Drive</td>
</tr>
<tr>
<td>29</td>
<td>SR 76</td>
<td>Melrose Drive</td>
<td>Mission Rd</td>
</tr>
<tr>
<td>30a</td>
<td>SR 76</td>
<td>I-15</td>
<td>Couser Canyon</td>
</tr>
<tr>
<td>31</td>
<td>TNET</td>
<td>SR 78</td>
<td>I-5</td>
</tr>
<tr>
<td>32</td>
<td>TNET</td>
<td>SR 94</td>
<td>I-5</td>
</tr>
<tr>
<td>33a</td>
<td>TNET</td>
<td>SR 94</td>
<td>I-805</td>
</tr>
<tr>
<td>33b</td>
<td>TNET</td>
<td>SR 94</td>
<td>I-805</td>
</tr>
<tr>
<td>34</td>
<td>TNET</td>
<td>SR 94</td>
<td>College Ave</td>
</tr>
<tr>
<td>35</td>
<td>TNET</td>
<td>SR 94</td>
<td>SR 125</td>
</tr>
<tr>
<td>36</td>
<td>TNET</td>
<td>SR 94</td>
<td>Avocado Blvd</td>
</tr>
<tr>
<td>37</td>
<td>Partial TNET</td>
<td>SR 94</td>
<td>Jamacha Rd</td>
</tr>
<tr>
<td>38</td>
<td>SR 94</td>
<td>Steele Canyon Rd</td>
<td>Melody Rd</td>
</tr>
<tr>
<td>39</td>
<td>SR 125</td>
<td>SR 905</td>
<td>San Miguel Rd</td>
</tr>
<tr>
<td>40</td>
<td>SR 125</td>
<td>San Miguel Rd</td>
<td>SR 54</td>
</tr>
<tr>
<td>41a</td>
<td>SR 125</td>
<td>SR 54</td>
<td>SR 94</td>
</tr>
<tr>
<td>41b</td>
<td>TNET</td>
<td>SR 125</td>
<td>SR 54</td>
</tr>
<tr>
<td>42a</td>
<td>TNET</td>
<td>SR 125</td>
<td>SR 94</td>
</tr>
<tr>
<td>42b</td>
<td>TNET</td>
<td>SR 125</td>
<td>SR 94</td>
</tr>
</tbody>
</table>
### HIGHWAY PROJECTS

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
<th>Scenario #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Emphasis</td>
<td>Rail/Freight Emphasis</td>
<td>Highway Emphasis</td>
<td>Fusion</td>
</tr>
</tbody>
</table>

### FREEWAY CONNECTORS

<table>
<thead>
<tr>
<th>Fwy</th>
<th>Intersecting Freeway</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I-5</td>
<td>East to North</td>
</tr>
<tr>
<td>2</td>
<td>I-5</td>
<td>South to West</td>
</tr>
<tr>
<td>3</td>
<td>TNET I-5 SR 56</td>
<td>West to North</td>
</tr>
<tr>
<td>4</td>
<td>TNET I-5 SR 56</td>
<td>South to East</td>
</tr>
<tr>
<td>5</td>
<td>TNET I-5 SR 78</td>
<td>South to East</td>
</tr>
<tr>
<td>6</td>
<td>TNET I-5 SR 78</td>
<td>West to South</td>
</tr>
<tr>
<td>7</td>
<td>I-5</td>
<td>North to East</td>
</tr>
<tr>
<td>8</td>
<td>I-15</td>
<td>North to West</td>
</tr>
<tr>
<td>9</td>
<td>TNET SR 94 SR 125</td>
<td>West to North</td>
</tr>
<tr>
<td>10</td>
<td>TNET SR 94 SR 125</td>
<td>South to East</td>
</tr>
</tbody>
</table>

### HOV CONNECTORS

<table>
<thead>
<tr>
<th>Route</th>
<th>Intersecting Freeway</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I-5</td>
<td>North to North and South to South</td>
</tr>
<tr>
<td>2</td>
<td>I-5</td>
<td>West to South and North to East</td>
</tr>
<tr>
<td>3</td>
<td>I-5</td>
<td>South to East and West to North</td>
</tr>
<tr>
<td>4</td>
<td>I-5</td>
<td>South to East and West to North</td>
</tr>
<tr>
<td>5</td>
<td>I-5</td>
<td>North to East and West to South</td>
</tr>
<tr>
<td>6</td>
<td>I-5</td>
<td>South to East and West to North</td>
</tr>
<tr>
<td>7</td>
<td>I-5</td>
<td>North to East and West to South</td>
</tr>
<tr>
<td>8</td>
<td>TNET I-5 I-805</td>
<td>North to North and South to South</td>
</tr>
<tr>
<td>9</td>
<td>I-15</td>
<td>West to North and South to East</td>
</tr>
<tr>
<td>10</td>
<td>I-15</td>
<td>West to South and North to East</td>
</tr>
<tr>
<td>11</td>
<td>I-15</td>
<td>East to North and South to West</td>
</tr>
<tr>
<td>12</td>
<td>TNET I-15 SR 78</td>
<td>East to South and North to West</td>
</tr>
<tr>
<td>13</td>
<td>TNET I-15 SR 94</td>
<td>East to North and South to West</td>
</tr>
<tr>
<td>14</td>
<td>I-15</td>
<td>North to North and South to South</td>
</tr>
<tr>
<td>15</td>
<td>I-15</td>
<td>North to North and South to South</td>
</tr>
<tr>
<td>16</td>
<td>SR 52 SR 125</td>
<td>North to West and East to South</td>
</tr>
<tr>
<td>17</td>
<td>SR 94 SR 125</td>
<td>East to North and South to West</td>
</tr>
<tr>
<td>18</td>
<td>I-805 SR 52</td>
<td>South to East and West to East</td>
</tr>
<tr>
<td>19</td>
<td>I-805 SR 54</td>
<td>South to East and West to North</td>
</tr>
<tr>
<td>20</td>
<td>I-805 SR 94</td>
<td>East to South and North to West</td>
</tr>
<tr>
<td>21</td>
<td>I-805 SR 94</td>
<td>West to South and North to East</td>
</tr>
<tr>
<td>22</td>
<td>I-805 SR 94</td>
<td>East to North and South to East</td>
</tr>
<tr>
<td>23</td>
<td>I-805 SR 163</td>
<td>North to North and South to South</td>
</tr>
</tbody>
</table>

Note: Project labeled as a, b, c or d indicate different levels of investments. TransNet projects are included in all scenarios with the exception of the I-805 corridor where different improvements are being tested in some scenarios.
## Goals and Performance Measures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SYSTEM PRESERVATION AND SAFETY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Annual projected number of vehicle injury/fatal collisions per capita</td>
<td>7.08</td>
<td>7.21</td>
<td>7.11</td>
<td>7.09</td>
<td>7.13</td>
<td>7.11</td>
</tr>
<tr>
<td>2 Annual projected number of bicycle/pedestrian injury/fatal collisions per capita</td>
<td>0.66</td>
<td>0.57</td>
<td>0.56</td>
<td>0.56</td>
<td>0.56</td>
<td>0.56</td>
</tr>
<tr>
<td>3 Percent of transportation investments toward maintenance and rehabilitation</td>
<td>Data Under Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Percent of transportation investments toward operational improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MOBILITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Average work trip travel time (in minutes)</td>
<td>25</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>6 Average work trip travel speed by mode (in m.p.h.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>32</td>
<td>27</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Carpool</td>
<td>33</td>
<td>28</td>
<td>35</td>
<td>34</td>
<td>36</td>
<td>35</td>
</tr>
<tr>
<td>Transit</td>
<td>10</td>
<td>10</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>7 Percent of work and higher education trips accessible in 30 minutes in peak periods by mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>74%</td>
<td>68%</td>
<td>68%</td>
<td>68%</td>
<td>68%</td>
<td>68%</td>
</tr>
<tr>
<td>Carpool</td>
<td>75%</td>
<td>70%</td>
<td>75%</td>
<td>74%</td>
<td>77%</td>
<td>74%</td>
</tr>
<tr>
<td>Transit</td>
<td>7%</td>
<td>8%</td>
<td>14%</td>
<td>13%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>8 Percent of non work-related trips accessible in 15 minutes by mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>72%</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Carpool</td>
<td>72%</td>
<td>68%</td>
<td>68%</td>
<td>68%</td>
<td>68%</td>
<td>68%</td>
</tr>
<tr>
<td>Transit</td>
<td>4%</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>9 Out-of-pocket user costs per trip</td>
<td>$1.85</td>
<td>$1.67</td>
<td>$1.86</td>
<td>$1.86</td>
<td>$1.86</td>
<td>$1.86</td>
</tr>
<tr>
<td>10 Number of interregional transit routes by service type</td>
<td>9</td>
<td>16</td>
<td>41</td>
<td>30</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>11 Network enhancements by freight mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freight capacity acreage</td>
<td>469</td>
<td>469</td>
<td>473</td>
<td>473</td>
<td>473</td>
<td>473</td>
</tr>
<tr>
<td><strong>PROSPEROUS ECONOMY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Net benefits</td>
<td>Data Under Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Return on investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Economic impacts</td>
<td>Data Under Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RELIABILITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Congested vehicle miles of travel (VMT)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of total auto travel in congested conditions (peak periods)</td>
<td>14%</td>
<td>28%</td>
<td>16%</td>
<td>17%</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td>Percent of total auto travel in congested conditions (all day)</td>
<td>6%</td>
<td>11%</td>
<td>10%</td>
<td>11%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Percent of total transit travel in congested conditions (peak periods)</td>
<td>5%</td>
<td>11%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Percent of total transit travel in congested conditions (all day)</td>
<td>5%</td>
<td>9%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>16 Daily vehicle delay per capita (minutes)</td>
<td>2.80</td>
<td>8.40</td>
<td>4.62</td>
<td>4.78</td>
<td>3.64</td>
<td>4.68</td>
</tr>
<tr>
<td>17 Daily truck hours of delay</td>
<td>5,344</td>
<td>32,314</td>
<td>15,830</td>
<td>16,457</td>
<td>10,828</td>
<td>16,157</td>
</tr>
<tr>
<td><strong>HEALTHY ENVIRONMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Gross acres of constrained lands consumed for transit and highway infrastructure</td>
<td>Data Under Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 On-road fuel consumption (all day) per capita</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 Smog-forming pollutants (pounds/year) per capita</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 Systemwide VMT (all day) per capita</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23 Transit passenger miles (all day) per capita</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 Percent of peak-period trips within 1/2 mile of a transit stop</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 Percent of daily trips within 1/2 mile of transit stop</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26 Work trip mode share (peak periods)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>80.8%</td>
<td>82.4%</td>
<td>77.4%</td>
<td>77.3%</td>
<td>77.8%</td>
<td>77.2%</td>
</tr>
<tr>
<td>Carpool</td>
<td>10.8%</td>
<td>10.3%</td>
<td>11.5%</td>
<td>11.6%</td>
<td>11.5%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Transit</td>
<td>6.1%</td>
<td>5.1%</td>
<td>9.0%</td>
<td>9.1%</td>
<td>8.8%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Bike/Walk</td>
<td>2.3%</td>
<td>2.2%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------</td>
<td>-----------------</td>
<td>------------------------</td>
<td>-----------------------------</td>
<td>-----------------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>HEALTHY ENVIRONMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27 Work trip mode share (all day)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>80.9%</td>
<td>82.7%</td>
<td>78.5%</td>
<td>78.3%</td>
<td>78.7%</td>
<td>78.2%</td>
</tr>
<tr>
<td>Carpool</td>
<td>10.8%</td>
<td>10.2%</td>
<td>10.8%</td>
<td>11.0%</td>
<td>10.8%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Transit</td>
<td>5.7%</td>
<td>4.7%</td>
<td>8.5%</td>
<td>8.5%</td>
<td>8.2%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Bike/Walk</td>
<td>2.6%</td>
<td>2.4%</td>
<td>2.2%</td>
<td>2.3%</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>28 Non work trip mode share (peak periods)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>45.1%</td>
<td>45.8%</td>
<td>45.1%</td>
<td>45.1%</td>
<td>45.2%</td>
<td>45.2%</td>
</tr>
<tr>
<td>Carpool</td>
<td>49.4%</td>
<td>49.5%</td>
<td>49.9%</td>
<td>49.9%</td>
<td>49.9%</td>
<td>49.9%</td>
</tr>
<tr>
<td>Transit</td>
<td>0.8%</td>
<td>0.6%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.8%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Bike/Walk</td>
<td>3.5%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>29 Non work trip mode share (all day)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>53.3%</td>
<td>54.1%</td>
<td>53.4%</td>
<td>53.4%</td>
<td>53.5%</td>
<td>53.4%</td>
</tr>
<tr>
<td>Carpool</td>
<td>46.5%</td>
<td>46.3%</td>
<td>46.6%</td>
<td>46.6%</td>
<td>46.6%</td>
<td>46.6%</td>
</tr>
<tr>
<td>Transit</td>
<td>0.9%</td>
<td>0.6%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Bike/Walk</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>30 Total bike and walk trips</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 CO2 emissions per capita</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Data Under Development*
Values represent peak period home-to-work transit mode share for destination districts.
## Draft 2050 Regional Transportation Plan

### Projected Transit Mode Shares for Revenue Constrained Scenarios by Subregion

#### Peak Period, Home-to-Work Transit Mode Share

<table>
<thead>
<tr>
<th>Identified Corridors/Areas</th>
<th>Baseline</th>
<th>Goals</th>
<th>Projected Performance of Revenue Constrained Transportation Scenarios</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008 Existing Transit</td>
<td>2050 Peak-Period Transit Mode Share Goal Ranges</td>
<td>2050 No Build Transit Network</td>
</tr>
<tr>
<td>Major Employment Areas</td>
<td>24%</td>
<td>30% +</td>
<td>23%</td>
</tr>
<tr>
<td>Downtown San Diego</td>
<td>3%</td>
<td>15%-20%</td>
<td>8%</td>
</tr>
<tr>
<td>University City</td>
<td>2%</td>
<td>10%-15%</td>
<td>4%</td>
</tr>
<tr>
<td>Sorrento Mesa</td>
<td>3%</td>
<td>10%-15%</td>
<td>4%</td>
</tr>
<tr>
<td>Kearny Mesa</td>
<td>3%</td>
<td>5%-10%</td>
<td>3%</td>
</tr>
<tr>
<td>Otay Mesa/Otay Ranch</td>
<td>1%</td>
<td>5%-10%</td>
<td>1%</td>
</tr>
<tr>
<td>Palomar Airport</td>
<td>12%</td>
<td>20%-25%</td>
<td>12%</td>
</tr>
<tr>
<td>High Activity Areas</td>
<td>3%</td>
<td>10%-15%</td>
<td>3%</td>
</tr>
<tr>
<td>Central Core</td>
<td>1%</td>
<td>5%-10%</td>
<td>2%</td>
</tr>
<tr>
<td>Oceanside/Escondido Corridor</td>
<td>2%</td>
<td>10%-15%</td>
<td>2%</td>
</tr>
<tr>
<td>Central Coastal Area</td>
<td>5%</td>
<td>10%-15%</td>
<td>7%</td>
</tr>
<tr>
<td>Coastal South Bay</td>
<td>8%</td>
<td>10%-15%</td>
<td>9%</td>
</tr>
<tr>
<td>East County/El Cajon</td>
<td>4%</td>
<td>10%-15%</td>
<td>6%</td>
</tr>
<tr>
<td>East County/Santee</td>
<td>3%</td>
<td>5%-10%</td>
<td>4%</td>
</tr>
<tr>
<td>Urban Area Transit Strategy Study Area</td>
<td>5%</td>
<td>10%-15%</td>
<td>6%</td>
</tr>
</tbody>
</table>

1 Values represent peak period home-to-work trip transit mode share for destination districts.
2050 REGIONAL TRANSPORTATION PLAN: DRAFT POLICY OPTIONS
TO SUPPORT THE TRANSIT NETWORK

Introduction

In conjunction with the preparation of the various Revenue Constrained scenarios for the 2050 Regional Transportation Plan (RTP), SANDAG is preparing a menu of policy options that could be considered for inclusion in the RTP and/or the Sustainable Communities Strategy (SCS) component of the RTP to support the transit network that ultimately becomes part of the overall transportation network. The Urban Area Transit Strategy has served as the key input to the transit component of the RTP. Until now, the planning process has focused primarily on the development of the transit network. However, related transportation and land use policies and strategies can create incentives (or disincentives) to use transit, and therefore influence the success of the regional transit system and transit mode share. The performance of the transit system, in turn, can also help achieve regional, state, federal, and legislative goals related to smart growth, greenhouse gas emissions, and sustainability.

A menu of policy options to support the transit network is attached (Attachment 1). The major policy questions explored in the report include:

1. Should parking be a high priority topic to be considered at the regional level?
2. How can SANDAG support local jurisdictions that are interested in furthering their efforts to implement smart growth and concentrate employment in key locations?
3. To what extent should SANDAG take a leadership role in initiating funding discussions that support more localized transit options?

Last month, the Regional Planning Technical Working Group (TWG), Cities/County Transportation Advisory Committee (CTAC), and Regional Planning Stakeholders Working Group (SWG) participated in an interactive activity to help initiate discussion on the policy options. In addition, a workshop geared toward the planning and design community is planned later this month as part of the outreach process for the RTP and the SCS.
Following a presentation on the results from the TWG, CTAC, and SWG activity regarding the menu of policy options, the Regional Planning and Transportation Committees are requested to discuss the policy options as well. In particular, the Committees are asked to discuss if there is sufficient support to test the impact of specific policy options on the performance of the Revenue Constrained Transportation Network Scenarios, and ultimately the Preferred Scenario through the transportation model.

**Discussion**

Attachment 1, entitled Draft Menu of Policy Options to Support the Transit Network, contains a menu of policy options associated with parking, land use, and funding. The report focuses on these three topics because research and case studies indicate that policies in these areas seem to have a greater potential to influence transit ridership, vehicle miles traveled (VMT), transit mode share, and possibly greenhouse gas (GHG) emissions than policies in other areas. The report also includes relevant information on transit fares, services, and facilities to maximize the effectiveness of the transit network.

Earlier this year, the SANDAG Board accepted transit mode share goals for geographic subregions within the urbanized area of the region (Attachment 2). Agenda Item B includes a preliminary assessment of how each of the initial four Revenue Constrained Transportation Network Scenarios performed according to these and other measures. It should be noted that while all four Scenarios are projected to meet the overall Urban Area peak-period transit mode share goal, only about one-half of the subregional areas are projected to meet the mode share goals. The policies proposed in Attachment 1 could further influence the performance of the transit network, although each policy may have varying levels of influence.

A table summarizing all of the policy options is included in the last several pages of Attachment 1. In all, twenty policies are proposed in the three policy categories (parking, land use, and funding).

Last month, TWG, CTAC, and SWG members were asked to provide input on the menu of policy options through participation in an interactive activity. (The TWG and CTAC met jointly on September 21, 2010, in the SANDAG Board Room, and the SWG met immediately afterward in the same location.) The activity consisted of each working group member receiving ten dots, which they were then asked to place next to the policy options they most supported. The policy options were listed on large boards throughout the Board Room. Flip charts were also available for participants to write down comments. After the activity, the dots were counted for each policy option, and facilitated discussions were held. The interactive activity was intended to provide a starting point for discussion by policymakers for possible consideration in the RTP and SCS.

**Input by Working Groups**

Interestingly, TWG, CTAC, and SWG members placed similar levels of priority on the policy options. The following policies received the highest levels of support, and are arranged in order of total dots received.\(^1\) Key discussion points are summarized below each table.

---

\(^1\) Working group alternates and members of the public that were present at the meetings were invited to participate in the activity. The results cited in the tables include tallies by working group members only; however, results did not significantly vary when tallies by alternates and members of the public were factored in.
## Parking Policies

<table>
<thead>
<tr>
<th>Rank</th>
<th>Parking Policy</th>
<th>Total Dots</th>
<th>TWG/CTAC</th>
<th>SWG</th>
</tr>
</thead>
</table>
| 1    | Create a tool box of localized parking strategies and policies for local jurisdictions that may include:  
  - Parking pricing (on- and off-street)  
  - Zoning to reduce/eliminate parking minimums  
  - Zoning to reduce parking maximums  
  - Employer parking cost cash-outs  
  - Unbundling of parking costs from housing costs in targeted areas  
  - Local parking districts  
  - Others as requested by local jurisdictions | 37         | 23       | 14  |
| 2    | Support a remote parking program tied to transit service                         | 33         | 14       | 19  |
| 3    | Establish grant programs to fund local parking utilization surveys and provide technical assistance to jurisdictions and transit operators within the SANDAG jurisdiction to promote changes in parking management and zoning requirements related to parking | 31         | 20       | 11  |
| 4    | Encourage a regional employer/business assessment on employer-provided parking to be used for transit improvements or transit pass subsidies | 26         | 16       | 10  |
| 5    | Establish regional policies promoting shared parking, especially at transit stations | 18         | 8        | 10  |
| 6    | Establish programs to measure and document the amount of parking available in selected areas of the region and use this sample as a baseline to track changes in parking supply over the long-term | 15         | 6        | 9   |
| 7    | Organize the region into subregional areas, and in collaboration with affected jurisdictions, develop guidelines for parking availability and pricing for each subregion | 14         | 11       | 3   |
| 8    | Initiate regional education programs regarding the effects of free parking on congestion and mode choice | 11         | 6        | 5   |
| 9    | Initiate discussion regarding the establishment of long-term goals for a reduction in parking spaces per capita | 9          | 8        | 1   |
| 9    | Establish Transportation Management Associations in key employment or urban locations | 9          | 5        | 4   |

The following points were made during the discussion on parking policies:

- The “tool box” approach likely received the highest ranking because it can provide a range of choices and options to different types of communities across the region (large and small). Grant programs that support the tool box also are very helpful.
- The Seattle example described in the report shows how Seattle transitioned over time toward greater parking restrictions and better transit service and how the results, in the long-term, have been favorable. The region should consider a “parking strategy roadmap” to initiate change as an incremental approach.
- If the region is going to pursue implementation of parking fees at employment sites, the effort should be coordinated at the regional level and tied to transit availability.
- The region should test parking fees for bonding capacity at public institutions first, such as city halls, airports, and universities.
- Data to support the reduction of parking is important.
Funds generated from parking fees should be used to support fare-free transit zones.
Funds generated from parking fees should be returned to employees through parking cash-out programs.
Parking fees in emerging smart growth areas may delay the implementation of smart growth in those areas.
Remote parking programs have worked well in Portland and other places. This type of approach would provide smaller or more distant communities with greater access to the urbanized areas.

Land Use Policies

<table>
<thead>
<tr>
<th>Rank</th>
<th>Land Use Policy</th>
<th>Total Dots</th>
<th>TWG/CTAC</th>
<th>SWG</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (tied)</td>
<td>Identify a limited number (three to five) of key employment centers / locations in addition to Downtown San Diego (possibly for cluster industry employment) that can accommodate higher employment concentrations sufficient to support transit, and create programs that help concentrate employment in these areas by strategically linking employment center growth and transit investment</td>
<td>46</td>
<td>34</td>
<td>12</td>
</tr>
<tr>
<td>1 (tied)</td>
<td>Reward the “Smarter Smart Growth” areas with smart growth incentive funding, transit facilities, and transit service investments</td>
<td>46</td>
<td>29</td>
<td>17</td>
</tr>
<tr>
<td>2</td>
<td>Update the SANDAG Smart Growth “tool box” to include Complete Street concepts as a means to implement Smart Growth policies and facilitate greater access to transit, and encourage jurisdictions to adopt these policies as part of their development codes</td>
<td>32</td>
<td>23</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>During the next update of the SANDAG Regional Comprehensive Plan and Smart Growth Concept Map, work with local jurisdictions to identify a limited number of “Smarter Smart Growth” areas that would be large geographic areas with the best potential for accommodating regional growth through high-density, mixed-use development</td>
<td>30</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Review Smart Growth Incentive Program (SGIP) criteria and consider providing higher priority to local jurisdictions that have adopted transit-oriented development (TOD), urban design, complete street, and/or form-based codes, policies, and standards for receiving incentive funding and/or regional transit investment priority, or use the adoption of these policies and standards as criteria for transit priority phasing in the next update of the RTP</td>
<td>28</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Encourage jurisdictions to streamline the development and entitlement process in identified Smart Growth areas to encourage development in these areas</td>
<td>22</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>6</td>
<td>Update the SANDAG Smart Growth “tool box” to include Form-Based Codes as a means to implement smart growth policies and encourage jurisdictions to adopt these policies as part of their development codes</td>
<td>14</td>
<td>9</td>
<td>5</td>
</tr>
</tbody>
</table>

The following points were made during the discussion on land use policies:

- The policies that tied for first (employment areas that can accommodate higher employment concentrations and incentives for Smarter Smart Growth areas) and the third-ranked policy (identification of Smarter Smart Growth areas) should be grouped together, as these are all interrelated.
The approach of rewarding larger-scale “Smarter Smart Growth” areas for transit performance purposes could preclude emerging smaller-scale smart growth areas from competing well for grant funds and making additional progress.

SANDAG should consider modifying the SGIP program to reward cities that have lower parking minimums.

**Funding Policies**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Funding Policy</th>
<th>Total Dots</th>
<th>TWG/CTAC</th>
<th>SWG</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Encourage the creation of Local Improvement Districts (LIDs) and facilities financing mechanisms</td>
<td>41</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Seek private partners to support promising funding advantages</td>
<td>22</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Promote bonding against public parking revenues</td>
<td>16</td>
<td>13</td>
<td>3</td>
</tr>
</tbody>
</table>

The following points were made during the discussion on funding policies:

- The region should consider increasing the transient occupancy tax (TOT) to help fund transit improvements.
- Partnerships should be pursued between banks and local jurisdictions whereby banks help fund infrastructure enhancements (particularly improvements to the pedestrian environment) in exchange for increased revenues based on a corresponding rise in property values.
- The formation of local improvement districts in the “Smarter Smart Growth” areas will require resources. Funding for these efforts should be identified.
- Jurisdictions should involve local communities early in the process in developing community financing districts when creating “Smarter Smart Growth” areas.

**Next Steps**

The menu of policy options to support the transit network will be introduced to the SANDAG Board of Directors at its October 22, 2010, meeting. Staff will report the Committees' comments to the SANDAG Board and, based on discussion, could begin to test applicable supporting policies in the transportation model (as feasible) to evaluate their effect on the performance of the Revenue Constrained Transportation Scenarios. Staff will continue to solicit discussion on policy options to support the transit network during October and early November, and will return next month with additional information and opportunities for input. Any policy options which are determined to be analyzed further will ultimately be carried forward as part of the refinement process that will occur as the Preferred Scenario for the 2050 RTP is fully evaluated and circulated for draft review in the spring of 2011.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Attachments: 1. Draft Menu of Policy Options to Support the Transit Network
2. 2050 Transit Mode Share Goal Ranges

Key Staff Contacts: Carolina Gregor, (619) 699-1989, cgr@sandag.org
Dave Schumacher, (619) 699-6906, dsc@sandag.org
Urban Area Transit Strategy:
A Component of the
2050 Regional Transportation Plan

Draft
Menu of Policy Options
to Support the Transit Network

October 15, 2010

Prepared by:
Introduction

As part of the development of the 2050 Regional Transportation Plan (RTP), the San Diego Association of Governments (SANDAG) has been preparing a visionary Urban Area Transit Strategy (UATS) for the San Diego region to significantly increase the use of transit, walking, and biking in the urbanized areas of the region. The strategy focuses on maximizing the use of transit during the peak periods, reducing greenhouse gas emissions and vehicle miles traveled, and increasing the share of regional trips made on transit (the transit mode share). The transit network resulting from the UATS will be incorporated into the 2050 RTP and Sustainable Communities Strategy (SCS).

Developing and funding a robust transit network is essential to achieve SANDAG’s goals. However, a number of other factors also influence the use and success of the regional transit system. Related transportation and land use policies and strategies can directly or indirectly create incentives (or disincentives) to transit use. By incorporating supporting policies and strategies into the Regional Transportation Plan, SANDAG can enhance the ability of the future transit network to increase transit use and transit mode share, and help achieve regional, state and federal goals and legislative requirements related to Smart Growth, greenhouse gas emissions and sustainability.

This report identifies a “menu” of policies and strategies that influence transit ridership and mode share. The menu is organized into three categories: parking, land use, and funding. These policies and strategies were culled from technical and academic research, experience in other cities and regions, input from the UATS Strategic Transit Team and Peer Review Panel, and suggestions by UATS project stakeholders including the San Diego Council of Design Professionals, SANDAG’s Stakeholder Working Group, and RTP community workshops. The paper also includes information on transit fares, services, and facilities to help maximize the effectiveness of the region’s transit network. This additional information is included in the latter half of the paper.

Menu of Policies and Strategies

A. Parking

Parking policy and its relationship to travel behavior is a complex topic, especially because drivers do not directly pay the true cost of providing parking. Parking policy generally falls into two interrelated categories; parking supply and parking cost. A third component, parking management, relates to both supply and cost.

Results from international studies provide interesting data confirming the overall importance of parking policies as a management tool, and although many of the more stringent parking (and smart growth) policies implemented in other countries would find limited acceptance in the United States, both international and domestic research strongly points to the importance of parking availability and price on travel behavior. The research also shows that transit usage is more sensitive to parking cost than to transit service levels or fare prices, and that the combination of increased transit service and increased parking prices are more effective than either of the two strategies separately. There are other effective and feasible parking management strategies, such as changes to parking minimums or

---

1 At an UATS workshop conducted on April 14, 2010.
2 The SWG was formed by SANDAG to provide input into the development of the 2050 Regional Transportation Plan.
3 Conducted in five communities in April and May 2010.
4 When examining the details of parking supply and its impact on travel behavior and urban form, the results of analyses can be somewhat ambiguous due to dependency on indirect and long term strategies. Although the vast majority of studies show an inverse relationship between parking costs, vehicle trips, and transit ridership, the magnitude of this relationship varies depending on the study location, the geographic scope of the research (i.e. whether investigators were looking at individual work places or regional data), and the type of parking management technique (supply constraint, taxation, time of day pricing, parking cash-out, etc.).
maximums in zoning codes, although some of these may take decades to show results. Parking cost can offer more immediate gains in transit ridership and transit mode share.

One of the key first policy steps for SANDAG is to address whether or not parking is a high priority topic to be considered at the regional level. Is there a willingness to address parking as an important part of the tool box for managing urban form and transportation issues? Are there broad policy statements that can be included in the Regional Transportation Plan that can lay the groundwork for future inclusion of more detailed discussions regarding the implementation of specific parking policies? If parking supply, pricing, and management strategies are considered an important tool, then a future possible step would be to determine SANDAG’s role in supporting cities who must ultimately implement the strategies at a local level.

Assuming parking strategies are on the menu of policies under consideration to increase transit ridership and mode share, and support the Sustainable Communities Strategy, SANDAG will need to wade through the varying opinions and research related to how parking should be provided and at what price to meet overall regional goals. Although the implications of large supplies of free parking have been discussed more frequently in the planning community over the past decade, given the current embedded zoning policies and existing land-use characteristics in much of the United States and in the San Diego region, it is still important to review a few key facts regarding parking to put the issue into context. The following information was presented in numerous studies on parking performed over the past several decades:

- 99 percent of all automobile trips end in free parking. *(1990 Nationwide Personal Transportation Survey (NPTS)).* In the San Diego Region, 88 percent of solo driver work trips have free parking at the place of employment.5

- The number of parking spaces per car (excluding home) has been estimated to range from 2 to 4 spaces per registered vehicle. *(Davis, 2009)*

- Employer paid parking increases the propensity for workers to travel alone in single occupant vehicles to work. *(Vaca, Kuzmyak, 2005)*

- In general, individuals are more responsive to increases in marginal changes in parking costs than to other vehicle operating costs. *(Bianco, 1998)*

- Mode choice is sensitive to parking cost. *(Vaca, Kuzmyak, 2005)*

- The impact of parking costs on mode shift to transit is location-sensitive. Parking charges have different impacts on commuter mode choice depending on residential location choices and access to transit. *(Dueker, Stratham, Bianco, 1998)*

- Increasing parking costs while simultaneously increasing transit service has more impact than increasing transit service alone. *(Bianco, 1998)*

To summarize, the United States in general, as well as the greater San Diego region, have an ample supply of parking and the vast majority of it is not priced. As a result, the end user of the good (the driver) does not pay directly for parking, rather the cost of parking is embedded in the costs of residential, retail and employment activity in the region. Parking costs help shift the true cost of parking to the user and both parking supply and cost have been shown to directly impact vehicle miles traveled (VMT) and transit mode share. When implemented properly, especially when coordinated with the provision of other transportation choices, parking policies and management strategies that shift the true

---

cost of parking to the end user can be valuable tools for supporting regional goals regarding Smart Growth, VMT reduction, and increasing transit mode share. In fact, SANDAG’s 2010 Parking Strategies for Smart Growth study notes that less available parking leads to higher parking costs and can reinforce lower vehicle trip generation rates as drivers re-evaluate their mode choice and some change their travel behavior. In SANDAG’s recent 2050 Regional Transportation Plan Public Opinion Survey, nearly half (47%) of the respondents who currently drive alone to work and have free parking (88 percent of all work trip commuters) indicated that a $10 a day charge for parking would get them to change their travel behavior to an alternative mode.

However, implementation and technical issues can complicate regional parking policy decisions. Projecting the impact of various parking strategies and policies on a regional level is challenging because they are primarily implemented under location specific conditions. Beyond that, modeling specific strategies at the regional scale is difficult when using a traditional transportation modeling platform. Usually proxies must be used in the travel demand model and typically they only apply to downtown regions where parking is coded into the more detailed zonal network – other strategies such as parking cash-out, zoning changes or shared parking are difficult to incorporate. As a result, there is a wealth of data regarding case-studies, strategies, and guidebooks about the impact of parking strategies, but only a few studies that could be applied at the regional level to predict likely impact on region-wide transportation measures such as VMT and transit use. Even studies regarding the elasticity of vehicle trips to parking costs have failed to reach a standard consensus on equations that can be successfully applied at the regional level.

Parking management can also be a highly debated topic and is often considered at a sub-regional level. One example of this would be the Comprehensive Parking Plan for Downtown San Diego prepared for the City Centre Development Corporation in March 2009. This study looked at parking supply and demand in the downtown San Diego area and recommended a number of parking management strategies for the near, medium and long term. The Plan mentioned the potential for reduced parking demand in the long-term resulting from projected increases in transit ridership, but it does not directly address whether parking supply should be adjusted to incentivize transit ridership to downtown and support regional transit mode share and GHG reduction goals.

Parking Strategies

There are a variety of parking strategies that could be incorporated into policies and implemented at the local or regional levels. SANDAG as the regional planning and transportation funding agency, and local jurisdictions as the local land use, planning, zoning and regulatory agencies, have different roles in promoting, implementing and enforcing the various strategies and policies. SANDAG could establish parking policies at the regional level to influence, but not mandate, implementation by local jurisdictions. To influence parking policy, SANDAG could identify parking policies and strategies that would support regional land use and transportation goals, spearhead a regional approach or consensus on specific policy issues, develop regional parking policy guidelines, identify implementation tools, provide staff and technical resources to local jurisdictions, and support local implementation of specific strategies. SANDAG could also choose to use local parking policy as a criterion for awarding transportation and/or smart growth incentive funding (similar to the way in which the Federal Transit Administration uses regional and local land use policies as criteria for awarding federal New Starts transit funding). At the local level, cities could both establish and implement specific parking policies for their jurisdictions. Local jurisdiction implementation of parking policies generally occurs through zoning codes which, over the long term, results in changes in private parking supply and cost.

---


Table 1 identifies a number of parking strategies that SANDAG could address regionally and jurisdictions could implement locally to influence a shift in transit use. These policies are discussed in detail in documents referenced in Appendix A. In particular, the U.S. Environmental Protection Agency (EPA) document “Parking Spaces/Community Places”, the Metropolitan Transportation Commission’s “Toolbox/Handbook: Parking Best Practices & Strategies for Supporting Transit Oriented Development In the San Francisco Bay Area” and the parking management section of the Victoria Policy Institute’s Online Transportation Demand Management (TDM) encyclopedia provide excellent case studies of each type of implementation. Several local jurisdictions have already moved to implement versions of some of the identified strategies, as identified in SANDAG’s Parking Strategies for Smart Growth study. The strategies identified in Table 1 fall into four general policy categories: (1) Availability Standards Policies, (2) Location Specific Policies, (3) Pricing Policies, and (4) Management Policies.

**Table 1: Examples of Parking Strategies**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Strategy Category</th>
<th>Strategy Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared Parking</td>
<td>1, 2</td>
<td>Parking spaces serve multiple users and destinations typically taking advantage of different time of day peak parking characteristics.</td>
</tr>
<tr>
<td>Parking Regulations</td>
<td>1, 4</td>
<td>Regulations favor short-term uses such as service vehicles, deliveries, customers, quick errands, and people with special needs and are generally applied to on-street parking.</td>
</tr>
<tr>
<td>More Accurate and Flexible Standards</td>
<td>1, 2</td>
<td>Adjust parking standards to more accurately reflect demand in a particular situation.</td>
</tr>
<tr>
<td>Parking Maximums</td>
<td>1, 2</td>
<td>Establish maximum parking standards in zoning codes.</td>
</tr>
<tr>
<td>Parking Minimums</td>
<td>1, 2</td>
<td>Reduce/delete minimum parking requirements in zoning codes.</td>
</tr>
<tr>
<td>Remote Parking</td>
<td>2, 4</td>
<td>Provide off-site or urban fringe parking facilities with transit connections to reduce long SOV trips into urban areas and reduce parking in urban areas</td>
</tr>
<tr>
<td>Smart Growth</td>
<td>1, 2</td>
<td>Encourage more compact, mixed, multi-modal development to allow more parking sharing and use of alternative modes.</td>
</tr>
<tr>
<td>Parking Pricing</td>
<td>3, 4</td>
<td>Charge motorists directly and efficiently for using parking facilities.</td>
</tr>
<tr>
<td>Improve Pricing Implementation</td>
<td>4</td>
<td>Use better charging techniques and equipment to make pricing more convenient and cost effective. (e.g. smart parking meters)</td>
</tr>
<tr>
<td>Financial Incentives</td>
<td>3</td>
<td>Provide financial incentives to shift mode, such as parking cash out.</td>
</tr>
<tr>
<td>Unbundle Parking</td>
<td>2, 3</td>
<td>Rent or sell parking facilities separately from building space.</td>
</tr>
<tr>
<td>Improve User Information &amp; Marketing</td>
<td>4</td>
<td>Provide convenient and accurate information on parking availability and price, using maps, signs, brochures and electronic communication.</td>
</tr>
<tr>
<td>Improve Enforcement</td>
<td>4</td>
<td>Ensure that parking regulation enforcement is efficient, considerate and fair.</td>
</tr>
<tr>
<td>Transportation Management Associations</td>
<td>2, 4</td>
<td>Establish member-controlled organizations that provide transport and parking management services in a particular area.</td>
</tr>
<tr>
<td>Overflow Parking Plans and Management</td>
<td>2, 3, 4</td>
<td>Establish plans to manage occasional peak parking demands. Use management, enforcement and pricing to address spillover problems.</td>
</tr>
</tbody>
</table>

1 = Availability Standards Policies  
2 = Location Specific Policies  
3 = Pricing Policies  
4 = Management Policies

The effectiveness of the various parking strategies is dependent on many factors. One of the best pieces of research regarding the overall sensitivity of transit ridership to different parking strategies is Transit Research Cooperative Report 40 “Strategies to Attract Auto Users to Public Transport” (1998). This document addressed the following questions:

- How does parking price and transit service affect transit use in United States cities?
• How does parking price and transit service affect transit use for downtown-destined work trips?
• How does increasing parking price compare with other strategies in reducing work trip single-occupant vehicle (SOV) travel?
• How do different parking strategies compare with one another in reducing SOV work trips?

The study’s main conclusions were:

• In general, higher transit ridership levels exist in cities with higher parking prices and more restrictive parking programs, but because of the wide variation among cities and their circumstances, no specific formula was developed for determining which levels of parking price and transit service would result in certain transit mode shares.
• In general, parking pricing policies have the greatest effect on travel behavior for residents of urban core, inner ring, or suburbs of large cities.
• The impact of parking pricing is highest when transit service levels are also high.

The Transit Research Cooperative study also presented the relative effectiveness of several parking strategies on transit usage as summarized in Table 2.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Definition</th>
<th>Effectiveness</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking Tax on Revenue</td>
<td>Tax applied to commercial off-street parking on gross or net revenue.</td>
<td>Moderate</td>
<td>Narrow spatial scope as it would apply only to areas that are already priced</td>
</tr>
<tr>
<td>Parking Tax on Spaces</td>
<td>Taxation is applied on a per space basis. Can be applied to suburban employers.</td>
<td>High in areas with good transit</td>
<td>Broad spatial scope</td>
</tr>
<tr>
<td>Parking Cash-out</td>
<td>Parking cash out allows employees to opt out of having a parking space and instead receive compensation. The employer who leases (or owns) a space pays the employee not to park.</td>
<td>Moderate</td>
<td>Narrow spatial scope</td>
</tr>
<tr>
<td>Expand the use of meters and residential permit programs</td>
<td>Implement parking meters in combination with residential permit programs to manage parking and reduce spillover.</td>
<td>Low to Moderate</td>
<td>Narrow spatial scope</td>
</tr>
</tbody>
</table>
| Zoning Changes                                     | • Decreased Minimums  
• Establish/Reduce Parking Maximums  
• Conditional Use Permits | Reduce the growth of future parking spaces through modifications to parking related zoning requirements.                                              | Low short-term/ Moderate Long-term                 | Broad spatial scope depending on implementation |
| Shared Parking                                     | Increase the efficiency of parking spaces through shared use based on the typical use patterns for multiple user types (e.g. employer parking and movie theater parking). | Low           | Narrow spatial scope |

Source: Transit Research Cooperative Report 40 “Strategies to Attract Auto Users to Public Transport”

Because parking policy and strategy implementation is such a complex issue, implementing incremental steps in a longer term parking strategy roadmap can initiate change and point the way to effective long-term policy. The Seattle, Washington experience, outlined in Table 3, provides a 30-year case study on initial steps and incremental implementation of effective parking policy and strategies.
### Table 3: Seattle, Washington Parking Strategy Implementation Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Strategy</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>Commuter Pool Program begins to encourage carpools with a matching service, marketing and discounted parking.</td>
<td>Seattle Office of Policy Planning, 1979</td>
</tr>
</tbody>
</table>
| 1976 | Comprehensive Downtown Parking Policy adopted. The Policy made the following changes:  
• Some maximum limitations were placed on parking spaces for new developments and rehabilitated buildings, depending on type of land use.  
• Principal use parking (not accessory to some other use) was prohibited within part of downtown.  
• New open parking lots prohibited in part of downtown, only permitted if accessory to rehabilitated buildings. | Seattle Office of Policy Planning, 1979 |
| 1976-1978 | Metro Transit increased service to downtown Seattle during rush hour by 25% to meet the demand created by shortage of parking. | Seattle Office of Policy Planning, 1979 |
| 1985 - 1990 | John Doan, of the city of Seattle’s Department of Construction and Land Use, puts it succinctly: ‘There’s an intent, policywise, to make them (parking places) dry up. We look for mechanisms to accomplish it.’ “In the past five years, the requirement has been pegged at .75 to 1.0 parking spaces per 1,000 square feet of new office space in the downtown core.” | Seattle Times, 3/16/90 |
| 2005 | Seattle eliminates commercial parking requirements downtown. | Seattle, 12/12/06 |
| 2006 | Seattle City Council votes to eliminate parking minimums for businesses and developers in Capitol Hill, First Hill, Lower Queen Anne, the University District, Northgate and South Lake Union. | Seattle Times, 12/12/06 |
| 2010 | Current Seattle codes have minimums for some areas/uses as well as some maximums (1.0 spaces per 1,000 square feet of office space downtown | Code is available at: [http://clerk.ci.seattle.wa.us/~scripts/nph-brs.exe?s1=&s2=&S3=Title+23&Sect4=AND&l=20&Sect1=IMAGE&Sect3=PLURON&Sect5=CODE1&d=CODE&p=22&u=%2F%7Epubl ic%2Fcode1.htm&r=422&Sect6=HITOFF&f=G](http://clerk.ci.seattle.wa.us/~scripts/nph-brs.exe?s1=&s2=&S3=Title+23&Sect4=AND&l=20&Sect1=IMAGE&Sect3=PLURON&Sect5=CODE1&d=CODE&p=22&u=%2F%7Epubl ic%2Fcode1.htm&r=422&Sect6=HITOFF&f=G) |

Seattle’s move toward transit supportive parking policies, as shown in Figures 1 and 2, has resulted in a 15-year stabilization of parking supply (and supply reduction in recent years), increases in parking costs, and growth in transit mode share into downtown Seattle to a 40 percent peak period transit mode share in 2007.
**Observations/Policy Options Related to Parking:**

Parking policies can play a significant role in increasing transit use and transit mode share. However, establishing and implementing parking policies and strategies is complex because they are generally applied and enforced at the local level but have significant consequences for regional travel behavior. At the regional level, SANDAG could guide and influence local parking policy to support regional transit and sustainability goals, both in the short and long term. A menu of parking policies and strategies that could be considered on a regional and/or local basis includes the following, several of which are identified in SANDAG’s 2010 *Parking Policies for Smart Growth* study report (as designated with an asterisk below):
1. Organize the region into subregional areas, and in collaboration with affected jurisdictions, develop guidelines for parking availability and pricing for each subregion
2. Encourage a regional employer/business assessment on employer-provided parking to be used for transit improvements or transit pass subsidies
3. Support a remote parking program tied to transit service
4. Establish regional policies promoting shared parking, particularly at transit stations*
5. Establish Transportation Management Associations in key employment or urban locations*
6. Create a toolbox of localized parking strategies and policies for local jurisdictions that may include:
   o Parking pricing (on and off-street)*
   o Zoning to reduce/eliminate parking minimums*
   o Zoning to reduce parking maximums*
   o Shared parking programs and standards*
   o Employer parking cost cash-outs*
   o Unbundling of parking costs from housing costs in targeted areas
   o Local parking districts
   o Others as requested by local jurisdictions
7. Initiate regional education programs regarding the effects of free parking on congestion and mode choice
8. Initiate discussion regarding the establishment of long-term goals for a reduction in parking spaces per capita
9. Establish grant programs to fund local parking utilization surveys and provide technical assistance to jurisdictions and transit operators within the SANDAG jurisdiction to promote changes in parking management and zoning requirements related to parking
10. Establish programs to measure and document the amount of parking available in selected areas of the region and use this sample as a baseline to track changes in parking supply over the long-term

B. Land Use

Land use patterns and characteristics play a significant role in influencing how people choose to travel. Low density, use-separated housing, retail and employment areas with circuitous and disconnected streets, and limited pedestrian paths are difficult to serve with transit and encourage auto use. More intense mixed use communities with interconnecting street and pedestrian networks (typically a grid street system) are more transit-supportive because they provide active streets and a mixture of housing and employment with convenient access to transit service. Regional, local and station area land use policies that guide smart growth (including transit oriented development and urban design), and employment and housing concentrations and locations, can lead to development patterns and communities that promote transit use and reduce auto use, resulting in increased transit (and walk/bike) mode share.

Smart Growth and Urban Form

Smart growth policies have been adopted in urban areas throughout the country to discourage urban sprawl, preserve environmental amenities, and encourage more town-centered, transit and pedestrian-oriented mixed-use communities. Studies and experience across the country, including SANDAG’s own June 2010 Trip Generation for Smart Growth study, have concluded that smart growth development leads to a reduction in vehicle trip generation and a higher transit, pedestrian and bicycle mode share. SANDAG has been a leader in establishing regional smart growth policies and programs and using these to help guide transit and other public investments. The 2004 SANDAG Regional Comprehensive Plan (RCP) and subsequent Smart Growth Concept Map define a hierarchy and locations for almost 200 existing, planned, and potential smart growth areas throughout the region. SANDAG’s Transportation Project Evaluation Criteria give these smart growth areas higher priority for regional transportation improvement funding, and SANDAG annually provides approximately $5 to $6 million in
smart growth incentive funding to local jurisdictions for infrastructure and/or planning that supports smart growth areas.

Other regions across the country have implemented similar financial incentives to encourage smart growth. The Maryland Department of Transportation (MDOT) established priority funding for very focused smart growth areas as a centerpiece of statewide smart growth legislation. For example, in Harford County northeast of Baltimore, the priority funding area encompasses only 20 percent of the county.8 The Urban Area Transit Strategy Peer Review Panel that convened in April 2010 noted that SANDAG’s Smart Growth Concept Map identifies a large number of smart growth areas, many of which are relatively small in area and limited in defined intensity, and cautioned against diluting the region’s Smart Growth impact and funding with too many identified Smart Growth areas. Although SANDAG’s hierarchy of Smart Growth place-types is intended to encourage better land use throughout the region, and its Smart Growth Incentive Program funding has primarily been awarded to the larger, more intense smart growth areas, the Peer Review Panel felt that SANDAG’s Smart Growth map and policies should emphasize, “smarter Smart Growth” by focusing on fewer priority Smart Growth areas that have the greatest potential for high land use intensities and concentrated infrastructure investment, and can effectively support enough transit service to increase transit mode share.

There are a number of regional and local tools that are already embraced by SANDAG that support implementation of smart growth policies and objectives:

- Transit Oriented Development
- Pedestrian and Bicycle Friendly Urban Design
- Complete Streets and Context Sensitive Solutions (CSS)

An additional tool is form-based building codes. Form-based codes differ from conventional zoning codes which tend to focus on the distinction or separation of the land-use types rather than creating a community vision or establishing a sense of place. As an alternative to conventional zoning policies, form-based codes are typically used to cultivate predictable physical results that establish a higher quality urban form. This is accomplished by focusing on the overall built environment rather than the separation of land uses. Form-based codes address the relationship between building facades and the public realm, the form and massing of buildings in relation to one another, and the scale of streets and blocks to establish the character of future development. Form-based codes can be used as tools to achieve a vision and are widely held as an effective methodology for implementing Smart Growth objectives through private development. SANDAG has already established a regional policy basis for adoption of local form-based codes through its Smart Growth Design Guidelines. This policy document provides broad principles for infill development, including guidelines for:

- Site Design – related to where buildings are located on a site, how they fit with their surroundings, and how landscaping can be integrated with the site
- Building Design – to explain how new buildings can be designed to enhance community character and reflect their local context
- Multimodal Streets – describing how to create streets that balance the needs of all modes of transportation, including pedestrians, bicyclists, vehicles and transit9

Form based building codes could be created as a regulatory process implemented through county or city law and should not be confused as design guidelines or advisory policies. Form-based codes can be used as a tool to create pedestrian and transit-friendly environments (in which walk access to transit is

---

comfortable, pleasant, and convenient), which in turn help increase transit ridership and transit mode share. Table 4 identifies some specific form based code tools.

Table 4: Form-Based Code Tools

<table>
<thead>
<tr>
<th>Form-Based Code Tool</th>
<th>Description</th>
<th>Prevalence of Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulating Plan</td>
<td>A map of the regulated area designating the locations where different building form standards apply, based on clear community intentions regarding the physical character of the area being coded.</td>
<td>Common</td>
</tr>
<tr>
<td>Public Space Standards</td>
<td>Specifications for the elements within the public realm (e.g., sidewalks, travel lanes, on-street parking, street trees, street furniture, etc.).</td>
<td>Common</td>
</tr>
<tr>
<td>Building Form Standards</td>
<td>Regulations controlling the configuration, features, and functions of buildings that define and shape the public realm.</td>
<td>Common</td>
</tr>
<tr>
<td>Architectural Standards</td>
<td>Regulations controlling external architectural materials and quality.</td>
<td>Sometimes</td>
</tr>
<tr>
<td>Landscaping Standards</td>
<td>Regulations controlling landscape design and plant materials on private property as they impact public spaces (e.g., regulations about parking lot screening and shading, maintaining sight lines, insuring unobstructed pedestrian movements, etc.).</td>
<td>Sometimes</td>
</tr>
<tr>
<td>Signage Standards</td>
<td>Regulations controlling allowable signage sizes, materials, illumination, and placement.</td>
<td>Sometimes</td>
</tr>
<tr>
<td>Environmental Resource Standards</td>
<td>Regulations controlling issues such as storm water drainage and infiltration, development on slopes, tree protection, solar access.</td>
<td>Sometimes</td>
</tr>
</tbody>
</table>

Source: FBIC (Form-Based Codes Institute) Definition of Form-Based Code (draft 2.17.09)

Regional Employment Centers

Local jurisdictions within the region compete against one another to attract major employers and create employment nodes to reap the tax and investment benefits. This practice results in dispersed employment and relatively small employment centers throughout the region that are difficult to serve by transit due to the lack of employment concentration and employee volumes. Few single employment centers in the San Diego region are large enough or concentrated enough to generate the ridership levels necessary to support significant transit investments, and without adequate transit services and facilities, would-be transit users are discouraged by the lack of viable alternatives and continue to use personal vehicles.

In the San Diego region, the trend toward dispersed employment is projected to continue through 2050 and is exacerbated by the following:

- Downtown San Diego is not the largest employment center in the region
- Downtown San Diego contains a smaller percent of regional employment than the downtowns of comparable cities (see Table 5)
- There is a lack of a single dominant employment center in the region
- No employment center in the region will increase its regional employment share by more than 2 percent between 2008 and 2050
- The four largest employment centers in the region (University City, Kearny Mesa, downtown San Diego and Sorrento Mesa/Mira Mesa) are all are projected to lose regional employment share through 2050.
Table 5: Downtown Employment as a Percent of Regional Employment

<table>
<thead>
<tr>
<th>City</th>
<th>Downtown Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego</td>
<td>5.2%</td>
</tr>
<tr>
<td>Denver</td>
<td>8.0%</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>8.5%</td>
</tr>
<tr>
<td>Portland</td>
<td>8.0%</td>
</tr>
<tr>
<td>Seattle</td>
<td>8.1%</td>
</tr>
<tr>
<td>Sydney, Australia</td>
<td>12.0%</td>
</tr>
<tr>
<td>Vancouver, BC</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

Source: SANDAG Urban Area Transit Strategy, Lessons Learned from Peer Regions, December 9, 2009

Table 6 identifies the four largest employment centers in the region. Although all four are projected to grow in absolute numbers of employees between 2008 and 2050, none will experience employment growth close to the 33.4 percent growth projected for the region by 2050. As a result, all will lose regional employment share.

Table 6: Trends for the Largest Employment Centers in the San Diego Region

<table>
<thead>
<tr>
<th>Employment Area</th>
<th>2008</th>
<th>2030</th>
<th>2050</th>
<th>Percent Change 2008 - 2050</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>Downtown San Diego</td>
<td>78,600</td>
<td>5.2</td>
<td>86,300</td>
<td>4.9</td>
</tr>
<tr>
<td>University City</td>
<td>90,300</td>
<td>6.0</td>
<td>97,300</td>
<td>5.6</td>
</tr>
<tr>
<td>Kearny Mesa</td>
<td>87,300</td>
<td>5.8</td>
<td>92,700</td>
<td>5.2</td>
</tr>
<tr>
<td>Sorrento Mesa/Mira Mesa</td>
<td>76,200</td>
<td>5.1</td>
<td>82,500</td>
<td>4.7</td>
</tr>
<tr>
<td>Region</td>
<td>1,501,100</td>
<td></td>
<td>1,752,600</td>
<td></td>
</tr>
</tbody>
</table>

Source: SANDAG Series 12 Regional Growth Forecast, City of San Diego Planning Areas

Table 7 further reveals the degree of regional dispersal of employment projected through 2050. Communities with at least one percent of regional employment in 2008 and/or 2050 are included in the table. All other communities not listed have less than one percent of regional employment in 2008 and/or 2050. Of the communities with at least one percent share of regional employment in 2008, Otay Mesa is projected to have the largest increase in regional employment share by 2050 but will only increase it share 1.56 percent to a total of 2.6 percent of regional employment. Most other communities will lose employment share by 2050. And the land use patterns in the vast majority of these employment communities are characterized by low density and/or business park development with large amounts of free parking and limited pedestrian environments. The absence of large, concentrated, and growing employment centers, and the ongoing trend of employment dispersal highlight the challenges of providing efficient transit service for commute trips in the region.
Policies that reverse projected declines in regional employment share in the largest employment centers and promote a greater share of employment growth in downtown San Diego and a limited number of employment areas (for example, the largest three to five employment centers outside of downtown) would support efficient provision of transit and increase transit ridership and mode share to these centers. This is particularly true for downtown San Diego where land use patterns and limited free parking create the environment that supports transit investments. Other regions across the country have recognized the regional economic and mobility value of ensuring that the central business district
or primary employment center is dynamic, accessible and well connected to the rest of the region by transit.

For example, in the late 1990s, the Chicago Department of Transportation (CDOT) found that 73 percent of downtown businesses indicated that the availability of transit was the strongest factor in locating downtown. As a result, the CDOT established a program to further enhance transit services to achieve a 70 percent transit mode share into downtown Chicago. The Chicago Central Area Plan “is based on a core belief that directing growth to the historic center of the region will eliminate sprawl [and] enable the greatest number of people to commute on transit...” 10 Downtown San Diego is the region’s cultural, entertainment, and recognized central core characterized by high density land uses, an urban-grid street system and a large employment base that support transit use. The region has made large investments in transit infrastructure and service to and within downtown which is reflected in the 24 percent existing peak period work trip transit mode share in downtown in 2008, by far the largest transit mode share in the region. Policies that strengthen the region’s urban core by supporting higher concentrations of employment and housing will lead to further increases in transit use and mode share and support the extensive existing and planned transit infrastructure and service investment to and within downtown.

In addition, SANDAG’s RCP addresses regional employment growth and location policy in two primary ways:

- The Economic Prosperity analysis states that the region and jurisdictions should focus on creating employment clusters for key industries – concentrations of like industries in one location
- The Smart Growth policy promotes job growth in higher density, mixed use areas to create a jobs and housing balance.

Both of these job location policies can be served by and support transit investments and ridership if implemented in high enough densities with large volumes of employees. SANDAG’s RCP states that an inventory of employment land conducted by the San Diego Regional Economic Development Corporation and SANDAG found that there is sufficient employment land in the region but most of it is not generally located near housing, freeways or transit, and much of what is will require redevelopment to accommodate employment growth. Therefore, in parallel to strengthening employment in downtown, and as stated in the RCP, “the region should also consider more efficient and compact use of existing and planned employment lands, possibly through redevelopment and other mechanisms.” 11

Observations/Policy Options Related to Land Use:

The crux of the strategies to increase transit use and mode share focuses on making transit investments where transit can be most efficient and effective. Research and experience across the country and world demonstrate that integrating transit with transit-supportive land uses is the key to increasing transit use and transit mode share. SANDAG could consider a variety of land use and integrated transit/land use policies to help achieve higher transit mode share in the region, including the following:

1. During the next update of the SANDAG Regional Comprehensive Plan and Smart Growth Concept Map, work with local jurisdictions to identify a limited number of “Smarter Smart Growth” areas which would be large geographic areas with the best potential for accommodating regional growth through high density, mixed use development

2. Reward the “Smarter Smart Growth” areas with smart growth incentive funding, transit facilities, and transit service investments

---


3. Encourage jurisdictions to streamline the development and entitlement process in identified Smart Growth areas to encourage development in these designated areas.

4. Update the SANDAG Smart Growth “toolbox” to include Form-Based codes as a means to implement Smart Growth polices and encourage jurisdictional agencies to adopt these policies as part of their development codes.

5. Update the SANDAG Smart Growth “toolbox” to include Complete Street concepts as a means to implement Smart Growth policies and facilitate greater access to transit, and encourage jurisdictions to adopt these policies as part of their development codes.

6. Review Smart Growth Incentive Program criteria and consider providing higher priority to local jurisdictions that have adopted TOD, urban design, complete street and/or form-based codes, policies, and standards for receiving incentive funding and/or regional transit investment priority, or use the adoption of these policies and standards as criteria for transit project priority phasing in the next update of the Regional Transportation Plan.

7. Identify a limited number (three to five) key strategic employment centers/locations in addition to downtown San Diego (possibly for cluster industry employment) that can accommodate higher employment concentrations sufficient to support transit, and create programs that help concentrate employment in these areas by strategically linking employment center growth and transit investment.

C. Funding

Adequate levels of transportation funding are essential to meet expected future transportation needs, transit mode share goals, and greenhouse gas reduction requirements. Currently, transportation expenditures are funded by a broad range of sources at multiple levels of government. Successful implementation of an expanded transit network will require consistent and stable revenue, as well as an expansion of revenues and revenue sources. Potential local and regional funding sources that may support the transit system include facilities assessments, taxes and fees, and others. New development typically contributes to the road network by building parts of that network directly, providing parking, and paying assessments that contribute to the costs of building, operating, and maintaining roads and similar approaches could be considered for transit.

Other funding approaches have also been used to garner support for regional transit infrastructure and service investments. Some of these focus on specific projects or subregions, providing targeted localized support that directly links funding to specific infrastructure or services. The TransNet sales tax, while collected county-wide, specifies funding for specific projects and services. Future similar measures could more directly link revenue collected with transit improvements on a subregional basis, providing opportunities for areas with high transit ridership and mode share propensity to generate higher levels of funding for transit to realize that potential. This approach provides a means to invest in appropriate modal and service levels based on the specific needs of each area or subregion.

Partnering with private entities may have a growing role in transit system funding. To the extent that the use of privately-contributed funds for transit produces measurable financial benefit to the private side of this equation, transit improvement projects may be self-financing. Or, the private investor may become a source of up-front financing subject to future repayment from other sources available to the public agency. However, SANDAG’s experience has been that the public sector generally is required to provide subsidies for projects entered into with the private sector, and most of these projects are for joint development at stations rather than for the transit infrastructure itself. Other less direct methods
for garnering private sector funding for transit could include creation of Local Improvement Districts (LIDs), including transit in local jurisdiction development facilities financing mechanisms, and/or bonding against public parking revenues. In Portland, Oregon, the Portland Streetcar funding package included $14.6 million in property owner contributions through a LID on non-owner occupied residences and $28.6 million in bonds backed by revenues from a $0.20 per hour short-term parking rate increase in city-owned parking garages. The Seattle South Lake Union Streetcar funding package included $25.7 million in LID funds, and an assessment district in Tampa provided funds for the TECO Line streetcar.\(^\text{12}\)

**Observations/Policy Options Related to Funding:**

Funding policies can be challenging to change or implement on a regional basis because many of them are established by state and federal legislation. However, SANDAG could take a leadership role in initiating discussions that would establish funding policy and strategies beneficial to and/or specifically focused on transit. Some options for discussion include:

1. Encourage the creation of Local Improvement Districts (LIDs) and facilities financing mechanisms.
2. Promote bonding against public parking revenues.
3. Seek private partners in cases of promising funding advantages.

**Additional Supporting Information**

As stated in the introduction, this paper also includes a discussion on how strategies related to transit fares, services, and facilities can enhance the effectiveness of the region’s future transit network. The region is currently making progress in many of these areas, and SANDAG and the transit operators should continue to work to make additional refinements over the long term that would support the performance of the overall system.

**A. Transit Fares**

Transit fares generate revenue that supports the provision of transit service. The price of a transit trip can be an incentive or disincentive to transit use that affects the willingness of potential riders to choose transit over other modes, as well as their frequency of transit travel. Consequently, establishing fare policy and fare levels can be a balancing act for transit agencies and regions between two competing objectives:

- Generating passenger payment for transit service to cover a portion of the operating costs; and
- Achieving desired levels of transit use and transit mode share.

\(^\text{12}\)Santa Ana & Garden Grove Transit Vision and Go Local Project Concept Study, May 2008, Parsons Brinckerhoff, Table 4C.
Paying for Transit Service

Fare revenue provides just one source of funding for transit operations and often covers less than half of a transit system’s operating and maintenance cost. Farebox recovery ratio (or farebox ratio) is defined as the proportion of total transit operating and maintenance cost covered by fare revenue. For transit systems in the United States, the farebox ratio is typically between 25 to 35 percent, with the remaining costs generally covered by local, state and/or federal subsidies. For the San Diego region, the Fiscal Year 2009 farebox ratio for fixed route services (bus and rail) was almost 40 percent. This relatively high farebox ratio denotes the importance of fare revenue in supporting transit service and operations in the region. FY 2009 farebox ratio broken down by mode and operator is provided in Table 8:

<table>
<thead>
<tr>
<th>Operator/Service</th>
<th>Farebox Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTS</td>
<td></td>
</tr>
<tr>
<td>Fixed Route Bus</td>
<td>39.52%</td>
</tr>
<tr>
<td>Rail (San Diego Trolley)</td>
<td>57.20%</td>
</tr>
<tr>
<td>Total Fixed Route Bus and Rail</td>
<td>44.85%</td>
</tr>
<tr>
<td>NCTD</td>
<td></td>
</tr>
<tr>
<td>Fixed Route Bus</td>
<td>20.66%</td>
</tr>
<tr>
<td>Rail (Coaster and Sprinter)</td>
<td>29.34%</td>
</tr>
<tr>
<td>Total Fixed Route Bus and Rail</td>
<td>24.42%</td>
</tr>
<tr>
<td>Region Total Fixed Route Bus and Rail</td>
<td>39.28%</td>
</tr>
</tbody>
</table>


Generally, increases in transit fares lead to decreases in transit ridership, while decreases in fares lead to increases in ridership. However, fare changes are never implemented in a vacuum and changing external factors, such as the economy, gas prices, changes in the regional transportation system (i.e., opening of a new rail line), and military deployments, influence the response of ridership to fare changes.

Without a fare change, increases in ridership that can be accommodated within the existing level of service can increase farebox recovery by generating more fare revenue to cover the established operating and maintenance cost. However, there is a capacity and network threshold at which increased ridership requires increased expenditures for service, facilities, and capital equipment to accommodate new transit demand. In this case, while transit mode share may increase with higher ridership, farebox ratio does not necessarily improve. In addition, depending on the fare structure and pricing, increases in transit ridership resulting from decreases in fares may not necessarily offset the revenue lost through the fare reduction. As a result, regions and transit agencies are constantly seeking to balance fare policy and farebox ratio needs with ridership and mode share goals.

Sensitivity of Transit Ridership to Transit Fares

Transit fare sensitivity can generally be measured using elasticities, which is defined as the percent change in ridership resulting from a one percent change in fares, if all other factors are held constant. Research conducted by Todd Litman of the Victoria Transport Policy Institute indicates that transit ridership elasticity to fare changes ranges from -0.2 to -0.5 in the first year after a fare change. This means that in the first year, a one percent increase in fares should produce a two to five percent decrease in ridership. While elasticities can be applied to both fare increases and decreases, Litman found evidence that fare reductions are much less elastic than fare increases (i.e., fare reductions do not result in ridership increases to the same extent that fare increases result in ridership declines).

---

However, the sensitivity of transit ridership to fare levels and changes is dependent on a variety of factors, including the characteristics of the transit service (trip type, trip purpose, time of day, mode), the demographics of riders (income, age, gender), and the external factors noted above (i.e., economy, gas prices and parking prices, etc.). In the San Diego region, recent fare changes have generally been implemented with services changes and in the context of fluctuating gas prices and military deployments, making it difficult to isolate the relationship of fares to ridership. Regardless, it appears that both revenue and ridership have increased despite recent changes in fare structure and increases in some fare types. These regional results are encouraging and suggest that targeted fare policy, structure and pricing changes (versus direct fare reductions) can have a significant effect on attaining transit ridership and mode share goals in specific markets. Still, most fare structure and level changes are implemented to increase fare revenue (vs. increase ridership) since non-fare operating funding for transit is limited. Any consideration of fare reductions to increase transit ridership would also need to consider complementary policies and programs that increase non-fare transit revenues to ensure sustainable attainment of transit ridership and mode share goals, as discussed below.

**Perception of the Cost of Transit**

Most transit systems need to generate fare revenue as a source of transit operating funding and therefore, must balance the financial issues associated with fare reductions with the desire to attract more riders with lower fares. As a result, there may be a need for policies that reach beyond fares. An important aspect of fare policies and programs relates to how users perceive fares.

People who travel are likely to think of the *per trip* cost of transit as being higher than the *per trip* cost of using a car, despite the fact that the actual total cost of transit that an individual traveler pays is generally less than the true cost of travel by car. Table 5 displays the personal commute costs for comparable drive alone and transit trips for the San Diego region using SANDAG’s Commute Cost Calculator. In general, the true cost of driving is more than transit for all but the shortest trips, and driving costs are even higher when parking fees are part of the driving trip. Note that SANDAG’s drive alone calculation does not include full-coverage insurance, license, registration, taxes, depreciation (15,000 miles annually), vehicle loan payments, or finance charges which are some of the key hidden costs of driving and which would make the cost of driving shown in Table 9 even higher.
Table 9: San Diego Region Commute Trip Cost Comparison – Drive Alone and Transit

<table>
<thead>
<tr>
<th>Trip</th>
<th>Daily</th>
<th>Monthly</th>
<th>Yearly</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Drive Alone - 10 Mile Round Trip</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Parking</td>
<td>$2.13</td>
<td>$46.86</td>
<td>$562.32</td>
</tr>
<tr>
<td>$100/Month Parking</td>
<td>$5.68</td>
<td>$146.86</td>
<td>$1,762.32</td>
</tr>
<tr>
<td><strong>Drive Alone - 20 Mile Round Trip</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Parking</td>
<td>$4.26</td>
<td>$93.72</td>
<td>$1,124.64</td>
</tr>
<tr>
<td>$100/Month Parking</td>
<td>$8.81</td>
<td>$193.72</td>
<td>$2,324.64</td>
</tr>
<tr>
<td><strong>Drive Alone - 40 Mile Round Trip</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive Alone – Free Parking</td>
<td>$8.52</td>
<td>$187.44</td>
<td>$2,249.28</td>
</tr>
<tr>
<td>Drive Alone - $100/Month Parking</td>
<td>$13.07</td>
<td>$287.44</td>
<td>$3,449.28</td>
</tr>
<tr>
<td><strong>Transit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTS Local/Express Bus</td>
<td>$5.00</td>
<td>$72.00</td>
<td>$816.00</td>
</tr>
<tr>
<td>MTS Premium Bus</td>
<td>$14.00</td>
<td>$100.00</td>
<td>$1,080.00</td>
</tr>
<tr>
<td>Trolley</td>
<td>$5.00</td>
<td>$72.00</td>
<td>$816.00</td>
</tr>
<tr>
<td>NCTD Breeze Bus</td>
<td>$5.00</td>
<td>$59.00</td>
<td>$708.00</td>
</tr>
<tr>
<td>Sprinter</td>
<td>$5.00</td>
<td>$59.00</td>
<td>$708.00</td>
</tr>
<tr>
<td>Coaster</td>
<td>$14.00</td>
<td>$144.00 - $182.00</td>
<td>$1,728.00 - $2,184.00</td>
</tr>
</tbody>
</table>

Source: [www.sandag.org](http://www.sandag.org), iCommute Commute Cost Calculator

- Based on 22 commute days/month, 20 miles/gallon (auto trips), and $3.20 gallon gasoline.
- Drive alone cost estimates include an average 5 cents/mile maintenance and tire cost based on AAA "Your Driving Costs 2008" brochure. Cost estimates do not include full-coverage insurance, license, registration, taxes, depreciation (15,000 miles annually), vehicle loan payments, or finance charges.
- Transit prices are based on purchase of full fare adult Day or Monthly Pass. COASTER daily ticket prices reflect round trip purchase. Yearly transit costs equal Monthly Pass price x 12.

User perception of travel cost is also strongly influenced by the way in which one pays the cost, and who pays the cost – the user or others. Increasingly removing the user from direct, per-trip payment decreases their overall perception of per-trip costs. Figure 3 illustrates this situation.

**Figure 3: Total and Perceived Costs of Travel by Car and Transit**

![Chart Illustrating Perceived Costs of Travel by Car and Transit](chart)

Sources: [www.commutesolutions.org](http://www.commutesolutions.org); National Transit Database; PB analysis
In the case of transit fares, fare instruments such as multiple-trip passes tend to reduce user perception of per-trip cost and thereby tend to be less of a disincentive to transit use. Fare media that are automatically replenished are less likely to have a disincentive effect than media requiring a conscious periodic transaction. Fares paid for or subsidized by employers or others remove the individual from fare payment entirely and thus remove the fare disincentive from a potential transit user’s travel mode choice.

From these observations one can see that the choice of fare media, and the presence or absence of fare programs that enlist employers or others in helping to pay transit fares, can materially affect potential transit users’ perception of transit travel costs, and consequently their willingness to use transit. In a recent survey of San Diego residents, half of all respondents indicated that having a transit pass paid for by their employer (or school) would increase their use of transit. As significant, however, is the application of technology to fare payment as a way to create incentives for use transit. Technology is increasingly being used around the world to market transportation options and other services based on user-preferences. SANDAG’s Urban Area Transit Strategy Peer Review Panel noted that integrated electronic cards, such as the Octopus Card in Hong Kong and the Oyster Card in England, are providing tremendous potential to the private sector for marketing goods and services to end users, to the public sector for tailoring, directing, and providing incentives for transit and transportation services to end users, and for the users themselves who receive incentives and discounts for many kinds of products and services based on established purchasing choices. To take advantage of these technological applications, the region could proactively work to expand the Compass Card services beyond transportation to provide users with more convenience and incentives, and to maximize the region’s ability to direct future transportation marketing decisions.

Some options for obtaining non-rider partners in transit fare payment include:

- Expanding employer pass subsidy programs;
- Unbundling parking from housing or office costs and providing an option for housing developers and residential and commercial landlords to include a transit pass in the cost of housing or office space in lieu of a parking space;
- Expanding partnerships with colleges and universities to include transit costs in student fees to include all campuses; and
- Establishing partnerships with businesses to:
  - Integrate transit fare payment with retail debit cards
  - Provide retail discounts to transit riders through debit cards or the Compass Card

At the same time, the region might also consider ways to continue to increase the awareness of the cost associated with travel by car. Such actions could encourage the use of transit, a lower-cost alternative, without also reducing transit cost recovery. There is also the potential to have a larger effect on transit use than can be achieved by means of policies and programs aimed at transit fares and fare payment. For example, most trips are made by car rather than transit – therefore, influencing a small percentage of drivers to change modes based on a better understanding of the full cost of vehicle ownership per trip may be easier than influencing mode change by lowering per trip transit costs.

---

16 SANDAG Peer Review Panel, Week of April 19, 2010 and SANDAG Board of Directors Agenda Item No. 10-05-5, May 14, 2010, pp. 4-5.
B. Transit Service and Facilities

Transit services and facilities can have an impact on transit ridership and mode share. Discussion related to transit service generally relates to the quantity of transit service including geographic coverage, system linkages, frequency, and span of service. Discussion related to transit facilities generally relates to the quality of transit service and falls into two categories:

- Strategies that enhance passenger service (including travel time); and
- Strategies that address provision of passenger amenities

The two areas that can be most directly measured for impact on ridership are service frequency (headway) and speed (in-vehicle travel time).

However, their cost implications are quite different. Increasing the frequency of service can be costly; every added trip requires added operator and vehicle hours. Reducing headways (improving frequency), unless accomplished by means of extensive route re-design, would increase operating and maintenance cost, and could require capital expenditures to increase the transit vehicle fleet and provide maintenance and storage facilities for added vehicles. Reducing in-vehicle travel time (increasing speed) would decrease transit operating and maintenance cost, and while it can sometimes be achieved through operating modifications such as limited-stop or express service, it most often requires some level of capital investment in the form of dedicated transit lanes, traffic signal priority, and/or off-board fare payment to achieve higher average operating speeds.

Service Frequency (Headway)

Frequency improvements can be gained in two ways. If headways are regular, halving the headway requires twice as many transit vehicle trips. If headways are irregular, either by design or by unpredictable delays, achieving uniform headways can effectively reduce the average headway. For example, if a transit corridor with one or more bus routes has 12 buses per hour, but they arrive at the same time, the effective average headway is ten minutes, rather than five minutes if they are evenly spaced.

Also, the effect of headway improvement on a particular route is a function of the current headway; improvements to vehicle headways that are already closely spaced will have relatively little effect on ridership, while improvements to widely spaced headways can have a dramatic effect.

The financial impact of service improvements in many cases may be more severe than the financial impact of fare reductions. This is because lost fare revenues resulting from a fare reduction are partly offset by the gain in transit riders, while ridership increases resulting from service increases do not generally offset the increase in required operating subsidy. For example, increased ridership resulting from frequency reductions will most often require increased service, which increases operating and maintenance cost and often increases capital costs for fleet expansion and vehicle maintenance and storage facilities.

Speed (In-Vehicle Travel Time)

Transit’s in-vehicle travel time is the combined total of trip length (running time), delay caused by traffic and traffic signals, and dwell time at transit stops or stations. Buses in urban corridors sometimes have as much as half their in-vehicle travel time expended in the form of traffic signal delay and transit stops. Traffic signal delay can be reduced significantly by measures such as transit signal priority and queue jumps. Transit stop delay time can be reduced by using off-vehicle fare collection and multi-door boarding and alighting. Traffic signal delays and reductions in time spent at passenger stops have yielded bus running time reductions of more than 20 percent in some cases. For example, the initial demonstration implementation of the Los Angeles Metro Rapid service, which employs transit signal
priority and other operating enhancements, reduced transit travel time on the Wilshire corridor by 29 percent and on the Ventura corridor by 23 percent.\(^\text{17}\)

Forms of transit priority treatment include:

- **Dedicated Transit Lanes:** Where transit service is frequent and road space permits, especially on congested streets, transit travel time (and reliability) will benefit from the establishment of reserved lanes. The best reserved-lane situation is one that does not require buses to change lanes. On arterial and local streets and roads, transit lanes can take many forms. They can be designed and built into new streets and roads. Or, they can be retrofitted into existing roadways in a variety of configurations:
  
  - Converted auto lanes – these are regular travel lanes selectively converted to transit only use. Transit only use can be continuous for the length of the street or discontinuous and applied only in specific areas. It can also designed for transit only use by time of day (i.e., peak period only or all day).
  - Converted parking lanes - parking lanes adjacent to curbs can be converted to transit only lanes. As with converted auto lanes, these can be continuous or discontinuous and designated for transit use by time of day.
  - Shared transit lanes – these lanes give priority to transit but allow shared auto use for right turns, driveway access, and even continuous auto travel. In the latter case, autos may be delayed in shared transit lanes by buses stopping in the lane at transit stops.
  - Converted roadway shoulders – on regional roadways and highways, shoulders can be converted to transit only lanes with specific operational procedures and appropriate signage.

- **Transit Streets/Busways/Rail Corridors/Grade-Separated Transit:** Ambitious expansion of transit will lead to the need for even greater transit priority, and for projects to fill in “missing links” for more direct connectivity serving major passenger flows. Dedicated transitways for bus or rail provide competitive advantages in favor of transit.

- **Managed Lanes/Direct Access Ramps:** The San Diego region has an extensive program to establish a managed lanes system on regional freeways that provide congestion-free travel for carpools, vanpools, bus transit and toll-paying single-occupant autos. The managed lanes and direct access ramps provide free-flow priority for regional transit.

- **Traffic Signal Priority:** Traffic signal priority for transit can take on two forms – signal preemption, and signal priority. Signal preemption gives transit vehicles the privilege of changing a traffic signal to allow passage without delay. This technique tends to disrupt general traffic flow including preventing signal-to-signal progression and its use is generally limited for this reason. Traffic signal priority allows transit vehicles to obtain, within certain set limits, an extension of a green light or advancement of green light, thereby reducing delay caused by signals. Signal priority is valuable where signal-caused delay is significant and there is a dominant transit flow. If transit volumes on cross streets are similar there may be no advantage to implementing signal priority.

- **Queue Jumps:** Queue jumps provide short transit lanes at signalized intersections, allowing transit buses to move to the beginning of the queue of vehicles waiting at a red light and transit signal priority, which provides a bus-only green light that precedes that for general purpose traffic, allowing the buses to cross into the intersection and proceed ahead of the auto traffic.

\(^{17}\) LAMTA, Metro Rapid Planning and Programming Committee Presentation, March 1999
The purpose of transit priority treatments is to make transit travel time competitive with auto travel times by offsetting or overcoming the time impacts of accessing and waiting for transit, multiple stops, transfers, and indirect routings for particular trips. Improving transit’s level of service will help make transit a more viable travel option.

Other Service and Facility Measures

It is well established that the introduction of measures improving the comfort, convenience, attractiveness and permanence of transit can lead to higher ridership and transit mode share. Less well established is how to predict the magnitude of these ridership increases. However, there is a growing body of knowledge drawn from experience with various transit modes (vehicle and system technologies) such as Bus Rapid Transit (BRT), Light Rail (LRT), and express buses, and with the use of passenger information systems, service branding, and other transit attribute modifications that link these service and facility measures to ridership improvements.

Service and facility strategies can have a positive effect on ridership by refining and augmenting the transit system. Many of these strategies are being incorporated into the Urban Area Transit Strategy network planning and include:

- **Direct Routing**: Increased use of direct routes, which includes limited-stop or express service if warranted, to minimize the need for passenger transfers and minimize in-vehicle travel times. Priority for establishing direct route services should be given to origin-destination pairs with sufficient passenger volumes to support reasonable service frequency.

- **Span of Service**: Increasing the span of service; some travel cannot be made by transit because it must or may take place during hours when service is not provided. This includes off-peak trips in areas having only peak-period service, or late night trips when almost all transit service is absent. Periodic review of span-of-service criteria is needed to maximize hours of operation where there is sufficient need.

- **Transit Centers**: Establishing transit centers, especially in conjunction with Smart Growth areas, increases regional accessibility via transit by providing timed-transfer route meeting points for trips that do not support direct route service. By facilitating multiple origin-destination trip patterns with a minimal number of routes, service frequency can be optimized.

- **Access to Transit**: Often the biggest impediment to transit use is getting to and from the transit stop or station. Land use patterns, street networks, topography, and distances between trip origins and transit stations (“first mile”) or transit stations and trip destinations (“last mile”) create barriers that are difficult for transit vehicles to negotiate and are difficult or impractical for those wishing to access transit to overcome. Strategies and programs that promote first-mile/last-mile solution can help encourage transit use and increase transit mode share, especially in suburban and low density employment areas where walking to transit is impractical. Potential solutions to address first-mile/last-mile access include:
  
  - Pedestrian access improvements
  - Bicycle policies and programs that include the expansion of bicycle lanes and paths to transit stations and the inclusion of bike space on roadways, incorporation of secure bicycle storage facilities at stations, establishment of policies and designated facilities/space that allow for bicycles on board transit vehicles (including distribution of folding bikes to riders), and bike rental/sharing programs that allow transit riders to “borrow” bikes to complete their trips
  - Ample park/ride and kiss/ride facilities at stations
Feeder-distributor bus and shuttle routes which are generally provided by the transit operator from major transit centers and stations
Employer shuttles provided from transit to major employment centers by a large employer or a group of employers
Privately operated jitney or taxi services that provide for shared rides and integrated fares
car sharing and station car programs and services that provide on-demand access to shared vehicles for short trips to and from the transit station
Casual carpooling (also known as “slugging”) that establishes a recognized market and method for informal “on-the-spot” rides to and from transit stations
Rideshare match programs

**Unique Downtown Transit Applications:** The December 2009 “Lessons Learned from Peer Regions” case study report conducted for the Urban Area Transit Strategy project revealed that most cities with successful, high profile transit systems had unique services and facilities for transit in their downtowns. These services and facilities demonstrate a commitment to transit in the region and increase the awareness, improve the image and enhance the convenience of transit for travelers and trips extending well beyond the downtown. Some applications can also be applied in secondary downtowns in the region. Examples of unique transit applications include:

Dedicated transit streets or malls (Denver, Portland, Minneapolis)
Downtown edge transit hubs connected by very high-frequency shuttles (Denver)
Network of high frequency circulator shuttle routes (Los Angeles DASH)
Streetcars (Seattle, Portland, San Francisco)
Downtown rail and bus transit tunnel (Seattle)
Dedicated bus lanes (Seattle, Los Angeles)
Fare free zones (Seattle)

**Design Quality and Passenger Amenities:** Transit systems should ensure that capital facilities are well designed, constructed and maintained and provide a level of comfort, convenience and safety that will help attract and retain riders. Well designed and constructed stops, stations, transit centers, transit vehicles, and travel-ways provide passengers with a comfortable environment and smooth ride. Shelters, lighting, passenger information, fare vending, convenience retail, low-floor vehicles, and security cameras and personnel at stations all serve to make transit easier and more comfortable to use.

**Community Integration:** Transit systems that provide the most access and convenience are those that physically and intrinsically weave transit into communities and neighborhoods. While different areas require different transit applications, regional land use and transportation strategies should strive to balance freeway-based transit investments (i.e., transit stations at managed lane direct access ramps) with community based investments in which transit penetrates and directly serves neighborhoods (and is accessible by foot or bike).
Summary: Menu of Policy Options

Table 10 below provides a summary of the menu of policy options discussed in this paper for consideration in the RTP development process. (Please note: The policy options have been listed in order of priority based on an interactive exercise conducted on September 21, 2010, with SANDAG’s Regional Planning Technical Working Group, Cities/County Transportation Advisory Committee, and Regional Planning Stakeholders Working Group.)

Table 10: Menu of Policy Options

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Policy Options</th>
</tr>
</thead>
</table>
| A. Parking  | 1. Create a toolbox of localized parking strategies and policies for local jurisdictions that may include:  
|             | o Parking pricing (on and off-street)  
|             | o Zoning to reduce/eliminate parking minimums  
|             | o Zoning to reduce parking maximums  
|             | o Shared parking programs and standards  
|             | o Employer parking cost cash-outs  
|             | o Unbundling of parking costs from housing costs in targeted areas  
|             | o Local parking districts  
|             | o Others as requested by local jurisdictions  
|             | 2. Support a remote parking program tied to transit service  
|             | 3. Establish grant programs to fund local parking utilization surveys and provide technical assistance to jurisdictions and transit operators within the SANDAG jurisdiction to promote changes in parking management and zoning requirements related to parking  
|             | 4. Encourage a regional employer/business assessment on employer-provided parking to be used for transit improvements or transit pass subsidies  
|             | 5. Establish regional policies promoting shared parking, particularly at transit stations  
|             | 6. Establish programs to measure and document the amount of parking available in selected areas of the region and use this sample as a baseline to track changes in parking supply over the long-term  
|             | 7. Organize the region into subregional areas, and in collaboration with affected jurisdictions, develop guidelines for parking availability and pricing for each subregion  
|             | 8. Initiate regional education programs regarding the effects of free parking on congestion and mode choice  
|             | 9. Initiate discussion regarding the establishment of long-term goals for a reduction in parking spaces per capita  
<p>|             | 10. Establish Transportation Management Associations in key employment or urban locations |</p>
<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Policy Options</th>
</tr>
</thead>
</table>
| B. Land Use | 1. Identify a limited number (three to five) key strategic employment centers/locations in addition to downtown San Diego (possibly for cluster industry employment) that can accommodate higher employment concentrations sufficient to support transit, and create programs that help concentrate employment in these areas by strategically linking employment center growth and transit investment *(Note: Tied with #2 in interactive exercise)*  
2. Reward the “Smarter Smart Growth” areas with smart growth incentive funding, transit facilities, and transit service investments *(Note: Tied with #1 in interactive exercise)*  
3. Update the SANDAG Smart Growth “toolbox” to include Complete Street concepts as a means to implement Smart Growth policies and facilitate greater access to transit, and encourage jurisdictions to adopt these policies as part of their development codes  
4. During the next update of the SANDAG Regional Comprehensive Plan and Smart Growth Concept Map, work with local jurisdictions to identify a limited number of “Smarter Smart Growth” areas which would be large geographic areas with the best potential for accommodating regional growth through high density, mixed use development  
5. Review Smart Growth Incentive Program criteria and consider providing higher priority to local jurisdictions that have adopted TOD, urban design, complete street, and/or form-based codes, policies, and standards for receiving incentive funding and/or regional transit investment priority, or use the adoption of these policies and standards as criteria for transit project priority phasing in the next update of the Regional Transportation Plan  
6. Encourage jurisdictions to streamline the development and entitlement process in identified Smart Growth areas to encourage development in these designated areas  
7. Update the SANDAG Smart Growth “toolbox” to include Form-Based codes as a means to implement Smart Growth policies and encourage jurisdictions to adopt these policies as part of their development codes |
| C. Funding | 1. Encourage the creation of Local Improvement Districts (LIDs) and facilities financing mechanisms  
2. Seek private partners in cases of promising funding advantages  
3. Promote bonding against public parking revenues. |
Appendix A

Parking Policy and Strategy Resources/References


Weinberger, Kaehny, Refu; U.S. Parking Policies: An Overview of Management Strategies; Institute for Transportation and Development Policy

http://www.smgov.net/Departments/OSE/Categories/Sustainability/Sustainable_City_Progress_Report/Transportation/Average_Vehicle_Ridership.aspx
2050 Transit Mode Share Goal Ranges

Values represent peak period home-to-work transit mode share for destination districts.

attachment 2
ACTION REQUESTED: INFORMATION

2050 REGIONAL TRANSPORTATION PLAN: SUSTAINABLE COMMUNITIES STRATEGY

On October 8, 2010, the attached report regarding the 2050 Regional Transportation Plan: Sustainable Communities Strategy was presented to the SANDAG Board of Directors for discussion. A summary of the discussion will be presented to the Transportation and Regional Planning Committees for information.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Attachment: 1. October 8, 2010, 2050 Regional Transportation Plan: Sustainable Communities Strategy Report to the SANDAG Board of Directors

Key Staff Contact: Coleen Clementson, (619) 699-1944, ccl@sandag.org
2050 REGIONAL TRANSPORTATION PLAN: SUSTAINABLE COMMUNITIES STRATEGY

Introduction

What is the Sustainable Communities Strategy? What will it look like? These are familiar questions to those involved in 2050 Regional Transportation Plan (RTP) planning process.

This report describes the components of the Sustainable Communities Strategy (SCS), which will be included in the 2050 Regional Transportation Plan.

In accordance with Senate Bill 375 (SB 375), the SCS will guide the San Diego region toward meeting greenhouse gas (GHG) emission targets related to cars and light trucks (passenger vehicles) by integrating land use, housing, and transportation planning to create more sustainable, walkable, transit-oriented compact development patterns and communities that reduce the need to drive. These targets – a 7 percent per-capita reduction in passenger vehicle GHG emissions by 2020 from a 2005 baseline, and 13 percent reduction by 2035 – were set by the California Air Resources Board (CARB) on September 23, 2010, and are consistent with the recommendation made by the SANDAG Board of Directors at the July 23, 2010, meeting.

The SCS for the 2050 RTP will be composed of four building blocks that have served as the underpinning for transportation planning in the San Diego region for many years. The key difference between past and current regional planning efforts is the new focus on GHG emissions.

- **A land use** pattern that accommodates the region’s future employment and housing needs and protects sensitive habitat and resource areas. The 2050 Regional Growth Forecast provides the foundation for the 2050 RTP/SCS land use pattern.

- **A transportation network** of public transit, highways, local streets, bikeways, and walkways. Four initial revenue constrained transportation network scenarios have been developed. Once accepted by the SANDAG Board of Directors, one of these four scenarios or some combination of them will serve as the 2050 RTP/SCS transportation network.

- **Transportation Demand Management (TDM)** measures that reduce or eliminate peak-period demand on the transportation network, such as carpooling, vanpooling, telecommuting, and innovative programs such as buspools for military base commuters. TDM alternatives have been developed in conjunction with the four initial Revenue Constrained Transportation Network Scenarios.

- **Transportation System Management (TSM)** measures that maximize the efficiency of the transportation network, such as signal timing, freeway ramp metering, and bottleneck relief/auxiliary lane projects. TSM alternatives also have been developed in conjunction with the four initial Revenue Constrained Transportation Network Scenarios.
In addition to the building blocks mentioned above, through the GHG target-setting process conducted over the last several months, the Board of Directors has been discussing pricing strategies that also could be considered to help meet the region’s GHG targets. Although the variable pricing strategy included in the regional Managed Lanes system has been a part of the RTP for many years, it was included with other pricing strategies for the GHG target-setting process leading up to the action by CARB on September 23, 2010.

Attachment 1 of this report lists the specific requirements for the SCS from the SB 375 legislation and identifies which of these building blocks would address each requirement.

Discussion

Although the SCS is a new requirement of state law, its origin lies in the regional planning processes SANDAG has undertaken for many years that integrate the transportation, land use, housing, environmental, economic, and social equity needs of the region. The SANDAG Regional Comprehensive Plan (RCP) adopted by the Board of Directors in 2004, and the Smart Growth Concept Map (adopted in 2006 and updated in 2008) are two examples of integrated regional planning processes. A description of the building blocks of the SCS follows. The goals of the RTP and its SCS component are the same as those adopted by the Board of Directors as illustrated in the graphic below:

Land Use

SB 375 calls for a land use pattern that will help meet regional GHG targets by improving transportation and land use coordination and jobs housing balance, creating more transit-oriented, compact and walkable communities, providing more housing capacity for all income levels, and protecting resource areas (such as sensitive habitat areas and mineral resources) and farmland.

SB 375 also calls for the coordination and integration of housing planning with the regional transportation plan. The law states, “To achieve this goal, the allocation plan [for the Regional Housing Needs Assessment (RHNA)] shall allocate housing units within the region consistent with the development pattern included in the sustainable communities strategy.”

The 2050 Regional Growth Forecast (Forecast) (approved for planning purposes by the SANDAG Board in February 2010) provides the foundation for the 2050 RTP/SCS land use pattern and the RHNA for the next housing element cycle (2013 – 2020). The Forecast identifies existing land uses, planned land uses (on vacant land and in redevelopment and infill areas), habitat conservation areas, agricultural lands, and development constraints, such as steep slopes, floodplains, and wetlands on a parcel level basis, which also are factors that housing element law requires to be considered in the development of the RHNA methodology.
Home to 3.1 million people, there are an estimated 1.1 million homes and 1.5 million jobs in the San Diego region. Most of the homes and jobs are located within the western third of the region today and in areas served by transit. The 2050 Regional Growth Forecast projects another 1.3 million people will live in the region by 2050, and that there will be an additional 388,000 new homes and 500,000 new jobs. Most of the new homes and jobs are projected within the urbanized areas of the region, and most of the new homes projected to be built will be multifamily housing.

During the past ten years there has been a shift both in development patterns and in local plans to align more closely with the goals and objectives of the RCP, with more focus on urban infill and redevelopment and accessibility to jobs, housing, education, and recreation opportunities. This shift will help the region meet both the GHG targets set by CARB, and the lower and moderate income housing needs for the next RHNA and housing element cycle.

Meeting Projected Housing Needs

SB 375 requires that the SCS identify areas sufficient to house projected population growth (1.3 million more people) within the region, and sufficient to house an eight-year projection of the regional housing need for the region as determined through the RHNA process for the 2013 – 2020 housing element cycle. The 2050 Forecast accomplishes this goal. The region has demonstrated a significant increase in residential capacity since the preparation of the 2030 Forecast used in the 2030 RTP. While the 2030 Forecast had an unmet need of nearly 100,000 homes to 2030 (which was addressed by assuming significant interregional commuting into the region from Riverside and Imperial Counties and Baja California, Mexico), the 2050 Forecast provides sufficient capacity to accommodate more than the estimated 388,000 housing units needed to house projected population growth, and results in only minimal interregional commuting. The 2050 Forecast also included much more complete planning information for the region’s military bases, which has contributed to a better understanding of housing needs for the future of the region.

SB 375 also requires that new housing accommodate all economic segments of the population over the course of the planning period of the 2050 RTP (2008 to 2050) and that areas be identified within the region sufficient to house an eight-year projection of the regional housing need for the region (the RHNA numbers for the next housing element cycle). The 2050 Forecast shows that 80 percent of the 388,000 new homes projected to be built will be attached housing (Attachment 2) – with a planned capacity of about 213,000 units at 30 dwelling units per acre (du/ac) and about 70,000 units at 20 – 29 du/ac. This planned housing development capacity will assist the region and local jurisdictions in meeting the housing requirements of SB 375 and the RHNA goals of housing element law.

SANDAG is working with the other Metropolitan Planning Organizations (MPOs) and staff from the California Department of Housing and Community Development (HCD) toward developing a common understanding of how to achieve the consistency between the RHNA and SCS required by SB 375. An issue paper is being developed that describes how these two key requirements of state law are supportive of and consistent with one another.

SANDAG will be adopting the next RHNA on or before the summer 2011 adoption date for the 2050 RTP/SCS, and local housing elements will be due by January 21, 2013. The fifth housing element cycle will cover the time period from January 1, 2013 - December 31, 2020. SANDAG staff has been consulting with HCD staff on our Regional Housing Need Determination for the RHNA (overall housing need number), and the Regional Planning Technical Working Group (TWG) and Regional Housing Working Group (RHWG) have been meeting to develop the RHNA methodology (allocation by jurisdiction and income categories).
Considering Resource Areas and Farmland

In addition to identifying areas where development will occur, SB 375 requires that the SCS include “gathering and considering the best practically available scientific information regarding resource areas and farmland in the region.” This requirement also is accomplished in the 2050 Regional Growth Forecast. Information gathered from local jurisdiction planning staff included identification of adopted habitat conservation plans as part of the Multiple Species/Habitat Conservation Program, other habitat conservation areas, agricultural uses, designated open space and other areas constrained from development. SB 375 also requires that mineral resources of statewide or regional significance must be considered. SANDAG is currently in the process of mapping these areas through a study of aggregate resources that will be considered in the preparation of the SCS.

2050 RTP Transportation Network

The SCS will contain a fiscally constrained (revenue constrained) transportation network to serve the transportation needs of the region and other TDM and TSM measures and policies (see description below) that will help achieve our GHG targets.

During the past few months, staff has presented the draft 2050 RTP Unconstrained Transportation Network to the Board of Directors, Policy Advisory Committees (PACs), various SANDAG working groups, and at other public meetings. On May 28, 2010, the Board accepted an Unconstrained Regional Bicycle Network as part of the Regional Bike Plan. At its July 23, 2010, meeting the Board accepted the draft Unconstrained Transportation Network for use in the development of the draft 2050 RTP.

Based on revenue projections through 2050, four initial Revenue Constrained Transportation Network Scenarios have been developed using the results of the Urban Area Transit Strategy, prioritized project lists, and other factors. The Revenue Constrained Transportation Network Scenarios would attempt to build and operate as much of the Unconstrained Transportation Network as possible, given revenue availability and flexibility, and project priorities. SANDAG is evaluating the Revenue Constrained Transportation Network Scenarios based upon Board-approved plan performance measures, including GHG emissions. One of these four scenarios or some combination of them will serve as the 2050 RTP/SCS transportation network.

Transportation Demand Management (TDM) Measures

TDM measures improve the efficiency of the transportation system by helping to reduce or eliminate peak-period trips when the highest travel demand occurs. TDM measures typically offer programs and incentives to encourage modes other than driving a single occupant vehicle or shift demand to non rush hour periods. Employer-sponsored transportation benefits, regional transit and vanpool subsidies, and carpool and biking incentives are examples of current TDM measures.

TDM measures currently proposed to complement the 2050 RTP transportation network include:

- Expanded marketing of the SANDAG iCommute program
- Expanded vanpool and carpool programs
- New financial incentives for telecommuting
- Expanded bike locker program
- New bike stations
- New bike share program
- New carsharing program
- New buspool program in coordination with regional military bases
The proposed measures represent an estimated investment level of up to $703 million of the estimated $100 to $110 billion Revenue Constrained budget through 2050.

**Transportation System Management (TSM) Measures**

TSM measures are intended to maximize the efficiency of transportation facilities already in place. A combination of programs such as signal- and ramp-metering coordination and optimization, improved performance monitoring, and advanced vehicle/roadside communication platforms will increase monitoring capabilities, enhance management, and improve system efficiency.

TSM measures currently proposed to complement the 2050 RTP transportation network include expanded:

- Traveler information services
- Signal timing improvements
- Ramp metering
- Corridor management
- Bottleneck/auxiliary lane projects
- Incident management (e.g., Freeway Service Patrol)

The proposed measures represent an estimated investment level of up to $829 million of the estimated $100 billion to $110 billion Revenue Constrained budget through 2050.

**Pricing Measures**

Pricing strategies also are used to reduce the demand on the transportation system. The long-established strategy of variable pricing within the Managed Lanes corridors included in the RTP whereby high occupancy toll lanes (HOT lanes) are operated in a manner that optimize demand for transit and ridesharing makes an important contribution to GHG emissions reduction. Another measure that could be considered is parking pricing that would expand the requirement for vehicles to pay for parking in certain locations. At this point in time, specific pricing measures beyond the High Occupancy Toll lanes that have been assumed in previous RTPs have not been assumed in the 2050 RTP transportation networks under consideration. The Board of Directors indicated, however, through the recent GHG target-setting process a willingness to consider investigating pricing strategies and these will likely be assessed as part of the development of the 2050 RTP/SCS.

**Other Supporting Policies and Programs**

There are a number of supporting policies and programs that SANDAG has adopted over the last few years that support reducing vehicle miles traveled and GHG emissions from passenger vehicles including:

- TransNet Smart Growth Incentive Program
- TransNet Environmental Mitigation Program
- TransNet/Transportation Development Act Active Transportation Program
- Designing for Smart Growth in the San Diego Region
- Smart Growth Trip Generation Tool
- Parking Strategies for Smart Growth Report
- Regional Bike Plan
- Planning and Designing for Pedestrians in the San Diego Region
- Regional Energy Strategy
- Regional Economic Prosperity Strategy
- Climate Action Strategy
Also under way:

- Public health policy development through the Center for Disease Control grant program
- Social equity and environmental justice analysis
- Economic impact analysis of alternative transportation strategies

**SCS and SB 375 CEQA Provisions**

Provisions in SB 375 include opportunities for streamlining the California Environmental Quality Act (CEQA) process when certain conditions are met as an incentive for implementing projects that are consistent with smart growth principles. The SCS will include a discussion and guidance on how to apply these streamlining provisions. Generally, there are two types of CEQA streamlining that are available after the MPO adopts an RTP, including an SCS that meets the GHG targets established by CARB:

- Residential/mixed use projects streamlining
- Transit priority projects streamlining

**Residential/Mixed Use Projects Consistent with the SCS**

If a residential or mixed use project is consistent with the land use designation, density, building intensity, and other applicable land use policies assumed for the SCS, **the lead agency for the project would still be required to conduct environmental review pursuant to CEQA**. Those projects would not have to repeat the discussion of growth inducing and GHG effects from cars and light trucks, however, that was included in the environmental impact report (EIR) for the RTP/SCS. Similarly, if an EIR is being prepared for any such a residential/mixed use project, the alternatives section of that EIR would not need to include a reduced density alternative to reduce GHG emissions. For purposes of this provision, a residential/mixed use project is defined as a project where at least 75 percent of the square footage is devoted to residential uses.

**Transit Priority Project - Sustainable Communities Environmental Assessment and CEQA Exemption**

The second type of CEQA streamlining is for Transit Priority Projects. A Transit Priority Project (TPP) is eligible for CEQA streamlining provisions provided it meets certain criteria. **It would be up to the local agency to determine if a project qualifies as a TPP**. For a local jurisdiction to determine if a project is a TPP, the project must be consistent with the general use designation, density, building intensity, and applicable policies identified in an approved SCS. In addition, a TPP that is eligible for CEQA streamlining also must be 50 percent residential, minimum 20 dwelling units per acre, and be within a half-mile of a major transit stop or high-quality transit corridor (15-minute frequencies during peak periods) that is included in the RTP.

If a project meets these criteria, the project may be analyzed under a new environmental document created by SB 375, called the Sustainable Communities Environmental Assessment (SCEA), or an EIR. Similar to a Mitigated Negative Declaration (MND), the SCEA would need to include analysis of all significant environmental effects and mitigation measures to reduce those impacts to a level below significant. Among other differences, a major distinction between a SCEA and an MND is the legal standard of review. The SCEA would be reviewed under the more deferential “substantial evidence” standard (as opposed to the “fair argument” standard). Using the substantial evidence standard, a court would uphold an agency’s decision if there was substantial evidence in the record to support the agency’s action. This should make a lead agency’s decision to use this type of document less vulnerable to successful legal challenge. If an EIR is prepared for a TPP, the document
would not need to include an analysis of cumulative impacts or GHG emissions from cars and light duty trucks. In addition, project alternatives – as required in EIRs – need not address reduced density or off-site location alternatives.

If additional criteria can be met, a TPP may be eligible for a new CEQA exemption that was created with the adoption of SB 375. Projects that meet all the required criteria are known as sustainable communities projects. This new exemption is intended to provide CEQA relief for TPP projects that are consistent with the SCS. A sustainable communities project (as defined in SB 375), must meet the criteria outlined above for TPP projects and also must generally comply with an extensive list of conditions in the law (Attachment 3).

It is not known how many projects in the San Diego region would be able to meet the criteria to qualify for the CEQA exemption. It would be up to the local agency to determine if a project qualifies for the exemption at the time a project is proposed. Project proponents of these types of projects are still required to pay development fees or in-lieu fees (as specified in SB 375).

SANDAG is in the process of preparing the EIR for the RTP/SCS. The RTP/SCS EIR is the document that must be certified before projects in the region can qualify for any of the CEQA streamlining provisions of SB 375. It is anticipated that the draft EIR will be circulated for public review in March 2011 and certified by the Board of Directors at the time the RTP/SCS is adopted in summer 2011.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Sustainable Community Strategy Content Requirements per SB 375
   2. 2050 Regional Growth Forecast Projected Residential Capacity
   3. Transit Priority Project Exemption Criteria

Key Staff Contact: Coleen Clementson, (619) 699-1944, ccl@sandag.org
Each metropolitan planning organization shall prepare a sustainable communities strategy, subject to the requirements of Part 450 of Title 23 of, and Part 93 of Title 40 of, the Code of Federal Regulations, including the requirement to utilize the most recent planning assumptions considering local general plans and other factors. The sustainable communities strategy shall:

<table>
<thead>
<tr>
<th>Regional Growth Forecast / Land Use Measures and Policies</th>
<th>Transportation System Network / Measures and Policies</th>
<th>Transportation Demand Management Measures and Policies</th>
<th>Transportation Systems Management Measures and Policies</th>
<th>Pricing Measures and Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. identify the general location of uses, residential densities, and building intensities within the region;</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii. identify areas within the region sufficient to house all the population of the region, including all economic segments of the population, over the course of the planning period of the regional transportation plan taking into account net migration into the region, population growth, household formation and employment growth;</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii. identify areas within the region sufficient to house an eight-year projection of the regional housing need for the region pursuant to Section 65584;</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv. identify a transportation network to service the transportation needs of the region;</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
| Sustainable Communities Strategy Content Requirements per SB 375  
(California Government Code Section 65080 (b)(2)(B)) |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional Growth Forecast / Land Use Measures and Policies</td>
<td>Transportation System Network / Measures and Policies</td>
<td>Transportation Demand Management Measures and Policies</td>
<td>Transportation Systems Management Measures and Policies</td>
</tr>
<tr>
<td>v. gather and consider the best practically available scientific information regarding resource areas and farmland in the region as defined in subdivisions (a) and (b) of Section 65080.01;</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi. consider the state housing goals specified in Sections 65580 and 65581;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vii. set forth a forecasted development pattern for the region, which, when integrated with the transportation network, and other transportation measures and policies, will reduce the greenhouse gas emissions from automobiles and light trucks to achieve, if there is a feasible way to do so, the greenhouse gas emission reduction targets approved by the state board;</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>viii. allow the regional transportation plan to comply with Section 176 of the federal Clean Air Act (42 U.S.C. Sec. 7506).</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
2050 REGIONAL GROWTH FORECAST
PROJECTED RESIDENTIAL CAPACITY

The SANDAG Board of Directors accepted the 2050 Regional Growth Forecast for planning purposes in February 2010. Chart 1 below shows the number of houses planned by density category from the 2050 Growth Forecast (Series 12) in comparison to prior growth forecasts (Series 9, 10, and 11) that were prepared in 1998, 2002, and 2006, respectively.

In forecasts prior to Series 12, the number of units planned for low-density residential was similar to or higher than that in the Series 12 forecast. However, as a result of rezoning programs, specific plan amendments, and draft plan updates, the region has greatly increased its potential for more compact residential development. For example, the number of housing units planned for 40 dwelling units per acre (du/ac) and higher has more than doubled since the late 1990s/early 2000s, when the Series 9 and 10 forecasts were developed.

Chart 1: Projected Regional Residential Capacity by Density - Current and Prior Regional Growth Forecast Projections

The current Series 12 forecast incorporates plan updates that accommodate more multifamily and mixed use lands, and additional housing planned for the region’s military personnel (shown in Chart 2 on the following page). For the year 2030, the average residential density in the Series 10 forecast was projected to be 1.76 du/acre, while the average residential density in the Series 12 forecast is projected to be 2.78 du/acre.
Chart 2: Projected Housing Units by Structure Type – Current and Prior Regional Growth Forecast Projections
Transit Priority Project Exemption Criteria

- The Transit Priority Project (TPP) must be served by existing utilities and must pay all applicable in-lieu or development impact fees
- Site cannot contain riparian or wetland habitat or significant wildlife value
- Site cannot be listed on the “Cortese List” which includes hazardous waste facilities subject to corrective action
- Site must not expose future residents to significant hazards
- TPP must not have significant impact on historical resources
- TPP site is not subject to wildland fire hazard
- TPP site is not subject to unusually high risk of fire or explosion from materials stored or used nearby
- TPP site is not subject to risk of public health exposure at a level that would exceed the standards established by any state or federal agency
- TPP site is not subject to seismic risk as a result of being within a delineated earthquake fault zone, a seismic hazard zone, unless the general plan or zoning ordinance contains provisions to mitigate the risk of an earthquake fault or seismic hazard zone
- TPP site is not subject to landslide hazard, flood plain, flood way, or restriction zone, unless applicable general plan or zoning ordinance contains provisions to mitigate the risk of a landslide or flood
- TPP is not located on developed open space
- TPP buildings must be 15 percent more energy efficient than Title 24 requirements
- TPP landscape must be designed to use 25 percent less water than average household in region
- Site of the TPP is not more than 8 acres in total area
- TPP does not contain more than 200 residential units
- TPP does not result in net loss of affordable housing units within the project area
- TPP does not include any single level building that exceeds 75,000 square feet
- Applicable mitigation measure or performance standards or criteria set forth in prior EIR have been or will be incorporated into project
- TPP does not conflict with nearby operating industrial uses
- TPP is located within one-half mile of a rail transit station or ferry terminal included in an RTP or within one-quarter mile of a high-quality transit corridor included in an RTP
- At least 20 percent of housing will be sold to families of moderate income, or not less than 10 percent of housing will be rented to families of low income or not less than 5 percent of the housing will be rented to families of very low income – also, legal commitments have to be in place to ensure the continued availability of these units for these income levels; or in-lieu fees will be paid to ensure the same number of similar units (outlined above) are built; or TPP provides public open space equal to 5 acres per 1,000 residents of the project
- The finding that a project is exempt must be made after conducting a public hearing
TRANSPORTATION COMMITTEE MEETING OF OCTOBER 1, 2010

The meeting of the Transportation Committee was called to order by Chair Jack Dale (East County) at 9:02 a.m. See the attached attendance sheet for Transportation Committee member attendance.

1. APPROVAL OF MEETING MINUTES

Action: Upon a motion by Mayor Pro Tem Carrie Downey (South County) and a second by Mayor Pro Tem Judy Ritter (North County Inland), the Transportation Committee approved the minutes from the September 17, 2010, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public or member comments.

CONSENT (3)

3. TransNet ENVIRONMENTAL MITIGATION PROGRAM: PROGRESS REPORT (INFORMATION)

This report presented an update on the implementation of the TransNet Environmental Mitigation Program, including the current status of land acquisition for mitigation, funding for regional land management and monitoring, and planning efforts for the current fiscal year.

Action: This item was presented for information.

REPORTS (4 through 7)

4. AGREEMENT WITH U.S. ARMY CORPS OF ENGINEERS CONCERNING IMPLEMENTATION OF TransNet PROJECTS (APPROVE)

Implementation of the TransNet Environmental Mitigation Program will require the development of wetland mitigation banks to compensate for wetland impacts of transportation projects. The development of a wetland bank is a regulatory function of the U.S. Army Corps of Engineers (USACOE). SANDAG staff proposes to enter into a new agreement with the USACOE which would allow SANDAG to reimburse the USACOE for work done on the development of wetland mitigation banks, as well as its work on the LOSSAN (Los Angeles-San Diego-San Luis Obispo) Rail Corridor Agency rail projects to expedite the delivery of TransNet projects. SANDAG costs under the proposed agreement would not exceed $400,000 and would extend for two years.
Keith Greer, Senior Regional Planner presented the item.

**Action:** Upon a motion by Mayor Pro Tem Downey and a second by Mayor Pro Tem Ritter, the Transportation Committee authorized the Executive Director to execute a Memorandum of Agreement (MOA) with the U.S. Army Corps of Engineers to expedite the delivery of TransNet projects in substantially the same form as the MOA Template attached to the report.

5. **FY 2012 FEDERAL APPROPRIATIONS PROCESS AND CRITERIA (APPROVE)**

Each year, SANDAG provides our Congressional delegation with the region’s list of high priority transportation projects for consideration during the annual appropriations process. The FY 2012 federal appropriations process is expected to begin in early February of next year.

Victoria Stackwick, Associate Legislative Analyst, presented the item.

Jay Powell, City Heights Community Development Corporation, spoke in support of this item and submitted written documents from the City Heights CDC.

**Action:** Upon a motion by Mayor Pro Tem Downey and a second by Mayor Pro Tem Ritter, the Transportation Committee discussed and approved the process and criteria for recommending transportation projects to the Board of Directors for the FY 2012 federal appropriations cycle.

6. **PROPOSED AMENDMENT TO THE AGREEMENT WITH THE SAN DIEGO UNIFIED PORT DISTRICT CONCERNING ACCESS IMPROVEMENT PROJECTS AND PROPOSED FY 2011 BUDGET AMENDMENT (RECOMMEND)**

On December 22, 2008, SANDAG signed an agreement with the San Diego Unified Port District (SDUPD) for the joint development of Port Access Improvement Projects. The projects would improve access along Harbor Drive at Tenth Avenue and 32nd Street and along Interstate 5 at Civic Center Drive and Bay Marina Parkway. The improvements are estimated to cost $191 million. The SDUPD transferred $5,330,000 to SANDAG for the completion of engineering work. The SDUPD would transfer an additional $2 million to SANDAG to continue engineering work on the projects.

Christina Casgar, Goods Movement Manager, presented the item.

**Action:** Upon a motion by Supervisor Ron Roberts (County of San Diego) and a second by Mayor Pro Tem Downey, the Transportation Committee recommended that the Board of Directors: (1) authorize the Executive Director to approve an amendment to the agreement with the San Diego Unified Port District, in substantially the same form as Attachment 1, to accept $2 million in additional funding; and (2) approve an amendment to the FY 2011 Budget to increase the Port Access Improvement projects budget (CIP 1300701/4) from $7.13 million to $9.13 million.
7. TransNet SMART GROWTH INCENTIVE PROGRAM AND TRANSPORTATION DEVELOPMENT ACT/TransNet BICYCLE PEDESTRIAN AND NEIGHBORHOOD SAFETY GRANT PROGRAM PROGRESS REPORT (INFORMATION)

SANDAG approved the first round of Smart Growth Incentive Program projects under TransNet in May 2009, and the FY 2010 round of Transportation Development Act/TransNet Bicycle Pedestrian Neighborhood Safety and Traffic Calming Program projects in June 2009.

Christine Eary, Associate Regional Planner, provided an overview of the implementation phase of the program and on the progress made to date by the grant recipients. Ms. Eary stated that it is anticipated that the next call for projects will be conducted in conjunction with completion of the 2050 Regional Transportation Plan.

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

8. UPCOMING MEETINGS

Renée Wasmund, Chief Deputy Executive Director, stated that SANDAG has received a Triple A Credit Rating from Standard and Poor. SANDAG is one of only two organizations with sales tax backed credit that has received the Triple A rating.

Gary Gallegos, Executive Director, stated that he and a SANDAG delegation just returned from Washington, DC, where they met with the Maritime staff of the Department of Transportation (DOT) where they were briefed on a project backed by the West Coast Corridor Coalition that would create a maritime highway for goods movement that would connect the ports from Alaska to California. DOT staff were very supportive of the concept.

Supervisor Roberts stated that the delegation also met with top administrators from DOT, Federal Highway Administration, Federal Transit Administration, and other federal agencies to discuss the Mid-Coast project and support for the full funding agreement. Staff received a very positive response from the federal administrators for the project.

The next meeting of the Transportation Committee is scheduled for Friday, October 15, 2010. **Please note that this meeting will begin at 8:30 a.m. and a portion of the meeting will be held jointly with the Regional Planning Committee.**

9. ADJOURNMENT

Chair Dale adjourned the meeting at 9:44 a.m.

Attachment: Attendance Sheet
# CONFIRMED ATTENDANCE

## SANDAG TRANSPORTATION COMMITTEE MEETING

**OCTOBER 1, 2010**

<table>
<thead>
<tr>
<th>GEOGRAPHICAL AREA/ORGANIZATION</th>
<th>JURISDICTION</th>
<th>NAME</th>
<th>MEMBER/ALTERNATE</th>
<th>ATTENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>North County Coastal</td>
<td>City of Carlsbad</td>
<td>Matt Hall (Vice Chair)</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>City of Del Mar</td>
<td>Carl Hilliard</td>
<td>Alternate</td>
<td>Yes</td>
</tr>
<tr>
<td>North County Inland</td>
<td>City of San Marcos</td>
<td>Jim Desmond</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>City of Vista</td>
<td>Judy Ritter</td>
<td>Alternate</td>
<td>Yes</td>
</tr>
<tr>
<td>East County</td>
<td>City of Santee</td>
<td>Jack Dale (Chair)</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>City of La Mesa</td>
<td>Art Madrid</td>
<td>Alternate</td>
<td>Yes</td>
</tr>
<tr>
<td>South County</td>
<td>City of Coronado</td>
<td>Carrie Downey</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>City of Imperial Beach</td>
<td>Jim King</td>
<td>Alternate</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td>Anthony Young</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td>City of San Diego</td>
<td>----</td>
<td>Todd Gloria</td>
<td>Alternate</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td>Marti Emerald</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>County of San Diego</td>
<td>----</td>
<td>Ron Roberts</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td>Greg Cox</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td>Pam Slater-Price</td>
<td>Alternate</td>
<td>Yes</td>
</tr>
<tr>
<td>Metropolitan Transit System</td>
<td>MTS</td>
<td>Harry Mathis</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>MTS</td>
<td>Jerry Rindone</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>North County Transit District</td>
<td>NCTD</td>
<td>Bob Campbell</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>NCTD</td>
<td>Dave Roberts</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>NCTD</td>
<td>Carl Hilliard</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>San Diego County Regional</td>
<td>----</td>
<td>Tom Smisek</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td>Airport Authority</td>
<td>----</td>
<td>Jim Panknin</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>ADVISORY/LIAISON Caltrans</td>
<td>----</td>
<td>Laurie Berman</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td>Bill Figge</td>
<td>Alternate</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td>Albert Phoenix</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td>Dave Toler</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td>Francine Kupsch</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td>Jerome Stocks</td>
<td>Vice Chair BoD</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>----</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
San Diego Association of Governments

TRANSPORTATION COMMITTEE

October 15, 2010

AGENDA ITEM NO.: 3

Action Requested: RECOMMEND

PROPOSED TransNet 2010 BOND ISSUANCE: FINAL REVIEW AND RECOMMENDATION OF BOND DOCUMENTS

File Number 1500100

Introduction

In December 2005, the Board of Directors approved a financial strategy to implement the TransNet Extension and to fulfill ongoing commitments of the original TransNet measure. The financial strategy supported the Board’s desire to jump start a TransNet Early Action Program (EAP) of projects.

Since that time, the Board of Directors has continued to support implementation of the TransNet EAP. The Board has regularly reviewed program revenues and costs, has continued to dedicate the majority of discretionary federal and state funding to the EAP, and has approved annual updates to the TransNet Plan of Finance. The most recent update – the 2010 TransNet Plan of Finance – was approved by the Board on July 23, 2010. With this update the Board approved a “Robust” scenario that would advance to construction (prior to FY 2018) additional projects under development in key EAP corridors and prepare the next list of shovel-ready projects. An integral part of the approved Plan of Finance is a proposed TransNet 2010 bond financing to meet the near-term EAP cash flow needs.

The Board’s July action and the proposed bond financing discussed in this report would allow the region to capitalize on opportunities presented by the current financial and construction market conditions. The Robust scenario accomplishes three objectives: (1) accelerates projects during a low construction cost environment; (2) takes advantage of historically low interest rates; and (3) captures the 35 percent Build America Bonds (BABs) federal interest subsidy before its scheduled expiration at the end of calendar year 2010.

In addition, SANDAG staff has worked with our member agencies and the transit operators on the opportunity to participate in the TransNet debt issuance for (1) new funds to advance TransNet eligible projects and/or (2) refinancing of outstanding TransNet commercial paper. The Cities of San Marcos, Santee, Solana Beach, and National City have expressed an interest and have obtained approvals from their respective councils. A total of $350 million of fixed-rate bonds is proposed to be issued to meet the needs of both SANDAG and the interested cities.

As discussed at the September 17, 2010, Transportation Committee meeting, this strategy is now moving into the implementation stage with the sale of bonds scheduled for the end of October, contingent upon Transportation Committee and Board approval. This report provides an update on
the preparations for the transaction and an additional opportunity to review the draft bond documents. It also summarizes the responsibilities of the Transportation Committee and Board of Directors with respect to this bond issuance, and addresses the questions raised at both the Transportation Committee and Board of Directors meetings in September.

**Discussion**

The financial strategy previously approved by the Board of Directors includes the existing $100 million commercial paper program, low interest rates locked in through interest rate exchange agreements (swaps), and the issuance of $600 million of long-term, variable-rate debt in March 2008. The proposed 2010 issuance would complement our current debt portfolio, allowing for further diversification through the use of a fixed-rate strategy.

**Responses to Questions**

At the September meetings, members of the Transportation Committee and Board of Directors raised several questions concerning the proposed 2010 issuance. Responses to these questions are provided below:

**Should we refinance the $600 million in variable rate bonds?** We continuously monitor our entire debt program, including whether a refinancing of the $600 million in variable-rate bonds into fixed-rate bonds would be advantageous. Refinancing would require that we “unwind” or terminate the swaps, which would be very costly based on current market conditions. The variable-rate bond program, even with the increased cost of the liquidity facilities, has been cost-effective, averaging an annual rate of 4.3 percent to date. This has resulted in interest expense savings in excess of $13 million when compared to what interest expense would have been if SANDAG had issued fixed-rate bonds in March 2008 instead of variable-rate bonds.

**What is our bonding capacity?** Debt service coverage is a measure of the ability to make interest and principal payments on an annual basis and is one of the primary attributes the rating agencies and potential bondholders use to measure the creditworthiness of an issuer. If we were to assume a conservative approach, and calculate debt service coverage over the life of the 2008 and proposed 2010 bonds (through 2048) using FY 2010 sales tax revenues (i.e., assuming no growth), the annual debt service coverage would not drop below 4.39. This means that, based on FY 2010 sales tax revenue, we could pay the annual debt service 4.39 times. The Trust Indenture requires a minimum debt service coverage ratio of 1.3. Additionally, the purpose of the Plan of Finance, which the Board approved in July, is to measure the financial ability of SANDAG to implement the projects in the TransNet Extension Ordinance. There are a number of cost and revenue assumptions included in the Plan of Finance, one of which is future bonding capacity. The most recent update of the Plan of Finance demonstrated sufficient bonding capacity to complete the Major Corridor projects in the TransNet program.

**What is the cost of negative arbitrage? Is it more advantageous to issue all $350 million in bonds now, or to delay a portion of the bond issuance?** Negative arbitrage occurs when the bond proceeds are invested at a rate that is lower than the interest rate we are paying the bondholders. In the current market environment, this situation is unavoidable. The goal is to minimize the negative arbitrage, while at the same time issuing the optimum amount of debt to allow implementation of the capital program at the lowest cost. The base case analysis assumes the issuance of $350 million in bonds in November 2010, the bonds bear interest expense at
3.56 percent, bond proceeds are spent over three years, and 0.8 percent is earned on the unspent proceeds (a conservative assumption). The estimated negative arbitrage or “cost of carry” in the base case analysis is approximately $11 million.

For comparison, we analyzed two alternative scenarios, both of which assume a delay in the issuance of a portion of the bonds, with $200 million issued in 2010 and the balance of $150 million issued in two years (2012). As with the base case, the bond proceeds are assumed to be spent down over the same three-year period. For the $150 million in bonds issued in 2012, Scenario A assumes they are issued as tax-exempt (TE), and Scenario B assumes they are issued as taxable BABs with a 30 percent subsidy rate.

Currently, there is legislation pending in both houses of Congress to continue the BABs program, but at lower subsidy rates. However, whether the program will be renewed is unknown at this time; therefore, any bond issuance assumed beyond 2010 would be subject to this risk. There also is general market risk with delaying a portion of the bond issuance. The market is currently at a point of historically low interest rates, and market consensus is that interest rates would increase over the next 12 to 24 months. In both alternative scenarios, the interest rate for the 2012 issuance assumes a 40 basis point increase over today’s rates.

The table below summarizes the major assumptions and costs of the various scenarios. Both alternative scenarios would result in negative arbitrage, albeit at lower amounts than the base case. However, in both scenarios the likely interest rate increases, coupled with the loss or reduction of the BABs subsidy, would result in higher debt service costs to the TransNet program. Therefore, proceeding with the proposed 2010 issuance of $350 million in bonds is recommended at this time.

<table>
<thead>
<tr>
<th></th>
<th>Base Case</th>
<th>Scenario A</th>
<th>Scenario B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No subsidy (2012)</td>
<td>30 percent (2012)</td>
</tr>
<tr>
<td><strong>(1) Estimated Negative Arbitrage</strong></td>
<td>$11 million</td>
<td>$8 million</td>
<td>$7 million</td>
</tr>
<tr>
<td><strong>(2) Estimated Debt Service (present value)</strong></td>
<td>$274 million</td>
<td>$300 million</td>
<td>$280 million</td>
</tr>
<tr>
<td><strong>Total (1) and (2)</strong></td>
<td>$285 million</td>
<td>$308 million</td>
<td>$287 million</td>
</tr>
</tbody>
</table>

What is the risk of elimination of the federal BABs subsidy? The interest on the taxable BABs is subsidized by the federal government at the rate of 35 percent. Since the program began, more than $135 billion in BABs has been issued. Given the level of participation in the program, the impact of eliminating the subsidy would be far-reaching and significant and is therefore unlikely to occur. Another consideration is that although the federal government is subsidizing the BABs at a rate that makes them competitive with a tax-exempt bond, the federal government also in effect subsidizes the tax-exempt bond market in that taxpayers pay reduced federal taxes. Regardless, in the unlikely event that the BABs subsidy were eliminated, we have mitigated the impact to SANDAG by including an “extraordinary” call provision in the bond documents, which would allow SANDAG to pay off the bonds at a premium (most likely by issuing tax-exempt bonds).
What is the risk that member agency funding could be appropriated for debt service? What is the risk to SANDAG of allowing member agencies to participate in the bond issuance? The existing and proposed bonds and the commercial paper are fully secured by TransNet sales tax revenues. The 2008 and 2010 bonds are issued as senior lien debt, which gives those bondholders the first right to the sales tax revenues, with the commercial paper on a subordinate lien basis. The California State Board of Equalization collects the sales taxes for the region and remits the funds to the SANDAG Trustee, U.S. Bank, on a monthly basis. The Trustee withholds all required debt service payments for bonds and commercial paper, and makes the debt service payments on behalf of SANDAG. All net revenues after the Trustee’s withholdings are remitted to SANDAG for expenditure on TransNet-eligible SANDAG projects or for pass-through to local agencies for TransNet-eligible projects in accordance with the TransNet Extension Ordinance. Therefore, no other SANDAG funding sources or member agency funds (other than TransNet funds) are at risk to being appropriated for purposes of paying debt service. In addition, since the Trustee will withhold all debt service payments (both for SANDAG and participating member agency portions), there is minimal risk to SANDAG to allow member agencies to participate in the proposed 2010 bond issuance.

What ability does the State have to appropriate the TransNet sales tax for other purposes? With limited exceptions, the TransNet sales tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State of California. The State Legislature or the statewide voters, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the TransNet sales tax are imposed. Any such change or limitation could have an adverse impact on the TransNet sales tax collected. The State Legislature also could attempt to redirect all or a portion of the TransNet sales tax from its use to pay for the projects authorized in the Ordinance and debt service on the proposed 2010 bonds to instead be used for State general fund purposes or other statewide uses. In the informal opinion of Bond Counsel, however, any attempt by the State Legislature to redirect the use of the TransNet sales tax in a manner that would prevent the payment of debt service on the proposed 2010 bonds would violate the Impairment Clause of the United States Constitution, and accordingly, should be precluded. It is likely that interpretation and application of such legislation would ultimately be determined by the courts. In the opinion of Disclosure Counsel, based in part on discussions of the issue with the financing team (including Bond Counsel), the risk of the State redirecting all or a portion of the TransNet sales tax is highly unlikely, and therefore immaterial and unnecessary to include in the Official Statement.

**Structuring Considerations**

As presented in September, there are four primary structuring considerations for the proposed bond issue, as follows:

1. **Debt Service Structure:** What is the optimal mix between tax-exempt and taxable bonds and what should the term of repayment be?

   Recommended Approach: For the SANDAG projects and for the Cities of San Marcos ($30 million), Solana Beach ($5.5 million) and Santee ($3.95 million), the recommended approach is to issue taxable BABs with a back-loaded debt service structure. This places most of the repayment of the principal of the bonds in the final ten years of the 38-year amortization period. When combining this proposed back-loaded debt service structure with the current debt service for the 2008 bonds, the result would be an aggregate level debt service as shown in the graph on page 2 of the PFM memo (Attachment 1). This structure takes advantage of
low long-term rates on the back end of the yield curve, maintains constant debt service through 2048, and preserves very strong debt service coverage for the program. The Cities of National City ($3.366 million) and Santee ($4.5 million) also will be taking part in the tax-exempt bond issuance, with a 10-year amortization period.

2. BABs Subsidy Treatment: Should the subsidy be treated as an increase in annual revenue or a decrease to debt service expense?

Recommended Approach: The BABs subsidy is estimated to total $218 million over the life of the bond issue. The recommended approach is to treat the subsidy as a decrease to debt service expense, because it would result in a higher debt service coverage ratio than if it were treated as an increase in annual revenue. There is no downside risk to SANDAG to taking this approach.

3. Call Options: Should SANDAG retain the right to call the bonds early at par in 10 years (“10-year par call”), or allow investors to hold the bonds to maturity with an option to call the bonds early at a premium (“make-whole call”)?

Recommended Approach: The primary reason for the 10-year par call option is to have the flexibility to refinance the debt at a later date should interest rates decrease significantly. Future interest rates would have to be considerably below today’s historically low rates in order for SANDAG to exercise the call option for debt service savings, an event that is not likely to occur. Based on the current market, the flexibility provided by the 10-year par call would cost us approximately $16 million in present value interest rate savings (because the market charges the issuer for this flexibility). As a result, the recommended approach is to retain the make-whole call option, which still provides flexibility to restructure, albeit at some potential cost in the future.

4. Debt Service Reserve Fund: How much, if any, should be placed in the debt service reserve fund?

Recommended Approach: The purpose of the Debt Service Reserve Fund is to pay debt service if pledged revenues (TransNet sales tax) are insufficient to satisfy the annual debt service requirements. There is a cost to funding a debt service reserve in that it increases the amount of issued debt, and there is the cost of negative arbitrage on the funds placed in reserve. In some cases, the rating agencies require a debt service reserve in order to receive a favorable rating. However, that is not the case with SANDAG as our ratings have been reaffirmed at AAA with Standard & Poor’s and Aa1 with Moody’s. As a result, the recommended approach is to not fund a debt service reserve.

Attachment 1 contains a memorandum from SANDAG financial advisors, Public Financial Management, which provides more information relating to these structuring considerations. The pros and cons of each of these structuring considerations as well as a brief walk through of draft bond documents were discussed with the Transportation Committee on September 17 and the Board of Directors on September 24. The Independent Taxpayer Oversight Committee received a verbal report on the proposed bond issue on September 8, and will receive another update on October 13, including a discussion of the structuring considerations.
Board and Committee Member Responsibilities

Before making a decision regarding the bond issuance, the Board and Transportation Committee members should review all of the documents to become familiar with their contents. Attached to this report are the draft bond documents (Attachments 2-7) for review and information, along with a “catalogue of blanks” (Attachment 8) detailing when the missing information will be filled in and the responsible party. Board and Transportation Committee members should pay particular attention to the information contained in the Official Statement (Attachment 3) to ensure there are no inaccuracies concerning SANDAG.

The Board and Committee members also should ensure that to the best of their knowledge all of the factual statements are true and correct in all material respects and that the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in any of the documents regarding SANDAG misleading. The Transportation Committee is being asked to make a recommendation on the bond issuance due to its responsibilities in carrying out certain aspects of the TransNet program and to ensure that its members are not aware of any inaccurate statements regarding SANDAG in the documents. It is the SANDAG Board of Directors, in its role as the San Diego County Regional Transportation Commission, however, that will ultimately have responsibility for approving the transaction.

When carrying out their fiduciary responsibilities, public officials may rely upon employees, bond counsel, disclosure counsel, and other professionals to assure that they are in compliance with the antifraud provisions of the federal securities laws, as long as the reliance is reasonable. In order for the reliance to be considered reasonable, the public official must (1) make complete disclosure to the appropriate professional of any potentially material mistake or omission in the documents; (2) request the professional’s advice as to what disclosure is proper; (3) receive advice regarding the appropriate disclosure; and (4) rely in good faith on that advice.

SANDAG Bond Counsel (Orrick, Herrington & Sutcliffe LLP), Disclosure Counsel (Nossaman LLP), and Financial Advisor (Public Financial Management) will be present to give the Transportation Committee information regarding proper disclosure. The Chief Deputy Executive Director (Renée Wasmund), TransNet and Legislative Affairs Program Director (Kim Kawada), Director of Finance (Lauren Warrem), Chief Economist (Marney Cox), and General Counsel (Julie Wiley) have all reviewed the draft bond documents, and to the best of the staff’s knowledge, all of the factual statements are true and correct in all material respects, and the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in those documents regarding SANDAG misleading.

Next Steps

Following is the proposed schedule:

- October 22 Board of Directors – final review and approval of bond documents
- October 28 – pricing of bonds
- November 10 – anticipated closing date
The Board’s visionary action to approve the financial strategy to jump start the TransNet Extension has resulted in much progress on several EAP projects during the last five years. The execution of the proposed plan to issue fixed-rate, long-term debt will allow for this momentum to continue. The funds the bonds provide will allow the expedited delivery of construction projects and critical development milestones on other projects, providing for the mobility needs of the region while continuing to successfully compete for the additional funds the program will need in the future.

LAUREN WARREM  
Director of Finance  

2. Draft San Diego County Regional Transportation Commission Resolution No. RTC 2011-01  
3. Draft Preliminary Official Statement  
4. Draft Third Supplemental Indenture  
5. Draft Second Supplement to the Amended and Restated Subordinate Indenture  
6. Draft Bond Purchase Agreement  
7. Draft Continuing Disclosure Agreement  
8. Catalogue of Outstanding (Blank) Items by Document  

Key Staff Contacts: Lauren Warrem, (619) 699-6931, lwa@sandag.org  
Kim Kawada, (619) 699-6994, kka@sandag.org
Memorandum

To: SANDAG Independent Taxpayer Oversight Committee (ITOC), Transportation Committee, and Board of Directors

From: Keith D. Curry, Public Financial Management

Re: Financial Plan and Next Financing

At the request of the SANDAG staff, Public Financial Management, Inc., (“PFM”) has prepared this memorandum for the members of the Independent Taxpayer Oversight Committee, Transportation Committee, and SANDAG Board of Directors. This memorandum provides a brief overview of the proposed upcoming 2010 bond issuance and describes several structural features of the transaction for consideration by SANDAG in its role as the San Diego County Regional Transportation Commission (“Commission”).

PFM worked with SANDAG staff to develop a “Robust” scenario, within the TransNet financial planning model, which delivers projects ready for construction and prepares the next list of shovel-ready projects. The TransNet Plan of Finance (POF), based on the “Robust” scenario, was approved by the Board of Directors at its July 23, 2010, meeting and forms the basis for the proposed 2010 bond issuance. In accelerating program delivery, the “Robust” scenario accomplishes three objectives: (i) accelerates projects during a low construction cost environment, (ii) takes advantage of historically low interest rates and, (iii) captures the 35 percent Build America Bonds (“BABs”) federal interest subsidy before expiration in 2010. The size of the upcoming 2010 bond issuance necessary to implement the “Robust” scenario is estimated to be approximately $350 million.

Described below are key bond structuring considerations for the proposed bond issuance:

**2010 Bond Issuance – Structuring Considerations**

As noted in our previous memo in July, PFM recommends that SANDAG issue TransNet sales tax revenue bonds, including a hybrid alternative of BABs and tax-exempt municipal bonds. BABs are taxable bonds issued by municipalities, whose interest rate is then subsidized by the federal government to bring the net interest rate down to levels comparable or below traditional tax-exempt municipal bonds. The federal government currently provides cash subsidy payments directly to the issuer equal to 35 percent of the issuer’s interest costs. Issuing BABs allows municipal issuers to tap a broader universe of investors (over and above traditional tax-exempt municipal bond investors) interested in taxable bonds. Expanding the investor base has helped achieve lower costs of borrowing for municipal issuers. PFM recommends that the 2010 bond issuance includes a possible mix of tax-exempt bonds and taxable BABs. PFM is continuing to work with SANDAG staff and the financing team to determine the optimum mix, based on prevailing economics and project eligibility requirements applicable to the BABs program and tax-exempt financing.

**Debt Service Structure**

PFM recommends that SANDAG issue the upcoming 2010 bonds as a “back-loaded” debt service structure, placing most of the repayment of the principal of the bonds in the final ten years of the 40-year amortization period. The debt outstanding for the Series 2008 bonds is a thirty-year level debt service structure, which will be fully amortized by April 1, 2038. However, the TransNet Extension does not expire.
until April 1, 2048. To take advantage of the debt service capacity in the latter years of the program, the recommended structure would allow for most of the principal on the 2010 bonds to amortize during the last ten years of the Extension. When combining the proposed back-loaded debt service structure for the upcoming 2010 issuance with the current debt service for the Series 2008 Bonds, the result would be an aggregate level debt service as shown in the graph below. This structure would take advantage of low long-term rates on the back end of the yield curve, maintain constant debt service through 2048, and preserve very strong debt service coverage for the program. It also is a familiar and commonly accepted structure by the rating agencies.

![Projected TransNet Debt Service (2010-2048)](image)

**Treatment of the BABs Subsidy**

With the proposed issuance of BABs, the Commission’s bond documents need to be revised to explicitly account for the federal interest subsidy of 35 percent. There are at least two ways in which the federal subsidy can be accounted for in the Commission’s bond documents: (i) as an increase in annual revenues, or (ii) a decrease in annual debt service. The draft Third Supplemental Indenture associated with the upcoming 2010 bonds would amend the Commission’s Master Indenture and the original definition of debt service by treating the federal subsidy as a decrease in annual debt service. PFM recommends decreasing annual debt service by the federal subsidy amount resulting in the most favorable calculation of annual debt service coverage, from the Commission’s perspective, thereby minimizing the amount required to fund a debt service reserve fund in the future which provides more proceeds for projects.

**Call Option (10 Year Par Call vs. Make Whole Call)**

One difference between the traditional tax-exempt market and the taxable market is the differing call option conventions. Traditional tax-exempt municipal bonds are nearly always sold with a call option whereby the issuer may exercise the option to call any outstanding bonds after 10 years from the sale date, at a price equal to the par amount of bonds being called (i.e., no premium for an early call). This is identified as a “10-year par call,” and it provides for restructuring flexibility by allowing the issuer to take
advantage of possible lower interest rates in the future. Conversely, investors in the taxable bond market have not traditionally offered a 10-year par call to issuers, but rather have preferred to hold the taxable securities until final maturity. Instead of a 10-year par call, issuers are typically offered a "make-whole call" provision whereby issuers must pay a "make-whole premium" to investors by discounting the total remaining debt service on the bonds to be called, by prevailing interest rates. By linking the discount rate to prevailing interest rates, issuers would pay a higher premium during a low interest rate environment and would pay a lower premium during a high interest rate environment if the issuer exercises the call option. As such, a make-whole call provides an issuer future restructuring flexibility, but typically would not allow for an economic refunding in the future.

As the taxable market has continued to grow and expand to municipal issuers with BABs, the prevalence of a traditional 10-year par call option is becoming more acceptable with some taxable investors. In today's market environment, SANDAG would have to pay approximately 40 basis points through increased annual interest rates for a 10-year par call option; this amounts to a 26 basis point increase in annual interest rates after the federal subsidy. This equates to approximately $16 million in present value cost for a 10-year par call on the BABs. PFM has worked with the SANDAG financing team and has determined that future interest rates would have to be below today's historically low rates in order for SANDAG to exercise the call option for debt service savings. In view of the fact that SANDAG maintains the flexibility to restructure the 2010 bonds through the use of the make-whole call feature – albeit at some potential cost in the future – we do not recommend that SANDAG forego $16 million in present value interest rate savings for the incremental flexibility provided by the 10-year par call. PFM will continue to monitor the market and adjust our recommended strategy if opportunities arise.

Debt Service Reserve Fund

The Debt Service Reserve Fund (DSRF) is a fund in which money is placed in reserve to be used to pay debt service if pledged revenues are insufficient to satisfy the annual debt service requirements. Usually, the debt service reserve fund is sized to either 10 percent of the par amount, 125 percent of average annual debt service, or maximum annual debt service (MADS). However, BABs investors typically do not place as much value in having a DSRF, and the number of BAB issuances without a DSRF has increased. Issuer ratings and BAB prices have not been affected when a DSRF has not been funded. This is particularly true in instances where the issuer can demonstrate very high debt service coverage, as is the case with the Commission. Rating agency presentations are scheduled for September 20, 2010. If the rating agencies indicate that SANDAG’s ratings will not be negatively impacted by not funding a DSRF, PFM recommends that the 2010 issuance not include a DSRF. If the rating agencies indicate otherwise (i.e., SANDAG’s ratings would decline), PFM recommends the funding of a DSRF at the level which would allow SANDAG to maximize its ratings.

Recommendation

PFM recommends that SANDAG proceed to sell approximately $350 million in senior lien TransNet sales tax revenue bonds in 2010 with a possible mix of tax-exempt and taxable BABs. We recommend that the principal on the 2010 bonds be back-loaded to take advantage of low long-term rates and create a conservative aggregate level debt service structure. We further recommend that the BABs subsidy be treated as a direct offset to debt service, as it would increase coverage levels and maximize the bond proceeds for capital projects. PFM also recommends issuing BABs with a make whole call structure, but will continue to monitor the market environment and adjust our recommendation if the opportunity arises. We also recommend that no debt service reserve fund be funded for the 2010 bonds, while maintaining flexibility in the documents so that the Commission can adapt accordingly based on feedback from rating agencies and investors.
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

RESOLUTION NO. RTC 2011-01

AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $350,000,000 AGGREGATE PRINCIPAL AMOUNT OF SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION SALES TAX REVENUE BONDS (LIMITED TAX BONDS), SERIES 2010, THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL INDENTURE, A SECOND SUPPLEMENT TO SUBORDINATE INDENTURE, A PURCHASE CONTRACT, AN OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE AGREEMENT, AND DELEGATING TO THE CHAIR AND SECRETARY OF THE BOARD OF DIRECTORS OF THE COMMISSION AND EXECUTIVE DIRECTOR OF THE COMMISSION POWER TO COMPLETE SAID DOCUMENTS, AUTHORIZING DISTRIBUTION OF SAID DOCUMENTS AND AUTHORIZING TAKING OF ALL NECESSARY ACTIONS.

WHEREAS, the San Diego County Regional Transportation Commission (the “Commission”) adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan on July 31, 1987 (as amended, the “1987 Ordinance”), pursuant to the provisions of Sections 132000 through 132314, inclusive, of the Public Utilities Code of the State of California (the “San Diego County Regional Transportation Commission Act” or “Act”), which 1987 Ordinance provided for the imposition of a retail transactions and use tax (the “retail transactions and use tax”) applicable in the incorporated and unincorporated territory of the County of San Diego (the “County”) in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California at the rate of one-half of one percent (1/2%) for a period not to exceed twenty (20) years;

WHEREAS, by its terms the 1987 Ordinance became effective at the close of the polls on November 3, 1987, the day of the election at which the proposition imposing the retail transactions and use tax was adopted by a majority vote of the electors voting on such proposition;

WHEREAS, in order to provide for the extension of the initial term of the retail transactions and use tax for a period of forty (40) years, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (the “Sales Tax Extension Ordinance,” and, together with the 1987 Ordinance, hereinafter collectively referred to as the “Ordinance”) on May 28, 2004;

WHEREAS, by its terms the Sales Tax Extension Ordinance became effective on November 3, 2004, the day following the date of the election at which the proposition providing for the extension of the retail transactions and use tax was approved by at least two-thirds of the electors voting on such proposition;

WHEREAS, the Board of Directors (the “Board”) of the Commission, pursuant to the San Diego County Regional Transportation Commission Act (constituting Chapter 2 of Division 12.7 of the California Public Utilities Code) and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said Act and other applicable provisions of the laws of the State of California (collectively, the “Law”), is authorized to issue bonds payable from the proceeds of the retail transactions and use tax levied by the Commission;
WHEREAS, the Commission has heretofore authorized the issuance of not to exceed $100,000,000 in aggregate principal amount of Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series B (collectively, the “CP Notes”), pursuant to an Amended and Restated Subordinate Indenture dated as of November 1, 2005 (as amended and supplemented, the “Subordinate Indenture”), by and between the Commission and U.S. Bank National Association, as trustee (the “Notes Trustee”);

WHEREAS, the Commission has heretofore issued $600,000,000 in aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, 2008 Series B, 2008 Series C, and 2008 Series D (the “2008 Bonds”), pursuant to an Indenture dated as of March 1, 2008 (the “Indenture”), as amended and supplemented, including as amended and supplemented by a First Supplemental Indenture and a Second Supplemental Indenture thereto, each entered into by the Commission and U.S. Bank National Association, as trustee (the “Trustee”);

WHEREAS, the Commission hereby determines that one or more new series or subseries of bonds in an aggregate principal amount of not to exceed three hundred fifty million dollars ($350,000,000), to be secured by a lien on the retail transactions and use tax on a parity with the lien on such tax that secures the 2008 Bonds, and senior to the lien on such tax that secures the CP Notes, is necessary to provide funds for planned expenditures or the reimbursement of the Commission for prior expenditures as permitted by the Law and the Ordinance and as further described in the Ordinance, including, but not limited to, the funding of certain transportation facility and public infrastructure improvements within the County of San Diego, the funding of habitat-related environmental mitigation and enhancement requirements, the funding of capitalized interest and a reserve for such bonds, if any, the retirement of all or a portion of the outstanding CP Notes and the payment of costs of issuance incurred in connection with such bonds, and has determined that such bonds in an amount not to exceed such principal amount shall be issued and entitled, subject to additional series and subseries designations, “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010” (the “Series 2010 Bonds”);

WHEREAS, the Commission finds and determines that issuing one or more series of the Series 2010 Bonds as taxable bonds which qualify the Commission or its agent to receive federal subsidy payments (the “Subsidy Payments”) under Sections 54AA and 6431 of the Internal Revenue Code of 1986 (the “Code”) or any other provisions of the Code that create, in the determination of the Executive Director of the Commission, a similar direct-pay subsidy program (collectively, the “Build America Bonds”), could produce economic benefits for the Commission;

WHEREAS, the Commission hereby further determines that such series or subseries of bonds (each series or subseries, a “Series of 2010 Bonds”) shall be issued pursuant to the Indenture and a Supplemental Indenture thereto (the “Third Supplemental Indenture”), which Third Supplemental Indenture is proposed to be entered into by the Commission and the Trustee;

WHEREAS, the Executive Director of the Commission has caused to be prepared and presented to the Commission a proposed form of the Third Supplemental Indenture;
WHEREAS, the Commission finds and determines that issuing one or more series of the Series 2010 Bonds as Build America Bonds will require that certain conforming amendments be made to the Subordinate Indenture pursuant to a supplement to the Subordinate Indenture (the “Second Supplement to Subordinate Indenture”);

WHEREAS, the Executive Director of the Commission has caused to be prepared and presented to the Commission a proposed form of the Second Supplement to Subordinate Indenture;

WHEREAS, in order to set forth the terms of sale of the Series 2010 Bonds, the Commission proposes to enter into a bond purchase agreement (the “Purchase Contract”) with Barclays Capital Inc., as managing underwriter with respect to the Series 2010 Bonds, on behalf of itself and the other underwriters, including RBC Capital Markets Inc., De La Rosa & Co., Siebert Brandford Shank & Co., LLC, and Goldman Sachs & Co. (collectively, the “Purchasers”);

WHEREAS, the Purchasers have caused to be prepared and submitted to the Commission a proposed form of Purchase Contract;

WHEREAS, in order to provide information about the Series 2010 Bonds and related matters to purchasers and potential purchasers of the Series 2010 Bonds, the Commission proposes to execute and deliver an official statement (the “Official Statement”);

WHEREAS, the Executive Director of the Commission has caused to be prepared and presented to the Commission a proposed form of Official Statement in preliminary form;

WHEREAS, there has been prepared and presented to the Commission a proposed form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to be executed and delivered by the Commission to assist the Purchasers in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission;

WHEREAS, the Commission has been presented with the form of the Third Supplemental Indenture, the Second Supplement to Subordinate Indenture, the Purchase Contract, the Official Statement in preliminary form, and the Continuing Disclosure Agreement relating to the financing described herein (the “Financing”) and the Commission has examined and approved each document and desires to authorize and direct the execution of such documents as are specified herein and such other documents as are necessary in connection with the Financing and to authorize and direct the consummation of the Financing; and

WHEREAS, all acts, conditions and things required by the Law and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the Financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Commission is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such Financing and to authorize the execution of the Third Supplemental Indenture, the Purchase Contract, the Official Statement in final form and the Continuing Disclosure Agreement for the purposes, in the manner and upon the terms provided;
NOW, THEREFORE, BE IT RESOLVED by the San Diego County Regional Transportation Commission as follows:

Section 1. The issuance by the Commission of not to exceed $350,000,000 aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010, in accordance with the provisions of the Indenture, in one or more series or subseries, in order to provide funds for planned expenditures or the reimbursement of the Commission for prior expenditures as permitted by the Law and the Ordinance and as further described in the Ordinance, including, but not limited to, the funding of certain transportation facility and public infrastructure improvements within the County of San Diego, the funding of habitat-related environmental mitigation and enhancement requirements, the funding of capitalized interest and a reserve fund for the Series 2010 Bonds, if any, the retirement of all or a portion of the outstanding CP Notes and the payment of costs of issuance incurred in connection with the Series 2010 Bonds, is hereby authorized and approved.

Section 2. The proposed form of Third Supplemental Indenture, between the Commission and the Trustee, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary of the Board is directed to file a copy of said form of Third Supplemental Indenture with the minutes of this meeting, and the Chair of the Board and the Secretary of the Board are authorized and directed to execute and deliver the Third Supplemental Indenture to the Trustee, in substantially such form, and with such additions thereto or changes therein, as they, with the advice of Orrick, Herrington & Sutcliffe LLP, as bond counsel (“Bond Counsel”), shall approve, such approval to be conclusively evidenced by the execution and delivery of the Third Supplemental Indenture. The structure, date, maturity date or dates (not to exceed April 1, 2048), interest rate or rates (not to exceed eight percent (8.0%) per annum as to taxable fixed rate bonds, including Build America Bonds, not to exceed six percent (6.0%) per annum as to tax-exempt fixed rate bonds, not to exceed six percent (6.0%) per annum true interest cost net of any Subsidy Payments expected to be paid to the Commission or its agent with respect to any series of Series 2010 Bonds designated as Build America Bonds, and not to exceed eight percent (8.0%) per annum true interest cost without netting with respect to any series of Series 2010 Bonds designated as Build America Bonds any Subsidy Payments expected to be paid to the Commission or its agent), interest payment dates, forms, registration privileges, place or places of payment, terms of redemption (optional redemption may or may not be provided as determined by the Executive Director of the Commission), mandatory purchase, additional series designation and number thereof (taxable or tax-exempt bonds may or may not be issued as determined by the Executive Director of the Commission) and other terms of the Series 2010 Bonds shall be (subject to the foregoing limitations) as provided in the Third Supplemental Indenture as finally executed and delivered.

Section 3. The proposed form of Second Supplement to Subordinate Indenture, between the Commission and the Notes Trustee, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary of the Board is directed to file a copy of said form of Second Supplement to Subordinate Indenture with the minutes of this meeting, and the Chair of the Board and the Secretary of the Board are authorized and directed to execute and deliver the Second Supplement to Subordinate Indenture to the Notes Trustee, in substantially such form, and with such additions thereto or changes therein, as they, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Second Supplement to Subordinate Indenture.
Section 4. The proposed form of the Official Statement describing the Series 2010 Bonds, the bond features that may be selected in connection with the issuance of the Series 2010 Bonds, and related matters, submitted to the Commission, is hereby approved. The Chair of the Board or the Executive Director of the Commission is hereby authorized and directed to execute and deliver the final Official Statement in substantially such form, and with such additions thereto or changes therein, as the Chair of the Board or Executive Director of the Commission, with the advice of disclosure counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Official Statement; and the Chair of the Board or the Executive Director of the Commission is hereby authorized and directed to execute and deliver a certificate confirming that the Official Statement in preliminary form is “deemed final” by the Commission for purposes of Securities and Exchange Commission Rule 15c2-12. The distribution by the Purchasers of copies of the Official Statement in final form to all actual purchasers of the Series 2010 Bonds and the distribution by the Purchasers of the Official Statement in preliminary form to potential purchasers of the Series 2010 Bonds are hereby authorized and approved.

Section 5. The proposed form of Purchase Contract providing for the sale of the Series 2010 Bonds submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary of the Board is directed to file a copy of said form of the Purchase Contract with the minutes of this meeting. The sale of the Series 2010 Bonds to the Purchasers at the principal amount thereof, less an underwriters’ discount (or subject to an underwriters’ fee payable by the Commission to the Purchasers) of not to exceed sixty-seven and one-half basis points (0.675%) of such principal amount in accordance with said Purchase Contract and the costs of issuance to be financed with respect to any series of Series 2010 Bonds designated as Build America Bonds not to exceed 2% of the proceeds of the sale of such series of Series 2010 Bonds, be and is hereby authorized and approved, and the Chair of the Board or the Executive Director of the Commission or his or her designee is authorized and directed to complete, execute and deliver the Purchase Contract in substantially such form, providing for the sale of one or more series or subseries of Series 2010 Bonds not to exceed $350,000,000 in aggregate principal amount, at such principal amounts, with such interest rates, maturities and discounts to be specified therein, and with such additions thereto or changes therein, as the Chair of the Board or Executive Director of the Commission or his or her designee, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Contract.

Section 6. The Executive Director of the Commission is hereby authorized and directed to negotiate with bond insurance companies, and, if the Executive Director of the Commission, with the advice of Public Financial Management Inc. (the “Commission’s Financial Advisor”), determines that it is in the best interests of the Commission, to commit to purchase bond insurance for one or more maturities or series of the Series 2010 Bonds on such terms as the Executive Director of the Commission, with the advice of the Commission’s Financial Advisor, determines are appropriate.

Section 7. The Executive Director of the Commission is hereby authorized and directed to negotiate with financial institutions and/or insurance companies, as applicable, and, if the Executive Director of the Commission, with the advice of the Commission’s Financial Advisor, determines that it is in the best interest of the Commission, to secure an irrevocable letter of credit, or a surety bond, or an insurance policy on such terms as the Executive Director
of the Commission determines are appropriate, in order to fund each bond reserve fund established pursuant to the Indenture or the Third Supplemental Indenture, if any.

Section 8. The Executive Director of the Commission is hereby authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the “Investment Agreement”) providing for the investment of moneys in any of the funds and accounts created under the Indenture or the Third Supplemental Indenture, on such terms as the Executive Director of the Commission shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the Commission hereby finds and determines that the purpose of the Investment Agreement is to reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Series 2010 Bonds or enhance the relationship between risk and return with respect to investments.

Section 9. The Executive Director of the Commission is hereby authorized and directed to execute and deliver a Continuing Disclosure Agreement in substantially the form before the Commission with such changes and additions as such officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 10. The Chair and the Secretary of the Board, the Executive Director and the Director of Finance of the Commission, and other appropriate officers of the Board or the Commission, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Commission, to execute and deliver any and all documents, certificates and representations, including without limitation credit documents, signature certificates, no-litigation certificates, tax certificates, letters of representation relating to book-entry registration, insurance agreements, reimbursement agreements, investment instructions, certificates concerning the contents of the Official Statement and the representations and warranties in the Purchase Contract and related agreements, and certificates, agreements or supplemental agreements relating to the retirement of all or a portion of the outstanding CP Notes, and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Commission has approved in this Resolution.

In the event the Chair or Secretary of the Board or Executive Director of the Commission is unavailable to execute the documents authorized hereby, such documents may be executed by the First Vice Chair of the Board or the Chief Deputy Executive Director or other designee of the Executive Director, respectively.

Section 11. All approvals, consents, directions, instructions, notices, orders, requests, indemnifications and other actions permitted or required by any of the documents authorized by this Resolution, including, without limitation, any amendment of any of the documents authorized by this Resolution or related thereto, and any of the foregoing that may be necessary or desirable in connection with any policy of bond insurance, any reserve facility, any investment of proceeds of the Series 2010 Bonds, or in connection with any agreements with paying agents, escrow agents, calculation agents or verification agents, may be given or taken by the Executive Director of the Commission or his or her designee, without further authorization or direction by the Commission, and any and all such actions heretofore taken by such officers are hereby ratified, confirmed, and approved, and the Executive Director of the Commission or his
or her designee is hereby authorized and directed to give any such approval, amendment, consent, direction, instruction, notice, order, request, indemnification or other action and to take any such action that such person, with the advice of Bond Counsel, may deem necessary or desirable to further the purposes of this Resolution.

Section 12. All actions heretofore taken by the officers and agents of the Board or the Commission with respect to the rating, issuance, purchase, execution and delivery of the Series 2010 Bonds are hereby ratified, confirmed and approved.

Section 13. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED on October 22, 2010, by the following vote:

AYES:

NOES:

ABSENT:

Chair of the Board of Directors of the San Diego County Regional Transportation Commission

[Seal]

Attest:

Secretary of the Board of Directors of the San Diego County Regional Transportation Commission
SECRETARY’S CERTIFICATE

I, _______________________, Secretary of the Board of Directors of the San Diego County Regional Transportation Commission, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Commission duly and legally held at the regular meeting place of the Commission in San Diego, California, on October 22, 2010, of which meeting all of said directors of the Commission had due notice and at which a majority thereof were present and acting throughout;

At said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

An agenda of said meeting was posted at least 72 hours before said meeting at a location in San Diego, California, freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda;

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes; and

Said original resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand and the seal of the San Diego County Regional Transportation Commission this ___ day of ______ 2010.

[Seal]

__________________________
Secretary of the Board of Directors of the San Diego County Regional Transportation Commission
In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2010 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the 2010 Series B Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is such interest included in adjusted current earnings in calculating corporate alternative minimum taxable income. Interest on the Series 2010 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2010 Series A Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2010 Bonds. See “TAX MATTERS” herein.

$______ *

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS (LIMITED TAX BONDS)

$______ *

TAXABLE BUILD AMERICA BONDS
2010 Series A

$______ *

TAX-EXEMPT BONDS
2010 Series B

This cover page contains general information only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The San Diego County Regional Transportation Commission (the “Commission”) will issue the Bonds described herein (the “2010 Series A Bonds,” and the “2010 Series B Bonds,” which shall collectively be referred to herein as the “Series 2010 Bonds”) pursuant to an Indenture, dated as of March 1, 2008 (as amended and supplemented, excluding by a First Supplemental Indenture, dated as of March 1, 2008 (the “First Supplemental Indenture”), a Second Supplemental Indenture, dated as of July 1, 2008 (the “Second Supplemental Indenture”), and a Third Supplemental Indenture, dated as of October 1, 2010 (the “Third Supplemental Indenture”), collectively “the Indenture”), between the Commission and U.S. Bank National Association, as trustee.

The Series 2010 Bonds are limited obligations of the Commission payable from the receipts of a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”) imposed in the County of San Diego (the “County”) for transportation and related purposes. Collection of the Sales Tax commenced April 1, 1988; the Sales Tax is scheduled to expire on March 31, 2048. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS” herein.

Proceeds from the sale of the Series 2010 Bonds will be used by the Commission to (i) finance, refinance and/or reimburse the Commission for its prior payment of the Costs of the Project, including by retiring a portion of the principal amount of the Existing Notes, (ii) [fund a deposit to the reserve fund securing the Series 2010 Bonds, and (iii]) pay the costs of issuing the Series 2010 Bonds.

The Series 2010 Bonds will be dated their date of delivery. The principal amounts, interest rates, maturity dates, and other information relating to the Series 2010 Bonds are summarized in the Summary of Offering on the inside cover page. Investors may purchase Series 2010 Bonds in book-entry form only.

The Series 2010 Bonds are subject to mandatory sinking fund redemption by the Commission prior to maturity as described in this Official Statement. The Series 2010 Bonds also are subject to optional redemption or purchase by the Commission prior to maturity as described in this Official Statement.


The Series 2010 Bonds are offered when, as and if issued by the Commission and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, and certain other conditions. Certain legal matters will be passed upon for the Commission by its General Counsel and by Nossaman LLP, Disclosure Counsel to the Commission, and for the Underwriters by their counsel, Nixon Peabody LLP. It is expected that the Series 2010 Bonds will be available for delivery on or about November, 2010.

BARCLAYS CAPITAL
DE LA ROSA & CO.        GOLDMAN, SACHS & CO.
RBC CAPITAL MARKETS INC.   SIEBERT BRANDFORD SHANK & CO., LLC

Dated: ____, 2010

*Preliminary, subject to change.
SUMMARY OF OFFERING

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS (LIMITED TAX BONDS)

<table>
<thead>
<tr>
<th>Maturity (April 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP†</th>
<th>Maturity (April 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Maturity (April 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP†</th>
</tr>
</thead>
</table>

$___________*  

MATURITY SCHEDULE FOR THE 2010 SERIES A BONDS

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2010 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Commission, the Underwriters and other sources that are believed by the Commission to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.
No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Commission or the Underwriters.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2010 Bonds.

This Official Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Commission or other matters described herein since the date hereof. This Official Statement is submitted with respect to the sale of the Series 2010 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Commission. Preparation of this Official Statement and its distribution have been duly authorized and approved by the Commission.

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute. Certain capitalized terms used but not defined herein are defined in APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE-Definitions.”

In connection with the offering of the Series 2010 Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2010 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2010 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the Summary of Offering on the inside cover page and such public offering prices may be changed from time to time by the Underwriters.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Commission in any way, regardless of the level of optimism communicated in the information. The Commission is not obligated to issue nor does it plan to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.
EARLY ACTION PROJECTS
September 2010

1. SR 76:
Widen highway

2. SR 52:
Widen and extend highway

3. Mid-Coast:
Transit: Old Town-UCSD
Transit: UTC SuperLoop

4. I-15:
HOV/Express Lanes
Transit: Escondido-Downtown
Transit: Escondido-Sorrento Valley

5. I-805:
HOV/Express Lanes
Transit: Otay-Downtown
Transit: Otay-Sorrento Valley

6. North Coast:
I-5 HOV/Express Lanes
Coastal rail double-tracking

7. SPRINT:
Oceanside-Escondido light rail

8. Blue and Orange Line Trolley:
Low-floor vehicles
Station upgrades

9. Mid-City:
Transit: Downtown-SDSU

10. Goods Movement:
South Line rail upgrades

11. SR 94 / SR 125:
South to East Connector
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

BOARD MEMBERS

CHAIR: Hon. Lori Holt Pfeiler
FIRST VICE-CHAIR: Hon. Jerome Stocks
SECOND VICE-CHAIR: Hon. Jack Dale

CITY OF CARLSBAD
Hon. Matt Hall, Councilmember
(A) Hon. Ann Kalchin, Mayor Pro Tem

CITY OF LEMON GROVE
Hon. Mary Teresa Sessom, Mayor
(A) Hon. Jerry Selby, Councilmember

COUNTY OF SAN DIEGO
Hon. Pam Slater-Price, Chairwoman
(A) Hon. Greg Cox, Supervisor
(A) Hon. Ron Roberts, Chair Pro Tem
Hon. Bill Horn, Vice Chairman
(A) Hon. Dianne Jacob, Supervisor

CITY OF CHULA VISTA
Hon. Cheryl Cox, Mayor
(A) Hon. Rudy Ramirez, Deputy Mayor
(A) Hon. Steve Castaneda, Councilmember

CITY OF NATIONAL CITY
Hon. Ron Morrison, Mayor
(A) Vacant
(A) Hon. Rosalie Zarate, Councilmember

CALIFORNIA DEPARTMENT OF TRANSPORTATION
(Advisory Member)
Cindy McKim, Director
(A) Laurie Berman, District 11 Director

CITY OF CORONADO
Hon. Carrie Downey, Councilmember
(A) Hon. Al Ovrom, Mayor Pro Tem
(A) Hon. Michael Woiwode, Councilmember

CITY OF OCEANSIDE
Hon. Jim Wood, Mayor
(A) Hon. Esther Sanchez, Councilmember
(A) Hon. Charles "Chuck" Lowery, Councilmember

METROPOLITAN TRANSIT SYSTEM
(Advisory Member)
Harry Mathis, Chairman
(A) Hon. Ron Roberts
(A) Hon. Jerry Selby

CITY OF DEL MAR
Hon. Crystal Crawford, Councilmember
(A) Hon. Carl Hilliard, Councilmember
(A) Hon. Mark Filane, Councilmember

CITY OF POWAY
Hon. Don Higginson, Mayor
(A) Hon. Jim Cunningham, Councilmember
(A) Hon. Carl Kruse, Deputy Mayor

NORTH COUNTY TRANSIT DISTRICT
(Advisory Member)
Hon. Bob Campbell, Chairman
(A) Hon. Carl Hilliard, Planning Committee Chair
(A) Hon. Dave Roberts, Monitoring Committee Chair

CITY OF EL CAJON
Hon. Mark Lewis, Mayor
(A) Hon. Jillian Hanson-Cox, Councilmember

CITY OF SAN DIEGO
Hon. Jerry Sanders, Mayor
(A) Hon. Anthony Young, Councilmember
(A) Hon. Sherri Lightner, Councilmember
Hon. Ben Hueso, Council President
(A) Hon. Marti Emeral, Councilmember
(A) Hon. Todd Gloria, Councilmember

IMPERIAL COUNTY
(Advisory Member)
Hon. Wally Leimgruber, District 5 Supervisor
(A) Hon. David Ouzan, Councilmember, City of Calexico

CITY OF ENCINITAS
Hon. Teresa Barth, Councilmember
(A) Hon. Dan Dalager, Mayor

CITY OF SAN MARCOS
Hon. Hal Martin, Vice Mayor
(A) Hon. Rebecca Jones, Councilmember

UNITED STATES DEPARTMENT OF DEFENSE
(Advisory Member)
CAPT Keith Hamilton, USN, CEC,
Southwest Division Naval Facilities Engineering Command
(A) CAPT James M. Wink, USN, CEC,
Southwest Division Naval Facilities Engineering Command

CITY OF ESCONDIDO
Hon. Lori Holt Pfeiler, Mayor
(A) Hon. Sam Abed, Councilmember

CITY OF SANTEE
Hon. Jack Dale, Councilmember
(A) Hon. Hal Ryan, Councilmember
(A) Hon. John Minto, Councilmember

SAN DIEGO UNIFIED PORT DISTRICT
(Advisory Member)
Scott Peters, Commissioner
(A) Stephen Padilla, Commissioner

CITY OF IMPERIAL BEACH
Hon. Jim Janney, Mayor
(A) Patricia McCoy, Mayor Pro Tem
(A) Hon. Jim King, Councilmember

CITY OF SOLANA BEACH
Hon. Lesa Heebner, Deputy Mayor
(A) Hon. Dave Roberts, Councilmember
(A) Hon. Mike Nichols, Councilmember

SAN DIEGO COUNTY WATER AUTHORITY
(Advisory Member)
Mark Muir, Director
(A) Howard Williams, Director
(A) Gary Croucher, Director

CITY OF LA MESA
Hon. Art Madrid, Mayor
(A) Hon. Mark Arapostathis, Councilmember
(A) Hon. David Allan, Vice Mayor

CITY OF VISTA
Hon. Bob Campbell, Councilmember
(A) Hon. Steve Gronke, Councilmember

MEXICO (CONSUL GENERAL OF MEXICO)
(Advisory Member)
Hon. Remedios Gomez-Arnau, Consul General of Mexico
Hon. Martha E. Rosas, Deputy Consul General of Mexico

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION
(Advisory Member)
Hon. Edwin Thorpe Romero, Barona Band of Mission Indians
Hon. Allen Lawson, San Pasqual Band of Diegueno Indians
(A) Denis Turner, SCTCA Executive Director
MANAGEMENT

EXECUTIVE DIRECTOR
Gary L. Gallegos

CHIEF DEPUTY EXECUTIVE DIRECTOR
Renee Wasmund

GENERAL COUNSEL
Julie Wiley

DIRECTOR OF MOBILITY MANAGEMENT AND PROJECT IMPLEMENTATION
Jim Linthicum

DIRECTOR OF FINANCE
Lauren Warrem

DIRECTOR OF LAND USE AND TRANSPORTATION PLANNING
Charles Stoll

TRANSNET AND LEGISLATIVE AFFAIRS PROGRAM DIRECTOR
Kim Kawada

FINANCIAL ADVISOR
Public Financial Management Inc.
Newport Beach, California

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

TRUSTEE
U.S. Bank National Association
Los Angeles, California
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION AND PURPOSE OF THE SERIES 2010 BONDS</td>
<td>1</td>
</tr>
<tr>
<td>DESCRIPTION OF THE SERIES 2010 BONDS</td>
<td>3</td>
</tr>
<tr>
<td>General</td>
<td>3</td>
</tr>
<tr>
<td>Redemption Terms of the Series 2010 Bonds</td>
<td>4</td>
</tr>
<tr>
<td>General Redemption Provisions</td>
<td>5</td>
</tr>
<tr>
<td>DEBT SERVICE SCHEDULE</td>
<td>8</td>
</tr>
<tr>
<td>SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS</td>
<td>9</td>
</tr>
<tr>
<td>Pledge of Sales Tax Revenues</td>
<td>9</td>
</tr>
<tr>
<td>Revenue Fund; Allocation of Sales Tax Revenues</td>
<td>9</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>11</td>
</tr>
<tr>
<td>Outstanding Sales Tax Revenue Bonds</td>
<td>12</td>
</tr>
<tr>
<td>Additional Bonds and Parity Obligations</td>
<td>12</td>
</tr>
<tr>
<td>Subordinate Obligations</td>
<td>15</td>
</tr>
<tr>
<td>SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION</td>
<td>16</td>
</tr>
<tr>
<td>General</td>
<td>16</td>
</tr>
<tr>
<td>Executive Staff</td>
<td>17</td>
</tr>
<tr>
<td>THE SALES TAX</td>
<td>18</td>
</tr>
<tr>
<td>Authorization, Application and Collection of the Sales Tax</td>
<td>18</td>
</tr>
<tr>
<td>Historical Taxable Sales</td>
<td>19</td>
</tr>
<tr>
<td>Historical Sales Tax Revenues</td>
<td>19</td>
</tr>
<tr>
<td>SUMMARY OF FINANCING PLAN</td>
<td>21</td>
</tr>
<tr>
<td>Estimated Sources and Uses of Funds</td>
<td>21</td>
</tr>
<tr>
<td>Anticipated Issuances of Additional Bonds</td>
<td>21</td>
</tr>
<tr>
<td>COMMISSION INVESTMENT PORTFOLIO</td>
<td>22</td>
</tr>
<tr>
<td>RISK FACTORS</td>
<td>23</td>
</tr>
<tr>
<td>Economy of the County and the State</td>
<td>23</td>
</tr>
<tr>
<td>The Sales Tax</td>
<td>24</td>
</tr>
<tr>
<td>Proposition 218</td>
<td>24</td>
</tr>
<tr>
<td>Further Initiatives</td>
<td>24</td>
</tr>
<tr>
<td>No Acceleration Provision</td>
<td>24</td>
</tr>
<tr>
<td>Loss of Tax Exemption</td>
<td>25</td>
</tr>
<tr>
<td>Risks Relating to Build America Bonds</td>
<td>25</td>
</tr>
<tr>
<td>ABSENCE OF MATERIAL LITIGATION</td>
<td>26</td>
</tr>
<tr>
<td>TAX MATTERS</td>
<td>26</td>
</tr>
<tr>
<td>LEGAL MATTERS</td>
<td>31</td>
</tr>
<tr>
<td>RATINGS</td>
<td>31</td>
</tr>
<tr>
<td>UNDERWRITING</td>
<td>31</td>
</tr>
<tr>
<td>FINANCIAL ADVISOR</td>
<td>31</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS</td>
<td>32</td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
<td>32</td>
</tr>
<tr>
<td>APPENDIX A</td>
<td>SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2009</td>
</tr>
<tr>
<td>------------</td>
<td>-------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>APPENDIX B</td>
<td>INFORMATION REGARDING THE COUNTY OF SAN DIEGO</td>
</tr>
<tr>
<td>APPENDIX C</td>
<td>DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE</td>
</tr>
<tr>
<td>APPENDIX D</td>
<td>BOOK-ENTRY ONLY SYSTEM</td>
</tr>
<tr>
<td>APPENDIX E</td>
<td>PROPOSED FORM OF OPINION OF BOND COUNSEL</td>
</tr>
</tbody>
</table>
OFFICIAL STATEMENT

$_________*
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS (LIMITED TAX BONDS)

INTRODUCTION AND PURPOSE OF THE SERIES 2010 BONDS

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the issuance and sale by the San Diego County Regional Transportation Commission (the “Commission”) of $_______* aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) (the “2010 Series A Bonds”) and 2010 Series B (Tax-Exempt Bonds) (the “2010 Series B Bonds”) and, together with the 2010 Series A Bonds, the “Series 2010 Bonds”), consisting of 2010 Series A Bonds in the aggregate principal amount of $_______* and 2010 Series B Bonds in the aggregate principal amount of $______*.

The Series 2010 Bonds are being issued pursuant to an Indenture, dated as of March 1, 2008, between the Commission and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by a First Supplemental Indenture, dated as of March 1, 2008, a Second Supplemental Indenture, dated as of July 1, 2008, and a Third Supplemental Indenture, dated as of October 1, 2010 (the “Third Supplemental Indenture”), each between the Commission and the Trustee. The Indenture, as so amended and supplemented and as further supplemented from time to time pursuant to its terms is hereinafter referred to as the “Indenture.” All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” or, if not defined therein, in the Indenture.

Pursuant to the San Diego County Regional Transportation Commission Act, Chapter 2 of Division 12.7 (Sections 132000 and following) of the Public Utilities Code of the State of California, (the “Act”), the Commission is authorized to issue indebtedness payable in whole or in part from Sales Tax Revenues (defined below). The Commission’s debt issuing capacity and authority are separate and distinct from both the City of San Diego and the County of San Diego (the “County”).

The Series 2010 Bonds are limited obligations of the Commission secured by a pledge of sales tax revenues (herein called the “Sales Tax Revenues”) derived from a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”), imposed in accordance with the Act and the California Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251 and following), net of an administrative fee paid to the California State Board of Equalization (the “BOE”) in connection with the collection and disbursement of the Sales Tax. On November 3, 1987, a majority of the voters approved the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (as amended, the “1987 Ordinance”) which imposed the Sales Tax in the County for a twenty-year period. The Sales Tax was scheduled to expire on April 1, 2008. On November 2, 2004, more than two-thirds of the voters approved the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (the “Sales Tax Extension Ordinance,” and, together with the 1987 Ordinance, hereinafter collectively referred to as the “Ordinance”) which provided for an extension of the Sales Tax through March 31, 2048. The Series 2010 Bonds are further secured by a pledge of certain amounts held by the Trustee under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS–Pledge of Sales Tax Revenues” herein.

*Preliminary, subject to change

1

27
The 2010 Series A Bonds are expected to be executed and delivered as bonds designated as “Build America Bonds” under the provisions of the American Recovery and Reinvestment Act of 2009. Interest on the 2010 Series A Bonds is not excluded from gross income for purposes of federal income taxation. See “TAX MATTERS.” With respect to the 2010 Series A Bonds, the Commission would expect to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on such 2010 Series A Bonds (the “Subsidy Payments”). 2010 Series A Bondholders will not receive a tax credit with respect to the 2010 Series A Bonds. The Commission has covenanted in the Indenture to comply with all of the conditions to the receipt of the Subsidy Payments, and the Indenture provides that the Commission will cause the Subsidy Payments to be sent to the Trustee for deposit to the Interest Fund. The Commission is obligated to make all payments of principal and interest with respect to the 2010 Series A Bonds from the Sales Tax Revenues whether or not the Commission receives any Subsidy Payments. See “DESCRIPTION OF THE SERIES 2010 BONDS – Designation of 2010 Series A Bonds.”

Additional Bonds and other obligations secured by a pledge of the Sales Tax Revenues on a parity with the Series 2010 Bonds and the San Diego County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, 2008 Series B, 2008 Series C, and 2008 Series D (collectively, the “Series 2008 Bonds” and together with the Series 2010 Bonds and any Additional Bonds, the “Bonds”) may be issued or incurred. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – Additional Bonds and Parity Obligations” herein. The Series 2008 Bonds, the Series 2010 Bonds and any Additional Bonds hereafter authorized by, and at any time Outstanding under the Indenture, are referred to collectively herein as the “Bonds.” In 2005, the Commission authorized the issuance from time to time of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) (the “Existing Notes”) that are secured by a lien on the Sales Tax Revenues that is subordinate to the lien of the Bonds and Parity Obligations. The Existing Notes are currently authorized to be issued in an aggregate principal amount of up to $100,000,000 outstanding at any one time and, as of October 1, 2010, were outstanding in the aggregate principal amount of $47,316,000.

The Series 2008 Bonds are variable rate Bonds and were issued in March 2008 in the aggregate principal amount of $600,000,000. The Series 2008 Bonds initially bear interest at a Weekly Rate and have a maturity date of April 1, 2038.

In November, 2005, the Commission entered into three interest rate swap agreements in an initial aggregate notional amount of $600,000,000 (the “Initial Swaps”) pursuant to which the Commission agrees to pay to the counterparties a fixed rate of interest and the counterparties agree to pay the Commission a floating rate of interest. The Initial Swaps became effective as of April 1, 2008, and the notional amounts amortize in tandem with the amortization of the Series 2008 Bonds. Regularly scheduled payments on the Initial Swaps are payable on a parity with the Bonds.

In March, 2009, the Commission entered into two Securities Industry and Financial Markets Association (“SIFMA”) versus London Interbank Offered Rate (“LIBOR”) floating-to-floating swaps (the “Basis Rate Swap Overlays”), with initial notional amounts of $156,600,000 each. Under two of the Initial Swaps, the Commission pays the counterparties a fixed payment of 3.8165 percent and receives 65 percent of LIBOR (through April 2018) and thereafter receives the SIFMA index. Pursuant to the terms of the Basis Rate Swap Overlays of two of the Initial Swaps, the Commission agreed to pay to the counterparties a payment of the SIFMA index and the counterparties agreed to pay the Commission 107.4 percent of LIBOR, on the first day of each month, commencing May 1, 2018, for the last 20 years of two of the Initial Swaps.
The Commission will apply the proceeds of the Series 2010 Bonds to (i) finance, refinance and/or reimburse the Commission for its prior payment of the Costs of the Project, including by retiring a portion of the principal amount of the Existing Notes, (ii) [fund a deposit to the reserve fund securing the Series 2010 Bonds, and (iii)] pay the costs of issuing the Series 2010 Bonds. See “SUMMARY OF FINANCING PLAN.” The Commission reasonably expects to apply the proceeds of the Series 2010 Bonds to finance or refinance projects that include, but are not limited to, the projects included in the Commission’s TransNet Early Action Projects (the “TransNet EAP”, depicted in the map on page i), which includes various highway and transit improvements in the Interstates 5, 15, and 805 corridors; completion of the State Route 52 and 76 projects; implementation of the Mid-Coast Corridor, SuperLoop, and Mid-City Rapid transit projects; Trolley vehicle and station upgrades along the Blue and Orange Lines; and double tracking improvements in the coastal rail corridor (the “Project”).

DESCRIPTION OF THE SERIES 2010 BONDS

General

The Series 2010 Bonds are being issued by the Commission pursuant to the Indenture and the Act. The Series 2010 Bonds will be dated their date of delivery and will mature on the dates and in the principal amounts shown in the Summary of Offering on the inside cover page of this Official Statement.

The Series 2010 Bonds will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2010 Bonds. Investors may purchase Series 2010 Bonds in book-entry form only. Beneficial Owners of the Series 2010 Bonds will not receive certificates representing their ownership interests in the Series 2010 Bonds purchased. Payments of principal and interest on the Series 2010 Bonds will be made to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Series 2010 Bonds is the responsibility of DTC’s Direct and Indirect Participants and not the Commission. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

The Commission will date the Series 2010 Bonds the date of their delivery. The Series 2010 Bonds will mature in the principal amounts in the years, and will bear interest at the respective rates of interest semiannually, all as set forth on the inside cover page hereof.

Interest on the Series 2010 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Commission will issue the Series 2010 Bonds as fully registered bonds in denominations of $5,000 or any integral multiple thereof. The Commission will pay interest on the Series 2010 Bonds on April 1 and October 1 of each year, commencing on April 1, 2011.

Designation of 2010 Series A Bonds

The 2010 Series A Bonds are expected to be executed and delivered as bonds designated as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009, signed into law on February 17, 2009 (the “Recovery Act”). With respect to the 2010 Series A Bonds, the Commission would expect to receive a cash subsidy payment from the United States Treasury pursuant to the Recovery Act equal to 35% of the interest payable with respect to the 2010 Series A Bonds on or about each interest Payment Date. The Subsidy Payments do not constitute a full faith and credit guarantee of the United States, but are required to be paid by the Treasury under the Recovery Act. The Commission covenanted in the Indenture to comply with all of the conditions to the receipt of the Subsidy Payments, and the Indenture provides that the Commission will cause the Subsidy Payments to be sent to the Trustee for deposit to the Interest Fund. The Commission is obligated to make all payments of
principal and interest with respect to the 2010 Series A Bonds whether or not it receives Subsidy Payments pursuant to the Recovery Act. The Commission can give no assurances about future changes in legislation or Treasury regulations or the netting of other tax liabilities of the Commission against the expected Subsidy Payments which may affect the amount or timely receipt of such payments.

Redemption Terms of the Series 2010 Bonds

Optional Redemption of the 2010 Series A Bonds. The 2010 Series A Bonds shall be subject to redemption prior to their stated maturity date, at the option of the Commission, from any source of available funds, as a whole or in part on any date, at a Redemption Price equal to 100% of the principal amount of the 2010 Series A Bonds to be redeemed plus the Make-Whole Premium, if any, together with accrued interest to the date fixed for redemption. The Commission shall provide, or shall cause the Designated Banking Institution to provide, the Make-Whole Premium, if any, to the Trustee in writing.

Optional Redemption of the 2010 Series B Bonds. The 2010 Series B Bonds maturing after October 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after October 1, 20__, as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

Extraordinary Optional Redemption of the 2010 Series A Bonds. The 2010 Series A Bonds shall be subject to redemption prior to maturity at the option of the Commission upon the occurrence of a Tax Law Change, from any source of available funds, as a whole or in part, on any date, at a Redemption Price equal to 100% of the principal amount of 2010 Series A Bonds to be redeemed plus the Make-Whole Premium (using a discount rate equal to the Comparable Treasury Yield plus basis points), if any, plus accrued interest to the date fixed for redemption. The Commission shall provide, or shall cause the Designated Banking Institution to provide, the Make-Whole Premium, if any, to the Trustee in writing.

Mandatory Redemption of 2010 Series A Bonds. The 2010 Series A Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2010 Series A Bonds, on each date a Mandatory Sinking Account Payment for such 2010 Series A Bonds is due, and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Mandatory Sinking Account Payments for 2010 Series A Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

<table>
<thead>
<tr>
<th>2010 Series A Bonds</th>
<th>Mandatory Sinking Account Payment</th>
<th>Redemption Date (April 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**2010 Series A Bonds**

<table>
<thead>
<tr>
<th>Redemption Date (April 1)</th>
<th>Mandatory Sinking Account Payment</th>
<th>Redemption Date (April 1)</th>
<th>Mandatory Sinking Account Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† Final Maturity

**Mandatory Redemption of 2010 Series B Bonds.** The 2010 Series B Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2010 Series B Bonds, on each date a Mandatory Sinking Account Payment for such 2010 Series B Bonds is due, and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Mandatory Sinking Account Payments for 2010 Series B Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

**2010 Series B Bonds**

<table>
<thead>
<tr>
<th>Redemption Date (April 1)</th>
<th>Mandatory Sinking Account Payment</th>
<th>Redemption Date (April 1)</th>
<th>Mandatory Sinking Account Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† Final Maturity

**General Redemption Provisions**

**Selection of Bonds for Redemption.** If less than all of the 2010 Series A Bonds are to be redeemed pursuant to the Trust Agreement, the principal of all such 2010 Series A Bonds shall be subject to redemption on a pro rata basis. In the event of any such pro rata redemption, the Trustee shall send DTC and the Commission written notice of such redemption in accordance with, and containing the information required by, DTC’s then-current operational arrangements for pro rata redemptions, not less than two Business Days prior to the payment date, which notice shall state that it relates to a “Pro Rata Pass-Through Distribution of Principal” (or such other notation as is required under the then-current operational arrangements of DTC). DTC will be responsible for distributing the principal, premium, if any, and accrued interest among the DTC participants, pro rata (subject to minimum Authorized Denomination restrictions) according to the beneficial interest in such 2010 Series A Bonds that DTC
records list as owned by each DTC participant as of the record date for such payment. In the event 2010 Series A Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under the Trust Agreement, or portions thereof, that are to be reduced as allocated to such redemption.

It is the Commission’s intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Commission and the Beneficial Owners be made on a pro rata basis as described above with respect to the 2010 Series A Bonds. However, neither the Commission nor the Underwriters can provide any assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2010 Series A Bonds on a pro rata basis as discussed above, then the 2010 Series A Bonds will be selected for redemption in accordance with DTC operational arrangements by lot or in such other manner as is in accordance with applicable DTC operational arrangements.

The Commission shall designate which maturities of any 2010 Series B Bonds are to be called for optional redemption pursuant to the Trust Agreement. If less than all 2010 Series B Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2010 Series B Bonds of such maturity date to be redeemed by lot and shall promptly notify the Commission in writing of the numbers of the 2010 Series B Bonds so selected for redemption. For purposes of such selection, 2010 Series B Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event 2010 Series B Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under the Trust Agreement, or portions thereof, that are to be reduced as allocated to such redemption.

**Notice of Redemption.** The Trustee will send each notice of redemption by first class mail not less than 10 nor more than 90 days prior to the redemption date to DTC. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2010 Bonds will be governed by arrangements among them, and the Commission and the Trustee will not have any responsibility or obligation to send a notice of redemption except to DTC. Failure of DTC to receive any notice of redemption or any defect therein will not affect the sufficiency of any proceedings for redemption.

**Conditional Notice of Redemption; Rescission.** With respect to any notice of optional redemption of Bonds, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid pursuant to the terms of the Indenture, such notice is to state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts shall not have been so received said notice will be of no force and effect and the Commission will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given.

In addition, the Commission may, at its option, on or prior to the date fixed for redemption in any notice of redemption, rescind and cancel such notice of redemption by Written Request of the Commission to the Trustee, and the Trustee is to mail notice of such cancellation to the recipients of the notice of redemption as described herein under “DESCRIPTION OF THE SERIES 2010 BONDS—General Redemption Provisions.”
Any optional redemption of the Series 2010 Bonds and notice thereof will be rescinded and cancelled pursuant to the provisions of the Indenture if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal, interest and premium due on the Series 2010 Bonds called for redemption.

**Effect of Redemption.** Notice of redemption having been duly given pursuant to the Indenture and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2010 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Series 2010 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice, together with interest accrued thereon to the date fixed for redemption. Interest on such Series 2010 Bonds so called for redemption shall cease to accrue, and said Series 2010 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of such Series 2010 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price and interest accrued to the date fixed for redemption from funds held by the Trustee for such payment.

All Series 2010 Bonds redeemed pursuant to the provisions described herein shall be cancelled upon surrender.
DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the Series 2008 Bonds and the Series 2010 Bonds.

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Principal Amount (1)</th>
<th>Interest Amount (2)</th>
<th>Combined Annual Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Series 2008 Bonds</td>
<td>Series 2008 Bonds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Series 2010 Bonds</td>
<td>Series 2010 Bonds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bonds</td>
<td>Bonds</td>
<td></td>
</tr>
</tbody>
</table>

(1) Includes Mandatory Sinking Account Payments.
(2) Interest on the Series 2008 Bonds is calculated based on the fixed interest rates payable by the Commission to the swap counterparties pursuant to the Initial Swaps; the fixed interest rates payable under the Initial Swaps range from 3.41% to 3.8165%.
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS

Pledge of Sales Tax Revenues

The Bonds are limited obligations of the Commission and are payable as to principal and interest exclusively from Revenues, consisting of Sales Tax Revenues and Swap Revenues, and from all amounts, including proceeds of the Bonds, held in the funds and accounts established under the Indenture (other than the Rebate Fund, any Letter of Credit Accounts and any Purchase Fund established for Bonds subject to purchase), subject to certain provisions of the Indenture. “Sales Tax Revenues” means the amounts available for distribution to the Commission on and after July 1, 1988 on account of the Sales Tax after deducting amounts payable by the Commission to the Board of Equalization (the “BOE”) for costs and expenses for its services in connection with the Sales Tax. For a general discussion of the Sales Tax, see “THE SALES TAX.” For a discussion of the historical Sales Tax Revenues, see “THE SALES TAX—Historical Sales Tax Revenues.”

The Indenture provides that the pledge of Revenues for the payment of the Bonds, and any debt or other obligations of the Commission payable from Sales Tax Revenues on a parity with the Bonds (such debt or other obligations being hereinafter referred to as “Parity Obligations”), will constitute a first lien on and security interest in the Revenues and such other amounts and will immediately attach thereto and will be effective, binding and enforceable from and after initial delivery by the Trustee of the Bonds or Parity Obligations, without the need for any physical delivery, recordation, filing or further act.


Revenue Fund; Allocation of Sales Tax Revenues

As long as any Bonds are Outstanding or any Parity Obligations remain unpaid, the Commission has assigned the Sales Tax Revenues to the Trustee and shall cause the BOE to transmit the same directly to the Trustee each month, net of the BOE administrative fee which is deducted quarterly. The Trustee will forthwith deposit all Sales Tax Revenues in the Revenue Fund, maintained and held in trust by the Trustee, when and as such Sales Tax Revenues are received by the Trustee. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.” The Sales Tax Revenues are to be received and held in trust by the Trustee for the benefit of the Holders of the Bonds and Parity Obligations and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture. Investment income on amounts held by the Trustee (other than amounts held in the Rebate Fund, a Letter of Credit Account or any Purchase Fund or Project Fund or for which particular instructions are provided) will also be deposited in the Revenue Fund.

So long as any Bonds remain Outstanding and Parity Obligations, Subordinate Obligations, and all other amounts payable under the Indenture remain unpaid, in each month following receipt and deposit of the Sales Tax Revenues in the Revenue Fund, the Trustee is required to set aside the moneys in the
Revenue Fund in the following respective funds, amounts and order of priority (provided that deficiencies in any previously required deposit may be made up prior to the deposit to a fund subsequent in priority and further provided that set asides or transfers required with respect to outstanding Parity Obligations shall be made on a parity basis each month, as provided in the Indenture):

1. **Interest Fund.** The Indenture requires the Trustee to make monthly deposits in the Interest Fund in an amount equal to (a) one-sixth of the aggregate semiannual amount of interest becoming due and payable on Outstanding fixed interest rate bonds during the next ensuing six-months until the requisite semiannual amount of interest on all such bonds is on deposit, provided that the amounts set aside in such fund with respect to such Series of Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on the first Interest Payment Date with respect to such fixed rate Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding variable rate bonds calculated, or if the actual rate of interest is not known, at the interest rate specified by the Commission, or if the Commission has not specified an interest rate, at the maximum interest rate borne by such variable rate bonds during the month prior to the month of deposit plus one percent (1%), subject to such adjustments as are provided pursuant to the provisions of the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Sales Tax Revenues.” All Subsidy Payments received with respect to the 2010 Series A Bonds and all Swap Revenues received with respect to the Interest Rate Swap Agreements that are Parity Obligations are to be deposited in the Interest Fund and credited toward the above-described deposits.

2. **Principal Fund; Sinking Accounts.** The Indenture also requires the Trustee to make monthly deposits in the Principal Fund in an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts shall have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Commission certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid.

In the event that the Sales Tax Revenues shall not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts will be made on a proportionate basis, in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.
No deposit need be made into the Principal Fund so long as there is in such fund (i) money sufficient to pay the Bond Obligations of all Serial Bonds then Outstanding and maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such 12-month period; provided that if the Commission certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.”

3. Bond Reserve Funds. The Indenture also requires the Trustee to make deposits to any of the Bond Reserve Funds established pursuant to the provisions of the Indenture as soon as possible in each month in which any deficiency in any Bond Reserve Fund occurs, until the balance in such Bond Reserve Fund is at least equal to the applicable Bond Reserve Requirement. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Sales Tax Revenues.”

4. Subordinate Obligations Fund. The Indenture also requires the Trustee to establish a Subordinate Obligations Fund. The Trustee shall deposit in the Subordinate Obligations Fund any Sales Tax Revenues remaining in the Revenue Fund after the transfers described in (1), (2) and (3) above and will transfer such Sales Tax Revenues to the Subordinate Trustee. After the Subordinate Trustee has made the required deposit of Sales Tax Revenues under any Subordinate Indenture, the Subordinate Trustee will transfer any remaining Sales Tax Revenues back to the Trustee.

5. Fees and Expenses Fund. The Indenture also requires the Trustee to establish a Fees and Expenses Fund. At the direction of the Commission, after the transfers described above have been made, the Trustee will deposit as soon as practicable in each month in the Fees and Expenses Fund amounts necessary for payment of fees, expenses and similar charges owing in such month or the following month by the Commission in connection with the Bonds or any Parity Obligation and amounts necessary for payment of fees, expenses, and similar charges owing in such month or the following month by the Commission in connection with Subordinate Obligations.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Sales Tax Revenues” for a more complete discussion.

After making the foregoing allocations, all Sales Tax Revenues will be transferred to the Commission and may be applied by the Commission for all lawful purposes of the Commission.

Reserve Fund

Pursuant to the Indenture, there has been established the 2008 Bonds Reserve Fund to be maintained by the Trustee as a pooled reserve fund to provide for a reserve fund for the 2008 Reserve Fund Eligible Bonds. The “2008 Reserve Fund Eligible Bonds” are the 2008 Bonds and any other Series of additional Bonds or Refunding Bonds or portions thereof (in each case, payable on a parity with the 2008 Bonds from, and secured as to payment on a parity with the 2008 Bonds by, the Revenues and other funds described in Article V of the Indenture) issued and designated, by a Supplemental Indenture
adopted by the Commission, to be secured by and entitled to the pledge and benefit of the 2008 Bonds Reserve Fund; provided, that no Bond or Series of Bonds shall be designated unless, upon the issuance of such Bond or Series of Bonds and after giving effect to such issuance, the amount then on deposit in the 2008 Bonds Reserve Fund will be at least equal the 2008 Bonds Reserve Requirement. [The Series 2010 Bonds have been designated 2008 Reserve Fund Eligible Bonds. Upon the issuance of the Series 2010 Bonds, a portion of the proceeds of the Series 2010 Bonds in the amount of $________ will be deposited into the 2008 Bonds Reserve Fund.]

All amounts in the 2008 Bonds Reserve Fund (including all amounts that may be obtained from any Reserve Facility on deposit in the 2008 Bonds Reserve Fund) shall be used and withdrawn by the Trustee solely: (i) for the purpose of making up any deficiency in the Interest Fund or the Principal Fund relating to the 2008 Reserve Fund Eligible Bonds; or (ii) together with any other moneys available therefore, (x) for the payment of all of the 2008 Reserve Fund Eligible Bonds then Outstanding, (y) for the defeasance or redemption of all or a portion of the 2008 Reserve Fund Eligible Bonds then Outstanding, provided, however, that if funds on deposit in the 2008 Bonds Reserve Fund are applied to the defeasance or redemption of a portion of the 2008 Reserve Fund Eligible Bonds, the amount on deposit in the 2008 Bonds Reserve Fund immediately subsequent to a partial defeasance or redemption shall equal the 2008 Bonds Reserve Requirement applicable to all 2008 Reserve Fund Eligible Bonds Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the 2008 Reserve Fund Eligible Bonds. Any amounts on deposit in the 2008 Bonds Reserve Fund in excess of the 2008 Bonds Reserve Requirement shall be transferred to the Commission on April 1 of each year. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Establishment of Funds and Accounts – Funding and Application of the 2008 Bonds Reserve Fund; Bond Reserve Requirement for the 2008 Reserve Fund Eligible Bonds.”

**Outstanding Sales Tax Revenue Bonds**

In March, 2008, the Commission issued the Series 2008 Bonds in the aggregate principal amount of $600,000,000. The Series 2008 Bonds initially bear interest at a Weekly Rate. Under the terms of the Indenture, the interest payable on the Series 2008 Bonds may be converted to another Interest Rate Determination Method, including to a fixed rate at the option of the Commission and in accordance with the requirements of the Indenture. If the Interest Rate Determination Method is changed, then there could be an increase in the amount of interest paid on the 2008 Series Bonds by the Commission.

**Additional Bonds and Parity Obligations**

The only outstanding obligations secured by Sales Tax Revenues are the Series 2008 Bonds, the Initial Swaps, the 2008 Liquidity Facilities, the Basis Rate Swap Overlays, and the Existing Notes. The Commission may issue Additional Bonds and may issue or incur other obligations secured in whole or in part by a pledge of Sales Tax Revenues on a parity with the Bonds and the regularly scheduled payments on the Initial Swaps and any other Interest Rate Swap Agreements, subject to compliance with the terms and provisions set forth in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Issuance of Additional Bonds and Other Obligations.”

**Issuance of Additional Series of Bonds.** The Commission may by Supplemental Indenture establish one or more Series of Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2010 Bonds and Series 2008 Bonds, but only upon compliance by the Commission with certain provisions of the Indenture. Some applicable provisions of the Indenture are described below:
(a) No Event of Default shall have occurred and then be continuing.

(b) If the Supplemental Indenture providing for the issuance of such Series of additional Bonds requires either (i) the establishment of a Bond Reserve Fund to provide additional security for such Series of Bonds or (ii) that the balance on deposit in an existing Bond Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of Bonds of such Series, to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by such Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds, the supplemental indenture providing for the issuance of such additional Series of Bonds shall require deposit of the amount necessary. Said deposit may be made from the proceeds of the sale of Bonds of such Series or from other funds of the Commission or from both such sources or in the form of a Reserve Facility as described under APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions” and “Establishment and Application of Funds and Accounts - Funding and Application of Bond Reserve Funds.”

(c) The Commission shall have placed on file with the Trustee a Certificate of the Commission, certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Bonds will become outstanding was equal to at least 1.3 times Maximum Annual Debt Service on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued. For purposes of calculating Maximum Annual Debt Service, principal and interest payments on Obligations are excluded to the extent such payments are to be paid from Revenues then held on deposit by the Trustee or from other amounts on deposit with the Trustee or other fiduciary in escrow specifically therefor and interest payments are excluded to the extent that such interest payments are to be paid from the proceeds of Obligations held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or from Subsidy Payments.

Nothing in the Indenture will prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the Indenture, additional security for the benefit of such additional Series of Bonds or any portion thereof.

**Issuance of Refunding Bonds.** Refunding Bonds may be authorized and issued by the Commission without compliance with the provisions of the Indenture summarized above under paragraph (c) of the caption “Issuance of Additional Series of Bonds” provided that the Trustee shall have been provided with a Certificate of the Commission to the effect that the Commission has determined one of the following: (i) that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds, or (ii) that the Commission expects a reduction in Debt Service on all Bonds Outstanding and all Parity Obligations outstanding to result from the refunding to be effected with the proceeds of such Refunding Bonds.

**Parity Obligations.** As defined in the Indenture, “Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Commission for borrowed money or the Initial Swaps, the Basis Rate Swap Overlays, or any other Interest Rate Swap Agreement (excluding, in each case, fees and expenses and termination payments on Interest Rate Swap Agreements, which fees and expenses and termination payments shall be secured by a lien and charge on the Sales Tax Revenues subordinate to the lien and charge upon the Sales Tax Revenues that secures the Bonds, Parity
Obligations and payment of principal and interest on Subordinate Obligations) entered into in connection with a Series of Bonds, in each case incurred in accordance with the provisions of the Indenture described herein and having an equal lien and charge upon the Sales Tax Revenues and therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding). The Commission may issue or incur additional Parity Obligations that will have, when issued, an equal lien and charge upon the Sales Tax Revenues, provided that the conditions to the issuance of such Parity Obligations set forth in the Indenture are satisfied, including satisfaction of the coverage test described in subsection (c) above under the caption “Issuance of Additional Series of Bonds,” unless such Parity Obligations are being issued for refunding purposes, in which case the coverage test shall not apply.

Interest Rate Swaps. In November 2005, the Commission entered into three interest rate swap agreements (the “Initial Swaps”) in an initial aggregate notional amount of $600,000,000. The Initial Swaps were effective as of April 1, 2008 and the notional amounts amortize in tandem with the amortization of the Series 2008 Bonds. Pursuant to the terms of the Initial Swaps, the Commission agreed to pay to the counterparties a fixed rate of interest and the counterparties agreed to pay the Commission a floating rate of interest on the first day of each month, commencing May 1, 2008. The Commission’s obligation to make regularly scheduled payments of interest to the counterparties under the Initial Swaps is payable from and secured by Sales Tax Revenues on a parity basis with the Series 2010 Bonds. Under certain circumstances, the Initial Swaps may be terminated, at which time the Commission may be required to make a termination payment to the applicable counterparty. Termination payments payable in accordance with the provisions of the Initial Swaps are secured by a lien on the Sales Tax Revenues subordinate to the lien that secures the Series 2008 Bonds, the Series 2010 Bonds, Parity Obligations and Subordinate Obligations, including the Existing Notes. The names of the swap counterparties under the Initial Swaps, the fixed rate of interest paid by the Commission, and the floating rate of interest paid by the swap counterparties are as follows:

<table>
<thead>
<tr>
<th>Name of Counterparty</th>
<th>Fixed Rate of Interest</th>
<th>Floating Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America, N.A.</td>
<td>3.4100%</td>
<td>65% of USD One-Month LIBOR</td>
</tr>
<tr>
<td>Goldman Sachs Mitsui Marine Derivative Projects, L.P.</td>
<td>3.8165%</td>
<td>65% of USD One-Month LIBOR until April 1, 2018; USD SIFMA Swap Index thereafter</td>
</tr>
<tr>
<td>Merrill Lynch Capital Services Inc.</td>
<td>3.8165%</td>
<td>65% of USD One-Month LIBOR until April 1, 2018; USD SIFMA Swap Index thereafter</td>
</tr>
</tbody>
</table>

Basis Rate Swap Overlays to the Interest Rate Swaps. In March 2009, the Commission entered into a SIFMA versus LIBOR floating-to-floating or “basis” swaps, with initial notional amounts for two of the swaps of $156,600,000 each. Under two of the Initial Swaps, the Commission pays the counterparties a fixed payment of 3.8165 percent and receives 65 percent of LIBOR (through April 2018) and thereafter receives the SIFMA index. Pursuant to the terms of the Basis Rate Swap Overlays of two of the Initial Swaps, the Commission agreed to pay to the counterparties a payment of the SIFMA index and the counterparties agreed to pay the Commission 107.4 percent of LIBOR, on the first day of each month, commencing May 1, 2018, for the last 20 years of two of the Initial Swaps. The Commission’s obligation to make regularly scheduled payments of interest to the counterparties under the Basis Rate Swap Overlays is payable from and secured by Sales Tax Revenues on a parity basis with the Series 2010 Bonds. Under certain circumstances, the Basis Rate Swap Overlays may be terminated, at which time the
Commission may be required to make a termination payment to the applicable counterparty. Under the terms of the Basis Rate Swap Overlays, the Commission may terminate the agreement and cash settle with prior written notice. Termination payments payable in accordance with the provisions of the Basis Rate Swap Overlays are secured by a lien on the Sales Tax Revenues subordinate to the lien that secures the Series 2008 Bonds, the Series 2010 Bonds, Parity Obligations and Subordinate Obligations, including the Existing Notes. Barclays Bank PLC is the Basis Rate Swaps Overlay counterparty.

**2008 Liquidity Facilities.** The 2008 Series A Bonds and the 2008 Series B Bonds are supported by a Standby Bond Purchase Agreement by and among JPMorgan, the Commission and the Trustee (the “JPMorgan Liquidity Facility”). The JPMorgan Liquidity Facility was renewed for two one-year terms in March 2009 and March 2010 and will expire on March 26, 2011, prior to the final maturity of the 2008 Series A Bonds and 2008 Series B Bonds, unless extended or terminated in accordance with its terms.

The 2008 Series C Bonds and the 2008 Series D Bonds are supported by a Standby Bond Purchase Agreement by and among Dexia Crédit Local, the Commission and the Trustee (the “Dexia Liquidity Facility”). The Dexia Liquidity Facility will expire on March 26, 2013, prior to the final maturity of the 2008 Series C Bonds and 2008 Series D Bonds, unless extended or terminated in accordance with its terms. Dexia Crédit Local has notified the Commission that it will not extend the Dexia Liquidity Facility. The Commission is required under the Indenture to provide a Liquidity Facility for the Series 2008 Bonds so long as they bear interest at the Weekly Rate.

During its term each Liquidity Facility will provide funds for the purchase of the Series 2008 Bonds to which it relates, that are delivered to the Trustee but not remarketed by the applicable Remarketing Agent. The Commission has the right and may elect to terminate each Liquidity Facility in its discretion.

Under certain circumstances, each 2008 Liquidity Facility may be extended, reduced, adjusted or terminated, as described thereunder.

**Subordinate Obligations**

Except to the extent restricted by the Indenture, the Commission may issue or incur obligations (“Subordinate Obligations”) payable out of Sales Tax Revenues on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Bonds and Parity Obligations, as the same become due and payable and at the times and in the manner as required by the Indenture or as required by the instrument pursuant to which such Parity Obligations were issued or incurred, as applicable. The Commission’s Subordinate Obligations currently consist of the Existing Notes. Any termination payments under the Commission’s Initial Swaps and Basis Rate Swap Overlays and fees and expenses due under the 2008 Liquidity Facilities are payable on a basis subordinate to the Subordinate Obligations.

**Remarketing Agents**

The Remarketing Agent for the 2008 Series A Bonds is Barclays Capital Inc., the Remarketing Agent for the 2008 Series B Bonds is Goldman, Sachs & Co., the Remarketing Agent for the 2008 Series C Bonds is J.P. Morgan Securities Inc. and the Remarketing Agent for the 2008 Series D Bonds is De La Rosa & Co. (each a “Remarketing Agent” and collectively the “Remarketing Agents”). The Commission has entered into a Remarketing Agreement covering the applicable Series of the Series 2008 Bonds with the Remarketing Agent for such Series.
Each Remarketing Agent undertakes, among other things, to use its best efforts to remarket Series 2008 Bonds for which it is the Remarketing Agent that are tendered for purchase. Each Remarketing Agent also undertakes to set the interest rate on the Series 2008 Bonds for which it is the Remarketing Agent. In the event there is a failure on the part of the Remarketing Agents to remarket the Series 2008 Bonds, pursuant to the 2008 Liquidity Facilities, the Trustee may call on the Standby Bond Purchase Agreement to purchase the Series 2008 Bonds that have not been remarkedeted (the “Bank Bonds”) and the Bank Bonds will bear interest at the Bank Bond Rate, which could be substantially higher than the Weekly Rate.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

General

The Commission was organized pursuant to the San Diego County Regional Transportation Commission Act, Chapter 2 of Division 12.7 (Sections 132000 and following) of the Public Utilities Code of the State of California (the “Act”). Pursuant to the provisions of the Act, the Board of Directors of the Commission is composed of the Board of Directors of the San Diego Association of Governments (“SANDAG”). On January 1, 2003, state legislation (Senate Bill 1703) took effect, which changed the structure of SANDAG from a Joint Powers Authority to a state-created regional government agency with a Board of Directors consisting of voting representatives from the County of San Diego, California, and the eighteen cities within the County. The effect of this legislation was to make SANDAG a permanent rather than voluntary association of local governments and to increase SANDAG’s responsibilities and powers. Senate Bill 1703 also required the consolidation of the planning, programming, project development, and construction functions of the agencies currently known as San Diego Metropolitan Transit System (“MTS”) and North County Transit District (“NCTD”) into SANDAG. This consolidation was substantially completed in October 2003.

As set forth in the Act, the Commission is responsible for providing improvements to the transportation system and other public infrastructure systems in San Diego County. To carry out this responsibility, the Commission adopted in 1987 the initial San Diego Transportation Improvement Program Ordinance (Commission Ordinance 87-1 – Proposition A, 1987). In 2004, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (Commission Ordinance 04-01), hereinafter referred to as the “Extension Ordinance,” which provides for an extension of the retail transactions and use tax implemented by the initial 1987 Ordinance for a 40-year period commencing on April 1, 2008. The 1987 Ordinance and the Extension Ordinance each outline a series of projects (herein referred to as the “Expenditure Plan”) to be implemented during the term of the sales tax measure. In connection with implementing the Expenditure Plan, the Commission has adopted and updated a series of plans of finance (the “Plan of Finance”), which describe the types of projects that are to be cash financed and the types of projects that are to be debt financed and the projected timing and amounts of such financing. On July 23, 2010, the Commission approved the 2010 TransNet Plan of Finance update which incorporates a “robust” financial scenario that continues to advance to construction several projects in the Commission’s TransNet Early Action Program (the “TransNet EAP”). The TransNet EAP (depicted in the map on page i) includes various highway and transit improvements in the Interstates 5, 15, and 805 corridors; completion of the State Route 52 and 76 projects; implementation of the Mid-Coast Corridor, SuperLoop, and Mid-City Rapid transit projects; Trolley vehicle and station upgrades along the Blue and Orange Lines; and double tracking improvements in the coastal rail corridor.
Executive Staff

The SANDAG staff serves as staff to the Commission. Key staff members, the position held by each and a brief statement of the background of each staff member is set forth below.

**Gary L. Gallegos, Executive Director.** Mr. Gallegos serves as SANDAG’s chief executive officer and the secretary of the Board of Directors of both SANDAG and the Commission. He is responsible for the overall management of SANDAG and the Commission, including execution of its operational policies and procedures, the Board approved budget, and all personnel decisions. Mr. Gallegos was appointed by the SANDAG Board to his present position in 2001. Prior to joining SANDAG, Mr. Gallegos held the position of District Director for Caltrans District 11, encompassing San Diego and Imperial Counties. Mr. Gallegos holds a B.S. degree in Civil Engineering from the University of New Mexico and is a registered civil engineer.

**Renee Wasmund, Chief Deputy Executive Director.** Ms. Wasmund’s major responsibilities include managing the ongoing operations of SANDAG, as well as overseeing the operations of the Administration, Finance, Land Use and Transportation Planning, Mobility Management and Project Implementation, and Technical Services Departments. Ms. Wasmund also works with other local, regional, state, and federal agencies on regional planning, programming and implementation issues and works with local, state and federal elected officials to implement public policy. Ms. Wasmund transferred to SANDAG from MTS in 2003 as a result of the consolidation of certain regional transportation functions into SANDAG. Before being named Chief Deputy Executive Director, Ms. Wasmund served as the Director of Finance for SANDAG and the Commission. She was at MTS for 13 years, serving as the Director of Finance and Administration for ten of those years. Ms. Wasmund is a graduate of the University of Central Florida and is a Certified Public Accountant.

**Julie Wiley, General Counsel.** Julie Wiley was appointed General Counsel for SANDAG and the Commission in September 2005. Ms. Wiley was originally hired by SANDAG as Deputy General Counsel in January 2001. Between 1995 and 2001, Ms. Wiley worked for private sector law firms in Colorado and California as a litigator and advisor for corporations and public sector clients. Ms. Wiley holds a Bachelors degree from the University of California, San Diego and a Juris Doctorate from the University of Denver.

**Lauren Warrem, Director of Finance.** Ms. Warrem serves as the chief financial officer and directs all financial and programming functions for SANDAG and the Commission. Ms. Warrem transferred to SANDAG from MTS in 2003 as a result of the consolidation of certain regional transportation functions into SANDAG. Before being named Director of Finance, Ms. Warrem served as the Finance Manager for SANDAG for six years. She was at MTS for two years, serving as the Finance Manager and previously worked for KPMG, LLP, a certified public accounting firm. Ms. Warrem holds a B.S. degree in Accounting from Baker University and is a Certified Public Accountant.

**Jim Linthicum, Director of Mobility Management and Project Implementation.** Mr. Linthicum is directly responsible for the implementation of all TransNet and capital improvement projects under the control of the Commission. He is accountable for the scope, schedule, and cost of regional transportation projects and coordinates these efforts with federal, state, and local transportation agencies. Mr. Linthicum transferred to SANDAG from MTS in 2003 as a result of the consolidation of project development and construction functions into SANDAG. Prior to his employment at MTS Mr. Linthicum worked for the California Department of Transportation for 23 years. Mr. Linthicum holds a B.S. degree in Civil Engineering from Pennsylvania State University.
Charles “Muggs” Stoll, Director of Land Use and Transportation Planning. Mr. Stoll is responsible for development and implementation of SANDAG’s Regional Comprehensive Plan and Regional Transportation Plan and oversees planning and project development activities in the areas of transportation, public transit, land use, public facilities, environmental management, and interregional and binational collaboration. Mr. Stoll joined SANDAG in April 2007 after spending more than 20 years with the California Department of Transportation at its San Diego District Office where he gained experience in many functional units. His career involved primarily project development functions, including assignments in construction as a Resident Engineer, Project Director with responsibility for all phases of development of the proposed tollway portion of future State Route 125 (South Bay Expressway), Deputy District Director of the Environmental Division, the District’s Capital Program Chair Deputy, and an eight-week acting assignment as the Chief of Staff to the Director in Sacramento, CA. Mr. Stoll received a Bachelor of Science (B.S.) degree in Civil Engineering in 1983 and a Master’s degree in Business Administration (M.B.A.) in 1985. Both degrees were earned at San Diego State University. He has been a Registered Engineer in the State of California since 1988.

Marney P. Cox, Chief Economist. Mr. Cox specializes in regional economies and works with a team of professionals to produce SANDAG’s regional growth forecasts. These forecasts are adopted by each jurisdiction in the San Diego region and used widely for planning purposes. Mr. Cox’s additional responsibilities include maintaining the San Diego region’s Economic Prosperity Strategy, performing financial and risk analysis for transportation and other public infrastructure projects, and evaluating the fiscal consequences of alternative regional growth management polices. Mr. Cox joined SANDAG in 1979 as a Research Analyst responsible for SANDAG econometric and statistical growth allocation models and served as Municipal Finance Specialist and Senior Regional Planner before being promoted to his current position in 1986. Mr. Cox holds both graduate and undergraduate degrees in economics from San Diego State University, with an emphasis in public finance, urban economics and econometrics.

Kim Kawada, TransNet and Legislative Affairs Program Director. Ms. Kawada manages and directs the operations of the SANDAG TransNet program and federal and state legislative affairs, and oversees the Board of Directors and Policy Advisory Committee agendas. She has been involved in a number of significant transportation and planning initiatives in the San Diego region. She spearheaded the development of several of the agency’s Regional Transportation Plans. She also worked with local, state, and federal officials to launch the first-ever high occupancy toll lanes that charge solo drivers a fee to use carpool lanes. She was responsible for the team that developed the first Regional Comprehensive Plan, a long-range planning framework for the San Diego region. She has worked at SANDAG for 15 years and previously worked for the City of Laguna Niguel. She is a graduate of Brown University with a Bachelors of Arts in American History.

THE SALES TAX

Authorization, Application and Collection of the Sales Tax

The Commission is authorized by the Act to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County in accordance with California's Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251 et seq.), upon authorization by a majority of the electors voting on the issue. On November 3, 1987, the voters approved the 1987 Ordinance which imposed the Sales Tax in the County for a twenty-year period. On November 2, 2004, more than two-thirds of the County voters approved the Sales Tax Extension Ordinance which, among other things, extended the collection of the tax to March 31, 2048. The Ordinance imposes the Sales Tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and upon
the storage, use or other consumption in the County of such property purchased from any retailer for storage use or other consumption in the County, subject to certain limited exceptions described below.

Collection of the Sales Tax is administered by the BOE. The BOE, after deducting a fee for administering the Sales Tax, remits the remaining Sales Tax Revenues to the Trustee to satisfy the Commission’s obligations with respect to the Bonds and Parity Obligations. The remaining Sales Tax Revenues are then remitted to the trustee for the Commission’s Subordinate Obligations, including the Existing Notes. After payment of debt service requirements on the Subordinate Obligations, any remaining unapplied Sales Tax Revenues are then remitted to the Trustee. The fee charged by the BOE is determined by the BOE pursuant to statute. The fee charged by the BOE to the Commission for Fiscal Year 2009-10 for collection of the Sales Tax was $2,466,890. The fee that the BOE is authorized to charge for collection of the Sales Tax is determined by state legislation; there can be no assurances that the amount of this fee or the method for determining the amount of the fee will be the same. This fee may be increased or decreased by legislative action.

The Sales Tax is in addition to an eight and one quarter percent sales and use tax currently levied statewide by the State of California. The current statewide sales and use tax includes a one percent increase that was effective April 1, 2009 and is presently scheduled to expire on June 30, 2011. In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in California of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of California for use within the State, subject to certain exceptions. Action by the State legislature or by voter initiative could change the transactions and items upon which the statewide sales and use tax and the Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The Commission is not currently aware of any proposed legislative change which would have a material adverse effect on Sales Tax Revenues. See also “Proposition 218” below.

Many categories of transactions are exempt from the statewide sales and use tax and from the Sales Tax. The most important are: sales of food products for home consumption; prescription medicine; edible livestock and their feed; seed and fertilizer used in raising food for human consumption; and gas, electricity and water when delivered to consumers through mains, lines, and pipes. In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt from the statewide sales and use tax and from the Sales Tax.

**Historical Taxable Sales**

For information concerning historical taxable sales in the County, see the table entitled “County of San Diego, Taxable Sales Transactions” in Appendix B – “INFORMATION REGARDING THE COUNTY OF SAN DIEGO.”

**Historical Sales Tax Revenues**

The Commission began receiving distributions of the Sales Tax from the BOE in June, 1988. The following table shows the Sales Tax remitted to the Commission during the fiscal years ended June 30, 1989 through June 30, 2010.
## SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
### HISTORICAL SALES TAX REVENUES

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Actual ½% Sales Tax Revenues⁽¹⁾</th>
<th>% Change From Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>$ 95,691,042</td>
<td>18.9%</td>
</tr>
<tr>
<td>1990</td>
<td>113,758,624</td>
<td>(3.5)</td>
</tr>
<tr>
<td>1991</td>
<td>109,806,529</td>
<td>(3.4)</td>
</tr>
<tr>
<td>1992</td>
<td>106,105,958</td>
<td>5.4</td>
</tr>
<tr>
<td>1993</td>
<td>111,783,116</td>
<td>(0.3)⁽²⁾</td>
</tr>
<tr>
<td>1994</td>
<td>111,461,846</td>
<td>2.5</td>
</tr>
<tr>
<td>1995</td>
<td>114,303,387</td>
<td>8.1</td>
</tr>
<tr>
<td>1996</td>
<td>123,511,934</td>
<td>6.5</td>
</tr>
<tr>
<td>1997</td>
<td>131,592,528</td>
<td>10.8</td>
</tr>
<tr>
<td>1998</td>
<td>145,754,155</td>
<td>6.5</td>
</tr>
<tr>
<td>1999</td>
<td>156,909,677</td>
<td>7.7</td>
</tr>
<tr>
<td>2000</td>
<td>172,274,619</td>
<td>9.8</td>
</tr>
<tr>
<td>2001</td>
<td>189,795,888</td>
<td>10.2</td>
</tr>
<tr>
<td>2002</td>
<td>192,836,199</td>
<td>1.6</td>
</tr>
<tr>
<td>2003</td>
<td>200,600,386</td>
<td>4.0</td>
</tr>
<tr>
<td>2004</td>
<td>213,230,634</td>
<td>6.3</td>
</tr>
<tr>
<td>2005</td>
<td>228,562,785</td>
<td>7.2</td>
</tr>
<tr>
<td>2006</td>
<td>243,317,789</td>
<td>6.5</td>
</tr>
<tr>
<td>2007</td>
<td>247,924,304</td>
<td>1.9</td>
</tr>
<tr>
<td>2008</td>
<td>244,406,219</td>
<td>(1.4)</td>
</tr>
<tr>
<td>2009</td>
<td>221,991,360</td>
<td>(9.2)</td>
</tr>
<tr>
<td>2010</td>
<td>204,191,747</td>
<td>(8.0)⁽³⁾</td>
</tr>
</tbody>
</table>

Source: The Commission.

⁽¹⁾ Net of BOE administrative fee.

⁽²⁾ Reflects, in part, effect of increase in BOE administration fee in 1994.

⁽³⁾ Unaudited.

Source: San Diego County Regional Transportation Commission.

Annual Sales Tax Revenues for the Fiscal Year ended June 30, 2010 (“Fiscal Year 2010”) totaled $204,191,747. These Sales Tax Revenues are anticipated to equal at least [____] times Maximum Annual Debt Service on the Series 2008 Bonds and the Series 2010 Bonds assuming such Maximum Annual Debt Service amounts as shown in the table “DEBT SERVICE SCHEDULE” herein. Sales Tax receipts have declined in each Fiscal Year since the Fiscal Year ended June 30, 2007, and Sales Tax receipts for Fiscal Year 2010 are 8.0% less than the sales tax receipts for the prior Fiscal Year. This decline is consistent with what is being experienced at the state and national level with regard to sales tax receipts for this period. Although there can be no assurances if and when Sales Tax receipts will begin to increase, it is anticipated that such an increase may have begun during the second half of Fiscal Year 2010. Half-way through Fiscal Year 2010 sales tax receipts were down 15% from the same period during the previous year. Sales tax receipts received during the second half of Fiscal Year 2010 made up for some of the decline recorded during the first half of the Fiscal Year, resulting in a decline of 8% for the entire Fiscal Year. This trend of slow, tepid growth is expected to continue into the Fiscal Year ending June 30, 2011.
SUMMARY OF FINANCING PLAN

The Commission has previously issued the Existing Notes, which, as of October 1, 2010, are outstanding in the aggregate principal amount of $41,316,000. Proceeds of the issuance of the Series 2010 Bonds will be set aside to retire $7,316,000 outstanding Existing Notes. Proceeds from the sale of the Series 2010 Bonds will also be used by the Commission to (i) finance, refinance and/or reimburse the Commission for its prior payment of the Costs of the Project (ii) [fund a deposit to the reserve fund securing the Series 2010 Bonds, and (iii)] pay the costs of issuing the Series 2010 Bonds. Transportation projects that may be financed or refinanced with the proceeds of the Series 2010 Bonds include, but are not limited to, the projects included in the Commission’s TransNet EAP (depicted in the map on page i), which includes various highway and transit improvements in the Interstates 5, 15, and 805 corridors; completion of the State Route 52 and 76 projects; implementation of the Mid-Coast Corridor, SuperLoop, and Mid-City Rapid transit projects; Trolley vehicle and station upgrades along the Blue and Orange Lines; and double tracking improvements in the coastal rail corridor.

Estimated Sources and Uses of Funds

The following are the estimated sources and uses of funds with respect to the Series 2010 Bonds:

SOURCES:
Principal Amount

TOTAL SOURCES

USES:
Project Fund
Payment of Existing Notes [7,316,000]
[Reserve Fund]
Costs of Issuance(1)

TOTAL USES

(1) Costs of issuance include rating agency, legal and financial advisory fees and printing costs and expenses; Underwriters’ discount; fees of the trustee; and other miscellaneous expenses.

Anticipated Issuances of Additional Bonds

The Commission anticipates issuing additional Bonds, in addition to the Series 2010 Bonds offered hereby, to fund transportation projects authorized under the Expenditure Plan. Furthermore, the Commission is authorized to issue up to $100 million of Existing Notes.

The principal amount of additional Bonds or other financing instruments to be subsequently issued by the Commission and the timing of any such issuance or issuances will be determined by the Commission based on a variety of factors including the costs and timing of design and construction of the transportation projects to be financed and the resources then available. The issuance of additional Bonds is subject to the requirements of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS—Additional Bonds and Parity Obligations.”
COMMISSION INVESTMENT PORTFOLIO

Funds of the Commission are invested pursuant to an investment policy adopted by the Commission Board of Directors, which permits the Commission to invest in some (but not all) of the types of securities authorized by State law for the investment of funds of local agencies (California Government Code Section 53600 et seq.). The securities in which the Commission currently is authorized to invest include United States treasury notes, bonds and bills, bonds, notes, bills, warrants and obligations issued by certain agencies of the United States, certain bankers acceptances, certain corporate commercial paper of prime quality, certificates of deposit (negotiable and non-negotiable), certain medium term corporate notes, certain shares of beneficial interest in diversified management companies (mutual funds), the State’s local agency investment fund, the San Diego County local agency investment fund, certain collateralized repurchase agreements, and other securities authorized under State law as appropriate for public fund investments and not specifically prohibited by the investment policy. The investment policy (which is subject to change in the future) does not allow investment in reverse repurchase agreements, financial futures, option contracts, mortgage interest strips, inverse floaters or securities lending or any investment that fails to meet the credit or portfolio limits of the investment policy at the time of investment.

Funds held by the Trustee under the Indenture are invested in Investment Securities (as defined in Appendix C) by the Trustee in accordance with instructions from the Commission. The instructions from the Commission currently restrict those investments to investments permitted by the investment policy adopted by the Commission described above (except that the Trustee is permitted to invest a greater percentage of funds in mutual funds and a single mutual fund than the investment policy would otherwise permit).

The Commission’s primary investment strategy is to purchase investments with the intent to hold them to maturity. However, the Commission may sell an investment prior to maturity to avoid losses to the Commission resulting from further erosion of the market value of such investment or to meet operation or project liquidity needs.

The value of the various investments in the portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Further, such values may vary based on credit quality, ratings, or other factors. Therefore, there can be no assurance that the values of the various investments in the portfolio will not vary significantly from the values described below. Further, the values specified in the following tables were based upon estimates of market values provided to the Commission by a third party as of June 30, 2010. Accordingly, there can be no assurance that if these securities had been sold on June 30, 2010, the portfolio would have received the values specified. In addition, under certain provisions of the Indenture, funds and accounts held under the Indenture must be invested in certain specified Investment Securities that include investment agreements and other investments not described above. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE Definitions.”

As of June 30, 2010, the average maturity of the Commission’s portfolio was 259 days, with an average yield of approximately 1.26%.
### COMMISSION INVESTMENT PORTFOLIO INFORMATION
as of June 30, 2010

<table>
<thead>
<tr>
<th>Investments</th>
<th>Percent of Portfolio</th>
<th>Par Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash or Cash Equivalents</td>
<td>39%</td>
<td>$191,303,200</td>
<td>$190,768,248</td>
</tr>
<tr>
<td>State of California Local Agency Investment Fund</td>
<td>10</td>
<td>49,293,604</td>
<td>49,374,632</td>
</tr>
<tr>
<td>San Diego County Treasurer’s Pooled Money Fund</td>
<td>7</td>
<td>34,491,765</td>
<td>34,688,765</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>44</td>
<td>216,806,903</td>
<td>214,695,073</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td><strong>100%</strong></td>
<td><strong>$491,895,472</strong></td>
<td><strong>$489,526,718</strong></td>
</tr>
</tbody>
</table>

Source: The Commission.

### RISK FACTORS

**Economy of the County and the State**

The Series 2010 Bonds are secured by a pledge of Sales Tax Revenues, which consist of the Sales Tax less an administrative fee paid to the BOE. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the County, which level of retail sales is, in turn, dependent upon the level of economic activity in the County and in the State generally. The economy of the County is in a recession as evidenced by a decrease in Sales Tax Revenues, an increased unemployment rate, a probable decrease in total personal income and taxable sales, a drop in residential building permits, a decline in the rate of home sales and the median price of single-family homes and condominiums, an increase in notices of default on mortgage loans secured by homes and condominiums and an increase in foreclosures resulting from such defaults. The current domestic and international recession has had and may continue to have negative repercussions upon the County, State, national and global economies, including reduced revenues for government, increased unemployment, a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, reduced business activity, increased consumer bankruptcies, and increased business failures and bankruptcies. On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (“ARRA”). This $787 billion economic stimulus measure is a combination of tax cuts and government spending on public works projects, education, health care, energy and technology. Congress, the Federal Reserve Board and other agencies of the federal government and foreign governments have taken various actions that are designed to enhance liquidity, improve the performance and efficiency of credit markets and generally stabilize securities markets and stimulate spending. There can be no assurance these actions will be effective. As a result, any substantial deterioration in the level of economic activity within the County or in the State could have a material adverse impact upon the level of Sales Tax Revenues and therefore...
upon the ability of the Commission to pay principal of and interest on the Series 2010 Bonds. For information relating to current economic conditions within the County and the State see APPENDIX B - “INFORMATION REGARDING THE COUNTY OF SAN DIEGO.”

The Sales Tax

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. [The State Legislature may also attempt to redirect all or a portion of the Sales Tax from its use to pay for the projects authorized in the Expenditure Plan and debt service on the Series 2010 Bonds to be used for State general fund purposes or other statewide uses. In the opinion of the Commission, however, any attempt by the State Legislature to redirect the use of the Sales Tax in a manner which would prevent the payment of debt service on the Series 2010 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of such legislation will ultimately be determined by the courts.] For a further description of the Sales Tax, see “THE SALES TAX.”

Proposition 218

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”). Proposition 218 added Articles XIIIC and XIIID to the California Constitution. Article XIIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Commission. The extension of the Sales Tax in 2004 received the approval of more than 2/3 of the voters as required by Article XIIIC. However, Article XIIIC also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Commission, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on the Series 2010 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will ultimately be determined by the courts.

Further Initiatives

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, which may affect the Commission’s ability to levy and collect the Sales Tax.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2010 Bonds in the event of a default in the payment of principal and interest on the Series 2008 Bonds when due. In the event of a default by the Commission, each Holder of a Series 2010 Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture.” See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”
Loss of Tax Exemption

As discussed under “TAX MATTERS,” interest on the 2010 Series B Bonds could become includable in federal gross income, possibly from the date of issuance of the 2010 Series B Bonds, as a result of acts or omissions of the Commission subsequent to the issuance of the Series 2010 B Bonds. Should interest become includable in federal gross income, the 2010 Series B Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

Risks Relating to Build America Bonds

The Commission must comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) in order for the 2010 Series A Bonds to be treated as qualified bonds and to continue to be eligible for the Subsidy Payments. The Commission has covenanted to comply with each of these requirements. However, failure by the Commission to comply with these requirements may result in a delay or forfeiture of all or a portion of the Subsidy Payments and may cause the 2010 Series A Bonds to cease to be treated as qualified bonds either prospectively from the date of determination of a failure to comply with the requirements or retroactively to the date of execution and delivery of the 2010 Series A Bonds. Should such an event occur, the 2010 Series A Bonds are not subject to extraordinary redemption and will remain outstanding until maturity or earlier optional or mandatory sinking fund redemption. No holder of a 2010 Series A Bond will be entitled to a tax credit with respect to the 2010 Series A Bonds. In the event the Commission is not eligible for the Subsidy Payments, under the terms of the Indenture the Commission has pledged Sales Tax Revenues and is obligated to pay principal and interest on the Series 2010 Bonds.

In addition, it is important to note that Build America Bonds are a new product introduced by ARRA. As such, the Commission can provide no assurance that future legislation or clarifications or amendments to the Code, if enacted into law, or future court decisions will not reduce or eliminate the refundable credits with respect to the 2010 Series A Bonds. In such event, the 2010 Series A Bonds would be subject to redemption prior to their maturity. The refundable credits do not constitute a full faith and credit guarantee of the United States government, but are required to be paid by the Treasury under ARRA. Accordingly, no assurance can be given that the Treasury will make payment of the Subsidy Payments in the amounts that the Commission expects to receive, or that such payments will be made in a timely manner. If the Commission is obligated to issue refunding obligations in order to redeem the 2010 Series A Bonds prior to their maturity, the Commission would be subject to the various risks attendant to issuance of refunding obligations, including higher-than-desired interest rates and duplicative transaction costs.

Parity with Variable Rate Bonds

The Series 2008 Bonds are variable rate bonds issued on parity with the Series 2010 Bonds. The calculation of interest on the Series 2008 Bonds is set weekly. Potential fluctuations in interest rates could result in higher net interest rates on the Series 2008 Bonds. The Series 2008 Bonds are subject to tender provisions and remarketing by the Remarketing Agents. In the event of a failure to remarket the Series 2008 Bonds, the Series 2008 Bonds shall be purchased pursuant to the Liquidity Facilities, in which event the Series 2008 Bonds could bear interest at materially higher rates. Furthermore, in the event of an early termination of the Initial Swap Agreements, the Commission would no longer receive the variable interest rate payments payable by the counterparties thereunder.
ABSENCE OF MATERIAL LITIGATION

No litigation is pending or, to the best knowledge of the Commission, threatened against the Commission concerning the validity of the Series 2010 Bonds. The Commission is not aware of any litigation pending or threatened against the Commission questioning the political existence of the Commission or contesting the Commission’s ability to impose and collect the Sales Tax.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2010 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the 2010 Series B Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is such interest included in adjusted current earnings in calculating corporate alternative minimum taxable income. Interest on the Series 2010 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2010 Series A Bonds is not excluded from gross income for federal income tax purposes. Bond counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2010 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

Tax Matters Relating to the 2010 Series B Bonds

To the extent the issue price of any maturity of the 2010 Series B Bonds is less than the amount to be paid at maturity of such 2010 Series B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2010 Series B Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2010 Series B Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2010 Series B Bonds is the first price at which a substantial amount of such maturity of the 2010 Series B Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2010 Series B Bonds accrues daily over the term to maturity of such 2010 Series B Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2010 Series B Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2010 Series B Bonds. Beneficial owners of the 2010 Series B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2010 Series B Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2010 Series B Bonds in the original offering to the public at the first price at which a substantial amount of such 2010 Series B Bonds is sold to the public.

2010 Series B Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of
amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2010 Series B Bonds. The Commission has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2010 Series B Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2010 Series B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2010 Series B Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2010 Series B Bonds may adversely affect the value of, or the tax status of interest on, the 2010 Series B Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2010 Series B Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2010 Series B Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2010 Series B Bonds to be subject, directly or indirectly, to federal income taxation, or be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2010 Series B Bonds. Prospective purchasers of the 2010 Series B Bonds should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Series 2010 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Commission, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Commission has covenanted, however, to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. Bond Counsel is not obligated to defend the Commission or the Beneficial Owners regarding the tax-exempt status of the 2010 Series B Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Commission and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with
which the Commission legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2010 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2010 Bonds, and may cause the Commission or the Beneficial Owners to incur significant expense.

**Tax Matters Relating to the 2010 Series A Bonds**

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the 2010 Series A Bonds that acquire their 2010 Series A Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2010 Series A Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their 2010 Series A Bonds (i.e., the price at which a substantial amount of the 2010 Series A Bonds are sold to the public) and who will hold their 2010 Series A Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a 2010 Series A Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a 2010 Series A Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds 2010 Series A Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2010 Series A Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2010 Series A Bonds (including their status as U.S. Holders or Non-U.S. Holders).

**For U.S. Holders**

The 2010 Series A Bonds are not expected to be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes because the stated redemption price at maturity of the 2010 Series A Bonds is not expected to exceed their issue price or because any such excess is expected to only be a de minimus amount (as determined for tax purposes).

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the 2010 Series A Bonds for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the 2010 Series A Bonds.
Disposition of the Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, defeasance, retirement (including pursuant to an offer by the Commission) or other disposition of a 2010 Series A Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2010 Series A Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2010 Series A Bond which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted tax basis in the 2010 Series A Bond (generally, the purchase price paid by the U.S. Holder for the 2010 Series A Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the 2010 Series A Bonds, the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder’s holding period for the 2010 Series A Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

For Non-U.S. Holders

Interest. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” payments of principal of, and interest on, any 2010 Series A Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the Commission through stock ownership and (2) a bank which acquires such 2010 Series A Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the 2010 Series A Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

Disposition of the Bonds. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition of a 2010 Series A Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A 2010 Series A Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that at the time of such individual’s death, payments of interest with respect to such 2010 Series A Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. U.S. information reporting and “backup withholding” requirements apply to certain payments of principal of, and interest on the 2010 Series A Bonds, and to proceeds of the sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition of a 2010 Series A Bond, to certain noncorporate holders of 2010 Series A Bonds that are United States persons. Under current U.S. Treasury Regulations, payments of principal and interest on any 2010 Series A Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the 2010 Series A Bond or a financial institution holding the 2010 Series A Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States
person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the beneficial owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the beneficial owners of the 2010 Series A Bonds that are not United States persons and copies of such owners’ certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.

In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28% (subject to future adjustment).

In addition, if the foreign office of a foreign “broker,” as defined in applicable U.S. Treasury Regulations pays the proceeds of the sale of a Bond to the seller of the 2010 Series A Bond, backup withholding and information reporting requirements will not apply to such payment provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partners of which, at any time during its tax year, are U.S. persons (as defined in U.S. Treasury Regulations Section 1.1441-1(c)(2)) who, in the aggregate hold more than 50% of the income or capital interest in the partnership or (2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of other brokers of the proceeds of the sale of a 2010 Series A Bond, will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agent, or the payment by the U.S. office of a broker of the proceeds of a sale of a 2010 Series A Bond, is subject to backup withholding requirements unless the beneficial owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

**Circular 230**

Under 31 C.F.R. part 10, the regulations governing practice before the I.R.S. (Circular 230), the Commission and its tax advisors are (or may be) required to inform you that:

- Any advice contained herein, including any opinions of counsel referred to herein, is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;

- Any such advice is written to support the promotion or marketing of the 2010 Series A Bonds and the transactions described herein (or in such opinion or other advice); and
• Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

LEGAL MATTERS

The validity of the Series 2010 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Commission by its General Counsel and by Nossaman LLP, as Disclosure Counsel, and for the Underwriters by their counsel, Nixon Peabody LLP.

RATINGS

Moody’s Investors Service and Standard & Poor’s Ratings Services have assigned a rating on the Series 2010 Bonds of “Aa1” and “AAA,” respectively.

The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007; and Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of such Series 2010 Bonds.

UNDERWRITING

The Commission expects to enter into a Purchase Contract (the “Purchase Contract”) with respect to the Series 2010 Bonds with Barclays Capital on behalf of itself and as the representative of the underwriters named therein (collectively, the “Underwriters”) pursuant to which the Underwriters will agree, subject to certain conditions, to purchase the 2010 Series A Bonds for reoffering at a purchase price of $________, which represents the aggregate principal amount of the 2010 Series A Bonds less an Underwriters’ discount of $________, and to purchase the 2010 Series B Bonds for reoffering at a purchase price of $______, which represents the aggregate principal amount of the 2010 Series B Bonds less an Underwriters’ discount of $________.

The Underwriters will purchase all of the Series 2010 Bonds if any are purchased. The Underwriters will agree to make a public offering of the Series 2010 Bonds.

FINANCIAL ADVISOR

The Commission has retained Public Financial Management Inc., Newport Beach, California, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Series 2010 Bonds. The Financial Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.
Compensation paid to the Financial Advisor in connection with the issuance of the Series 2010 Bonds is contingent upon the issuance of the Series 2010 Bonds.

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

Financial information relating to the Commission is included in the Commission’s Audited Financial Statements For Year Ended June 30, 2009. The Commission’s Audited Financial Statements For Fiscal Year Ended June 30, 2009 are included as part of Appendix A. The financial statements of the Commission as of June 30, 2009 included in Appendix A in this Official Statement, have been audited by Caporicci and Larson, Certified Public Accountants, as stated in their report appearing in Appendix A. The Commission represents that there has been no material adverse change in its financial position since June 30, 2009.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Commission and holders of any of the Series 2010 Bonds. All quotations from and summaries and explanations of the Indenture, and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact.
The execution and delivery of this Official Statement by the Executive Director of the Commission has been duly authorized by the Commission.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: ____________________________________________

Executive Director
APPENDIX A

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009
APPENDIX B

INFORMATION REGARDING THE COUNTY OF SAN DIEGO

Set forth below is certain information with respect to the County of San Diego (the “County”). Except as otherwise indicated, such information was obtained from the County as of the latest date when such information was available. The Commission takes no responsibility for the accuracy or completeness of such information.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The County is the southernmost major metropolitan area in the State of California. The County covers 4,261 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the size of the State of Connecticut.

The topography of the County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east which rise to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of the County. The climate is stable in the coastal and valley regions where most of the population and resources are located. The average annual rainfall in the coastal areas is approximately 10 inches.

The County possesses a diverse economic base consisting of high technology, manufacturing, tourism, agriculture, government and the largest uniformed military presence in the nation, which contributes approximately $10 billion annually to the retail and service businesses of the area.

PETCO Park, located in the City of San Diego, provides a 42,000 fixed seat baseball stadium for the San Diego Padres. PETCO Park is located in a 26-block neighborhood that contains existing and proposed hotels, office space, retail and housing units within walking distance from the San Diego Convention Center and the Gaslamp Quarter. The baseball stadium also is within walking distance of a San Diego Trolley station and nearby parking facilities.

The San Diego Convention Center includes 2.6 million total gross square feet and plans are in progress to expand the Convention Center into the nearby bayfront area. Preliminary estimates from the San Diego Convention Center Corporation indicate that the Convention Center generated approximately $1.5 Billion in calendar year 2009 in total economic impact (direct and indirect spending).

The County is also growing as a major center for culture and education. Over 30 recognized art organizations, including the San Diego Opera, the Old Globe Theatre productions, the La Jolla Chamber Orchestra, as well as museums and art galleries, are located in the County. Higher education is provided through five two-year colleges and six four-year colleges and universities.

In addition to the City of San Diego, other principal cities in San Diego County include Carlsbad, Chula Vista, Oceanside, El Cajon, Escondido, San Marcos, and Vista. Most County residents live within 20 miles of the coast. Farther inland are agricultural areas, principally planted in avocados and tomatoes, while the easternmost portion of San Diego County has a dry, desert-like topography.
The County is the delivery system for federal, state and local programs. The County provides a wide range of services to its residents including: (1) regional services such as courts, probation, medical examiner, jails, elections and public health; (2) health, welfare and human services such as mental health, senior citizen and child welfare services; (3) basic local services such as planning, parks, libraries and Sheriff’s patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (4) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County.

Population

There are 18 incorporated cities in the County, and a number of unincorporated communities. In the 1990s the population of the County grew at a greater rate than that of either California or the nation. The County population as of January 2010 was estimated to be approximately 3,224,432, making it the second largest County by population in California. As of July 1, 2009, the U.S. Census Bureau ranked San Diego County the seventeenth largest Metropolitan Statistical Area in the United States. The 2009 population increased 1.1% from 2008. By the year 2020, the County’s population is projected to exceed 3.5 million.

The following table shows changes in the population in the County, the State and the United States for the years 1996 to 2010.

<table>
<thead>
<tr>
<th>Year</th>
<th>San Diego County</th>
<th>Percent Change</th>
<th>State of California</th>
<th>Percent Change</th>
<th>United States(2)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>2,621</td>
<td>0.31%</td>
<td>31,837</td>
<td>0.70%</td>
<td>265,229</td>
<td>0.96%</td>
</tr>
<tr>
<td>1997</td>
<td>2,653</td>
<td>1.23</td>
<td>32,207</td>
<td>1.16</td>
<td>267,784</td>
<td>0.92</td>
</tr>
<tr>
<td>1998</td>
<td>2,703</td>
<td>1.88</td>
<td>32,657</td>
<td>1.40</td>
<td>270,248</td>
<td>0.90</td>
</tr>
<tr>
<td>1999</td>
<td>2,751</td>
<td>1.78</td>
<td>33,140</td>
<td>1.48</td>
<td>272,691</td>
<td>0.90</td>
</tr>
<tr>
<td>2000</td>
<td>2,813</td>
<td>2.25</td>
<td>33,873</td>
<td>2.22</td>
<td>282,193</td>
<td>3.48</td>
</tr>
<tr>
<td>2001</td>
<td>2,864</td>
<td>1.81</td>
<td>34,441</td>
<td>1.91</td>
<td>285,107</td>
<td>1.03</td>
</tr>
<tr>
<td>2002</td>
<td>2,921</td>
<td>1.99</td>
<td>35,088</td>
<td>1.87</td>
<td>287,985</td>
<td>1.01</td>
</tr>
<tr>
<td>2003</td>
<td>2,972</td>
<td>1.74</td>
<td>35,691</td>
<td>1.71</td>
<td>290,850</td>
<td>0.99</td>
</tr>
<tr>
<td>2004</td>
<td>3,011</td>
<td>1.31</td>
<td>36,252</td>
<td>1.57</td>
<td>293,657</td>
<td>0.96</td>
</tr>
<tr>
<td>2005</td>
<td>3,038</td>
<td>0.90</td>
<td>36,743</td>
<td>1.35</td>
<td>296,410</td>
<td>0.94</td>
</tr>
<tr>
<td>2006</td>
<td>3,064</td>
<td>0.86</td>
<td>37,195</td>
<td>1.23</td>
<td>299,398</td>
<td>1.01</td>
</tr>
<tr>
<td>2007</td>
<td>3,098</td>
<td>1.11</td>
<td>37,883</td>
<td>1.26</td>
<td>301,140</td>
<td>0.58</td>
</tr>
<tr>
<td>2008</td>
<td>3,131</td>
<td>1.5</td>
<td>38,292</td>
<td>1.1</td>
<td>304,374</td>
<td>0.96</td>
</tr>
<tr>
<td>2009</td>
<td>3,173</td>
<td>1.3</td>
<td>38,255</td>
<td>0.28</td>
<td>307,006</td>
<td>0.86</td>
</tr>
<tr>
<td>2010</td>
<td>3,224</td>
<td>1.2</td>
<td>38,648</td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources:  State of California Department of Finance; U.S. Bureau of the Census
(1)  As of January 1 of the year shown, except for 2000 Census (April 1, 2000).
(2)  As of July 1 of the year shown.
(3)  National data for July 1, 2010 not yet available.
Employment

The County's total labor force, the number of persons who work or are available for work, averaged approximately 1,557,400 in 2009. The number of employed workers in the labor force averaged approximately 1,406,100. The following table sets forth information regarding the size of the civilian labor force, employment and unemployment rates for the County, the State and the United States for the full years 2005 through 2009. The last column of the table indicates the civilian labor force, employment and unemployment rates for the County, the State of California and the Nation through June of 2010.

### CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT*
### ANNUAL AVERAGES 2005-2010
### By Place of Residence
### (In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010**</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of San Diego</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>1,507.8</td>
<td>1,518.0</td>
<td>1,524.5</td>
<td>1,555.1</td>
<td>1,557.4</td>
<td>1,571.5</td>
</tr>
<tr>
<td>Employment</td>
<td>1,442.7</td>
<td>1,457.5</td>
<td>1,455.4</td>
<td>1,462.3</td>
<td>1,406.1</td>
<td>1,406.6</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.3%</td>
<td>4.0%</td>
<td>5.6%</td>
<td>6.0%</td>
<td>9.7%</td>
<td>10.5%</td>
</tr>
<tr>
<td>State of California</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>17,740.4</td>
<td>17,901.9</td>
<td>17,970.8</td>
<td>18,251.6</td>
<td>18,250.2</td>
<td>18,280.4</td>
</tr>
<tr>
<td>Employment</td>
<td>16,782.3</td>
<td>17,029.3</td>
<td>17,011.0</td>
<td>16,938.3</td>
<td>16,163.9</td>
<td>16,051.2</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.4%</td>
<td>4.9%</td>
<td>5.3%</td>
<td>7.2%</td>
<td>11.4%</td>
<td>12.2%</td>
</tr>
<tr>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>149,320.0</td>
<td>151,428.0</td>
<td>153,124.0</td>
<td>154,287.0</td>
<td>154,142.0</td>
<td>154,767.0</td>
</tr>
<tr>
<td>Employment</td>
<td>141,730.0</td>
<td>144,427.0</td>
<td>146,047</td>
<td>145,362.0</td>
<td>139,877.0</td>
<td>139,882.0</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.1%</td>
<td>4.6%</td>
<td>4.6%</td>
<td>5.8%</td>
<td>9.3%</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

Sources: County and State Data - California Employment Development Department; National Data - U.S. Department of Labor, Bureau of Labor Statistics.

* Data not seasonally adjusted; March 2009 benchmark.

** As of June 2010.
The following table sets forth the annual average employment within the County by employment sector for 2004 through 2009. Industry employment in San Diego County has decreased by a total of 32,200 jobs since 2004. The largest growth industries were: education and health sciences; leisure and hospitality; and government. During the years profiled, these industries gained a total of 26,300 jobs. The largest growth occurred in education and health sciences (21,300 jobs).

### SAN DIEGO COUNTY LABOR FORCE AND INDUSTRY EMPLOYMENT ANNUAL AVERAGES 2004-2009

<table>
<thead>
<tr>
<th>Employment Sector</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, All Industries</td>
<td>1,271,500</td>
<td>1,292,800</td>
<td>1,310,900</td>
<td>1,319,700</td>
<td>1,309,300</td>
<td>1,239,300</td>
</tr>
<tr>
<td>Agriculture</td>
<td>11,100</td>
<td>10,700</td>
<td>11,000</td>
<td>10,900</td>
<td>10,500</td>
<td>9,700</td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>400</td>
<td>400</td>
<td>500</td>
<td>400</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Construction</td>
<td>87,700</td>
<td>90,800</td>
<td>92,600</td>
<td>87,000</td>
<td>76,100</td>
<td>61,100</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>104,300</td>
<td>104,500</td>
<td>103,600</td>
<td>102,500</td>
<td>102,800</td>
<td>95,400</td>
</tr>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>215,300</td>
<td>219,400</td>
<td>221,000</td>
<td>222,300</td>
<td>215,900</td>
<td>198,300</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>41,900</td>
<td>43,600</td>
<td>45,100</td>
<td>45,500</td>
<td>44,900</td>
<td>40,700</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>144,900</td>
<td>147,400</td>
<td>147,600</td>
<td>148,100</td>
<td>142,000</td>
<td>130,500</td>
</tr>
<tr>
<td>Transportation, Warehousing &amp; Utilities</td>
<td>28,400</td>
<td>28,400</td>
<td>28,300</td>
<td>28,800</td>
<td>29,000</td>
<td>27,100</td>
</tr>
<tr>
<td>Information</td>
<td>36,600</td>
<td>37,400</td>
<td>37,200</td>
<td>37,600</td>
<td>38,500</td>
<td>37,000</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>81,900</td>
<td>83,200</td>
<td>83,700</td>
<td>80,300</td>
<td>75,200</td>
<td>70,300</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>52,800</td>
<td>53,500</td>
<td>53,300</td>
<td>50,200</td>
<td>46,100</td>
<td>43,800</td>
</tr>
<tr>
<td>Real Estate, Rental &amp; Leasing</td>
<td>29,100</td>
<td>29,700</td>
<td>30,400</td>
<td>30,100</td>
<td>29,200</td>
<td>26,500</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>204,500</td>
<td>210,400</td>
<td>213,800</td>
<td>216,800</td>
<td>215,100</td>
<td>197,300</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>121,700</td>
<td>122,500</td>
<td>124,700</td>
<td>129,500</td>
<td>137,300</td>
<td>143,000</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>145,700</td>
<td>149,600</td>
<td>156,200</td>
<td>161,800</td>
<td>164,000</td>
<td>155,200</td>
</tr>
<tr>
<td>Other Services</td>
<td>47,900</td>
<td>48,800</td>
<td>48,900</td>
<td>48,300</td>
<td>48,400</td>
<td>47,000</td>
</tr>
<tr>
<td>Government</td>
<td>214,300</td>
<td>215,000</td>
<td>217,700</td>
<td>222,400</td>
<td>225,100</td>
<td>224,700</td>
</tr>
</tbody>
</table>

Source: California Employment Development Department.
Regional Economy

The table below sets forth San Diego County’s Gross Metropolitan Product, which is an estimate of the value for all goods and services produced in the region, from 2002 through 2010.

### COUNTY OF SAN DIEGO
### GROSS METROPOLITAN PRODUCT
### 2002-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Metropolitan Product (In Billions)</th>
<th>Current Dollars</th>
<th>Constant Dollars*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$120.2</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>2003</td>
<td>126.9</td>
<td>5.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2004</td>
<td>138.6</td>
<td>9.3</td>
<td>6.5</td>
</tr>
<tr>
<td>2005</td>
<td>148.4</td>
<td>7.0</td>
<td>4.2</td>
</tr>
<tr>
<td>2006</td>
<td>157.5</td>
<td>6.1</td>
<td>3.3</td>
</tr>
<tr>
<td>2007</td>
<td>163.7</td>
<td>3.9</td>
<td>1.4</td>
</tr>
<tr>
<td>2008</td>
<td>168.7</td>
<td>3.1</td>
<td>1.0</td>
</tr>
<tr>
<td>2009(1)</td>
<td>168.3</td>
<td>(0.3)</td>
<td>(2.0)</td>
</tr>
<tr>
<td>2010(1)</td>
<td>174.0</td>
<td>3.4</td>
<td>2.1</td>
</tr>
</tbody>
</table>


* Adjusted using the GMP/GSP/GDP Implicit Price Deflator.

(1) Forecast.

Economic activity and population growth in the local economy are closely related. Helping to sustain the County's economy is the performance of three basic industries of the region, which consist of manufacturing, the military, and tourism. The U.S. Department of Defense contributes about $10 billion annually to the local economy, through wages paid to the uniformed military and civilian personnel, and for equipment and services purchased from local businesses. San Diego's military presence is anticipated to remain relatively stable and may increase due to the consolidation of military operations and facilities from elsewhere in California, the West, and throughout the United States.

### Building Activity

Annual total building permit valuation and the annual unit total of new residential permits from 2006 through June of 2010 are shown in the following table.
COUNTY OF SAN DIEGO
BUILDING PERMIT ACTIVITY
2006 – June 2010
(In Thousands)

Valuation:
Residential $2,470,685 $1,852,381 $1,339,204 $464,005 $590,577
Non-Residential $1,621,608 $1,416,823 $1,061,841 $344,084 $306,277
Total $ 4,092,293 $ 3,269,204 $2,401,045 $808,089 $896,854

New Housing Units:
Single Family  4,753  3,503  2,347  936  1,381
Multiple Family  6,024  3,942  2,806  742  767
Total  10,777  7,445  5,153 1,678  2,148

Source: Construction Industry Research Board.
* Through June of 2010.

Commercial Activity

Consumer spending for 2009 resulted in approximately $9.7 billion in taxable sales in the County. The following table sets forth information regarding taxable sales in the County for the years 2005 through 2009.

COUNTY OF SAN DIEGO
TAXABLE SALES
2005-2009
(In Thousands)

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel Stores</td>
<td>$1,798,104</td>
<td>$1,909,011</td>
<td>$2,034,512</td>
<td>$2,205,568</td>
<td>$1,767,733</td>
</tr>
<tr>
<td>General Merchandise</td>
<td>5,406,091</td>
<td>5,594,621</td>
<td>5,673,538</td>
<td>5,305,252</td>
<td>2,903,833</td>
</tr>
<tr>
<td>Specialty Stores(2)</td>
<td>4,728,028</td>
<td>4,926,656</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Food Stores</td>
<td>1,858,152</td>
<td>1,928,274</td>
<td>1,994,237</td>
<td>1,868,466</td>
<td>1,425,746</td>
</tr>
<tr>
<td>Eating and Drinking</td>
<td>4,267,302</td>
<td>4,521,392</td>
<td>4,784,500</td>
<td>4,869,497</td>
<td>3,590,870</td>
</tr>
<tr>
<td>Home Furnishings/Appliances</td>
<td>1,566,046</td>
<td>1,511,389</td>
<td>1,420,933</td>
<td>1,590,329</td>
<td>602,527</td>
</tr>
<tr>
<td>Building Materials</td>
<td>3,376,009</td>
<td>3,331,161</td>
<td>2,768,385</td>
<td>2,183,006</td>
<td>1,404,900</td>
</tr>
<tr>
<td>Automotive</td>
<td>9,739,136</td>
<td>9,819,932</td>
<td>6,321,987</td>
<td>5,010,084</td>
<td>3,199,174</td>
</tr>
<tr>
<td>Service Stations(3)</td>
<td>-</td>
<td>-</td>
<td>3,755,121</td>
<td>4,154,465</td>
<td>2,317,031</td>
</tr>
<tr>
<td>All Other Retail Stores</td>
<td>1,045,927</td>
<td>1,076,631</td>
<td>5,285,332</td>
<td>4,529,006</td>
<td>3,128,433</td>
</tr>
<tr>
<td>Business and Personal Services</td>
<td>2,239,304</td>
<td>2,302,057</td>
<td>2,298,265</td>
<td>2,255,309</td>
<td>-</td>
</tr>
<tr>
<td>All Other Outlets</td>
<td>10,655,372</td>
<td>10,914,390</td>
<td>11,149,178</td>
<td>11,358,155</td>
<td>8,787,121</td>
</tr>
</tbody>
</table>

Source: California State Board of Equalization, Taxable Sales in California.
(1) Information available through Third Quarter of 2009 only.
(2) After 2006, data for the Specialty Stores Group was included in the category for All Other Retail Stores.
(3) After 2006, Service Stations became a separate category and were not included in the Automotive Category.
(4) Quarterly Reports do not have a category for Business and Personal Services.
**Personal Income**

The following table summarizes the median household income for the County, the State, and the United States between 2003 and 2008. In 2008 the median household income for the County of San Diego was $63,026.

<table>
<thead>
<tr>
<th>Year</th>
<th>San Diego County</th>
<th>California</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$49,886</td>
<td>$50,220</td>
<td>$43,564</td>
</tr>
<tr>
<td>2004</td>
<td>51,012</td>
<td>51,185</td>
<td>44,684</td>
</tr>
<tr>
<td>2005</td>
<td>56,335</td>
<td>53,629</td>
<td>46,242</td>
</tr>
<tr>
<td>2006</td>
<td>59,591</td>
<td>56,645</td>
<td>48,451</td>
</tr>
<tr>
<td>2007</td>
<td>61,794</td>
<td>59,948</td>
<td>50,740</td>
</tr>
<tr>
<td>2008</td>
<td>63,026</td>
<td>61,021</td>
<td>52,029</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau – Economic Characteristics – America Community Survey.  
(1) Estimated. In inflation-adjusted dollars.  
(2) Data for 2009 and 2010 are not currently available.

**Transportation**

Surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles area and points north. Interstate 15 runs inland, leading to Riverside and San Bernardino Counties, Las Vegas, and Salt Lake City. Interstate 8 runs eastward through the southern United States.

The San Diego International Airport (Lindbergh Field) is located approximately three miles northwest of the downtown area and sits on 614 acres. The facilities are owned and maintained by the San Diego County Regional Airport Authority and are leased to commercial airlines and other tenants. The airport is California's third most active commercial airport, served by 18 passenger carriers and six cargo carriers. In addition to San Diego International Airport, there are two naval air stations and seven general aviation airports located in the County.

Public transit in the metropolitan area is provided by the Metropolitan Transit System ("MTS") and North County Transit District. The San Diego Trolley, developed by MTS beginning in 1979, has been expanded. A total of 17.6 miles were added to the original 108 miles; construction was completed in 1990.

San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego, with stops at Solana Beach and Oceanside in the North County.
San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach, and Coronado.

Visitor and Convention Activity

An excellent climate, proximity to Mexico, extensive maritime facilities, and such attractions as the San Diego Zoo and Wild Animal Park, Sea World, Cabrillo National Monument, and Palomar Observatory allow San Diego to attract a high level of visitor and convention business each year. Contributing to the growth of visitor business has been the development of the 4,600-acre Mission Bay Park at San Diego and the construction of meeting and convention facilities at the San Diego Community Concourse.

San Diego's visitor industry is a major sector of the region's economy. Visitor revenues in San Diego County reached approximately $6.96 billion in 2009, according to an estimate by the San Diego Convention and Visitors Bureau, a decrease of approximately $958 million from the prior year. The County hosted 71 conventions and trade shows in 2009, attended by approximately 519,418 delegates. Additional visitors pass through the San Ysidro Port of Entry, the busiest border crossing in the world with nearly 70 million crossings each year between San Diego and Tijuana, Mexico.

Education

Forty-two independent school districts provide educational programs for the elementary and secondary public school children in the County. Each school system is governed by a locally elected board of education and administered by a superintendent or other chief administrative officer appointed by the board. In the County there are three types of school districts: elementary, union high and unified. Elementary districts educate elementary students, union high districts for the most part educate secondary students, and unified districts educate both elementary and secondary students. There are currently 12 unified, 24 elementary and 6 union high school districts in the County.

Community colleges in California are locally operated and administered two-year institutions of higher education. They offer Associates in Arts and Associates in Science degrees and have extensive vocational curricula. There are five community college districts in the County with students at eleven campuses and numerous adult and community centers.

Among the institutions of higher education offering bachelors and graduate programs in metropolitan San Diego are: San Diego State University; the University of California, San Diego; National University; the University of San Diego; Point Loma Nazarene University; California State University - San Marcos; Alliant International University; the University of Phoenix; Thomas Jefferson School of Law, and California Western School of Law.
APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE
APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from sources that the Commission and the Underwriters believe to be reliable, but neither the Commission nor the Underwriters take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in this Official Statement and in APPENDIX C – “Definitions and Summary of Certain Provisions of the Indenture.”

DTC will act as securities depository for the Series 2010 Bonds. The Series 2010 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2010 Bond certificate will be issued for each maturity of each Series of the Series 2010 Bonds, in the aggregate principal amount of such Series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly–owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (“NSCC,” “FICC,” and “EMCC,” also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2010 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2010 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2010 Bonds, except in the event that use of the book-entry system for the Series 2010 Bonds is discontinued.
To facilitate subsequent transfers, all Series 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2010 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The Commission and the Trustee will not have any responsibility or obligation to such DTC Participants or the persons for whom they act as nominees with respect to the Series 2010 Bonds.

Redemption notices shall be sent to DTC. If less than all of the Series 2010 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010 Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2010 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Commission or the Trustee, on each payment date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2010 Bonds at any time by giving reasonable notice to the Commission or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2010 Bonds are required to be printed and delivered as described in the Indenture.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered.
No Assurance Regarding DTC Practices

AS LONG AS CEDE & CO. OR ITS SUCCESSOR IS THE REGISTERED HOLDER OF THE SERIES 2010 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE SERIES 2010 BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2010 BONDS. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTEXT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2010 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE. Each person for whom a Participant acquires an interest in the Series 2010 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such person, forwarded in writing by such Participant and to receive notification of all interest payments.

NONE OF THE COMMISSION, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE PAYMENTS TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS, THE SELECTION OF THE BENEFICIAL INTERESTS IN THE SERIES 2010 BONDS TO BE REDEEMED IN THE EVENT OF REDEMPTION OF LESS THAN ALL SERIES 2010 BONDS OF A PARTICULAR MATURITY OR THE PROVISION OF NOTICE TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE SERIES 2010 BONDS. NO ASSURANCE CAN BE GIVEN BY THE COMMISSION, THE TRUSTEE OR THE UNDERWRITER THAT DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO THE BENEFICIAL OWNERS, THAT THEY WILL DISTRIBUTE NOTICES, INCLUDING REDEMPTION NOTICES (REFERRED TO ABOVE), RECEIVED AS THE REGISTERED OWNER OF THE SERIES 2010 BONDS TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

In the event the Commission or the Trustee determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the Series 2010 Bonds, and the Commission does not select another qualified securities depository, the Commission shall deliver one or more Series 2010 Bonds in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfer and exchanges of Series 2010 Bonds will be governed by the provisions of the Indenture.
APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL
THIRD SUPPLEMENTAL INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of October 1, 2010

Relating to

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2010 SERIES A (TAXABLE BUILD AMERICA BONDS)
AND
2010 SERIES B (TAX-EXEMPT BONDS)

(Supplementing the Indenture
Dated as of March 1, 2008)
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ARTICLE XXI</th>
<th>DEFINITIONS; AMENDMENT TO INDENTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 21.01</td>
<td>Definitions; Amendments to Definitions</td>
</tr>
<tr>
<td>Section 21.02</td>
<td>Amendments to Indenture</td>
</tr>
<tr>
<td>Section 21.03</td>
<td>Effectiveness of Amendments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE XXII</th>
<th>FINDINGS, DETERMINATIONS AND DIRECTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 22.01</td>
<td>Findings and Determinations</td>
</tr>
<tr>
<td>Section 22.02</td>
<td>Recital in Bonds</td>
</tr>
<tr>
<td>Section 22.03</td>
<td>Effect of Findings and Recital</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE XXIII</th>
<th>AUTHORIZATION AND REDEMPTION OF 2010 BONDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 23.01</td>
<td>Principal Amount, Designation and Series</td>
</tr>
<tr>
<td>Section 23.02</td>
<td>Purpose and Application of Proceeds</td>
</tr>
<tr>
<td>Section 23.03</td>
<td>Form, Denomination, Numbers and Letters</td>
</tr>
<tr>
<td>Section 23.04</td>
<td>Date, Maturities and Interest Rates</td>
</tr>
<tr>
<td>Section 23.05</td>
<td>Redemption of the 2010 Bonds</td>
</tr>
<tr>
<td>Section 23.06</td>
<td>Mandatory Redemption of 2010 Bonds From Mandatory Sinking Account Payments</td>
</tr>
<tr>
<td>Section 23.07</td>
<td>Tax Covenants for 2010 Series A Bonds</td>
</tr>
<tr>
<td>Section 23.08</td>
<td>Pledge of Subsidy Payments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE XXIV</th>
<th>ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 24.01</td>
<td>Funds and Accounts</td>
</tr>
<tr>
<td>Section 24.02</td>
<td>2010 Project Fund</td>
</tr>
<tr>
<td>Section 24.03</td>
<td>2010 Costs of Issuance Account</td>
</tr>
<tr>
<td>Section 24.04</td>
<td>Designation of 2010 Bonds as 2008 Reserve Fund Eligible Bonds; Funding of the 2008 Bonds Reserve Requirement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE XXV</th>
<th>MISCELLANEOUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 25.01</td>
<td>Continuing Disclosure</td>
</tr>
<tr>
<td>Section 25.02</td>
<td>Severability</td>
</tr>
<tr>
<td>Section 25.03</td>
<td>Parties Interested Herein</td>
</tr>
<tr>
<td>Section 25.04</td>
<td>Headings Not Binding</td>
</tr>
<tr>
<td>Section 25.05</td>
<td>Notice Addresses</td>
</tr>
<tr>
<td>Section 25.06.</td>
<td>Notices to Rating Agencies</td>
</tr>
<tr>
<td>Section 25.07.</td>
<td>Indenture to Remain in Effect</td>
</tr>
<tr>
<td>Section 25.08.</td>
<td>Effective Date of Third Supplemental Indenture</td>
</tr>
<tr>
<td>Section 25.09.</td>
<td>Execution in Counterparts</td>
</tr>
<tr>
<td>EXHIBIT A-1</td>
<td>[FORM OF 2010 SERIES A/B BOND]</td>
</tr>
</tbody>
</table>
THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE, dated as of October 1, 2010 (this “Third Supplemental Indenture”), between the SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly established and existing under the laws of the State of California (the “Commission”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”):

WITNESSETH:

WHEREAS, this Third Supplemental Indenture is supplemental to the Indenture, dated as of March 1, 2008 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Commission and the Trustee;

WHEREAS, the Indenture provides that the Commission may issue Bonds from time to time as authorized by a Supplemental Indenture, which Bonds are to be payable from Revenues and from such other sources as may be specified with respect to a particular Series of Bonds in the Supplemental Indenture authorizing such Series; and

WHEREAS, the Commission desires to provide at this time for the issuance of (i) a Series of Bonds to be designated “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds)” (the “2010 Series A Bonds”), (ii) a Series of Bonds to be designated “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds)” (the “2010 Series B Bonds and, together with the 2010 Series A Bonds, the “2010 Bonds”), all for the purpose of providing funds to pay for the Costs of the Project and all as provided in this Third Supplemental Indenture; and

WHEREAS, the Commission has determined that issuing one or more series of the 2010 Bonds as taxable bonds which qualify the Commission or its agent to receive federal subsidy payments under Sections 54AA and 6431 of the Internal Revenue Code of 1986 (the “Code”) or any other provisions of the Code that create a similar direct-pay subsidy program (collectively, the “Build America Bonds”), could produce economic benefits for the Commission;

WHEREAS, the Commission has determined that issuing one or more series of the 2010 Bonds as Build America Bonds will require certain amendments be made to the Indenture pursuant hereto;

WHEREAS, the Commission has determined that, pursuant to Section 9.01(B)(13) of the Indenture, the Commission and the Trustee are authorized to modify and amend the Indenture by this Third Supplemental Indenture, if the effective date of such amendments is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to the provisions of this Indenture or if notice of the proposed amendments is given to Holders of the affected Bonds at least thirty (30) days before the proposed effective date of such amendments.
and, on or before such effective date, such Holders have the right to demand purchase of their Bonds pursuant to the provisions of this Indenture;

WHEREAS, notice of the amendments contained herein was given to Holders of the affected Bonds on October 7, 2010;

[WHEREAS, pursuant to the applicable provisions of each 2008 Liquidity Facility, the Commission has secured the consent of each 2008 Liquidity Provider to the amendment of the Indenture as set forth herein;]

[WHEREAS, pursuant to the relevant provisions of each Interest Rate Swap Agreement, the Commission has secured the consent of each Counterparty to the amendment of the Indenture as set forth herein;]

WHEREAS, pursuant to Section 9.2 of the Credit Agreement, dated as of November 9, 2005, by and among the Commission, Dexia Credit Local, New York Branch, and the other banks named therein, as banks (the “Series B Bank”), and JPMorgan, as agent, relating to the Existing Notes, the Commission has secured the consent of the Series B Bank to the amendment of the Indenture as set forth herein;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE XXI
DEFINITIONS; AMENDMENT TO INDENTURE

Section 21.01. Definitions; Amendments to Definitions.

(a) Definitions. Unless the context otherwise requires, or as otherwise provided in subsection (b) of this Section, all terms that are defined in Section 1.02 of the Indenture shall have the same meanings in this Third Supplemental Indenture.

(b) Additional Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this Third Supplemental Indenture, have the following meanings:

“Authorized Denominations” means, with respect to 2010 Bonds, $5,000 and any integral multiple thereof.

“Comparable Treasury Issue” means the United States Treasury security selected by the Designated Banking Institution as having a maturity comparable to the remaining term to maturity of the 2010 Series A Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2010 Series A Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2010 Series A Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such
quotations, and (b) if the Designated Banking Institution is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Designated Banking Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Designated Banking Institution, at 2:00 p.m. New York City time on a Business Day at least two Business Days but no more than 45 calendar days preceding the applicable date fixed for redemption.

“Comparable Treasury Yield” means the yield appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Designated Banking Institution that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2010 Series A Bond being redeemed. The Comparable Treasury Yield will be determined at least two Business Days but no more than 45 calendar days preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the 2010 Series A Bond being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2010 Series A Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2010 Series A Bond being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price as of the date fixed for redemption.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of the Commission relating to the 2010 Bonds.

“Designated Banking Institution” means an investment banking institution of national standing which is a primary United States government securities dealer designated by the Commission.

“Interest Payment Date” means each April 1 and October 1, commencing April 1, 2011 and, in any event, the final maturity date or redemption date of each 2010 Bond.

“Make-Whole Premium” means, with respect to any 2010 Series A Bond to be redeemed pursuant to Section 23.05(a), an amount calculated by a Designated Banking Institution (as defined herein) equal to the positive difference, if any, between:
(1) The sum of the present values, calculated as of the date fixed for redemption of:

   (a) Each interest payment that, but for the redemption, would have been payable on the 2010 Series A Bond or portion thereof being redeemed on each regularly scheduled Interest Payment Date occurring after the date fixed for redemption through the maturity date of such 2010 Series A Bond (excluding any accrued interest for the period prior to the date fixed for redemption); provided, that if the date fixed for redemption is not a regularly scheduled Interest Payment Date with respect to such 2010 Series A Bond, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such 2010 Series A Bond to the date fixed for redemption; plus

   (b) The principal amount that, but for such redemption, would have been payable on the maturity date of the 2010 Series A Bond or portion thereof being redeemed; minus

(2) The principal amount of the 2010 Series A Bond or portion thereof being redeemed.

The present values of the interest and principal payments referred to in (1) above will be determined by discounting the amount of each such interest and principal payment from the date that each such payment would have been payable but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the Comparable Treasury Yield (as defined herein), plus [_____] basis points.

“Maximum Annual Interest” means the maximum amount of interest on one or more Series of Bonds becoming due and payable during the period from the date of such calculation through the final maturity date of such Bonds, calculated utilizing the assumptions set forth under the definition of Debt Service.

“Record Date” means, with respect to the 2010 Bonds, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

“Redemption Date” means the date fixed for redemption of Bonds of a Series subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

“Redemption Price” means, with respect to any 2010 Bond or a portion thereof, 100% of the principal amount thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Third Supplemental Indenture.

“Reference Treasury Dealer” means a primary United States Government securities dealer appointed by the Commission and reasonably acceptable to the Designated Banking Institution.

“Tax Law Change” means legislation has been enacted by the Congress of the United States or passed by either House of the Congress, or a decision has been rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official
A statement has been made by or on behalf of the Treasury Commission of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which, as reasonably determined by the Commission, would be to suspend, reduce or terminate the Subsidy Payments from the United States Treasury to the Commission with respect to the 2010 Series A Bonds, or payments to state or local government issuers generally with respect to obligations of the general character of, and issued in the same calendar year as, the 2010 Series A Bonds; provided, that such suspension, reduction or termination of the Subsidy Payments is not due to a failure by the Commission to comply with the requirements under the Code to receive such Subsidy Payments.

“Third Supplemental Indenture” means this Third Supplemental Indenture, between the Commission and the Trustee, as amended and supplemented from time to time.

“2010 Bonds” means, collectively, the 2010 Series A Bonds and the 2010 Series B Bonds.


“2010 Costs of Issuance Account” means the 2010 Costs of Issuance Account established pursuant to Section 24.01(b).

“2010 Project Fund” means the 2010 Project Fund established pursuant to Section 24.01(a).

“2010 Series A Bonds” shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds), authorized by Article XXIII of this Indenture.

“2010 Series B Bonds” shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds), authorized by Article XXIII of this Indenture.

(c) Amended and Supplemental Definitions. Pursuant to Section 9.01(B)(13) of the Indenture, for all purposes of the Indenture and of any Supplemental Indenture, including this Third Supplemental Indenture, and of any certificate, opinion or other document therein mentioned, the provisions of the Indenture are hereby amended and supplemented as follows:

(i) Paragraph (H) of the term “Debt Service”, set forth in Section 1.02 of the Indenture, is hereby amended and supplemented to read as follows (with additions bolded and underlined):

(H) principal and interest payments on Obligations shall be excluded to the extent such payments are to be paid from Revenues then held on deposit by the Trustee or from other amounts on deposit, including Investment Securities and interest the Commission expects to receive thereon, with the Trustee or other fiduciary in escrow specifically therefor and interest payments shall be excluded to the extent that such interest payments are to be
paid from the proceeds of Obligations, including Investment Securities and interest the Commission expects to receive thereon, held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or from Subsidy Payments the Commission expects to receive.

(ii) The term Bond Reserve Fund in Section 1.02 of the Indenture is hereby amended and restated in its entirety as follows (with deletions bracketed and struck through and additions bolded and underlined):

“Bond Reserve Fund” means any fund by that name established with respect to one or more Series of Bonds pursuant to one or more Supplemental Indentures establishing the terms and provisions of such Series of Bonds.

(iii) The term Bond Reserve Requirement in Section 1.02 of the Indenture is hereby amended and restated in its entirety as follows (with deletions bracketed and struck through and additions bolded and underlined):

“Bond Reserve Requirement” with respect to one or more Series of Bonds for which the Commission shall have established a Bond Reserve Fund shall have the meaning specified in the Supplemental Indenture or Supplemental Indentures establishing the terms and provisions of such Series of Bonds.

(iv) The term “2008 Bonds Reserve Requirement” in Section 12.01 of the Indenture is hereby amended and restated in its entirety as follows (with additions bolded and underlined):

“2008 Bonds Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the principal amount of the 2008 Reserve Fund Eligible Bonds (or if the amount of original issue discount or original issue premium applicable to the 2008 Reserve Fund Eligible Bonds exceeds two percent (2%), ten percent (10%) of the issue price of the 2008 Reserve Fund Eligible Bonds), (ii) one hundred twenty-five percent (125%) of average Annual Debt Service on the Outstanding 2008 Reserve Fund Eligible Bonds, and (iii) fifty percent (50%) of Maximum Annual Debt Service on the Outstanding 2008 Reserve Fund Eligible Bonds.

(v) The following term is added to Section 1.02 of the Indenture:

“Subsidy Payments” means payments to be made by the United States Treasury to the Trustee pursuant to Section 54AA of the Code or Section 6431 of the Code or any successor to either of such provisions of the Code and with respect to the interest due on a Series of taxable Bonds that have been accorded Build America Bonds status under the provisions of the American Recovery and Reinvestment Act of 2009 or any successor thereto or replacement thereof.

(vi) The following term is added to Section 12.01 of the Indenture:
“2008 Reserve Fund Eligible Bonds” means the 2008 Bonds and any other Series of additional Bonds or Refunding Bonds or portions thereof (in each case, payable on a parity with the 2008 Bonds from, and secured as to payment on a parity with the 2008 Bonds by, the Revenues and other funds described in Article V of the Indenture) hereafter issued and designated, by a Supplemental Indenture adopted by the Commission, to be secured by and entitled to the pledge and benefit of the 2008 Bonds Reserve Fund; provided, that no Bond or Series of Bonds shall hereafter be so designated unless, upon the issuance of such Bond or Series of Bonds and after giving effect to such issuance, the amount then on deposit in the 2008 Bonds Reserve Fund will at least equal the 2008 Bonds Reserve Requirement.

Section 21.02. Amendments to Indenture. Pursuant to Section 9.01(B)(13) of the Indenture, for all purposes of the Indenture and of any Supplemental Indenture, including this Third Supplemental Indenture, and of any certificate, opinion or other document therein mentioned, the provisions of the Indenture are hereby amended and supplemented as follows:

(a) The second sentence of Section 5.05 of the Indenture is hereby amended as follows (with deletions bracketed and struck through and additions bolded and underlined):

Any Bond Reserve Fund so established by the Commission shall be available to secure one or more Series of Bonds as the Commission shall determine and shall specify in the Supplemental Indenture establishing such Bond Reserve Fund or, if the Supplemental Indenture establishing any Bond Reserve Fund also establishes a pooled Bond Reserve Requirement that is applicable to an initial Series of Bonds together with any one or more subsequently-issued eligible Series of Bonds with the same pooled Reserve Requirement, in subsequent Supplemental Indentures.

(b) Section 17.01(b) of the Indenture is hereby amended and restated in its entirety as follows (with deletions bracketed and struck through and additions bolded and underlined):

To provide for a reserve fund for the 2008 Reserve Fund Eligible Bonds, there is hereby established and maintained with the Trustee a pooled Reserve Fund designated as the “2008 Bonds Reserve Fund.”

(c) Section 17.03 of the Indenture is hereby amended and restated in its entirety as follows (with deletions bracketed and struck through and additions bolded and underlined):

Section 17.03 Funding and Application of the 2008 Bonds Reserve Fund; Bond Reserve Requirement for the 2008 Reserve Fund Eligible Bonds. The Trustee shall deposit the amount of $17,160,738.80 in the 2008 Bonds Reserve Fund, which amount is equal to the 2008 Bonds Reserve Requirement upon issuance of the 2008 Bonds. All amounts in the 2008 Bonds Reserve Fund (including all amounts which may be obtained from any Reserve Facility on
deposit in the 2008 Bonds Reserve Fund) shall be used and withdrawn by the Trustee solely: (i) for the purpose of making up any deficiency in the Interest Fund or the Principal Fund relating to 2008 Reserve Fund Eligible Bonds, including both the 2008 Bonds and any Bonds issued pursuant to one or more subsequent Supplemental Indentures and designated thereby as 2008 Reserve Fund Eligible Bonds; or, (ii) together with any other moneys available therefor, (x) for the payment of all of the 2008 Reserve Fund Eligible Bonds then Outstanding, (y) for the defeasance or redemption of all or a portion of the 2008 Reserve Fund Eligible Bonds then Outstanding, provided, however, that if funds on deposit in the 2008 Bonds Reserve Fund are applied to the defeasance or redemption of a portion of the 2008 Reserve Fund Eligible Bonds, the amount on deposit in the 2008 Bonds Reserve Fund immediately subsequent to a partial defeasance or redemption shall equal the 2008 Bonds Reserve Requirement applicable to all 2008 Reserve Fund Eligible Bonds Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the 2008 Reserve Fund Eligible Bonds. Any amounts on deposit in the 2008 Bonds Reserve Fund in excess of the 2008 Bonds Reserve Requirement shall be transferred to the Commission on April 1 of each year.

Section 21.03. Effectiveness of Amendments. The amendments to the Indenture contained in Section 21.01(c) and Section 21.02 shall become effective on the date which is the later of: (i) 30 days after October 7, 2010, the date on which notice of the proposed amendments was given to the Holders of the 2008 Bonds, and (ii) the date on which the Commission and the Trustee receive consents to such amendments from each Credit Provider, each Counterparty and the Series B Bank.

ARTICLE XXII
FINDINGS, DETERMINATIONS AND DIRECTIONS

Section 22.01. Findings and Determinations. The Commission hereby finds and determines that the 2010 Bonds shall be issued pursuant to Article III and upon the issuance of the 2010 Bonds, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

Section 22.02. Recital in Bonds. There shall be included in each of the definitive 2010 Bonds, and also in each of the temporary 2010 Bonds, if any are issued, a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that 2010 Bond, and in the issuing of that 2010 Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Act, and that said 2010 Bond, together with all other indebtedness of the Commission payable out of Revenues, is within every debt and other limit prescribed by the Constitution and statutes of the State and the Act, and that such certification and recital shall be in such form as is set forth in the form of the 2010 Bond attached hereto as Exhibit A.
Section 22.03. Effect of Findings and Recital. From and after the issuance of the 2010 Bonds, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2010 Bonds is at issue.

ARTICLE XXIII
AUTHORIZATION AND REDEMPTION OF 2010 BONDS

Section 23.01. Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of $__________. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds).”

Pursuant to the provisions of the Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of $__________. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds).”

Section 23.02. Purpose and Application of Proceeds. The 2010 Bonds are issued for the purpose of financing, refinancing and/or reimbursing the Commission for its prior payment of, the Costs of the Project, including by retiring a portion of the Existing Notes. In addition, a portion of the proceeds will be applied to pay Costs of Issuance of the 2010 Bonds [and to fund any required deposit to the 2008 Bonds Reserve Fund]. The net proceeds from the sale of the 2010 Bonds in the amount of $___________ shall be received by the Trustee, and the Trustee shall deposit or transfer such funds as follows:

(a) $__________ of the proceeds of the 2010 Series A Bonds shall be deposited in the 2010A Project Subaccount of the 2010 Project Fund;

(b) $__________ of the proceeds of the 2010 Series B Bonds shall be deposited in the 2010B Project Subaccount of the 2010 Project Fund;

(c) $__________ of the proceeds of the 2010 Series A Bonds shall be deposited in the 2010A Costs of Issuance Subaccount of the 2010 Costs of Issuance Account;

(d) $__________ of the proceeds of the 2010 Series B Bonds shall be deposited in the 2010B Costs of Issuance Subaccount of the 2010 Costs of Issuance Account;

(e) $__________ of the proceeds of the 2010 Bonds shall be deposited in the 2008 Bonds Reserve Fund in satisfaction of the 2008 Bonds Reserve Requirement; and

OHS West:260970679.5

85
(f) $__________ of the proceeds of the 2010 Bonds shall be transferred to the Subordinate Trustee in order to retire a portion of the Existing Notes upon the order of the Commission. The Trustee may establish a temporary fund or account to facilitate such transfer.

**Section 23.03. Form, Denomination, Numbers and Letters.** Each Series of the 2010 Bonds shall be issued as fully registered bonds without coupons in book-entry form and in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” prefixed to the number. Each Series of 2010 Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of the 2010 Bonds and as the form of the certificate of authentication as such form shall be completed based on the terms of each Series of 2010 Bonds set forth herein.

**Section 23.04. Date, Maturities and Interest Rates.** The 2010 Series A Bonds shall be dated their Issue Date and shall bear interest from that date payable on each Interest Payment Date. The 2010 Series A Bonds shall be issued in the aggregate principal amount of $________ and shall mature on the following dates and in the following amounts (subject to the right of prior redemption set forth in Section 23.05(a) and the requirement of mandatory sinking fund redemption set forth in Section 23.06(a)) and shall bear interest at the following rates per annum:

<table>
<thead>
<tr>
<th>Maturity Date (April 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
</tr>
</tbody>
</table>

The 2010 Series B Bonds shall be dated their Issue Date and shall bear interest from that date payable on each Interest Payment Date. The 2010 Series B Bonds shall be issued in the aggregate principal amount of $________ and shall mature on the following dates and in the following amounts (subject to the right of prior redemption set forth in Section 23.05(b) and the requirement of mandatory sinking fund redemption set forth in Section 23.06(b)) and shall bear interest at the following rates per annum:

<table>
<thead>
<tr>
<th>Maturity Date (April 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
</tr>
</tbody>
</table>

Interest on the 2010 Bonds shall be computed on the basis of a 360-day year comprised of twelve 30 day months.

Each 2010 Bond shall be payable as provided in Section 2.10, including Section 2.10(E), or, in the event the use of the Securities Depository is discontinued, the principal of each 2010 Bond shall be payable in lawful money of the United States of America upon surrender thereof at
the Principal Office of the Trustee, and the interest on each 2010 Bond shall be payable in lawful money of the United States of America by the Trustee to the Holder thereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Holder in immediately available funds (by wire transfer or by deposit to the account of the Holder if such account is maintained with the Trustee), according to the instructions given by such Holder to the Trustee or, in the event no such instructions have been given, by check mailed by first class mail to the Holder at such Holder’s address as it appears as of the Record Date on the bond registration books kept by the Trustee.

Section 23.05. Redemption of the 2010 Bonds.

(a) Redemption of the 2010 Series A Bonds.

   (i) Optional Redemption. [The 2010 Series A Bonds shall be subject to redemption prior to their stated maturity date, at the option of the Commission, from any source of available funds, as a whole or in part on any date, at a Redemption Price equal to 100% of the principal amount of the 2010 Series A Bonds to be redeemed plus the Make-Whole Premium, if any, together with accrued interest to the date fixed for redemption. / The 2010 Series A Bonds maturing after October 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after October 1, 20__, as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.] [The Commission shall provide, or shall cause the Designated Banking Institution to provide, the Make-Whole Premium, if any, to the Trustee in writing.]

   (ii) Extraordinary Optional Redemption of the 2010 Series A Bonds. The 2010 Series A Bonds shall be subject to redemption prior to maturity at the option of the Commission upon the occurrence of a Tax Law Change, from any source of available funds, as a whole or in part, on any date, at a Redemption Price equal to 100% of the principal amount of 2010 Series A Bonds to be redeemed plus the Make-Whole Premium (using a discount rate equal to the Comparable Treasury Yield plus [___] basis points), if any, plus accrued interest to the date fixed for redemption. The Commission shall provide, or shall cause the Designated Banking Institution to provide, the Make-Whole Premium, if any, to the Trustee in writing.

(b) Optional Redemption of the 2010 Series B Bonds. The 2010 Series B Bonds maturing after October 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, on any date on or after October 1, 20__, as a whole, or in part by such maturity or maturities as may be specified by Request of the Commission (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.
(c) **Selection of Bonds for Optional Redemption.** If less than all of the 2010 Series A Bonds are to be redeemed pursuant to Section 23.05(a), the principal of all such 2010 Series A Bonds shall be subject to redemption on a pro rata basis. If the 2010 Series A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2010 Series A Bonds shall be effected by the Trustee among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular 2010 Series A Bonds to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate. If the 2010 Series A Bonds are registered in book-entry only form, and so long as DTC or a successor securities depository is the sole registered owner of the 2010 Series A Bonds, if less than all of the 2010 Series A Bonds of a maturity are called for prior redemption, the particular 2010 Series A Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the 2010 Series A Bonds are held in book-entry form, the selection for redemption of such 2010 Series A Bonds shall be made in accordance with the operational arrangements of DTC then in effect, which operational arrangements currently provide for adjustment of the principal by a factor provided pursuant to such operational arrangements. If the Trustee does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2010 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures. Redemption allocations made by DTC, direct or indirect participants in DTC, or such other intermediaries that may exist between the Commission and the Beneficial Owners are to be made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. If the DTC operational arrangements do not allow for the redemption of the 2010 Series A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the 2010 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures. In the event 2010 Series A Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under Section 23.06(a), or portions thereof, that are to be reduced as allocated to such redemption.

The Commission shall designate which maturities of any 2010 Series B Bonds are to be called for optional redemption pursuant to Section 23.05(b). If less than all 2010 Series B maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2010 Series B Bonds of such maturity date to be redeemed by lot and shall promptly notify the Commission in writing of the numbers of the 2010 Series B Bonds so selected for redemption. For purposes of such selection, 2010 Series B Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event 2010 Series B Bonds that are Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under Section 23.06(b), or portions thereof, that are to be reduced as allocated to such redemption.

(d) **Sufficient Funds Required for Optional Redemption.** Any optional redemption of 2010 Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of Section 4.02 if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2010 Bonds called for redemption.
(e) **Notice of Optional Redemption; Rescission.** Any notice of optional redemption of the 2010 Bonds shall be delivered in accordance with Section 4.02 and may be rescinded as provided in Section 4.02.

**Section 23.06. Mandatory Redemption of 2010 Bonds From Mandatory Sinking Account Payments.**

(a) **Mandatory Redemption of 2010 Series A Bonds.** The 2010 Series A Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2010 Series A Bonds, on each date a Mandatory Sinking Account Payment for such 2010 Series A Bonds is due, and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Mandatory Sinking Account Payments for 2010 Series A Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

<table>
<thead>
<tr>
<th>2010 Series A Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption Date</td>
</tr>
<tr>
<td>(April 1)</td>
</tr>
</tbody>
</table>

† Final Maturity

(b) **Mandatory Redemption of 2010 Series B Bonds.** The 2010 Series B Bonds maturing on April 1, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2010 Series B Bonds, on each date a Mandatory Sinking Account Payment for such 2010 Series B Bonds is due, and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.
Mandatory Sinking Account Payments for 2010 Series B Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

<table>
<thead>
<tr>
<th>2010 Series B Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption Date</td>
</tr>
<tr>
<td>(April 1)</td>
</tr>
<tr>
<td>Mandatory Sinking</td>
</tr>
<tr>
<td>Account Payment</td>
</tr>
<tr>
<td>Redemption Date</td>
</tr>
<tr>
<td>(April 1)</td>
</tr>
<tr>
<td>Mandatory Sinking</td>
</tr>
<tr>
<td>Account Payment</td>
</tr>
</tbody>
</table>

† Final Maturity

(b) Selection of 2010 Bonds for Mandatory Sinking Account Redemption. If less than all of the 2010 Series A Bonds are to be redeemed at any one time with Mandatory Sinking Account Payments, the principal of all such 2010 Series A Bonds shall be subject to redemption on a pro-rata basis. If the 2010 Series A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2010 Series A Bonds shall be effected by the Trustee among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular 2010 Series A Bonds to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate. If the 2010 Series A Bonds are registered in book-entry only form, and so long as DTC or a successor securities depository is the sole registered owner of the 2010 Series A Bonds, if less than all of the 2010 Series A Bonds of a maturity are called for prior redemption, the particular 2010 Series A Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the 2010 Series A Bonds are held in book-entry form, the selection for redemption of such 2010 Series A Bonds shall be made in accordance with the operational arrangements of DTC then in effect, which operational arrangements currently provide for adjustment of the principal by a factor provided pursuant to such operational arrangements. If the Trustee does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis as described above, the 2010 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures. Redemption allocations made by DTC, direct or indirect participants in DTC, or such other intermediaries that may exist between the Commission and the Beneficial Owners are to be made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. If the DTC operational arrangements do not allow for the redemption of the 2010 Series A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the 2010 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures.

If less than all 2010 Series B Bonds maturing by their terms on any one date are to be redeemed at any one time with Mandatory Sinking Account Payments, the Trustee shall select the 2010 Series B Bonds of such maturity date to be redeemed by lot, and the Trustee shall promptly notify the Commission in writing of the numbers of the 2010 Series B Bonds so selected for redemption. For purposes of such selection, 2010 Series B Bonds shall be deemed to
be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

Section 23.07. Tax Covenants for 2010 Series A Bonds.

(a) The Commission hereby irrevocably elects to apply the provisions of Section 54AA(d) of the Code to the 2010 Series A Bonds and intends that the 2010 Series A Bonds be treated as Build America Bonds. In addition, the Commission hereby irrevocably elects to treat the 2010 Series A Bonds as “Qualified Bonds” within the meaning of Section 54AA(g)(2) of the Code such that the 2010 Series A Bonds will be eligible for direct payment by the federal government of the Subsidy Payments with respect to the 2010 Series A Bonds.

(b) The Commission will not use or permit the use of any proceeds of the 2010 Series A Bonds or any funds of the Commission, directly or indirectly, to acquire any securities or obligations that would adversely affect the receipt of the Subsidy Payments, and will not take or permit to be taken any other action or actions, which would cause any such 2010 Series A Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder. The Commission will observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Commission will comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the 2010 Series A Bonds.

(c) The Commission will comply with the provisions and procedures of the 2010 Bonds Tax Certificate.

(d) The Commission will not use or permit the use of any proceeds of the 2010 Series A Bonds or any funds of the Commission (so long as such proceeds or other funds are under its control) or any funds held by the Trustee under the Indenture, directly or indirectly, in any manner, and will not take or omit to take any action, that would adversely affect the receipt of the Subsidy Payments.

(e) Notwithstanding any provisions of this Section 23.07 or the 2010 Bonds Tax Certificate, if the Commission shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section 23.07 is no longer required or that some further or different action is required to maintain the receipt of the Subsidy Payments with respect to the 2010 Series A Bonds, the Trustee and the Commission may conclusively rely on such opinion in complying with the requirements of this Section 23.07, and, notwithstanding any other provision of this Indenture or the 2010 Bonds Tax Certificate, the covenants hereunder shall be deemed to be modified to that extent.

Section 23.08. Pledge of Subsidy Payments. As additional security for the payment of all amounts owing on the Bonds, there are irrevocably pledged to the Trustee all Subsidy Payments received with respect to the 2010 Series A Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Such Subsidy Payments shall immediately be subject to this pledge, and
this pledge shall constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Commission and all others asserting the rights therein, to the extent set forth, and in accordance with, this Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of Subsidy Payments with respect to the 2010 Series A Bonds herein made shall be irrevocable until all of the Bonds are no longer Outstanding and no amounts are owed in connection with the Bonds. The Commission shall cause the Subsidy Payments with respect to the 2010 Series A Bonds to be sent directly to the Trustee, and the Trustee shall deposit the Subsidy Payments, when received, to the Interest Fund.

ARTICLE XXIV

ESTABLISHMENT OF FUNDS AND ACCOUNTS
AND APPLICATION THEREOF

Section 24.01. Funds and Accounts. The following funds and accounts are hereby established in connection with the 2010 Bonds:

(a) To ensure the proper application of such portion of proceeds from the sale of the 2010 Bonds to be applied to pay Costs of the Project, there is hereby established the 2010 Project Fund, such fund to be held by the Trustee.

(b) To ensure the proper application of such portion of proceeds from the sale of the 2010 Bonds to be applied to pay Costs of Issuance of the 2010 Bonds, there is hereby established the 2010 Costs of Issuance Account, such account to be established within the 2010 Project Fund and held by the Trustee.

Section 24.02. 2010 Project Fund. The Trustee shall establish separate subaccounts within the 2010 Project Fund called the “2010A Project Subaccount” and the “2010B Project Subaccount.” The monies set aside and placed in each such subaccount within the 2010 Project Fund and in the 2010 Project Fund itself shall remain therein until from time to time expended for the purpose of paying the Costs of the Project with respect to the 2010 Bonds and shall not be used for any other purpose whatsoever.

(a) Before any payment from the 2010 Project Fund or any subaccount therein shall be made by the Trustee, the Commission shall file or cause to be filed with the Trustee a Requisition of the Commission, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Commission and are presently due and payable and that each item thereof is a proper charge against the 2010 Project Fund, including the particular subaccount, if applicable, and has not been previously paid from said fund; and (vi) that there has not been filed with or served upon the Commission notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been
released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law.

(b) When the Commission determines that the portion of the Project funded with the 2010 Bonds has been completed, a Certificate of the Commission shall be delivered to the Trustee by the Commission stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the 2010 Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in the 2010 Project Fund, less the amount of any such retention, [to the 2008 Bonds Reserve Fund, to the extent of any deficiency therein,] and then to the Revenue Fund or, if so directed by the Commission, to the Rebate Fund.

Section 24.03. 2010 Costs of Issuance Account. The Trustee shall establish separate subaccounts within the 2010 Costs of Issuance Account called the “2010A Costs of Issuance Subaccount” and the “2010B Costs of Issuance Subaccount.” All money on deposit in each such subaccount within the 2010 Costs of Issuance Account and in the 2010 Costs of Issuance Account itself shall be applied solely for the payment of authorized Costs of Issuance. Before any payment from the 2010 Costs of Issuance Account or any subaccount therein shall be made by the Trustee, the Commission shall file or cause to be filed with the Trustee a Requisition of the Commission, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred and, if applicable, the subaccount from which such payment is to be made; (v) that obligations in the stated amounts have been incurred by the Commission and are presently due and payable and that each item thereof is a proper charge against the applicable subaccount of the 2010 Costs of Issuance Account and has not been previously paid from said account.

Any amounts remaining in the 2010A Costs of Issuance Subaccount one hundred eighty (180) days after the date of issuance of the 2010 Bonds shall be transferred to the 2010A Project Subaccount. Any amounts remaining in the 2010B Costs of Issuance Subaccount one hundred eighty (180) days after the date of issuance of the 2010 Bonds shall be transferred to the 2010B Project Subaccount.
Section 24.04. [Designation of 2010 Bonds as 2008 Reserve Fund Eligible Bonds; Funding of the 2008 Bonds Reserve Requirement. The 2010 Bonds are hereby designated 2008 Reserve Fund Eligible Bonds. The Trustee shall deposit the amount of $________ in the 2008 Bonds Reserve Fund, which amount, together with amounts already on deposit in such 2008 Bonds Reserve Fund, is equal to the 2008 Bonds Reserve Requirement upon the issuance of the 2010 Bonds and after giving effect to such issuance. The 2008 Bonds Reserve Fund (including all amounts which may be obtained from any Reserve Facility on deposit in the 2008 Bonds Reserve Fund) shall be used and withdrawn by the Trustee solely as provided in Section 17.03 of the Indenture.]

ARTICLE XXV
MISCELLANEOUS

Section 25.01. Continuing Disclosure. The Commission covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, dated the date of issuance of the 2010 Bonds, executed by the Commission. Notwithstanding any other provision of the Indenture, failure of the Commission to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Holders of at least twenty-five (25%) aggregate principal amount of the 2010 Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section.

Section 25.02. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Third Supplemental Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Third Supplemental Indenture, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Third Supplemental Indenture and the 2010 Bonds issued pursuant hereto shall remain valid, and the Holders of the 2010 Bonds shall retain all valid rights and benefits accorded to them under this Indenture, the Act, and the Constitution and statutes of the State.

Section 25.03. Parties Interested Herein. Nothing in this Third Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Commission, the Trustee and the Holders of the 2010 Bonds, any right, remedy or claim under or by reason of this Third Supplemental Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Third Supplemental Indenture contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Commission, the Trustee and the Holders of the 2010 Bonds.
Section 25.04. **Headings Not Binding.** The headings in this Third Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Third Supplemental Indenture.

Section 25.05. **Notice Addresses.** Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, addressed to the Notice Address for the appropriate party or parties as provided in Exhibit B hereto. Any such entity by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses. Any such communication may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 25.06. **Notices to Rating Agencies.** The Trustee shall provide notice to the Rating Agencies of the following events with respect to the 2010 Bonds:

1. Change in Trustee;
2. Amendments to the Indenture; and
3. Redemption or defeasance of any 2010 Bonds.

Section 25.07. **Indenture to Remain in Effect.** Save and except as amended and supplemented by this Third Supplemental Indenture, the Indenture, as heretofore supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, shall remain in full force and effect.

Section 25.08. **Effective Date of Third Supplemental Indenture.** This Third Supplemental Indenture shall take effect upon its execution and delivery.

Section 25.09. **Execution in Counterparts.** This Third Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.
IN WITNESS WHEREOF, the parties hereto have executed this Third Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: ____________________________
   Chair of the Board of Directors
(Seal)

ATTEST:

______________________________
   Secretary

APPROVED AS TO FORM:

By: ____________________________
   General Counsel

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ____________________________
   Authorized Officer
EXHIBIT A-1

[FORM OF 2010 SERIES A/B BOND]

<table>
<thead>
<tr>
<th>No.</th>
<th>R—__________</th>
<th>$___________</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>San Diego County Regional Transportation Commission</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales Tax Revenue Bond</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Limited Tax Bond)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010 Series [A/B]</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTEREST RATE</th>
<th>MATURITY</th>
<th>ISSUE DATE</th>
<th>CUSIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>____%</td>
<td>April 1, 20__</td>
<td>________, 2010</td>
<td></td>
</tr>
</tbody>
</table>

REGISTERED OWNER:  Cede & Co.

PRINCIPAL AMOUNT:  Dollars

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly organized and existing under the laws of the State of California (the “Commission”), for value received, hereby promises to pay (but solely from Revenues as hereinafter referred to) in lawful money of the United States of America, to the registered Holder or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the Interest Rate set forth above payable on each April 1 and October 1, commencing April 1, 2011 (each, an “Interest Payment Date”). The principal of and premium, if any, on this Bond are payable to the registered Holder hereof upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association, as trustee (together with any successor as trustee under the hereinafter defined Indenture, the “Trustee”) in Los Angeles, California. Interest on this Bond shall be paid by check drawn upon the Trustee and mailed on the applicable Interest Payment Date to the registered Holder hereof as of the close of business on the Record Date at such registered Holder’s address as it appears on the Bond Register. As used herein, “Record Date” means the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

This Bond is one of a duly authorized issue of bonds of the Commission, designated as “San Diego County Regional Transportation Commission, Sales Tax Revenue Bonds” (Limited Tax Bonds)” (the “Bonds”), of the series designated above, all of which are being issued pursuant to the provisions of the San Diego County Regional Transportation Commission Act constituting Chapter 2 of Division 12.7 of the California Public Utilities Code (the “Act”), and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said Act, and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the California Government Code (collectively, and together with the Act, the “Law”), and an Indenture, dated as of March 1, 2008, as supplemented, including as supplemented by a Third Supplemental
Indenture, dated as of October 1, 2010 (the “Third Supplemental Indenture”), each between the Commission and the Trustee, hereinafter referred to collectively as the “Indenture.” Said authorized issue of Bonds is not limited in aggregate principal amount and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture provided. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Indenture.


Reference is hereby made to the Indenture and the Law for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the pledge of Revenues and certain other funds and the rights of the registered Holders of the Bonds and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the Commission and the registered Holder from time to time of this Bond, and to all the provisions thereof the registered Holder of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued and other indebtedness may be incurred on a parity with the Series of Bonds of which this Bond is a part, but only subject to the conditions and limitations contained in the Indenture.

This Bond is payable as to both principal and interest, and any premium upon redemption hereof, exclusively from the Revenues and other funds pledged under the Indenture, which consist primarily of the amounts available for distribution to the Commission on and after July 1, 1988 on account of the retail transactions and use tax imposed in the County of San Diego pursuant to the Law, as extended, after deducting amounts payable by the Commission to the State Board of Equalization for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Law, and all regularly-scheduled amounts (but not termination payments) owed or paid to the Commission by any Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed or paid by the Commission to such Counterparty under such Interest Rate Swap Agreement, all as provided in the Indenture, and the Commission is not
obligated to pay the principal of and interest on this Bond except from Revenues and certain other funds pledged thereunder.

This Bond shall be deliverable in the form of a fully registered Bond in denominations of $5,000 and any multiple thereof (such denominations being referred to herein as “Authorized Denominations”).

Optional and Mandatory Redemption Provisions

Bonds shall be subject to optional and mandatory redemption as specified in the Indenture.

Amendments and Modifications

The rights and obligations of the Commission and of the Beneficial Owners, registered Holders and registered Owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Holders of Bonds.

Transfer and Exchange Provisions

This Bond is transferable or exchangeable as provided in the Indenture, only upon the bond registration books maintained by the Trustee, by the registered Holder hereof, or by his or her duly authorized attorney, upon surrender of this Bond at the Principal Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his or her duly authorized attorney, and thereupon a new 2010 Series [A/B] Bond or Bonds of the same series, maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, upon payment of any charges therein prescribed.

Persons Deemed Holders

The person in whose name this Bond is registered shall be deemed and regarded as the absolute Holder hereof for all purposes, including receiving payment of, or on account of, the principal hereof and any redemption premium and interest due hereon.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Act, and that this Bond, together with all other indebtedness of the Commission payable out of Revenue, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.
IN WITNESS WHEREOF the San Diego County Regional Transportation Commission has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its duly authorized representatives all as of the Issue Date set forth above.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

By: ____________________________
Chair of the Board of Directors

(Seal)

Attest:

______________________________
Director of Finance

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the 2010 Series [A/B] Bonds described in the within mentioned Indenture and was authenticated on the date set forth below.

Date of Authentication: __________________________

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ____________________________
Authorized Officer
[DTC LEGEND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER TAX IDENTIFICATION NUMBER OF ASSIGNEE

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoint

to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Signature: ____________________________

(Signature of Assignor)

Notice: The signature on this assignment must correspond with the name of the registered Holder as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

(Signature of Guarantor)

Notice: Signature must be guaranteed by an eligible guarantor firm.
EXHIBIT B

NOTICE ADDRESSES

To the Commission:
San Diego Association of Governments
401 B Street, Suite 800
San Diego, California  92101
Attention:   Director of Finance
Telephone:   (619) 699-6931
Facsimile:   (619) 699-4890

To the Rating Agencies:
Standard & Poor’s Ratings Services
55 Water Street, 38th Floor
New York, New York  10041
Telephone:   (212) 438-2000
Fax:         (212) 438-2157

   Moody’s Investors Service
   7 World Trade Center at 250 Greenwich Street
   Public Finance Group, 23rd Floor
   New York, New York  10007
   Fax:       (212) 553-4090

To the Trustee:
U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, California  90071
Attention:   Corporate Trust Division
Telephone:   (213) 615-6023
Facsimile:   (213) 615-6197
SECOND SUPPLEMENT TO THE AMENDED AND RESTATED SUBORDINATE INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of October 1, 2010

Supplementing the Amended and Restated Subordinate Indenture
dated as of November 1, 2005
Relating To
San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Commercial Paper Notes
(Limited Tax Bonds)
## TABLE OF CONTENTS

### ARTICLE XIV
**AMENDMENTS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.01.</td>
<td>Definitions</td>
<td>3</td>
</tr>
<tr>
<td>14.02.</td>
<td>Additional Definition</td>
<td>3</td>
</tr>
<tr>
<td>14.03.</td>
<td>Amended Definition</td>
<td>4</td>
</tr>
</tbody>
</table>

### ARTICLE XV
**MISCELLANEOUS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.01.</td>
<td>Severability</td>
<td>4</td>
</tr>
<tr>
<td>15.02.</td>
<td>Parties Interested Herein</td>
<td>4</td>
</tr>
<tr>
<td>15.03.</td>
<td>Headings Not Binding</td>
<td>4</td>
</tr>
<tr>
<td>15.04.</td>
<td>Amended and Restated Indenture to Remain in Effect</td>
<td>5</td>
</tr>
<tr>
<td>15.05.</td>
<td>Effective Date of Second Supplemental Indenture</td>
<td>5</td>
</tr>
<tr>
<td>15.06.</td>
<td>Execution in Counterparts</td>
<td>5</td>
</tr>
<tr>
<td>15.07.</td>
<td>Request of the Commission</td>
<td>5</td>
</tr>
</tbody>
</table>
SECOND SUPPLEMENT TO THE
AMENDED AND RESTATED SUBORDINATE INDENTURE

This SECOND SUPPLEMENT TO THE AMENDED AND RESTATED SUBORDINATE INDENTURE, dated as of October 1, 2010 (this “Second Supplement”), between the SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly established and existing under the laws of the State of California (the “Commission”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”);

W I T N E S S E T H:

WHEREAS, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan on July 31, 1987 (as amended, the “1987 Ordinance”), pursuant to the provisions of Sections 132000 through 132314, inclusive, of the Public Utilities Code of the State of California, which 1987 Ordinance provided for the imposition of a retail transactions and use tax (the “retail transactions and use tax”) applicable in the incorporated and unincorporated territory of the County of San Diego (the “County”) in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code at the rate of one-half of one percent (1/2%) for a period not to exceed twenty (20) years;

WHEREAS, by its terms the 1987 Ordinance became effective at the close of the polls on November 3, 1987, the day of the election at which the proposition imposing the retail transactions and use tax was adopted by a majority vote of the electors voting on such proposition;

WHEREAS, in order to provide for the extension of the initial term of the retail transactions and use tax for a period of forty (40) years, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (the “Sales Tax Extension Ordinance,” and, together with the 1987 Ordinance, hereinafter collectively referred to as the “Ordinance”) on May 28, 2004;

WHEREAS, by its terms the Sales Tax Extension Ordinance became effective on November 3, 2004, the day following the date of the election at which the proposition providing for the extension of the retail transactions and use tax was approved by at least two-thirds of the electors voting on such proposition;

WHEREAS, in order to provide for the issuance, authentication and delivery of certain limited tax bonds in the form of commercial paper notes, the Commission entered into that certain Amended and Restated Subordinate Indenture, dated as of November 1, 2005 (as amended and supplemented, the “Indenture”), by and between the Commission and the Trustee, pursuant to which the Commission authorized and reauthorized the issuance, authentication and delivery of three series of commercial paper notes designated the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series A (the “Series A Notes”), the San Diego County Regional Transportation
WHEREAS, in order to provide liquidity for payment of the Series B Notes, the Commission entered into a Credit Agreement, dated as of November 9, 2005 (as more fully defined in Section 1.02 of the Indenture, the “Series B Support Agreement”), by and among the Commission, Dexia Credit Local, New York Branch, and the other banks named therein, as banks (as more fully defined in Section 1.02 of the Indenture, the “Series B Bank”), and JPMorgan, as agent (as more fully defined in Section 1.02 of the Indenture, the “Series B Administrative Agent”), pursuant to which the Series B Bank extended a support facility in the form of a revolving line of credit (as more fully defined in Section 1.02 of the Indenture, the “Series B Support Facility”) which Series B Support Facility could be drawn upon by the Issuing and Paying Agent to pay principal of the Series B Notes;

WHEREAS, in order to provide for the offering and sale of the Series B Notes, the Commission entered into a Dealer Agreement, dated as of November 1, 2005 (as more fully defined in Section 1.02 of the Indenture, the “Series B Dealer Agreement”), between the Commission and Citigroup Global Markets Inc., as dealer (as more fully defined in Section 1.02 of the Indenture, the “Series B Dealer”);

WHEREAS, pursuant to a First Supplement to the Amended and Restated Subordinate Indenture, dated March 28, 2008 (the “First Supplement”), and other documents, the Commission permanently reduced the Commitment Amounts of the Series A Notes and the Series C Notes, terminated related dealer and support agreements, and provided continuing authorization of only a single series of Notes, the Series B Notes;

WHEREAS, in order to provide for the issuance, authentication and delivery of certain limited tax bonds (as more fully defined in Section 1.02 of the Indenture, the “Sales Tax Extension Bonds”) payable on a basis senior to the Series B Notes and any obligations of the Commission on a parity with the Series B Notes (as more fully defined in Section 1.02 of the Indenture, the “Parity Obligations”), the Commission entered into that certain Indenture, dated as of March 1, 2008 (as more fully defined in the Indenture and as amended and supplemented, the “Sales Tax Extension Bond Indenture”), by and between the Commission and the Trustee;

WHEREAS, the Commission has determined that issuing one or more series of the Sales Tax Extension Bonds as taxable bonds which qualify the Commission or its agent to receive federal subsidy payments under Sections 54AA and 6431 of the Internal Revenue Code of 1986 (the “Code”) or any other provisions of the Code that create a similar direct-pay subsidy program (collectively, the “Build America Bonds”), could produce economic benefits for the Commission;

WHEREAS, the Commission has determined that issuing one or more series of the Sales Tax Extension Bonds as Build America Bonds will require certain amendments be made to the Sales Tax Extension Bond Indenture pursuant to a supplement to the Sales Tax
Extension Bond Indenture and will require conforming amendments be made to the Indenture pursuant to a supplement to the Indenture;

WHEREAS, the Commission has determined that, pursuant to Section 9.01(a)(1) of the Indenture, the Commission and the Trustee are authorized to modify and amend the Indenture by this Second Supplement, to become effective on __________, 2010;

WHEREAS, pursuant to Section 9.2 of the Series B Support Agreement, the Commission has secured the consent of the Series B Bank to amendment of the Indenture as set forth herein;

WHEREAS, the execution and delivery of this Second Supplement has in all respects been duly and validly authorized by resolutions duly passed and approved by the Commission; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Second Supplement;

NOW, THEREFORE, THIS SECOND SUPPLEMENT TO THE AMENDED AND RESTATED SUBORDINATE INDENTURE WITNESSETH, that in order to make amendments necessary for the issuance of one or more series of Bonds as Build America Bonds, the Commission does hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Notes, or any part thereof, and the Series B Bank, as follows:

ARTICLE XIV

AMENDMENTS

SECTION 14.01. Definitions. All capitalized terms not otherwise defined herein shall have the meaning assigned to them in Section 1.02 of the Indenture.

SECTION 14.02. Additional Definition. The following terms shall, for all purposes of the Indenture, including this Second Supplement, have the following meanings:

Second Supplement

“Second Supplement” means this Second Supplement to the Amended and Restated Subordinate Indenture, between the Commission and the Trustee, as amended and supplemented from time to time.

Subsidy Payments

“Subsidy Payments” means payments to be made by the United States Treasury to the Sales Tax Extension Bond Trustee pursuant to Section 54AA of the Code or Section 6431 of the Code or any successor to either of such
provisions of the Code and with respect to the interest due on a series of taxable Sales Tax Extension Bonds that have been accorded Build America Bonds status under the provisions of the American Recovery and Reinvestment Act of 2009 or any successor thereto or replacement thereof.

SECTION 14.03. Amended Definition. Pursuant to Section 9.01(a)(1) of the Indenture, for all purposes of the Indenture and of any Supplemental Indenture, including this Second Supplement, and of any certificate, opinion or other document therein mentioned, Paragraph (c) of the Term “Maximum Annual Debt Service,” set forth in Section 1.02 of the Indenture, is hereby amended and restated in its entirety to read as follows (with deletions bracketed and struck through and additions bolded and underlined):

(c) principal and interest payments on Debt shall be excluded to the extent that: (i) such payments are to be paid from amounts on deposit with any fiduciary, including Investment Securities and interest to be paid thereon, in escrow specifically therefore; (ii) such interest payments are to be paid from the proceeds of Debt held by any fiduciary as capitalized interest, including Investment Securities and interest to be paid thereon, specifically to pay such interest by such fiduciary, and (iii) such interest payments are to be paid from Subsidy Payments the Commission expects to receive;

ARTICLE XV

MISCELLANEOUS

SECTION 15.01. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Second Supplement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Second Supplement, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Second Supplement and any Notes issued pursuant to the Indenture shall remain valid, and the Holders of the Notes shall retain all valid rights and benefits accorded to them under the Indenture, the Act, and the Constitution and statutes of the State.

SECTION 15.02. Parties Interested Herein. Nothing in this Second Supplement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Commission, the Trustee, the Issuing and Paying Agent, the Series B Bank, and the Owners of the Notes and any Parity Debt, any legal or equitable right, remedy or claim under or in respect of this Second Supplement or any covenant, condition or provision herein contained; and all the covenants, conditions, and provisions are and shall be for the sole and exclusive benefit of the Commission, the Trustee, the Issuing and Paying Agent, the Series B Bank, and the Owners of the Notes and any Parity Debt.

SECTION 15.03. Headings Not Binding. The headings in this Second Supplement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Second Supplement.
SECTION 15.04.  **Amended and Restated Indenture to Remain in Effect.**
Save and except as amended and supplemented by this Second Supplement, the Amended and Restated Indenture, as previously supplemented, shall remain in full force and effect.

SECTION 15.05.  **Effective Date of Second Supplemental Indenture.**  This Second Supplement shall take effect upon its execution and delivery.

SECTION 15.06.  **Execution in Counterparts.**  This Second Supplement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

SECTION 15.07.  **Request of the Commission.**  The Commission, by its execution of this Second Supplement, hereby requests that the Trustee execute this Second Supplement.
IN WITNESS WHEREOF, the parties hereto have executed this Second Supplement to the Amended and Restated Subordinate Indenture by their officers thereunto duly authorized as of the day and year first written above.

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

______________________________
Chair of the Board of Directors

(Seal)

ATTEST:

______________________________
Secretary

Approved as to Form:

By:____________________________
General Counsel

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:____________________________
Authorized Officer
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)

$__________ 2010 SERIES A (TAXABLE BUILD AMERICA BONDS)
$__________ 2010 SERIES B (TAX-EXEMPT BONDS)

BOND PURCHASE AGREEMENT

_______, 2010

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California  92101

Ladies and Gentlemen:

Barclays Capital Inc. (the “Representative”), acting on behalf of itself and RBC Capital Markets Inc., E. J. De La Rosa & Co., Inc., Siebert Brandford Shank & Co., LLC and Goldman, Sachs & Co. (collectively the “Underwriters”), hereby offers to enter into this Bond Purchase Agreement with the San Diego County Regional Transportation Commission (the “Commission”), which, upon the Commission’s acceptance hereof, will be binding upon the Commission and the Underwriters. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Commission and the delivery of such acceptance to the Representative or its attorney at or prior to 6:00 p.m., Pacific time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Commission at any time prior to the acceptance hereof by the Commission.

The Representative represents and warrants to the Commission that it has been duly authorized to enter into this Bond Purchase Agreement and to act hereunder by and on behalf of the Underwriters.

1. Definitions: All capitalized terms not defined herein shall have the meanings ascribed to them in the indenture, as defined below. Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“Bond Purchase Agreement” shall mean this Bond Purchase Agreement.

“Bond Resolution” shall mean Resolution No. RTC 2011-01 adopted by the Commission on October 22, 2010.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Commission is legally authorized to close.
“Closing Date” shall have the meaning given such term in Section 7 hereof.

“Closing Time” shall mean the time at which payment for and delivery of the Series 2010 Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement dated as of ________, 2010.

“County” shall mean the County of San Diego, California.

“End Date” shall have the meaning set forth in Section 2 hereof.

“Indenture” shall mean the Indenture, dated as of March 1, 2008, between the Commission and the Trustee, as amended or supplemented, including as supplemented by the Third Supplemental Indenture.

“Legal Documents” shall mean the Indenture, the Continuing Disclosure Agreement and the Tax Certificate.

“Official Statement” shall mean the Official Statement of the Commission, dated ________, 2010, relating to the Series 2010 Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Preliminary Official Statement” shall mean the Preliminary Official Statement of the Commission, dated ________, 2010, relating to the Series 2010 Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.


“Sales Tax” shall mean the 1/2 of 1% retail transactions and use tax imposed by the Commission and approved by the electors of the County at an election held November 3, 1987 and extended by the electors of the County at an election held November 2, 2004.

“Series 2010 Bonds” shall mean, collectively, the 2010 Series A Bonds and the 2010 Series B Bonds.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate of the Commission dated the Closing Date.

“Third Supplemental Indenture” shall mean the Third Supplemental Indenture, dated as of ________, 1, 2010, between the Commission and U.S. Bank National Association, as Trustee, as amended or supplemented.
“2010 Series A Bonds” shall mean the $_______ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds).

“2010 Series B Bonds” shall mean the $_______ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax-Exempt Bonds).

2. **Use and Preparation of Official Statement; Continuing Disclosure Agreement.** The Commission has heretofore delivered to the Underwriters copies of the Preliminary Official Statement, which the Commission has deemed final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Commission shall prepare and deliver to the Underwriters, as promptly as practicable, but in no event later than seven (7) business days from the date hereof and at least two (2) business days prior to the Closing Date, whichever occurs first, a final Official Statement, with such changes and amendments as may be agreed to by the Representative, in such quantities as the Underwriters may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board. The Commission hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use and distribute the Official Statement and all information contained therein in connection with the public offering and sale of the Series 2010 Bonds. The Representative agrees to promptly file a copy of the Official Statement, including any supplements prepared by the Commission, with the Municipal Securities Rulemaking Board and a nationally recognized municipal securities information repository (“NRMSIR”). The Commission shall deliver sufficient copies of the Official Statement to enable the Underwriters to distribute a single copy to any potential customer of the Underwriters requesting a Official Statement during the time period beginning when the Official Statement becomes available and ending on a date referred to herein as the “End Date,” which is the date when the Official Statement becomes available from a NRMSIR, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the Commission may assume that the end of the underwriting period has occurred unless otherwise informed by the Underwriters. In any event, the Underwriters shall promptly notify the Commission of the end of the underwriting period.

The Commission will undertake pursuant to a Continuing Disclosure Agreement, to be dated as of the date of issuance of the Series 2010 Bonds, to provide certain annual financial and operating information and certain material event notices. A description of this undertaking is set forth in the Official Statement.

3. **Purchase and Sale of the Series 2010 Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Commission the Series 2010 Bonds for offering to the public, and the Commission hereby agrees to sell to the Underwriters, all (but not less than all) of the $_______ aggregate principal amount of the 2010 Series A Bonds, at an aggregate purchase price of $_______ (the “Series A Purchase Price”) (which Series A Purchase Price is equal to the aggregate principal amount of the 2010 Series A Bonds, less an underwriters’ discount of $_______), and the $_______ aggregate principal amount of the 2010 Series B Bonds, at
an aggregate purchase price of $________ (the “Series B Purchase Price”) (which Series B Purchase Price is equal to the aggregate principal amount of the 2010 Series B Bonds, [plus/minus] a net original issue [premium/discount], less an underwriters’ discount of $________). The Series A Purchase Price and the Series B Purchase Price are collectively referred to herein as the “Purchase Price.”

4. The Series 2010 Bonds. The principal amounts, maturity dates, interest rates and prices with respect to the Series 2010 Bonds shall be as described in the Official Statement and in Appendix A hereto.

5. Public Offering of the Series 2010 Bonds. Except as otherwise disclosed and agreed to by the Commission, the Underwriters agree to make a bona fide public offering of the Series 2010 Bonds at the initial public offering price or prices set forth on the inside cover page of the Official Statement and in Appendix A hereto; provided, however, the Underwriters reserve the right to change such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Series 2010 Bonds, and to sell the Series 2010 Bonds to certain dealers (including dealers depositing the Series 2010 Bonds into investment trusts) and others at prices lower than the initial offering prices set forth in the Official Statement. A “bona fide public offering” shall include an offering to institutional investors or registered investment companies, regardless of the number of such investors to which the Series 2010 Bonds are sold. The Representative shall provide to the Commission on the Closing Date a certificate substantially in the form of Appendix B hereto stating that the Underwriters made a bona fide public offering of the Series 2010 Bonds at the initial public offering price or prices set forth on the inside cover page of the Official Statement and in Appendix A hereto.

6. Use of Documents. The Commission hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Series 2010 Bonds, this Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The Closing Time shall be no later than [10:00] a.m., Pacific time, on _________, 2010, or at such other time or on such later date as shall have been mutually agreed upon by the Commission and the Representative (the “Closing Date”). At the Closing Time, the Commission will deliver or cause to be delivered the Series 2010 Bonds to the Underwriters through The Depository Trust Company (“DTC”) in definitive or temporary form, duly executed by the Commission, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The Series 2010 Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the Series 2010 Bonds, but neither the failure to print such numbers on the Series 2010 Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the Series 2010 Bonds in accordance with the terms of this Bond Purchase Agreement.
Delivery of the Series 2010 Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California or at such other place as shall have been mutually agreed upon by the Commission and the Representative.

8. **Representations, Warranties and Agreements of the Commission.** The Commission hereby represents, warrants and agrees with the Underwriters that:

(a) The Commission has been duly created and is validly existing under the laws of the State and has the power to issue the Series 2010 Bonds pursuant to the Act, the Bond Resolution and the Legal Documents.

(b) The Commission has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the Sales Tax, to adopt the Bond Resolution, to enter into the Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Series 2010 Bonds to the Underwriters as provided herein; the Commission has full legal right, power and authority to perform its obligations under the Bond Resolution, the Series 2010 Bonds, the Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Commission has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, the Ordinance and laws of the State, and the terms of the Bond Resolution, the Series 2010 Bonds, the Legal Documents and this Bond Purchase Agreement.

(c) Except as described in the Preliminary Official Statement and the Official Statement, by all necessary official action, the Commission has duly adopted the Ordinance, which was approved by a majority of the voters in the County on November 3, 1987 and extended by more than a two-thirds vote of the voters in the County voting on such extension on November 2, 2004.

(d) By all necessary official action, the Commission has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Series 2010 Bonds, this Bond Purchase Agreement and the Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Bond Resolution, the Legal Documents, the Preliminary Official Statement and the Official Statement. When executed and delivered by their respective parties, the Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the
exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The Series 2010 Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriters as provided herein, will constitute legal, valid and binding obligations of the Commission, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and are entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(f) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Series 2010 Bonds and the execution, delivery of and performance of the Legal Documents by the Commission, have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2010 Bonds, as to which no representation is made).

(g) Except as described in the Preliminary Official Statement and the Official Statement, the Commission is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Commission is a party or to which the Commission or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and the Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the Series 2010 Bonds and the execution and delivery of this Bond Purchase Agreement and the Legal Documents and compliance with the Commission’s obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Commission is a party or to which the Commission or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Commission or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Legal Documents.

(h) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Commission’s knowledge, threatened against the Commission: (i) in any way affecting the existence of the Commission or in any way challenging the respective powers
of the several offices or the titles of the officials of the Commission to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Series 2010 Bonds, the application of the proceeds of the sale of the Series 2010 Bonds, the proceedings authorizing and approving the Sales Tax, the levy or collection of the Sales Tax; (iii) in any way contesting or affecting, as to the Commission, the validity or enforceability of the Act, the proceedings authorizing the Sales Tax, the Bond Resolution, the Series 2010 Bonds, the Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Commission or its authority with respect to issuance or delivery of the Series 2010 Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Legal Documents or this Bond Purchase Agreement, or contesting the power or authority to levy the Sales Tax; (v) contesting the exclusion from gross income of interest on the 2010 Series B Bonds for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Commission to perform and satisfy its obligations under this Bond Purchase Agreement, the Legal Documents or the Series 2010 Bonds; nor to the best of the Commission’s knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the proceedings authorizing the Sales Tax, the Bond Resolution, the Legal Documents or this Bond Purchase Agreement or the performance by the Commission of its obligations thereunder, or the authorization, execution, delivery or performance by the Commission of the Series 2010 Bonds, the Bond Resolution, the Legal Documents or this Bond Purchase Agreement.

(i) Between the date hereof and the Closing Time, the Commission will not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Commission or relating to the Project or except for such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement.

(j) The Commission will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Series 2010 Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate and (ii) to determine the eligibility of the Series 2010 Bonds for investment under the laws of such states and other jurisdictions; and the Commission will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the Series 2010 Bonds; provided, however, that in no event shall the Commission be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will advise the Underwriters immediately of receipt by the Commission of any written notification with regard to the suspension of the qualification of the Series 2010 Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(k) The Commission has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Series 2010 Bonds as provided in and subject to
all of the terms and provisions of the Act, the Ordinance, the Bond Resolution and the Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2010 Series B Bonds.

(l) The Series 2010 Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement and the Official Statement under the captions ["DESCRIPTION OF THE SERIES 2010 BONDS" and Appendix C — "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE"]; the proceeds of the Series 2010 Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions ["INTRODUCTION — Purpose of the Series 2010 Bonds" and "PLAN OF FINANCE"]; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(m) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12), as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the caption ["UNDERWRITING" and all information concerning the book-entry system set forth under the caption “DESCRIPTION OF THE SERIES 2010 BONDS — General” and in Appendix D] as to which no representations or warranties are made [and the information in Appendices B and C, which is correct in all material respects]).

(n) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement (excluding therefrom the information under the caption [“UNDERWRITING” and all information concerning the book-entry system set forth under the caption “DESCRIPTION OF THE SERIES 2010 BONDS — General” and in Appendix D] as to which no representations or warranties are made) did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(o) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(p) The Commission shall not amend or supplement the Official Statement without the prior written consent of the Representative. If between the date hereof and the Closing Time, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a
material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Commission shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Commission shall forthwith prepare and furnish (at the expense of the Commission) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

(q) Except as described in the Preliminary Official Statement and the Official Statement, the Commission has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Indenture.

(r) The Commission has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Commission is a bond issuer whose arbitrage certificates may not be relied upon.

(s) The Commission is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(t) The financial statements of, and other financial information regarding, the San Diego County Regional Transportation Commission in the Preliminary Official Statement and the Official Statement relating to the receipts, expenditures and cash balances of Revenues by the Commission as of [June 30, 2009] fairly represent the receipts, expenditures and cash balances of such amounts and, insofar as presented, other funds of the Commission as of the dates and for the periods therein set forth. The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles consistently applied. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Commission or in its operations since [June 30, 2009] and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(u) Prior to the Closing Time, the Commission will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Commission.

(v) Upon the delivery of the Series 2010 Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture, together with all outstanding Parity Obligations, will not in combination with all outstanding debt obligations of the Commission exceed any limitation imposed by law or by the Indenture or by Section 132309(b) of the Public Utilities Code of the State of California.

(w) The sum of the principal of and interest on the Series 2010 Bonds, together with all outstanding Parity Obligations and other outstanding debt obligations of the
Commission, does not exceed the estimated proceeds of the retail transactions and use tax for the period for which the retail transactions and use tax is to be imposed by the Commission.

(x) The Commission has complied during the previous five years with all previous undertakings required pursuant to Rule 15c2-12.

(y) Any certificate, signed by any official of the Commission authorized to do so in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Commission to the Underwriters as to the statements made therein.

(z) The Commission is taking, and prior to the Closing Date will take, all action required as of the Closing Date to designate the Series A Bonds as “Build America Bonds” under Section 54AA(d) and as “qualified bonds” under Section 54AA(g) of the Internal Revenue Code of 1986 (the “Code”); the federal tax credit under Section 6431 of the Code for interest on the 2010 Series A Bonds will be payable to the Commission (or the Trustee, as the Commission’s agent (the “Agent”)); and the Commission covenants to comply, and to cause its Agent to comply, with the applicable procedures for claiming the credit.

9. Conditions to the Underwriters’ Obligations. The Representative has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and obligations of the Commission contained herein and upon the documents and instruments to be delivered at the Closing Time. Accordingly, the Underwriters’ obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the Commission contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Commission official or officials dated the Closing Date, and the Commission shall be in compliance with each of the agreements and covenants made by it in this Bond Purchase Agreement;

(b) (i) At the Closing Time, the Act, the Bond Resolution and the Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Commission and the Representative, and (ii) the Commission shall perform or have performed all of its obligations required under or specified in the Act, the Bond Resolution, the Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Commission relating to this Bond Purchase Agreement, the Legal Documents, the Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Commission, the Act, the
Ordinance, the Sales Tax, the Revenues, or the Series 2010 Bonds as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the Series 2010 Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, the California State Board of Equalization shall not have suspended or advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof, and the General Counsel to the Commission, shall not have advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof other than as disclosed in the Preliminary Official Statement and the Official Statement;

(f) At or prior to the Closing Date, the Representative shall receive copies of each of the following documents:

(1) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Commission by its Executive Director.

(2) An approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, dated the Closing Date, as to the validity of the Series 2010 Bonds, the exclusion of interest on the 2010 Series B Bonds from federal gross income and the exclusion of interest on the Series 2010 Bonds from State income taxation, addressed to the Commission substantially in the form attached as [Appendix E] to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriters.

(3) A supplemental opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, addressed to the Underwriters, to the effect that:

(i) The Bond Purchase Agreement and the Continuing Disclosure Agreement each has been duly executed and delivered by the Commission and each is valid and binding upon the Commission, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(ii) The statements contained in the Preliminary Official Statement in the sections entitled [“DESCRIPTION OF THE SERIES 2010 BONDS,” (other than the information concerning DTC and the book-entry system) “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS [(other than any information concerning any liquidity facilities, swaps or remarketing agents)],” and “TAX MATTERS” and in the Official Statement in the sections entitled [“DESCRIPTION OF THE SERIES 2010 BONDS,” (other than the information concerning DTC and the book-entry system) “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS [(other than any information concerning any liquidity facilities, swaps or remarketing agents)],” “TAX MATTERS” and Appendix C—“DEFINITIONS AND
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,

excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Indenture, the Series 2010 Bonds, and the form and content of such counsel’s opinion attached as [Appendix E] to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

(iii) The Series 2010 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the “1933 Act”) and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

(4) A letter, dated the Closing Date and addressed to the Commission, and a reliance letter with respect thereto addressed to the Underwriters, from Nossaman, LLP, Disclosure Counsel, to the effect that: (i) the Series 2010 Bonds are exempt from the registration requirements of the 1933 Act; (ii) the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (iii) based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to their attention which would lead them to believe that the Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12) and the Official Statement as of their respective dates, and with respect to the Preliminary Official Statement, as of the date of the Bond Purchase Agreement, and with respect to the Official Statement, as of the Closing Date (excluding from each any information in the Official Statement relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the Official Statement and the appendices thereto, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(5) The opinion of Nixon Peabody LLP, Underwriters’ Counsel, addressed to the Underwriters, in form and substance acceptable to the Underwriters, covering such items as the Representative may request.

(6) The opinion of the General Counsel to the Commission, dated the Closing Date, addressed to the Underwriters and the Trustee, to the effect that:

(i) The Commission has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents and the Bond Purchase Agreement; (b) to approve and
authorize the use and distribution of the Preliminary Official Statement and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the Series 2010 Bonds; (d) to cause the Sales Tax to be levied and collected as described in the Preliminary Official Statement and the Official Statement; (e) to pledge the Revenues as contemplated by the Legal Documents; and (f) to carry on its activities as currently conducted;

(ii) The Commission has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Commission has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Legal Documents and the Series 2010 Bonds;

(iii) the Bond Resolution was duly adopted by at least a two-thirds vote of all the voting members of the Board of Directors of the Commission at a meeting of the governing body of the Commission which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Bond Resolution;

(iv) the adoption of the Bond Resolution, the execution and delivery by the Commission of the Bond Purchase Agreement, the Legal Documents and the Series 2010 Bonds and the compliance with the provisions of the Bond Purchase Agreement, the Legal Documents and the Series 2010 Bonds, to the best of such counsel’s knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel’s knowledge after due inquiry, conflict with or constitute on the part of the Commission a material breach of or default under any agreement or instrument to which the Commission is a party or by which it is bound;

(v) the Series 2010 Bonds, the Legal Documents and the Bond Purchase Agreement constitute binding and legal obligations of the Commission and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors’ rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) no litigation is pending or, to the best of such counsel’s knowledge after due inquiry, threatened against the Commission in any court in any way affecting the titles of the officials of the Commission to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Series 2010 Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Series 2010 Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2010 Bonds, the Bond
Resolution, the Legal Documents or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Commission or its authority with respect to the Series 2010 Bonds, the Bond Resolution, the Legal Documents or the Bond Purchase Agreement;

(vii) the information contained in the Preliminary Official Statement and the Official Statement under the captions ["SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION" and "ABSENCE OF MATERIAL LITIGATION"] does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to the best of such counsel’s knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Commission of the Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Series 2010 Bonds by the Underwriters); and

(ix) to the best of such counsel’s knowledge after due inquiry, the Commission is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Commission is a party or is otherwise subject, which breach or default would materially adversely affect the Commission’s ability to enter into or perform its obligations under the Legal Documents and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Commission’s ability to enter into or perform its obligations under the Legal Documents and the Bond Purchase Agreement.

(7) A certificate, dated the Closing Date and signed by such officials of the Commission as shall be satisfactory to the Representative, to the effect that (i) the representations, warranties and covenants of the Commission contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Commission and the Representative; (iii) the Commission has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the
Commission, whether or not arising in the ordinary course of the Commission’s operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, (excluding therefrom the information under the caption “UNDERWRITING,” all information concerning the book-entry system set forth under the caption “DESCRIPTION OF THE SERIES 2010 BONDS — General” and in Appendix D, as to which no representations and warranties need be made, and the information in Appendices B and C, which is correct in all material respects), and the Official Statement, as of its date and as of the Closing Date, (excluding therefrom the information under the caption “UNDERWRITING,” all information concerning the book-entry system set forth under the caption “DESCRIPTION OF THE SERIES 2010 BONDS — General” and in Appendix D, as to which no representations and warranties need be made) did not and does not contain any untrue statement of a material fact and or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(8) The audited financial statements of the Commission relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the Commission as of [June 30, 2009], certified by the Commission on the Closing Date as being correct and complete.

(9) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Representative, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture;

(ii) the Trustee is duly authorized to enter into, has duly executed and delivered the Legal Documents to which the Trustee is a party and has duly authenticated and delivered the Series 2010 Bonds;

(iii) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee’s part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment,
decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iv) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official’s knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(v) the Trustee will apply the proceeds from the Series 2010 Bonds as provided in the Indenture.

(10) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Legal Documents to which the Trustee is a party.

(11) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Commission and the Underwriters, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Legal Documents to which it is a party and to enter into such Legal Documents;

(ii) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained; and
(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2010 Bonds or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the Series 2010 Bonds or the Legal Documents to which it is a party.

(12) A certified copy of the proceedings relating to authorization and approval of the Sales Tax.

(13) A certified copy of the Board Resolution.

(14) Fully executed copies of each of the Legal Documents.

(15) Evidence of required filings with the California Debt and Investment Advisory Commission.

(16) A copy of the Blue Sky Survey with respect to the Series 2010 Bonds.

(17) A Tax Certificate of the Commission, in form satisfactory to Bond Counsel, signed by such officials of the Commission as shall be satisfactory to the Representative.

(18) Evidence as of the Closing Date satisfactory to the Representative that the Series 2010 Bonds have received a rating of “______” from Moody’s Investors Service, “________” from Standard & Poor’s Ratings Services (or such other equivalent rating as Moody’s Investors Service and Standard & Poor’s Ratings Services shall issue), and that such ratings have not been revoked or downgraded.

(19) Two transcripts of all proceedings relating to the authorization and issuance of the Series 2010 Bonds, which may be in digital form.

(20) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, Underwriters’ Counsel or Bond Counsel may reasonably request to evidence compliance by the Commission with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Commission herein contained and of the Official Statement and the due performance or satisfaction by the Commission at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Commission.

10. Termination.

(a) If the Commission shall be unable to satisfy the conditions of the Underwriters’ obligations contained in this Bond Purchase Agreement or if the Underwriters’ obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this
Bond Purchase Agreement may be cancelled by the Representative at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Commission in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Commission hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative at its sole discretion.

(b) The Underwriters shall also have the right, prior to the Closing Time, to cancel their obligations to purchase the Series 2010 Bonds, by written notice to the Commission, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(ii) the market for the Series 2010 Bonds or the market prices of the Series 2010 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2010 Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Representative, by:

(A) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been passed by either chamber of the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or
other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Commission or upon interest received on obligations of the general character of the Series 2010 Bonds which, in the reasonable judgment of the Representative, is likely to have the purpose or effect, directly or, indirectly, of adversely affecting the tax status of the Commission, its property or income, its securities (including the Series 2010 Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(B) legislation shall have been passed by either chamber of the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the Series 2010 Bonds are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939; or

(C) the declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred or the general suspension of trading on any national securities exchange; or

(E) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2010 Bonds, or the issuance, offering or sale of the Series 2010 Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange
which, in the reasonable professional judgment of the Representative, materially and adversely affect the market or market price for the Series 2010 Bonds; or

(iv) an event described in paragraph (p) of Section 8 hereof shall have occurred which, in the reasonable professional judgment of the Representative, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(v) any litigation shall be instituted or be pending at the Closing Time to restrain or enjoin the issuance, sale or delivery of the Series 2010 Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Sales Tax or the rates, levy or collection thereof, the issuance, sale or delivery of Series 2010 Bonds, the Act, the Ordinance, the Bond Resolution, the Legal Documents or the existence or powers of the Commission with respect to its obligations under the Legal Documents or the Series 2010 Bonds; or

(vi) any rating of the Series 2010 Bonds by a national rating agency shall have been withdrawn or reduced.

If the Underwriters terminate their obligation to purchase the Series 2010 Bonds because any of the conditions specified in Section 6, Section 9 or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Representative.

11. Conditions to Obligations of the Commission. The performance by the Commission of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the Commission and the Underwriters of opinions addressed to the Underwriters and certificates being delivered at the Closing Time by persons and entities other than the Commission.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) the Commission will not adopt any amendment of, or supplement to, the Official Statement to which the Representative shall object in writing or that shall be disapproved by the Representative’s Counsel and (b) if any event relating to or affecting the Commission shall occur as a result of which it is necessary, in the opinion of Representative’s Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Series 2010 Bonds, the Commission will forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriters’ Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the Series 2010 Bonds, not misleading.
13. **Indemnification.** The Commission (an “Indemnifying Party”) shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and their respective directors, officers, employees and agents and each person who controls the Underwriters within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the captions [“DESCRIPTION OF THE SERIES 2010 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS,” “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION,” “THE SALES TAX,” “SUMMARY OF FINANCING PLAN,” “COMMISSION INVESTMENT PORTFOLIO,” “ADDITIONAL TERMS OF THE SERIES 2010 BONDS,” and “ABSENCE OF MATERIAL LITIGATION”] or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Commission may otherwise have to any Indemnified Party, provided that in no event shall the Commission be obligated for double indemnification.

The Underwriters (collectively, an “Indemnifying Party”) shall indemnify and hold harmless, to the extent permitted by law, the Commission and its directors, officers, members, employees and agents and each person who controls the Commission within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the caption “UNDERWRITING” or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Indemnified Party, provided that in no event shall the Underwriters be obligated for double indemnification.

An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified
Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Commission or the Underwriters, to the extent permitted by law, the Commission and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Commission and the Underwriters may be subject) in such proportion so that the Underwriters are jointly and severally responsible for that portion represented by the percentage that the Underwriters’ discount set forth in the Official Statement bears to the public offering price appearing thereon and the Commission is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person, if any, who controls the Underwriters within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriters. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

14. Expenses. (a) Whether or not the Series 2010 Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriters shall be under no obligation to pay and the Commission hereby agrees to pay any expenses incident to the performance of the Commission’s obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the Series 2010 Bonds; (ii) any fees charged by
any rating agency for issuing the rating on the Series 2010 Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement [in electronic form] and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel’s fees), any disclosure counsel, accountants, consultants and any financial advisor; and (v) any out-of-pocket disbursements of the Commission. Whether or not the Series 2010 Bonds are issued as contemplated by this Bond Purchase Agreement, unless the Commission has breached this Bond Purchase Agreement, the Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the Series 2010 Bonds by the MSRB or the NASD; (ii) all advertising expenses in connection with the public offering and distribution of the Series 2010 Bonds (excluding any expenses of the Commission and its employees or agents); (iii) any fees payable to the California Debt and Investment Advisory Commission; and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the Series 2010 Bonds, including the fees and disbursements of Underwriters’ Counsel.

15. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the Commission, addressed to:

San Diego County Regional Transportation Commission
401 B Street, Suite 800
San Diego, California 92101
Attention: Executive Director

or if to the Representative or the Underwriters, addressed to:

Barclays Capital Inc.
555 California Street, 41st Floor
San Francisco, California 94104
Attention: John McCray-Goldsmith

16. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the Commission in writing as heretofore specified shall constitute the entire agreement between the Commission and the Underwriters and is made solely for the benefit of the Commission and the Underwriters (including the successors or assigns of the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Commission in this Bond Purchase Agreement or in any certificate delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery to and payment by the Underwriters for the Series 2010 Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

17. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

[Signatures contained on next page.]
18. **Applicable Law.** This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

BARCLAYS CAPITAL INC.
RBC CAPITAL MARKETS, INC.
E. J. DE LA ROSA & CO., INC.
SIEBERT BRANDFORD SHANK & CO., LLC
GOLDMAN, SACHS & CO.

By BARCLAYS CAPITAL INC.,
as Representative

By: __________________________
   Director

The foregoing is hereby agreed to and accepted as of the date first above written:

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: __________________________
   Gary L. Gallegos
   Executive Director
APPENDIX A

MATURITY SCHEDULE

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)

2010 SERIES A (TAXABLE BUILD AMERICA BONDS)

<table>
<thead>
<tr>
<th>Maturity (_____ 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>20__</td>
<td>$</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>20__</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2010 SERIES B (TAX-EXEMPT BONDS)

<table>
<thead>
<tr>
<th>Maturity (_____ 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>20__</td>
<td>$</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>20__</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX B

CERTIFICATE OF THE REPRESENTATIVE REGARDING OFFERING PRICES

This certificate is furnished by Barclays Capital Inc., as representative of the underwriters (the “Representative”) listed in the Bond Purchase Contract, dated ____________, 2010 (the “Bond Purchase Contract”), among the Representative and the San Diego County Regional Transportation Commission for the sale of the $____ aggregate principal amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) and 2010 Series B (Tax-Exempt Bonds) (the “Bonds”).

Certain information furnished in this certificate has been derived from other purchasers, bond houses and brokers and has not been independently verified by us. We have relied (without any independent investigation or verification) on trades reported to the Municipal Securities Rulemaking Board via its EMMA portal for all information regarding trades to which neither the Representative nor the syndicate account were a party. We make no representations as to the accuracy of any information reported on the EMMA portal.

THE UNDERSIGNED HEREBY CERTIFY AS FOLLOWS:

1. The undersigned is authorized to execute this certificate on behalf of the Representative.

2. On ____________, 20__ (the “Sale Date”), all of the Bonds have been the subject of a bona fide offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the “Public”) pursuant to the Bond Purchase Contract, and on the Sale Date we reasonably expected that all of each maturity could be initially sold to the Public at the respective price for that maturity, as set forth in Schedule __ hereto. [Except for the Bonds scheduled to mature on ____________, 20__, the] The first price at which at least 10% of the principal amount of each maturity of the Bonds initially was sold to the Public was the respective price for that maturity shown on Schedule __ hereto. For purposes of this certificate, we have assumed that (a) the phrase “bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers” refers only to persons who, to our actual knowledge, are acting in such capacity, and (b) sales of the Bonds reported as “Customer” trades on the EMMA portal are sales to the Public, unless we have specific knowledge to the contrary.

3. We have no reason to believe that the prices shown on Schedule __ hereto represent prices that are greater than the expected fair market value or market-clearing prices for all of the Bonds as of the Sale Date.

4. [Subject to particular facts--For the Bonds scheduled to mature on ____________, 20__, 10% or more of such Bonds were not sold to the Public at any single price on the Sale Date, and none of such Bonds were sold on the Sale Date to any person at a price higher than (or a yield lower than) the price for such Bonds shown on the attached schedule.
5.] The San Diego County Regional Transportation Commission may rely on the foregoing representations in making its certification as to issue price of the Bonds under the Code, and Orrick, Herrington & Sutcliffe LLP, as bond counsel, may rely on the foregoing representations in rendering their opinion that the Bonds qualify for the credit allowed under Section 6431 of the Code; provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under section 148 of the Internal Revenue Code.

Dated: __________ __, 20__. 

BARCLAYS CAPITAL INC., as Representative

By: ____________________________

Authorized Signatory
Schedule ___
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated ____ __, 2010, is executed and delivered by the San Diego Regional Transportation Commission (the "Issuer") and Digital Assurance Certification LLC, as dissemination agent (the “Dissemination Agent”) in connection with the issuance of $ ___________ San Diego Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010 A (Taxable Build America Bonds) and 2010 Series B (Tax-Exempt Bonds) (hereinafter collectively referred to as the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of March 1, 2008, as supplemented and amended by a First Supplemental Indenture (the “First Supplemental Indenture”) thereto, dated as of March 1, 2008, a Second Supplemental Indenture (the “Second Supplemental Indenture”) thereto, dated as of July 1, 2008, and a Third Supplemental Indenture (the “Third Supplemental Indenture”) thereto, dated as of October 1, 2010 (hereinafter collectively referred to as the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”). Pursuant to Section 24.01 of the Indenture, the Issuer and the Dissemination Agent covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders (as such term is defined in the Indenture) and the Beneficial Owners (as hereinafter defined) of the Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture which apply to any capitalized term used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

**Annual Report** shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

**Beneficial Owner** shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

**Central Post Office** means the DisclosureUSA website maintained by the Municipal Advisory Council of Texas or any successor thereto, or any other organization or method approved by the staff or members of the Commission as an intermediary through which issuers may, in compliance with the Rule, make filings required by this Disclosure Agreement.

**Commission** means the Securities and Exchange Commission.

**Disclosure Representative** shall mean the designee of the Issuer designated to act as the Disclosure Representative, or such other person as the Issuer shall designate in writing to the Trustee from time to time.

**Dissemination Agent** shall mean an entity selected and retained by the Issuer, or any successor thereto selected by the Issuer. The initial Dissemination Agent shall be Digital Assurance Certification LLC.
Listed Events shall mean any of the events listed in Section 5(a) of this Disclosure Agreement and any other event legally required to be reported pursuant to the Rule.

National Repository shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories approved by the Securities and Exchange Commission as of the date of this Disclosure Agreement are currently set forth at the following website: http://emma.msrb.org/.

Participating Underwriters shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Repository shall mean each National Repository and each State Repository.

Rule shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

State shall mean the State of California.

State Repository shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall provide to each Repository, or shall cause the Dissemination Agent to provide to each Repository, not later than two hundred ten (210) days after the end of the Issuer's fiscal year, commencing with the fiscal year ending June 30, 2010, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement. Not later than one (1) Business Day prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent. The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Issuer hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer.

(b) If by one (1) Business Day prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent has not received an Annual Report by the date required in the first sentence of subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the Issuer), to the extent appropriate information is available to it, file a report with the Issuer certifying that the Annual Report has
been provided pursuant to this Disclosure Agreement, stating the date it was provided, listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, dated ________, 2010, relating to the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The amount of Sales Tax Revenues (as such term is defined in the Official Statement) received as of the most recently ended fiscal year of the Issuer.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the 2010 Series A Bonds;
7. modifications to rights of Holders;
8. bond calls;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds; and

11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would constitute material information for Holders of Bonds.

(c) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository, the Municipal Securities Rulemaking Board. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in subsections (a)(1), (4) or (5) shall be given by the Dissemination Agent unless the Issuer gives the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(4) and (5) shall not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

(e) Termination of Reporting Obligation. The obligations of the Issuer, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f) hereof.

SECTION 6. Dissemination Agent; Use of Central Post Office; Use of Internet Site.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least thirty (30) days' notice in writing to the Issuer and the Trustee.

(b) The Issuer reserves the right to make any filing with a Repository which is required by this Disclosure Agreement by submitting such filing information to the Central Post Office.

(c) Notwithstanding any other provision of this Disclosure Agreement to the contrary, the Issuer may provide any Annual Report to Beneficial Owners by means of posting such Annual Report on an internet site that provides open access to Beneficial Owners.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall
be made without the consent of such party, and any provision of this Disclosure Agreement may be
waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities
laws acceptable to the Issuer, the Trustee and the Dissemination Agent to the effect that such amendment
or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment
or waiver had been effective on the date hereof but taking into account any subsequent change in or
official interpretation of the Rule.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be
deemed to prevent the Issuer from disseminating any other information, using the means of dissemination
set forth in this Disclosure Agreement or any other means of communication, or including any other
information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is
required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual
Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this
Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such
information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Issuer or the Dissemination
Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the
Bonds may take such actions, as may be necessary and appropriate, including seeking mandate or specific
performance by court order, to cause the Issuer or the Dissemination Agent to comply with its obligations
under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an
Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event
of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be
an action to compel performance. The Issuer and the Dissemination Agent hereby represents and
warrants that it is currently not in default under any other continuing disclosure arrangement entered into
in connection with the Rule.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The
Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure
Agreement, and the Issuer and the Trustee agrees to indemnify and save the Dissemination Agent, its
officers, directors, employees and agents, harmless against any loss, expense and liabilities which they
may incur arising out of or in the exercise or performance of their respective powers and duties hereunder,
including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but
excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The
Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in
accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and
advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The
Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder
and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Trustee, the Holders, or
any other party. The obligations of the Issuer under this Section shall survive resignation or removal of
the Dissemination Agent and payment of the Bonds.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the
benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders
and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or
entity.

SECTION 12. Notices. All notices or communications herein required or permitted to
be given shall be in writing and shall be delivered in such manner and to such addresses as are specified
in the Indenture.
SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGO REGIONAL TRANSPORTATION COMMISSION

By: ________________________________
    Director of Finance

DIGITAL ASSURANCE CERTIFICATION LLC,
as Dissemination Agent

By: ________________________________
    Authorized Officer

Receipt Acknowledged By:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ________________________________
    Authorized Signatory
Exhibit A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Diego Regional Transportation Commission

Name of Bond Issue: $ ______________ San Diego Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010 A (Taxable Build America Bonds) and 2010 Series B (Tax-Exempt Bonds)

Date of Issuance: _______ __, 2010

NOTICE IS HEREBY GIVEN that the San Diego Regional Transportation Commission (the "Issuer") has not provided an Annual Report with respect to the above-referenced Bonds as required by Section 24.01 of that certain Indenture, dated as of March 1, 2008, as supplemented and amended by a First Supplemental Indenture (the “First Supplemental Indenture”) thereto, dated as of March 1, 2008, a Second Supplemental Indenture (the “Second Supplemental Indenture”) thereto, dated as of July 1, 2008, and a Third Supplemental Indenture (the “Third Supplemental Indenture”) thereto, dated as of October 1, 2010, between the Issuer and U.S. Bank National Association, as trustee. The Issuer anticipates that the Annual Report will be filed by _________________.

Dated:

Digital Assurance Certification LLC,
as dissemination agent on behalf of the Issuer

By: _______________________________
   Its: _______________________________

cc: San Diego Regional Transportation Commission
CATALOGUE OF OUTSTANDING (BLANK) ITEMS BY DOCUMENT

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)

| RESOLUTION of SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION |
|-------------------------|-----------------|-----------------|------------------|
| Section/Page | Outstanding Items | Responsible Party | Expected Availability |
| Page 7 | Signatures, Votes and Seal | Commission | October 22 |
| Secretary’s Certificate/Page 8 | Signatures and Date | Commission | Pre-Closing |

<p>| PRELIMINARY OFFICIAL STATEMENT |
|------------------|------------------|------------------|------------------|
| Page | Outstanding Items | Responsible Parties | Expected Availability |
| Cover | Date of Preliminary Official Statement (x2) | Disclosure Counsel | Bond Pricing |
| Cover | Par Amount of Bonds (combined; Series A and B) | Underwriter and Commission | Bond Pricing |
| Cover | Date of Bonds Delivery | Bond Counsel | Bond Pricing |
| Cover | Bracketed Funding of Reserve Fund | Financial Advisor/Underwriters/Commission | Prior to Posting POS |
| Summary of Offering | Par Amount of Bonds (Series A and B) | Underwriter and Commission | Bond Pricing |
| Summary of Offering | Maturity Schedule/Term Bonds for Series A and Series B | Underwriters | Bond Pricing |
| 1 | Par Amount of Bonds (combined (x2); Series A and B) | Underwriter and Commission | Bond Pricing |
| 3 | Bracketed Funding of Reserve Fund | Financial Advisor/Underwriters/Commission | Prior to Posting POS |
| 4 | Redemption Provision Dates – Series B | Underwriters | Bond Pricing |
| 4 | Extraordinary Redemption Make-Whole Discount Rate | Financial Advisor/Underwriters | Prior to Posting POS |
| 4 | Redemption Provision Date – Series A | Underwriters | Bond Pricing |
| 4 | Optional Sinking Account Payments – Series A | Financial Advisor/Underwriters | Bond Pricing |
| 5 | Mandatory Redemption Provision Dates – Series B | Underwriters | Bond Pricing |
| 5 | Mandatory Sinking Account Payments – Series B | Financial Advisor/Underwriters | Bond Pricing |</p>
<table>
<thead>
<tr>
<th>Page</th>
<th>Outstanding Items</th>
<th>Responsible Parties</th>
<th>Expected Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Debt Service Schedule</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>12</td>
<td>Reserve Fund Deposit Amount</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>20</td>
<td>Maximum Annual Debt Service Multiplier</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>21</td>
<td>Bracketed Funding of Reserve Fund</td>
<td>Financial Advisor/Underwriters/Commission</td>
<td>Prior to Posting POS</td>
</tr>
<tr>
<td>21</td>
<td>Estimated Sources and Uses of Funds</td>
<td>Financial Advisor/Underwriters</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>31</td>
<td>Purchase Price of Bonds (Series A)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>31</td>
<td>Underwriters’ Discount (Series A)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>31</td>
<td>Purchase Price of Bonds (Series B)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>31</td>
<td>Underwriters’ Discount (Series B)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>A-1</td>
<td>Audited Financial Statements</td>
<td>Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>C-1</td>
<td>Summary of Indenture Provisions</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>E-1</td>
<td>Form of Bond Counsel Opinion</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>Section / Page</td>
<td>Outstanding Items</td>
<td>Responsible Party</td>
<td>Expected Availability</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Page 2</td>
<td>Liquidity Facility and Swap Counterparty Sections</td>
<td>Bond Counsel</td>
<td>When consents from Liquidity Providers have been obtained</td>
</tr>
<tr>
<td>Page 4</td>
<td>Finalize Make-Whole Premium Discount Rate</td>
<td>Financial Advisor/ Underwriters/ Commission</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>23.01 / 9</td>
<td>Aggregate Principal Amount</td>
<td>Financial Advisor/ Underwriters</td>
<td>Post-Pricing</td>
</tr>
<tr>
<td>23.02 / 9</td>
<td>Reserve Fund</td>
<td>Financial Advisor/ Underwriters/ Commission</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>23.02 / 9</td>
<td>Net proceeds</td>
<td>Financial Advisor/ Underwriters</td>
<td>Post-Pricing</td>
</tr>
<tr>
<td>23.02 / 9-10</td>
<td>Allocations of proceeds to Indenture Accounts</td>
<td>Financial Advisor/ Underwriters</td>
<td>Post-Pricing</td>
</tr>
<tr>
<td>23.04 / 10</td>
<td>Aggregate Principal Amount of Series A Bonds and Term Bond Maturities</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>23.04 / 10</td>
<td>Aggregate Principal Amount of Series B Bonds and Term Bond Maturities</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>23.05(a)(i) and (ii) / 11</td>
<td>Redemption Provisions 2010 Series A — Par Call or Make-Whole Call and discount rates</td>
<td>Financial Advisor/ Underwriters / Commission</td>
<td>Prior to Posting POS</td>
</tr>
<tr>
<td>23.05(a) and (b) / 11</td>
<td>Certain Redemption Provisions and Redemption Dates for 2010 Series A and B Bonds</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>23.06 / 13-14</td>
<td>2010 Series A and B Bonds Maturity and Term Bonds</td>
<td>Underwriters</td>
<td>Pricing</td>
</tr>
<tr>
<td>24.02 / 16</td>
<td>Reserve Fund Allocation</td>
<td>Financial Advisor/ Underwriters</td>
<td>Prior to posting POS</td>
</tr>
<tr>
<td>24.04 / 18</td>
<td>Reserve Fund Amount</td>
<td>Financial Advisor/ Underwriters</td>
<td>Pricing, if applicable</td>
</tr>
<tr>
<td>Page 20</td>
<td>Signatures and Seal</td>
<td>Commission/Trustee/Bond Counsel</td>
<td>Pre-closing</td>
</tr>
<tr>
<td>Exhibit A / A-1/4</td>
<td>Bond Number, Principal Amount, Interest Rate, Issue Date, CUSIP, Series designation, signatures etc.</td>
<td>N/A</td>
<td>With the exception of one item described below, these blanks and brackets are not intended to be filled in. This Exhibit is a Form of the Bond. The actual Bonds will be separate documents created prior to Closing.</td>
</tr>
<tr>
<td>Section / Page</td>
<td>Outstanding Items</td>
<td>Responsible Party</td>
<td>Expected Availability</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------</td>
<td>--------------------</td>
<td>-----------------------------------------------------------</td>
</tr>
<tr>
<td>Page 3</td>
<td>Effective Date</td>
<td>Bond Counsel</td>
<td>Upon receipt of consents from Liquidity Provider and Counterparties</td>
</tr>
</tbody>
</table>
### Outstanding Items

<table>
<thead>
<tr>
<th>Page</th>
<th>Outstanding Items</th>
<th>Responsible Parties</th>
<th>Expected Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Par amount of Bonds (Series A)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>1</td>
<td>Par amount of Bonds (Series B)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>1</td>
<td>Date of Bond Purchase Agreement</td>
<td>Underwriters’ Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>1</td>
<td>Resolution Number</td>
<td>Commission</td>
<td>Upon adoption of Resolution</td>
</tr>
<tr>
<td>2</td>
<td>Date of Continuing Disclosure Agreement</td>
<td>Disclosure Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>2</td>
<td>Date of Official Statement</td>
<td>Disclosure Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>2</td>
<td>Date of Preliminary Official Statement</td>
<td>Disclosure Counsel</td>
<td>Posting of POS</td>
</tr>
<tr>
<td>2</td>
<td>Date of Third Supplemental Indenture</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3</td>
<td>Par amount of Bonds (Series A) (2x)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3</td>
<td>Par amount of Bonds (Series B) (2x)</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3</td>
<td>Purchase price of 2010 Series A Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>3</td>
<td>Underwriters’ Discount 2010 Series A Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>4</td>
<td>Purchase price of 2010 Series B Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>4</td>
<td>Underwriters’ Discount 2010 Series B Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>4</td>
<td>Date of Closing</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>17</td>
<td>Ratings (2)</td>
<td>Underwriter and Commission</td>
<td>Posting of POS</td>
</tr>
<tr>
<td>S-1</td>
<td>All Signatories</td>
<td>Indicated Parties</td>
<td>Upon sale of Bonds</td>
</tr>
<tr>
<td>Appendix A</td>
<td>Bond amounts, maturities, interest rates, prices and yields</td>
<td>Underwriter and Commission</td>
<td>Upon sale of Bonds</td>
</tr>
<tr>
<td>Appendix B</td>
<td>All Blanks</td>
<td>Underwriter and Bond Counsel</td>
<td>Upon sale of Bonds</td>
</tr>
</tbody>
</table>
### CONTINUING DISCLOSURE AGREEMENT between SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION and U.S. BANK

<table>
<thead>
<tr>
<th>Document</th>
<th>Page</th>
<th>Outstanding Items</th>
<th>Responsible Parties</th>
<th>Expected Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing Disclosure Agreement</td>
<td>1</td>
<td>Date of Agreement</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>Par Amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Date of Official Statement</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Signatures</td>
<td>Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>A-1</td>
<td></td>
<td>Par Amount of Bonds</td>
<td>Underwriter and Commission</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>A-1</td>
<td></td>
<td>Date of Issuance</td>
<td>Bond Counsel</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>A-1</td>
<td></td>
<td>Entity Filing Annual Report, Signatures, and Date</td>
<td>Commission</td>
<td>Bond Pricing</td>
</tr>
</tbody>
</table>
PUBLIC HEARING: 2050 REGIONAL TRANSPORTATION PLAN (RTP):
DRAFT PROPOSED METHODOLOGY FOR CONDUCTING THE RTP
AIR QUALITY CONFORMANCE DETERMINATION

Introduction

SANDAG is currently developing the 2050 Regional Transportation Plan (RTP), which is anticipated to be adopted in summer 2011 along with its air quality conformity determination. While the horizon year of this RTP is 2050, both the current version of the emissions model approved by the U.S. Environmental Protection Agency (EMFAC 2007) and the new version of the model (EMFAC 2010), which is under development by the California Air Resources Board (CARB), only contain emissions factors to 2040. Since no other emissions model is approved for use in conformity determinations by metropolitan planning organizations (MPOs) in California, staff has explored options under the Transportation Conformity Rule to conduct the air quality conformity determination for the 2050 RTP.

At its September 17, 2010, meeting the Transportation Committee released the draft proposed methodology for a 30-day public comment period and scheduled a public hearing on the shortening of the conformity timeframe and proposed methodology for conducting the 2050 RTP air quality conformity determination for today's meeting. As of the writing of this report, no comments have been received.

Discussion

Background

The U.S. Environmental Protection Agency (EPA) has designated the San Diego air basin as being in nonattainment for the 1997 8-Hour Ozone standard and as a maintenance area for the Carbon Monoxide (CO) standard. SANDAG and the U.S. Department of Transportation (DOT) must make a determination that the RTP and the Regional Transportation Improvement Program (RTIP) conform to the State Implementation Plan (SIP) for air quality. Conformity to the SIP means that transportation activities will not create new air quality violations, worsen existing violations, or delay the attainment of the national ambient air quality standards.

Recommendation

The Transportation Committee is asked to: (1) hold a public hearing to solicit public comments on shortening the conformity timeline and proposed methodology for the regional emissions analysis for the 2050 RTP; and (2) after considering public comments, recommend the shortening of the conformity timeframe and proposed methodology for conducting the 2050 RTP air quality conformity determination to the Board of Directors for approval.
Conformity Rule Provisions to Shorten the Conformity Timeframe of the RTP

The federal Conformity Rule outlines the process that MPOs must follow in conducting air quality conformity for RTPs. Conformity is a multistep process, which is conducted with interagency consultation through the San Diego Region Conformity Working Group (CWG), which includes staff from the California Air Resources Board, Caltrans, U.S. Department of Transportation, San Diego County Air Pollution Control District, U.S. EPA Region 9, and others.

The air quality conformity analysis utilizes travel data from the SANDAG travel demand model, which is then input into EMFAC to estimate air pollutant emissions for the San Diego region. SANDAG is required to conduct this analysis for various milestone years of the Plan, including the horizon year of the RTP. For the 2050 RTP, SANDAG is unable to perform the conformity analysis of the RTP horizon year, as both EMFAC 2007 and EMFAC 2010 only contain emission factors to 2040. The federal Conformity Rule contains provisions for shortening the conformity timeframe for RTPs, which are detailed in Attachment 1.

Draft Proposed Methodology for Conducting the Air Quality Conformity Determination for the 2050 RTP

SANDAG staff will conduct the Air Quality Conformity Analysis for the 2050 RTP for 2011 through 2040, with the analysis years of 2018, 2020, 2030, and 2040. SANDAG will prepare a regional emissions analysis (for information purposes only) for 2050. To perform the informational analysis for 2050, SANDAG will use the 2050 travel data from the SANDAG transportation model as input into EMFAC 2007 for the last year of the EMFAC 2007 model (2040).¹

SANDAG staff conducted interagency consultation on the proposed methodology with the CWG at its August 4 and September 1, 2010, meetings. The CWG, including EPA and CARB, concurred with the proposed methodology.

Next Steps

Comments received at today’s public hearing and those received prior to the closing of the public comment period on October 18, 2010, will be incorporated as appropriate. Pending a recommendation by the Transportation Committee, the Board of Directors will be asked to take action on the shortening of the conformity timeframe and proposed methodology to conduct the 2050 RTP conformity determination at its November 19, 2010, meeting.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Attachment: 1. Draft Proposed Methodology for Conducting the Air Quality Conformity Analysis for the 2050 RTP

Key Staff Contact: Rachel Kennedy, (619) 699-1929, rke@sandag.org

¹ This methodology also would be applied using the EMFAC 2010 model once available.
Draft Proposed Methodology for Conducting the Air Quality Conformity Determination for the 2050 RTP

Introduction

SANDAG is currently developing the 2050 Regional Transportation Plan (RTP), which is anticipated to be adopted in summer 2011 along with its air quality conformity determination. While the horizon year of this RTP is 2050, both the current version of the emissions model approved by the U.S. Environmental Protection Agency (EMFAC 2007) and the new version of the model (EMFAC 2010), which is under development by the California Air Resources Board (CARB), only contain emissions factors to 2040. Since no other emissions model is approved for use in conformity determinations by Metropolitan Planning Organizations in California, SANDAG staff has explored options under the Transportation Conformity Rule to conduct the air quality conformity determination for the 2050 RTP.

San Diego Region Air Quality Designations

The federal Clean Air Act (CAA), which was last amended in 1990, requires the U.S. Environmental Protection Agency to set National Ambient Air Quality Standards (NAAQS) for pollutants considered harmful to public health and the environment. Areas with levels that exceed the standard for specified pollutants are designated as non-attainment areas.

Eight-Hour Ozone

On April 15, 2004, the U.S. Environmental Protection Agency (EPA) designated the San Diego air basin as nonattainment for the 1997 Eight-Hour Ozone Standard. This designation took effect on June 15, 2004. Several areas that are tribal lands in eastern San Diego County were excluded from the nonattainment designation.

The air basin was initially classified as a basic nonattainment area under Subpart 1 of the Clean Air Act and the maximum statutory attainment date for the 8-Hour Ozone Standard was set as June 15, 2009. In response to a court decision, however, on January 16, 2009, U.S. EPA proposed that, among other areas of the country, the San Diego basic nonattainment area will be reclassified as a Subpart 2 moderate nonattainment area, with a maximum statutory attainment date of June 15, 2010. Final EPA action on this proposed reclassification has not been taken.

In cooperation with the San Diego County Air Pollution Control District and SANDAG, the CARB developed an 8-Hour Ozone Attainment Plan which was submitted to the U.S. EPA on June 15, 2007. The budgets in the Eight-Hour Ozone Attainment Plan for San Diego County were found adequate for transportation conformity purposes by the U.S. EPA, effective June 9, 2008.
Carbon Monoxide

In June 1998, the U.S. EPA approved California’s Maintenance Plan for Carbon Monoxide (CO) and redesignated the San Diego air basin as a federal attainment/maintenance area for the CO standard. On November 8, 2004, the CARB submitted to the U.S. EPA the 2004 revision to the California State Implementation Plan (SIP) for CO, which covers the second ten-year maintenance period to 2018. Effective January 30, 2006, the U.S. EPA has approved this maintenance plan as a SIP revision.

Conformity Rule Provisions for Shortening the RTP Timeframe

Eight-Hour Ozone

The San Diego air basin does not have an adequate or approved Maintenance Plan for the 1997 8-Hour Ozone Standard. According to 40 CFR 93.106 (d), for areas that do not have an adequate or approved maintenance plan, the Metropolitan Planning Organization (MPO) may elect to shorten the timeframe of the RTP conformity determination, after consultation with state and local air quality agencies, solicitation of public comments, and consideration of such comments (40 CFR 93.106(d)(2)). The conformity determination must be accompanied by a regional emissions analysis (for informational purposes only) for the last year of the transportation plan (40 CFR 93.106(d)(2)(ii)).

The shortened timeframe must extend at least to the latest of the following years (40 CFR 93.106(d)(2)(i)):

(A) The tenth year of the transportation plan (for SANDAG, 2021)
(B) The latest year of the adequate emissions budget (for SANDAG, 2008)
(C) The year after completion of a regionally significant project if the project is included in the Transportation Improvement Program (TIP) or the project requires approval before the subsequent conformity determination (for SANDAG, there will be regionally significant projects up to and beyond 2040; the next RTP conformity determination is anticipated in 2015)

Given the availability of EMFAC 2007 and the future EMFAC 2010 emissions factors to 2040, SANDAG only will be able to determine conformity of the 2050 RTP to 2040 as the latest conformity year. A regional emissions analysis for the 8-Hour Ozone Standard will be conducted for regionally significant projects included in the 2050 RTP between 2041 and 2050 for informational purposes.

Carbon Monoxide

The San Diego air basin has an approved Maintenance Plan. According to 40 CFR 93.106 (d)(3), for areas that have an adequate or approved Maintenance Plan, the MPO may elect to shorten the timeframe of the conformity determination to extend through the last year of such maintenance plan, after consultation with state and local air agencies, solicitation of public comments, and consideration of such comments.

For the San Diego air basin, the last year of the CO Maintenance Plan is 2018. U.S. EPA Region 9 staff has consulted with its Office of Transportation and Air Quality and has confirmed that the timeframe could extend beyond the last year of the Maintenance Plan, to 2040 for the 2050 RTP conformity.
SANDAG Proposal for Shortening the Timeframe of the 2050 RTP Conformity Determination

SANDAG staff is proposing to shorten the timeframe of the air quality conformity determination for the 2050 RTP to the year 2040. A regional emissions analysis for the 8-Hour Ozone and Carbon Monoxide standards will be conducted for regionally significant projects included in the 2050 RTP between 2041 and 2050, for informational purposes.

Proposed 2050 RTP Air Quality Conformity Methodology

SANDAG staff will conduct the Air Quality Conformity Analysis for the 2050 RTP 2011 through 2040, with the analysis years of 2018, 2020, 2030, and 2040. SANDAG will prepare a regional emissions analysis (for information purposes only) for 2050. To perform the informational analysis SANDAG will use the 2050 travel data from the SANDAG transportation model as input into EMFAC 2007 for the last year of the EMFAC 2007 model (2040).\footnote{This methodology also would be applied using the EMFAC 2010 model once available.}
PUBLIC HEARING: PROPOSED FINAL 2010 - 2014 COORDINATED PLAN  

Introduction

SANDAG was designated by the State of California as the agency responsible for preparation of the federally mandated Coordinated Public Transit and Human Services Transportation Plan (Coordinated Plan) for San Diego County. The Coordinated Plan prepared by SANDAG also incorporates the Regional Short-Range Transit Plan required by SANDAG Board of Directors Policy No. 018 (Transit Service Planning), as well as service monitoring data required by the State of California Transportation Development Act. The Coordinated Plan provides a five-year blueprint for the implementation of the public transit and human service transportation concepts described in the Regional Transportation Plan (RTP). SANDAG prepared the 2010-2014 Plan with an emphasis on documenting the transportation needs in the rural areas of San Diego County.

This agenda item highlights the key areas updated in the Coordinated Plan, including the consideration of comments received. On September 17, 2010, the Transportation Committee released the Draft Coordinated Plan for public comment through October 14, 2010, and scheduled a public hearing for the October 15, 2010, meeting. Following the public hearing, the Transportation Committee is asked to recommend that the Board of Directors approve the Final 2010-2014 Coordinated Plan.

Discussion

The 2010-2014 Coordinated Plan represents the fourth edition of the plan designed to implement the goals and policies of the RTP while fulfilling the federal requirements under the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU). The plan involves the identification of mobility needs from a passenger perspective and includes strategies to meet those needs and promote coordination of public and social service transportation.

Updated Content

The plan includes an update of the transit and social service transportation monitoring statistics, passenger demand analysis, transportation inventory, and corresponding transportation needs assessment with particular attention paid to the rural areas of the County. Both survey and demographic information were examined for the Coordinated Plan to develop a better understanding of how these characteristics shape regional travel patterns.

A key highlight of this update of the Coordinated Plan is the addition of information on rural transportation services and needs. Over the past year, SANDAG undertook a specific Rural Transportation Survey effort to determine transportation demand in those areas given the

Recommendation

The Transportation Committee is asked to: (1) conduct a public hearing on the 2010-2014 Coordinated Plan; and (2) after considering public comments, recommend that the Board of Directors approve the Final 2010-2014 Coordinated Plan in substantially the same form as shown in Attachment 2.
lack of detailed Census information. The survey enabled SANDAG to understand trips that were not made due to the lack of available rural transportation resources. Additionally, since specific personal demographic questions were included in the survey (age, income, disability, etc.), SANDAG was able to estimate the percentage of unserved trips by each of the specific population groups evaluated in the plan.

The unmet transportation needs of the rural communities also were further refined through phone interviews with community leaders, outreach meetings, and input from the Social Service Transportation Advisory Council. The draft Coordinated Plan also was prepared in collaboration with staff members from the Metropolitan Transit System, North County Transit District, Caltrans, and the Coordinated Transportation Services Agency for San Diego County.

Public Comments
On September 17, 2010, the Transportation Committee released the Draft Coordinated Plan for public comment through October 14, 2010. Attachment 1 summarizes the one comment SANDAG received through October 4, 2010, from a Ramona citizen and member of the Ramona Transportation Action Committee (RTAC) noting the absence of any transportation agency in the rural areas. Any additional comments that are received between October 4 and October 14 will be provided to the Transportation Committee at the October 15, 2010, meeting. Additionally, SANDAG staff received some additional transit performance data during the review period that was incorporated into Chapter 4, Appendix H and Appendix L of the Proposed Final Coordinated Plan.

Implementation and Funding Distribution
The approval of the Coordinated Plan will enable the continued competitive distribution of federal funding under the New Freedom (transportation for people with disabilities), Job Access and Reverse Commute (JARC) (reverse commute transportation and work-related transportation for individuals with limited means), and Section 5310 (seniors and persons with disabilities) programs. The plan also is used to guide the competitive distribution of local funding for projects targeted at improving specialized transportation for seniors (Senior Mini-Grant program), which was created through the TransNet Extension. Additionally, the specific inclusion of rural transportation needs in this year’s plan will enable rural communities and organizations serving the rural areas to be eligible for additional federal grant funds administered by the State of California.

Next Steps
The Final Plan will be considered by the Board of Directors at the October 22, 2010, meeting and, if approved, will be submitted to the state and federal departments of transportation. Printed copies of the Plan (including a CD of the Technical Appendix) will be available at the Transportation Committee meeting on October 15, 2010, and on the SANDAG Web site at www.sandag.org/coordinatedplan.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Attachments: 1. Draft 2010-2014 Coordinated Plan Comments and Responses
2. Proposed Final 2010-2014 Coordinated Plan, October 2010

Key Staff Contact: Philip Trom, (619) 699-7330, ptr@sandag.org
<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Form</th>
<th>Name/Agency</th>
<th>Comment</th>
<th>Response</th>
<th>Chapter</th>
</tr>
</thead>
</table>
| 1   | 9/17/2010 | Letter | Kristi Mansolf/ Ramona Transportation Action Committee | The Ramona Transportation Action Committee submitted the following comments: 1. Rural communities, such as Ramona, LACK the capacity to engage with the available transportation funding (JARC, New Freedom, Senior Mini-grant and 5310). The barriers we have observed include:  
  - the lack of elected officials & representation at SANDAG  
  - the lack of non-profits  
  - the lack of transportation champions  
  - the lack of matching grant monies  
  - the lack of local transportation providers  
  2. To help compensate for these gaps, we feel “Rural Coordinators” or a “Rural Coordinating Entity” should be created in order to create sustainable, cost-effective transportation solutions using “rural models.”  
  3. Funding previously directed at NCTD and MTS could be re-directed to this new rural effort, along with several other relevant funding streams. Tribal communities may be interested in becoming partners in rural efforts as well. (Letter Attached) | Comment noted. Staff will research inclusion of a rural coordinating entity/agency to more appropriately serve the rural areas.                                                                                                                                                      | No Specific Chapter       |
September 17, 2010

Tessa Wright/Clerk
San Diego Association of Governments/Transportation Committee
401 B Street (Suite 800)
San Diego, CA 92101

RE: TRANSPORTATION COMMITTEE AGENDA ITEM #7 /DRAFT 2010-2014 COORDINATED PLAN

Dear Members of the SANDAG Transportation Committee;

We are writing this letter to contribute our comments to Agenda Item 7 regarding the draft 2010 Coordinated Plan with its rural component. A year and a half ago, a “rural transportation access” committee called the Ramona Transportation Action Committee (RTAC) was formed in response to public transportation deficiencies that impacted rural communities in 2008 when fixed route bus service and associated para-transit services were cut. Our most vulnerable populations – seniors, people with disabilities, and people of limited means – were left without transportation in Ramona.

Among other things, RTAC is the official “access to care” committee for our local Palomar/Pomerado Hospital District’s Community Action Council. RTAC is currently partnered with Cal State University San Marcos’ National Latino Research Center on a transportation research project in Ramona. This scientific study will be the first of its kind in San Diego’s back-country.

RTAC has studied the “rural transportation access” issue in San Diego’s back-country, and would like to make the following comments in regards to the update of the Coordinated Plan with its rural component:

1. Rural communities, such as Ramona, lack the capacity to engage with the available transportation funding (JARC, New Freedom, Senior MIO grant and 5310). The barriers we have observed include:
   - the lack of elected officials & representation at SANDAG
   - the lack of non-profit
   - the lack of transportation champions
   - the lack of matching grant monies
   - the lack of local transportation providers

2. To help compensate for these gaps, we feel “Rural Coordinators” or a “Rural Coordinating Entity” should be created in order to create sustainable, cost-effective transportation solutions using “rural models.”

3. Funding previously directed at NCTD and MTS could be re-directed to this new rural effort, along with several other relevant funding streams. Tribal communities may be interested in becoming partners in rural efforts as well.

In conclusion, we understand that full and complete service may not be possible in rural areas, but feel that a “systems level change” such as this, may be the only way to effectively facilitate sustainable, cost-effective transportation solutions in rural communities.

Thank you for your consideration,

Kristi Mansolf
KRISTI MANSOLF
Ramona Transportation Action Committee
## Goals and Performance Measures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>System Preservation and Safety</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Annual projected number of vehicle injury/fatal collisions per 1,000 persons</td>
<td>7.08</td>
<td>7.21</td>
<td>7.11</td>
<td>7.09</td>
<td>7.13</td>
<td>7.11</td>
</tr>
<tr>
<td>2. Annual projected number of bicycle/pedestrian injury/fatal collisions per 1,000 persons</td>
<td>0.66</td>
<td>0.57</td>
<td>0.56</td>
<td>0.56</td>
<td>0.56</td>
<td>0.56</td>
</tr>
<tr>
<td><strong>Mobility</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Percent of transportation investments toward maintenance and rehabilitation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Percent of transportation investments toward operational improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Average work trip travel time (in minutes)</td>
<td>25</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>6. Average work trip travel speed by mode (in m.p.h.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>32</td>
<td>27</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Carpool</td>
<td>33</td>
<td>28</td>
<td>35</td>
<td>34</td>
<td>36</td>
<td>35</td>
</tr>
<tr>
<td>Transit</td>
<td>10</td>
<td>10</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td><strong>Healthy Environment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Percent of work and higher education trips accessible in 30 minutes in peak periods by mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>74%</td>
<td>68%</td>
<td>66%</td>
<td>68%</td>
<td>68%</td>
<td>68%</td>
</tr>
<tr>
<td>Carpool</td>
<td>75%</td>
<td>70%</td>
<td>75%</td>
<td>74%</td>
<td>77%</td>
<td>74%</td>
</tr>
<tr>
<td>Transit</td>
<td>7%</td>
<td>8%</td>
<td>14%</td>
<td>13%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>8. Percent of non work-related trips accessible in 15 minutes by mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>72%</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Carpool</td>
<td>72%</td>
<td>68%</td>
<td>66%</td>
<td>68%</td>
<td>68%</td>
<td>68%</td>
</tr>
<tr>
<td>Transit</td>
<td>4%</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Prosperous Economy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Out-of-pocket user costs per trip</td>
<td>$1.85</td>
<td>$1.87</td>
<td>$1.86</td>
<td>$1.86</td>
<td>$1.88</td>
<td>$1.86</td>
</tr>
<tr>
<td>10. Number of interregional transit routes weighted by service type</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Network enhancements by freight mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freight capacity acreage</td>
<td>469</td>
<td>469</td>
<td>579</td>
<td>579</td>
<td>579</td>
<td>579</td>
</tr>
<tr>
<td><strong>Data Under Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Net benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Return on investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Economic impacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Data Under Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Congested vehicle miles of travel (VMT)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of total auto travel in congested conditions (peak periods)</td>
<td>14%</td>
<td>28%</td>
<td>16%</td>
<td>17%</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td>Percent of total auto travel in congested conditions (all day)</td>
<td>6%</td>
<td>13%</td>
<td>10%</td>
<td>11%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Percent of total transit travel in congested conditions (peak periods)</td>
<td>5%</td>
<td>11%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Percent of total transit travel in congested conditions (all day)</td>
<td>5%</td>
<td>10%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Data Under Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Daily vehicle delay per capita (minutes)</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td><strong>Data Under Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Daily vehicle delay per capita (minutes)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Data Under Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Percent of VMT by travel speed by mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of VMT traveling from 0 to 35 mph</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carpool</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Truck</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Data Under Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Gross acres of constrained lands consumed for transit and highway infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Data Under Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. On-road fuel consumption (all day) per capita*</td>
<td>1.45</td>
<td>1.13</td>
<td>1.12</td>
<td>1.11</td>
<td>1.13</td>
<td>1.11</td>
</tr>
<tr>
<td>21. Smog-forming pollutants (pounds/year) per capita*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Systemwide VMT (all day) per capita*</td>
<td>25.65</td>
<td>26.97</td>
<td>26.84</td>
<td>26.75</td>
<td>27.09</td>
<td>26.81</td>
</tr>
<tr>
<td>23. Transit passenger miles (all day) per capita*</td>
<td>0.50</td>
<td>0.40</td>
<td>0.85</td>
<td>0.86</td>
<td>0.82</td>
<td>0.85</td>
</tr>
<tr>
<td>24. Percent of peak-period trips within 1/2 mile of a transit stop</td>
<td>76%</td>
<td>72%</td>
<td>77%</td>
<td>77%</td>
<td>77%</td>
<td>77%</td>
</tr>
<tr>
<td>25. Percent of daily trips within 1/2 mile of transit stop</td>
<td>78%</td>
<td>74%</td>
<td>79%</td>
<td>79%</td>
<td>79%</td>
<td>79%</td>
</tr>
<tr>
<td><strong>Data Under Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Work trip mode share (peak periods)*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drive alone</td>
<td>80.8%</td>
<td>82.4%</td>
<td>77.4%</td>
<td>77.3%</td>
<td>77.8%</td>
<td>77.2%</td>
</tr>
<tr>
<td>Carpool</td>
<td>10.8%</td>
<td>10.3%</td>
<td>11.5%</td>
<td>11.6%</td>
<td>11.5%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Transit</td>
<td>6.1%</td>
<td>5.1%</td>
<td>9.0%</td>
<td>9.1%</td>
<td>8.8%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Bike/Walk</td>
<td>2.3%</td>
<td>2.2%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

* Notes:
20: Values based on 2050 SANDAG Transportation Model Outputs using 2040 ARB Emission Factors
21: Calculated with 2040 Emission Factors from EMFAC (2007) and 2050 Transportation Model Outputs. No emission factors are available for 2050.
22: Includes all vehicle types.
26 - 29: Data will be adjusted per off model components (bike/pedestrian facilities, TDM, etc.)
### HEALTHY ENVIRONMENT

**27 Work trip mode share (all day)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive alone</td>
<td>80.9%</td>
<td>82.7%</td>
<td>78.5%</td>
<td>78.3%</td>
<td>78.7%</td>
<td>78.2%</td>
</tr>
<tr>
<td>Carpool</td>
<td>10.8%</td>
<td>10.2%</td>
<td>10.8%</td>
<td>11.0%</td>
<td>10.8%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Transit</td>
<td>5.7%</td>
<td>4.7%</td>
<td>8.5%</td>
<td>8.5%</td>
<td>8.2%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Bike/Walk</td>
<td>2.6%</td>
<td>2.4%</td>
<td>2.2%</td>
<td>2.3%</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

**28 Non work trip mode share (peak periods)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive alone</td>
<td>45.1%</td>
<td>45.8%</td>
<td>45.1%</td>
<td>45.1%</td>
<td>45.2%</td>
<td>45.2%</td>
</tr>
<tr>
<td>Carpool</td>
<td>49.4%</td>
<td>49.5%</td>
<td>49.9%</td>
<td>49.9%</td>
<td>49.9%</td>
<td>49.9%</td>
</tr>
<tr>
<td>Transit</td>
<td>0.8%</td>
<td>0.6%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.8%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Bike/Walk</td>
<td>3.2%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

**29 Non work trip mode share (all day)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive alone</td>
<td>53.3%</td>
<td>54.1%</td>
<td>53.4%</td>
<td>53.4%</td>
<td>53.5%</td>
<td>53.4%</td>
</tr>
<tr>
<td>Carpool</td>
<td>46.5%</td>
<td>46.3%</td>
<td>46.6%</td>
<td>46.6%</td>
<td>46.6%</td>
<td>46.6%</td>
</tr>
<tr>
<td>Transit</td>
<td>0.8%</td>
<td>0.6%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Bike/Walk</td>
<td>3.0%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

**30 Total bike and walk trips**

**31 CO2 emissions per capita**

*Notes:
20: Values based on 2050 SANDAG Transportation Model Outputs using 2040 ARB Emission Factors
21: Calculated with 2040 Emission Factors from EMFAC (2007) and 2050 Transportation Model Outputs. No emission factors are available for 2050.
22: Includes all vehicle types.
26 - 29: Data will be adjusted per off model components (bike/pedestrian facilities, TDM, etc.)
2050 RTP Process and Timeline

<table>
<thead>
<tr>
<th>Fall 2009</th>
<th>Spring 2010</th>
<th>Summer 2010</th>
<th>Fall 2010</th>
<th>Early 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals and Objectives</td>
<td>Project Evaluation Criteria</td>
<td>Ranked Projects by Category</td>
<td>Revenue Projections</td>
<td>Revenue Constrained/SCS Network Scenarios</td>
</tr>
<tr>
<td>2050 Regional Growth Forecast</td>
<td>Network Development All Modes</td>
<td>Unconstrained Network</td>
<td>Revenue Constrained/SCS Preferred Network Scenario</td>
<td>Draft 2050 RTP and EIR</td>
</tr>
<tr>
<td>Plan Performance Measures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2050 Regional Transportation Plan

Our Region. Our Future.
Scenario Development Based on Revenue Constraints

Unconstrained Multimodal Network
$145B

$100B-110B

Transit Emphasis
- Tyne&ware new proto
- New day story plot new day
- Night out story new night
- One week new anyplace
- Fun on sort link
- Unper for each new a big

Rail/Freight Emphasis
- Tyne&ware new proto
- Night out story plot new day
- Night out story new day
- One week new anyplace
- Fun on sort link

Highway Emphasis
- Tyne&ware new proto
- Fun on sort link

Fusion
- Tyne&ware new proto
- Fun on sort link

Revenue Constrained Network Scenarios
- Four scenarios
  - Transit Emphasis Scenario
  - Rail/Freight Emphasis Scenario
  - Highway Emphasis Scenario
  - Fusion Scenario
- 2050 Regional Growth Forecast
- Various levels of TDM, TSM, and bike/ped improvements
- Goods movement investments
Transit Modes

- High Speed and Commuter Rail
- COASTER Rail
- Light Rail Transit
- Express Light Rail Transit
- Bus Rapid Transit
- Peak Bus Rapid Transit
- Rapid Bus
- Streetcar/Shuttle-Circulator
- High Frequency Local Bus Services

Transit Network Scenarios

- Projects common to all scenarios
  - Existing and baseline projects
  - Projects from the Unconstrained Transit Network
Transit Network Scenarios (Cont.)

- Choices between Major Capital Investments
  - Downtown Trolley Tunnel
  - Kearny Mesa Guideway
  - UTC COASTER Station and Tunnel
  - New LRT projects

Summary of Transit Investments by Network

<table>
<thead>
<tr>
<th>Major Capital Investments</th>
<th>Transit</th>
<th>Rail/Freight</th>
<th>Highway</th>
<th>Fusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Trolley Tunnel</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kearny Mesa Guideway</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>UTC COASTER Station/Tunnel</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

New Routes

- LRT
- BRT
- Rapid Bus
- Streetcars/Shuttles

- ✓ = Included
- = Smaller Investment
- = Larger Investment
### Transit Emphasis

**Major Capital Investments**
- Downtown Trolley Tunnel
- Kearny Mesa Guideway
- UTC COASTER Station/Tunnel

**New Routes**
- LRT
- BRT
- Rapid Bus
- Streetcars/Shuttles

- Included
- Smaller Investment
- Larger Investment

### Rail/Freight Emphasis

**Major Capital Investments**
- Downtown Trolley Tunnel
- Kearny Mesa Guideway
- UTC COASTER Station/Tunnel

**New Routes**
- LRT
- BRT
- Rapid Bus
- Streetcars/Shuttles

- Included
- Smaller Investment
- Larger Investment
# Highway Emphasis

## Major Capital Investments
- Downtown Trolley Tunnel
- Kearny Mesa Guideway
- UTC COASTER Station/Tunnel

## New Routes
- LRT
- BRT
- Rapid Bus
- Streetcars/Shuttles

- = Included
- = Smaller Investment
- = Larger Investment

# Fusion

## Major Capital Investments
- Downtown Trolley Tunnel
- Kearny Mesa Guideway
- UTC COASTER Station/Tunnel

## New Routes
- LRT
- BRT
- Rapid Bus
- Streetcars/Shuttles

- = Included
- = Smaller Investment
- = Larger Investment
Transit Service Infrastructure Miles

Differences Between the Highway Networks

- Projects common to all scenarios
  - Baseline projects
  - TransNet projects
- Flexible funding enables additional projects in some of the Scenarios:
  - Rail/Freight Emphasis
  - Highway Emphasis
  - Fusion
Transit Emphasis

- I-8
- SR 67
- SR 905
Highway Emphasis
- I-5 & I-15 toll lanes
- SR 76
- I-5 North Coast
- I-8
- SR 54
- SR 67
- SR 94
- SR 125
- SR 52
- SR 56

Fusion
- SR 76
- I-5
- SR 94
- SR 125
Feedback Received on Initial Revenue Constrained Network Scenarios

- Importance of goods movement
- Increase funding for bicycle/pedestrian improvements
- Consider additional HOV improvements on east-west facilities
- Project specific comments

Initial Revenue Constrained Network Scenarios System Performance

<table>
<thead>
<tr>
<th></th>
<th>2050 RTP Goals</th>
<th>2050 Performance Measures</th>
<th>Transit</th>
<th>Rail/Freight</th>
<th>Highway</th>
<th>Fusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Preservation &amp; Safety</td>
<td>Annual Projected Number of Collisions</td>
<td></td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Mobility</td>
<td>Work Trip Speed (Carpool &amp; Transit)</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Work Trips Accessible in 30 Minutes by Transit (peak period)</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Reliability</td>
<td>Congested Conditions (peak period)</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Vehicle Delay</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Healthy Environment</td>
<td>Transit Passenger Miles</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Systemwide VMT</td>
<td></td>
<td>☐</td>
<td>☐</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Social Equity</td>
<td>Travel Time</td>
<td></td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>Homes Within 1/2 Mile of Transit</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

- Strong Improvement
- Modest Improvement
- No Significant Change
- No Improvement
2050 RTP: Mid-City to UTC

**Existing (2008):**
- SOV: 26
- HOV: 25
- Transit (Walk): 65
- Transit (Park & Ride): 56

**Transit Emphasis (2050):**
- SOV: 28
- HOV: 38
- Transit (Walk): 40
- Transit (Park & Ride): 42

---

**2050 RTP: Mid-City to UTC**

**Existing (2008):**
- SOV: 26
- HOV: 25
- Transit (Walk): 65
- Transit (Park & Ride): 56

**Rail/Freight Emphasis (2050):**
- SOV: 29
- HOV: 38
- Transit (Walk): 28
- Transit (Park & Ride): 30
Transit Mode Share Goals in 2050

2008  2030  2050

Transit Mode Share Performance in 2050
2050 RTP Process and Timeline

Next Steps

- October 22nd Board Meeting
- November 5th Board Policy Meeting
- November 12th Transportation Committee
- November 19th Board Meeting
Goals of the Urban Area Transit Strategy

- Increase transit, walking, and biking in the urbanized areas of the region
- Reduce GHG emissions and VMT
- Increase share of regional trips made on transit

Draft 2050 Unconstrained Transit Network
Transit Mode Share Goals and Projected Results

2050 Goals

2050 Results

Sustainable Communities Strategy
Policy Options to Support the Transit Network

- Three Policy Areas
  - Parking
  - Land Use
  - Funding
- Two Additional Areas
  - Transit Fares
  - Transit Services and Facilities

Interactive Exercise with Working Groups to Prioritize Policies

- TWG, CTAC, SWG
- 20 policy options
- Boards throughout the conference room
- 10 dots per person
- Flip charts for comments
- Facilitated discussion
Parking

1. Supply
2. Cost
3. Management

Parking Results

1. Create a toolbox of localized parking strategies
2. Support a remote parking program tied to transit
3. Establish grant programs to provide technical assistance to jurisdictions and transit operators to promote changes in parking management and zoning requirements
4. Encourage a regional employer/business assessment on employer-provided parking and use funds to support transit
5. Establish regional policies promoting shared parking, particularly at transit stations
Parking Questions

Overarching policy question:
Is parking a high priority topic to be considered at the regional level?

1. What parking policies might be promising for inclusion in the 2050 RTP to support transit?
2. What parking policies might be considered in the next RCP update?
3. Are there any policies that do not resonate well?
4. Are we missing any policies?

Land Use

1. “Smarter” Smart Growth
2. Urban Design and Complete Streets
3. Employment
### Land Use Results

1. Identify key employment centers in addition to Downtown San Diego that can accommodate higher concentrations sufficient to support transit

1. Reward "smarter smart growth" areas with incentive funding and transit investments

2. Promote Complete Street concepts to facilitate smart growth and access to transit

3. Work with local jurisdictions to identify “smarter smart growth” areas

4. Consider providing higher priority in the SGIP to jurisdictions that have adopted urban design and complete street policies.

### Land Use Questions

**Overarching policy question:**

How can SANDAG support local jurisdictions that are interested in furthering their efforts to implement smart growth and concentrate employment in key locations?

1. Which, if any, of the policy options should be considered in the 2050 RTP?

2. Which options should be explored in the next update of the RCP?

3. Are there any policy options that should be taken off the table?

4. Are we missing any policy options?
Funding

1. Adequate funding levels
2. Potential funding approaches
3. Partnering with private entities

Funding Results

1. Encourage the creation of Local Improvement Districts and facilities financing mechanisms
2. Seek private partners to support promising funding advantages
3. Promote bonding against public parking revenues
Funding Questions

Overarching policy question:
To what extent should SANDAG take a leadership role in initiating funding discussions that support more localized transit options?

1. Which policy options might be the most promising?
2. Are there other options that should be considered?
3. Should any options be removed?

Next Steps

- Public workshop for planning and design professionals on October 20th
- SANDAG Board Meeting on October 22nd
Our Region.  
Our Future.

2050 Regional Transportation Plan

2050 RTP Process and Timeline

<table>
<thead>
<tr>
<th>Fall 2009</th>
<th>Spring 2010</th>
<th>Summer 2010</th>
<th>Fall 2010</th>
<th>Early 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals and Objectives</td>
<td>2050 Regional Growth Forecast</td>
<td>Network Development All Modes</td>
<td>Plan Performance Measures</td>
<td>Ranked Projects by Category</td>
</tr>
<tr>
<td>Revenue Constrained/SCS Network Scenarios</td>
<td>Apply Performance Measures</td>
<td>Revenue Constrained/SCS Preferred Network Scenario</td>
<td>Draft 2050 RTP and EIR</td>
<td></td>
</tr>
</tbody>
</table>
### SB 375 Final GHG Targets

<table>
<thead>
<tr>
<th>Target Year</th>
<th>Per-Capita Reduction from 2005 Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>7%</td>
</tr>
<tr>
<td>2035</td>
<td>13%</td>
</tr>
</tbody>
</table>

### Sustainable Communities Strategy
2050 RTP Goals

- Reliability
- Mobility
- System Preservation & Safety
- Social Equity
- Prosperous Economy
- Healthy Environment

2050 RTP
Considering Resource Areas and Farmland

Transportation Network
Pricing Strategies

Other Supporting Policies and Programs
CEQA Streamlining Provisions

- Residential and Mixed Use Project Streamlining
- Transit Priority Project Streamlining
Residential/Mixed-Use Projects

Transit Priority Projects
NOW, THEREFORE, BE IT RESOLVED by the San Diego County Regional Transportation
Commission as follows:

Section 1. The issuance by the Commission of not to exceed $350,000,000 aggregate principal
amount of San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds),
Series 2010, in accordance with the provisions of the Indenture, in one or more series or subseries, in order to
provide funds for planned expenditures or the reimbursement of the Commission for prior expenditures as permitted
by the Law and the Ordinance and as further described in the Ordinance, including, but not limited to, the funding of
certain transportation facility and public infrastructure improvements within the County of San Diego, the funding
of habitat-related environmental mitigation and enhancement requirements, the funding of capitalized interest for the
Series 2010 Bonds, if any, the retirement of all or a portion of the outstanding CP Notes and the payment of costs of
issuance incurred in connection with the Series 2010 Bonds, is hereby authorized and approved.

Section 2. The proposed form of Third Supplemental Indenture, between the Commission and
the Trustee, submitted to the Commission, and the terms and conditions thereof, are hereby approved. The Secretary
of the Board is directed to file a copy of said form of Third Supplemental Indenture with the minutes of this meeting,
and the Chair of the Board and the Secretary of the Board are authorized and directed to execute and deliver the
Third Supplemental Indenture to the Trustee, in substantially such form, and with such additions thereto or changes
therein, as they, with the advice of Orrick, Herrington & Sutcliffe LLP, as bond counsel (“Bond Counsel”), shall
approve, such approval to be conclusively evidenced by the execution and delivery of the Third Supplemental
Indenture. The structure, date, maturity date or dates (not to exceed April 1, 2048), interest rate or rates (not to
exceed eight percent (8.0%) per annum as to taxable fixed rate bonds, including Build America Bonds, and not to exceed six and three-quarters percent (6.75%) per annum as to tax-exempt fixed rate bonds, and with a not to exceed six five percent (6.0%) per annum true interest cost net of any Subsidy Payments expected to be paid to the Commission or its agent with respect to any series of Series 2010 Bonds designated as Build America Bonds, and not to exceed eight percent (8.0%) per annum true interest cost without netting with respect to any series of Series 2010 Bonds designated as Build America Bonds, of any Subsidy Payments expected to be paid to the Commission or its agent), interest payment dates, forms, registration privileges, place or places of payment, terms of redemption (optional redemption may or may not be provided as determined by the Executive Director of the Commission), mandatory purchase, additional series designation and number thereof (taxable or tax-exempt bonds may or may not be issued as determined by the Executive Director of the Commission) and other terms of the Series 2010 Bonds shall be (subject to the foregoing limitations) as provided in the Third Supplemental Indenture as finally executed and delivered.

Section 3. The proposed form of Second Supplement to Subordinate Indenture, between the
Commission and the Notes Trustee, submitted to the Commission, and the terms and conditions thereof, are hereby
approved. The Secretary of the Board is directed to file a copy of said form of Second Supplement to Subordinate
Indenture with the minutes of this meeting, and the Chair of the Board and the Secretary of the Board are authorized
and directed to execute and deliver the Second Supplement to Subordinate Indenture to the Notes Trustee, in
substantially such form, and with such additions thereto or changes therein, as they, with the advice of Bond
Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Second
Supplement to Subordinate Indenture.
San Diego County Regional Transportation Commission

PROPOSED TransNet 2010 BOND ISSUANCE

2010 Bond Financing Team

- San Diego County Regional Transportation Commission
  - Gary L. Gallegos, Executive Director
  - Renée Wasmund, Chief Deputy Executive Director
  - Julie Wiley, General Counsel
  - Marney Cox, Chief Economist
  - Kim Kawada, TransNet and Legislative Affairs Program Director
  - Lauren Warrem, Director of Finance

- Financial Advisors, Public Financial Management
  - Keith Curry, Managing Director
  - Peter Shellenberger, Senior Managing Consultant

- Bond Counsel, Orrick, Herrington & Sutcliffe, LLP
  - Mary Collins, Partner
  - Brooke Abola, Senior Associate
  - Devin Brennan, Associate

- Disclosure Counsel, Nossaman, LLP
  - Barney Allison, Attorney at Law

- Senior Underwriter, Barclays
  - Anthony Hughes, Managing Director
  - Michael Gomez, Director
  - John McCray-Goldsmith, Senior Vice President
Plan of Finance (approved July 2010)

- Opportunities lead to the implementation of the Robust scenario
  - Low bid construction cost environment
  - Historically low interest rates
  - Capture the Build America Bonds (BABS) 35% subsidy
  - Increased purchasing power of the TransNet Program
TransNet Extension
Early Action Program

Structuring Considerations

- Debt Service Structure
- BABs Subsidy Treatment
- Call Options
- Debt Service Reserve Fund
Structuring Considerations
Debt Service Structure

- Series 2010 estimated Par amount = $350 million
  - $7.9 million tax-exempt / $342.1 million BABs

<table>
<thead>
<tr>
<th></th>
<th>Tax-exempt</th>
<th>BABs/Taxable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SANDAG</td>
<td>$299,728,322</td>
<td></td>
<td>$299,728,322</td>
</tr>
<tr>
<td>San Marcos</td>
<td>$30,000,000</td>
<td></td>
<td>$30,000,000</td>
</tr>
<tr>
<td>Solana Beach</td>
<td>$5,500,000</td>
<td></td>
<td>$5,500,000</td>
</tr>
<tr>
<td>Santee</td>
<td>$4,500,000</td>
<td>$3,950,000*</td>
<td>$8,450,000</td>
</tr>
<tr>
<td>National City</td>
<td>$3,366,000*</td>
<td></td>
<td>$3,366,000</td>
</tr>
<tr>
<td>Cost of Issuance/</td>
<td>$49,000</td>
<td>$2,906,678</td>
<td>$2,955,678</td>
</tr>
</tbody>
</table>
  Underwriters’ Discount |            |              |            |
| Total Par Issued     | $7,915,000    | $342,085,000 | $350,000,000 |

1. 10 year level debt service.
2. 38 year back-loaded principal.
* Existing Commercial Paper refunding.

Structuring Considerations:
Debt Service Structure

"Back-loaded" principal structure achieves (1) low long-term interest rates; (2) complements the existing 2008 variable rate debt by maintaining level annual debt service; and (3) maintains strong debt service coverage at above 4.39

Projected TransNet Debt Service (FY 2010- FY 2048)

1. Actual FY 2010 Sales tax revenue used ($204,191,748) as well as actual 2010 debt service payments ($27,463,796) is shown.
Structuring Considerations

- Debt Service Structure
- BABs Subsidy Treatment
- Call Options
- Debt Service Reserve Fund

Questions to Consider

- Should we refinance the $600 million in variable rate bonds?
- What is our bonding capacity?
- What is the net cost of negative arbitrage? Is it more advantageous to issue all $350 million in bonds now, or to delay a portion of the bond issuance?
- What is the risk of elimination of the federal BABs subsidy?
- What is the risk that member agency funding could be appropriated for debt service? What is the risk to SANDAG of allowing member agencies to participate in the bond issuance?
- What ability does the State have to appropriate the TransNet sales tax for other purposes?
Financing Strategy Objectives

- Minimize borrowing costs for the Commission
- Maximize TransNet funds available for project construction and project delivery
- Maintain program flexibility
- Satisfy the credit / investor demands with appropriate covenants and strong debt service coverage
- Continue to diversify the debt profile with the issuance of fixed rate bonds
Resolution
(Attachment 2)

- The Resolution authorizes the 2010 Bonds and approves the following documents:
  - Official Statement
  - Third Supplemental Indenture
  - Second Supplement Subordinate Indenture
  - Bond Purchase Agreement
  - Continuing Disclosure Agreement
- The Resolution also approves other actions and matters relating to the 2010 Bonds

Preliminary Official Statement
(Attachment 3)

The Official Statement is used to sell the bonds and disclose all material information to the potential buyers of the bonds
Third Supplemental Indenture
(Attachment 4)

- Supplements the Master Indenture relating to SANDAG’s senior revenue bonds
- Sets forth the repayment and redemption provisions with respect to the 2010 Bonds
- Amends the Master Indenture and First Supplemental Indenture

Second Supplement Subordinate Indenture (Attachment 5)

The Subordinate Indenture governs the Subordinate debt program or the Commercial Paper Program
**Bond Purchase Agreement**  
(Attachment 6)

Agreement by Underwriters to purchase 2010 Bonds from SANDAG

---

**Continuing Disclosure Agreement**  
(Attachment 7)

SANDAG’s commitment to provide ongoing financial and operating information to the marketplace after the initial issuance of the 2010 Bonds in compliance with SEC Rules
Next steps

- October 22 – Board of Directors final review and approval of bond documents
- October 28 – Anticipated pricing of bonds
- November 10 – Anticipated closing of bonds

Recommendation:

The Transportation Committee is asked to recommend that the Board of Directors, acting as the San Diego County Regional Transportation Commission, adopt Resolution No. RTC 2011-01, authorizing the issuance of not to exceed $350 million of fixed-rate bonds and the execution and distribution of the documents that are attached in substantially final form.
October 14, 2010

Phil Trom, AICP
Associate Regional Planner
SANDAG
401 B Street, Suite 800
San Diego, CA 92101

Dear Mr. Trom:

The SANDAG Coordinated Plan 2010-2014, “One Region - One Network – One Plan” should consider the Strategic Implementation Plan recommendations embodied in the Mobility Action Plan (MAP), Phase I, report issued by Caltrans dated June 30, 2010. This document (revised 8-4-10) has content that relates to the mission of the Coordinated Plan. Its full text can be found posted at this Caltrans website address: http://www.dot.ca.gov/hq/MassTrans/Interagency-Coordination.htm.

Twelve project recommendations were developed by the MAP Project Action Committee (PAC). Caltrans partnered with The California Department of Aging (CDA) and, serving as the convening state departments, a variety of stakeholders were invited to the process of transportation service planning, system assessment, and service delivery in California. Aging & Independence Services (AIS), a division of the Health & Human Services Agency (HHSA) of the County of San Diego, participated in the MAP-PAC and through discussion and analysis contributed to the direction of the report.

Of particular interest are projects related to non-emergency medical transportation (NEMT) which will focus on public transit reimbursement and a brokerage pilot project respectively. One project calls for a 2-year pilot programs in at least three counties to evaluate broker managed provision of NEMT transportation services. The importance of this development would suggest that the San Diego region should prepare to respond to the potential reality of this pilot opportunity. These proposals hold the ultimate promise of rendering improved access to medical and health care sites for older people and low income persons.

Sincerely,

PAMELA B. SMITH, Director
Aging & Independence Services

C: Nick Macchione, MS, MPH, FACHE, Director; Health and Human Services Agency
<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Form</th>
<th>Name/Agency</th>
<th>Comment</th>
<th>Response</th>
<th>Chapter</th>
</tr>
</thead>
</table>
| 1   | 9/17/2010  | Letter| Kristi Mansolf/Ramona Transportation Action Committee | The Ramona Transportation Action Committee submitted the following comments:  
1. Rural communities, such as Ramona, LACK the capacity to engage with the available transportation funding (JARC, New Freedom, Senior Mini-grant and 5310). The barriers we have observed include:  
   • the lack of elected officials & representation at SANDAG  
   • the lack of non-profits  
   • the lack of transportation champions  
   • the lack of matching grant monies  
   • the lack of local transportation providers  
2. To help compensate for these gaps, we feel “Rural Coordinators” or a “Rural Coordinating Entity” should be created in order to create sustainable, cost-effective transportation solutions using “rural models.”  
3. Funding previously directed at NCTD and MTS could be re-directed to this new rural effort, along with several other relevant funding streams. Tribal communities may be interested in becoming partners in rural efforts as well.  
(Letter Attached) | Comment noted. Staff will research inclusion of a rural coordinating entity/agency to more appropriately serve the rural areas. | No Specific Chapter |
| 2   | 10/10/2010 | Web   | Larry Glavinic                           | I’m on the Valley Center VC)Mobility Subcommittee of the VC Planning Group, a rural community. Public Safety is our major concern, and getting worse. There is a LACK of CAPACITY which is evident in the RTP and the County proposed GPU. I understand that there is a meeting on the Draft 2010-2014 COORDINATED PLAN soon, 10-15-2010? Please provide the time, date, and location. I’d like to provide input. | Hearing information sent via email. | No Specific Chapter |
| 3   | 10/10/2010 | Web   | Rebecca Steiner                          | The Draft Plan appears to have included all the pertinent material needed for a well rounded transportation plan for the future. | None required | No Specific Chapter |
| 4   | 10/12/2010 | Email | Arun Prem, FACT                          | The DRAFT plan is a great resource; it documents needs objectively and I am finding useful statistics and background to support our proposals. A few comments that I mentioned to you earlier this week are listed below:  

**Here is a comment on the Coordinated Plan which you may want to consider for Chapter 7 - Needs Assessment:**  
FACT (Full Access and Coordinated Transportation) maintains an inventory of transportation services in San Diego County and provides free in person telephone referrals for the services. FACT tracks the number of referrals provided; between June 2009 and September 2010 (15 months) an average of 35 referrals were provided each month. An overwhelming majority of callers were seniors or relatives and caregivers of seniors, and were seeking referrals for transportation to access medical services. Most of the requests received pertained to travel | Chapters 6 and 7 to be updated in the Final Plan to include the requested information | 6 and 7 |
within the urbanized areas of the County. Since there is no contact with the caller after the referral is provided FACT is unable to estimate the number of “successful” referrals, i.e. those that result in the caller finding a reasonably priced appropriate transportation option. Approximately half the referrals are to commercial taxi type services for lack of alternatives.

CHAPTER 6: TRANSPORTATION INVENTORY – Section 8. FACT Senior Ride Reimbursement Program - (the following is an updated version of the information in the DRAFT, and could replace the language in DRAFT):

This program subsidizes rides for seniors on the FACT coordinated transportation system called RideFACT. RideFACT was implemented on October 4, 2010. It is a senior transportation service that operates in Ramona and San Diego Country Estates. It is a general purpose shared ride, curb to curb, next–day service with a minimum fare of $3, that operates two days a week, on Tuesdays and Thursdays. FACT contracts with a private transportation provider for the service. FACT plans to provide 1,200 one way passenger trips during the first year of the RideFACT service and the contract may be extended based on the performance during the first year. This program was awarded up to $66,240 in Senior Mini-Grant funding through FY 2009 and FY 2010. The FACT Business Plan, approved in December 2009, provides an operational roadmap, schedule of scaled growth, and evaluation procedures that will be used to measure performance. In addition to trips provided through RideFACT, FACT services are measured in terms of STRIDE website hits and in-person telephone referrals provided. FACT maintains an updated inventory – a web based database of transportation services in San Diego County (STRIDE) and uses the data to provide telephone referrals to callers seeking transportation options. During the most recent 15 month period (June 2009 to September 2010), FACT recorded an average of 1,394 STRIDE website hits/month and 35 in person telephone referrals/month.

Page 7-3, Chapter 7, Figure 7.4: Trip Demand for Seniors

The category “School” appears twice on the x-axis which shows TRIP PURPOSE.
September 17, 2010

Tessa Wright/Clerk
San Diego Association of Governments/Transportation Committee
401 B Street (Suite 800)
San Diego, CA 92101

RE: TRANSPORTATION COMMITTEE AGENDA ITEM #7 /DRAFT 2010-2014 COORDINATED PLAN

Dear Members of the SANDAG Transportation Committee;

We are writing this letter to contribute our comments to Agenda Item 7 regarding the Draft 2010 Coordinated Plan with its rural component. A year and a half ago, a “rural transportation access” committee called the Ramona Transportation Action Committee (RTAC) was formed in response to public transportation deficiencies that impacted rural communities in 2008 when fixed route bus service and associated para-transit services were cut. Our most vulnerable populations – seniors, people with disabilities, and people of limited means – were left without transportation in Ramona.

Among other things, RTAC is the official “access to care” committee for our local Palomar/Pomerado Hospital District’s Community Action Council. RTAC is currently partnering with Cal State University San Marcos’ National Latino Research Center on a transportation research project in Ramona. This scientific study will be the first of its kind in San Diego’s back-country.

RTAC has studied the “rural transportation access” issue in San Diego’s back-country, and would like to make the following comments in regards to the update of the Coordinated Plan with its rural component:

1. Rural communities, such as Ramona, LACK the capacity to engage with the available transportation funding (JARC, New Freedom, Senior Mini-grant and 5310). The barriers we have observed include:
   • the lack of elected officials & representation at SANDAG
   • the lack of non-profits
   • the lack of transportation champions
   • the lack of matching grant monies
   • the lack of local transportation providers

2. To help compensate for these gaps, we feel “Rural Coordinators” or a “Rural Coordinating Entity” should be created in order to create sustainable, cost-effective transportation solutions using “rural models.”

3. Funding previously directed at NCTD and MTS could be re-directed to this new rural effort, along with several other relevant funding streams. Tribal communities may be interested in becoming partners in rural efforts as well.

In conclusion, we understand that full and complete service may not be possible in rural areas, but feel that a “systems level change” such as this, may be the only way to effectively facilitate sustainable, cost-effective transportation solutions in rural communities.

Thank you for your consideration,

Kristi Mansolf
KRISTI MANSOLF
Ramona Transportation Action Committee