EXECUTIVE COMMITTEE AGENDA

Friday, November 7, 2014
9 to 10 a.m.
SANDAG, 7th Floor Conference Room
401 B Street
San Diego

AGENDA HIGHLIGHTS

• ANNUAL REVIEW AND PROPOSED AMENDMENTS TO BOARD POLICIES AND BYLAWS

• DRAFT 2015 LEGISLATIVE PROGRAM

• FY 2014 PROGRAM BUDGET YEAR-END PERFORMANCE REPORT

PLEASE SILENCE ALL ELECTRONIC DEVICES DURING THE MEETING

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 Executive 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 the Clerk of the Committee seated at the front table. Members of the public may address the Committee on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Public speakers are limited to three minutes or less per person. The Executive Committee may take action on any item appearing on the agenda.

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ITEM NO. | RECOMMENDATION
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+1. APPROVAL OF MEETING MINUTES | APPROVE
The Executive Committee is asked to review and approve the minutes from its October 10, 2014, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS
Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Executive Committee on any issue within the jurisdiction of the Committee that is not on this agenda. Other public comments will be heard during the items under the heading “Reports.” 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. Public speakers are limited to three minutes or less per person. Committee members also may provide information and announcements under this agenda item.

REPORTS

+3. REVIEW OF DRAFT BOARD AGENDAS (Kim Kawada) | APPROVE
+3A. Draft Board Business Agenda - November 21, 2014
+3B. Draft Board Policy Agenda - December 5, 2014

+4. ANNUAL REVIEW AND PROPOSED AMENDMENTS TO BOARD POLICIES AND BYLAWS (John Kirk) | DISCUSSION/POSSIBLE ACTION
The Executive Committee is asked to: (1) discuss the proposed amendments to the Board Policies, and either recommend that the Board of Directors approve the proposed amendments, or direct staff to return to the Executive Committee for further discussion or review; (2) recommend that the Board of Directors renew the annual delegation of authority to the Executive Director pursuant to Board Policy No. 003: Investment Policy; and (3) recommend that the Board of Directors renew its approval of Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy.

+5. DRAFT 2015 LEGISLATIVE PROGRAM (Victoria Stackwick) | DISCUSSION
Each year, the Executive Committee recommends a Legislative Program to the Board of Directors for the next calendar year. Consistent with past programs, the draft 2015 Legislative Program includes policies and proposals for possible federal and state legislation and local activities. This item is presented for discussion and is scheduled to be presented for recommendation to the Board of Directors at the January 9, 2015, Executive Committee meeting.

+6. FY 2014 PROGRAM BUDGET YEAR-END PERFORMANCE REPORT (Tim Watson)* | INFORMATION
This report provides a summary of the financial and overall performance of the FY 2014 SANDAG Program Budget.
7. SERVICE BUREAU FY 2014 YEAR-END STATUS REPORT (Cheryl Mason)  
SANDAG Board Policy No. 012: SANDAG Service Bureau, requires that the Executive Committee receive periodic progress reports on the project activities and financial status of the Service Bureau. This report summarizes Service Bureau activities during FY 2014.

8. CONTINUED PUBLIC COMMENTS  
If the five speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

9. UPCOMING MEETINGS  
The next meeting of the Executive Committee is scheduled for Friday, December 5, 2014, at 8:15 a.m. (instead of 9 a.m.) Please note, this meeting is scheduled for the first Friday of the month due to the holiday schedule.

10. ADJOURNMENT

+ next to an agenda item indicates an attachment
Chairman Jack Dale (East County) called the meeting of the SANDAG Executive Committee to order at 8:15 a.m. The attendance sheet for the meeting is attached.

1. APPROVAL OF THE SEPTEMBER 12, 2014, MEETING MINUTES

Action: Upon a motion by First Vice Chair Jim Janney (South County) and a second by Second Vice Chair Don Higginson (North County Inland), the minutes of the September 12, 2014, Executive Committee meeting were approved. Yes - 4. No - 0. Abstain - 0. Absent - North County Coastal and County of San Diego.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public or member comments.

CONSENT

3. LEGISLATIVE STATUS REPORT (INFORMATION)

Periodic status reports on legislative activities are provided to the Executive Committee throughout the year. This report provided a summary of the various federal and state activities.

Action: Consent Item No. 3 was submitted for information.

REPORTS

4. REVIEW OF DRAFT BOARD AGENDAS (APPROVE)

4A. Draft Board Business Agenda – October 24, 2014

4B. Board Policy Meeting – November 7, 2014

Kim Kawada, Chief Deputy Executive Director, presented the draft agenda for the October 24, 2014, Board Business meeting, and recommended cancelling the November 7, 2014, Board Policy meeting.

Action: Upon a motion by Council President Todd Gloria (City of San Diego) and a second by Supervisor Ron Roberts (County of San Diego), the Executive Committee approved the October 24,

5. 2015 SANDAG BOARD OF DIRECTORS RETREAT (INFORMATION)

The Executive Committee helps develop the annual Board of Directors retreat agenda and format.

Colleen Windsor, Director of Communications, presented the Executive Committee with proposed topics, speakers, and format for the retreat.

Action: This item was presented for information.

6. CONTINUED PUBLIC COMMENTS

There were no continued public comments.

7. UPCOMING MEETINGS

The next meeting of the Executive Committee is scheduled for Friday, November 7, 2014, at 9 a.m. (Please note, this meeting will be held on the first Friday of the month due to the Thanksgiving holiday.)

8. ADJOURNMENT

Chairman Dale adjourned the meeting at 8:36 a.m.
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REVIEW OF THE NOVEMBER 21, 2014, DRAFT BOARD BUSINESS AGENDA

ITEM NO.                                           RECOMMENDATION
+1.  APPROVAL OF MEETING MINUTES

The Board of Directors is asked to review and approve the minutes from its
October 24, 2014, Board Business meeting.

2.  PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Other public comments will be heard during the items under the heading “Reports.” Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Public speakers are limited to three minutes or less per person. Board members also may provide information and announcements under this agenda item.

+3.  ACTIONS FROM POLICY ADVISORY COMMITTEES (Robyn Wapner)

This item summarizes the actions taken by the Policy Advisory Committees since the last Board Business Meeting. The Board of Directors is asked to ratify these actions.

CONSENT

+4.  APPROVAL OF PROPOSED SOLICITATIONS AND CONTRACTS (Laura Coté)*

The Board of Directors is asked to review and approve the proposed solicitations and contract awards summarized in the attached reports.

+4A. Solicitations
        +4B. Contract Awards

+5.  OVERVIEW OF DEVELOPMENTS IN THE FINANCIAL MARKETS AND QUARTERLY FINANCE REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2014 (André Douzdjian, Lisa Kondrat-Dauphin, and Marney Cox)*

This quarterly report provides various finance-related items to the Board of Directors, including: (1) a quarterly report of investments, including all money under the direction or care of SANDAG; (2) an update on the SANDAG debt portfolio; and (3) information about the latest developments in the financial markets, the economy, and sales tax revenues.
+6. QUARTERLY PROGRESS REPORT ON TRANSPORTATION PROJECTS - JULY THROUGH SEPTEMBER 2014 (Michelle Smith)*

This quarterly report summarizes the current status of major transit, highway, arterial, traffic management, and Transportation Demand Management projects in the SANDAG five-year Regional Transportation Improvement Program for the period July through September 2014.

+7. REPORT SUMMARIZING DELEGATED ACTIONS TAKEN BY THE EXECUTIVE DIRECTOR (André Douzdjian)*

In accordance with various SANDAG Board Policies, this report summarizes certain delegated actions taken by the Executive Director since the last Board of Directors meeting.

+8. REPORT ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG (Robyn Wapner)

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

**CHAIR’S REPORT**

9. REPORT FROM NOMINATING COMMITTEE ON SLATE OF BOARD OFFICERS FOR 2015 (Chula Vista Mayor Cheryl Cox, Nominating Committee Chair)*

After consideration of the applications, the Nominating Committee recommends the attached slate of nominees for SANDAG Chair and Vice Chair for 2015. In accordance with SANDAG Bylaws, the election of officers is scheduled for the December Board meeting. Additional nominations from the floor also may be made at the December meeting.

**REPORTS**

+10. MID-COAST CORRIDOR TRANSIT PROJECT FINAL SUBSEQUENT ENVIRONMENTAL IMPACT REPORT (San Diego Council President Todd Gloria, Transportation Committee Chair; Leslie Blanda)*

The Board of Directors is asked to: (1) adopt Resolution No. 2015-XX to certify the Final Subsequent Environmental Impact Report for the Mid-Coast Corridor Transit Project and adopt the Findings, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program in compliance with the California Environmental Quality Act; and (2) adopt Resolution No. 2015-XX to approve the Mid-Coast Corridor Transit Project.

+11. PROPOSED ACTIVE TRANSPORTATION PROGRAM AND TransNet PROGRAM FUNDS EXCHANGE (San Diego Council President Todd Gloria, Transportation Committee Chair; Ariana zur Nieden)*

On September 26, 2014, the Board of Directors approved the San Diego Regional Active Transportation Program (ATP) competition results for consideration by the California Transportation Commission (CTC). In order to reduce the administrative burden for local ATP projects, SANDAG worked with successful applicants to consolidate the allocation of ATP funds. This has resulted in an updated list of recommended projects for CTC consideration. The Transportation Committee recommends that the Board of Directors: (1) recommend that the CTC fund the updated list of San Diego Regional ATP projects; and (2) adopt Resolution No. 2015-XX to exchange ATP funds for TransNet Program funds.
+12. **ANNUAL REVIEW AND PROPOSED AMENDMENTS TO BOARD POLICIES AND BYLAWS** (First Vice Chair Jim Janney; John Kirk)

The Executive Committee recommends that the Board of Directors: (1) approve the proposed Board Policy amendments; (2) renew the annual delegation of authority to the Executive Director pursuant to Board Policy No. 003: Investment Policy; and (3) renew its approval of Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy.

+13. **ACCELERATED ALTERNATIVE TRANSPORTATION NETWORK** (San Diego Council President Todd Gloria, Transportation Committee Chair; Coleen Clementson)*

On September 12, 2014, the Board of Directors accepted the Revenue Constrained Transportation Network for San Diego Forward: The Regional Plan. As part of the action, the Board of Directors requested that staff develop and analyze an accelerated alternative transportation scenario that would advance public transit and active transportation projects within the first 10 years of the plan. This item provides an update on the scenario analysis.

+14. **CLOSED SESSION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54956.8 - SOUTH BAY BUS RAPID TRANSIT PROJECT** (Amberlynn Deaton, Bruce Schmith; Brad Kuhn, Nossaman, LLP)*

The Board of Directors will be briefed by real property negotiators Amberlynn Deaton, Bruce Schmith, and Brad Kuhn regarding the price and terms of acquisition of temporary and permanent access easements on portions of parcels located in the City of Chula Vista, which are identified by ownership and assessor parcel number below:

- 643-051-49, 643-051-50, 643-051-53 (Monet at Otay Ranch Homeowners Association; Otay Ranch VI-2, LLC)


The Board of Directors will be briefed on the status of the referenced litigation, which concerns California Environmental Quality Act challenges to the Environmental Impact Report for the 2050 Regional Transportation Plan and its Sustainable Communities Strategy.


The Board of Directors will be updated on the status of the referenced litigation relating to the provision of License Plate Reader data under the California Public Records Act.
17. CONTINUED PUBLIC COMMENTS
If the five speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

18. UPCOMING MEETINGS
The next Board Policy meeting is scheduled for Friday, December 5, 2014, at 10 a.m. Please note, this meeting will be held at the following location:

San Ysidro Middle School - Multicultural Complex
4345 Otay Mesa Road
San Diego, CA 92173

The next Board Business meeting is scheduled for Friday, December 19, 2014, at 9 a.m. Please note, these meetings are scheduled for the first and third Fridays, respectively, due to the holiday schedule.

19. ADJOURNMENT

+ next to an agenda item indicates an attachment
* next to an agenda item indicates a San Diego County Regional Transportation Commission item
# REVIEW OF THE DECEMBER 5, 2014, DRAFT BOARD POLICY AGENDA

## PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Other public comments will be heard during the items under the heading “Reports.” Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Public speakers are limited to three minutes or less per person. Board members also may provide information and announcements under this agenda item.

## REPORTS

### +2. UPDATE ON THE STATE ROUTE 11 AND OTAY MESA EAST PORT OF ENTRY PROJECT (Marney Cox; Mario Orso, Caltrans)

The State Route 11 (SR 11) and Otay Mesa East Port of Entry Project will improve the movement of people and goods between the United States and Mexico. SANDAG and Caltrans are working to develop a new border crossing and associated transportation network, SR 11, which includes an Investment Grade Traffic and Revenue Study and a draft Concept of Operations. This report will provide the Board of Directors with an update on the project’s progress to date, proposed next steps, and a review of the project’s overall schedule.

### 3. CONTINUED PUBLIC COMMENTS

If the five speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

### 4. UPCOMING MEETINGS

The next Board Business meeting is scheduled for Friday, December 19, 2014, at 9 a.m. (Please note, this meeting is scheduled for the third Friday of the month due to the holiday schedule.)

### 5. ADJOURNMENT

+ next to an agenda item indicates an attachment
ANNUAL REVIEW AND PROPOSED AMENDMENTS TO BOARD POLICIES AND BYLAWS

Introduction

Each year the Office of General Counsel solicits requests from staff and leadership for any suggested changes to Board Policies or Bylaws and reviews these documents to determine if updates or changes should be recommended to the Board of Directors. These proposed amendments are attached and brought to the Executive Committee for discussion and possible recommendation to the Board of Directors.

Discussion

The significant changes for each of the Board Policies proposed for amendment are discussed below. The actual language changes are tracked in the attached draft versions of the Board Policies. Staff is not recommending any changes to the Bylaws this year.

Board Policy No. 001: Operations Policy (Attachment 1)

The proposed change to Section C.3 would clarify the Transportation Committee’s oversight responsibility for the Active Transportation Grant Program. Currently, no Policy Advisory Committee is expressly identified as having primary oversight of this grant program, although in practice the Transportation Committee has exercised this responsibility pursuant to the current language of Section C.3 (“Establish/approve transportation prioritization criteria”).

Board Policy No. 003: Investment Policy (Attachment 2)

The Director of Finance, in consultation with the SANDAG investment advisors, Public Financial Management (PFM), and Cutwater Asset Management, has reviewed Board Policy No. 003. Based on that review, no changes to the practices described in the Policy are proposed at this time. It is
proposed, however, that Section 5.2 be amended to reflect the updated title of the TransNet Department Director.

Additionally, the language in Section 5.1 of this Policy calls for the Board to renew its delegation of authority to the Executive Director for conducting investments on behalf of SANDAG on an annual basis subject to the limitations set forth in the Policy. The Executive Committee is asked to recommend that the Board of Directors renew this delegation for the coming year.

**Board Policy No. 008: Legal Matters (Attachment 3)**

Section 1.7.4 of this Policy, relating to claims against SANDAG, is proposed to be amended in two respects. First, it is proposed that the Executive Director’s authority to take administrative action on claims, such as stipulating to extend the claims response period or allowing late claims, be more explicitly set forth. Second, it is proposed that the Executive Director’s authority to settle claims be reduced from $100,000 to $50,000. This would make the Policy consistent with the threshold set forth in Government Code 935.4. The opening paragraph of the claim form attached to the Policy also is proposed to be updated to reflect that certain claims may exceed the six-month time limit expressed on the form.

**Board Policy No. 016: Procurement of Services (Attachment 4)**

Section 5.1 of this Policy sets forth limitations on the use of sole source or limited competition procurement when using federal funds. The existing Policy sets forth a list of allowable circumstances when this type of procurement is allowed, mirroring the allowances set forth in a now outdated Federal Transit Administration (FTA) Circular on this subject. Recognizing that these regulations will continue to be modified over time, it is proposed that the listing of individual allowances for sole source procurements be deleted from the Policy, and that the Policy instead mandate compliance with the latest version of the federal regulations on this subject. This same strategy is reflected in the proposed revisions to Section 12.4.

**Board Policy No. 017: Delegation of Authority (Attachment 5)**

Only one proposed changed is presented for this Policy, removing language from Section 4.9 relating to the settlement of claims, which already is discussed in Board Policy 008: Legal Matters. Resolving the current duplication between Policies on this subject will avoid potentially inconsistent language.

**Board Policy No. 023: Procurement and Contracting - Equipment and Supplies (Attachment 6)**

As with the proposed amendments to Board Policy No. 016 above, it is proposed that the listing of individual allowances for sole source procurements be deleted from Section 3.2 of this Policy, and that the Policy instead mandate compliance with the latest version of the federal regulations on federally funded, sole-source procurements.

**Board Policy No. 024: Procurement and Contracting - Construction (Attachment 7)**

An amendment to Section 5.2, relating to acceptance of construction projects, is proposed. The revised language would recognize that it is the work, not the contract, which is accepted upon satisfaction of the conditions set forth in the Policy. Additionally, as with the proposed amendments
to Board Policy Nos. 016 and 023 above, it is proposed that the listing of individual allowances for sole source procurements be deleted from Section 4.1 of this Policy, and that the Policy instead mandate compliance with the latest version of the federal regulations on federally funded, sole-source procurements.

**Board Policy No. 028: Asset Ownership and Disposition (Attachment 8)**

Modifications to Section 2, relating to asset disposition, are proposed. Section 2.9 is proposed to be deleted and its requirements regarding documentation of the value and method of disposition would be added to Section 2.4 such that they would apply to all asset dispositions. Additionally, language is proposed to be added to Section 2.4 to mandate that the Transportation Committee review the disposition of assets whose actual or depreciated value exceeds $100,000. This would ensure that high-value assets, though fully depreciated, would still be subject to this higher level of review. Finally, both “destruction” and “trash” are added as disposition methods under Section 2.4 to reflect current industry practice dependent on the situation.

**Board Policy No. 030: Contingency Reserve Policy (Attachment 9)**

Extensive modifications are proposed to the Contingency Reserve Policy, which establishes reserve funds for dealing with emergency or high priority situations that may arise during the course of a year that could not otherwise be funded in the near-term. As part of the FY 2015 Program Budget process, a review of the level of the percentage of the contingency reserve in the Overall Work Program (OWP) was discussed, and adding a formal contingency reserve policy for the Capital Program and Regional Operations was proposed.

After further review and consideration, staff recommends increasing the contingency reserve account from 5 percent to 10 percent of total budgeted annual expenditures of the OWP. In addition, the proposed amendments to Board Policy No. 030 include separate sections for the Capital Program and Regional Operations. They describe the contingency and reserve fund required balances, applicable fund sources, qualifying uses of the reserve funds, approval for the use of reserve funds, and replenishment of the reserve fund for each of the programs.

**Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy (Attachment 10)**

All Board Policies are typically reviewed by SANDAG management on an annual basis for potential changes, but Board Policy No. 032 has a specific requirement for annual review. Section 1 of the Policy provides in part: “The Interest Rate Swap Policy shall be reviewed and updated at least annually and presented to the Board of Directors for approval.”

This Policy was reviewed by management and the SANDAG Financial Advisor, PFM. Based on this review, no changes are proposed.

**Board Policy No. 035: Competitive Grant Program Procedures (Attachment 11)**

Amendments to the opening paragraphs, defining the applicability of the Policy, are proposed to broaden the Policy to include the Active Transportation Grant Program as well as any other grant programs administered by SANDAG, but not specifically named in the Policy. In addition, the listing
of individual FTA grant programs is proposed for deletion. This would help to ensure uniform procedures for all SANDAG-administered grant programs.

JOHN F. KIRK
General Counsel

Attachments: 1. Board Policy No. 001: Operations Policy
2. Board Policy No. 003: Investment Policy
3. Board Policy No. 008: Legal Matters
4. Board Policy No. 016: Procurement of Services
5. Board Policy No. 017: Delegation of Authority
6. Board Policy No. 023: Procurement and Contracting - Equipment and Supplies
7. Board Policy No. 024: Procurement and Contracting - Construction
8. Board Policy No. 028: Asset Ownership and Disposition
9. Board Policy No. 030: Contingency Reserve Policy
10. Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy
11. Board Policy No. 035: Competitive Grant Program Procedures

Key Staff Contact: John F. Kirk, General Counsel, (619) 699-1997, john.kirk@sandag.org
OPERATIONS POLICY
Board and Policy Advisory Committees Responsibilities

Shown below are responsibilities for the Board of Directors and each of the five Policy Advisory Committees (Executive, Transportation, Regional Planning, Borders, and Public Safety). Selected responsibilities are delegated by the Board to the Policy Advisory Committees to allow SANDAG to effectively address key public policy and funding responsibilities. All items delegated to the Policy Advisory Committees are subject to Board ratification.

All functions not specifically delegated by the Board to a Policy Advisory Committee may be delegated to a Policy Advisory Committee on a one-time basis upon request by the Executive Director and approval by the Chair. Such actions shall be reported to the Board at its next regular meeting.

A. Board Responsibilities

1. Approve the Regional Plan, which merges the Regional Comprehensive Plan (RCP), the Regional Transportation Plan, and the Sustainable Communities Strategy as well as plan components and other regional plans (e.g., Regional Energy Plan, MHCP, etc.).

2. Approve Regional Transportation Improvement Program (RTIP) and corridor studies

3. Fulfill responsibilities of SB 1703 as consolidated agency

4. Fulfill the responsibilities of the San Diego Regional Transportation Commission (RTC)

5. Approve programming of funds (TDA, CMAQ, STIP, etc.)

6. Approve project environmental reports

7. Approve Overall Work Program and Program Budget

8. Approve amendments to the Program Budget and Overall Work Program and authorize contracts with consultants for amounts equal to or greater than the amounts to be determined for administrative and policy committee authorization.

9. Approve the annual legislative agenda

10. Provide policy direction through Policy Development Board meetings

11. Appoint Committees and Board officers
12. Delegate responsibilities to Policy Advisory Committees and ratify Committee actions. All items delegated to the five Policy Advisory Committees are subject to direct Board action upon request of any members.

13. Delegate responsibilities to Board Chair consistent with Board criteria. Conference sponsorships and proclamations are hereby delegated subject to current or subsequently approved criteria.

B. Executive Committee Membership and Responsibilities

The Executive Committee shall consist of six voting members with board members representing East County, North County Coastal, North County Inland, South County, and the representative, or the representative’s alternate in their absence, from the City of San Diego and the County. The Chairperson of SANDAG shall be one of the six voting members. The First and Second Vice Chairpersons of the SANDAG shall serve as voting members if one or both of the Vice Chairpersons represent an area of the region that is different from the area of the region represented by the Chairperson or the other Vice Chairperson.

1. Set agenda for Board. Any Board member requesting that an item be considered for inclusion on the agenda must present such request in writing to the Chairperson prior to the Executive Committee’s consideration of such agenda.

2. Review and recommend Overall Work Program and Program Budget

3. Approve amendments to the Program Budget and Overall Work Program and authorize contracts up to amount approved by the Board

4. Review and act on state and federal legislation

5. Comment on behalf of SANDAG or provide recommendations to the Board regarding comments on third party environmental documents

6. Act upon and evaluate dispute resolution

7. Advise on personnel actions

8. Act on behalf of Board when timing requires

9. Make policy recommendations to the Board

10. Perform other duties as assigned by the Board

11. Approve financial/contracting transactions, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment up to $500,000, subject to increase by Board action.

12. Annually review a list of all the SANDAG lower-level committees and working groups to determine the need to maintain the committee or working group and approve any revisions in functions or membership.
13. Review all proposed amendments to the Bylaws or Board Policies and make recommendations to the Board regarding those amendments.

14. Conduct expedited reviews and approvals of Energy Working Group actions on an as-needed basis.

C. Transportation Committee Membership and Responsibilities

The Transportation Committee shall consist of nine voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County and the mayor or a council member from the City of San Diego, a supervisor from the County of San Diego, a member of the Board of the MTS appointed by the Board of the MTS, a member of the Board of the NCTD appointed by the Board of the NCTD, and a member of the San Diego County Regional Airport Authority appointed by the Airport Authority.

1. Provide oversight for consolidated transit responsibilities
2. Provide policy oversight for transportation plans and corridor and systems studies
3. Establish/approve transportation prioritization criteria, including for the Active Transportation Grant Program
4. Approve TDA and STA claim amendments and RTIP and STIP amendments
5. Recommend funding allocations to the Board
6. Approve transit operator budgets for funding
7. Approve Regional Short Range Transit Plan and Coordinated Human Service and Public Transportation Plan
8. Make recommendations regarding changes to Board Policy No. 018 (Transit Service Policy) and Board Policy No. 029 (Regional Fare Policy and Comprehensive Fare Ordinance)
9. Conduct public hearings as delegated by Board
10. Approve contracts for transit up to amount approved by the Board
11. Advise Board on other transportation policy-level issues
12. Recommend legislative program for transportation and transit
13. Approve financial/contracting transactions, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment up to $500,000 for transportation items, subject to increase by Board action
14. Convene closed sessions and make final decisions with regard to real property transactions related to transportation projects, however, this delegation does not include the authority to make a Resolution of Necessity or to commence litigation.

15. Conduct hearings and authorize additional public meetings when appropriate pursuant to Board Policy No. 025 to hear official testimony from the public regarding Comprehensive Fare Ordinance amendments.

16. Approve amendments to the Comprehensive Fare Ordinance.

17. Accept for distribution, hold public hearings regarding, and adopt/certify environmental documents where items can be approved through actions of the policy committee.

18. Approve loans of TransNet funds when such loans are incorporated into an RTIP amendment requiring an exchange of TransNet funds for funds from another source.

19. Provide oversight and approvals for Coordinated Transportation Services Agency (CTSA) matters and appoint Transportation Committee representative to the CTSA board.

20. Approve revisions to funding allocations for Federal Transit Administration Section 5311 funding.

21. Approve the TransNet compliance audits consistent with Board Policy No. 031 (TransNet Ordinance and Expenditure Plan Rules).

22. Provide input on project selection criteria for, and recommend projects for funding under, the TransNet Smart Growth Incentive Program and Environmental Mitigation Program.

23. Provide oversight for Service Authority for Freeway Emergencies (SAFE) responsibilities and related motorist aid programs.

24. Provide coordinated oversight with the Regional Planning Committee for recommendations on the preparation and implementation of components of the Regional Plan.

D. Regional Planning Committee Membership and Responsibilities

The Regional Planning Committee shall consist of six voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County, and the mayor or a council member from the City of San Diego, and a supervisor from the County of San Diego.

1. Provide coordinated oversight with the Transportation Committee for recommendations on the preparation and implementation of components of the Regional Plan.

2. Recommend regional infrastructure financing strategies to the Board.
3. Represent the Board for outreach and public information on the Regional Plan and its components

4. Advise Board on regional planning policy issues

5. Approve distribution of funds from the California Coastal Commission Beach Sand Mitigation Fund

6. Recommend project selection criteria for, and recommend projects for funding under, the TransNet Smart Growth Incentive Program and Environmental Mitigation Program.

E. Borders Committee Membership and Responsibilities

The Borders Committee shall consist of seven voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County and the mayor or a council member from the City of San Diego, a supervisor from the County of San Diego, and a mayor, council member, or supervisor from the County of Imperial.

1. Provide oversight for planning activities that impact the borders

2. Provide oversight for the preparation of binational and interregional planning programs

3. Recommend border infrastructure financing strategies to the Board

4. Establish closer SANDAG working relations with surrounding counties and Mexico

5. Advise Board on binational and interregional policy-level issues

6. Review and comment on regionally significant projects in adjoining counties

F. Public Safety Committee Membership and Responsibilities

The membership, authority and responsibilities for this committee are set forth in Board Policy No. 026.

G. Distribution of Meeting Materials

1. All agendas for meetings of the Board of Directors, Policy Advisory Committees, and all other SANDAG legislative bodies covered by the Brown Act (Government Code § 54950 et seq.) shall be posted on the SANDAG Web site and copies of such agendas will be available for viewing by the public in the SANDAG business office reception area.

2. All closed session items shall be provided to appropriate Board and/or Policy Advisory Committee members prior to the closed session. Closed session meeting materials will be sent by a secure method and clearly labeled as confidential. If a representative will not be able to attend a meeting he/she should ensure the closed session materials are forwarded to the appropriate alternate to review prior to the meeting. All closed
session meeting materials must be deleted or returned to the Office of General Counsel at the end of the closed session.

H.  **Work Assigned to Staff**

Requests for staff to perform work on a project that is not specified in the Overall Work Program or Program Budget shall only be conducted following approval by the Board if the work is estimated to exceed four hours of staff time.

Adopted January 2003
Amended November 2004
Amended January 2006
Amended December 2006
Amended January 2010
Amended December 2012
Amended October 2013
[Amended 2014]
INVESTMENT POLICY

1. Introduction

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy, and to organize and formalize investment-related activities.

The investment policies and practices of the San Diego Association of Governments (SANDAG) are based upon state law and prudent money management. All funds will be invested in accordance with the SANDAG Investment Policy and the California Government Code. The investment of bond proceeds will be further governed by the provisions of relevant bond documents.

2. Scope

It is intended that this policy cover all funds and investment activities, with the exception of bond proceeds, under the direction or care of SANDAG, including funds of the San Diego County Regional Transportation Commission, SourcePoint, the SANDAG chartered nonprofit corporation, and the Automated Regional Justice Information System (ARJIS). Investment of bond proceeds shall be subject to the conditions and restrictions of bond documents and Treasury regulations related to arbitrage restrictions on tax-exempt bonds.

3. Prudence

All persons authorized to make investment decisions on behalf of SANDAG are trustees and therefore fiduciaries subject to the prudent investor standard: “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
4. **Objectives**

4.1 **Safety.** Safety of principal is the foremost objective of the investment program. Investments of SANDAG shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

4.2 **Liquidity.** The investment portfolio of SANDAG will remain sufficiently liquid to enable SANDAG to meet its cash flow requirements.

4.3 **Return on Investment.** The investment portfolio of SANDAG shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

5. **Delegation of Authority**

5.1. The Board of Directors delegates the authority to invest or to reinvest funds, or to sell or exchange securities so purchased, to the Executive Director for a one-year period. The Executive Director is charged with the responsibility for carrying out the policies of the Board of Directors and shall assume full responsibility for investment transactions until the delegation of authority is revoked or expires. In accordance with the SANDAG established system for internal control, all financial transactions of SANDAG require the signature of at least two individuals authorized by the Executive Director.

5.2. For the purposes of carrying out this investment policy, any two of the following individuals, unless delegated per Section 5.5, are hereby authorized to make investment decisions, in strict accordance with this investment policy, on behalf of SANDAG:

- Executive Director
- Chief Deputy Executive Director
- Director of Finance
- Finance Manager
- Manager of Financial Programming and Project Control
- TransNet Department Director
- Such other individuals authorized, in writing, by the Executive Director

5.3. All accounts established for the purpose of investing SANDAG funds shall require the written authorization of the Executive Director.

5.4. No single individual, acting alone, may engage in an investment activity, except for an authorized investment advisor/manager with discretionary authority delegated per Section 5.5.

5.5. The Executive Director may delegate investment management and decision authority, via written agreement, to one or more professional investment advisors/managers who are duly qualified and registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. All agents engaged in this capacity shall make all investment decisions and transactions in strict accordance with state law and this investment policy.
5.6. The daily management responsibility for the investment program is assigned to the Director of Finance, who shall monitor and review all investments for consistency with this investment policy.

6. Ethics (Conflict of Interest)

Officers, employees and agents thereof involved in the investment process shall comply with state law and refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

7. Selection of Financial Institutions and Broker/Dealers

7.1. SANDAG shall transact business only with banks, savings and loan associations, and registered investment securities dealers. The purchase by SANDAG of any investment other than those purchased directly from the issuer shall be either from an institution licensed by the State as a broker/dealer, as defined in Section 25004 of the Corporation Code, who is a member of the Financial Industry Regulatory Authority, or a member of a federally regulated securities exchange, a National or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank. The Director of Finance shall investigate all institutions that wish to do business with SANDAG, in order to determine if they are adequately capitalized, make markets in securities appropriate to the needs of SANDAG, and agree to abide by the conditions set forth in the SANDAG Investment Policy.

7.2. The Director of Finance shall maintain a list of authorized broker/dealers and financial institutions which are approved for investment purposes, and it shall be the policy of SANDAG to purchase securities only from those authorized institutions and firms. If SANDAG has contracted investment advisors/managers, the Director of Finance may approve and use a list of authorized broker/dealers provided by the investment advisor/manager.

8. Permitted Investment Instruments

8.1. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Government Code §53601 states that when there is a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Credit requirements listed in the investment policy apply at the time of purchase. In the event a security held by SANDAG is subject to a credit rating change that brings it below the minimum credit ratings specified for purchase, the Director of Finance shall review the security. The course of action to be followed will then be decided by the Director of Finance and either the Executive Director or the Chief Deputy Executive Director on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery or further rate drops, and the market price of the security. Any credit rating changes below the minimum credit ratings specified for
purchase will be reported to the Board of Directors with the next Quarterly Investment Report, along with the findings and any actions taken.

8.2. **Treasury Obligations:** bonds for which the full faith and credit of the United States are pledged for the payment of principal and interest

8.3. **Federal Agencies and U.S. Government Sponsored Enterprises:** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

8.4. **State Municipal Obligations:** Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the states. Such obligations must be rated A-1/P-1, or equivalent or better short-term; or Aa/AA or better long-term by at least one of the nationally recognized statistical-rating organizations.

8.5. **Local Agency Obligations:** Bonds, notes, warrants, or other evidences of indebtedness issued by any local agency within the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Such obligations must be rated A-1/P-1, or equivalent or better short-term; or Aa/AA or better long-term by one of the nationally recognized statistical-rating organizations.

8.6. **Repurchase Agreements:** Repurchase Agreements used solely as short-term investments not to exceed 90 days.

8.6.1 The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to SANDAG’s custodian bank or handled under a properly executed tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102 percent of the total dollar value of the money invested by SANDAG for the term of the investment. Since the market value of the underlying securities is subject to daily fluctuation, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

8.6.2 Market value must be calculated each time there is a substitution of collateral.

8.6.3 SANDAG or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

8.6.4 SANDAG may enter into Repurchase Agreements with (1) primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York, and (2) California and non-California banking institutions having assets in excess of $1 billion and in the highest short-
term rating category, as provided by one of the nationally recognized statistical-rating organizations.

8.6.5 SANDAG will have properly executed a Securities Industry and Financial Markets Association (SIFMA) agreement with each firm with which it enters into Repurchase Agreements.

8.7. **Bankers’ Acceptances**: Bankers’ Acceptances issued by domestic banks or domestic branches of foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest rating category by one of the nationally recognized statistical-rating organizations. Purchases of Bankers’ Acceptances may not exceed 180 days maturity or 40 percent of SANDAG surplus money. No more than 10 percent of SANDAG surplus funds may be invested in the Bankers’ Acceptances of any one commercial bank.

8.8. **Commercial Paper**: Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

(c) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars ($500,000,000). (iii) Has debt other than commercial paper, if any, that is rated “A” or higher by a nationally recognized statistical-rating organization.

(d) The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated “A-1” or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. No more than 10 percent of SANDAG surplus funds may be invested in Commercial Paper of any one U.S. corporation.

Purchases of commercial paper may not exceed 25 percent of SANDAG surplus money which may be invested.

8.9. **Medium-Term Notes**: Medium-term notes, defined as all corporate and depository institution securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or depository institutions licensed by the United States or any state and operating within the United States. Medium-term notes shall be rated in a rating category of “A” or better by a nationally recognized statistical-rating organization.
Purchase of medium-term corporate notes may not exceed 30 percent of SANDAG surplus money. No more than 10 percent of SANDAG surplus funds may be invested in the Medium-Term Notes of any one corporation.

8.10. **Certificates of Deposit:** The maximum term for certificates of deposit shall be five years. The combined amount invested in negotiable certificates of deposit and certificates of deposit shall not exceed 30 percent of SANDAG surplus money.

8.10.1 **Negotiable Certificates of Deposit:** Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank or by a federally licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated “AA” or better by one of the nationally recognized statistical-rating organizations.

8.10.2 **Nonnegotiable Certificates of Deposit:** Nonnegotiable certificates of deposit shall meet the conditions in either paragraph (a) or paragraph (b):

(a) Certificates of deposit shall meet the requirements for deposit under Government Code Section 53635 et. seq. To be eligible to receive SANDAG deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided in Government Code Section 53635.2. Deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The Director of Finance, at his or her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. SANDAG shall have a signed agreement with the depository per Government Code Section 53649.

(b) Certificates of deposit placed through a deposit placement service shall meet the requirements of Government Code Section 53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance.

8.11. **State of California’s Local Agency Investment Fund:** State of California’s Local Agency Investment Fund (LAIF) may be invested in for the benefit of local agencies up to the current limit set by LAIF for regular accounts. For ongoing due diligence, the Director of Finance shall maintain on file a copy of LAIF’s current investment policy and its requirements for participation, including limitations on deposits or withdrawals.

8.12. **San Diego County Treasurer’s Pooled Investment Fund:** Deposits in the County pooled investment fund shall be limited to the dollar maximums of the State LAIF. For ongoing due diligence, the Director of Finance shall maintain on file a copy of the County pool’s current investment policy and its requirements for participation, including limitations on deposits or withdrawals.
8.13. **Savings/Money Market Accounts:** Savings/Money Market Accounts deposits placed with commercial banks and savings and loans in California. The amount on deposit shall not exceed the shareholder’s equity in the financial institution. To be eligible to receive SANDAG deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided in Government Code Section 53635.2. Deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The Director of Finance, at his or her discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. SANDAG shall have a signed agreement with the depository per Government Code Section 53649.

8.14. **California Asset Management Program:** Shares in a portfolio of the California Asset Management Program, so long as the portfolio is rated among the top two rating categories by one of the nationally recognized statistical-rating organizations. For ongoing due diligence, the Director of Finance shall maintain on file a copy of the Program’s current information statement to include its requirements for participation, including limitations on deposits or withdrawals.

8.15. **Money Market Funds:** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally-recognized statistical-rating organizations, or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of $500,000,000.

The purchase price of shares shall not include any commission that the companies may charge. The purchase of shares may not exceed 20 percent of SANDAG surplus money. For ongoing due diligence, the Director of Finance shall maintain on file a copy of the money market fund’s current information statement to include its requirements for participation, including limitations on deposits or withdrawals.

8.16. **Mortgage and Asset-Backed Obligations:** Any mortgage pass-through security collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable-pass-through certificate, or consumer receivable-backed bond of a maximum of 5 years maturity. Such obligations must be rated Aa/AA or higher by two national rating agencies and the issuer of such obligations must be rated Aa/AA or higher by two of the national rating agencies as well. Purchases of securities authorized by this section may not exceed 20 percent of SANDAG surplus funds that may be invested pursuant to this section.

8.17. **Ineligible Investments:** Security types which are thereby prohibited include, but are not restricted to:

(a) Reverse repurchase agreements.
(b) “Complex” derivative securities such as range notes, dual index notes, inverse floating-rate notes, leveraged or deleveraged floating-rate notes, or any other complex variable-rate or structured note.

(c) Interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.

(d) Securities lending.

In the event that SANDAG possesses ineligible investments purchased prior to the adoption of this policy, SANDAG may hold these investments to their maturity dates. The limitation in this section shall not apply to SANDAG investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940.

9. **Maximum Maturity**

9.1. Investment maturities shall be based upon a review of cash flow forecasts. Maturities will be scheduled so as to permit SANDAG to meet all projected obligations.

9.2. Where the investment policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment. The Board authorizes the investment of endowment funds in securities exceeding five (5) years, as long as the investment has been approved by the Director of Finance and either the Executive Director or the Chief Deputy Executive Director, and the maturity of such investments does not exceed the expected use of funds.

10. **Performance Standards**

The investment performance of the SANDAG portfolio shall be evaluated and compared to appropriate indices in order to assess the success of the investment program. The comparable benchmarks should be consistent with the SANDAG portfolio in terms of maturity and composition, which includes credit quality and security type.

11. **Reporting Requirements**

11.1. The Director of Finance shall submit to the Board annually a statement of investment policy, which the Board shall consider at a public meeting.

11.2. A monthly report of all investment transactions shall be submitted to the Board Members.

11.3. A quarterly investment report shall be submitted to the Board Members. The reports should include information in accordance with Section 53646(b) of the California Government Code.
12. **Safekeeping and Custody**

12.1. All security transactions, including collateral for repurchase agreements, entered into by SANDAG shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third party custodian and evidenced by safekeeping receipts.

12.2. The only exception to the foregoing shall be securities purchases made with: (i) LAIF, (ii) San Diego County Treasurer’s Investment Pool, (iii) CAMP pool, (iv) Nonnegotiable Certificates of Deposit, (v) bank deposits, and, (vi) money market mutual funds, since the purchased securities are not deliverable. The Director of Finance shall keep a record of any funds in any of these investments.

Adopted January 2003
Amended November 2004
Amended September 2005
Amended December 2007
Amended July 2008
Amended July 2009
Amended November 2010
Amended February 2012
Amended October 2013
Amended 2014
LEGAL MATTERS

To establish procedures for the filing of claims and institution of claims and lawsuits, for obtaining the review and concurrence or comment from the Office of General Counsel on all requests to the Board for authority to file lawsuits in court, and for handling process servers or individuals serving other legal documents.

Under Public Utilities Code section 132354(a), SANDAG can sue or be sued. All claims for money or damages against SANDAG are governed by Part 3 (commencing with section 900) and Part 4 (commencing with section 940) of the Government Code (the Tort Claims Act). Government Code section 935 authorizes SANDAG to adopt local claims procedures for claims that are not governed by any other statutes or regulations. From time to time it may be necessary for SANDAG to initiate litigation in order to resolve issues of significant concern to SANDAG. The Board desires to have the concurrence or written review from the Office of General Counsel relative to the merits of such lawsuits prior to their consideration by the Board. For these reasons, it is necessary to establish these procedures.

Procedures

1. **Claims and Actions Against SANDAG**

   Any and all claims for money or damages against SANDAG must be presented to, and acted upon, in accordance with the following procedures. Compliance with these procedures is a prerequisite to any court action, unless the claim is governed by statutes or regulations which expressly free the claimant from the obligation to comply with this policy and the claims procedures set forth in Government Code 900 et seq.

   1.1 Form of Claims

   All claims must be presented to SANDAG using the form entitled “Claim Against SANDAG” available on the SANDAG Web site as an attachment to this Policy or upon request to the SANDAG Office of General Counsel.

   1.2 Time Limitations

   1.2.1 Claims for money or damages relating to a cause of action for death, injury to person or personal property, or growing crops, shall be presented to the Board not later than six (6) months after the accrual of the cause of action (Government Codes 905 and 911.2).

   1.2.2 Claims for money or damages as authorized in Government Code 905 that are not included in Paragraph 1 above shall be filed not later than one year from the date the cause of action accrues (Government Codes 905 and 911.2).
1.2.3 Claims for money or damages specifically excepted from Government Code 905 shall be filed not later than six (6) months after the accrual of the cause of action (Government Codes 905, 911.2, and 935).

1.3 Late Claims

1.3.1 Claims under "Time Limitations" Paragraphs 1.2.1 and 1.2.3 above, which are filed outside the specified time limitations, must be accompanied by an application to file a late claim. Such claim and application to file a late claim must be filed not later than one year after the accrual of the cause of action. If a claim is filed later than the specified time limitation and is not accompanied by an application to file a late claim, the Board or Executive Director may, within forty-five (45) days, give written notice that the claim was not filed timely and that it is being returned without further action.

1.3.2 The application shall state the reason for the delay in presenting the claim. The Board or Executive Director shall grant or deny the application within forty-five (45) days after it is presented. By mutual agreement of the claimant and the Board, such forty-five (45) day period may be extended by written agreement made before the expiration of such period. If the Board does not take action on the application within forty-five (45) days, it shall be deemed to have been denied on the forty-fifth (45th) day unless such time period has been extended, in which case it shall be deemed to have been denied on the last day of the period specified in the extension agreement.

1.3.3 If the application to present a late claim is denied, the claimant shall be given notice as required by Government Code section 911.8 (Government Codes 911.3, 911.4, 911.6, 911.8, 912.2, and 935).

1.4 Delivery and Form of Claim

1.4.1 A claim, any amendment thereto, or an application for leave to present a late claim shall be deemed presented when delivered to the office of the Executive Director or deposited in a post office, sub-post office, substation, or mail chute or other like facility maintained by the U.S. Government in a sealed envelope properly addressed to SANDAG’s offices with postage paid (Government Codes 911.4, 915, and 915.2).

1.4.2 Claims must contain the information set forth in Section 910 and 910.2 of the Government Code (Government Codes 910, 910.2, and 910.4).

1.5 Notice of Claim Insufficiency

The Executive Director shall cause all claims to be reviewed for sufficiency of information. The Executive Director or designee may, within twenty (20) days of receipt of claim, either personally deliver or mail to claimant a notice stating deficiencies in the claim presented. If such notice is delivered or sent to claimant, the Board shall not act upon the claim until at least fifteen (15) days after such notice is sent (Government Codes 910.8, and 915.4).
1.6 Amendments to Claim

Claims may be amended within the above time limits or prior to final action by the Board, whichever is later, if the claim, as amended, relates to the same transaction or occurrence which gave rise to the original claim.

1.7 Action on Claim

1.7.1 If the Board acts properly to reject the claim, the claimant has only six (6) months from such rejection to institute a lawsuit. If the Board takes no action, the claim is deemed rejected after forty-five (45) days from SANDAG’s receipt of the claim, but the claimant has two (2) years to institute a suit against the SANDAG. The notice of rejection must comply with requirements of Government Code 913 unless the claim has no address on it.

1.7.2 If the claim is filed late and not accompanied by an application for leave to present a late claim, then the Board or its agent must notify the claimant that no action was taken due to the claim being filed late.

1.7.3 Within forty-five (45) days after the presentation or amendment of a claim, or upon such further time as may be allowed pursuant to Government Code 915.2, the Board shall take action on the claim. This time limit may be extended by written agreement before the expiration of the forty-five (45) day period or before legal action is commenced or barred by legal limitations. The Executive Director or designee shall transmit to the claimant a notice of action taken. If no action is taken by the Board, the claim shall be deemed to have been rejected (Government Code 945.6).

1.7.4 The Board delegates to the Executive Director the authority to take action on claims including allowing or disallowing late claims, agreeing to extend the claim response deadline, and settling claims in an amount under not exceeding one hundred fifty thousand dollars ($150,000) ($50,000) (Government Code 935.4).

2. Claims & Actions Initiated by SANDAG

It is the policy of the Board that except as may be otherwise determined by the Board, prior to Board authorization and direction to the Office of General Counsel to file a lawsuit in court, the Office of General Counsel shall be consulted as to the merits of such a lawsuit. Any request or recommendation for authorization and direction from the Board to the Office of General Counsel to file a lawsuit in court shall be accompanied by written views of the Office of General Counsel with regard to the merits of the case, provided however, that the Office of General Counsel may, in lieu of such written concurrence or written views, request that the matter be discussed with the Board in Closed Session. As part of this attorney-client review, all requests or recommendations on potential lawsuits will be reviewed for comment by the Executive Director prior to being submitted to the Office of General Counsel.
3. **Legal Counsel for SourcePoint and ARJIS**

SANDAG shall provide legal counsel to SourcePoint and the Automated Regional Justice Information System Joint Powers Agency (ARJIS) to the extent time allows, and as long as no potential conflict of interest exists. In general, SANDAG’s Office of General Counsel should ensure consistent legal treatment of all matters. In areas involving a need for special expertise, substantial time commitments, or separate counsel, SANDAG, on behalf of SourcePoint or ARJIS, may contract with an outside firm and SourcePoint or ARJIS will pay for those services out of its own funds. Such contracts shall be reported to the SANDAG Board.

4. **Acceptance of Garnishments, Wage Attachments, Summons & Complaints**

4.1 The SANDAG Office of General Counsel will accept service of a summons and complaint upon SANDAG and/or any Board members being sued in his or her official capacity as a member of SANDAG’s Board of Directors.

4.2 In compliance with California Civil Code of Procedure 415.20, SANDAG will also accept service of a summons and complaint upon one of its employees at its offices under the substituted services of process method provided for in that statute.

4.3 Whenever SANDAG, as employer, is served with a garnishment and wage attachment, the server should be instructed to present such document to SANDAG’s Office of General Counsel.

5. **Execution of Litigation or Alternative Dispute Resolution Documents**

5.1 All pleadings, discovery, and other documents that are filed with a court, arbitrator, or other alternative dispute resolution authority on behalf of SANDAG shall be signed by the Office of General Counsel and/or the Executive Director or his/her designee.

6. **Appearances on Behalf of SANDAG**

6.1 The Office of General Counsel or outside counsel hired by the Office of General Counsel is authorized to appear or file documents on behalf of SANDAG in court proceedings when insufficient time is available to inform the Board in closed session of the matter. The Office of General Counsel shall report to the Executive Director regarding the need for and outcome of such appearances or filings and report on the results at the next Board meeting as either a delegated action or in a closed session item.

Adopted June 2003
Amended November 2004
Amended December 2006
Amended December 2008
Amended January 2010
Amended _______ 2014
CLAIM AGAINST SANDAG

TIME & DATE RECEIVED STAMP:

Received by – via ______U.S. Mail ______Interoffice Mail ______Over the Counter

File No.:______________________

A claim must be presented to the SANDAG General Counsel not later than six (6) months after the date of the incident or event unless otherwise provided by law. Where space is insufficient, please use additional paper and identify information by paragraph number. Completed claims must be presented to: SANDAG, Attention: General Counsel, 401 B Street, Suite 800, San Diego, CA 92101.

TO THE HONORABLE BOARD OF DIRECTORS OF THE SAN DIEGO ASSOCIATION OF GOVERNMENTS:

The undersigned respectfully submits the following claim and information relative to damage to persons and/or personal property:

1. NAME OF CLAIMANT: ____________________________________________________________
   ADDRESS OF CLAIMANT: _______________________________________________________
   PHONE NO. : HOME ___________________ WORK ___________________

2. Name, telephone and post office address to which claimant desires notices to be sent if other than above:

3. Occurrence or event from which the claim arises:
   a. DATE: _______________________
   b. TIME: _______________________
   c. PLACE (exact and specific location):
   d. Specify the circumstances of the occurrence, event, act or omission which you claim caused the injury, damage or loss (use additional paper if necessary):
   e. State how or in what manner SANDAG or its employees were at fault:

4. Give a description of the injury, property damage or loss incurred so far as is known at the time of this claim. If there were no injuries, state “no injuries.” (If your claim involves a vehicle, include license, year, make and model.)
5. Give the name(s) of the SANDAG employee(s) causing the injury, damage or loss, if known:

6. Name and address of any other person injured:

7. Name and address of the owner of any damaged property:

8. Damages claimed:
   a. Amount claimed as of this date: $ ____________________
   b. Estimated amount of any future costs: $ ____________________
   c. Total amount claimed: $ ____________________
   d. Basis for computation of amounts claimed (include copies of all bills, invoices, estimates, etc.):

9. Names and addresses of all witnesses, hospitals, doctors, etc.

10. Any additional information that might be helpful in considering claim:

**WARNING: IT IS A CRIMINAL OFFENSE TO FILE A FALSE CLAIM**
(Penal Code § 72; Insurance Code § 556.1)

I have read the matters and statements made in the above claim and I know the same to be true of my own knowledge, except as to those matters stated upon information or belief and as to such matters I believe the same to be true. I certify under penalty of perjury that the foregoing is TRUE and CORRECT.

Signed this _____ day of ____________________ 20__
at_________________________________________________

Claimant’s Signature:_________________________________________________________________________
PROCUREMENT OF SERVICES

Pursuant to Public Utilities Code section 132352.4, the following statutory requirements apply to procurements of services. If the estimated total cost of required services exceeds one hundred thousand dollars ($100,000), the services will not be performed by another government entity, and the services are not within the category of services defined in Section 4525 of the Government Code, SANDAG must solicit bids in writing and award the work in a competitive procurement process that is in the best interest of SANDAG. Services defined in Section 4525 include: architectural, landscape architectural, engineering, environmental, land surveying services, and construction project management services, as those terms are defined in Government Code section 4525 (hereinafter "Section 4525 Services"). If Section 4525 Services with a contract value in excess of $50,000 must be procured or the contract will be funded with federal money SANDAG will make the procurement pursuant to the provisions of Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code. SANDAG must use the procedures of the Brooks Act if federal funds are used and the services are architectural or engineering in nature (hereinafter "A&E Services"). Contracts that do not exceed these statutory limitations may be procured using simplified procedures. All references to the Executive Director in this policy also apply to the Executive Director’s designee.

Procedures

1. Micro Purchase Agreements ($3,000 or less). These procedures apply to the procurement of all services.
   
   1.1 For purchases below $3,000 a micro purchase procurement method may be used. A micro purchase is a noncompetitive purchase technique; however, the price of the item must still be fair and reasonable.
   
   1.2 There should be equitable distribution among qualified service providers in the local area and no splitting of procurements to avoid competition.
   
   1.3 A bid is only required from the vendor of choice and a purchase order, invoice, or simple letter agreement may be used instead of the standard services agreements.

2. Small Purchase Agreements ($3,001 - $100,000). These procedures apply to the procurement of all services excluding Section 4525 Services.
   
   2.1 If the estimated value of the contract is $100,000 or less, staff may select a qualified proposer whose proposal is most advantageous to the Board, price and all other factors considered, with the approval of their division director or department director.
   
   2.2 The Executive Director shall determine the selection procedure for contracts valued between $3,001 and $100,000 to distribute work in a fair and equitable manner.
Prior approval of the selection procedure shall be obtained from the applicable level of management. An informal competitive process shall be followed with price, rate quotations or best value obtained from an adequate number of qualified sources to ensure that SANDAG is obtaining a fair and reasonable price. The informal competitive process must be documented by staff. In obtaining price or rate quotations, a scope of work shall be developed and supplied to all bidders.

3. Major Service Agreements ($100,001 and greater). These procedures apply to the procurement of all services, except Section 4525 Services, of $100,001 or more and procurement of Section 4525 Services in excess of $3,001.

3.1 Normally, a "one-step" selection procedure will be used for service contracts in excess of $100,000. The "one-step" competitive process is as follows:

3.1.1 Firms shall submit a response to a SANDAG Request for Proposals (RFP) or Request for Qualifications (RFQ). The RFP/RFQ shall include:

3.1.1.1 Pass/fail criteria to be used as an initial screening of responses. Such criteria shall include, but not be limited to, insurance requirements, licensing, and any other consideration which would make the proposer ineligible to perform the work.

3.1.1.2 All evaluation factors and their relative importance.

3.1.1.3 The standard contract language that the successful proposer will be required to comply with, including applicable federal clauses and certifications.

3.1.2 Notice of the professional services required shall be published at least once in a newspaper of general circulation in San Diego County and in one or more Disadvantaged Business Enterprises (DBE)/Small business directed newspapers and in such other minority or community newspapers as appropriate in San Diego County, at least three weeks before the proposal due date. The notice shall state that SANDAG is interested in receiving responses from qualified firms, and indicate how additional information can be obtained, and the time and place for receiving responses.

3.1.3 Notice shall also be sent to firms or individuals previously known to be interested in providing the required services, including small and emerging businesses on SANDAG various interested party lists, and to appropriate DBE firms or individuals listed in the SANDAG vendor database and the California Unified Certification Program (CUCP) Database.

3.1.4 Responses to an RFP/RFQ shall list all proposed subconsultants and subcontractors, their area of the work, and identify which of them are certified DBEs.
3.1.5 Responses to an RFP/RFQ shall include a detailed cost estimate.

3.1.5.1 For Section 4525 Services, separately bound or sealed cost proposals shall be submitted as part of the process and shall not be opened until after the evaluation committee has ranked the proposers. Cost proposals shall be excluded as an evaluation factor and will only be used by the Executive Director, when negotiating within the prescribed budget, except as provided in 3.1.5.2 below.

3.1.5.2 For all other services, the cost proposal shall be submitted along with the technical proposal and will be used as an evaluation factor by the evaluation committee.

3.1.6 The responses shall be evaluated by an evaluation committee. The evaluation committee should consist of SANDAG staff and at least one person from outside the agency.

3.2 The top-ranked firm(s) shall then be interviewed, if deemed necessary. The final list of qualified firms shall be based on the response to the RFP/RFQ, references, the interview, and other relevant factors. Selection may be based on a best value determination. “Best value” means a value determined by objective criteria and may include, but is not limited to, price, features, functions, life-cycle costs, and other criteria deemed appropriate by SANDAG. The project manager will summarize the findings of the evaluation committee in a recommendation memo to the Executive Director. The memo shall include the evaluation committee’s recommendation for negotiations with one or more firms in the competitive range.

3.2.1 The Executive Director will approve or reject the recommendation based upon information provided by the evaluation committee, and other factors as deemed appropriate, including, but not limited to, qualifications, ability to meet schedule and budget, cost of work, meeting insurance requirements, and DBE participation for federally funded projects. The Executive Director may also interview one or more of the firms prior to making a selection.

3.2.2 Approval by the Executive Director of the recommendation shall be deemed approval to enter into negotiations with one or more firms in the competitive range.

3.2.2.1 For contracts for Section 4525 Services, the separately submitted cost proposal shall be used as a basis for negotiation. Negotiations will be conducted by the Executive Director, and can include factors other than cost, such as staffing levels, project schedule, etc. Should negotiations fail, the Executive Director, will enter into negotiations with the next ranked firm. Once negotiations are complete, a contract incorporating the negotiated terms and conditions will be prepared for the approval of the Executive Director. Only the cost proposal of the firm in negotiations shall be opened. At the end of the process, all unopened cost proposals shall be disposed of or
returned unopened to the respective companies via certified mail. Alternatively, companies may, at their option, arrange to pick up their sealed cost proposals in person by contacting the SANDAG Contract Administrator.

3.2.2.2 For all other service contracts, the cost proposals from the firm(s) in the competitive range shall be used as a basis for negotiation. Negotiations will be conducted by the Executive Director, and can include factors other than cost, such as staffing levels, project schedule, etc. If negotiations are only conducted with one firm and those negotiations fail, staff will enter into negotiations with the next ranked firm. If negotiations are conducted with more than one firm in the competitive range, then staff may attempt to obtain the most favorable terms by negotiating with all of the firms. Once negotiations are complete, a contract incorporating the negotiated terms and conditions will be prepared for the approval of the Executive Director.

3.3 For those services that are able to be defined with a very explicit scope of work containing detailed, straight-forward specifications that will allow consistent responses (i.e., freeway service patrol services contracts), proposers will be considered qualified or not qualified based on predetermined criteria. Cost proposals will then be opened for those proposers considered qualified and the consultant with the lowest bid will be awarded the contract. The department directors will determine whether the nature of any of the services within their purview lend themselves to using this low bid procedure.

3.4 If desired, a “two-step” selection process may be followed, as follows:

3.4.1 Letters of Interest/Statements of Qualifications (LOIs/SOQs) shall be solicited from the current SANDAG consultant list for the particular services specialty.

3.4.2 Notice of the professional services required shall be published at least once in a newspaper of general circulation in San Diego County and in one or more DBE/Small business directed newspapers and in such other minority or community newspapers as appropriate in San Diego County, at least three weeks before the proposal due date. The notice shall state that SANDAG is interested in receiving LOIs/SOQs from qualified firms, and indicate how additional information can be obtained, and the time and place for receiving responses.

3.4.3 Requests for LOIs/SOQs may be sent to firms or individuals previously known to be interested in or capable of providing the required services. Reasonable effort shall be made to send requests to minority firms known to be capable of providing the required services.

“Pass/fail" criteria will be established by staff and clearly stated in the LOI/SOQ to be used as a screening of responses. Such criteria shall include, but not be limited to: adherence to project budget, insurance requirements, and DBE participation.
3.4.4 An evaluation committee will be formed, which should consist of SANDAG staff and at least one person from outside the agency.

3.4.5 The evaluation committee will evaluate the SOQs and the project manager will prepare a memo to the Executive Director summarizing the evaluation committee’s findings and recommending one or more qualified firms to be invited to receive an RFP. Following approval by the Executive Director, staff shall then issue an RFP to the qualified firm(s). The RFP shall include all evaluation factors and their relative importance and the contract that the successful proposer will be expected to execute (including all applicable federal clauses and certifications).

3.4.6 From this point, the steps above for a one-step procurement should be followed.

4. Compliance with Brooks Act Provisions for Federally Funded Contracts. If federal funds are used and the services are A&E in nature, SANDAG shall comply with the provisions of the Brooks Act.

5. Other Than Full and Open Competition

Normally, SANDAG will utilize a full and open competition when soliciting bids or proposals for procurements in excess of $100,000. Under certain circumstances, however, a procurement may be justified that does not utilize full and open competition. These procurements are known as limited competition procurements. When less than full and open competition is used, SANDAG shall solicit offers from as many potential sources as is practicable under the circumstances. Noncompetitive procurement is known as sole source procurement. Noncompetitive and limited competition procurements shall only be permitted when the conditions below are met.

5.1 When the project will be paid for in whole or in part by federal funds one of the conditions allowing a limited competition or sole source procurement set forth below in the latest version of Federal Transit Administration Circular 4220.1, or the equivalent from other federal funding agencies, must be met.

5.1.1 Unique Capability or Availability. The services are only available from one source. Services are only available from one source if one of the conditions described below is present:

5.1.1.1 Unique or Innovative Concept. Staff can demonstrate that the service consists of a unique or innovative concept or capability not available from another source. Unique or innovative concept means either a new, novel, or changed concept, approach, or method that is the product of original thinking, the details of which are kept confidential or are patented or copyrighted, and is available to SANDAG only from one source and has not in the past been available to the recipient from another source; or
5.1.1.2 Patents or Restricted Data Rights. Patent or data rights restrictions preclude competition.

5.1.2 Substantial Duplication Costs. In the case of a follow-on contract for the continued development or production of highly specialized equipment and major components thereof, when it is likely that award to another contractor would result in substantial duplication of costs that are not expected to be recovered through competition.

5.1.3 Unacceptable Delay. In the case of a follow-on contract for the continued development or production of highly specialized equipment and major components thereof, when it is likely that award to another contractor would result in unacceptable delays in fulfilling SANDAG's needs.

5.1.4 Single Bid or Proposal. Upon receiving a single bid or proposal in response to a solicitation, if staff determines that competition was adequate based on a review of the specifications for undue restrictiveness and/or a survey of potential sources that chose not to submit a bid or proposal.

5.1.5 Unusual and Compelling Urgency. SANDAG may limit the number of sources from which it solicits bids or proposals if staff documents that such an unusual and urgent need for the services exists that SANDAG would be seriously injured unless it were permitted to limit the solicitation. SANDAG also may limit the solicitation when the public exigency or emergency will not permit a delay resulting from competitive solicitation for the services.

5.1.6 Contractual Agreement. With some exceptions, when an agency awards a grant agreement or enters into a cooperative agreement with SANDAG for a project in which the funding agency has approved the participation of a particular firm or combination of firms in the project work, the grant agreement or cooperative agreement constitutes approval of those arrangements.

5.1.7 Circumstances authorized by Federal Acquisition Regulation Part 6.3 or the federal Common Grant Rules. Examples include a statutory authorization or requirement, compliance with Department of Transportation (DOT) appropriations laws that include specific statutory requirements, with the result that only a single contractor can perform certain project work.

5.1.8 National Emergency. To maintain a facility, producer, manufacturer, or other supplier available to provide supplies or services in the event of a national emergency or to achieve industrial mobilization.

5.1.9 Research. To establish or maintain an educational or other nonprofit institution or a federally funded research and development center that has or will have an essential engineering, research, or development capability.
5.1.10 Protests, Disputes, Claims, Litigation. To acquire the services of an expert or neutral person for any current or anticipated protest, dispute, claim, or litigation.

5.1.11 International Arrangements. When precluded by the terms of an international agreement or a treaty between the United States and a foreign government or international organization, or when prohibited by the written directions of a foreign government reimbursing the recipient for the cost of the acquisition of the supplies or services for that government.

5.1.12 National Security. When the disclosure of SANDAG’s needs would compromise the national security.

5.1.13 Public Interest. When SANDAG staff documents that full and open competition in connection with a particular acquisition is not in the public interest.

5.1.14 When Prohibited. Less than full and open competition is not justified under any circumstance based on:

5.1.14.1 Failure to Plan. Lack of advance planning.

5.1.14.2 Limited Availability of Federal Assistance. Concerns about the amount of federal assistance available to support the procurement (for example, expiration of federal assistance previously available for award).

5.2 When there are no federal funds involved one of the following additional factors may be utilized to justify a limited competition or sole source procurement:

5.2.1 There is only one consultant capable of providing the services because the services are unique or highly specialized.

5.2.2 The services should be purchased from a particular consultant in the interest of economy or efficiency as a logical follow-on to services already in progress under a competitively awarded contract.

5.2.3 The cost to prepare for a competitive procurement exceeds the cost of the services.

5.2.4 The services are essential to maintain research or operational continuity.

5.2.5 The service is one with which staff members who will use the deliverables have specialized training and/or expertise and retraining would incur substantial cost in time and/or money.

6. General Conditions

6.1 In the event that circumstances dictate other than the processes indicated above for procurements that will exceed $100,000, prior Board concurrence shall be obtained.
following submittal of a written statement by staff setting forth the reasons for not pursuing all or part of any of the processes.

6.2 Where proposals received are deemed inadequate by the Executive Director, the Board may authorize a negotiated contract with a recommended firm based on a newly approved scope of services, performance schedule, and/or instructions and conditions.

6.3 The Executive Director is not required to make a contract award if he/she determines that the proposals received or contract terms negotiated by SANDAG staff are not in the best interests of SANDAG.

6.4 The Executive Director may approve contract amendments that exceed the project budget totaling up to $100,000 that are necessary to complete services originally contemplated subject to the limitations set forth in Section 12.2 of this policy. The Board will be notified of all such amendments. Contract amendments that will cause the project budget to be exceeded by more than $100,000 or those contemplating a significant change in the original scope of services must be processed in accordance with the SANDAG procurement manual and policies.

6.5 For purchases in excess of $3,000 involving federal funds, all applicable federal requirements and certifications must be attached to the purchase order or contract. For purchases that exceed $50,000, a contract may be used in order to ensure provisions are included to protect the interests of SANDAG.

6.6 The Board’s Equal Employment Opportunity Program will be incorporated by reference in all services contracts. The Board’s Disadvantaged Business Enterprise (DBE) Program shall be incorporated by reference in all services contracts that are federally funded. DBEs shall have every possible opportunity to participate in the procurement of services as set forth in the Board's DBE program.

7. Conflicts of Interest

7.1 A consultant is eligible for award of service contracts by SANDAG so long as the contract in question does not create an actual, potential, or apparent conflict of interest. A prohibited conflict of interest exists when because of other activities, relationships, or contracts, a firm is or may be unable to render impartial, objective assistance or advice to SANDAG; or a firm’s objectivity in performing the contract work is or might be otherwise impaired; or where a firm would receive an unfair competitive advantage. Prohibited conflicts of interest include, but are not limited to, the following situations:

7.1.1 Any firm that provides design services to SANDAG for a design-bid-build project will be ineligible for award of a construction contract to construct the improvements, which are the subject of the design services.

7.1.2 Any firm for a design-bid-build project that provides design services to SANDAG will be ineligible for award of any contract to provide construction
management services resulting from the specific project for which design services were provided.

7.1.3 Any firm that provides construction management services to SANDAG for a design-bid-build project will be ineligible for award of a construction contract for which construction management services were or will be provided.

7.1.4 Any firm that assists SANDAG or any of its member or affiliated agencies in the preparation of a design-build RFP or RFQ document will not be allowed to participate as an offeror or join a team submitting a proposal in response to the design-build RFP or RFQ. SANDAG may in its sole discretion, however, determine there is not an organizational conflict of interest for a prospective design-build firm where:

7.1.4.1 The role of the firm was limited to provision of preliminary design, reports, or similar “low-level” documents that will be incorporated into the design-build RFP or RFQ, and did not include assistance in development of instructions to offerors or evaluation criteria; or

7.1.4.2 Where all relevant documents and reports delivered to the agency by the firm are made available to all offerors; or

7.1.4.3 The role of the firm was limited to preparation of a California Environmental Quality Act (CEQA) or National Environmental Policy Act (NEPA) document related to the design-build project where the CEQA and NEPA processes have been completed prior to issuance of the RFP and RFQ.

7.1.5 SANDAG shall not contract with, and will reject any bid or proposal submitted by, the following persons or entities, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:

7.1.5.1 Persons employed by SANDAG;

7.1.5.2 Profit-making firms or businesses in which SANDAG employees serve as officers, principals, partners or major shareholders;

7.1.5.3 Persons who, within the immediately preceding twelve (12) months, were employed by SANDAG and (1) were employed in positions of substantial responsibility in the area of service to be performed by the contract, or (2) participated in any way in developing the contract or its service specifications; or

7.1.5.4 Profit-making firms or businesses in which the former employees described in subsection 7.1.5.3 serve as officers, principals, partners or major shareholders.
General consultants or subconsultant firms may provide services on other SANDAG projects. A consultant shall not, however, participate in the review and analysis of, or render opinions regarding, its work performed on other SANDAG projects or as limited in this section. Unless otherwise defined by the Executive Director, a general consultant is a consultant whose procurement is typically for a two-year period with an option for one or more one-year option extensions to provide services as needed for various assigned projects from time to time on a work order or task order basis, rather than for one specific predefined project. General consultants support SANDAG staff in managing other SANDAG consultants. General consultants are prime consultants to SANDAG. Subconsultants to general consultants are not classified as general consultants. General consultant procurements are identified as such during the RFP process.

A Notice of Potential for Conflict of Interest shall be included within any RFP for services issued by SANDAG. The Notice shall be the policy of the Board as listed herein. Any major service agreement issued in accordance with this policy shall include or make reference to the policy listed herein.

A “firm” shall be defined as any company or family of companies where there is a single parent board of directors or staff of officers who can influence the policies and actions of the design company, construction management company, and the construction company. A “firm” also shall include any partnership, corporation, association, or other legal entity or any member of a joint venture that meets the above-stated definition.

“Ineligible” firms shall include the prime consultant for the services, subconsultants for portions of the services, and affiliates of either. An affiliate is a firm that is subject to the control of the same persons through joint ownership or otherwise.

If there is any doubt by a firm regarding a potential conflict of interest for a specific project or function, the appropriate member of management staff, depending on type of project, will, upon written request, provide a written ruling. This procedure is encouraged prior to submittal of proposals or bids. In the event a conflict of interest is determined to exist, a written appeal may be made by the affected firm to the Executive Director within five calendar days of notice from SANDAG the conflict. The Executive Director shall determine the adequacy of the appeal and make a subsequent final decision. No further appeal shall be considered.

The Executive Committee shall review and, if appropriate, waive any actual or apparent conflict of interest that may exist or arise as a result of concurrent legal representation of SANDAG and parties whose interests may conflict.

SANDAG staff and third parties with whom SANDAG does business shall comply with SANDAG administrative policies concerning Standard of Conduct and all relevant Board Policies.
8. Protests to Solicitation, Bid, or Award

8.1 SANDAG shall include in all procurements a procedure to be followed by interested parties who wish to protest a specification or procedure. The procedure shall include the following:

8.1.1 A requirement that protest submittals shall be in writing, be specific to the specification being protested, state the grounds for protest, and include all documentation needed to enable SANDAG to reach a decision.

8.1.2 A statement that the protest shall be submitted within clearly defined time limits prior to receiving proposals or opening bids or prior to award of contracts.

8.1.3 A statement specifying the review and determination process by SANDAG, including time limits for response.

8.1.4 Requirements for submittal of protest reconsideration.

8.1.5 A statement regarding review of the initial protest by a protest review committee and review of protest reconsiderations by the Executive Director, as appropriate.

9. Procedure for Consultants with Claims Against SANDAG on Service Contracts

9.1 On all SANDAG services contracts estimated to cost more than $50,000, a section shall be included in the contract provisions that specifies how a consultant should file a "Notice of Potential Claim" and the procedures for review and disposition thereof.

9.2 Written notice of the potential claim must be given to the project manager prior to the time the consultant shall have performed the work giving rise to the potential claim, if based upon an act or failure to act of the project manager; or in all other cases, within 15 calendar days of the happening of the event, thing or occurrence giving rise to the potential claim.

9.3 It is the intention of this requirement that differences between the parties arising under and by virtue of the contract be brought to the attention of the project manager at the earliest possible time in order that such matters may be settled, if possible, or other appropriate action promptly taken. The consultant shall agree to have no right to additional compensation for any claim that may be based on any such act, failure to act, event, thing or occurrence for which no written notice of potential claim as herein required was filed. A claim must be presented and acted upon as a prerequisite to suit thereon.

9.4 If a consultant files an appropriate "Notice of Potential Claim," the administrative procedure shall be as follows:
9.4.1 SANDAG staff shall respond in writing within 25 calendar days with an appropriate decision. It is expected that SANDAG staff shall investigate the area of claim thoroughly and shall issue a decision that is fair to all parties. It is further expected that every effort will be made to resolve the claim at the job level.

9.4.2 If it appears to staff that the claim cannot be settled, the project manager and contracts staff shall, as soon as practicable, forward the details of the claim to the Executive Director and shall so notify the consultant of the action.

9.4.3 The Executive Director shall direct the appropriate department director to obtain all pertinent information, including any oral or written presentation, concerning the claim the consultant might wish to present. The department director shall provide all information to the Executive Director, including any recommendations.

9.4.4 The Executive Director shall report a final decision in writing to the consultant. The written decision shall notify the consultant that this action completes the consultant's administrative remedies and any further dispute would have to be resolved by either a nonbinding Dispute Resolution Board or binding arbitration if provided for in the provisions of the contract and agreed to by both parties, or litigation.

9.4.5 The final recommendation of the Dispute Resolution Board or arbitration shall be presented to the Executive Director for approval before going to the Board for action.

9.4.6 Any claim disputes not resolved by the Executive Director shall be reported to the Board at one of the Board's regular meetings.

9.5 If a contract amendment proposed for the settlement of a claim causes a budget impact over $100,000, the amendment must be sent to the Board for approval.

9.6 Federal Transit Administration review and concurrence may be required for claim settlements that exceed $100,000 if federal funds are involved.

9.7 A list of all outstanding claims exceeding $100,000 which involve the use of federal funds shall be included in the federal grants quarterly report.

10. Debarment Procedures for Service Contracts

10.1 In addition to all other remedies permitted by law, SANDAG may, upon advice of the Executive Director and Office of General Counsel, by resolution declare a proposer or consultant ineligible to bid on SANDAG contracts for a period not to exceed three years for any of the following grounds:

10.1.1 unjustified failure or refusal to timely provide or properly execute contract documents;
10.1.2 unsatisfactory performance of contract;

10.1.3 excessive and/or unreasonable claims while performing work for SANDAG;

10.1.4 two or more occasions within a two year period of failure to submit bond or insurance documents acceptable to SANDAG in the time periods required;

10.1.5 unjustified refusal to properly perform or complete contract work or warranty performance;

10.1.6 unjustified failure to honor or observe contractual obligations or legal requirements pertaining to the contract;

10.1.7 conviction under a state or federal statute or municipal ordinance for fraud, bribery, theft, falsification or destruction of records, receiving stolen property or of any other similar crime;

10.1.8 any offense or action which indicates a lack of business integrity and which could directly affect the reliability and credibility of performance of the consultant on future contracts with SANDAG;

10.1.9 any debarment of the consultant by another governmental agency; and

10.1.10 two or more claims of computational, clerical, or other error in cost proposal submission within a two-year period.

10.2 SANDAG may permanently debar a firm for a conviction under federal or state antitrust statutes involving public contracts or the submission of bid proposals, for any corrupt practices involving the administration or award of a contract with SANDAG, or permanent debarment of the bidder or consultant by another governmental agency, as permitted by law.

10.3 The proposer or consultant shall be provided notice and an opportunity to present evidence and show cause before the Board why such ineligibility should not be declared after the Executive Director has established a factual basis for debarment.

10.4 A consultant's debarment shall be effective amongst SANDAG and any of its subsidiary entities. Debarment prohibits SANDAG and subsidiary entities from executing contracts with the debarred consultant.

10.5 Debarment constitutes debarment of all divisions or other organizational elements of the consultant, unless the development decision is limited by its terms to specific divisions, organizational elements, or commodities. The debarment decision may be extended to include any affiliate of the consultant if the affiliate is (1) specifically named, and (2) given written notice of the proposed debarment and an opportunity to respond.
10.6 Notwithstanding the debarment of the consultant, the Board may continue contracts in existence at the time the consultant is debarred, unless the Board directs otherwise, after receiving advice from the Executive Director as to the effects of termination of an existing agreement.

11. Contract Administration and Consultant Assurances

11.1 SANDAG consultants must meet all applicable laws concerning labor law, labor rates, EEO and licenses.

11.2 SANDAG shall ensure that all services requiring a licensed consultant shall be performed by licensed consultants.

11.3 Consultants will be responsible for complying with the provisions of the Fair Labor Standards Act of 1938 as amended.

11.4 Consultants must provide the minimum scope of insurance as stipulated in the contract.

11.5 Consultants shall be required to provide Workers' Compensation Insurance to their employees in accordance with the provisions of Section 3700 of the Labor Code. Prior to commencement of work, the consultant shall be required to provide a certificate of compliance to SANDAG.

11.6 The SANDAG requirements for consultant labor compliance shall be guided by the California Labor Code and the “Labor Compliance” section of the California Department of Transportation’s Construction Manual.

11.7 Consultants shall comply with the EEO requirements set forth by Title VI of the 1964 Civil Rights Act on any project where federal funds are included, and any other requirements established by the Federal Transit Administration.

11.8 Consultants shall comply with Sections 1431 and 1735 of the Labor Code and Sections 300 and 317 through 323 of Title 8 of the California Administrative Code, which prohibits labor discrimination and requires the consultant to submit an Equal Opportunity Program and certification fee to the Fair Employment Practice Commission for contracts over $200,000.

12. Amendments to Service Contracts

12.1 All contracts may be amended by a suitable amendment processed in accordance with SANDAG procurements manual and policies.

12.2 The Executive Committee or Transportation Committee or, if not practical, the Chairperson of the Board or either Vice Chairperson in the absence of the Chairperson, are hereby authorized to approve amendments that will cause the project budget to be changed in an amount exceeding $100,000 when waiting for Board approval could potentially delay a project or increase the cost of the change. Approval of such items by the Chairperson or a Vice Chairperson is not the preferred
practice and should only be used if a regular or special meeting of an authorized legislative body is infeasible or impractical. In such an instance, the Executive Director shall notify the Board of the Committee's action or Chairperson/Vice Chairperson’s action at the next regular Board meeting.

12.3 All amendments that impact or potentially impact Board-adopted policies shall be brought before the Board for decision.

12.4 All amendments which utilize federal funds shall conform to the Code of Federal Regulations, Volume 49, Part 18 and the most recent version of Federal Transit Administration Circular 4220.1 or the equivalent from other federal funding agencies and any successors thereof that are applicable by law.

Adopted October 2003
Amended November 2004
Amended December 2006
Amended December 2007
Amended December 2008
Amended January 2010
Amended November 2010
Amended 2014
DELEGATION OF AUTHORITY

The purpose of this policy is to establish the authority granted by the Board of Directors to the Executive Director. It also provides the Executive Director with the authority to delegate functions he or she has been delegated by the Board to SANDAG staff.

Definitions

The following words shall have the meanings indicated when used in this policy:

“Agreement” shall be interpreted to include contracts, memorandums of understanding, agreement amendments, purchase orders, invoices, money transfers, or any other document that could be enforced against SANDAG in a court of law.

“Budget” shall be interpreted to include SANDAG’s annual budget, revisions and amendments thereto, and the Overall Work Program.

“Emergency or Urgent Need” for purposes of this policy shall mean a situation in which, in the Executive Director’s or his/her designee’s opinion, injury to persons, or significant injury to property, covered species, habitats, linkages, and/or corridors identified in the San Diego County Natural Communities Conservation Planning program, or interruption of a public service will occur if immediate action is not taken.

Procedures

1. Adoption of a budget by the Board shall automatically authorize the Executive Director to enter into any agreements or take any other actions necessary to implement the budget items or other actions approved by the Board.

2. Any authority delegated to the Executive Director shall automatically vest with a Chief Deputy Executive Director when business must be conducted in the absence of the Executive Director.

3. In the event of emergency or an urgent need, the Executive Director is authorized to take all necessary actions to prevent significant unnecessary loss to SANDAG, a shut-down of public services, or to address a situation threatening the health or safety of persons or property, including, but not limited to, authorization to contract with a contractor or consultant on a sole source basis, consistent with applicable state or federal law without prior approval from the Board. In the event such an emergency or urgent need occurs, the Executive Director will consult with the Chair of the Board, promptly communicate all actions taken to the Board members, and submit a report to the Board at its next regular meeting in order to obtain ratification for those actions.
4. The Executive Director is hereby authorized to carry out the actions set forth below. In the event any of the authorities in this paragraph are exercised, the Executive Director will report actions taken to the Board in summary written form at the next regular meeting of the Board.

4.1 Enter into agreements not currently incorporated in the budget and make other modifications to the budget in an amount up to $100,000 per transaction so long as the overall budget remains in balance. This provision may not, however, be used multiple times on the same budget line item or contract in order to circumvent the $100,000 limit.

4.2 Approve all design plans, specifications and estimates for capital improvement projects.

4.3 Execute all real property transfer documents, including but not limited to, rights of entry, licenses, leases, deeds, easements, escrow instructions, and certificates of acceptance.

4.4 Approve the establishment of an offer of just compensation based on a qualified appraisal and within approved project budget for property sought to be acquired, and direct payment to persons for such property so long as the payment amount does not exceed 110 percent of the appraised value, or $100,000 above the appraised value, whichever is greater, or the full satisfaction of court judgments regarding property valuation.

4.5 Reject all bids and/or suspend the competitive procurement process.

4.6 Provide the final determination to persons or firms filing a protest regarding SANDAG’s procurement or contracting process or procedures.

4.7 File administrative claims and to initiate and maintain lawsuits on behalf of the Board to recover for damage to or destruction of SANDAG property, or interruption of a public service.

4.8 Settle all lawsuits initiated under paragraph 4.7.

4.9 Settle all lawsuits and Government Code claims that SANDAG must defend when the settlement amount does not exceed $100,000.

4.10 Accept reimbursement from member agencies for use of SANDAG on-call contracts.

4.11 Execute tolling agreements to extend the statute of limitations for litigation involving SANDAG as a potential plaintiff or defendant when deemed in the best interest of SANDAG by the Executive Director and Office of General Counsel.

4.12 Authorize transfers of funds in the SANDAG budget for capital improvement projects following approval of such a transfer by the affected transit operator’s board of directors or designated governing body.
4.13 Authorize the expenditure of Emergency Land Management Funds designated in the most recent Board-adopted Environmental Mitigation Program Funding Strategy based upon support from a cross-section of technical experts not affiliated with the request.

4.14 Modify the Board of Directors meeting agenda regarding issues that arise after the most recent Executive Committee meeting with the concurrence of Chair of the Board.

4.15 Execute Right-of-Way Certifications for submittal to the California Department of Transportation, and take all other actions necessary to facilitate the timely filing of such certifications, for SANDAG projects that are either on the State Highway System or for those off-system projects with federal funding.

5. The Executive Director shall act as the appointing authority for SANDAG with the authority to appoint, promote, transfer, discipline, and terminate all employees of SANDAG subject to the provisions of SANDAG’s Administrative Rules and Regulations.

6. Pursuant to Article V, Section 4, paragraph c of the Bylaws, the Executive Director shall promulgate an administrative policy governing the procedures for delegating his/her authority to other SANDAG staff.

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Amended November 2004
Amended December 2006
Amended December 2008
Amended February 2012
Amended November 2012
Amended October 2013
Amended 2014
PROCUREMENT AND CONTRACTING – EQUIPMENT & SUPPLIES

Purpose

To establish procedures for acquiring supplies, equipment, and materials.

Background

When purchasing equipment, supplies, and materials, SANDAG staff is required to use a competitive procurement process. Pursuant to Public Utilities Code section 132352.4(5), SANDAG is required to select the lowest responsible bidder meeting specifications for awards of $50,000 or more, not including sales tax. This section also states two exceptions to this requirement. First, if an article of a specified brand or trade name is the only article that will properly meet the needs of SANDAG, competitive procurement is not required. Second, the Board may approve a purchase of equipment, supplies, or materials that exceeds $50,000 without utilizing competitive procurement methods if it is in the best interest of SANDAG to do so. All references to the Executive Director in this policy also apply to the Executive Director's designee.

Policy

1. Supplies, equipment, and materials not otherwise provided for in a contract for construction or services, and estimated to cost more than $50,000, shall be listed separately in the budget or otherwise provided for by Board action or Executive Director approval before suppliers are asked to submit any binding offers.

2. For purchases in excess of $3,000 involving federal funds, all applicable federal requirements and certifications must be attached to the purchase order or contract. For purchases that exceed $50,000, a purchase order or a contract must be used in order to ensure provisions are included to protect the interests of SANDAG.

3. Normally, SANDAG will utilize a full and open competition when soliciting bids or proposals for procurements in excess of $50,000. Under certain circumstances, however, a procurement may be justified that does not utilize full and open competition. These procurements are known as limited competition procurements. When less than full and open competition is used, SANDAG shall solicit offers from as many potential sources as is practicable under the circumstances. Noncompetitive procurement is known as sole source procurement. Noncompetitive and limited competition procurements shall only be permitted when the conditions below are met.

3.1 When there are no federal funds involved the following additional factors may make limited competition or sole source procurement within the best interest of SANDAG. Therefore, a limited competition or sole source for these types of procurements may be permitted when one of the conditions in this section (3.1) is met:
3.1.1 There is only one vendor capable of providing the item because the item is unique or highly specialized.

3.1.2 The item should be purchased from a particular vendor in the interest of economy or efficiency as a logical follow-on to an order already issued under a competitively awarded contract.

3.1.3 The cost to prepare for a competitive procurement exceeds the cost of the item.

3.1.4 The item is an integral repair part or accessory compatible with existing equipment.

3.1.5 The item is essential in maintaining research or operational continuity.

3.1.6 The item is one with which staff members who will use the item have specialized training and/or expertise and retraining would incur substantial cost in time and/or money.

3.1.7 The procurement is of the type that may be made as a sole source procurement pursuant to the Public Contracts Code.

3.2 When the project will be paid for in whole or in part by federal funds one of the conditions allowing a limited competition or sole source procurement set forth below in the latest version of FTA Circular 4220.1, or the equivalent from other federal funding agencies, must be met:

3.2.1 Unique Capability or Availability. The equipment or services are only available from one source. Services are only available from one source if one of the conditions described below is present:

3.2.1.1 Unique or Innovative Concept. Staff can demonstrate that the equipment is a unique or innovative concept or capability not available from another source. Unique or innovative concept means either a new, novel, or changed concept, approach, or method that is the product of original thinking, the details of which are kept confidential or are patented or copyrighted, and is available to SANDAG only from one source and has not in the past been available to the recipient from another source; or

3.2.1.2 Patents or Restricted Data Rights. Patent or data rights restrictions preclude competition.

3.2.2 Substantial Duplication Costs. In the case of a follow-on contract for the continued development or production of highly specialized equipment and major components thereof, when it is likely that award to another contractor would result in substantial duplication of costs that are not expected to be recovered through competition.
3.2.3—Unacceptable Delay. In the case of a follow-on contract for the continued
development or production of highly specialized equipment and major
components thereof, when it is likely that award to another contractor
would result in unacceptable delays in fulfilling SANDAG’s needs.

3.2.4—Single Bid or Proposal. Upon receiving a single bid or proposal in response to
a solicitation, if staff determines that competition was adequate based on a
review of the specifications for undue restrictiveness and/or a survey of
potential sources that chose not to submit a bid or proposal.

3.2.5—Unusual and Compelling Urgency. SANDAG may limit the number of sources
from which it solicits bids or proposals if staff documents that such an
unusual and urgent need for the services exists that SANDAG would be
seriously injured unless it were permitted to limit the solicitation. SANDAG
may also limit the solicitation when the public exigency or emergency will
not permit a delay resulting from competitive solicitation for the services.

3.2.6—Contractual Agreement. With some exceptions, when an agency awards a
grant agreement or enters into a cooperative agreement with SANDAG for a
project in which the funding agency has approved the participation of a
particular firm or combination of firms in the project work, the grant
agreement or cooperative agreement constitutes approval of those
arrangements.

3.2.7—Circumstances authorized by Federal Acquisition Regulation Part 6.3 or the
federal Common Grant Rules. Examples include a statutory authorization or
requirement, compliance with Department of Transportation (DOT)
appropriations laws that include specific statutory requirements, with the
result that only a single contractor can perform certain project work.

3.2.8—National Emergency. To maintain a facility, producer, manufacturer, or other
supplier available to provide supplies or services in the event of a national
emergency or to achieve industrial mobilization.

3.2.9—Research. To establish or maintain an educational or other nonprofit
institution or a federally funded research and development center that has
or will have an essential engineering, research, or development capability.

3.2.10—Protests, Disputes, Claims, Litigation. To acquire the services of an expert or
neutral person for any current or anticipated protest, dispute, claim, or
litigation.

3.2.11—International Arrangements. When precluded by the terms of an
international agreement or a treaty between the United States and a
foreign government or international organization, or when prohibited by
the written directions of a foreign government reimbursing the recipient for
the cost of the acquisition of the supplies or services for that government.

3.2.12—National Security. When the disclosure of SANDAG’s needs would
compromise the national security.
3.2.13. Public Interest. When SANDAG staff documents that full and open competition in connection with a particular acquisition is not in the public interest.

3.2.14. When Prohibited. Less than full and open competition is not justified under any circumstance based on:

   3.2.14.2. Limited Availability of Federal Assistance. Concerns about the amount of federal assistance available to support the procurement (for example, expiration of federal assistance previously available for award).

4. For purchases below $3,000 a micro purchase procurement method may be used. A micro purchase is a noncompetitive purchase technique, however, the price of the item must still be fair and reasonable. There should be equitable distribution among qualified suppliers in the local area and no splitting of procurements to avoid competition. A bid is only required from the vendor of choice and no contract is required.

5. For purchases between $3,001 and $50,000, a simplified competitive procurement method may be used:

   5.1. Staff shall obtain written bids or document oral bids from at least three suppliers in a manner that permits prices and other terms to be compared.

   5.2. Staff shall recommend the supplier that will provide the best value to SANDAG, taking into account the possible range of competing product and materials available, fitness of purpose, manufacturer’s warranty, and other similar factors in addition to price.

   5.3. Staff shall obtain approval as required in the administrative delegation of authority policy and the small procurement procedures for use of the recommended supplier.

6. For purchases of $50,000 or more, an invitation for bids (IFB) shall be issued and the award will be made to lowest responsible bidder submitting a responsive bid:

   6.1. The IFB will be posted on the SANDAG Web site. In addition, notice of the IFB will be sent to suppliers previously known to be interested in providing the needed article(s).

   6.2. Notice of the IFB will be published in at least one newspaper of general circulation in San Diego County. The IFB may also be published in one or more Disadvantaged Business Enterprise (DBE)/Small business directed newspapers and in such other minority or community newspapers and trade publications as appropriate at least two weeks before the bid opening date. The notice shall state that SANDAG is interested in receiving bids from qualified firms, and indicate how additional information can be obtained, the date, location and time for receiving and opening the sealed bids. For federally funded projects, the IFB must also be published in one or more Disadvantaged Business Enterprise-certified publications.
7. For purchases of $50,000 or more that are better suited for a Request for Proposals (RFP) (negotiated purchase) or purchase on the open market, instead of an IFB (low bidder), approval may be sought from the Contracts Manager to utilize a different procurement process. An alternate procurement process to the IFB may be in the best interest of SANDAG in the following example situations:

7.1 The purchase may be made at a lower price on the open market.

7.2 Competitive bidding is an inadequate method of procurement because it is necessary to purchase prototype equipment or modifications in order to conduct and evaluate operational testing.

7.3 The article(s) to be procured is undergoing rapid technological changes and it is in the public's interest to issue an RFP so that the broadest possible range of competing product and materials available, fitness of purpose, manufacturer's warranty, and other similar factors in addition to price, can be taken into consideration.

8. If staff seeks authorization to utilize an alternate procurement process under section 7, documentation setting forth the reasons a deviation from the typical competitive bidding process is warranted, and a technical evaluation of the articles, prices, and suppliers shall be submitted in the requisition packet.

9. Conflicts of Interest

9.1 SANDAG shall not contract with, and will reject any bid or proposal submitted by, the following persons or entities, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:

9.1.1 Persons employed by SANDAG;

9.1.2 Profit-making firms or businesses in which SANDAG employees serve as officers, principals, partners or major shareholders;

9.1.3 Persons who, within the immediately preceding twelve (12) months, were employed by SANDAG and (1) were employed in positions of substantial responsibility in the area of service to be performed by the contract, or (2) participated in any way in developing the contract or its service specifications; or

9.1.4 Profit-making firms or businesses in which the former employees described in subsection 9.1.3 serve as officers, principals, partners or major shareholders.

9.2 SANDAG staff and third parties with whom SANDAG does business shall comply with SANDAG administrative policies concerning Standard of Conduct and all relevant Board Policies.
9.3 A Notice of Potential for Conflict of Interest shall be included when relevant in any procurement issued by SANDAG. The Notice shall be the policy of the Board as listed herein. Any agreement issued in accordance with this policy shall include or make reference to the policy listed herein.

9.4 A “firm” shall be defined as any company or family of companies where there is a single parent board of directors or staff of officers who can influence the policies and actions of the design company, construction management company, and the construction company.

9.5 “Ineligible” firms shall include the prime consultant for the services, subcontractors for portions of the services, and affiliates of either. An affiliate is a firm that is subject to the control of the same persons through joint ownership or otherwise.

9.6 If there is any doubt by a firm regarding a potential conflict of interest for a specific project or function, the appropriate member of management staff, depending on type of project, will, upon written request, provide a written ruling. This procedure is encouraged prior to submittal of proposals or bids. In the event a conflict of interest is determined to exist, a written appeal may be made by the affected firm to the Executive Director within five calendar days of notice from SANDAG the conflict. The Executive Director shall determine the adequacy of the appeal and make a subsequent final decision. No further appeal shall be considered.

Adopted November 2003
Amended December 2006
Amended December 2007
Amended December 2008
Amended 2014
PROCUREMENT AND CONTRACTING – CONSTRUCTION

Purpose
To establish a method for administering SANDAG construction contracts.

Background
Public Utilities Code section 132352.4 states that if the estimated total cost of any construction project or public works project will exceed fifty thousand dollars ($50,000), SANDAG must solicit bids in writing and award the work to the lowest responsible bidder or reject all bids. Section 132352.4 further mandates that SANDAG establish rules for procurement of construction of public works projects. Additionally, Government Code section 14085 et seq. requires that any public entity receiving state funds for a guideway project adopt policies and procedures for contract administration. Code of Federal Regulations, Volume 49, Part 18, and Federal Transit Administration Circular 4220.1F also establish procedures which SANDAG must be follow when administering contracts using federal funds. All references to the Executive Director in this policy also apply to the Executive Director’s designee.

Policy
1. Bidding Process

A competitive bidding process shall be utilized to the greatest extent possible for all construction contracts.

1.1. Bid Procedure for Small Contracts

1.1.1 For construction contracts estimated to cost $3,000 or less, the work may be awarded without competition so long as the price is determined to be fair and reasonable. Otherwise, staff shall seek a minimum of three bids which may be either written or oral to permit prices and other terms to be compared.

1.1.2 For construction contracts estimated to cost more than $3,000 but not more than $50,000, the following procedures shall be followed:

1.1.2.1 Written Notices Inviting Bids (NIBs) will be sent to a minimum of three qualified bidders by mail or facsimile on the same date. The bid period will be a minimum of three calendar days. When possible, NIBs should be sent to at least two certified Disadvantaged Business Enterprise (DBE) firms. The NIB will contain the time and location for receiving and opening bids.
1.1.2.2 The contract will be awarded to the lowest responsive and responsible bidder after a Notice of Intent to Award has been issued to all bidders and a protest period of five working days has expired.

1.1.2.3 Bid bonds will only be required on bids that are $50,000 or less when requested by the Director of Mobility Management & Project Implementation or his or her designee.

1.2. Bid Procedure for Contracts in Excess of $50,000

1.2.1 Public notice of a construction contract estimated to cost more than $50,000 shall be given by publication once a week for at least two consecutive weeks, at least three weeks before the day set for receiving bids, as follows:

1.2.1.1 In a newspaper of general circulation, published in San Diego County;

1.2.1.2 In a trade paper of general circulation published in Southern California devoted primarily to the dissemination of contract and building news among contractors and building materials supply firms (optional for projects estimated to cost less than $100,000); and

1.2.1.3 In at least one DBE/Small business directed newspaper or trade publication and in such other minority or community newspapers as appropriate.

1.2.2 Advertisements may also be placed in other minority and community newspapers, as appropriate. Appropriate DBEs listed in the current SANDAG vendor database will be notified of any work advertised under this policy.

1.2.3 The notice shall state the time and place for receiving and opening sealed bids and shall describe, in general terms, the work to be done.

1.3. Contractor's Qualifications

1.3.1 SANDAG may, for prospective contractors whose bid could exceed $500,000, adopt and apply a uniform prequalification system for rating bidders, on the basis of a standard experience questionnaire and financial statement verified under oath in respect to the contracts upon which each bidder is qualified to bid. A contractor may request to be prequalified for a predetermined contract amount prior to bidding.

1.3.2 In no event shall any bidder be awarded a contract if such contract award would result in the bidder having under contract(s), work cumulatively in excess of that authorized by its qualification rating.

1.4. Form of Bids

1.4.1 SANDAG shall furnish each bidder with a standard proposal form, to be filled out, executed, and submitted as its bid.
1.4.2 All bids shall be submitted in a sealed envelope accompanied by one of the following forms of bidder's security: cash, a cashier's check, certified check, or a bidder’s bond executed by an admitted surety insurer and made payable to SANDAG. A bid shall not be considered unless accompanied by one of the forms of bidder's security. Bidder's security shall be at least 10 percent of the amount bid. Bidder’s bonds must be issued by bonding companies registered in the State of California.

1.4.3 Late bids shall not be accepted after the time and date designated in the notice.

1.4.4 Any bid may be withdrawn any time prior to the time fixed in the notice for bid opening only by written request to the SANDAG Executive Director. The request shall be executed by the bidder or its designated representative. Bids shall not be withdrawn after the time fixed for public opening.

1.4.5 On the day specified in the notice, staff shall publicly open sealed bids and announce the apparent lowest bidder(s).

1.5. Review of Bids

1.5.1 After the bids are publicly opened, the Director of Mobility Management & Project Implementation or his or her designee (hereinafter "Director"), shall review all bids in order to determine which bidder is the lowest responsive and responsible bidder. The term "lowest responsive and responsible bidder" shall mean the lowest monetary bidder (excluding taxes) whose bid is responsive and who is responsible to perform the work required by the solicitation and contract documents.

1.5.2 SANDAG may investigate the responsibility and qualifications of all bidders to whom the award is contemplated for a period not to exceed 90 days after the bid opening. The 90-day review period may be extended upon the written request by the Director and written approval by the affected bidders.

1.5.3 SANDAG reserves the right to reject any or all bids and to waive any immaterial irregularity. No bid shall be binding upon SANDAG until after the contract is signed by both the contractor and SANDAG.

1.5.4 The lowest monetary bidder’s bid will be evaluated by the Director in order to determine whether or not that bid is responsive. The term "responsive" generally means that the bid has been prepared and submitted in accordance with the requirements of the solicitation and bid documents. These requirements shall generally include, but will not be limited to, the following:

1.5.4.1 Proposal and Cost Proposal - with bid amounts filled in.

1.5.4.2 Designation of Suppliers and Subcontractors - including dollar amounts.

1.5.4.3 Acknowledgment of Addenda.
1.5.4.4 Contractor's License Requirements.

1.5.4.5 Ability to Meet Minimum Insurance Requirements.

1.5.4.6 Public Contract Code 10162 Questionnaire.

1.5.4.7 Bidder's Bond.

1.5.4.8 Noncollusion Affidavit.

1.5.4.9 Certification of Restrictions on Lobbying.

1.5.4.10 Disclosure of Lobbying Activities.

1.5.4.11 Certification Regarding Debarment

1.5.5 If the lowest monetary bidder's bid is responsive, then the bidder's qualifications will be evaluated by the Director to determine whether or not the bidder is responsible to perform the work required by the contract documents. The term "responsible" generally means that the bidder is able to demonstrate that it possess: (1) the capacity to perform the work required by the contract documents with respect to financial strength, resources available, and experience; and (2) the integrity and trustworthiness to complete performance of the work in accordance with the contract documents. The Director shall review "responsibility" of bidders based upon factors set forth below.

1.5.6 For all contracts in excess of $500,000, the following uniform system of determining whether or not a bidder is "responsible" shall be applied. The Director will consider the following non-exclusive list of factors in relation to the work to be performed for this project:

1.5.6.1 Financial Requirements:

1.5.6.1.1 Contractors shall have evidence of the availability of sufficient working capital;

1.5.6.1.2 For design-bid-build projects, the largest value of all work any bidding contractor has had under contract over a previous similar time frame as the subject contract shall meet or exceed the total amount of the bid;

1.5.6.1.3 For design-bid-build projects, the dollar value of at least one of the previous individual contracts listed shall be at least 50 percent of the dollar value bid on the SANDAG contract, or in the case of a Job Order Contract, at least 50 percent of the maximum amount of the Job Order Contract; and

1.5.6.1.4 For design-bid-build projects, the contractor shall have successfully completed contracts during the previous five years
that together exceed five times the annual value of the SANDAG contract.

1.5.6.2 Experience Requirements:

1.5.6.2.1 The contractor must demonstrate organization experience on work similar to the SANDAG contract by submitting a list, covering at least the previous five years, of all projects of any type that have been completed or are under construction. The list shall contain a name, title, address, and phone number for staff to contact to verify the contract details;

1.5.6.2.2 The contractor shall demonstrate individual experience by submitting a list of all officers, superintendents, and engineers who will be involved in the SANDAG contract. These key personnel shall have at least three years experience on contracts where the work is similar to the SANDAG contract. The individuals listed shall have been involved at the same level of responsibility on successfully completed contracts during the previous five years that together exceed the value of the SANDAG contract. A resume for each individual listed shall include the name, title, address, and phone number of an individual or organization who can verify the individual's experience;

1.5.6.2.3 The contractor shall submit a summary of all claims made in the last five years arising out of previous contracts listed (this summary shall include all claims by owner against bidder or bidder against owner, and the final status of each claim);

1.5.6.2.4 The contractor shall state whether or not it has defaulted on a construction project within the last two years;

1.5.6.2.5 The contractor shall list any violation of the Apprenticeship Requirements under a State Business and Professions Code of Labor Code found by an appropriate authority within the last two years;

1.5.6.2.6 The contractor shall state whether they have been found guilty of failure to pay required prevailing wages on a public contract within the last two years;

1.5.6.2.7 The contractor shall state whether they have been formally found to be a nonresponsive bidder, for reason other than being nonresponsive, by a public agency within the last two years;
1.5.6.2.8 The contractor shall list how many construction projects the bidder will be working on concurrently with the SANDAG project;

1.5.6.2.9 The contractor shall state whether they have ever been terminated by an owner or client, or rejected from bidding in a public works project in the last five years;

1.5.6.2.10 The contractor shall state whether a surety ever completed any portion of the work of the bidder's project within the last five years;

1.5.6.2.11 The contractor shall state whether the bidder, any officer of such bidder, or any employee of such bidder who has a proprietary interest in such bidder, has ever been disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of a law or safety regulation, and if so, explain the circumstances; and

1.5.6.2.12 For all items identified under 1.5.6.2.1 through 1.5.6.2.11 above, the contractor shall provide name of owner, title of project, contract amount, location of project, date of contract, and name of bonding company.

1.5.6.3 Reporting Forms: In order to demonstrate that the SANDAG financial and experience requirements are met, the contractor shall submit, when requested by SANDAG, a standard experience questionnaire and financial statement verified under oath that shall meet the requirements adopted herein.

1.5.6.4 Failure to provide accurate information relative to its financial status or experience may result in the debarment of the contractor from future SANDAG work.

1.5.6.5 Questionnaires and financial statements shall not be considered public records nor open for public inspection.

1.5.7 SANDAG will make its determination of responsibility based upon information submitted by bidders, and, if necessary, interviews with previous owners, clients, design professionals, or subcontractors with whom the bidder has worked. If a bidder is determined to be nonresponsible, it shall be afforded an administrative hearing upon the submission of a timely protest of such issue. Any additional evidence submitted in the course of the protest procedure shall be considered by the Director in making the recommendation to the Executive Director regarding determination of the lowest responsive and responsible bidder and award of the contract.
1.6. Award or Rejection of Bids

1.6.1 If the Director finds that the lowest monetary bidder submitted a responsive bid and that the bidder is responsible, then that bidder shall be deemed the apparent lowest responsive and responsible bidder, and the Director shall report the findings as recommendation to the Executive Director.

1.6.2 If the Director finds that the lowest monetary bidder's bid is not responsive or that the lowest monetary bidder is not responsible, then the Director may review the responsiveness and responsibility of the next low monetary bidder. If the Director finds that the next low monetary bidder is responsive and responsible, then that next low bidder shall be deemed the apparent lowest responsive and responsible bidder, and the Director shall report the findings as recommendations to the Executive Director. The Director may continue to review the responsiveness and responsibility of the next low monetary bidders until he/she finds the lowest monetary bidder that is also responsive and responsible, and deemed lowest responsive and responsible bidder. In the event that one or more low monetary bidders are found by the Director to be nonresponsive or nonresponsible, those bidders will be given notice and a reasonable opportunity to present additional evidence to the Director within five working days after the bidder receives the notice.

1.6.3 The Executive Director may authorize a Limited Notice to Proceed (LNTP) to the apparent lowest responsive and responsible bidder for an amount not to exceed $250,000 prior to the award of the construction contract if the Executive Director determines that the award of an LNTP is justified.

1.6.4 If it is for the best interest of SANDAG, the Executive Director may, on refusal or failure of the successful bidder to execute the contract, award it to the second-lowest responsive and responsible bidder.

1.6.5 If the second-lowest responsive and responsible bidder fails to execute the contract, the Executive Director may likewise award it to the third-lowest responsible bidder.

1.6.6 On the failure or refusal of any bidder to execute the contract, its bidder's security shall be forfeited to SANDAG.

1.6.7 For all contract awards in excess of $25,000, the successful bidder must furnish a performance bond equal to at least one-half of the contract price and a payment bond equal to one hundred percent of the contract price. Federally funded contract awards shall require a performance bond equal to one hundred percent of the contract price. Notwithstanding the foregoing, depending upon authorization from the funding source(s), the performance and payment bond requirements may be modified within the Invitation for Bids with prior approval of the Director.
1.6.8 Failure to furnish the required bonds shall constitute failure to execute the contract.

1.7. Return of Bidder's Security

1.7.1 SANDAG may withhold the bidder's security of the second- and third-lowest responsive and responsible bidders until the contract has been finally executed. SANDAG shall, upon request, return cash, cashier's checks, and certified checks submitted by all other unsuccessful bidders within 30 days after the bid opening, and the bidder's bonds shall be of no further effect.

1.8. Protests to Solicitation, Responsibility, Bid, or Award

1.8.1 SANDAG shall include in all procurements a procedure to be followed by interested parties who wish to protest a specification, procedure, or finding of nonresponsibility. The procedure shall include the following:

1.8.1.1 A requirement that protest submittals shall be in writing, be specific to the specification or procedure being protested, state the grounds for protest, and include all documentation needed to enable SANDAG to reach a decision.

1.8.1.2 A statement that the protest shall be submitted within clearly defined time limits prior to receiving proposals or opening bids or prior to award of contracts.

1.8.1.3 A statement specifying the review and determination process by SANDAG, including time limits for response.

1.8.1.4 Requirements for submittal of a protest reconsideration.

1.8.1.5 A statement regarding review of the initial protest by a protest review committee, or in the case of a protest regarding a finding of nonresponsibility by an administrative hearing officer or panel, and review of protest reconsiderations by the Executive Director, as appropriate.

1.8.1.6 A statement that protests will be rejected if they are not complete.

1.9. Procedure for Subcontractor Substitution Protest

1.9.1 Subcontractor substitutions shall be made only pursuant to the provisions of the Subletting and Subcontracting Fair Practices Act, Public Contract Code section 4100 et seq., as it may be amended from time to time. Notwithstanding the foregoing, nothing in this policy is intended to require SANDAG to strictly comply with the Subcontracting Fair Practices Act. The Executive Director is hereby designated to carry out all functions of the awarding authority under Section 4100 et seq.
1.10. Procedure for Contractors with Claims Against SANDAG on Construction Contracts

1.10.1 On all SANDAG construction contracts estimated to cost more than $25,000, a section shall be included in the contract provisions that specifies how a contractor should file a "Notice of Potential Claim" and the procedures for review and disposition thereof.

1.10.2 Federal Transit Administration review and concurrence is required for claim settlements that exceed $1 million if FTA funds are involved.

1.10.3 A list of all outstanding claims exceeding $100,000 which involve the use of federal funds shall be included in the federal grants quarterly report.

1.11. Debarment Procedures for Procurement and Construction Contracts

1.11.1 In addition to all other remedies permitted by law, SANDAG may, upon advice of the Executive Director and Office of General Counsel, by resolution declare a bidder or contractor ineligible to bid on SANDAG procurement and construction contracts for a period not to exceed three years for any of the following grounds:

1.11.1.1 two or more claims of computational, clerical, or other error in bid submission within a two year period;

1.11.1.2 unjustified failure or refusal to timely provide or properly execute contract documents;

1.11.1.3 unsatisfactory performance of contract;

1.11.1.4 false, excessive and/or unreasonable claims while performing work for SANDAG;

1.11.1.5 two or more occasions within a two-year period of failure to submit bond or insurance documents acceptable to SANDAG in the time periods required;

1.11.1.6 unjustified refusal to properly perform or complete contract work or warranty performance;

1.11.1.7 unjustified failure to honor or observe contractual obligations or legal requirements pertaining to the contract;

1.11.1.8 conviction under a state or federal statute or municipal ordinance for fraud, bribery, theft, falsification or destruction of records, receiving stolen property or of any other similar crime;

1.11.1.9 any offense or action which indicates a lack of business integrity and which could directly affect the reliability and credibility of performance of the contractor on future contracts with SANDAG;
1.11.1.10 any debarment of the contractor by another governmental agency; and

1.11.1.11 false statements or certifications in documents submitted as part of a bid or any supplementary documentation thereto.

1.11.2 SANDAG may permanently debar such bidder or contractor for a conviction under federal or state antitrust statutes involving public contracts or the submission of bid proposals, for any corrupt practices involving the administration or award of a contract with SANDAG, or permanent debarment of the bidder or contractor by another governmental agency.

1.11.3 The bidder or contractor shall be provided notice and an opportunity to present evidence and show cause before the Board why such ineligibility shall not be declared after the Director has established a factual basis for debarment.

1.11.4 A contractor’s debarment shall be effective amongst SANDAG and any subsidiary entity. Debarment prohibits SANDAG and any subsidiary entity from executing contracts with the debarred contractor.

1.11.5 Debarment constitutes debarment of all divisions or other organizational elements of the contractor, unless the debarment decision is limited by its terms to specific divisions, organizational elements, or commodities. The debarment decision may be extended to include any affiliate of the contractor if the affiliate is (1) specifically named, and (2) given written notice of the proposed debarment and an opportunity to respond.

1.11.6 Notwithstanding the debarment of the contractor, the Board may continue contracts in existence at the time the contractor is debarred, unless the Board directs otherwise, after receiving advice from the Executive Director as to the effects of termination of an existing agreement.

2. **Contract Administration and Contractor Assurances**

2.1 SANDAG contractors must meet all applicable laws concerning labor law, labor rates, EEO and licenses. SANDAG shall ensure that the following requirements are carried out:

2.1.1 All bidders and contractors shall be licensed in accordance with the laws of California. Additionally, contractor requirements shall be guided by the provisions of Chapter 9 of Division 3 of the Business and Professions Code concerning the licensing of contractors.

2.1.2 The contractor may not, in any case, pay workers less than the stipulated prevailing rates paid for such work or craft in the San Diego area by the contractor or any of its subcontractors, unless it is otherwise authorized by law.

2.1.3 The contractor will be responsible for complying with the provisions of the Fair Labor Standards Act of 1938 as amended.
2.1.4 SANDAG contractors shall be required to provide Workers' Compensation Insurance to their employees in accordance with the provisions of Section 3700 of the Labor Code. Prior to commencement of work, the contractor shall sign and file with SANDAG a certification of compliance.

2.1.5 Contractors must comply with the SANDAG contractor labor compliance program, which is based on the California Labor Code and the “Labor Compliance” section of the California Department of Transportation’s Construction Manual.

2.1.6 The contractor shall comply with the EEO requirements set forth by Title VI of the 1964 Civil Rights Act on any project where Federal funds are included.

2.1.7 The contractor shall also comply with Sections 1431 and 1735 of the Labor Code and Sections 300 and 317 through 323 of Title 8 of the California Administrative Code, which prohibits labor discrimination and requires the contractor to submit an Equal Opportunity Program and certification fee to the Fair Employment Practice Commission for contracts over $200,000.

3. **Construction Contract Change Orders**

3.1 All construction and procurement contracts may be amended by a suitable change order. The contract change orders shall be processed in accordance with SANDAG procurement and construction manual(s).

3.2 Construction contract change orders shall be approved by the Executive Director in accordance with SANDAG Board policies, administrative policies, and procedural manuals.

3.3 Except in an emergency, or in the case of a justifiable sole source procurement, a change order shall not be awarded without competitive bidding where the amount of such change order exceeds 25 percent of the price of the original or altered contract, or the change order is out of the original contract scope.

3.3.1 For purposes of this section, an emergency is defined as a sudden or unforeseen situation in which, in the Executive Director’s opinion, injury to persons, or significant injury to property or interruption of a public service will occur if immediate action is not taken.

3.4 All change orders that conflict or potentially conflict with Board-adopted policies shall be brought before the Board for decision.

3.5 All change orders which utilize federal funds shall conform to the Code of Federal Regulations, Volume 49, Part 18 and Federal Transit Administration Circular 4220.1F and any successors thereof, that are applicable by law.

4. **Other Than Full and Open Competition**

Normally, SANDAG will utilize a full and open competition when soliciting bids or proposals for procurements in excess of $50,000. Under certain circumstances, however, a procurement
may be justified that does not utilize full and open competition. These procurements are known as limited competition procurements. When less than full and open competition is used, SANDAG shall solicit offers from as many potential sources as is practicable under the circumstances. Noncompetitive procurement is known as sole source procurement. Noncompetitive and limited competition procurements shall only be permitted when the conditions below are met.

4.1 When the project will be paid for in whole or in part by federal funds one of the conditions allowing a limited competition or sole source procurement set forth in the latest version of FTA Circular 4220.1, or the equivalent from other federal funding agencies, must be met:

4.1.1. Unique Capability or Availability. The services are only available from one source. Services are only available from one source if one of the conditions described below is present:

4.1.1.1. Unique or Innovative Concept. Staff can demonstrate that the service consists of a unique or innovative concept or capability not available from another source. Unique or innovative concept means either a new, novel, or changed concept, approach, or method that is the product of original thinking, the details of which are kept confidential or are patented or copyrighted, and is available to SANDAG only from one source and has not in the past been available to the recipient from another source; or

4.1.1.2. Patents or Restricted Data Rights. Patent or data rights restrictions preclude competition.

4.1.2. Substantial Duplication Costs. In the case of a follow-on contract for the continued development or production of highly specialized equipment and major components thereof, when it is likely that award to another contractor would result in substantial duplication of costs that are not expected to be recovered through competition.

4.1.3. Unacceptable Delay. In the case of a follow-on contract for the continued development or production of highly specialized equipment and major components thereof, when it is likely that award to another contractor would result in unacceptable delays in fulfilling SANDAG's needs.

4.1.4. Single Bid or Proposal. Upon receiving a single bid or proposal in response to a solicitation, if staff determines that competition was adequate based on a review of the specifications for undue restrictiveness and/or a survey of potential sources that chose not to submit a bid or proposal.

4.1.5. Unusual and Compelling Urgency. SANDAG may limit the number of sources from which it solicits bids or proposals if staff documents that such an unusual and urgent need for the services exists that SANDAG would be seriously injured unless it were permitted to limit the solicitation. SANDAG may also limit the
solicitation when the public exigency or emergency will not permit a delay resulting from competitive solicitation for the services.

4.1.6. Contractual Agreement. With some exceptions, when an agency awards a grant agreement or enters into a cooperative agreement with SANDAG for a project in which the funding agency has approved the participation of a particular firm or combination of firms in the project work, the grant agreement or cooperative agreement constitutes approval of those arrangements.

4.1.7. Circumstances authorized by Federal Acquisition Regulation Part 6.3 or the federal Common Grant Rules. Examples include a statutory authorization or requirement, compliance with Department of Transportation (DOT) appropriations laws that include specific statutory requirements, with the result that only a single contractor can perform certain project work.

4.1.8. National Emergency. To maintain a facility, producer, manufacturer, or other supplier available to provide supplies or services in the event of a national emergency or to achieve industrial mobilization.

4.1.9. Research. To establish or maintain an educational or other nonprofit institution or a federally funded research and development center that has or will have an essential engineering, research, or development capability.

4.1.10. Protests, Disputes, Claims, Litigation. To acquire the services of an expert or neutral person for any current or anticipated protest, dispute, claim, or litigation.

4.1.11. International Arrangements. When precluded by the terms of an international agreement or a treaty between the United States and a foreign government or international organization, or when prohibited by the written directions of a foreign government reimbursing the recipient for the cost of the acquisition of the supplies or services for that government.

4.1.12. National Security. When the disclosure of SANDAG’s needs would compromise the national security.

4.1.13. Public Interest. When SANDAG staff documents that full and open competition in connection with a particular acquisition is not in the public interest.

4.1.14. When Prohibited. Less than full and open competition is not justified under any circumstance based on:


4.1.14.2. Limited Availability of federal Assistance. Concerns about the amount of federal assistance available to support the procurement (for example, expiration of federal assistance previously available for award).
4.2 When there are no federal funds involved, additional factors may be used to justify a limited competition or sole source procurement as being within the best interest of SANDAG. For these types of procurements one of the conditions in this section (4.2) or section 4.1 must be met:

4.2.1. There is only one contractor capable of providing the work because the work is unique or highly specialized.

4.2.2. The work should be carried out by a particular contractor in the interest of economy or efficiency as a logical follow-on to work already in progress under a competitively awarded contract.

4.2.3. The cost to prepare for a competitive procurement exceeds the cost of the work.

5. Relief from Maintenance and Responsibility and Acceptance of Work

5.1 SANDAG will, upon written application by the contractor, consider granting relief from maintenance and responsibility on major elements of each major construction project as permitted in the contract specifications. The Executive Director is hereby delegated authority to grant said relief in writing to the contractor and shall report actions on contracts over $25,000 to the Board.

5.2 SANDAG will, upon written application by the contractor, accept the entire work on major construction contracts, provided that the work has been completed, in all respects, in accordance with the contract plans and specifications. The Executive Directors is hereby delegated the authority to accept contracts such work on behalf of the Board and shall report to the Board all contract acceptances over $25,000.

5.2.1 In determining whether to accept the entire work on major construction projects, these procedures should be followed:

5.2.1.1 The contractor shall request acceptance in writing.

5.2.1.2 Concurrence with the request by the SANDAG Resident Engineer shall be in writing to the Executive Director and include these findings: (1) that the contract has been completed in accordance with the plans and specifications, (2) a statement as to the financial condition of the contract, and (3) a statement as to whether the contract was completed on time or with an apparent overrun.

5.2.1.3 The Executive Director shall accept the action and report the findings to the Board.
6. Conflict of Interest

6.1 A contractor is eligible for award of service contracts by SANDAG so long as the contract in question does not create an actual, potential, or apparent conflict of interest. A prohibited conflict of interest exists when, because of other activities, relationships, or contracts, a firm is or may be unable to render impartial, objective assistance or advice to SANDAG; or a firm’s objectivity in performing the contract work is or might be otherwise impaired; or where a firm would receive an unfair competitive advantage. Prohibited conflicts of interest include, but are not limited to, the following situations:

6.1.1 Any firm that provides design services or project management services to SANDAG for a design-bid-build project will be ineligible for award of a construction contract to construct the improvements, which are the subject of the design services.

6.1.2 Any firm for a design-bid-build project that provides design services to SANDAG will be ineligible for award of any contract to provide construction management services resulting from the specific project for which design services were provided.

6.1.3 Any firm that provides construction management services to SANDAG for a design-bid-build project will be ineligible for award of a construction contract for which construction management services were or will be provided.

6.1.4 Any firm that assists SANDAG or any of its member or affiliated agencies in the preparation of a design-build procurement document will not be allowed to participate as a bidder/offeror or join a team submitting a bid/offer in response to a design-build procurement document except under the provisions in Section 7.1.4 of Board Policy No. 016.

6.2 SANDAG shall not contract with, and will reject any bid or proposal submitted by, the following persons or entities, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:

6.2.1 Persons employed by SANDAG;

6.2.2 Profit-making firms or businesses in which SANDAG employees serve as officers, principals, partners, or major shareholders;

Persons who, within the immediately preceding twelve (12) months, were employed by SANDAG and (1) were employed in positions of substantial responsibility in the area of service to be performed by the contract, or (2) participated in any way in developing the contract or its service specifications; or

6.2.3 Profit-making firms or businesses in which the former employees described in subsection 6.2.3 serve as officers, principals, partners or major shareholders.
6.3 SANDAG staff and third parties with whom SANDAG does business shall comply with SANDAG administrative policies concerning Standard of Conduct and all relevant Board Policies.

6.4 A Notice of Potential for Conflict of Interest shall be included when relevant in any procurement issued by SANDAG. The Notice shall be the policy of the Board as listed herein. Any agreement issued in accordance with this policy shall include or make reference to the policy listed herein.

6.5 A “firm” shall be defined as any company or family of companies where there is a single parent board of directors or staff of officers who can influence the policies and actions of the design company, construction management company, and the construction company.

6.6 “Ineligible” firms shall include the prime consultant for the services, subcontractors for portions of the services, and affiliates of either. An affiliate is a firm that is subject to the control of the same persons through joint ownership or otherwise.

6.7 If there is any doubt by a firm regarding a potential conflict of interest for a specific project or function, the appropriate member of management staff, depending on type of project, will, upon written request, provide a written ruling. This procedure is encouraged prior to submittal of proposals or bids. In the event a conflict of interest is determined to exist, a written appeal may be made by the affected firm to the Executive Director within five calendar days of notice from SANDAG the conflict. The Executive Director shall determine the adequacy of the appeal and make a subsequent final decision. No further appeal shall be considered.

7. Job Order Contracting

A Job Order Contract (JOC) is a competitively bid, firm fixed price, indefinite quantity contract that is based upon specific unit pricing contained in a unit price book (prepared by the public agency or by independent commercial sources) setting forth detailed repair and construction items of work, including descriptions, specifications, units of measurement and individual unit prices for each item of work. The JOC includes unit pricing for work at time of award, but not the specified quantity and location of the work to be performed. At the time a Job Order is issued, the scope of work will identify the quantity and specific location of the work to be performed. A JOC may be used when it will result in a cost savings through economies of scale or expedite the delivery of work.

7.1 General Requirements

7.1.1 JOCs shall be awarded under written agreement subject to the following limitations:

7.1.1.1 The specifications were advertised in accordance with Board Policy No. 024, Section 1, “Bidding Process” based on the maximum potential value of the JOC.
7.1.1.2 The specifications provided for sealed competitive bidding on unit-cost terms for all labor, material, and equipment necessary to perform all work contemplated for individual Job Orders.

7.1.1.3 The JOC does not exceed a term of three years in duration.

7.1.1.4 The JOC shall only be used for the performance of minor routine or recurring construction, or for the renovation, alteration, or repair of existing public facilities.

7.1.2 JOC may not contain any provision which would guarantee the contractor cumulative Job Orders in excess of $50,000.

7.2 Issuance of Job Orders

7.2.1 Following award of a JOC, Job Orders may be issued by the Executive Director in accordance with SANDAG Board Policies, administrative polices, and procedural manuals upon certification by that individual that it is not in conflict with other Board Policies and it is the best interest of SANDAG to use the JOC procurement process because one or more of the following criteria have been met:

7.2.1.1. Use of the JOC process will result in a cost savings through economies of scale or expedite the delivery of work; or

7.2.1.2. Compliance with the traditional competitive bidding requirements will not produce an advantage to SANDAG; or

7.2.1.3. Advertising for bids is undesirable because it will be practically impossible to obtain what is needed or required by an unforeseen deadline if the traditional competitive bidding method is used; or

7.2.1.4. The entity or entities providing funds for the project have authorized use of the JOC process.

7.2.2 An individual Job Order may not exceed the sum of $2,000,000, except in the case of an emergency as defined in Section 3.3.1 of this Policy, or as specifically authorized by the Executive Director, whose authorization shall not be delegated.

7.2.3 No public work that logically should be performed as a single contractual transaction requiring the expenditure of more than $2,000,000 shall be separated into separate Job Orders for purposes of avoiding this limitation.

7.2.4 Non-prepriced items of work may be included in Job Orders provided that the non-prepriced items are within the scope and intent of the JOC and are priced reasonably and in conformity all applicable laws, regulations and policies.
7.3  Job Order Contract Intergovernmental Agreements

7.3.1  The SANDAG Executive Director may permit, subject to requirements of this section and subject to such terms and conditions that the Executive Director may prescribe, any public entity, including the California Department of Transportation, or any municipal corporation, school or other special district within San Diego County, to participate via the Service Bureau in JOCs entered into by SANDAG, and may enter into any agreements necessary to do so.

8.  Design-Build Contracting

"Design-build” contracting is a project delivery method in which both the design and construction of a project are procured from a single entity. Notwithstanding Section 1 of this Policy, SANDAG is permitted to use the design-build contracting method on transit projects in accordance with Public Contracts Code section 20209.5 et seq. A competitive negotiation process similar to the process described in Board Policy No. 016 for the procurement of services will be used to procure design build services. Selection criteria for design-build procurements shall be subject to Board approval.

9.  Construction Manager/General Contractor Contracting

Construction Manager/General Contractor (CM/GC) contracting is a project delivery method using a best value procurement process in which a construction manager is procured to provide pre-construction services during the design phase of the project and construction services during the construction phase of the project. Notwithstanding Section 1 of this Policy, SANDAG is permitted to use the CM/GC contracting method on transit projects in accordance with Public Contracts Code 6950-6958. A competitive negotiation process similar to the process described in Board Policy No. 016 for the procurement of services will be used to procure CM/GC services. Selection criteria for CM/GC procurements shall be subject to Board approval.

10. Design Sequencing Contracting

"Design sequencing” contracting is a method of project delivery that enables the sequencing of design activities to permit each construction phase to commence when the design for that phase is complete, instead of requiring design for the entire project to be completed before commencing construction. This is a variation of the design-bid-build project delivery method. SANDAG is permitted to use the design sequencing contracting method on transit projects in accordance with Public Contracts Code 6950-6958.

Adopted November 2003
Amended December 2006
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Amended February 2012
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Amended October 2013
Amended 2014
ASSET OWNERSHIP AND DISPOSITION

Purpose

This policy establishes guidelines and procedures for the ownership and disposal of SANDAG assets.

1. OWNERSHIP OF ASSETS

1.1 SANDAG, North San Diego County Transit Development Board ("NCTD"), and the Metropolitan Transit Development Board, a California Public Agency operating the Metropolitan Transit System ("MTS"), are parties to a Master Memorandum of Understanding (MOU), which among other things, describes the manner in which acquired real property and personal property will be owned and managed by the three agencies. This policy is consistent with the terms of the Master MOU and its addenda. In addition, from time to time a transfer of property from SANDAG to another entity will be appropriate if that entity will operate, maintain or have liability for the property.

1.2 Real Property

1.2.1 Real property owned by NCTD, MTS, or an owner other than SANDAG ("Third Party Owner") prior to construction of a project by SANDAG shall be referred to as "Pre-Owned Property" in this Policy.

1.2.2 When SANDAG constructs physical improvements on Pre-Owned Property, the real property, including the improvements constructed by SANDAG, will be owned by the Third Party Owner, unless otherwise agreed to in writing by the parties or prohibited by an entity funding the project.

1.2.2.1 To enable SANDAG to construct improvements on MTS or NCTD Pre-Owned Property, the parties will enter into one or more addenda to the Master MOU that will set forth the legal rights and remedies between or among SANDAG and the affected operating agency(ies) ("Affected Parties") to enable SANDAG to construct the project and MTS and/or NCTD to continue necessary operations during construction.

1.2.2.2 To convey improvements developed on Pre-Owned Property to NCTD and MTS, the Affected Parties may enter into one or more addenda to the Master MOU that will set forth the legal rights and remedies amongst the parties to make the Affected Party responsible to operate and maintain the property and allocate liability for claims involving the property.
1.2.3 When SANDAG constructs physical improvements to property acquired for the purpose of a project ("Subsequently Acquired Property"), the real property, including the improvements constructed by SANDAG, may be transferred to another entity, if permitted by the funding source of the procurement and agreed to by the parties. Notwithstanding the foregoing, the parties involved with the project may agree to have one or more other entities own Subsequently Acquired Property.

1.2.3.1 To convey the real property including improvements developed on Subsequently Acquired Property to NCTD or MTS, the Affected Parties will enter into one or more addenda to the Master MOU that will set forth the legal rights and remedies amongst the parties to make the operating agency responsible to operate and maintain the property, and allocate liability for claims involving the property to the operating agency.

1.2.3.2 In the event Subsequently Acquired Property may offer the opportunity to be further developed for other public transportation uses, SANDAG will retain the appropriate real property interest to enable it to develop such public transportation projects on the property in the future.

1.2.4 In the event real property is procured by SANDAG utilizing Federal Transit Administration ("FTA") grants, said real property may be conveyed to a Third Party Owner with FTA approval, and if agreed to by the parties.

1.3 Personal Property

1.3.1 All property other than real property and its associated bundle of rights will be referred to herein as “Personal Property.”

1.3.2 Personal Property procured by SANDAG for the operating purposes of NCTD or MTS may be owned, operated and maintained by the operating agency if permitted by the funding source of the procurement, and if agreed to by the Affected Parties.

1.3.3 To the extent the funding source of the procurement of Personal Property requires SANDAG to retain ownership, SANDAG may convey possession of the Personal Property to one or more Third Party Owners pursuant to a lease which will obligate the Third Party Owner to operate and maintain the Personal Property and account for its use and maintenance. Said lease will require the operating agency to retain full responsibility for the operation, maintenance, and liability associated with the use and possession of the Personal Property.

1.3.4 In the event Personal Property is procured by SANDAG utilizing FTA grants, the Personal Property may be conveyed to a Third Party Owner with FTA approval, and if agreed to by the parties.
2. DISPOSITION PROCEDURES

2.1 SANDAG has various assets which, over time, will be deemed obsolete due to normal use and wear, or new technology, or no longer needed due to project completion, underutilization, or surplus status. Therefore, these assets become candidates for disposal. Laws governing SANDAG’s purchase of such assets require the use of a competitive procurement process. Likewise, the disposal or sale of property purchased with public funds should be done so in an open competitive process, unless the property will be assigned to government or nonprofit entities and designated for public purposes. It is SANDAG policy to capitalize assets with a unit purchase value of $5,000 or more. This policy is intended to ensure that when SANDAG disposes of personal assets or real property assets, it will be done in a manner which is in the best interests of SANDAG, within the standards and procedures set forth.

2.2 Surplus properties are made available for various public purposes, including negotiated sale to state and local governments and eligible nonprofit institutions, or are sold competitively to the general public. State and local governments, eligible public institutions, and nonprofit organizations may acquire surplus property that SANDAG no longer needs on terms that SANDAG’s Transportation Committee deems are in the best interest of SANDAG’s goals and public need.

2.3 Surplus property that is not conveyed to state/local governments or other eligible recipients for public purposes may be sold to private individuals and companies by competitive bid.

2.4 Methods. The method of disposal must be approved by the Transportation Committee for capital assets with an individual or aggregate actual or depreciated value of $100,000 or more. For assets valued under $100,000, the Executive Director may authorize disposal and the method. For audit purposes, a memorandum must be filed which certifies the depreciated value of the asset and indicates the method of disposal. In either case, such methods may include, but are not be limited to, the following:

2.4.1 Trade-in allowance - provided that an independent appraisal is conducted to determine the value, or an analysis is conducted which certifies that the sale price is fair and reasonable.

2.4.2 Use of other government agency-sponsored competitive auctions, such as the County of San Diego.

2.4.3 Competitive sale.

2.4.4 Negotiated sale.

2.4.5 Destruction

2.4.6 Trash
2.5 Competitive Sale. Under a competitive sale, the following procedures must be followed:

2.5.1 Notification to the public. This would include, at a minimum, the placing of an advertisement in a newspaper(s) of general circulation. The ad must specify the item(s) to be sold, the condition and the terms for the sale, and the date/time/place sealed bids are to be received.

2.5.2 All bids must be sealed.

2.5.3 Prospective bidders may be afforded an opportunity to view the item(s) being disposed.

2.5.4 Award. The award will be to the highest responsive, responsible bidder.

2.6 Negotiated Sale. Capital assets with an individual or aggregate value in excess of $100,000 may be disposed of on a negotiated sale basis provided a finding by the Transportation Committee by a two-thirds vote that special circumstances exist that make it in the best interest of SANDAG. Such circumstances may include the following:

2.6.1 Unique item(s) may have a limited resale market.

2.6.2 The financial interest of SANDAG would be best served by negotiation.

2.6.3 In the case of used buses, the Transportation Committee will give specific direction on the method of disposal to be followed on a case-by-case basis considering potential financial return and available alternatives, including the sale for scrap or other nonoperating purposes to avoid use of the vehicles and resultant air pollution in California and the San Diego region. A method of disposal may be approved even though the financial benefit may be less than other methods of disposal.

2.6.4 If approved, the Executive Director may be authorized to negotiate a sale price.

2.7 Ineligible Participants. SANDAG, NCTD, MTDB, SDTC, and SDTI employees, Board members and members of their immediate family may not participate in a competitive or negotiated sale of SANDAG capital assets.

2.8 Federal Grant Funded Assets. Capital assets which have been purchased with federal capital grant funds must be disposed of in a manner consistent with any applicable laws, including FTA regulations. The proceeds from such disposal will be distributed in the percent of which was provided for the original purchase unless fully depreciated.
2.9 Fully-Depreciated Capital Assets. Capital assets with a depreciated asset value of less than $1,000 may be disposed of by the least costly, most efficient method as determined by the Executive Director. For audit purposes, a memorandum must be filed which certifies the depreciated value of the asset and indicates the method of disposal (i.e., trash, destruction).

Adopted April 2004
Amended November 2010
Amended _______ 2014
CONTINGENCY RESERVE POLICY

1. Purpose

SANDAG has historically relied upon budget savings to provide adequate fiscal flexibility to accommodate unavoidable and unanticipated costs. As SANDAG has taken on more responsibilities and funding sources have become more constrained, additional tools for managing financial fluctuations and risks are warranted. Establishing a contingency reserves fund provides a means for dealing with emergency or high priority situations that may arise during the course of delivering projects or programs that could not otherwise be funded in the near-term.

The purpose of this policy is to provide guidelines for a contingency reserve, such as the required balance, allowable uses, required approvals, and method of replenishment. The nature of SANDAG's work includes regional planning, capital project development, and regional operations. The guidelines established below coincide with the agency's project and program needs as identified in the corresponding section of the annual Program Budget.

2. Scope

A. Regional Planning (Overall Work Program)

Contingency Reserve Fund Required Balance - The targeted minimum amount to be maintained in the Overall Work Program (OWP) reserve account shall be equal to 5 percent of total budgeted annual expenditures of the Overall Work Program (OWP). Total annual expenditures are defined as the amount of the OWP Expenditures Expense Budget contained in the Sources and Application of Funds-Revenue and Expense Summary chapter of the annual OWP. During the years from FY 2006 to FY 2010, this minimum target will be built up incrementally. A minimum of $500,000 will be budgeted each year until the target reserve amount is achieved. A 5 percent reserve for FY 2006 would total approximately $2.5 million. Once the target is reached, each year's budget process will include the amount necessary to replenish or increase the contingency reserve to achieve this minimum balance, unless explicitly approved otherwise by the Executive Committee.

Other Deposits to Contingency Reserve Fund - Any year-end budgetary savings of discretionary funding (e.g., Transportation Development Act [TDA], TransNet) will be transferred into the reserve fund.
Applicable Fund Sources - Most federal and state planning and grant funds cannot be used to establish or replenish the contingency reserve fund. Local matching funds such as Transportation Development Act TDA and TransNet, which are more discretionary in nature, will be used as the source to build and replenish this fund.

Qualifying Uses of the Reserve Fund – The Reserve Fund shall be used for one-time non-recurring purposes, unless otherwise approved by the Executive Committee. The following occurrences shall qualify as potential eligible uses, subject to individual approval by the Executive Committee:

a. opportunities to advance urgent, high-priority needs;

b. unanticipated needs relating to a crucial existing commitment; and

c. unforeseen withdrawal or cutback of a revenue source.

Approval for the Use of Reserve Funds - Each proposed use of the contingency reserve fund will be subject to approval by the SANDAG Executive Committee. Each request for approval will include the specific amount needed, a justification of the need, how the need fits the funding criteria, and a discussion of any other alternatives that were examined.

Replenishment of the Reserve Fund - Replenishment up to the minimum target of 5 percent will be the first priority for the use of applicable funds planned in the following year’s and subsequent years’ budget process as needed and directed by the Board of Directors. Budgetary savings of discretionary funding (e.g., Transportation Development Act [TDA], TransNet) will be transferred into the reserve fund to maintain the minimum target.

B. Capital Program

Contingency Reserve Fund Required Balances – Capital projects vary in nature and shall have individual contingency reserve targets to address project risks. The annual SANDAG Program Budget shall identify contingency reserve funds for each SANDAG lead capital project.

Applicable Fund Sources – Each SANDAG lead capital project shall include a line item for contingency reserves as part of its approved budget using the fund sources associated with the project.

Qualifying Uses of the Reserve Funds – The contingency reserve funds shall be used in a manner appropriate to the project’s specified purposes including unanticipated costs in delivering the project or unforeseen withdrawal or cutback of a revenue source.

Approval for the Use of Reserve Funds - The proposed use of contingency reserve funds for capital projects will be authorized through the inclusion of the line item in the budget.

Replenishment of the Reserve Fund - Replenishment of capital project contingency reserves will correspond to the risks associated with the work. Should a project’s funds be exhausted and if opportunities to down scope the work are not available, the project will rely on new monies/revenue or the deferral of a future capital project.
C. Regional Operations

Contingency Reserve Fund Required Balances – Operational programs vary in nature and shall have individual contingency reserve targets to address project risks. The annual SANDAG Program Budget shall identify contingency reserve funds for each Operations Program.

Applicable Fund Sources – Each Operations program shall directly fund its reserves through service fees or program revenue as applicable.

Qualifying Uses of the Reserve Funds – The reserve funds shall be used in a manner appropriate to the program’s specified purposes, including unanticipated costs in delivering or operating the project; or unforeseen withdrawal or cutback of a revenue source.

Approval for the Use of Reserve Funds - The proposed use of contingency reserve funds for each Operations program will be authorized through inclusion in the budget.

Replenishment of the Reserve Fund - Replenishment of operational program shall be provided through annual budgetary savings, service/member fees, or program revenue as applicable.

Adopted June 2005
Amended December 2006
Amended _______ 2014
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
INTEREST RATE SWAP POLICY

The purpose of the Interest Rate Swap Policy of the San Diego County Regional Transportation Commission (SANDAG) is to establish guidelines for the use and management of interest rate swaps and options. The “Interest Rate Swap Policy” or the “Policy” is intended to provide general procedural direction regarding the use, procurement and execution of interest rate swaps. The Policy is intended to relate to various interest rate hedging techniques, including the contractual exchange of different fixed and variable rate payment streams through interest rate swap agreements and is not intended to relate to other derivative products that SANDAG may consider.

SANDAG is authorized under California Government Code Section 5922 to enter into interest rate swaps to manage the amount and duration of rate, spread, or risk when used in combination with the issuance of bonds or notes.

1. Scope and Authority

This Interest Rate Swap Policy shall govern SANDAG’s use and management of all interest rate swaps and options. While adherence to this Policy is required in applicable circumstances, SANDAG recognizes that changes in the capital markets, SANDAG’s programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Policy and will require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate provided specific authorization from the Board of Directors is obtained.

The Interest Rate Swap Policy shall be reviewed and updated at least annually and presented to the Board of Directors for approval. Day-to-day responsibility for management of interest rate swaps shall fall within the responsibilities of the Director of Finance.

SANDAG shall be authorized to enter into interest rate swap transactions only with qualified swap counterparties. The Director of Finance, in consultation with SANDAG’s bond counsel and financial advisor, shall have authority to select the counterparties, so long as the criteria set forth in the Interest Rate Swap Policy are met.

2. Approach and Objectives

Interest rate swaps and options are appropriate interest rate management tools that can help SANDAG meet important financial objectives. Properly used, these instruments can increase SANDAG’s financial flexibility, hedge exposure to interest rate risk, provide opportunities for interest rate savings or enhanced investment yields, and help SANDAG manage its balance sheet through better matching of assets and liabilities. Swaps should be integrated into SANDAG’s overall debt program and should not be used for speculation or leverage.
Swaps are appropriate to use when they achieve a specific objective consistent with SANDAG’s overall financial strategies. They may be used, for example, to lock in a current market fixed rate or create additional variable rate exposure. They may also be used to produce interest rate savings, to limit or hedge variable rate exposure, to alter the pattern of debt service payments or for asset/liability matching purposes. Swaps may be used to cap, limit or hedge variable rate payments. Options granting the right to commence or cancel an underlying swap may be used to the extent the swap itself is consistent with these guidelines or SANDAG determines there are other advantages to be derived in purchasing or granting the option; however, SANDAG must determine if the use of any such option is appropriate and warranted given the potential benefit, risks, and SANDAG’s objectives. SANDAG, together with SANDAG’s financial advisor and bond counsel, shall periodically review SANDAG’s swap guidelines and recommend appropriate changes.

3. **Conditions for Use of Interest Rate Swaps and Options**

3.1. **Rationale**

SANDAG may use interest rate swaps and options if it is reasonably determined that the proposed transaction is expected to:

3.1.1 Optimize capital structure, including schedule of debt service payments and/or fixed vs. variable rate allocations.

3.1.2 Achieve appropriate asset/liability match.

3.1.3 Reduce risk, including:

   3.1.3.1 Interest rate risk;
   
   3.1.3.2 Tax risk; or
   
   3.1.3.3 Liquidity renewal risk.

3.1.4 Provide greater financial flexibility.

3.1.5 Generate interest rate savings.

3.1.6 Enhance investment yields.

3.1.7 Manage exposure to changing markets in advance of anticipated bond issuances (through the use of anticipatory hedging instruments).

3.2. **Benefit Expectation**

Financial transactions, using fixed rate swaps or other derivative products, should result in debt service savings of at least 2% when compared to the projected debt service SANDAG would consider for traditional bonds or notes. This threshold will serve as a guideline and will not apply should the transaction, in SANDAG’s sole judgment, meet any of the other objectives outlined herein. The debt service savings target reflects the
greater complexity and higher risk of derivative financial instruments. Such comparative savings analyses shall include, where applicable, the consideration of the probability (based on historical interest rate indices, where applicable, or other accepted analytic techniques) of the realization of savings for both the derivative and traditional structures.

For example, assuming a refunding of $100 million of existing bonds, if a traditional fixed rate advance refunding that does not use derivative products would have a present value savings threshold of $5.0 million, which is 5.0% of the refunded par, then a refunding structure utilizing a derivative product would have to achieve a threshold of $7.0 million in present value savings, or 7.0% of the refunded par. Therefore, the transaction utilizing a swap or other derivative product would have to generate an additional $2.0 million to meet the target. Such analysis should consider structural differences in comparing traditional vs. derivative alternatives, e.g., the non-callable nature of derivative transactions.

For variable rate or other swap transactions that do not result in a fixed interest rate, SANDAG will evaluate any additional value generated through the transaction in assessing the benefits of proceeding, including the ability to meet the objectives outlined herein. These benefits include, for example, managing interest rate or tax risk, optimizing the capital structure or further reducing interest expense.

In determining any benefit in implementing a fixed-to-variable swap, the cost of remarketing, in addition to the cost of credit enhancement or liquidity fees, must be added to the projected variable rate of the bonds or notes. Such a calculation should consider the trading performance of comparable bonds or notes and any trading premium resulting from a specific form of credit enhancement or liquidity and/or any impact related to broader industry trends.

3.3. Maximum Notional Amount

SANDAG will limit the total notional amount of outstanding interest rate swaps based on the proper management of risks, calculation of termination exposure, and development of a contingency plan. The total “net notional amount” of all swaps related to a bond or note issue should not exceed the outstanding or expected to be issued par amount of the related bonds or notes. For purposes of calculating the net notional amount, credit shall be given to any fixed versus variable rate swaps that offset for a specific bond or note transaction.

3.4. Maximum Maturity

SANDAG shall determine the appropriate term for an interest rate swap agreement on a case-by-case basis. In connection with the issuance or carrying of bonds or notes, the term of the swap agreement between SANDAG and a qualified swap counterparty shall not extend beyond the final maturity date of the related bonds or notes.
3.5. Liquidity Considerations

SANDAG shall consider the impact of any variable rate bonds or notes issued in combination with an interest rate swap on the availability and cost of liquidity support for other variable rate programs. SANDAG recognizes that there is a limited supply of letter of credit or liquidity facility support for SANDAG’s variable rate bonds or notes, and the usage of liquidity support in connection with an interest rate swap may result in higher overall financing costs. SANDAG shall consider the benefits of not using liquidity when using a fixed rate bond in conjunction with a swap to variable to create synthetic variable rate debt.

3.6. Call Option Value Considerations

When considering the relative advantage of an interest rate swap to fixed rate bonds, SANDAG will consider the value of the call option on fixed rate bonds, or the cost of including a call or cancellation option in a swap. The value derived from the ability to call bonds at a future date is foregone when using a “non-callable” swap for the remaining term of the bonds. While fixed rate bonds are typically structured with a call provision at a certain time, after which the bonds may be refunded, this opportunity may be lost through the utilization of a long-dated “non-callable” swap, impairing SANDAG’s ability to reap economic savings, unless this option is specifically included under the swap.

4. Interest Rate Swap Features

4.1 Interest Rate Swap Agreement

SANDAG will use terms and conditions as set forth in the International Swap and Derivatives Association, Inc. (“ISDA”) Master Agreement. The swap agreement between SANDAG and each swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions, provisions and safeguards as SANDAG, in consultation with its bond and general counsel and financial advisor, deems necessary or desirable.

Subject to the provisions contained herein, the terms of SANDAG’s swap agreement shall use the following guidelines:

4.1.1 SANDAG’s downgrade provisions triggering termination shall in no event be worse than those affecting the counterparty.

4.1.2 Governing law for swaps will be New York or California.

4.1.3 The specified indebtedness related to credit events in any swap agreement should be narrowly defined and refer only to indebtedness of SANDAG that could have a materially adverse affect on SANDAG’s ability to perform its obligations under the swap.
4.1.4 Collateral thresholds for the swap provider, and for SANDAG if applicable, should be set on a sliding scale reflective of credit ratings of the swap provider or guarantor. Collateral should be held by an independent third party.

4.1.5 Eligible collateral is outlined in Appendix A.

4.1.6 Termination value should be set by a “market quotation” methodology, unless SANDAG deems an alternative methodology to be appropriate.

4.1.7 SANDAG will consider the use of swap insurance to mitigate possible termination risk and also to mitigate the need for SANDAG to post collateral under the Credit Support Annex.

4.2 Interest Rate Swap Counterparties

4.2.1 Credit Criteria

SANDAG will only do business with highly rated counterparties or counterparties whose obligations are supported by highly rated parties. SANDAG will structure swap agreements to protect itself from credit deterioration of counterparties, including the use of credit support annexes or other forms of credit enhancement to secure counterparty performance. Such protection shall include any terms and conditions in SANDAG’s sole discretion are necessary or appropriate or in SANDAG’s best interest.

SANDAG will make its best efforts to work with qualified swap counterparties that at the time of execution of a swap transaction have a general credit rating of: (i) at least “Aa3” or “AA-" by one of the nationally recognized rating agencies and not rated lower than “A2” or “A” by any nationally recognized rating agency, or (ii) have a “AAA" subsidiary as rated by at least one nationally recognized credit rating agency. The nationally recognized rating agencies are Moody's Investors Services, Inc., Standard and Poor’s Rating Services, and Fitch Ratings.

For lower rated (below “AA-”) counterparties, SANDAG will seek credit enhancement in the form of:

4.2.1.1 Contingent credit support or enhancement;

4.2.1.2 Collateral consistent with the policies contained herein;

4.2.1.3 Ratings downgrade triggers; or

4.2.1.4 Guaranty of parent, if any.

In addition, qualified swap counterparties must have a demonstrated record of successfully executing swap transactions as well as creating and implementing innovative ideas in the swap market.
4.2.2 Swap Dealers

Each swap counterparty with which SANDAG executes a swap transaction will be registered with the Commodity Futures Trading Commission ("CFTC") as a “swap dealer.”

4.3 Limitations on Termination Exposure to a Single Counterparty

In order to diversify SANDAG’s counterparty credit risk, and to limit SANDAG’s credit exposure to any one counterparty, limits will be established for each counterparty based upon both the credit rating of the counterparty as well as the relative level of risk associated with each existing and proposed swap transaction. The guidelines below provide general termination exposure guidelines with respect to whether SANDAG should enter into an additional transaction with an existing counterparty. SANDAG may make exceptions to the guidelines at any time to the extent that the execution of a swap achieves one or more of the goals outlined in these guidelines or provides other benefits to SANDAG. In general, the maximum Net Termination Exposure, as defined below, to any single counterparty should be set so that it does not exceed a prudent level as measured against the available financial resources of SANDAG.

Such guidelines will also not mandate or otherwise force automatic termination by SANDAG or the counterparty. Maximum Net Termination Exposure is not intended to impose retroactively any terms and conditions on existing transactions. Such provisions will only act as guidelines in making a determination as to whether or not a proposed transaction should be executed given certain levels of existing and projected net termination exposure to a specific counterparty. Additionally, the guidelines below are not intended to require retroactively additional collateral posting for existing transactions. Collateral posting guidelines are described in the “Collateral Requirements” section below. The calculation of net termination exposure per counterparty will take into consideration multiple transactions, some of which may offset the overall exposure to SANDAG.

Under this approach, SANDAG will set limits on individual counterparty exposure based on existing as well as new or proposed transactions. The sum of the current market value and the projected exposure shall constitute the Maximum Net Termination Exposure. For outstanding transactions, current exposure will be based on the market value as of the last quarterly swap valuation report provided by the financial advisor. Projected exposure shall be calculated based on the swap’s potential termination value taking into account possible adverse changes in interest rates as implied by historical or projected measures of potential rate changes applied over the remaining term of the swap.

For purposes of this calculation, SANDAG shall include all existing and projected transactions of an individual counterparty and all transactions will be analyzed in aggregate such that the maximum exposure will be additive.

The exposure thresholds, which will be reviewed periodically by SANDAG to ensure that they remain appropriate, will also be tied to credit ratings of the counterparties and
whether or not collateral has been posted as shown in the table below. If a counterparty has more than one rating, the lowest rating will govern for purposes of the calculating the level of exposure.

The following chart provides the Maximum Net Termination Exposure to a swap counterparty given the lowest credit rating.

<table>
<thead>
<tr>
<th>Credit Rating Category</th>
<th>Maximum Collateralized Exposure</th>
<th>Maximum Uncollateralized Exposure</th>
<th>Maximum Total Termination Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>Not applicable</td>
<td>$50 million</td>
<td>$100 million</td>
</tr>
<tr>
<td>AA</td>
<td>$50 million</td>
<td>$50 million</td>
<td>$100 million</td>
</tr>
<tr>
<td>A</td>
<td>$30 million</td>
<td>$15 million</td>
<td>$45 million</td>
</tr>
<tr>
<td>Below A</td>
<td>$30 million</td>
<td>None</td>
<td>$30 million</td>
</tr>
</tbody>
</table>

If the exposure limit is exceeded by a counterparty, SANDAG shall conduct a review of the exposure limit per counterparty. SANDAG, in consultation with its bond counsel and financial advisor, shall explore remedial strategies to mitigate this exposure.

4.4 Collateral Requirements

As part of any swap agreement, SANDAG may require collateralization or other forms of credit enhancements to secure any or all swap payment obligations. As appropriate, SANDAG may require collateral or other credit enhancement to be posted by each swap counterparty under the following circumstances:

4.4.1 Each counterparty to SANDAG may be required to post collateral (subject to applicable thresholds) if the credit rating of the counterparty or parent falls below the “AA” category. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the Credit Support Annex of the ISDA Agreement between each counterparty and SANDAG.

4.4.2 Threshold amounts shall be determined by SANDAG on a case-by-case basis. SANDAG will determine the reasonable threshold limits for the initial deposit and for increments of collateral posting thereafter.

4.4.3 In determining maximum uncollateralized exposure, SANDAG shall also consider and include, as applicable, financial exposure to the same corporate entities that it may have through other forms of financial dealings, such as securities lending agreements and commercial paper investments.

4.4.4 Collateral shall be deposited with a third party trustee, or as mutually agreed upon between SANDAG and the counterparty.

4.4.5 A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation.
of the swap agreement with each swap counterparty. A complete list of acceptable securities and valuation percentages are included as Attachment A.

4.4.6 The market value of the collateral shall be determined on at least a weekly basis, or more frequently if SANDAG determines it is in SANDAG’s best interest given the specific collateral security.

4.4.7 SANDAG shall determine on a case-by-case basis whether other forms of credit enhancement are more beneficial to SANDAG.

4.5 Swap Insurance

If, after a cost/benefit analysis, it is determined that it would be beneficial to insure the interest rate swap, swap insurance will be pursued.

4.6 Security and Source of Repayment

SANDAG will generally use the same security and source of repayment (pledged revenues) for the interest rate swap as is used for the related bond or note issue.

4.7 Prohibited Interest Rate Swap Features

SANDAG will not use interest rate swaps that are: (i) speculative or create extraordinary leverage or risk, (ii) lack adequate liquidity to terminate without incurring a significant bid/ask spread, (iii) provide insufficient price transparency to allow reasonable valuation, or (iv) are used as investments.

5. Evaluation and Management of Interest Rate Swap Risks

Prior to the execution of any swap transaction, SANDAG’s Director of Finance, financial advisor and bond counsel shall evaluate the proposed transaction and report the findings to SANDAG’s Board. Such a review shall include the identification of the proposed benefit and potential risks. As part of this evaluation, SANDAG shall compute the Maximum Net Termination Exposure to the proposed swap counterparty.

5.1 Evaluation Methodology

SANDAG will review the following areas of potential risk for new and existing interest rate swaps:

<table>
<thead>
<tr>
<th>Type of Risk</th>
<th>Description</th>
<th>Evaluation Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis Risk</td>
<td>The mismatch between actual variable rate debt service and variable rate indices used to determine swap payments.</td>
<td>SANDAG will review historical trading differentials between the variable rate bonds or notes and the index.</td>
</tr>
<tr>
<td>Tax Risk</td>
<td>The risk created by potential tax events that could affect swap payments.</td>
<td>SANDAG will review the tax events in proposed swap agreements. It will also evaluate the impact of potential changes in tax law on LIBOR indexed swaps.</td>
</tr>
<tr>
<td>Counterparty Risk</td>
<td>The risk that the counterparty</td>
<td>SANDAG will monitor exposure levels,</td>
</tr>
<tr>
<td>Type of Risk</td>
<td>Description</td>
<td>Evaluation Methodology</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Termination Risk</td>
<td>The risk that the transaction is terminated in a market dictating termination payment by SANDAG.</td>
<td>SANDAG will compute its termination exposure for all existing and proposed swaps at market value and under a worst-case scenario. SANDAG will consider use of swap insurance to mitigate this risk.</td>
</tr>
<tr>
<td>Rollover Risk</td>
<td>The mismatch of the maturity of the swap and the maturity of the underlying bonds or notes.</td>
<td>SANDAG will determine its capacity to issue variable rate bonds or notes that may be outstanding after the maturity of the swap.</td>
</tr>
<tr>
<td>Liquidity Risk</td>
<td>The inability to continue or renew a liquidity facility.</td>
<td>SANDAG will evaluate the expected availability of liquidity support for swapped and unhedged variable rate debt and will consider the use of variable rate debt that does not require liquidity (e.g., auction rate securities)</td>
</tr>
<tr>
<td>Credit Risk</td>
<td>The occurrence of an event modifying the credit rating of the issuer or its counterparty.</td>
<td>SANDAG will monitor the ratings of its counterparties and insurers.</td>
</tr>
</tbody>
</table>

5.2 Managing Interest Rate Swap Risks

5.2.1 Annual Report to the Board

Staff will evaluate the risks associated with outstanding interest rate swaps at least annually and provide a written evaluation to the Board of Directors. This evaluation will include the following information:

5.2.1.1 A description of all outstanding interest rate swaps, including related bond series, types of swaps, rates paid and received by SANDAG, existing notional amount, average life and remaining term of each swap agreement and the current termination value of outstanding swaps.

5.2.1.2 Separately for each swap, the actual debt service requirements versus the projected debt service on the swap transaction. For any swap used as part of a refunding, the actual cumulative savings versus the projected savings at the time the swap was executed.

5.2.1.3 The credit ratings of each swap counterparty, parent, guarantor and credit enhancer insuring the swap payments, if any.

5.2.1.4 Actual collateral posting by swap counterparty, if any, per swap agreement and in total by swap counterparty.

5.2.1.5 Information concerning any material event involving outstanding swap agreements, including a default by a swap counterparty, counterparty downgrade or termination.
5.2.1.6 An updated contingency plan to replace, or fund a termination payment in the event an outstanding swap is terminated.

5.2.1.7 The status of any liquidity support used in connection with interest rate swaps, including the remaining term and current fee.

SANDAG shall review the Interest Rate Swap Policy with the Board at least annually.

5.2.2 Contingency Plan

SANDAG shall determine the termination exposure of each of its swaps and its total swap termination payment exposure at least annually and prepare a contingency plan to either replace the swaps or fund the termination payments, if any, in the event one or more outstanding swaps are terminated. SANDAG shall assess its ability to obtain replacement swaps and identify revenue sources to fund potential termination payments.

5.3 Terminating Interest Rate Swaps

5.3.1 Optional Termination

SANDAG will structure interest rate swaps to include optional termination at the current market valuation, which would allow SANDAG to terminate a swap prior to its maturity if it is determined that it is financially advantageous to do so, but will not provide this right to the counterparty.

5.3.2 Mandatory Termination

In the event a swap is terminated as a result of a termination event such as a default or credit downgrade of either counterparty, SANDAG will evaluate whether it is financially advantageous to obtain a replacement swap or, depending on market value, make or receive a termination payment.

In the event SANDAG makes a swap termination payment, SANDAG shall attempt to follow the process identified in its swap contingency plan. SANDAG shall also evaluate the economic costs and benefits of incorporating a provision into the swap agreement that will allow SANDAG to make termination payments over time.

6. Disclosure and Financial Reporting

SANDAG will take steps to ensure that there is full and complete disclosure of all interest rate swaps to the SANDAG Board of Directors, rating agencies and in disclosure documents. With respect to its financial statements, SANDAG will adhere to the guidelines for the financial reporting of interest rate swaps as set forth by the Government Accounting Standards Board.
7. **Dodd-Frank Act**

7.1 **Conformance to Dodd-Frank**

It is the intent of SANDAG to conform this Policy to the requirements relating to legislation and regulations for derivatives transactions under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as supplemented and amended from time to time, including any regulations promulgated in connection therewith (herein collectively referred to as “Dodd-Frank”). Pursuant to such intent, it is the policy of SANDAG that, with respect to each interest rate swap: (i) each swap advisor engaged or to be engaged by SANDAG will function as the designated qualified independent representative of SANDAG, sometimes referred to as the “Designated QIR”; (ii) each swap advisor will agree to meet and meets the requirements specified in CFTC Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the “Representative Regulation”); (iii) each swap advisor will provide a written certification to SANDAG to the effect that such swap advisor agrees to meet and meets the requirements specified in the Representative Regulation; (iv) SANDAG will monitor the performance of each swap advisor consistent with the requirements specified in the Representative Regulation; (v) SANDAG will exercise independent judgment in consultation with its swap advisor in evaluating all recommendations, if any, presented by any swap dealer with respect to transactions authorized pursuant to this Policy; and (vi) SANDAG will rely on the advice of its swap advisor with respect to interest rate swaps authorized pursuant to this Policy and will not rely on recommendations, if any, presented by any swap dealer with respect to interest rate swaps authorized pursuant to this Policy.

7.2 **Legal Entity Identifier**

SANDAG shall obtain and maintain current at all times a “legal entity identifier” from a firm designated by the CFTC to provide such numbers.

7.3 **Clearing**

In connection with the execution of any swap entered into on or after September 9, 2013, SANDAG shall complete and maintain, as required by the CFTC, an annual filing regarding how it generally meets its financial obligations associated with entering into uncleared swaps.

7.4 **Recordkeeping**

Comprehensive records shall be maintained, either in paper or electronic form, of any interest rate swap entered into by SANDAG for at least five (5) years following the termination thereof. Such records shall be retrievable within five (5) business days and shall be open to inspection by the CFTC.

*Adopted: November 2005*

*Amended November 2013*
### APPENDIX A: ACCEPTABLE COLLATERAL

<table>
<thead>
<tr>
<th>SECURITY</th>
<th>VALUATION PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Cash</td>
<td>100%</td>
</tr>
<tr>
<td>(B) (x) Negotiable debt obligations issued by the U.S. Treasury</td>
<td></td>
</tr>
<tr>
<td>Department or the Government National Mortgage Association (&quot;Ginnie Mae&quot;), or (y) mortgage backed securities issued by Ginnie Mae (but with respect to either (x) or (y) excluding interest only or principal only stripped securities, securities representing residual interests in mortgage pools, or securities that are not listed on a national securities exchange or regularly quoted in a national quotation service) and in each case having a remaining maturity of:</td>
<td></td>
</tr>
<tr>
<td>(i) less than one year</td>
<td>99%</td>
</tr>
<tr>
<td>(ii) greater than one year but less than 10 years</td>
<td>98%</td>
</tr>
<tr>
<td>(iii) greater than 10 years</td>
<td>95%</td>
</tr>
<tr>
<td>(C) (x) Negotiable debt obligations issued by the Federal Home Loan Mortgage Corporation (&quot;Freddie Mac&quot;) or the Federal Home Loan Mortgage Association (&quot;Fannie Mae&quot;) or (y) mortgage backed securities issued by Freddie Mac or Fannie Mae but excluding interest only or principal only stripped securities, securities representing residual interests in mortgage pools, or securities that are not listed on a national securities exchange or regularly quoted in a national quotation service.</td>
<td>95%</td>
</tr>
<tr>
<td>(D) Any other collateral acceptable to SANDAG’s sole discretion.</td>
<td>The valuation percentage shall be determined by the Valuation Agent from time to time and in its reasonable discretion.</td>
</tr>
</tbody>
</table>
APPENDIX B: GLOSSARY OF TERMS

Asset/Liability Matching
Matching the term and amount of assets and liabilities in order to mitigate the impact of changes in interest rates.

Bid/Ask Spread
The difference between the bid price (at which a market maker is willing to buy) and the ask price (at which a market maker is willing to sell).

Call Option
The right to buy an underlying asset (e.g. a municipal bond) after a certain date at a certain price. A call option is frequently embedded in a municipal bond, giving the issuer the right to buy, or redeem, the bonds at a certain price.

Collateral
Assets pledged to secure an obligation. The assets are potentially subject to seizure in event of default.

Downgrade
A negative change in credit ratings.

Forward Starting Swap
Interest rate swap that starts at some time in the future. Used to lock-in current interest rates.

Hedge
A transaction that reduces the interest rate risk of an underlying security.

Interest Rate Exchange Agreement
An agreement detailing the contractual exchange of interest payment streams between counterparties. Often the exchange of a fixed and a floating interest rate between two parties. Also called an interest rate swap.

Interest Rate Swap
An agreement detailing the contractual exchange of interest payment streams between counterparties. Often the exchange of a fixed and a floating interest rate between two parties. Also called an interest rate exchange agreement.

Liquidity Support:
An agreement by a bank to make payment on a variable rate security to assure investors that the security can be sold.

LIBOR
London Interbank Offered Rate. Often used as an index to compute the variable rate paid on an interest rate swap.

Maximum Net Termination Exposure
The aggregate termination payment for all existing and projected swap transactions that would be paid by an individual counterparty. For purposes of this calculation, the aggregate termination payment is equal to: (i) the termination payment based on the market value of all existing swaps, plus (ii) the expected worst-case termination payment of the proposed transaction. The expected worst-case termination payment shall be calculated assuming interest rates, as measured by the appropriate index (typically the Bond Buyer Revenue Bond Index or Bond Market Association), increase (or decrease) by two standard deviations from the sample mean over a period of time corresponding to the term of the swap.

Notional Amount
The amount used to determine the interest payments on a swap.

Termination Payment
A payment made by a counterparty that is required to terminate the swap. The payment is commonly based on the market value of the swap, which is computed using the rate of the initial swap and the rate on a replacement swap.
COMPETITIVE GRANT PROGRAM PROCEDURES

Applicability and Purpose of Policy

This Policy applies to the following all grant programs administered through SANDAG, whether from TransNet or another source, including but not limited to the Smart Growth Incentive Program, Environmental Mitigation Program, Bike and Pedestrian Program, Senior Mini Grant Program, Job Access Reverse Commute, New Freedom, and Section 5310 Elderly & Persons with Disabilities Transportation Program Federal Transit Administration grant programs, and Active Transportation Grant Program.

Nothing in this Policy is intended to supersede federal or state grant rules, regulations, statutes, or contract documents that conflict with the requirements in this Policy. There are never enough government grant funds to pay for all of the projects worthy of funding in the San Diego region. For this reason, SANDAG awards grant funds on a competitive basis that takes the grantees’ ability to perform their proposed project on a timely basis into account. SANDAG intends to hold grantees accountable to the project schedules they have proposed in order to ensure fairness in the competitive process and encourage grantees to get their projects implemented quickly so that the public can benefit from the project deliverables as soon as possible.

Procedures

1. Project Milestone and Completion Deadlines

1.1. When signing a grant agreement for a competitive program funded and/or administered by SANDAG, grant recipients must agree to the project delivery objectives and schedules in the agreement. In addition, a grantee’s proposal must contain a schedule that falls within the following deadlines. Failure to meet the deadlines below may result in revocation of all grant funds not already expended. The final invoice for capital, planning, or operations grants must be submitted prior to the applicable deadline.

1.1.1. Funding for Capital Projects. If the grant will fund a capital project, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary construction contract must be awarded within two years following execution of the grant agreement, and construction must be completed within eighteen months following award of the construction contract. Completion of construction for purposes of this policy shall be when the prime construction contractor is relieved from its maintenance responsibilities. If no construction contract award is necessary, the construction project must be complete within eighteen months following execution of the grant agreement.

1.1.2. Funding for Planning Grants. If the grant will fund planning, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary consultant contract must be awarded within one year following execution of the grant agreement, and the planning project must be complete within two years following award of the consultant contract. Completion
of planning for purposes of this policy shall be when grantee approves the final planning project deliverable. If no consultant contract award is necessary, the planning project must be complete within two years of execution of the grant agreement.

1.1.3 Funding for Operations Grants. If the grant will fund operations, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary services contract for operations must be awarded within one year following execution of the grant agreement, and the operations must commence within six months following award of the operations contract. If no services contract for operations is necessary, the operations project must commence within one year of execution of the grant agreement.

1.1.4 Funding for Equipment or Vehicles Grants. If the grant will fund equipment or vehicles, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary purchase contracts for equipment or vehicles must be awarded within one year following execution of the grant agreement, and use of the equipment or vehicles for the benefit of the public must commence within six months following award of the purchase contract.

2. Project Milestone and Completion Deadline Extensions

2.1. Schedules within grant agreements may include project scopes and schedules that will identify interim milestones in addition to those described in Section 1 of this Policy. Grant recipients may receive extensions on their project schedules of up to six months for good cause. Extensions of up to six months aggregate that would not cause the project to miss a completion deadline in Section 1 may be approved by the SANDAG Executive Director. Extensions beyond six months aggregate or that would cause the project to miss a completion deadline in Section 1 must be approved by the Policy Advisory Committee that has been delegated the necessary authority by the Board. For an extension to be granted under this Section 2, the following conditions must be met:

2.1.1. For extension requests of up to six months, the grantee must request the extension in writing to the SANDAG Program Manager at least two weeks prior to the earliest project schedule milestone deadline for which an extension is being requested. The Executive Director or designee will determine whether the extension should be granted. The Executive Director’s action will be reported out to the Board in following month’s report of delegated actions.

2.1.2. A grantee seeking an extension must document previous efforts undertaken to maintain the project schedule, explain the reasons for the delay, explain why the delay is unavoidable, and demonstrate an ability to succeed in the extended time frame the grantee proposes.

2.1.3. If the Executive Director denies an extension request under this Section 2, the grantee may appeal within ten business days of receiving the Executive Director’s response to the responsible Policy Advisory Committee by sending the appeal to the SANDAG Program Manager.

2.1.4. Extension requests that are rejected by the Policy Advisory Committee will result in termination of the grant agreement and obligation by the grantee to return to SANDAG any unexpended funds within 30 days. Unexpended funds are
funds for project costs not incurred prior to rejection of the extension request by the Policy Advisory Committee.

3. Project Delays and Extensions in Excess of Six Months

3.1. Requests for extensions in excess of six months, or that will cause a project to miss a completion deadline in Section 1 (including those projects that were already granted extensions by the Executive Director and are again falling behind schedule), will be considered by the Policy Advisory Committee upon request to the SANDAG Program Manager.

3.2 A grantee seeking an extension must document previous efforts undertaken to maintain the project schedule, explain the reasons for the delay, explain why the delay is unavoidable, and demonstrate an ability to succeed in the extended time frame the grantee proposes. The grantee must provide the necessary information to SANDAG staff to place in a report to the Policy Advisory Committee. If sufficient time is available, and the grant utilized TransNet funds, the request will first be taken to the Independent Taxpayer Advisory Committee (ITOC) for a recommendation. The grantee should make a representative available at the meeting to present the information to, and/or answer questions from, the ITOC and Policy Advisory Committee.

3.3 The Policy Advisory Committee will only grant an extension under this Section 3 for extenuating circumstances that the grantee could not have reasonably foreseen.

4. Resolution and Execution of the Grant Agreement

4.1 Two weeks prior to the review by the Policy Advisory Committee of the proposed grants, prospective grantees must submit a resolution from their authorized governing body that includes the provisions in this Subsection 4.1. Failure to provide a resolution that meets the requirements in this Subsection 4.1 will result in rejection of the application and the application will be dropped from consideration with funding going to the next project as scored by the evaluation committee. In order to assist grantees in meeting this resolution deadline, when SANDAG issues the call for projects it will allow at least 90 days for grant application submission.

4.1.1 Grantee governing body commits to providing the amount of matching funds set forth in the grant application.

4.1.2 Grantee governing body authorizes staff to accept the grant funding and execute a grant agreement if an award is made by SANDAG.

4.2 Grantee’s authorized representative must execute the grant agreement within 45 days from the date SANDAG presents the grant agreement to the prospective grantee for execution. Failure to meet the requirements in this Subsection 4.2 may result in revocation of the grant award.

5. Increased Availability of Funding Under this Policy

5.1 Grant funds made available as a result of the procedures in this Policy may be awarded to the next project on the recommended project priority list from the most recent project selection process, or may be added to the funds available for the next project funding cycle, at the responsible Policy Advisory Committee’s discretion. Any project that
loses funding due to failure to meet the deadlines specified in this Policy may be resubmitted to compete for funding in a future call for grant applications.

Adopted: January 2010
Amended: 2014
DRAFT 2015 LEGISLATIVE PROGRAM

Introduction

Each year, the Executive Committee recommends a Legislative Program to the Board of Directors for the next calendar year. Consistent with past programs, the draft 2015 Legislative Program (Attachment 1) includes policies and programs for possible federal and state legislation as well as local activities.

Discussion

The SANDAG Legislative Program serves as a road map for Board members and staff to follow as legislation is introduced and activities occur during the federal and state legislative sessions. The program is organized into three sections that relate to the level of effort needed to support corresponding legislative activities: (1) Sponsor, (2) Support/Oppose, and (3) Monitor. Within each section, individual goals are assigned a priority level, ranging from highest priority to lower priority. The program also lists the Board position, position year, which Policy Advisory Committee is involved, and whether the goals include federal, state, and/or local efforts.

The 2014 Legislative Program (Attachment 2), approved by the Board of Directors in January 2014, includes 27 separate goals. Staff has modified the 2014 Legislative Program as a starting point to initiate Executive Committee discussion regarding the draft 2015 Legislative Program. In Attachment 1, proposed changes are shown in strikethrough text and modifications and additions are underlined. The changes are discussed below.

Proposed Modifications

The following goals are proposed to be modified:

- Goal No. 1A – Work with federal, state, and local stakeholders to implement the federal surface transportation authorization, including appropriate funding levels, goods movement and border programs, transit investment and reforms, process improvements (including streamlined environmental processes), active transportation, and tribal transportation planning.

The current federal surface transportation legislation, Moving Ahead for Progress in the 21st Century, is set to expire on May 31, 2015. Several federal surface transportation authorization proposals have been introduced by the U.S. House of Representatives, Senate, and Administration for consideration. Staff recommends modifying Goal 1A to be more general to include subsequent transportation authorization proposals.
• Goal No. 12B – Efforts to support funding opportunities and legislation that promote the implementation of effective and collaborative strategies and programs that maintain public safety and promote quality of life and public health, including initiatives that address substance abuse and graffiti abatement and reduce youth and gang violence.

Staff proposes to include public health within Goal No. 12B given the increased interest at the regional level on this issue. The proposed modification is consistent with work on San Diego Forward: The Regional Plan, which sets forth goals and policy objectives to create vibrant healthy communities where residents have cleaner air and opportunities to bike and walk.

Next Steps

The Public Safety Committee is scheduled to review related legislative goals at its December 12, 2014, meeting. Staff anticipates bringing the draft 2015 Legislation Program with any proposed changes to the January 9, 2015, Executive Committee meeting. Action by the Board of Directors is scheduled for January 23, 2014.

VICTORIA STACKWICK
Principal Legislative Analyst

Attachments: 1. Draft 2015 Legislative Program
2. 2014 Legislative Program

Key Staff Contact: Victoria Stackwick, (619) 699-6926, victoria.stackwick@sandag.org
2015 LEGISLATIVE PROGRAM

**Overarching Goal:** Pursue policy and legislative changes that enable SANDAG to better implement its adopted plans and programs.

(A) SPONSOR

<table>
<thead>
<tr>
<th>NO.</th>
<th>GENERAL DESCRIPTION OF GOAL</th>
<th>PRIORITY</th>
<th>BOARD POSITION</th>
<th>T</th>
<th>R</th>
<th>P</th>
<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A</td>
<td>Work with federal, state, and local stakeholders to implement Moving Ahead for Progress in the 21st Century, the Federal Surface Transportation Authorization, including appropriate funding levels, goods movement and border programs, transit investment and reforms, process improvements (including streamlined environmental processes), active transportation, and tribal transportation planning. (2007, 2012)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>2A</td>
<td>Pursue resources and funding mechanisms consistent with financial strategies adopted in the Regional Transportation Plan (RTP) and Regional Comprehensive Plan (RCP), including but not limited to increasing revenues for transportation, cap-and-trade revenues, gas tax or equivalent revenue sources, bond measures, public/private partnerships, and smart growth. (2012)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>3A</td>
<td>Expand access to resources and technical tools that will enable SANDAG to implement the 2050 RTP and its Sustainable Communities Strategy. (2009)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>4A</td>
<td>Pursue policy and/or legislative changes to enable the use of freeway shoulders as transit lanes on major corridors in the San Diego region. (2006)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State</td>
</tr>
<tr>
<td>5A</td>
<td>Pursue efforts that address border transportation infrastructure needs consistent with the RTP, RCP, and California-Baja California Border Master Plan. (2012)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>6A</td>
<td>Pursue policy and/or legislative changes to streamline or reform the California Environmental Quality Act (CEQA) for public transit improvements, active transportation projects, and other transportation projects located within existing rights-of-way. (2013)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State</td>
</tr>
<tr>
<td>7A</td>
<td>Pursue policy and/or legislative changes to improve the planning and implementation of the RTP/SCS, including modifying the required planning cycle for major updates of the RTP/SCS and clarifying the level of CEQA analysis required for the associated program environmental document. (2013)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
<td></td>
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<td></td>
<td>Federal/State</td>
</tr>
</tbody>
</table>

Legend - T: Transportation; R: Regional Planning; P: Public Safety; B: Borders
Please note, proposed changes are shown in strike through text and modifications and additions are underlined.
### (B) SUPPORT/OPPPOSE

<table>
<thead>
<tr>
<th>NO.</th>
<th>GENERAL DESCRIPTION OF GOAL</th>
<th>PRIORITY</th>
<th>BOARD POSITION</th>
<th>T</th>
<th>R</th>
<th>P</th>
<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1B</td>
<td>Legislation that provides incentives to jurisdictions that provide opportunities for more housing, including affordable and transit-oriented developments, supports regional fair-share allocation of housing funds, and provides additional affordable housing funding with greater local/regional control. (2002)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>2B</td>
<td>Support policies and/or legislation implementing climate change plans and programs including cap-and-trade that are consistent with the RCP and RTP. (2007)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>3B</td>
<td>Support efforts to pursue public transit funding, including a Full Funding Grant Agreement for the Mid-Coast Corridor Transit Project and continued support for intercity rail. (2008, 2013)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State</td>
</tr>
<tr>
<td>4B</td>
<td>Efforts to pursue resources to improve regional public safety voice and data communications and interoperability, including connectivity with state and federal systems. (2005)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>5B</td>
<td>Efforts to pursue funding at both the state and federal levels to improve public safety and security in the San Diego region through Automated Regional Justice Information System operations and enhancements, regional transportation system improvements, and activities related to regional emergency preparedness, prevention, and response to catastrophic events. (2003, 2005, 2011)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>6B</td>
<td>Fiscal reform initiatives that enable regions to develop their own fiscal strategies and oppose unfunded mandates on local governments. Pursue initiatives that balance the fiscal influence that sales tax revenues have upon local land use decisions. (2002)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>7B</td>
<td>Lower the current two-thirds voter requirement for special purpose taxes, such as transportation and quality of life improvements, to a simple majority vote. (2002)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State</td>
</tr>
<tr>
<td>8B</td>
<td>Efforts assisting in the implementation of key environmental issues, including habitat conservation, planning, beach restoration and replenishment, and water quality-related issues. (2002)</td>
<td>Higher</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State/Local</td>
</tr>
<tr>
<td>9B</td>
<td>Mechanisms providing for the implementation of the RTP, including value pricing, managed lanes, high-occupancy toll lanes, the alleviation of current constraints on transponder technology, transit priority treatments, Transportation Demand Management, and other efforts that promote efficient use of highways and local roads. (2003)</td>
<td>Higher</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>10B</td>
<td>Support energy-related legislation, programs, and policies that are consistent with the Regional Energy Strategy. (2002)</td>
<td>Higher</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
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Legend - T: Transportation; R: Regional Planning; P: Public Safety; B: Borders
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(B) SUPPORT/OPPOSE (continued)

<table>
<thead>
<tr>
<th>NO.</th>
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<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>11B</td>
<td>Efforts to expand available methods of transportation project delivery, including design-build, design sequencing, construction manager/general contractor, and other alternative methods that expedite connectivity with state and federal systems. (2005)</td>
<td>High</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State</td>
</tr>
<tr>
<td>12B</td>
<td>Efforts to support funding opportunities and legislation that promote the implementation of effective and collaborative strategies and programs that maintain public safety, and promote quality of life and public health, including initiatives that address substance abuse and graffiti abatement, and reduce youth and gang violence.</td>
<td>High</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>14B</td>
<td>Support legislation and/or policies that promote governmental efficiencies and cost savings. (2009)</td>
<td>High</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>15B</td>
<td>Transit boards’ legislative programs where consistent with SANDAG Policy. (2002)</td>
<td>Lower</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
</tbody>
</table>

(C) MONITOR

<table>
<thead>
<tr>
<th>NO.</th>
<th>GENERAL DESCRIPTION OF GOAL</th>
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<th>P</th>
<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1C</td>
<td>Proposals that limit the use of eminent domain for public infrastructure projects. (2005)</td>
<td>Lower</td>
<td>Monitor/ Respond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>2C</td>
<td>Legislation affecting solid waste, water supply, and storm water, support of funding opportunities to assist in these areas. (2003)</td>
<td>Lower</td>
<td>Monitor/ Respond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State/Local</td>
</tr>
<tr>
<td>3C</td>
<td>Legislation relating to personnel matters, i.e., workers’ compensation, Public Employee Retirement System (PERS) benefits, and other labor related issues. (2003)</td>
<td>Lower</td>
<td>Monitor/ Respond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>4C</td>
<td>Legislation requiring local agencies to implement new administrative compliance measures. (2005)</td>
<td>Lower</td>
<td>Monitor/ Respond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
</tbody>
</table>

Legend - T: Transportation; R: Regional Planning; P: Public Safety; B: Borders
Please note, proposed changes are shown in strike through text and modifications and additions are underlined.
## 2014 LEGISLATIVE PROGRAM

**Overarching Goal:** Pursue policy and legislative changes that enable SANDAG to better implement its adopted plans and programs.

### (A) SPONSOR

<table>
<thead>
<tr>
<th>NO.</th>
<th>GENERAL DESCRIPTION OF GOAL</th>
<th>PRIORITY</th>
<th>BOARD POSITION</th>
<th>T</th>
<th>R</th>
<th>P</th>
<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A</td>
<td>Work with federal, state, and local stakeholders to implement Moving Ahead for Progress in the 21st Century including appropriate funding levels, goods movement and border programs, transit investment and reforms, process improvements (including streamlined environmental processes), active transportation, and tribal transportation planning. (2007, 2012)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>2A</td>
<td>Pursue resources and funding mechanisms consistent with financial strategies adopted in the Regional Transportation Plan (RTP) and Regional Comprehensive Plan (RCP), including but not limited to increasing revenues for transportation, cap-and-trade revenues, gas tax or equivalent revenue sources, bond measures, public/private partnerships, smart growth, and higher pass-through maintenance/preservation funding. (2012)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>3A</td>
<td>Expand access to resources and technical tools that will enable SANDAG to implement the 2050 RTP and its Sustainable Communities Strategy. (2009)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
<td></td>
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<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>4A</td>
<td>Pursue policy and/or legislative changes to enable the use of freeway shoulders as transit lanes on major corridors in the San Diego region. (2006)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State</td>
</tr>
<tr>
<td>5A</td>
<td>Pursue efforts that address border transportation infrastructure needs consistent with the RTP, RCP, and California-Baja California Border Master Plan. (2012)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>6A</td>
<td>Pursue policy and/or legislative changes to streamline or reform the California Environmental Quality Act (CEQA) for public transit improvements, active transportation projects, and other transportation projects located within existing rights-of-way. (2013)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State</td>
</tr>
<tr>
<td>7A</td>
<td>Pursue policy and/or legislative changes to improve the planning and implementation of the RTP/SCS, including modifying the required planning cycle for major updates of the RTP/SCS and clarifying the level of CEQA analysis required for the associated program environmental document. (2013)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
</tbody>
</table>

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<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>1B</td>
<td>Legislation that provides incentives to jurisdictions that provide opportunities for more housing, including affordable and transit-oriented developments, supports regional fair-share allocation of housing funds, and provides additional affordable housing funding with greater local/regional control. (2002)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
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<td>Federal/State</td>
</tr>
<tr>
<td>2B</td>
<td>Support policies and/or legislation implementing climate change plans and programs including cap-and-trade that are consistent with the RCP and RTP. (2007)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
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<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>3B</td>
<td>Support efforts to pursue public transit funding, including a Full Funding Grant Agreement for the Mid-Coast Corridor Transit Project and continued support for intercity rail. (2008, 2013)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
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<td></td>
<td>State</td>
</tr>
<tr>
<td>4B</td>
<td>Efforts to pursue resources to improve regional public safety voice and data communications and interoperability, including connectivity with state and federal systems. (2005)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
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<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>5B</td>
<td>Efforts to pursue funding at both the state and federal levels to improve public safety and security in the San Diego region through Automated Regional Justice Information System operations and enhancements, regional transportation system improvements, and activities related to regional emergency preparedness, prevention, and response to catastrophic events. (2003, 2005, 2011)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
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<td>Federal/State/Local</td>
</tr>
<tr>
<td>6B</td>
<td>Fiscal reform initiatives that enable regions to develop their own fiscal strategies and oppose unfunded mandates on local governments. Pursue initiatives that balance the fiscal influence that sales tax revenues have upon local land use decisions. (2002)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
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<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>7B</td>
<td>Lower the current two-thirds voter requirement for special purpose taxes, such as transportation and quality of life improvements, to a simple majority vote. (2002)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State</td>
</tr>
<tr>
<td>8B</td>
<td>Efforts assisting in the implementation of key environmental issues, including habitat conservation, planning, beach restoration and replenishment, and water quality-related issues. (2002)</td>
<td>Higher</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State/Local</td>
</tr>
<tr>
<td>9B</td>
<td>Mechanisms providing for the implementation of the RTP, including value pricing, managed lanes, high-occupancy toll lanes, the alleviation of current constraints on transponder technology, transit priority treatments, Transportation Demand Management, and other efforts that promote efficient use of highways and local roads. (2003)</td>
<td>Higher</td>
<td>Support</td>
<td></td>
<td></td>
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<td>Federal/State</td>
</tr>
<tr>
<td>10B</td>
<td>Support energy-related legislation, programs, and policies that are consistent with the Regional Energy Strategy. (2002)</td>
<td>Higher</td>
<td>Support</td>
<td></td>
<td></td>
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<td>Federal/State/Local</td>
</tr>
</tbody>
</table>

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### B) SUPPORT/OPPOSE (continued)

<table>
<thead>
<tr>
<th>NO.</th>
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<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>11B</td>
<td>Efforts to expand available methods of transportation project delivery, including design-build, design sequencing, construction manager/general contractor, and other alternative methods that expedite connectivity with state and federal systems. (2005)</td>
<td>High</td>
<td>Support</td>
<td></td>
<td></td>
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<td></td>
<td>State</td>
</tr>
<tr>
<td>12B</td>
<td>Efforts to support funding opportunities and legislation that promote the implementation of effective and collaborative strategies and programs that maintain public safety and promote quality of life, including initiatives that address substance abuse and graffiti abatement, and reduce youth and gang violence. (2005, 2009)</td>
<td>High</td>
<td>Support</td>
<td></td>
<td></td>
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<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>14B</td>
<td>Support legislation and/or policies that promote governmental efficiencies and cost savings. (2009)</td>
<td>High</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>15B</td>
<td>Transit boards’ legislative programs where consistent with SANDAG Policy. (2002)</td>
<td>Lower</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
</tbody>
</table>

### C) MONITOR

<table>
<thead>
<tr>
<th>NO.</th>
<th>GENERAL DESCRIPTION OF GOAL</th>
<th>PRIORITY</th>
<th>BOARD POSITION</th>
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<th>R</th>
<th>P</th>
<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1C</td>
<td>Proposals that limit the use of eminent domain for public infrastructure projects. (2005)</td>
<td>Lower</td>
<td>Monitor/Respond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>2C</td>
<td>Legislation affecting solid waste, water supply, and storm water, support of funding opportunities to assist in these areas. (2003)</td>
<td>Lower</td>
<td>Monitor/Respond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State/Local</td>
</tr>
<tr>
<td>3C</td>
<td>Legislation relating to personnel matters, i.e., workers’ compensation, Public Employee Retirement System (PERS) benefits, and other labor related issues. (2003)</td>
<td>Lower</td>
<td>Monitor/Respond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>4C</td>
<td>Legislation requiring local agencies to implement new administrative compliance measures. (2005)</td>
<td>Lower</td>
<td>Monitor/Respond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State</td>
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</tbody>
</table>

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FY 2014 PROGRAM BUDGET
YEAR-END PERFORMANCE REPORT

Introduction

This report summarizes the financial and overall performance of the FY 2014 SANDAG Program Budget, including major accomplishments as well as any delays in planned progress.

Discussion

Actual FY 2014 Program Budget expenditures were 76 percent of the combined amended budgets for the Overall Work Program (OWP), Regional Operations, and Capital Program.

The OWP comprises regional modeling, research, forecasting, sustainable development planning and strategies, mobility programs and services, and external coordination activities. Actual OWP expenses were 25 percent under the amended FY 2014 budget of $42.2 million. The remaining balance was either carried over to fund planned work efforts in FY 2015 and beyond, where applicable, or deposited to the SANDAG contingency reserve in accordance with Board Policy. The vast majority of work efforts identified and approved as part of the amended FY 2014 OWP budget were accomplished. Of the budgeted work elements and associated tasks, 95 percent were completed.

Regional Operations is composed of the following programs: managing toll facilities on State Route 125 and Interstate 15; motorist aid, including freeway service patrol and call box services; and maintenance and support of intelligent transportation and regional law enforcement data systems. In FY 2014, these were tracked as a separate budget component program for the first time. Compared to the amended FY 2014 Regional Operations budget of $46.6 million, $38.8 million (83%) in actual expenditures and reserve commitments were recorded. The remaining unspent funds were carried over for FY 2015 operations or held in reserve accounts.

The Capital Program includes more than 74 TransNet Early Action Program projects and 42 regional capital projects totaling $7.5 billion, with an amended budget of approximately $850.6 million in FY 2014. For FY 2014, 76 percent of the amended capital budget for SANDAG and Caltrans was expended. Key accomplishments for all three major programs are summarized in the attached year-end report (Attachment 1).
Ongoing Activities and Monitoring

Action plans relating to incomplete projects in the OWP have been carried forward and are being tracked in the current fiscal year. Staff will continue to track progress on incomplete items, confirm their continued need, and see them through to completion.

Each quarter, SANDAG submits required progress reports to various funding agencies for OWP and Regional Operations projects, providing information on the progress made for each work element. For internal project management reporting, progress on each project is reported quarterly at the Task/Product level, estimated completion dates are confirmed or updated, and overall progress is monitored. Projects with budget variances and/or schedule delays also are identified and reviewed by management staff. More than 475 tasks and deliverables included in 105 individual work elements were tracked using this process in FY 2014.

For the Capital Program, progress is monitored monthly using a variety of performance metrics, including schedule adherence, budget burn rate, percentage of work complete, estimate at complete, and risk analysis. A web-based dashboard is used to monitor trends, risks, issues, and progress. Performance metrics are summarized in a report that is reviewed by management at a quarterly project status meeting. Progress reports, construction notices, fact sheets, key documents, social media updates, and news releases are posted on an ongoing basis on the Keep San Diego Moving website. Quarterly reports on the progress and challenges of key projects are presented to the Independent Taxpayer Oversight Committee, the Transportation Committee, and the Board of Directors.

ANDRÉ DOUZDJIAN
Director of Finance

Attachment: 1. FY 2014 Program Budget Year-End Performance Report

Key Staff Contact: Tim Watson, (619) 699-1966, tim.watson@sandag.org
FY 2014 PROGRAM BUDGET YEAR-END PERFORMANCE REPORT

Table 1 – Amended Budget to Actual Summary (in Millions)

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Work Program</td>
<td>$43.6</td>
<td>$42.2</td>
<td>$31.4</td>
<td>$10.8</td>
<td>75%</td>
</tr>
<tr>
<td>Regional Operations</td>
<td>46.7</td>
<td>46.6</td>
<td>38.8</td>
<td>7.8</td>
<td>83%</td>
</tr>
<tr>
<td>Capital Program - SANDAG</td>
<td>520.0</td>
<td>556.0</td>
<td>427.0</td>
<td>129.0</td>
<td>77%</td>
</tr>
<tr>
<td>Capital Program - Caltrans</td>
<td>267.5</td>
<td>293.5</td>
<td>214.7</td>
<td>78.8</td>
<td>73%</td>
</tr>
<tr>
<td>Capital Program - Others</td>
<td>13.5</td>
<td>1.1</td>
<td>0.8</td>
<td>0.3</td>
<td>73%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>891.3</strong></td>
<td><strong>939.4</strong></td>
<td><strong>712.7</strong></td>
<td><strong>226.7</strong></td>
<td><strong>76%</strong></td>
</tr>
</tbody>
</table>

FY 2014 Overall Work Program Revenue and Expenditure Performance

The Overall Work Program (OWP) comprises regional modeling, research, forecasting, sustainable development planning and strategies, mobility programs and services, and external coordination activities. As of June 30, 2014, actual revenue for the OWP portion of the FY 2014 Program Budget came in as planned. Approved discretionary grants and federal planning funds were available as appropriated. FY 2014 Transportation Development Act and TransNet actual revenues increased 5.2 percent over FY 2013, compared to the projection of 5 percent. Amendments to the original FY 2014 OWP Budget of $43.6 million resulted in a net decrease of $1.4 million, for a final amended budget of $42.2 million.

Of the 105 approved OWP projects, 95 percent of the work elements and associated tasks were completed. Four projects were substantially incomplete, with delays due to of dependencies on other agencies, procurement issues, and/or reprioritized resources. These projects are listed at the end of this report, along with plans for corrective action.

Actual FY 2014 OWP expenditures were $31.4 million, compared to FY 2013 spending of $33.5 million. The resulting Budget to Actual spending of 75 percent ($10.8 million under the amended budget) is in line with previous years. In summary, 95 percent of the work program was completed using 75 percent of the budgeted resources. Less than $5,000 in dedicated funding was relinquished, with the remaining unspent funds being carried over into future years or scheduled to be deposited to the OWP contingency reserve (as shown in Table 2).

Table 2 - FY 2014 OWP Contingency Balance (in Millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance</td>
<td>$7.1</td>
</tr>
<tr>
<td>Commitments released</td>
<td>2.3</td>
</tr>
<tr>
<td>Project savings</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Final year-end balance</strong></td>
<td><strong>$10.5</strong></td>
</tr>
</tbody>
</table>
The uncommitted balance of the Contingency Reserve as of June 30, 2014, was approximately $7.1 million. A year-end analysis of completed expenditures on previously approved contingency amounts was performed, with $2.3 million deemed as no longer required and returned to the uncommitted contingency pool. In addition, net savings from the year-end reconciliation process is projected to produce an additional $1.1 million in funds available for deposit into the Contingency fund, resulting in approximately $10.5 million in uncommitted contingency reserves available for use at the discretion of the Board of Directors. The uncommitted balance represented approximately 24 percent of the FY 2015 OWP Budget, which exceeds the minimum target of 5 percent as required by current Board Policy. Contingencies in other budget programs are handled separately, as described in proposed amendments to Board Policy No. 030: Contingency Reserve Policy.

**FY 2014 Regional Operations Revenue and Expenditure Performance**

Regional Operations is composed of the following programs: managing toll facilities on State Route 125 and Interstate 15; motorist aid, including freeway service patrol and call box services; and maintenance and support of intelligent transportation and regional law enforcement data systems. In FY 2014, these were tracked as a separate budget component program for the first time. The Regional Operations Program had an approved amended budget of $46.6 million, of which $38.8 million in actual expenditures and reserve commitments were recorded. The primary reasons for being under budget include operational savings in State Route 125 (SR 125) of $1.5 million, $0.9 million in lower Freeway Service Patrol expenditures due to less construction mitigation needs, $0.6 million lower expenditures for Service Authority for Freeway Emergencies operations, and $0.6 million in Interstate 15 (I-15) FasTrak® operational savings.

In addition, the Automated Regional Justice Information System (ARJIS) Program was under budget by $1.9 million. Project savings in this program are typically treated as project reserves. ARJIS grant-funded project savings have been carried over into FY 2015.

**FY 2014 Capital Program Revenue and Expenditure Performance**

The Capital Program includes more than 74 TransNet Early Action Program projects and 42 regional capital projects. For the Capital Program, progress is monitored monthly using a variety of performance metrics, including schedule adherence, budget burn rate, percentage of work complete, estimate at complete, and risk analysis. A web-based dashboard is used to monitor trends, risks, issues, and progress. Performance metrics are summarized in a report that is reviewed by management at a quarterly project status meeting. Progress reports, construction notices, fact sheets, key documents, social media updates, and news releases are posted on an ongoing basis on the Keep San Diego Moving website. Quarterly reports on the progress and challenges of key projects are presented to the Independent Taxpayer Oversight Committee, the Transportation Committee, and the Board of Directors.

The Capital Program was projected to spend approximately $850.6 million in FY 2014. This total includes phases controlled by SANDAG, Caltrans, and others. The portion budgeted to flow directly through SANDAG had projected expenditures of $556 million. Of that, $427 million in actual expenditures were incurred. The amount budgeted for direct oversight by Caltrans was $293.5 million, of which $214.7 million was expended. In general, revenue and other funding was available
as planned. The total multi-year Capital Program remained unchanged at approximately $7.5 billion.

**FY 2014 Administrative Services Revenue and Expenditure Performance**

Administrative Services had an approved budget of $11.8 million for FY 2014, of which $11.5 million was spent. The majority of the $300,000 difference between the budget and actual expenses was due to savings in professional services, additional allocations of administrative costs to projects, and delayed procurements. The $100,000 Administrative contingency was unused in FY 2014.

**Summary of SANDAG Staffing Costs**

Agency salaries and benefits were budgeted at $35.7 million in FY 2014, of which $34.2 million was incurred. The unspent amount of $1.5 million, or 4.2 percent, resulted from salary savings of $867,500 and employee benefits savings of $661,600. This was partially offset by $400,000 in Staffing Agency expenses where temps were used to backfill vacancies on a short-term basis.

**FY 2014 Accomplishments**

<table>
<thead>
<tr>
<th>FY 2014 ACCOMPLISHMENTS BY AREA OF EMPHASIS</th>
</tr>
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<tbody>
<tr>
<td>I. Modeling, Research, Estimates, and Forecasts</td>
</tr>
<tr>
<td>a. Utilized the new, state-of-the-art Activity-Based Model (ABM) and Production, Exchange, and Consumption Allocation System modeling tools for development of San Diego Forward: The Regional Plan.</td>
</tr>
<tr>
<td>b. Completed the Commercial Vehicle Model that enhances the capabilities of the ABM.</td>
</tr>
<tr>
<td>c. Entered into a one-year pilot program with the UC San Diego Supercomputer Center (Center) to use its supercomputers to run the ABM for SANDAG project work. This pilot program would test the feasibility of using the Center on an ongoing basis to improve model runtimes and reduce computer infrastructure costs for SANDAG.</td>
</tr>
<tr>
<td>d. Completed the Draft Series 13 Regional Growth Forecast. The forecast serves as the foundation for San Diego Forward: The Regional Plan as well as other planning efforts (water, general plans) across the region.</td>
</tr>
<tr>
<td>e. Completed an interactive Geographic Information System (GIS) Bike Map that shows street or topographic views as well as layers to highlight rail lines and steep routes.</td>
</tr>
<tr>
<td>f. Continued collaboration with San Diego Geographic Information Source to maintain and enhance the regional GIS Data Warehouse. Led the regional aerial imagery acquisition partnership effort that included 28 local agencies and a project budget of $1.2 million. Implemented web-based GIS tools to enable member agencies to provide input on land use, smart growth, and transportation network data updates and maintenance.</td>
</tr>
</tbody>
</table>
g. Continued to support the Substance Abuse Monitoring Program by going into local jails to conduct interviews with adult and juvenile arrestees. These interviews allow SANDAG to measure drug and other behavior trends among arrested adults and juveniles.

h. Continued to partner with numerous public safety partners to help evaluate regional strategies to combat gang-related and other types of crime.

i. Continued to provide services through the Service Bureau. In FY 2014, 99 projects were started or carried over from the previous fiscal year, generating revenue of $639,918, including $87,383 in revenues in excess of expenses to enhance our Regional Information System.

II. Sustainable Development: Planning and Strategies

a. Developed vision, goals, and policy objectives for San Diego Forward: The Regional Plan that were approved by the Board of Directors and are being used in the development of the Plan. In addition, the Board of Directors approved project evaluation criteria and performance measures, an Unconstrained Transportation Network, and engaged an unprecedented number of stakeholders through public workshops, meetings, online activities, and the San Diego Forward website. Also, contracts with three additional Community Based Organizations (CBOs), brings the total to 15 CBOs, expanding outreach to lower-income and minority communities in the development and social equity analysis.

b. Prepared alternative land use and transportation scenarios to explore what it would take to further reduce greenhouse gas emissions beyond those projected in the 2050 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS). Included in the scenarios developed were the evaluation of infill and redevelopment in urban and suburban areas, transit oriented development, and the potential for multiple dense cores.

c. Started development of a Regional Transit Oriented Development Strategy to help local jurisdictions and stakeholders to facilitate more mixed-use development projects in transit corridors.

d. Oversaw progress on 47 TransNet Smart Growth Incentive and Active Transportation grant funded projects. During the fiscal year, eight projects were completed, including bike parking facilities in the cities of Carlsbad and Del Mar; construction of new bikeways in the cities of Santee, San Diego, and Imperial Beach; Transit Oriented Development planning in the City of Chula Vista; environmental analysis for the City of San Diego Bike Master Plan; and a Trolley plaza supporting new, mixed-use development in the City of Lemon Grove.

e. Released the 2012-2013 Regional Comprehensive Plan (RCP) Performance Monitoring Report, which monitors progress of RCP implementation and will guide policy development in San Diego Forward: The Regional Plan.

f. Completed the sixth competitive Land Management Grant Program, which now has provided 70 grants, totaling $11.5 million. This funding is being matched with $7.2 million by the grantees. These land management grants allow land managers to restore, enhance, and protect endangered species and their habitats.
g. Released a Call for Projects, under the Environmental Mitigation Program for a competitive land acquisition grant program using economic benefit funding, pursuant to an executed Memorandum of Agreement with state and federal agencies. To date, 25 properties totaling 3,334 acres of land have been acquired throughout the San Diego region as mitigation for regional and local transportation projects.

h. Developed the San Diego Regional Plug-in Electric Vehicle (PEV) Readiness Plan, which was accepted by the Board of Directors and will serve as a regional guide for use by local governments, public agencies, and others to support PEV adoption and electric vehicle charging station deployment throughout the region.

i. Secured a grant from the California Energy Commission and established the San Diego Regional Electric Vehicle Infrastructure Working Group. This work allows for collaborative planning for PEV charging infrastructure at the regional level, helping establish a cohesive and interconnected charging network and supporting state goals for PEV deployment.

j. Continued to collaborate with other Metropolitan Planning Organizations, Caltrans, the Port of San Diego, and the U.S. Department of Transportation (U.S. DOT) on goods movement policies and strategies. Through this collaboration and advocacy, these policies and strategies are now being pushed for inclusion in the next federal surface transportation authorization. The Executive Director’s continued service to the Secretary of the U.S. DOT while serving on the National Maritime Advisory Committee provides an opportunity to advocate for the San Diego region’s interests.

k. Started construction of an expanded intermodal yard at San Ysidro and have made major improvements to the rail line between the U.S.-Mexico border and downtown San Diego.

l. Continued to meet at the policy level with the Orange County Transportation Authority (OCTA), Southern California Association of Governments, Riverside County Transportation Commission, San Bernardino Associated Governments, and Imperial County Transportation Commission on transportation related issues (2050 RTP/SCS, Managed Lanes, State Route 241 Toll Road, goods movement, and border-related projects).

m. All 17 Tribal Nations continue to participate with SANDAG, ensuring consultation with these sovereign governments in SANDAG activities and plans. This past year a Tribal Summit was held with nearly all the Tribal Nations participating and providing input for the development of San Diego Forward: The Regional Plan.

n. With the development of State Route 11 (SR 11) and a new Otay Mesa East Border Crossing, coordination efforts with Mexico have been at an all-time high. Several meetings in Mexico City have been held and several others have been hosted in our region with our Mexican counterparts to advance this critical border infrastructure project.

### III. Sustainable Mobility Programs and Services

a. The 511 system continued to provide commuters with 24/7 automated traveler information. The system receives more than 1 million calls annually regarding traffic, transit, and commuter information services, provides web information, provides for taxi transfers, and continues support of traveler information to public access channels.
b. Continued to administer the Regional TDM Program and provide support to member agencies; expanded Employer Outreach and the Guaranteed Ride Home service; conducted rideshare and bike to work events; and provided support to an average of 721 vanpools each month. In FY14, the vanpool program reduced more than 38.5 million vehicle miles and 366,000 single occupant vehicle trips.

c. Completed a Regional Early Action Program, approved by the Board of Directors, which advances $200 million for bike and pedestrian projects throughout the San Diego region. Several projects are under construction, and several are being planned and designed.

d. Continued advanced planning for the new light-rail transit lines in the 2050 RTP/SCS. This work is feeding into San Diego Forward: The Regional Plan and early indications are that the line, which generally parallels the Interstate 805 (I-805) corridor, could serve a significant number of transit riders and alleviate the need for an expensive downtown trolley tunnel (potentially saving the region billions of dollars).

e. Updated the State of the Commute Report, which helps SANDAG monitor the performance of the regional transportation system.

*Capital Program*

f. In partnership with Caltrans, the Public Works Plan/Transportation and Resource Enhancement Program for the North Coast Corridor Program were completed and the project was unanimously approved by the California Coastal Commission in August 2014.

g. Completed construction of the I-15 Sabre Springs Parking Structure and Transit Station ($17 million) and implemented the first Rapid service along the I-15 corridor in the San Diego region. Conducted a successful marketing campaign to launch the new Rapid service (“One Sweet Ride”); to date, transit ridership in the I-15 corridor is up 34 percent compared to the prior year.

h. Opened the High Occupancy Vehicle (HOV) Lanes on I-805 South, from State Route 94 to East Palomar Street ($191 million).

i. Completed construction of a new bridge and 1.5 miles of double track at Santa Margarita River. This $42 million project replaced an aging steel single-track bridge and the wooden trestle approach with a modern reinforced concrete bridge and created a continuous 4.5 mile section of double track.

j. Completed construction of the $91 million project to construct HOV Lanes on I-805 North from Interstate 5 to Sorrento Valley.

k. Continued construction of the Mid-City Rapid Bus Project ($45 million) from Downtown San Diego to San Diego State University. Rapid service began in fall 2014.

l. Started construction of the Sorrento Valley Double Tracking Project. This $31 million project will add one mile of double track north of the Sorrento Valley COASTER Station and includes a bridge replacement.
m. Continued construction of a $567 million project to rehabilitate the San Diego Trolley system. This project includes the purchase of 65 new low-floor, light-rail vehicles that will improve service and efficiency as well as station infrastructure improvements and track and power system replacements to bring the system into a state of good repair.

t. Secured a $14 million, highly competitive Transportation Investment Generating Economic Recovery Grant to complete the funding to replace rail bridges at Los Peñasquitos Lagoon. This is a critically needed project to improve the reliability of both passenger and freight services in the nation’s second busiest rail corridor.

u. Secured $38 million in new programming capacity from the state through the 2014 State Transportation Improvement Program (STIP). These funds help match or leverage TransNet revenues.

**IV. Intermodal Planning and Implementation**

a. Continued to partner with the San Diego County Regional Airport Authority on the advanced planning for the Intermodal Transportation Center (ITC) at the San Diego International Airport, with a focus on impacts to the regional transportation system and coordinating efforts with the Airport Authority to find the most effective ground transportation system possible.

b. Completed advanced planning for San Ysidro ITC, which included an extensive public outreach process, a market analysis, an opportunity and constraints analysis, selection of a preferred alternative by the Board of Directors, and development of preliminary cost estimates and a phasing.

c. Completed the transfer of management responsibilities for the Los Angeles – San Diego – San Luis Obispo Rail Corridor to OCTA and continue to participate as a member of the new Joint Powers Authority (JPA). Continuing to coordinate project development activities along the corridor with our JPA counterparts to the north.
d. Continued to coordinate with the California High Speed Rail Authority, although activity on the San Diego to Los Angeles portion of the system is limited. The Authority has been focused on the Central Valley portion of the system, and the inability to sell bonds limits the resources currently available for the San Diego to Los Angeles portion.

e. Continued progress on the SR 11/Otay Mesa East Border Crossing Project. Started construction on the first phase of the project and have completed the investment-grade Traffic and Revenue Study, scheduled for review by the Board of Directors in December 2014.

V. Internal and External Coordination

a. Continued outreach to the press, key stakeholders, and the general public on TransNet projects, educating groups on individual projects and programs as well as the comprehensive effort being made under the overall TransNet Program to create a multimodal transportation system that offers choices to the region’s travelers.

b. Continued public outreach and provided public information through monthly reGion newsletter, SANDAG Board of Directors actions, broadcasted meetings on the reformatted SANDAG website, and utilization of social media (Facebook and Twitter) to extend SANDAG outreach efforts.

c. Continued to work closely with news media to highlight SANDAG projects and activities throughout the region (press events for all major projects, interviews, and meetings with editorial boards).

d. Continued to work closely with Spanish-language media to highlight SANDAG projects and activities throughout the region. All interviews conducted in Spanish.

e. Held press events and ceremonies to highlight groundbreaking and completion of major construction projects throughout the region.

f. Continued to meet with the San Diego legislative delegation on a regular basis to provide input on key issues and to advance the SANDAG Legislative Program. Also testified at various legislative hearings on transportation and other issues that impact the San Diego region.

g. Continued to participate with both the California Association of Councils of Governments (CALCOG) at the state level and the National Association of Regional Councils (NARC) at the national level. Held leadership positions in both organizations, helped develop an agenda for CALCOG, and influenced NARC’s goals at the national level.

h. Stayed active on Chamber of Commerce and Economic Development Council boards throughout the region. Continued to serve on the Board of Directors of the San Diego Regional Chamber of Commerce. Also participated in the “One Region, One Voice” trips to Washington D.C., Sacramento, and Mexico City.

i. SANDAG is responsible for programming STIP monies, federal Regional Surface Transportation and Congestion Mitigation and Air Quality funds, TransNet revenues, and
other funds for transportation improvement projects and programs. In this capacity, we track project scope, schedule, and costs on an ongoing basis to ensure that budgets and schedules are being met, and that we are complying with all state and federal requirements so that funds are most efficiently used and are not lost to the region. To date, no funds have been lost as we aggressively manage all the various fund types.

j. Updated the TransNet Plan of Finance to ensure that project schedules and costs are up-to-date. The plan also helps forecast and manage cash flow needs to ensure projects can be completed as planned.


l. Continued implementation of our innovative Bench Program. The Bench was developed to assist certified small and disadvantaged business enterprises (DBEs) in their efforts to participate in the new architectural and engineering (A&E) contracts. The Bench is open to DBE firms and small businesses that provide a variety of professional A&E services; it serves as a pool of certified firms that prime consultants can easily access to assist with SANDAG projects.

VI. Regional Operations and Programs

a. The SR 125 Program continued its success in mitigating congestion growth on I-805 and local roads. During FY 2014, the program achieved steady growth in traffic, providing sufficient revenues to cover all operating costs and debt service while also deferring the need to increase toll rates.

b. The Freeway Service Patrol continued to provide assistance to stranded motorists through a roving patrol of tow trucks and pickup trucks on approximately 242 miles of the San Diego freeway system. The service enhances safety and reduces congestion, providing assistance to 50,000 motorists per year.

c. Continued management and operation of the I-15 FasTrak Value Pricing Program. This continues to be an effective traffic demand and performance management tool by shifting users from the general-purpose lanes. Program revenues are covering the cost of operations; during FY 2014 the program provided $1 million to enhance transit service on the I-15 corridor.

d. The Motorist Aid Program continued to provide call support services for distressed motorists along the county's 280 miles of urban and rural state highways. Using a combination of physical call boxes and the region's 511 mobile call box system, the program links travelers in need to call center staff 24 hours per day. During FY 2014, the program connected over 15,000 motorists to the resources they needed.

e. ARJIS enhanced data sharing efforts by developing new interfaces to agency computer-aided dispatch data, obtaining critical County Probation Department data on high-risk offenders, and gaining access to data from Los Angeles County via a new COPLINK
connection, and provided new tools to access that data, including a regional mapping
dashboard and enhanced mobile applications.

Substantially Incomplete OWP Projects (Carried over into FY 2015)

Table 3 describes planned work efforts that experienced significant delays during FY 2014, along
with the reasons for the delay and the planned resolution. Most of the delayed work efforts were
carried forward and included as part of the approved FY 2015 Program Budget, as noted below. Projects identified as substantially incomplete are defined as work elements approved as part of the
FY 2014 OWP that had less than 50 percent of the budget expended and less than 50 percent of
tasks completed.

**Table 3 - Substantially Incomplete Projects in FY 2014**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Project No.</th>
<th>Main Delay Issue and Planned Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chula Vista Light Rail Trolley Improvement Study</td>
<td>3101800</td>
<td>Delays in procuring consultant services resulted in the carryover of the project’s preliminary design phase into FY 2015.</td>
</tr>
<tr>
<td>Job Access and Reverse Commute (JARC) Pass Through</td>
<td>3320900</td>
<td>Experienced delays in determining the proper procurement process and ownership of FTA grant-funded vehicles for this pass-through program. The FTA procurement and ownership issues have been resolved and the grant disbursements have been reprogrammed for FY 2015.</td>
</tr>
<tr>
<td>Veteran’s Transportation and Community Living Initiative Grant (Pass Through)</td>
<td>3321100</td>
<td>Grant disbursements at the start of this three-year project were less than projected because the subrecipient used only its matching funds for the first six months. The subrecipient will be drawing down the federal portion beginning in November 2014, and therefore, the federal grant funds have been carried over into FY 2015.</td>
</tr>
<tr>
<td>Connected Vehicle Development Program</td>
<td>3311800</td>
<td>Project planning was scheduled to coincide with foundation work completed by the U.S. DOT, which was significantly delayed. Major work has been carried over into FY 2015.</td>
</tr>
</tbody>
</table>
SERVICE BUREAU FY 2014 YEAR-END STATUS REPORT

Introduction

In accordance with SANDAG Board Policy No. 012: SANDAG Service Bureau, periodic progress reports on the project activities and financial status of the Service Bureau are provided to the Executive Committee. The Service Bureau provides informational and technical services through SANDAG and its nonprofit public-benefit corporation, SourcePoint. The Executive Committee serves as the governing body of the Service Bureau and the Board of Directors of SourcePoint. This report summarizes the financial performance of the Service Bureau during FY 2014 and highlights some of the projects completed.

Discussion

The SANDAG Service Bureau is a fee-based operation that provides informational and technical services to member agencies, nonmember government agencies, private organizations, and individuals. The purpose of the Service Bureau is to offer products and services that meet the needs of decision-makers in the public and private sectors, while enhancing the quality and extent of demographic, economic, transportation, land use, criminal justice, and other information maintained in the SANDAG Regional Information System (RIS) and the technology used to support it. One of the goals of the Service Bureau is to generate revenue to update and enhance the RIS.

Financial Status

As of June 30, 2014, the Service Bureau had revenues of $639,918 from projects begun during FY 2014 and projects carried over from previous fiscal years. Expenses related to performing these projects were $534,835, meaning that revenues exceeded expenses by $105,083, or 19.6 percent. Nonrecoverable costs related to management and business development are covered by these revenues. When those costs are taken into account, revenues exceeded expenses by $87,383, or 15.8 percent (see Table 1, below).
## Table 1

### SANDAG Service Bureau

Revenues and Expenses as of 6/30/2014

<table>
<thead>
<tr>
<th>Type of Project</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Change in Net Position</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Services</td>
<td>$264,645</td>
<td>$242,270</td>
<td>$22,375</td>
<td>9.2%</td>
</tr>
<tr>
<td>Transportation Modeling</td>
<td>$199,463</td>
<td>$152,162</td>
<td>$47,301</td>
<td>31.1%</td>
</tr>
<tr>
<td>Strategic/Comprehensive Plans</td>
<td>$129,000</td>
<td>$104,513</td>
<td>$24,487</td>
<td>23.4%</td>
</tr>
<tr>
<td>Demographic/Economic/Surveys/GIS</td>
<td>$46,810</td>
<td>$35,890</td>
<td>$10,920</td>
<td>30.4%</td>
</tr>
<tr>
<td><strong>Total All Projects</strong></td>
<td><strong>$639,918</strong></td>
<td><strong>$534,835</strong></td>
<td><strong>$105,083</strong></td>
<td><strong>19.6%</strong></td>
</tr>
</tbody>
</table>

| Non-Project Expenses                     |           | $17,700   | ($17,700)              | –              |

| **Net Total**                            | **$639,918** | **$552,535** | **$87,383**            | **15.8%**      |

### Non-RIS-Generating Projects

| Construction Contract Management Services to Member Agencies ² | $4,617,394 | $4,617,394 | $0                    | –              |

### Use of Unrestricted Net Assets

| RIS Enhancement ³ | $0          | $99,914    | ($99,914)            | –100%          |

¹ Percent change is calculated based on expenses.

² In 2011, the City of Santee requested that SourcePoint enter into a multi-year contract with it to provide access to SANDAG on-call engineering contracts, conduct competitive procurements, and serve as the contract administrator for the construction of certain projects in the City of Santee. The Executive Committee approved a waiver of the RIS fee.

³ Changes in net position include a transfer to SANDAG for a project to enhance the RIS and expand the Agency’s Activity Based Model to develop small area estimates.

### Overview of Projects

In FY 2014, a total of 99 projects were started or carried over from the previous fiscal year. The services provided are concentrated in the areas of strategic plans; transportation modeling; demographic, economic, survey, and Geographic Information System (GIS) services; and other services.

The largest revenue-generating category is other services. This category includes services for local jurisdictions to allow access to existing SANDAG agreements with contractors and consultants to expedite local project delivery, such as providing access to job order contracting contractors. It also includes other supportive services that do not fit into the main Service Bureau categories.
The second largest category is transportation modeling. More than 80 percent of projects are concentrated in this category. In addition to a number of smaller requests for estimating traffic impacts due to development projects, the Service Bureau also is working on some larger projects that assist local jurisdictions with community and general plan updates.

The next largest revenue-generating categories are the strategic and comprehensive plans followed by the demographic, economic, survey, and GIS services. The Service Bureau completed the final report for a multi-year project for Caltrans to prepare the California-Baja California 2014 Border Master Plan Update. The Service Bureau also completed several requests for customized demographic, economic, survey, and GIS services. In particular, staff provided technical support to private-sector research companies to conduct economic analyses of the cybersecurity and life sciences industries in the San Diego region.

**Planned Projects in FY 2015**

Requests for transportation modeling from various private and public agencies have started strong in FY 2015 and several requests for customized demographic and GIS services have been received. In addition, the County of San Diego requested the Service Bureau prepare feasibility studies for a tramway from San Diego Bay to Balboa Park and for a bicycle and pedestrian tube on the San Diego-Coronado Bridge. Staff will seek opportunities to partner with other organizations and researchers and continue to offer products and services that meet the needs of the community.

KURT KRONINGER  
Director of Technical Services

Key Staff Contact: Cheryl Mason, (619) 699-1951, cheryl.mason@sandag.org