TRANSPORTATION COMMITTEE AGENDA

Friday, April 1, 2016
9 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

• PROPOSED FEDERAL FISCAL YEAR 2016 TIGER AND FASTLANE GRANT PROGRAMS SUBMITTALS

• DRAFT FY 2015 TransNet FISCAL AND COMPLIANCE AUDITS: INITIAL FINDINGS AND RECOMMENDATIONS

PLEASE SILENCE ALL ELECTRONIC DEVICES DURING THE MEETING

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San Diego Association of Governments · 401 B Street, Suite 800, San Diego, CA 92101-4231 · (619) 699-1900 · Fax (619) 699-1905 · sandag.org
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TRANSPORTATION COMMITTEE
Friday, April 1, 2016

ITEM NO. | RECOMMENDATION
--- | ---
+1. | APPROVAL OF MEETING MINUTES

APPROVE

The Transportation Committee is asked to review and approve the minutes from its March 18, 2016, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Members of the public shall have the opportunity to address the Transportation Committee on any issue within the jurisdiction of the Committee that is not on this agenda. Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Committee members. 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. TRANSPORTATION DEVELOPMENT ACT CLAIM AMENDMENTS
   (Lisa Kondrat-Dauphin)

ADOPT

The issued FY 2015 Transportation Development Act (TDA) compliance audits include unexpended funds from completed projects that are to be returned to the Local Transportation Fund. The Transportation Committee is asked to adopt Resolution No. 2016-17 approving revisions to TDA Article 3.0 claims for various completed bike and pedestrian projects for the cities of Coronado, Escondido, National City, and San Diego.

+4. PROPOSED FEDERAL FISCAL YEAR 2016 TIGER AND FASTLANE GRANT PROGRAMS SUBMITTALS (Robyn Wapner)

APPROVE

The Transportation Committee is asked to approve the list of proposed regional project submittals for the Federal Fiscal Year 2016 Transportation Investment Generating Economic Recovery Discretionary Grant (TIGER) and the Fostering Advancements in Shipping and Transportation for the Long-Term Achievement of National Efficiencies (FASTLANE) Grant Programs.

+5. DRAFT FY 2015 TransNet FISCAL AND COMPLIANCE AUDITS: INITIAL FINDINGS AND RECOMMENDATIONS
   (Brad Barnum, ITOC Chair; Marc Davis, Davis Farr; Lisa Kondrat-Dauphin)

INFORMATION

The TransNet Independent Taxpayer Oversight Committee (ITOC) reviewed the initial findings and recommendations of the FY 2015 TransNet Fiscal and Compliance Audit as conducted by the certified public accounting firm of Davis Farr, LLP. ITOC is required to share the initial audit findings and recommendations with the Transportation Committee prior to their release to resolve any inconsistencies and technical issues. The ITOC Chair and Davis Farr, LLP staff will present the initial audit findings and recommendations.
+6. FY 2015 REQUESTS FOR EXCEPTION TO TransNet EXTENSION ORDINANCE REQUIREMENTS (Lisa Kondrat-Dauphin)

RECOMMEND

The North County Transit District (NCTD) and San Diego Metropolitan Transit System (MTS) did not meet certain eligibility requirements as noted in their draft FY 2015 TransNet annual compliance audit. MTS and NCTD have requested an exception to the TransNet Extension Ordinance (Ordinance) in an effort to gain compliance. The Transportation Committee is asked to consider the requests of MTS and NCTD, and recommend that the Board of Directors, acting as the San Diego County Regional Transportation Commission, approve the exceptions, as permitted under the Ordinance.

7. 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.

8. UPCOMING MEETINGS

INFORMATION

The next meeting of the Transportation Committee is scheduled for April 16, 2016, at 9 a.m.

9. ADJOURNMENT

+ next to an agenda item indicates an attachment
The meeting of the Transportation Committee was called to order by Chair Todd Gloria (City of San Diego) at 9:02 a.m. See the attached attendance sheet for Transportation Committee member attendance.

1. APPROVAL OF MEETING MINUTES (APPROVE)

Action: Upon a motion by Deputy Mayor Lisa Shaffer (North County Coastal), and a second by Councilmember Jerry Jones (East County), the Transportation Committee approved the meeting minutes of February 19, 2016. Yes – Chair Gloria, Vice Chair Jim Desmond (North County Inland), Councilmember Jones, Chair Harry Mathis (Metropolitan Transit System [MTS]), Deputy Mayor Shaffer, Vice Chair Rebecca Jones (North County Transit District [NCTD]), and Mr. Jim Janney (San Diego County Regional Airport Authority [SDCRAA]). No - None. Abstain – None. Absent – County of San Diego and South County.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Kristen Victor, a member of the public, spoke in favor of active transportation.

Don Crawford, a member of the public, spoke in opposition to a coaster station at the convention center Marina District.

Nicole Burgess, a member of the public, spoke in favor of active transportation.

John Wotzka, a member of the public, submitted written comments and spoke about various transportation issues.

Chair Gloria welcomed SDCRAA Alternate, April Boling, to the Transportation Committee, and announced upcoming staff changes. Effective at the April 1, 2016, Transportation Committee meeting, Dr. Cindy Burke will replace Clint Daniels as the Transportation Committee Coordinator.
CONSENT

3. FEDERAL TRANSIT ADMINISTRATION SECTION 5311 PROGRAM OF PROJECTS (RECOMMEND)

The Transportation Committee was asked to recommend that the Board of Directors approve the apportionment of Federal Transit Administration Section 5311 Non-Urbanized Area Formula Program funds for Federal Fiscal Year 2016 for the San Diego region.

4. TransNet ENVIRONMENTAL MITIGATION PROGRAM: LAND MANAGEMENT GRANT PROGRAM QUARTERLY STATUS UPDATE (INFORMATION)

This report provided information to the Transportation Committee on the quarterly status of active projects.

Action: Upon a motion by Vice Chair Desmond, and a second by Chair Ron Roberts (County of San Diego), the Transportation Committee approved Consent Item Nos. 3 through 4. Yes – Chair Gloria, Vice Chair Desmond, County of San Diego Chair Roberts, Councilmember Jones, MTS Chair Mathis, Deputy Mayor Shaffer, NCTD Vice Chair Jones, and Mr. Janney. No - None. Abstain – None. Absent – South County.

REPORTS

5. MID-COAST CORRIDOR TRANSIT PROJECT AND THE ELVIRA TO MORENA DOUBLE-TRACK PROJECT: CONSTRUCTION MANAGER/GENERAL CONTRACTOR CONSTRUCTION CONTRACT AMENDMENTS (RECOMMEND)

John Haggerty, Division Director of Rail, presented the item.

Ms. Burgess and Ms. Victor spoke about safe access to the Rose Creek bike path as part of the Mid-Coast Corridor Transit Project.

Action: Upon a motion by County of San Diego Chair Roberts, and a second by Councilmember Jones, the Transportation Committee recommended that the Board of Directors authorize the Executive Director to amend the Construction Manager/General Contractor Construction Services Agreement, Supplement 1, with Mid-Coast Transit Constructors for the construction of storm drain utility relocations and bridge work for the Mid-Coast Corridor Transit Project and the Elvira to Morena Double-Track Project in an amount not to exceed $9,240,540. Yes – Chair Gloria, Vice Chair Desmond, County of San Diego Chair Roberts, Councilmember Jones, MTS Chair Mathis, Deputy Mayor Shaffer, NCTD Vice Chair Jones, and Mr. Janney. No - None. Abstain – None. Absent – South County.

6. SAN DIEGO RIVER BRIDGE DOUBLE-TRACK PROJECT: CONSTRUCTION MANAGER/GENERAL CONTRACTOR CONSTRUCTION SERVICES AGREEMENT (RECOMMEND)

Mr. Haggerty presented the item.

Action: Upon a motion by County of San Diego Chair Roberts, and a second by Councilmember Jones, the Transportation Committee recommended that the Board of Directors authorize the Executive Director to: (1) approve the Guaranteed Maximum Price negotiated between Mid-Coast Transit Constructors and SANDAG for Supplement 2 of the Construction Manager/General Contractor Construction Services Agreement (Supplement 2) for the San Diego River Bridge Double-Track (SDRBDT) Project in the amount of $64.36 million; (2) execute Supplement 2 for the SDRBT Project; and (3) issue a limited Notice to Proceed for up to $20 million for early procurement and work items within the existing SDRBDT Project budget. Yes – Chair Gloria, Vice Chair Desmond, County of San Diego Chair Robe...
Roberts, Councilmember Jones, MTS Chair Mathis, Deputy Mayor Shaffer, NCTD Vice Chair Jones, and Mr. Janney. No - None. Abstain – None. Absent – South County.

7. **PALOMAR GRADE SEPARATION (APPROVE)**

Omar Atayee, Senior Engineer, presented the item.

*Action:* Upon a motion by Councilmember Jones, and a second by Mr. Janney, the Transportation Committee: (1) authorized the Executive Director to execute all documents necessary to enable SANDAG to accept $232,000 from the City of Chula Vista for the preparation of a Project Report and Environmental Document for a proposed rail/highway grade separation project at Palomar Street and the Blue Line Trolley; and (2) approved an amendment to the FY 2016 SANDAG Program Budget and Overall Work Program to increase the budget for the work element Project Number 3101800 - CV Light Rail Trolley Improvement Study, in substantially the same form as attached to the report. Yes – Chair Gloria, Vice Chair Desmond, County of San Diego Chair Roberts, Councilmember Jones, MTS Chair Mathis, Deputy Mayor Shaffer, NCTD Vice Chair Jones, and Mr. Janney. No - None. Abstain – None. Absent – South County.

8. **CONTINUED PUBLIC COMMENTS**

There were no additional public comments.

9. **UPCOMING MEETINGS**

The next meeting of the Transportation Committee is scheduled for Friday, April 1, 2016.

10. **ADJOURNMENT**

Chair Gloria adjourned the meeting at 9:48 a.m.
## CONFIRMED ATTENDANCE
### SANDAG TRANSPORTATION COMMITTEE MEETING
### MARCH 18, 2016

<table>
<thead>
<tr>
<th>JURISDICTION</th>
<th>NAME</th>
<th>MEMBER/ ALTERNATE</th>
<th>ATTENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>North County Coastal</td>
<td>Lisa Shaffer</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Lesa Heebner</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>North County Inland</td>
<td>Jim Desmond (Vice Chair)</td>
<td>Member</td>
<td>Yes</td>
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<td></td>
<td>Judy Ritter</td>
<td>Alternate</td>
<td>Yes</td>
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<tr>
<td>East County</td>
<td>Jerry Jones</td>
<td>Member</td>
<td>Yes</td>
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<td></td>
<td>Bill Baber</td>
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<td>Yes</td>
</tr>
<tr>
<td>South County</td>
<td>Mary Salas</td>
<td>Member</td>
<td>No</td>
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<td></td>
<td>Michael Woiwode</td>
<td>Alternate</td>
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<td>City of San Diego</td>
<td>Todd Gloria (Chair)</td>
<td>Member</td>
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</tr>
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<td></td>
<td>Mark Kersey</td>
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<td>County of San Diego</td>
<td>Ron Roberts</td>
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<td></td>
<td>Bill Horn</td>
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</tr>
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<td></td>
<td>Greg Cox</td>
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<td>No</td>
</tr>
<tr>
<td>Metropolitan Transit System</td>
<td>Harry Mathis</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Lorie Bragg</td>
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<td>Yes</td>
</tr>
<tr>
<td>North County Transit District</td>
<td>Rebecca Jones</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Bill Horn</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>John Aguilera</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>San Diego County Regional Airport Authority</td>
<td>Jim Janney</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>April Boling</td>
<td>Alternate</td>
<td>Yes</td>
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### ADVISORY MEMBERS

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<thead>
<tr>
<th></th>
<th>Laurie Berman</th>
<th>Member</th>
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<tr>
<td></td>
<td>Bill Figge</td>
<td>Alternate</td>
<td>Yes</td>
</tr>
<tr>
<td>Caltrans</td>
<td></td>
<td></td>
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<tr>
<td>SCTCA</td>
<td>Erica Pinto</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Allen Lawson</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td>Other Attendees</td>
<td>Dahvia Lynch</td>
<td>NCTD</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Paul Jablonski</td>
<td>MTS</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Ron Roberts</td>
<td>Chairman, SANDAG</td>
<td>Yes</td>
</tr>
</tbody>
</table>
TRANSPORTATION DEVELOPMENT ACT CLAIM AMENDMENTS

Introduction

The Transportation Development Act (TDA) provides one-quarter percent of the state sales tax for operating and capital support of public transportation systems and non-motorized transportation projects. SANDAG, as the designated Regional Transportation Planning Agency (RTPA), is responsible for the allocation of TDA funds to the region’s cities, County, and transit operators. TDA claim amendments are proposed for a decrease of $394,863 for Article 3.0 bike and pedestrian projects. The Transportation Committee is delegated authority to approve TDA claim amendments pursuant to Board Policy No. 001: Operations Policy.

Discussion

Annual Compliance Audit

Each year, SANDAG utilizes an independent certified public accounting firm to undertake a compliance audit of bike and pedestrian projects funded under TDA Article 3.0 (non-motorized) programs. The main purpose of the audit is to ascertain that funds are spent appropriately and to identify projects that have been completed by the sponsoring agency. The FY 2015 audit process is complete and after a final accounting, unexpended funds for completed projects from the City of San Diego remain. Proposed allocation reductions of $315,944 would allow the return of funds to the County’s Local Transportation Fund (LTF), which acts as Trustee for the TDA funds, in FY 2016 as listed below:

Recommendation

The Transportation Committee is asked to adopt Resolution No. 2016-17, as shown in Attachment 1, approving revisions to Transportation Development Act Article 3.0 claims for various completed bike and pedestrian projects for the cities of Coronado, Escondido, National City, and San Diego.
Adoption of the attached resolution will allow the return of unexpended funds plus accumulated interest to the County’s LTF for use on other bike and pedestrian projects, subject to Transportation Committee approval. Allocations for other TDA Article 3.0 approved projects under these claims remain unchanged.

**SANDAG Review**

Through further review by SANDAG Program Management staff, the projects listed below have been identified as complete with funds that have not yet been drawn and are currently in the LTF. Each jurisdiction with completed projects has been contacted regarding these projects and is in agreement that the projects are complete and funds are no longer needed. Proposed allocation reductions of $78,919 are listed below:

<table>
<thead>
<tr>
<th>Claimant</th>
<th>Purpose</th>
<th>Current Allocation</th>
<th>Recommended Adjustment (+/-)</th>
<th>Revised Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coronado</td>
<td>Bicycle Master Plan</td>
<td>$75,000</td>
<td>($762)</td>
<td>$74,238</td>
</tr>
<tr>
<td>Escondido</td>
<td>Bike Racks</td>
<td>$14,378</td>
<td>($4,071)</td>
<td>$10,307</td>
</tr>
<tr>
<td>National City</td>
<td>Bicycle Master Plan</td>
<td>$50,000</td>
<td>($15,000)</td>
<td>$35,000</td>
</tr>
<tr>
<td>City of San Diego</td>
<td>Kelton Road</td>
<td>$248,400</td>
<td>($47,470)</td>
<td>$200,930</td>
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<tr>
<td>City of San Diego</td>
<td>Bicycle Master Plan Update Phase 2, Program EIR</td>
<td>$150,000</td>
<td>($3,049)</td>
<td>$146,951</td>
</tr>
<tr>
<td>City of San Diego</td>
<td>Pedestrian &amp; Bike Safety Education</td>
<td>$290,000</td>
<td>($7,000)</td>
<td>$283,000</td>
</tr>
<tr>
<td>City of San Diego</td>
<td>Pedestrian Master Plan Phase 4</td>
<td>$150,000</td>
<td>($1,567)</td>
<td>$148,433</td>
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<tr>
<td>Total Recommended Adjustment</td>
<td>($78,919)</td>
<td></td>
<td></td>
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</table>
Next Steps

Upon adoption of the attached resolution by the Transportation Committee, unexpended funds would become available, subject to Transportation Committee approval, for use on other bike and pedestrian projects.

ANDRÉ DOUZDJIAN
Director of Finance

Attachment: 1. Resolution No. 2016-17, Approving Revisions to TDA Claims

Key Staff Contact: Lisa Kondrat-Dauphin, (619) 699-1942, lisa.kondrat-dauphin@sandag.org
APPROVING REVISIONS TO TRANSPORTATION DEVELOPMENT ACT CLAIMS

WHEREAS, the Transportation Development Act (TDA) claims listed below require revisions; and

WHEREAS, the SANDAG Board of Directors delegated the authority for TDA amendments to the SANDAG Transportation Committee; and

WHEREAS, SANDAG has analyzed the allocations and has found that the revisions are warranted pursuant to Section 6659(c) of Title 21 of the California Code of Regulations (CCR); NOW THEREFORE

BE IT RESOLVED by the Transportation Committee as follows:

1. That the Transportation Committee, pursuant to CCR Section 6659(d) does hereby approve revisions to the claims as shown below:

<table>
<thead>
<tr>
<th>Article</th>
<th>Year</th>
<th>Claim</th>
<th>Claimant</th>
<th>Purpose</th>
<th>Current Allocation</th>
<th>Adjustment (+/-)</th>
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<td>$35,000</td>
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<td>3</td>
<td>2005</td>
<td>375</td>
<td>San Diego, City</td>
<td>Avenue Bike Lanes and Bike Route 54th St and Euclid Avenue Bike Lanes</td>
<td>$1,254,722</td>
<td>($50,846)</td>
<td>$1,203,876</td>
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<td>3</td>
<td>2007</td>
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<td>Bike Lane Improvements</td>
<td>$300,000</td>
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<td>Pedestrian Master Plan Phase 4</td>
<td>$150,000</td>
<td>($1,567)</td>
<td>$148,433</td>
</tr>
</tbody>
</table>
2. That the other approved projects under these claims shall remain unchanged.

3. That the Transportation Committee does hereby authorize the Executive Director to prepare and transmit allocation instructions to the San Diego County Auditor as are necessary and legal for adjustment of these claims including the return of interest.

PASSED AND ADOPTED this 1st of April, 2016.
PROPOSED FEDERAL FISCAL YEAR 2016 TIGER AND FASTLANE GRANT PROGRAMS SUBMITTALS

Introduction

The U.S. Department of Transportation (U.S. DOT) has announced the availability of funding for the Federal Fiscal Year (FFY) 2016 Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant and the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) Grant programs. The U.S. DOT currently is soliciting proposals for these two grant programs and this report provides information on the proposed regional project submittals.

Discussion

FFY 2016 TIGER Discretionary Grants Program

On December 18, 2015, President Obama signed the FFY 2016 The Consolidated Appropriations Act (Public Law No. 114-113). The measure appropriated $500 million for national infrastructure investments. The U.S. DOT will be awarding these funds through the TIGER Program. Grant funds are to be awarded on a competitive basis for projects that will have a significant impact on the nation, a metropolitan area, or a region.

Eligible projects include surface transportation capital improvements, including highway or bridge projects; bike and pedestrian related projects; public transportation; passenger and freight rail transportation; port infrastructure investments; and intermodal projects. Applicants may apply for up to three grants.

Attachment 1 outlines the TIGER Program guidelines, project selection, and eligibility criteria. At a minimum, requested funding for capital projects in urban areas must be at least $5 million. If selected for an award, funds must be obligated by September 20, 2019, and expended by September 30, 2024.

Recommendation

The Transportation Committee is asked to approve the list of proposed regional project submittals for the Federal Fiscal Year 2016 Transportation Investment Generating Economic Recovery Discretionary Grant and the Fostering Advancements in Shipping and Transportation for the Long-Term Achievement of National Efficiencies Grant Programs described in this report.
Proposed Regional TIGER Project Submittals

Based on the established TIGER selection criteria and guidelines, staff recommends submitting the following proposals for consideration by the U.S. DOT (in no priority order). These projects are of regional and national significance, have obtained the necessary environmental clearances, and are poised to meet the required obligation timelines. In addition, they are included in the current SANDAG Capital Improvement Program.

- **San Diego River Bridge Double-Track Project** – The San Diego River Bridge Double-Track Project would construct a one-mile segment of second main track to close a gap between two existing double-track segments and would replace an aging 900-foot long single-track railway bridge with a double-track bridge crossing the San Diego River. Completion of the project will result in a seven-mile continuous stretch of double track and the replacement of a nearly 100-year-old railway bridge, which will result in additional capacity, fewer bridge piers, and deeper foundations to improve the seismic safety of the structure. The estimated grant request is $11.5 million.

- **State Route 905/125/11 Southbound Connectors** – This project would construct a critical freeway-to-freeway connector just north of the Otay Mesa Land Port of Entry at the United States-Mexico border. This connector would provide direct freeway-to-freeway access by linking southbound State Route 125 (SR 125) to westbound State Route 905. As the Otay Mesa area continues to develop and grow, this direct freeway-to-freeway connector will reduce traffic congestion on the local roadway network and provide direct connectivity and seamless access to SR 125. Additionally, SANDAG is partnering with the General Services Administration on additional pedestrian improvements including a north facing ramp, enhanced walkway and lighting that will provide a direct connection to the pedestrian border crossing and processing facility. The estimated grant request is $29 million.

**FFY 2016 FASTLANE Discretionary Grant Program**

On December 4, 2015, the Fixing America’s Surface Transportation (FAST) Act was passed and signed into law (Public Law No. 114-94). The FAST Act allocates $4.5 billion over five years for the Nationally Significant Freight and Highway Program (NSFHP). The grant funding provided through the NSFHP is being called the FASTLANE Discretionary Grant Program. The U.S. DOT will be competitively awarding $800 million nationwide in FASTLANE grant funds for FFY 2016. The funds would provide federal financial assistance to projects that address critical freight issues facing the nation’s highways and bridges.

Attachment 2 outlines the Nationally Significant Freight and Highway Projects Program or FASTLANE Grant Program guidelines and project selection criteria. Eligible projects include highway freight projects carried out on the National Highway Freight Network, highway or bridge projects carried out on the National Highway System, railway-highway grade crossing or grade separation projects, and freight intermodal or rail projects. Applicants may apply for up to three grants.

For the large projects of regional and national significance, the minimum project size is $100 million and the minimum grant award is $25 million. Construction must begin within 18 months of obligation; as such, large projects with a construction date beyond September 30, 2019, are not deemed to be eligible. Applications are due April 14, 2016.
Proposed Regional FASTLANE Project Submittals

- **Otay Mesa East Segment 2 Project** – This project would construct a new four-lane highway to extend State Route 11 (SR 11) about one mile. The highway would start at Enrico Fermi Drive and extend to the proposed new Otay Mesa East Port of Entry (POE). Phase 1 of SR 11 was just opened to traffic in March 2016, and Segment 2 would be the next critical “construction ready” component of the overall proposed POE Project. The estimated grant request is $55 million.

- **San Diego North Coastal Multimodal Improvements** – This project would replace and widen the aging rail and highway bridges across the Batiquitos Lagoon, increasing rail capacity for intercity, commuter, and freight trains; construct high occupancy vehicle lanes on Interstate 5; and create a new bike and pedestrian trail across the Lagoon, while restoring and protecting sensitive coastal wetlands. The estimated grant request is $50 million.

- **Elvira to Moreno Double Track** – The Elvira to Morena Double-Track Project would add 2.6-miles of second main track from State Route 52 to just south of Balboa Avenue. When linked to double-tracked segments on either end of the project, the result will be a continuous 10.3-mile stretch of double track to improve passenger and freight operations in the LOSSAN coastal rail corridor. The existing railroad track also will be realigned to straighten several curves in the north end of the project. The estimated grant request is $50 million.

**Local and Other Project Submittals**

For local jurisdictions and other public agencies seeking support from SANDAG for their own TIGER or FASTLANE grant proposals, staff recommends providing support letters for project submittals that are consistent with SANDAG policies and programs. At a minimum (and consistent with the direction provided in the TIGER and FASTLANE guidelines), staff recommends that local project submittals (1) be included in the adopted San Diego Forward: The Regional Plan, and (2) demonstrate that the funds can be programmed to meet the required statutory deadlines.

**Next Steps**

Pending action by the Transportation Committee, the grant proposals will be submitted to the U.S. DOT by the stated deadlines. If SANDAG is awarded funding from these programs, staff will prepare the appropriate budget and Regional Transportation Improvement Program amendments.

VICTORIA STACKWICK  
Principal Legislative Analyst

Attachments: 1. FFY 2016 TIGER Discretionary Grants Fact Sheet  
2. Nationally Significant Freight and Highway Projects Fact Sheet

Key Staff Contacts: Victoria Stackwick, (619) 699-6926, victoria.stackwick@sandag.org  
Robyn Wapner, (619) 699-1994, robyn.wapner@sandag.org
FY 2016 Transportation Investment Generating Economic Recovery Discretionary Grants Fact Sheet

Funding Available: $500 million
Minimum Grant Award: $5 million
Maximum Grant Award: $100 million (no more than $100 million per State)
Final Application Due: April 29, 2016

ELIGIBLE APPLICANTS: State, local, and tribal governments, including U.S. territories, transit agencies, port authorities, metropolitan planning organizations, other political subdivisions of state or local governments, and multi-state or multi-jurisdictional groups applying through a single lead applicant are eligible to apply.

Each lead applicant may submit up to three applications.

ELIGIBLE PROJECTS: Projects include but are not limited to: (1) highway or bridge projects eligible under Title 23, United States Code (including bicycle and pedestrian related projects); (2) public transportation projects eligible under Chapter 53 of Title 49, United States Code; (3) passenger and freight rail transportation projects; (4) port infrastructure investments (including inland port infrastructure); and (5) intermodal projects. Research, demonstration, or pilot projects are eligible only if they result in long-term, permanent surface transportation infrastructure that has independent utility.

The FY 2015 Appropriations Act does not provide dedicated funding for the planning, preparation, or design of capital projects; these activities may be eligible to the extent that they are part of an overall construction project that receives Transportation Investment Generating Economic Recovery (TIGER) Grant funding.

REQUIRED MATCH: TIGER Discretionary Grants may be used for up to 80 percent of the costs of the project. A non-federal match of at least 20 percent is required for projects located in urban areas. The U.S. Department of Transportation (U.S. DOT) will not consider any funds already expended (or otherwise encumbered) towards the matching requirement.

OBLIGATION TIMELINE: If selected for an award, funds must be obligated by September 30, 2019, and expended by September 30, 2024.

TIGER TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT: The FY 2016 Appropriations Act allows for up to $100 million to be used to pay the subsidy and administrative costs for a project receiving credit assistance under the Transportation Infrastructure Finance and Innovation Act Program if it would further the purposes of the TIGER Discretionary Grant Program.
PROJECT SELECTION CRITERIA: (Remains the same, with continued focus on Ladders of Opportunity.)

A. Primary Selection Criteria

U.S. DOT will give priority to projects that are ready to proceed quickly and have a significant impact on desirable long-term outcomes for the nation, a metropolitan area, or a region. The following five specific long-term outcomes to be given preference include:

- **Safety:** Improving the safety of the U.S. transportation facilities and systems
- **State of Good Repair:** Improving the condition of the existing transportation facilities and systems, with particular emphasis on projects that minimize life-cycle costs
- **Economic Competitiveness:** Contributing to the economic competitiveness of the United States over the medium to long term
- **Quality of Life:** Increasing transportation choices and access to transportation services for people in communities across the United States
- **Environmental Sustainability:** Improving energy efficiency, reducing dependence on oil, reducing greenhouse gas emissions, and benefiting the environment

B. Secondary Selection Criteria

U.S. DOT also will give priority to projects that use innovative strategies to pursue long-term outcomes, and projects that demonstrate strong collaboration among a broad range of participants, and/or integration of transportation with technology.

ENVIRONMENTAL REVIEWS AND APPROVALS: The application should demonstrate receipt (or reasonably anticipated receipt) of all environmental approvals and permits necessary for the project to proceed to construction on the timeline specified in the project schedule and necessary to meet the statutory obligation deadline, including satisfaction of all federal, state, and local requirements and completion of the National Environmental Policy Act process.
NATIONALLY SIGNIFICANT FREIGHT AND HIGHWAY PROJECTS

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<th>2020</th>
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<td>$ 850 M</td>
<td>$ 900 M</td>
<td>$ 950 M</td>
<td>$1.00 B</td>
</tr>
</tbody>
</table>

Program purpose

The FAST Act establishes the Nationally Significant Freight and Highway Projects (NSFHP) program to provide financial assistance – grants or credit assistance – to nationally and regionally significant freight and highway projects that align with the program goals to:

- improve safety, efficiency, and reliability of the movement of freight and people;
- generate national or regional economic benefits and an increase in global economic competitiveness of the U.S;
- reduce highway congestion and bottlenecks;
- improve connectivity between modes of freight transportation;
- enhance the resiliency of critical highway infrastructure and help protect the environment;
- improve roadways vital to national energy security;
- address the impact of population growth on the movement of people and freight, and
- mitigate the impacts of freight movements on communities.

Statutory citation(s): FAST Act §1105; 23 U.S.C. 117

Federal share:

A grant under the NSFHP may not exceed 60 percent of the total eligible project costs. An additional 20 percent of project costs may be funded with other Federal assistance, bringing total Federal participation in the project to a maximum of 80 percent. There is an exception for projects carried out by Federal land management agencies, which can use Federal funds other than those provided by Title 23 or 49, United States Code to bring the total Federal participation up to 100 percent.

Eligible Projects

The Secretary may provide financial assistance for only the following types of projects:

- A highway freight project on the National Highway Freight Network;
- A highway or bridge project on the National Highway System, including:
  - A project to add capacity to the Interstate system to improve mobility; or
  - A project in a national scenic area;
- A freight project that is:
  - A freight intermodal or freight rail project; or
  - A project within the boundaries of a public or private freight rail, water (including ports), or intermodal facility and that is a surface transportation infrastructure project necessary to facilitate direct intermodal interchange, transfer, or access into or out of the facility, provided that the project will make a significant improvement to freight movements on the National Highway Freight Network and that the Federal share of the project funds only elements of the project that provide public benefits, and that the total assistance for these projects does not exceed $500 million over the period 2016-2020; or
- A railway-highway grade crossing or grade separation project.
Eligible Project Costs

Financial assistance received for a project may be used for:

- development phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, preliminary engineering and design work, and other preconstruction activities; and

- construction, reconstruction, rehabilitation, acquisition of real property (including land related to the project and improvements to the land), environmental mitigation, construction contingencies, acquisition of equipment, and operational improvements directly related to improving system performance.

TIFIA Program

At the request of an eligible applicant, the Department may offer a project selected under this program credit assistance under the TIFIA program and may use amounts under the NSFHP to pay the subsidy and administrative costs required for such assistance.

Eligible Applicants

- A State or group of States;
- A metropolitan planning organization serving an urbanized area with a population above 200,000;
- A unit of local government or a group of local governments;
- A political subdivision of a State or local government;
- A special purpose district or public authority with a transportation function, including a port authority;
- A Federal land management agency that applies jointly with a State or group of States;
- A tribal government or a consortium of tribal governments; and
- A multistate or multijurisdictional group of entities described above.

Project Cost Thresholds, Grant Award Amounts and Selection Criteria

Large Projects

Project Cost Thresholds
To be awarded the total project costs must be reasonably anticipated to equal or exceed the lesser of:

- $100 million; or
- In the case of a project—
  - located in one state, 30 percent of the state’s Federal-aid highway apportionment in the most recently completed fiscal year; or
  - located in more than one state, 50 percent of the amount apportioned to the state with the largest Federal-aid highway apportionment in the most recently completed fiscal year.

Grant Award Amounts
For a project meeting the above minimum cost threshold, the grant must be at least $25 million.
Requirements for Selection
The Secretary may select a project that meets or exceeds the above minimum cost threshold only if the Secretary determines that:

- The project will generate national or regional economic, mobility, or safety benefits;
- The project will be cost effective;
- The project will contribute to the accomplishment of 1 or more of the national goals described under 23 U.S.C. 150;
- The project is based on the results of preliminary engineering;
- With respect to related non-Federal financial commitments—
  - Additional stable and dependable source(s) of funding and financing are available to construct, maintain, and operate the project; and
  - Contingency amounts are available to cover the unanticipated cost increases;
- The project cannot be easily and efficiently completed without other Federal funding or financial assistance available to the project sponsor; and
- The project is reasonably expected to begin construction not later than 18 months after the date of obligation of funds.

Small Projects
Project Cost Threshold
Each fiscal year, 10 percent of NSFHP funds are reserved for projects that do not satisfy the minimum project cost thresholds described above. These are referred to as “small projects.”

Grant Award Amounts
A grant for a small project must be at least $5 million.

Considerations in Selection
In selecting a small project, the Secretary shall consider:

- the cost effectiveness of the proposed project; and
- the effect of the proposed project on mobility in the state and region in which the project is carried out.

Set-Aside for Rural Areas
Each fiscal year, at least 25 percent of all NSFHP funds are reserved for projects – either large or small projects – in rural areas, defined as an area outside a U.S. Census Bureau designated urbanized area with populations over 200,000.

Federal Requirements
Applicable Federal laws, rules and regulations will apply to projects that receive an award under this program, including planning, Buy America, Disadvantaged Small Business, and other requirements.
DRAFT FY 2015 TransNet FISCAL AND COMPLIANCE AUDITS: INITIAL FINDINGS AND RECOMMENDATIONS

Introduction

In accordance with the TransNet Extension Ordinance, the TransNet Independent Taxpayer Oversight Committee (ITOC) has the responsibility to conduct the annual fiscal and compliance audits of TransNet recipients. The TransNet Extension Ordinance also requires the ITOC to share the initial audit findings and its recommendations with the Transportation Committee 60 days prior to its release to resolve any inconsistencies and technical issues. On March 9, 2016, the ITOC reviewed and accepted the initial findings and recommendations of the FY 2015 TransNet Fiscal and Compliance audits as conducted by the independent certified public accounting firm of Davis Farr, LLP. The ITOC Chair Brad Barnum and Davis Farr, LLP staff will present the initial audit findings and recommendations to the Transportation Committee.

Discussion

The TransNet Extension Ordinance requires an independent annual fiscal and compliance audit of each recipient of TransNet funds. SANDAG Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules, contains several rules regarding the administration of the TransNet Program, including procedures for the fiscal and compliance audits. The independent certified public accounting firm of Davis Farr, LLP performed the audits of the FY 2015 TransNet sales tax revenue recipient agencies using the agreed-upon procedures approved by ITOC, which include requirements specific to the TransNet Extension Ordinance and SANDAG Board Policy No. 031.

Attachment 1 includes a summary of results of the independent auditor’s report of the FY 2015 Fiscal and Compliance audits.

The TransNet Extension Ordinance also requires the ITOC to prepare an annual report to the Board of Directors presenting the results of the annual audit process. The annual report includes an assessment of the consistency of the expenditures of TransNet funds with the TransNet Extension Ordinance and Expenditure Plan and any recommendations for improving the financial operation and integrity of the program for consideration by the Board. Following Transportation Committee review, the ITOC will make any final amendments it deems appropriate to the FY 2015 Fiscal and Compliance audit report and recommendations, and it will adopt the annual ITOC report for submission to the Board and the public.
Request for Exception to TransNet Extension Ordinance Requirement

The FY 2015 TransNet compliance audit resulted in a finding for the Metropolitan Transit System (MTS) and North County Transit District (NCTD), which would require the Board of Directors approval of an exception to the TransNet Extension Ordinance. Agenda Item No. 6 of the April 1, 2016, Transportation Committee agenda (FY 2015 Requests for Exception to TransNet Extension Ordinance Requirements) addresses the request for exception for MTS and NCTD.

Next Steps

The following are key next steps for completion of the TransNet FY 2015 Fiscal and Compliance audit cycle.

- April 22, 2016, Board of Directors meeting: Request for exception for MTS and NCTD
- June 8, 2016, ITOC meeting: Issuance of the final audit reports and adoption of the 2016 ITOC Annual Report, including the results of the annual audit and its process
- June 24, 2016, Board of Directors meeting: Presentation of the 2016 ITOC Annual Report

ANDRÉ DOUZDJIAN
Director of Finance

Attachment: 1. Independent Taxpayer Oversight Committee, Summary of Results of TransNet and TransNet Extension Activities, for the year ended June 30, 2015

Key Staff Contact: Lisa Kondrat-Dauphin, (619) 699-1942, lisa.kondrat-dauphin@sandag.org
Item 5 - Attachment 1:
Independent Taxpayer Oversight Committee, Summary of Results of TransNet and TransNet Extension Activities, for the year ended June 30, 2015


Hard copies are available by contacting the Public Information Office at (619) 699-1950 or pio@sandag.org.
FY 2015 REQUESTS FOR EXCEPTION TO
TransNet EXTENSION ORDINANCE REQUIREMENTS

Introduction

The TransNet Extension Ordinance includes an annual eligibility requirement of transit operators receiving Transit Services program revenues pursuant to Section 4(C)5. These requirement calculations are included in the June 30, 2015, annual compliance audits (see Agenda Item No. 5), which were prepared by the independent certified public accounting firm of Davis Farr, LLP. If a transit operator or a local agency does not meet its annual compliance requirement, the TransNet Extension Ordinance provides guidance on additional steps that may ensue.

The San Diego Metropolitan Transit System (MTS) and North County Transit District (NCTD) did not meet certain TransNet requirements and have submitted requests for exception to these requirements, as permitted under the Ordinance.

At its March 9, 2016, meeting, the TransNet Independent Taxpayer Oversight Committee (ITOC) recommended approval of the requests.

Discussion

MTS Request

The FY 2015 TransNet compliance audit for MTS includes the following finding:

The MTS increase in its operating cost per revenue vehicle miles from June 30, 2014, to June 30, 2015, for rail services exceeded the increase in the Consumer Price Index (CPI) for San Diego County. The CPI decreased by 6.43 percent, while the operating cost per revenue vehicle mile for rail services increased by 1.0 percent.

Recommendation

The Transportation Committee is asked to consider the requests of the San Diego Metropolitan Transit System and North County Transit District and recommend that the Board of Directors, acting as the San Diego County Regional Transportation Commission, approve the exceptions to the TransNet Extension Ordinance (Ordinance) detailed in Attachments 1 and 2, as permitted under the Ordinance.
Section 4(C)5 of the TransNet Extension Ordinance states, in part:

To maintain eligibility for receipt of funds...a transit operator must limit...the increase in its total operating cost per revenue vehicle mile for rail services from one fiscal year to the next to no more than the increase in the CPI for San Diego County over the same period...

Per Section 4(C)5 of the Extension Ordinance, MTS is requesting the exclusion of certain costs related to contracted services, described in detail in the attached letter from MTS (Attachment 1).

**NCTD Request**

The FY 2015 TransNet compliance audit for NCTD includes the following finding:

The NCTD increase in its operating cost per revenue vehicle mile from June 30, 2014, to June 30, 2015, for rail services exceeded the increase in the CPI for San Diego County. The CPI decreased by 6.43 percent, while the operating cost per revenue vehicle mile for rail services increased by 4.25 percent.

Section 4(C)5 of the TransNet Extension Ordinance states, in part:

To maintain eligibility for receipt of funds...a transit operator must limit...the increase in its total operating cost per revenue vehicle mile for rail services from one fiscal year to the next to no more than the increase in the CPI for San Diego County over the same period...

Per Section 4(C)5 of the Extension Ordinance, NCTD is requesting the exclusion of certain costs related to contracted services, described in detail in the attached letter from NCTD (Attachment 2).

The Board of Directors approval of the cost exclusion as requested by MTS and NCTD would enable compliance with Section 4(C)5 of the Extension Ordinance, and both operators would be eligible to receive all apportioned FY 2016 TransNet revenues. If the Board does not approve the requested calculations of either transit operator, that operator would remain in non-compliance with the Extension Ordinance eligibility provisions concerning operating cost per revenue vehicle hour for rail services and would be eligible to receive FY 2016 TransNet revenues equal only to those received in FY 2015, adjusted for any increase in the CPI for San Diego County over the same period as shown below. Because CPI for FY 2015 was negative, the increase would be 0 percent.

<table>
<thead>
<tr>
<th></th>
<th>FY 2015 Final</th>
<th>0% CPI for FY 2016</th>
<th>FY 2016 Projection</th>
<th>Difference</th>
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<tr>
<td>MTS Transit Operations</td>
<td>$28,853,725</td>
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<td>MTS Specialized Services</td>
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<td>MTS Totals</td>
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<td>NCTD Transit Operations</td>
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<td>$12,474,248</td>
<td>$(350,590)</td>
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If the actual TransNet receipts are identical to the FY 2016 projections, these amounts in the Transit Services Program would be reduced from the FY 2016 transit operator apportionment and withheld from the FY 2017 TransNet disbursements to MTS and NCTD.

**Next Steps**

The MTS and NCTD requests are scheduled for presentation at the April 22, 2016, Board of Directors meeting.

ANDRÉ DOUZDJIAN  
Director of Finance

Attachments:  
1. Letter of Request from MTS dated February 12, 2016  
2. Letter of Request from NCTD dated February 26, 2016

Key Staff Contact: Lisa Kondrat-Dauphin, (619) 699-1942, lisa.kondrat-dauphin@sandag.org
February 12, 2016

Mr. Jose Nuncio
TransNet Program Director
SANDAG
401 B Street Suite 800
San Diego, CA 92101

Dear Mr. Nuncio,

MTS' financial performance for fiscal year 2015 proved to be exemplary. As indicated in the below table, Bus Operations’ cost per revenue hour decreased by -0.04% as compared to the previous fiscal year, while Rail Operations’ cost per revenue mile increased slightly by 1.2%. Over a three year average, Bus Operations and Rail Operations have been extremely efficient resulting in Bus Operations decreasing by -0.7% per revenue vehicle hour and Rail Operations increasing very slightly at 0.2% per revenue mile.

<table>
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<tr>
<th>Bus Operations</th>
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<td>Revenue Vehicle Hours</td>
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<tr>
<td>Increase/(Decrease) in CPI</td>
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<td>Increase/(Decrease) in Ratio</td>
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In fiscal year 2015, the TransNet annual CPI requirement (increases in operating cost per revenue hour / mile not exceed CPI) decreased by -6.4% (resulting in a 0% target as compared to fiscal year 2014 for MTS). MTS achieved this target for Bus Operations, but was not in compliance with this flat expense ratio for Rail Operations. Although the fiscal year 2015 findings reflect that Rail Operations is not compliant with the annual CPI requirement, the operating cost per revenue vehicle mile ratio for Rail Operations again changed very modestly (1.2%) from fiscal year 2014 and over the past three years, costs have increased very slightly at 0.2% per revenue mile.

Certain uncontrollable costs within Rail Operations prohibited MTS to achieving compliance with the CPI target. Fiscal year 2015 electricity costs increased by $1.7 million (16%) as compared to fiscal year 2014. If these uncontrollable costs were excluded from this calculation, Rail Operations would also be considered within compliance with a decrease in cost per revenue mile of ~1.2%. 

1255 Imperial Avenue, Suite 1000, San Diego, CA 92101-7490 • (619) 231-1466 • www.sdmts.com

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.
Due to the fact that CPI decreased by -6.4% for fiscal year 2015 (resulting in a 0% target as compared to fiscal year 2014 for MTS), MTS requests that the SANDAG Board of Directors approve our request to calculate the eligibility requirement excluding $1.7 million in electricity expenses outside of MTS's control. MTS would like to recommend during the event that CPI is less than 2.0% in future years, agencies have a 2.0% target for those respective years. We appreciate ITOC’s recognition of our continued and concerted efforts to increase the efficiency of our operations and responsibly manage our costs.

Sincerely,

Larry Marinesi
Chief Financial Officer
February 22, 2016

Mr. Jose Nuncio  
*TransNet Program Director*  
SANDAG  
401 B Street, Suite 800  
San Diego, CA 92101

Subject: North County Transit District (NCTD) *TransNet* AUP FY 2015

Dear Mr. Nuncio:

Achieving and sustaining financial stability has been a major initiative of NCTD since faced with an $80 million budget shortfall at the onset of the Great Recession. NCTD’s Board of Directors and management implemented several strategies to support this initiative such as contracting out transit services, renegotiating existing contracts, and redesigning system service models to address the fiscal crisis. As a result of these cost saving activities and others, NCTD has contained its system-wide cost per revenue mile and cost per revenue hour to $10.08 and $139.75, respectively, which are lower, or better, than the same metrics in each of the preceding fiscal years since FY 2010.

Although NCTD successfully reduced the system-wide cost per revenue mile by 3.8% and cost per revenue hour by 6.0% from FY 2014 to FY 2015, NCTD did not meet the following eligibility requirement of the *TransNet* Extension Commission Ordinance in FY 2015: “To maintain eligibility for the receipt of funds under Section 4(C), a transit operator must limit the increase in its total operating cost per revenue vehicle hour for bus services or the increase in its total operating cost per revenue mile for rail services from one fiscal year to the next to no more than the increase in the Consumer Price Index for San Diego County over the same period.”

The Transportation Consumer Price Index (CPI) for San Diego County decreased by 6.4% from FY 2014 to FY 2015, and transit operators must limit operating cost per revenue hour for bus and cost per revenue mile for rail to a 0% increase from FY 2014. NCTD’s cost per revenue hour for bus met the requirements by decreasing 6.0%, but NCTD’s cost per revenue mile for rail increased 4.3% from FY 2014 to FY 2015.

### BUS

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Costs</td>
<td>$50,460,445</td>
<td>$47,534,402</td>
</tr>
<tr>
<td>Revenue Vehicle Hours</td>
<td>587,474</td>
<td>520,186</td>
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<tr>
<td>Operating Cost per Revenue Vehicle Hour</td>
<td>$85.89</td>
<td>$91.38</td>
</tr>
<tr>
<td>CPI (Transportation Index)</td>
<td>213.587</td>
<td>228.254</td>
</tr>
<tr>
<td>Increase/(Decrease) in CPI</td>
<td>-6.4%</td>
<td></td>
</tr>
<tr>
<td>Increase/(Decrease) in Ratio</td>
<td>-6.0%</td>
<td></td>
</tr>
</tbody>
</table>
The primary driver of the cost per revenue mile increase for rail is annual contract escalations that were guaranteed in the COASTER and SPRINTER rail contracts. Previously, NCTD had determined that it was reasonable and effective over the long term to negotiate long-term contracts for many critical items to ensure availability, to protect from unreasonable and unforeseeable price fluctuations, to provide budget certainty and to achieve reasonable price protection based on the best information and forecasting that is available at the time negotiations are completed. While long-term contracts achieve the protections described above when economic conditions result in a rising inflationary CPI, they work counterproductively in times of unusually low inflation.

Per *TransNet* program guidelines, NCTD is requesting approval to exclude the cost of increases in the cost of providing transit services in our contracted rail operations. These contracts were negotiated in FY 2005 several years prior to the Great Recession, and their rates had increases ranging from 4.0 to 4.5 percent for FY 2015. To address this issue, NCTD has modified the contractual terms related to annual escalation that will base future contacts on the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) for San Diego County, CPI-U index, not to exceed an annual escalation of 3% or fall below 0%.

Accordingly, NCTD requests that cost increases of $1,463,856 be excluded from the current year calculation. Excluding these cost increases would reduce the FY 2015 operating cost per revenue mile for rail to $43.32, which meets the requirements of the *TransNet* Extension Commission Ordinance, and NCTD would be eligible to receive all of its allocated FY 2016 *TransNet* funds.

Sincerely,

[Signature]

Ryan Bailey
Chief Financial Officer
Proposed FFY 2016 TIGER and FASTLANE Grant Programs Submittals

TIGER Projects
1. San Diego River Bridge Double-Track
2. SR 905/125/11 Southbound Connectors

FASTLANE Projects
3. North Coastal Multi-Modal Improvements
4. Elvira to Morena Double-Track
5. Otay Mesa East Segment 2