**EXECUTIVE COMMITTEE AGENDA**

Friday, April 8, 2016
9 to 10 a.m.
SANDAG, 7th Floor Conference Room
401 B Street
San Diego

**AGENDA HIGHLIGHTS**

- LEGISLATIVE STATUS REPORT
- SERVICE BUREAU FY 2016 MID-YEAR STATUS REPORT AND FY 2015 SOURCEPOINT AUDITED FINANCIAL STATEMENTS

**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.

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

Public comments regarding the agenda can be sent to SANDAG via comment@sandag.org. Please include the agenda item, your name, and your organization. Email comments should be received no later than 12 noon, two working days prior to the Executive Committee meeting. Any handouts, presentations, or other materials from the public intended for distribution at the Executive Committee meeting should be received by the Committee Clerk no later than 12 noon, two working days prior to the meeting.

In order to keep the public informed in an efficient manner and facilitate public participation, SANDAG also provides access to all agenda and meeting materials online at www.sandag.org/meetings. Additionally, interested persons can sign up for e-notifications via our e-distribution list at either the SANDAG website or by sending an email request to webmaster@sandag.org.

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## EXECUTIVE COMMITTEE

**Friday, April 8, 2016**

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<tr>
<th>ITEM NO.</th>
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<tr>
<td>+1.</td>
<td>APPROVE</td>
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<tr>
<td>APPROVAL OF MEETING MINUTES</td>
<td>The Executive Committee is asked to review and approve the minutes from its March 11, 2016, meeting.</td>
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<td>+3.</td>
<td>APPROVE</td>
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<tr>
<td>REVIEW OF DRAFT BOARD AGendas (Kim Kawada)</td>
<td>Staff also will provide a verbal update on a possible April 29, 2016, Board of Directors Special meeting.</td>
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<td>+3A.</td>
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<tr>
<td>Draft Board Business Agenda - April 22, 2016</td>
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<td>+3B.</td>
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<td>Draft Board Policy Agenda - May 13, 2016</td>
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<td>+4.</td>
<td>INFORMATION</td>
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<tr>
<td>LEGISLATIVE STATUS REPORT (Victoria Stackwick, Robyn Wapner)</td>
<td>Periodic status reports on legislative activities are reported to the Executive Committee throughout the year. Staff will provide a summary of the various federal and state activities.</td>
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<td>+5.</td>
<td>INFORMATION</td>
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<tr>
<td>SERVICE BUREAU FY 2016 MID-YEAR STATUS REPORT AND FY 2015 SOURCEPOINT AUDITED FINANCIAL STATEMENTS (Cheryl Mason)</td>
<td>SANDAG Board Policy requires the Executive Committee receive periodic progress reports on the project activities and financial status of the Service Bureau. This report also includes the FY 2015 financial audit of SourcePoint, performed annually, as required by SourcePoint Bylaws.</td>
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<td>6.</td>
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<tr>
<td>CONTINUED PUBLIC COMMENTS</td>
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<td>UPCOMING MEETINGS</td>
<td>The next meeting of the Executive Committee is scheduled for Friday, May 13, 2016, at 9 a.m.</td>
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<td>8.</td>
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<tr>
<td>ADJOURNMENT</td>
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+ next to an agenda item indicates an attachment
Chair Ron Roberts (Chair, County of San Diego) called the meeting of the SANDAG Executive Committee to order at 8:40 a.m. The attendance sheet for the meeting is attached.

1. MEETING MINUTES (APPROVE)

Action: Upon a motion by Mayor Ron Morrison (South County) and a second by Mayor Bill Wells (East County), the minutes of the February 12, 2016, Executive Committee meeting were approved. Yes – Chair Roberts, First Vice Chair Terry Sinnott (North County Coastal), Mayor Morrison, Mayor Wells, Mayor Steve Vaus (North County Inland), and Councilmember Todd Gloria (City of San Diego). No - None. Abstain – None. Absent – None.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS (INFORMATION)

Katherine Rhodes, a member of the public, spoke regarding the Homeless to House Program.

REPORTS

3. REVIEW OF DRAFT BOARD AGENDAS (APPROVE)

The Executive Committee was asked to approve the draft agenda for the March 25, 2016, Board Business meeting, and for the April 8, 2016, Board Policy meeting.

Kim Kawada, Chief Deputy Executive Director, presented this item.

Katherine Rhodes, a member of the public, spoke regarding the San Diego River Bridge Double-Track Project.

Action: Upon a motion by Councilmember Gloria, and a second by Mayor Vaus, the Executive Committee approved the draft agenda for the March 25, 2016, Board Business meeting, as amended. Yes – Chair Roberts, First Vice Chair Sinnott, Mayor Morrison, Mayor Wells, Mayor Vaus, and Councilmember Gloria. No - None. Abstain – None. Absent –None.

Action: Upon a motion by Mayor Vaus and a second by Mayor Morrison, the Executive Committee approved the draft agenda for the April 8, 2016, Board Policy meeting. Yes – Chair Roberts, First Vice Chair Sinnott, Mayor Morrison, Mayor Wells, Mayor Vaus, and Councilmember Gloria. No - None. Abstain – None. Absent –None.
4. DRAFT FY 2017 PROGRAM BUDGET (APPROVE)

SANDAG Bylaws require the Board of Directors to approve a preliminary budget by April 1 of each year.

André Douzdjian, Finance Director, and Tim Watson, Budget Program Manager, presented the item.

Action: Upon a motion by Mayor Vaus and a second by Mayor Morrison, the Executive Committee authorized distribution of the Draft FY 2017 Program Budget to the funding agencies, and recommended that the Board of Directors approve the Draft FY 2017 Program Budget, and authorize distribution of the document to member agencies and other interested parties for review.

Yes – Chair Roberts, First Vice Chair Sinnott, Mayor Morrison, Mayor Wells, Mayor Vaus, and Councilmember Gloria. No - None. Abstain – None. Absent – None.

5. LEGISLATIVE STATUS REPORT (INFORMATION)

Periodic status reports on legislative activities are reported to the Executive Committee throughout the year.

Victoria Stackwick, Principal Legislative Analyst, provided an update on various federal activities.

Robyn Wapner, Senior Legislative Analyst, provided an update on various state activities.

Action: This item was presented for information.

6. CONTINUED PUBLIC COMMENTS

Katherine Rhodes, a member of the public, spoke regarding transit operating tax.

7. UPCOMING MEETINGS

The next meeting of the Executive Committee is scheduled for Friday, April 8, 2016, at 9 a.m.

8. ADJOURNMENT

Chair Roberts adjourned the meeting at 9:23 a.m.
### CONFIRMED ATTENDANCE

**SANDAG EXECUTIVE COMMITTEE MEETING**  
**MARCH 11, 2016**

<table>
<thead>
<tr>
<th>GEOGRAPHICAL AREA</th>
<th>JURISDICTION</th>
<th>NAME</th>
<th>PRIMARY/ ALTERNATE</th>
<th>ATTENDING</th>
</tr>
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<tbody>
<tr>
<td>North County Inland</td>
<td>City of Poway</td>
<td>Steve Vaus</td>
<td>Primary</td>
<td>Yes</td>
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<td></td>
<td>City of Escondido</td>
<td>Sam Abed</td>
<td>Alternate</td>
<td>Yes</td>
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<tr>
<td>North County Coastal</td>
<td>City of Del Mar</td>
<td>Terry Sinnott, First Vice Chair</td>
<td>Primary</td>
<td>Yes</td>
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<td></td>
<td>City of Oceanside</td>
<td>Jim Wood</td>
<td>Alternate</td>
<td>Yes</td>
</tr>
<tr>
<td>South County</td>
<td>City of National City</td>
<td>Ron Morrison</td>
<td>Primary</td>
<td>Yes</td>
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<td>City of Chula Vista</td>
<td>Pamela Bensoussan</td>
<td>Alternate</td>
<td>No</td>
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<tr>
<td>East County</td>
<td>City of El Cajon</td>
<td>Bill Wells</td>
<td>Primary</td>
<td>Yes</td>
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<td></td>
<td>City of Lemon Grove</td>
<td>Mary Sessom</td>
<td>Alternate</td>
<td>Yes</td>
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<td>Todd Gloria</td>
<td>Primary</td>
<td>Yes</td>
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<td>Sherri Lightner</td>
<td>Alternate</td>
<td>No</td>
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<td>Lorie Zapf</td>
<td>Alternate</td>
<td>Yes</td>
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<tr>
<td>City of San Diego</td>
<td>/__</td>
<td>Ron Roberts, Chair</td>
<td>Primary</td>
<td>Yes</td>
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<tr>
<td>County of San Diego</td>
<td>/__</td>
<td>Dianne Jacob</td>
<td>Alternate</td>
<td>No</td>
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REVIEW OF THE APRIL 22, 2016, DRAFT BOARD BUSINESS AGENDA

ITEM NO.  NO.  RECOMMENDATION
+1. APPROVAL OF MEETING MINUTES APPROVE
   The Board of Directors is asked to approve the minutes from its March 25, 2016, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS APPROVE
   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 (Victoria Stackwick) APPROVE
   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) APPROVE
   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. FY 2017 TRANSIT CAPITAL IMPROVEMENT PROGRAM (Kim Monasi)* APPROVE
   The Transportation Committee recommends that the Board of Directors: (1) approve the FY 2017 Transit Capital Improvement programs for the Metropolitan Transit System (MTS) and North County Transit District (NCTD); (2) approve the submittal of Federal Transit Administration grant applications for the San Diego region (SANDAG, MTS, and NCTD); and (3) adopt Regional Transportation Commission Resolution No. 2016-XX, approving Amendment No. 10 to the 2014 Regional Transportation Improvement Program.
+6. **FY 2015 REQUESTS FOR EXCEPTION TO TransNet EXTENSION ORDINANCE REQUIREMENTS** (Lisa Kondrat-Dauphin)*

The North County Transit District (NCTD) and San Diego Metropolitan Transit System (MTS) did not meet certain eligibility requirements under the draft FY 2015 TransNet annual compliance audit. The Transportation Committee recommends that the Board of Directors, acting as the San Diego County Regional Transportation Commission, approve the requests for exception to the TransNet Extension Ordinance requirements for MTS and NCTD.

+7. **MEMORANDUM OF AGREEMENT WITH OCEANSIDE: TransNet DEBT FINANCING PROGRAM** (Lisa Kondrat-Dauphin)*

The Transportation Committee recommends that the Board of Directors authorize the Executive Director to execute a Memorandum of Agreement with the City of Oceanside to issue $5 million in commercial paper through the TransNet Debt Financing Program, which will allow the City of Oceanside to complete funding for the Railroad Crossing Safety Improvement Project.

+8. **2014 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM AMENDMENT NO. 11** (Michelle Smith)*

The 2014 Regional Transportation Improvement Program (RTIP) is the multiyear program of proposed major transportation projects in the San Diego region covering the period FY 2015 to FY 2019. Amendment No. 11 is a regular quarterly formal amendment and reflects changes to projects as requested by member agencies. The Transportation Committee recommends that the Board of Directors adopt Regional Transportation Commission Resolution No. 2016-XX, approving Amendment No. 11 to the 2014 RTIP.

+9. **REPORT ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG** (Victoria Stackwick)

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 Business meeting.

+10. **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 Business meeting.

**REPORTS**

+11. **HEARING OF NECESSITY: ACQUISITION OF PROPERTY INTERESTS LOCATED IN THE CITY OF SAN DIEGO FOR THE MID-COAST CORRIDOR TRANSIT PROJECT AND ELVIRA TO MORENA DOUBLE-TRACK PROJECT** (Ryan Kohut, John Haggerty)

The Board of Directors is asked to: (1) receive public testimony; (2) adopt Resolution of Necessity No. 2016-XX by a two-thirds vote pertaining to acquisition of property for the Mid-Coast Corridor Transit and Elvira to Morena Double-Track projects; and (3) authorize staff to proceed with all condemnation filings and proceedings necessary to acquire the partial interests in the subject parcels.
+12. CALIFORNIA ACTIVE TRANSPORTATION PROGRAM CYCLE 3: SANDAG PROJECTS FOR STATEWIDE COMPETITION (San Diego Councilmember Todd Gloria, Transportation Committee Chair; Linda Culp) APPROVE

The California Transportation Commission issued a call for projects for the Active Transportation Program (ATP) on April 15, 2016. The Transportation Committee recommends that the Board of Directors approve the list of SANDAG projects for ATP Cycle 3 statewide competitive funding and adopt Resolution No. 2016-XX, approving the application for ATP funds.

+13. REVIEW OF TransNet PROPOSED 2016 BOND ISSUANCE (San Diego Councilmember Todd Gloria, Transportation Committee Chair; André Douzdjian, Ray Major)* INFORMATION

To support the TransNet Early Action Program, the issuance of up to $300 million in long-term, fixed-rate debt is proposed. Staff will provide an overview of the bond strategy and financing schedule, including a summary of the draft bond documents scheduled for action by the Board of Directors in May. In addition, staff will brief the Board about the latest developments in the financial markets, the economy and revenues, and the strategies being explored and implemented to minimize possible impacts to SANDAG.

+14. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (D)(2) - ONE POTENTIAL CASE (Amberlynn Griffin) CLOSED SESSION

The Board of Directors will be briefed on a written claim filed by Faris R. Hanna alleging damages in connection with the Downtown Rapid Project in the City of San Diego.

15. 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.

16. UPCOMING MEETINGS INFORMATION

The next Board Policy meeting is scheduled for Friday, May 13, 2016, at 10 a.m.
The next Board Business meeting is scheduled for Friday, May 27, 2016, at 9 a.m.

17. ADJOURNMENT

+ next to an agenda item indicates an attachment
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# REVIEW OF THE MAY 13, 2016, DRAFT BOARD POLICY AGENDA

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## REPORTS

| +2. | FUNDING MEASURE: DRAFT EXPENDITURE PLAN ORDINANCE AND BALLOT LANGUAGE (Rob Rundle)* |
|     | The Board of Directors is considering placement of a funding measure on the November 2016 ballot to implement San Diego Forward: The Regional Plan. Staff will present draft ballot and ordinance language that explains how the measure and Expenditure Plan would be implemented. |

| 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, May 27, 2016, at 9 a.m. |

| 5. | ADJOURNMENT |

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EXECUTIVE COMMITTEE
APRIL 8, 2016

LEGISLATIVE STATUS REPORT

File Number 7300400

Introduction

Monthly status reports on legislative activities are provided to the Executive Committee. Attachments 1 and 2 respectively include summaries from Ellison Wilson Advocacy, LLC on state legislative activity and from Peyser Associates LLC on federal legislative activity related to SANDAG.

VICTORIA STACKWICK
Principal Legislative Analyst

Attachments: 1. Report from Ellison Wilson Advocacy, LLC
2. Report from Peyser Associates LLC

Key Staff Contact: Victoria Stackwick, (619) 699-6926, victoria.stackwick@sandag.org
Robyn Wapner, (619) 699-1994, robyn.wapner@sandag.org
TO: SANDAG BOARD OF DIRECTORS  
FROM: ELLISON WILSON ADVOCACY, LLC  
SUBJECT: SANDAG LEGISLATIVE ACTIVITY REPORT – MARCH 2016

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**LEGISLATIVE UPDATE**

**2016 Legislative Overview**

As the bulk of all new bills introduced in 2016 were introduced within a few days of the February 19, 2016, bill introduction deadline and newly introduced non-budget bills cannot be acted on within 30 days per Joint Rule 55, policy committees will be working throughout April on the thousands of bills introduced this year prior to the first house policy committee deadline of April 22, 2016. Subsequently, all bills must pass out of fiscal committees by May 27, 2016.

**SANDAG-supported Bills**

SANDAG is in support of Assembly Bill 1746 (AB 1746) by Assembly Member Mark Stone, which would authorize SANDAG, the North County Transit District, the San Diego Metropolitan Transit System, the Alameda-Contra Costa Transit District, the Central Contra Costa Transit Authority, and the Santa Clara Valley Transportation Authority to conduct a transit bus-only program using the shoulders of certain highways. On March 14, 2016, SANDAG testified in support of AB 1746 before the Assembly Transportation Committee, where it was unanimously passed by the Committee, 16-0. The bill will now head to the Assembly Appropriations Committee.

SANDAG also is in support of Assembly Bill 516 (AB 516) by Assembly Member Kevin Mullin, which would require the Department of Motor Vehicles to create a process to issue temporary license plates (TLP) by January 1, 2018, and would require dealers to attach TLP's to all un-plated vehicles when they are sold beginning January 1, 2018. Introduced in 2015, AB 516 ultimately was held by the author in order to address the Administration’s concerns about costs on consumers. These discussions are ongoing. The bill will be heard next on the Senate Floor.

**Speaker Rendon Names New Committee Membership and Leadership Team**

On March 10, 2016, new Speaker Anthony Rendon released his long-awaited list of committee memberships, as well as his new leadership team. His leadership team is as follows:
• Speaker pro Tempore: Kevin Mullin
• Assistant Speaker pro Tempore: Autumn Burke
• Majority Floor Leader: Ian Calderon
• Assistant Majority Floor Leader: Jim Cooper
• Majority Whip: Miguel Santiago
• Democratic Whip: Nora Campos
• Assistant Majority Whip: Evan Low
• Democratic Caucus Chair: Mike Gipson

Chairs of the following Assembly committees are as follows:

• Appropriations: Lorena Gonzalez
• Budget: Phil Ting
• Budget Subcommittee No. 3 – Resources and Transportation: Richard Bloom
• Housing and Community Development: David Chiu
• Labor and Employment: Roger Hernandez
• Local Government: Susan Eggman
• Natural Resources: Das Williams
• Privacy and Consumer Protection: Ed Chau
• Public Employees, Retirement, and Social Security: Rob Bonta
• Public Safety: Reginald Jones-Sawyer
• Rules: Richard Gordon
• Transportation: Jim Frazier

Members of the San Diego delegation are on the following standing committees (bold indicates new membership in 2016 under the Speaker’s latest announcement):

**Assembly**

• Toni Atkins: Homelessness (Chair); Rules
• Rocky Chavez: Veterans Affairs (Vice Chair); Budget, Business and Professions; Education; **Utilities and Commerce**
• Lorena Gonzalez: **Appropriations (Chair)**
• Brian Jones: **Natural Resources (Vice Chair);** Appropriations; Business and Professions; Rules

• Brian Maienschein: Health (Vice Chair); **Governmental Organization;** Human Services; Judiciary

• Marie Waldron: **Local Government (Vice Chair);** Public Employees; Retirement and Social Security (Vice Chair); Governmental Organization; Health; Rules

• Shirley Weber: **Elections & Redistricting (Chair);** Appropriations; Education; Higher Education

**Senate**

• Joel Anderson: Elections and Constitutional Amendments (Vice Chair); Public Safety (Vice Chair); Budget and Fiscal Review; Judiciary

• Pat Bates: Appropriations (Vice Chair); Business, Professions, and Economic Development (Vice Chair); Environmental Quality; Legislative Ethics; Transportation and Housing

• Marty Block: Budget and Fiscal Review; Business, Professions, and Economic Development; Education; Governmental Organization

• Ben Hueso: Energy, Utilities and Communications (Chair); Veterans Affairs (Vice Chair); Banking and Financial Institutions; Governmental Organization; Natural Resources and Water

**ACTIVITY REPORT**

3/2: After thorough review of all bills introduced in 2016, provided SANDAG staff with a preliminary list of nearly 300 active bills in 2016 that impact SANDAG.

3/4: Reviewed and analyzed Assembly Bill 133 (Committee on Budget) (AB 133), which repaid a $173 million loan related to the Traffic Congestion Relief Fund loans; provided SANDAG staff with subsequent updates.

3/7: Met with Senate Budget Committee staff regarding specific Traffic Congestion Relief Fund projects and Trade Corridor Improvement projects contained within AB 133; provided SANDAG staff with subsequent updates.

3/10: Reviewed and analyzed amendments to AB 1746; provided SANDAG staff with updates.

3/11: Provided SANDAG staff with list of new Assembly committee assignments and Speaker’s leadership team; discussed hearing testimony with SANDAG staff on AB 1746 in Assembly Transportation Committee.

3/14: Testified on behalf of SANDAG in support of AB 1746 before the Assembly Transportation Committee; provided subsequent update to SANDAG staff.

3/16: Reviewed and analyzed amendments to Assembly Bill 2542 (Gatto) and Assembly Bill 2170 (Frazier); reviewed SANDAG staff’s feedback on preliminary list of 2016 bills.

3/17: Reviewed and analyzed Senate Joint Resolution 22, introduced by Senator Hueso, which pertains to federal funding of the Calexico West Land Port of Entry; reviewed State Auditor’s report concerning the methods used by the California Department of Transportation to make spending decisions
related to the Maintenance Program; researched additional privacy bills introduced in 2016; provided subsequent updates to SANDAG staff.

3/18: Reviewed and analyzed amendments to Assembly Bill 1757 (Waldron), Assembly Bill 1968 (Steinorth), Assembly Bill 2713 (Chiu), Senate Bill 951 (McGuire), and Senate Bill 886 (Pavley); provided subsequent updates to SANDAG staff.

3/21: Reviewed and analyzed amendments to Assembly Bill 2702 (Atkins), Assembly Bill 2853 (Gatto), Assembly Bill 1717 (Hadley), Assembly Bill 1851 (Gray), Assembly Bill 2094 (Olbernolte), Assembly Bill 2398 (Chau), Assembly Bill 2620 (Dababneh), Assembly Bill 2682 (Chang), Assembly Bill 2741 (Salas), Assembly Bill 1873 (Holden), and Assembly Bill 2866 (Gatto); provided subsequent updates to SANDAG staff.

3/24: Met with Assembly Member Dababneh's office regarding AB 2620; reviewed additional feedback from SANDAG staff on bill amendments and prioritization of list of 2016 bills.
March 28, 2016

Special Update: FTA NOFO for Bus and Bus Facilities Released

Today the Federal Transit Administration (FTA) released its Notice of Funding Opportunity (NOFO) for the Bus and Bus Facilities Competitive Grant Program for FY 2016. The agency will be awarding $211 million for Bus and Bus Facilities and $55 million Lo-No emissions vehicles. Applications will be due May 13.

The notice includes criteria that the FTA will use to award grants from both categories. Of particular note is the statement that the FTA is interested in awarding grants for projects that include a 0.5 percent set-aside for workforce development and an additional 0.5 percent set aside for costs associated with training at the National Transit Institute.

March 25, 2016

Transportation Update from Peyser Associates

Dispute in Fiscal 2017 Budget Process Provides Challenges to Other Agenda Items

This Thursday the House of Representatives left town for a two-week recess without making progress on the budget resolution for FY 2017. The debate over the budget may slow down appropriations action and also endanger the Federal Aviation Administration (FAA) reauthorization.

Under “regular order” the budget resolution is supposed to be agreed to by both chambers by April 15. It then serves as the basis for the Appropriations Committees to make allocations of budget authority to subcommittees. It is becoming increasingly rare that this process is followed as outlined in the Congressional Budget Act – the last time it happened on schedule was in 2003.

The debate in the House at present is between the Members of the House Freedom Caucus and the Republican leadership. The Budget Resolution approved by the House Budget Committee last week did not include the $30 million cut in entitlement spending the Freedom Caucus has been demanding. Rather, the Committee approved a separate resolution, referred to as a “sidecar,” to make the cuts. The Freedom Caucus is asserting that it is almost certain the Senate would never take up this separate resolution. This week, the Freedom Caucus suggested the entitlement cuts be attached to a “must-pass” piece of legislation. One such bill Freedom Caucus Members cited was the FAA reauthorization.

If the House leadership agrees to allow that measure to be attached to the FAA bill, they will ensure that legislation does not advance in the Senate and the result likely will be additional short-term extensions.
With regard to appropriations, Speaker Paul Ryan (R – WI) has signaled he does not want the FY 2017 process to be delayed if a budget resolution is not agreed to. If he attempts to put appropriations bills on the floor without a deal on the budget, he may run into further problems with his more right-wing Members.

**New FAST Act Provision on Buy America Makes Public Waiver Requests**

On March 21, the FTA released four notices for public comment in compliance with a new provision in the Fixing America’s Surface Transportation Act requiring that all such requests be published and that the FTA seek public comment on them. Each notice is for a non-availability Buy America Waiver to be issued to transit operators. Here is the list of proposed waivers published:

- Kansas City Area Transit Authority for a new digital communications system

- Indianapolis Public Transportation Corporation, York Adams Transportation Authority, Key West Transit, and Springfield Redevelopment Authority for an inverter-driven ductless mini-split system air conditioner

- Indianapolis Public Transportation Corporation for Horizontal Lifeline Fall Protection Maintenance Tie Back System

- Metro North Railroad for the procurement of a steel excavator with a continuous weld platform

**March 18, 2016**

**Transportation Update from Peyser Associates**

**FTA Bus and Bus Facilities Competitive Grant NOFO Expected Within Two Weeks**

At the American Public Transportation Association Legislative Conference this week, FTA staff indicated the NOFO for the Bus and Bus Facilities Competitive Grant Program would emerge within the next two weeks. They are planning a webinar to explain the program in April and an application deadline of mid-May. Decisions would be announced in the summer.

**FRA Two-Person Train Crew Rule Spurs Controversy**

On March 15, the Federal Railroad Administration (FRA) published a Notice of Proposed Rulemaking that would require two-person train crews on all freight and passenger trains. The proposal stirred a controversy between industry and labor and signaled a lively discussion of this issue as the regulatory process unfolds. It also may require some commuter operations to add crew members to their trains.

The proposed rule does include a process for FRA to grant waivers for railroad operations to operate with one crew member. A number of transit agencies have viewed the Eagle’s P3 structure as a model for advancing commuter rail service. This new rule could affect the cost effectiveness of such an approach.
The Association of American Railroads was quick to express its view that the regulation is unnecessary. The Association leaned on the continuing installation of Positive Train Control (PTC) as the primary reason for taking that position. The Transportation Trades Department of the American Federation of Labor and Congress of Industrial Organizations expressed the opposing view, applauding the proposed rule as a valuable safety precaution.

On Capitol Hill, Senator Richard Blumenthal (D-CT) expressed support for the proposal. He cited what he called the railroads’ “delay and foot dragging” in implementing PTC as an argument for taking steps immediately to improve safety.

**FTA Publishes Final Rule on State Safety Oversight of Transit**

On March 15, the FTA published its final rule on state safety oversight of transit operations. In making the rule final, the FTA made some changes to the proposed rule issued in February 2015. The changes were in response to comments from transit agencies and state safety offices (SSO) that some of the requirements of the original proposal were too onerous for the SSO’s.

Among the important changes to the proposed rule were the following:

- The proposed rule required SSO’s to notify the FTA and undertake an investigation of all incidents and accidents. The final rule removes incidents from that requirement.

- The proposed rule required SSO’s to conduct an independent investigation of every accident and incident. The final rule allows that task to be delegated to transit agencies, provided the SSO conducts a review of the findings.

- The requirement that SSO’s adopt Safety Management Systems was dropped because the FTA became convinced that requirement was more appropriate for transit agencies and already is covered under the new National Public Transportation Safety Plan and Public Transportation Agency Safety Plan.

**FAA “Patch” Nears Enactment /Senate Moves an 18-month Reauthorization**

On March 14, the House passed a bill to extend the authorization for FAA programs for three months and to extend the taxes that support them for one year. The Senate was preparing to advance that bill to the floor this week when Senator Ron Wyden (D-OR) indicated he would put a “hold” on the bill unless the tax extension was shortened to three months. He wanted to do that to ensure there would be a vehicle this summer to which Congress can attach an extension of alternative energy tax credits. The Senate passed its version based on Wyden’s plan on March 17 and the House is expected to pass it today and send it to the President before leaving for its two-week Easter break.

Meanwhile this week, the Senate advanced an 18-month extension of FAA programs and taxes that would run through September 2017. The bill does not include the House proposal to privatize the air traffic control system. The Senate Commerce Committee approved the bill by voice vote on March 16. Committee Chairman Thune (R-SD) said he hopes the bill can be on the Senate floor in early April.
March 11, 2016

Transportation Update from Peyser Associates

DOT Releases Guidance for Repurposing “Orphan” Earmarks

The U.S. Department of Transportation (DOT) released guidance to the states on the process for re-allocating more than $2 billion of Federal-Aid Highway funds tied up in unused or underused earmarks from the 2005 Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users bill and the FY 2005 appropriations bill. A little-noticed provision in the FY 2016 appropriations bill for transportation allows for these “orphan” earmarks to be repurposed.

Projects eligible to be repurposed include highway projects authorized in the two bills that have been completed and have unspent funds or for which less than 10 percent of the allocated funds had been used as of December 2015. The U.S. DOT published with its press release a list of projects that appear to be eligible for repurposing. They cautioned in the notice that the charts were not necessarily complete and each state should double check. New projects must be eligible under the Surface Transportation Block Grant Program -- so highway and transit are eligible.

There also is a process memo attached to the press release. It says that states must be in contact with their division office of the Federal Highway Administration (FHWA) to identify each project they want to repurpose and the new project they plan to fund. New projects must obligate their money by the end of FY 2019. Repurposing requests must be submitted by the FHWA Division Office to headquarters by August 29, 2016.

FY 2017 Appropriations: Senate Prepares to Act without Budget Resolution

The FY 2017 appropriations process received another push from Senate leadership this week when Majority Leader Mitch McConnell (R-KY) and other Senate leaders indicated that they are prepared to move forward with subcommittee mark-ups this spring even if there is no budget resolution in place.

McConnell said he received a letter from Senate Democrats indicating their support for moving ahead on the basis of the $1.07 trillion discretionary spending cap for FY 2017 agreed to last year. McConnell left open the potential that the Majority in the Senate might move money more in the direction of defense spending than contemplated in that agreement and would not rule out policy riders on appropriations bills.

Meanwhile, on the House side, Budget Committee Chairman Tom Price (R-GA) continues to work to tweak his budget proposal to gain the support of the Freedom Caucus Members of the Committee. A mark-up of a budget resolution could occur as early as Tuesday of next week.

Senate Moves Ahead on FAA Legislation while House Readies Short-Term Patch

On Wednesday, leadership of the Senate Commerce Committee released a proposed 18 month reauthorization of FAA programs and the taxes that support them. The bill does not include the House’s proposal to privatize air traffic control. It also does not include authority for Passenger Facility Charges to be increased.
The House Committee on Transportation and Infrastructure already has approved a six-year reauthorization, but that is stalled due to the controversy over the air traffic control system. On Thursday, the House released a short-term reauthorization proposal that will extend program authority until July 15 and extend the taxes that support aviation programs until March 31, 2017. The House is expected to take up the short-term measure when it returns from recess next week.

March 4, 2016

Transportation Update from Peyser

Therese McMillan Departs FTA

On March 3, LA Metro announced in a memo to its Board that Therese McMillan will be joining the agency as Chief Planning Officer next month. McMillan has served at the FTA throughout the Obama Administration, first as Deputy Administrator, and since early 2014 as Acting Administrator and the President’s nominee for Administrator. Her confirmation by the Senate was blocked – along with 15 other nominees – by Senate Banking Committee Chairman Richard Shelby (R-AL) as part of a long-running battle between him and the Administration on an unrelated appointment to a vacancy at the Federal Reserve Board.

It is likely that McMillan will be replaced as FTA’s leader by Carolyn Flowers. Ms. Flowers joined the FTA from the Charlotte transit system in 2015 and has been serving as Senior Counselor at the agency. The most immediate likely step would be for her to be appointed as Deputy Administrator. From that post she could manage the agency while they Administration decides whether or not to nominate her – or someone else – as Administrator.

This is the second high-profile hiring by LA Metro of a Washington transportation insider. Just last month it was announced that Joshua Schenck, Executive Director of the ENO Foundation, would join the agency as Chief of Extraordinary Innovation.

FY 2017 Appropriations

Appropriations hearings continued on Capitol Hill this week, but agreement proved elusive in the House Republican caucus on a budget resolution that will serve as the basis for subcommittee mark-ups.

House Budget Committee Chairman Price made an attempt to get consensus in his caucus around a budget plan that would keep in place the $30 billion discretionary spending increase agreed to in last year’s budget deal, but cut the same amount from entitlements. He had hoped this would placate the most conservative Members of his caucus who are part of the Freedom Caucus. Chairman Price emerged from a meeting on Thursday and indicated agreement had not been reached and he would continue to work on the budget through next week’s House recess.

FAA to Get Three-Month Extension

The House will move later this month on a 90-day extension to the authorization for aviation programs and the taxes that support them. Leaders hope that during this period agreement can be reached on how to deal with the proposal contained in the House committee-approved bill to
privatize the air traffic control network. Pressure is building on House Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) to drop that proposal.

Activity Report for SANDAG
March, 2016
Peyser Associates LLC

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/1</td>
<td>Bi-weekly update call with SANDAG and Metropolitan Transit System (MTS)</td>
</tr>
<tr>
<td>3/4</td>
<td>Prepared weekly update and sent to SANDAG and MTS</td>
</tr>
<tr>
<td>3/8</td>
<td>State Route 11 (SR-11)/Otay Mesa East (OME) Team update call; prepared special update on repurposing of previous earmarks and sent to SANDAG and MTS</td>
</tr>
<tr>
<td>3/9</td>
<td>Examined emails with office of Representatives Davis, Peters, Vargas, Issa, and Hunter regarding March 15 meetings for SANDAG and MTS leadership</td>
</tr>
<tr>
<td>3/11</td>
<td>Prepared weekly update and sent to SANDAG and MTS</td>
</tr>
<tr>
<td>3/13</td>
<td>Attended American Public Transportation Association Legislative Committee meeting</td>
</tr>
<tr>
<td>3/14</td>
<td>Dinner meeting with Ron Roberts, Terry Sinnott, Lorie Bragg, Paul Jablonski, Sharon Cooney, and Victoria Stackwick</td>
</tr>
<tr>
<td>3/15</td>
<td>Meetings on Capitol Hill with SANDAG/MTS leaders with Representatives Davis and Peters</td>
</tr>
<tr>
<td>3/18</td>
<td>Prepared weekly update and sent to SANDAG and MTS</td>
</tr>
<tr>
<td>3/22</td>
<td>SR-11/OME Team update call; email exchange with Victoria Stackwick on FASTLANE Grant Program</td>
</tr>
<tr>
<td>3/28</td>
<td>Prepared special update on bus grants NOFO and sent to SANDAG and MTS</td>
</tr>
<tr>
<td>3/29</td>
<td>Teleconference with Victoria Stackwick on TIGER and FASTLANE grant potentials</td>
</tr>
<tr>
<td>3/30</td>
<td>Prepared weekly update and sent to SANDAG and MTS</td>
</tr>
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</table>
SERVICE BUREAU FY 2016 MID-YEAR STATUS REPORT AND FY 2015 SOURCEPOINT AUDITED FINANCIAL STATEMENTS

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 services through SANDAG and its nonprofit public-benefit corporation, SourcePoint. The Executive Committee serves as the Service Bureau’s governing body and as the Board of Directors of SourcePoint. This report summarizes the financial performance of the Service Bureau for the first half of FY 2016. It also includes the FY 2015 financial audit of SourcePoint, performed annually, as required by SourcePoint Bylaws.

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 December 31, 2015, the Service Bureau had revenues of $227,866 from projects begun during FY 2016 and projects carried over from previous fiscal years. Expenses related to performing these projects were $209,161, meaning that revenues exceeded expenses by $18,705, or 8.9 percent. Non-recoverable costs related to management and business development are covered by these revenues. When those costs are taken into account, revenues exceeded expenses by $12,191, or 5.7 percent (see Table 1).
Table 1
SANDAG Service Bureau
Revenues and Expenses as of 12/31/2015

<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>Feasibility Studies</td>
<td>$130,487</td>
<td>$130,273</td>
<td>$214</td>
<td>0.2%</td>
</tr>
<tr>
<td>Transportation Modeling</td>
<td>$89,169</td>
<td>$72,201</td>
<td>$16,968</td>
<td>23.5%</td>
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<tr>
<td>Demographic and Economic and GIS Analyses</td>
<td>$8,210</td>
<td>$6,687</td>
<td>$1,523</td>
<td>22.8%</td>
</tr>
<tr>
<td>Total All Projects</td>
<td>$227,866</td>
<td>$209,161</td>
<td>$18,705</td>
<td>8.9%</td>
</tr>
<tr>
<td>Non-Project Expenses</td>
<td>–</td>
<td>$6,514</td>
<td>($6,514)</td>
<td>–</td>
</tr>
<tr>
<td>Net Total</td>
<td>$227,866</td>
<td>$215,675</td>
<td>$12,191</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Non-RIS-Generating Projects

- Construction Contract Management Services to Member Agencies $^2$ $658,391$ $658,391$ $0$ -

$^1$ Percent change is calculated based on expenses.

$^2$ In 2011, the City of Santee requested that SourcePoint enter into a 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 Santee. The Executive Committee approved a waiver of the RIS fee.

Overview of Projects

About 40 projects were started or carried over from the previous fiscal year. The services provided are concentrated in the areas of feasibility studies, transportation modeling, and demographic, economic, and geographic information system (GIS) analyses.

The largest revenue-generating category is feasibility studies. The Service Bureau has continued its work on two studies to explore the feasibility of a bicycle/pedestrian tube on the San Diego-Coronado bridge and a freeway cap on State Route 94.

The next largest revenue-generating category is transportation modeling. The vast majority of Service Bureau 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.
Customized demographic, economic, and GIS services also are offered to public and private clients through the Service Bureau. These projects range from small customized profiles to larger GIS mapping applications.

In addition, as approved by the Executive Committee in July 2015, the Service Bureau is assisting the California Coastal Commission (Commission) and the City of Carlsbad in a pilot project for early coordination on issues related to Carlsbad projects that are within the Commission’s jurisdiction. The necessary agreements were executed and the pilot officially kicked off January 1, 2016. Additional updates will be provided at future Executive Committee meetings.

Staff will continue to seek opportunities to partner with other organizations and researchers and continue to offer products and services that meet the needs of the community.

**SourcePoint FY 2015 Independent Auditors’ Report**

SourcePoint was established as a nonprofit, public-benefit corporation by SANDAG in 1982. SANDAG continues to maintain SourcePoint to provide flexibility for clients. SourcePoint Bylaws require an annual independent audit. The Basic Financial Statements and Independent Auditors’ Report for the year ended June 30, 2015, is included in Attachment 1.

KURT KRONINGER
Director of Technical Services


Key Staff Contact: Cheryl Mason, (619) 699-1951, cheryl.mason@sandag.org
SourcePoint
San Diego, California

Basic Financial Statements and Independent Auditors’ Report

For the year ended June 30, 2015

PREPARED BY THE SAN DIEGO ASSOCIATION OF GOVERNMENTS
FINANCE DEPARTMENT
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# SourcePoint

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- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Basic Financial Statements

Statistical Data (Unaudited):

- Program Revenues and Net Program Revenues
SOURCEPOINT
A Component Unit of the
SAN DIEGO ASSOCIATION OF GOVERNMENTS

SOURCEPOINT BOARD OF DIRECTORS AND SANDAG OFFICERS

As of June 30, 2015

SourcePoint is a 501(c)(3) nonprofit public benefit corporation chartered in 1982 by the San Diego Association of Governments (SANDAG). SourcePoint was created to provide regional information services and technical assistance to private clients and public agencies. SourcePoint is a complete data, research, and planning center for the San Diego region and offers the information and expertise developed by SANDAG over 20 years of solving regional planning issues and assisting governments with special projects.

BOARD OF DIRECTORS:
Hon. Chair Jack Dale, Councilmember, City of Santee
Hon. Vice Chair, Ron Roberts, Supervisor, County of San Diego
Hon. Chris Orlando, Councilmember, City of San Marcos
Hon. Jim Wood, Mayor, City of Oceanside
Hon. Todd Gloria, Council President, City of San Diego
Hon. Ron Morrison, Mayor, City of National City

SANDAG OFFICERS:
Gary L. Gallegos, Executive Director
Kim Kawada, Chief Deputy Executive Director
André Douzdjian, Director of Finance
John Kirk, General Counsel
Kurt Kroninger, Director of Technical Services
Cheryl Mason, SourcePoint Manager
Independent Auditors’ Report

Report on the Financial Statements

We have audited the accompanying financial statements of SourcePoint, a component unit of the San Diego Association of Governments (SANDAG), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise SourcePoint’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Board of Directors
SourcePoint
San Diego, California

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SourcePoint as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

The financial statements of SourcePoint for the fiscal year ended June 30, 2014 were audited by other auditors whose report dated December 5, 2014 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SourcePoint’s basic financial statements. The SourcePoint Board of Directors, SANDAG Officers and statistical data is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SourcePoint Board of Directors, SANDAG officers and statistical data has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.
Board of Directors
SourcePoint
San Diego, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2015 on our consideration of SourcePoint’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering SourcePoint’s internal control over financial reporting and compliance.

Irvine, California
December 14, 2015
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Management’s Discussion and Analysis

As management of SourcePoint, we offer readers of SourcePoint’s financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015.

Financial Highlights

SourcePoint’s net position decreased $18,532 at the close of the most recent fiscal year as a result of operating expenses exceeding operating revenue. This is primarily due to iCommute’s use of its retained balance to purchase promotional materials for the iCommute program.

Overall, expenses and revenues in the current fiscal year have increased as compared to the prior fiscal year. Only projects for clients having a desire or requirement to conduct business with a nonprofit agency are performed through SourcePoint.

Overview of the Financial Statements

Management’s Discussion and Analysis is intended to serve as an introduction to SourcePoint’s basic financial statements. SourcePoint’s basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the basic financial statements.

The basic financial statements of SourcePoint are designed to provide readers with a broad overview of SourcePoint’s finances in a manner similar to a private sector business.

The statement of net position includes all of SourcePoint’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SourcePoint is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information to show changes in SourcePoint’s net position during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless to the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents information to show the flow of cash and cash equivalents during the most recent fiscal year. This statement reports cash receipts, cash payments, and interest received resulting from operating activities.

Financial Analysis of SourcePoint as a Whole

As noted earlier, net position may serve over time as a useful indicator of the SourcePoint financial position.
SourcePoint's total net position decreased by $18,532 as a result of operating expenses exceeding operating revenues. This is primarily due to iCommute’s use of its retained balance to purchase promotional materials for the iCommute program.

Total operating revenues increased $7,225,778 or 156 percent to $11,865,422 and total operating expenses increased $7,252,499 or 156 percent to $11,884,221. The increase was due to the majority of the construction costs incurred in the current fiscal year for the City of Santee projects which were substantially completed.
Also, certain activities of iCommute are performed through SourcePoint. Cash donations made through iCommute sponsors are paid through SourcePoint to utilize the 501(c)(3) status. During the current fiscal year, iCommute received $5,000 in cash donations. It utilized these funds plus $14,864 of its retained balance to purchase promotional materials to encourage participation in the iCommute program.

Economic Factors and Next Year’s Budgets

Customer demand for services in SourcePoint's budget for Fiscal Year 2016 should be about the same as in Fiscal Year 2015. However, revenue for Fiscal Year 2016 is expected to be lower than in Fiscal Year 2015 as the construction work for one of the City of Santee projects was completed in Fiscal Year 2015. The remaining work on the second project will wrap up in Fiscal Year 2016. It is anticipated that most new projects will be served through the SANDAG Service Bureau rather than SourcePoint.

Emphasis in Fiscal Year 2016 for SourcePoint is to provide professional products and services in the areas of strategic planning geographic information systems mapping, demographic data and analysis, economic services, transportation modeling and analysis, and survey design and analysis to established and new clients. This could also include providing construction management services and access to engineering on-call contractors to interested member agencies.

Contacting SourcePoint’s Financial Management

This financial report was designed to provide a general overview of SourcePoint's finances for all those interested. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Director of Finance, SourcePoint, 401 B Street, Suite 800, San Diego, California 92101, (619) 699-1931, or emailed to Cheryl Mason, SourcePoint Manager, at cheryl.mason@sandag.org.
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### SourcePoint

**Statement of Net Position**

**June 30, 2015**

*(With comparative information for the prior year)*

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$3,940,324</td>
<td>$657,496</td>
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<tr>
<td>Due from SANDAG</td>
<td>416</td>
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<tr>
<td>Due from other governments</td>
<td>-</td>
<td>2,651,853</td>
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<tr>
<td>Interest receivable</td>
<td>5,484</td>
<td>497</td>
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<td><strong>Total current assets</strong></td>
<td>3,946,224</td>
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<tr>
<td><strong>LIABILITIES AND NET POSITION</strong></td>
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<tr>
<td>Current liabilities:</td>
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<td>Accounts payable</td>
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<td>Due to SANDAG</td>
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<td>Advance deposits</td>
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<tr>
<td>Retention payable</td>
<td>500,517</td>
<td>158,522</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>1,939,827</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>3,727,427</td>
<td>3,072,517</td>
</tr>
<tr>
<td><strong>Net position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted-ICommute</td>
<td>7,065</td>
<td>21,929</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>211,732</td>
<td>215,400</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$218,797</td>
<td>$237,329</td>
</tr>
</tbody>
</table>

See accompanying Notes to the Basic Financial Statements.
SourcePoint
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015
(With comparative information for the prior year)

<table>
<thead>
<tr>
<th></th>
<th>Totals 2015</th>
<th>Totals 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$11,860,422</td>
<td>$4,639,644</td>
</tr>
<tr>
<td>iCommute promotions</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$11,865,422</td>
<td>$4,639,644</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of services provided</td>
<td>11,884,221</td>
<td>4,631,722</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>11,884,221</td>
<td>4,631,722</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(18,799)</td>
<td>7,922</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income (loss)</td>
<td>267</td>
<td>877</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>267</td>
<td>877</td>
</tr>
<tr>
<td><strong>CHANGES IN NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(18,532)</td>
<td>8,799</td>
<td></td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>237,329</td>
<td>228,530</td>
</tr>
<tr>
<td>End of year</td>
<td>$218,797</td>
<td>$237,329</td>
</tr>
</tbody>
</table>

See accompanying Notes to the Basic Financial Statements.
SourcePoint
Statement of Cash Flows
For the Year Ended June 30, 2015
(With comparative information for the prior year)

<table>
<thead>
<tr>
<th>Totals</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from customers</td>
<td>$16,812,998</td>
<td>$2,584,673</td>
</tr>
<tr>
<td>Payments to employee salaries and benefits</td>
<td>(41,589)</td>
<td>(53,678)</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(13,488,848)</td>
<td>(2,472,784)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$3,282,561</td>
<td>$58,211</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES:** |               |               |
| Interest received |                | 267           | 779           |
| **Net cash provided by investing activities** |                | 267           | 779           |
| **Net increase (decrease) in cash and investments** | $3,282,828     | $58,990       |

| **CASH AND INVESTMENTS:** |               |               |
| Beginning of year | 657,496       | 598,506       |
| End of year | $3,940,324    | $657,496      |

| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:** |               |               |
| Operating income (loss) | $ (18,799)   | $7,922        |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: |               |               |
| Changes in: |               |               |
| Due from SANDAG | (416)         | -             |
| Due from other governments | 2,651,853    | (2,215,633)   |
| Interest receivable | (4,987)      | -             |
| Accounts payable | (1,629,300)  | 2,089,074     |
| Due to SANDAG | (16,916)      | 16,186        |
| Advance deposits | 19,304        | 2,140         |
| Retention payable | 341,995       | 158,522       |
| Unearned revenue | 1,939,827     | -             |
| **Net cash provided by operating activities** | $3,282,561     | $58,211       |

There were no noncash financing or investing activities for the years ended June 30, 2015 and 2014.
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SourcePoint
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

I. ORGANIZATION AND OPERATIONS

SourcePoint was established as a 501(c)(3) nonprofit public benefit corporation by SANDAG on April 15, 1982. SourcePoint was created to provide fee-based 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 Regional Information System. The SourcePoint governing board is the SANDAG Executive Committee, which is made up of six voting members from among the primary voting members of the SANDAG governing board.

SourcePoint is an integral part of the reporting entity of SANDAG, where it is classified as a discretely presented component unit enterprise fund. The accounts and activities of SourcePoint have been included within the scope of the basic financial statements of SANDAG, because SANDAG has financial accountability and continuing oversight responsibility over SourcePoint. The SourcePoint financial statements should be read in conjunction with those of SANDAG. Only the accounts and activities of SourcePoint are included herein; therefore, these financial statements do not purport to represent the financial position or results of operations of SANDAG as a whole.

SourcePoint has received notice from the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and is exempt from state income taxes on related income pursuant to California Revenue and Taxation Code Section 23701(d).

Effective July 1, 2005, SourcePoint began doing business under SANDAG as an option for clients who are required or prefer to contract with a nonprofit agency. All other clients contract through the SANDAG Service Bureau.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of SourcePoint conform to Generally Accepted Accounting Principles (GAAP) in the United States as applicable to governmental units. The following is a summary of the significant policies:

A. Measurement focus, basis of accounting, and financial statement presentation

The SourcePoint basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Estimated unbilled revenues are recognized at the end of each fiscal year.

Proprietary fund types are used to account for activities conducted on a fee-for-service basis in a manner similar to commercial enterprises. SourcePoint is accounted for as an enterprise fund, as it is SourcePoint’s policy to establish charges designed to recover the cost of providing services.
B. Revenue recognition

SourcePoint recognizes revenues based upon the percentage of completion method.

C. Cash and investments

SourcePoint’s cash and cash equivalents, and investments are considered to be cash on hand, demand deposits, money market funds, and short-term investments with original maturities of three months or less from the date of acquisition.

SourcePoint’s investment policies are consistent with SANDAG policies, and in accordance with California Government Code Section 53601. SourcePoint is authorized to invest in the following:

- Treasury obligations
- Federal agencies and United State government-sponsored enterprises
- State obligations
- Local agency obligations
- Repurchase agreements
- Bankers’ acceptances
- Commercial paper
- Medium-term notes
- Negotiable and non-negotiable certificates of deposit
- State of California’s Local Agency Investment Fund
- San Diego County Treasurer’s pooled investment fund
- Savings/money market accounts
- California Asset Management Program
- Money market funds
- Mortgage and asset-backed obligations

In accordance with Government Accounting Standards Board Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments were stated at fair value using the aggregate method.

D. Restricted net position - iCommute

Certain iCommute activities are performed through SourcePoint. iCommute provides regional information services, promotions, and programs for commuter services. The majority of iCommute activities are performed through SANDAG; however, cash donations that are made by
iCommute sponsors are paid to SourcePoint to utilize the 501(c)(3) status. Those cash donations are used to purchase promotional items to encourage participation in the iCommute program.

At no time will iCommute promotional expenses exceed iCommute revenue generated by cash donations. The balance of the iCommute funding at June 30, 2015, was $7,065.

<table>
<thead>
<tr>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 21,929</td>
<td>$ 5,000</td>
<td>($19,864)</td>
<td>$ 7,065</td>
</tr>
</tbody>
</table>

E. Use of estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Management believes that the estimates are reasonable.

F. Prior year data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with SourcePoint’s prior year’s financial statements, from which selected data was derived.

III. CASH AND INVESTMENTS

A summary of cash and cash equivalents and investments at June 30, 2015, is as follows:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Maturity (Days)</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash - demand deposits</td>
<td>$ 52,612</td>
<td>1</td>
<td>Not Rated</td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Diego County Treasurer’s Pooled Money Fund</td>
<td>3,887,712</td>
<td>356</td>
<td>AAAf/S1</td>
</tr>
<tr>
<td>Total cash, cash equivalents and investments</td>
<td>$ 3,940,324</td>
<td>351</td>
<td></td>
</tr>
</tbody>
</table>

At June 30, 2015, SourcePoint’s carrying amount of deposits was $52,612 and bank balance was $52,612. This balance was covered by federal depository insurance and by collateral held in the SANDAG name. SourcePoint is invested in the San Diego County Treasurer’s Pooled Money Fund (Pool) which is administered by the County Treasurer-Tax Collector’s Office. The fair value of SourcePoint’s investment in the Pool is reported at amounts based upon the SourcePoint’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). Earnings realized on investments based on amortized costs are distributed to Pool participants.
Section 27013 of the California Government Code authorizes the Treasurer’s Office to deduct administrative fees related to investments.

The net realized earnings on investments are apportioned to the Pool participants quarterly, based on the participants’ average daily balances. The annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1500 Pacific Highway, Room 162, San Diego, California 92101, and can also be accessed at www.sdtreastax.com.

A. Interest rate risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from the rising interest rates, the SANDAG investment policy, which is adopted by SourcePoint, limits investments to a maximum maturity of five years from purchase date. The total portfolio shall not exceed SourcePoint’s anticipated liquidity needs for operations for the next six months. SourcePoint is in compliance with this provision of the investment policy.

B. Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. SourcePoint is in compliance with all minimum rating requirements of the investment policy.

C. Concentration of credit risk

The investment policy limits the amount of the percentage of the portfolio that can be invested by type of investment for certain types of investments. For savings/money market accounts, the amount of deposit shall not exceed the shareholder’s equity in the financial institution. SourcePoint is in compliance with this provision of the investment policy.

IV. LIABILITIES

SourcePoint has advance deposits of $525,074 and unearned revenue of $1,939,827 which represents the cash reserve fund to pay for project costs per agreement between the City of Santee and SourcePoint. This fund may be used only to pay for the City of Santee projects construction costs incurred by SourcePoint.

In addition, SourcePoint has retention liabilities of $500,517 which will be paid to contractors as work is completed.
STATISTICAL DATA (UNAUDITED)
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*Note: To better reflect SourcePoint's program revenues note the following:

FY 2002 is shown net of a $150,000 one-time contribution to SANDAG for public outreach;
FY 2004 and FY 2005 are shown net of $61,991 and $73,814, respectively, of marketing related labor expenses not recovered with services revenue;
Beginning in FY 2006 with the introduction of RideLink into SourcePoint, revenues and net assets are shown net of RideLink activities;
FY 2008 is shown net of a $69,340 contribution to SANDAG for two projects to enhance the agency's Regional Information System;
Beginning in FY 2012 program revenues increased due to contract management work within Redevelopment Project Areas in the City of Santee;
FY 2013 is shown program revenues of $1,245,644 as the City of Santee project moves into the construction phase;
FY 2014 is shown program revenues of $4,639,644 as the City of Santee project approaches the completion of the construction phase;
FY 2015 is shown program revenues of $11,865,422 as construction work for one of City of Santee projects was completed.