Members

Ron Roberts, Chair
Chair, County of San Diego

Terry Sinnott, First Vice Chair
Deputy Mayor, City of Del Mar
(Representing North County Coastal)

Bill Wells
Mayor, City of El Cajon
(Representing East County)

Steve Vaus
Mayor, City of Poway
(Representing North County Inland)

Todd Gloria
Councilmember, City of San Diego

Ron Morrison
Mayor, City of National City
(Representing South County)

Alternates

Dianne Jacob
Vice Chair, County of San Diego

Jim Wood
Mayor, City of Oceanside
(Representing North County Coastal)

Mary Sessom
Mayor, City of Lemon Grove
(Representing East County)

Sam Abed
Mayor, City of Escondido
(Representing North County Inland)

Sherri Lightner
Council President, City of San Diego

Lorie Zapf
Councilmember, City of San Diego

Pamela Bensoussan
Councilmember, City of Chula Vista
(Representing South County)

Gary L. Gallegos
Executive Director, SANDAG

EXECUTIVE COMMITTEE AGENDA

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

AGENDA HIGHLIGHTS

• MEASURE A: THE SAN DIEGO COUNTY ROAD REPAIR, TRANSIT, TRAFFIC RELIEF, SAFETY, AND WATER QUALITY MEASURE: BUDGET UPDATE

• MATTERS TO BE COMMUNICATED IN ACCORDANCE WITH AUDITING STANDARDS

• LEGISLATIVE STATUS REPORT

PLEASE SILENCE ALL ELECTRONIC DEVICES DURING THE MEETING

MISSION STATEMENT

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus, makes strategic plans, obtains and allocates resources, plans, engineers, and builds public transit, and provides information on a broad range of topics pertinent to the region’s quality of life.
Welcome to SANDAG. Members of the public may speak to the Executive Committee on any item at the time the Committee is considering the item. Please complete a Speaker’s Slip, which is located in the rear of the room, and then present the slip to the Clerk of the Committee seated at the front table. Members of the public may address the Committee on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Public speakers are limited to three minutes or less per person. The Executive Committee may take action on any item appearing on the agenda.

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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请在会议前至少72小时打（619）699-1900 提出请求。

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EXECUTIVE COMMITTEE  
Friday, September 9, 2016

ITEM NO.  

1. APPROVAL OF MEETING MINUTES

The Executive Committee is asked to review and approve the minutes from its July 8, 2016, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

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

REPORTS

3. REVIEW OF DRAFT BOARD AGENDAS (Kim Kawada)

+3B. Draft Board Policy Agenda – October 14, 2016

4. MEASURE A: THE SAN DIEGO COUNTY ROAD REPAIR, TRANSIT, TRAFFIC RELIEF, SAFETY, AND WATER QUALITY MEASURE: BUDGET UPDATE (Rob Rundle)

On July 8, 2016, the Board of Directors adopted Regional Transportation Commission (RTC) Resolution No. RTC-2017-01, approving Measure A for inclusion on the November 8, 2016, ballot. The resolution also included a commitment to provide payment to the County of San Diego for the cost of placing the measure on the ballot. Staff will provide an update on the anticipated costs and next steps.

5. MATTERS TO BE COMMUNICATED IN ACCORDANCE WITH AUDITING STANDARDS (Dean Votava, Davis Farr LLP; Leeanne Wallace)

In accordance with the Statement of Auditing Standards 114, Dean Votava, Davis Farr LLP will communicate to those charged with governance: (a) the auditor’s responsibilities under generally accepted auditing standards; (b) an overview of the planned scope and timing of the audit; and (c) significant findings from the audit.
+6. LEGISLATIVE STATUS REPORT (Victoria Stackwick, Robyn Wapner) INFORMATION

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.

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 Executive Committee is scheduled for Friday, October 14, 2016, at 9 a.m.

9. ADJOURNMENT

+ next to an agenda item indicates an attachment
EXECUTIVE COMMITTEE DISCUSSION AND ACTIONS

JULY 8, 2016

Chair Ron Roberts (County of San Diego) called the meeting of the SANDAG Executive Committee to order at 9:06 a.m. The attendance sheet for the meeting is attached.

1. MEETING MINUTES (APPROVE)

Action: Upon a motion by Mayor Steve Vaus (North County Inland) and a second by Mayor Ron Morrison (South County), the minutes of the June 10, 2016, Executive Committee meeting were approved. Yes – Chair Roberts, Vice Chair Terry Sinnott (North County Coastal), Mayor Morrison, Mayor Mary Sessom (East County), Mayor Vaus, and Councilmember Lorie Zapf (City of San Diego). No – None. Abstain – None. Absent – None.

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

Katheryn Rhodes, a member of the public, spoke regarding a letter sent to the Department of Transportation regarding the SANDAG Federal Certification Review.

REPORTS

3. REVIEW OF DRAFT BOARD AGENDAS (APPROVE)

The Executive Committee was asked to approve the draft agenda for the July 22, 2016, Board Business meeting. Staff also provided a verbal update on the August 12, 2016, Board Policy meeting.

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

Action: Upon a motion by Councilmember Todd Gloria (City of San Diego) and a second by Mayor Vaus, the Executive Committee approved the draft agenda for the July 22, 2016, Board Business meeting. Yes – Chair Roberts, Vice Chair Sinnott, Mayor Morrison, Mayor Sessom, Mayor Vaus, and Councilmember Gloria. No – None. Abstain – None. Absent – None.

The Executive Committee was asked to approve the change in U.S. Department of Defense (U.S. DOD) representation on the SANDAG Board of Directors and direct the Military Working Group to facilitate an update to the Memorandum of Agreement between SANDAG and the U.S. DOD.

Charles “Muggs” Stoll, Director of Land Use and Transportation Planning, presented the item.

Rear Admiral Mark Rich, Commander, Navy Region Southwest, spoke in support of this item.

Councilmember Mike Woiwode, SANDAG Regional Military Working Group Chair, spoke in support of this item.

Katheryn Rhodes, a member of the public, spoke in support of this item.

**Action:** Upon a motion by Mayor Vaus and a second by Mayor Morrison, the Executive Committee approved the change in U.S. DOD representation on the SANDAG Board of Directors, and directed the Military Working Group to facilitate an update to the Memorandum of Agreement between SANDAG and the U.S. DOD. Yes – Chair Roberts, Vice Chair Sinnott, Mayor Morrison, Mayor Sessom, Mayor Vaus, and Councilmember Gloria. No – None. Abstain – None. Absent – None.

5. LEGISLATIVE STATUS REPORT (DISCUSSION/POSSIBLE ACTION)

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

Robyn Wapner, Senior Government Relations Analyst, provided a summary of various state activities.

Katheryn Rhodes, a member of the public, requested that SANDAG take over planning for capital and infrastructure projects for the San Diego Regional Airport Authority.

Mayor Serge Dedina, City of Imperial Beach, spoke in support of Assembly Bill 1500 (AB 1500) (Atkins).

Councilmember Carrie Downey, City of Coronado, spoke in support of AB 1500.

**Action:** Upon a motion by Councilmember Gloria and a second by Vice Chair Sinnott, the Executive Committee approved a support position for AB 1500, and an oppose position for the “No Blank Checks Initiative,” and directed staff to conduct a review of mitigation requirements and potential use of federal funds by the San Diego Regional Airport Authority. Yes – Chair Roberts, Vice Chair Sinnott, Mayor Morrison, Mayor Sessom, Mayor Vaus, and Councilmember Gloria. No – None. Abstain – None. Absent – None.
6. CONTINUED PUBLIC COMMENTS

Victoria Stackwick, Principal Government Relations Analyst, announced that SANDAG and Caltrans, which are leading the effort to build the State Route 11 (SR 11)/Otay Mesa East Port of Entry Project, were awarded funding through a highly competitive grant application process under the FASTLANE (Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies) Program. In order to qualify for FASTLANE funding, projects must provide nationally significant freight and highway enhancements. The FASTLANE allocation is slated to become final after 60 days. The SR 11 project is the only California project to be awarded a FASTLANE grant in this round of funding.

7. UPCOMING MEETINGS

The August 12, 2016, Executive Committee meeting was cancelled. The next meeting of the Executive Committee is scheduled for Friday, September 9, 2016, at 9 a.m.

8. ADJOURNMENT

Chair Roberts adjourned the meeting at 9:52 a.m.
## CONFIRMED ATTENDANCE
### SANDAG EXECUTIVE COMMITTEE MEETING
#### JULY 8, 2016

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<tr>
<th>GEOGRAPHICAL AREA</th>
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<td>City of National City</td>
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<td>Sherri Lightner</td>
<td>Alternate</td>
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<td>Lorie Zapf</td>
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<td>Ron Roberts, Chair</td>
<td>Primary, Chair</td>
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<td>Dianne Jacob</td>
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## REVIEW OF THE SEPTEMBER 23, 2016, DRAFT BOARD BUSINESS AGENDA

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<td>APPROVAL OF MEETING MINUTES</td>
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<td>1A. July 8, 2016, Board Policy Meeting Minutes</td>
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<td>1B. July 22, 2016, Board Business Meeting Minutes</td>
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2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

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

+3. ACTIONS FROM POLICY ADVISORY COMMITTEES (Victoria Stackwick)

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 CONTRACT AWARDS (Laura Coté)

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

+4A. Solicitations
+4B. Contract Awards

+5. BAYSHORE BIKEWAY SEGMENT 8B: FINAL MITIGATED NEGATIVE DECLARATION (Omar Atayee)

The Bayshore Bikeway Segment 8B Project (Project) will provide a 0.4-mile extension of the Bayshore Bikeway along Bay Boulevard south from Palomar Street in the City of San Diego. The Board of Directors is asked to adopt the Final Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the Project.
+6. PROPOSED AMENDMENTS TO CONFLICT OF INTEREST CODE
   (Julie Wiley)
   
   The Board of Directors is asked to approve the proposed amendments to the
   SANDAG Conflict of Interest Code.

+7. QUARTERLY PROGRESS REPORT ON TRANSPORTATION PROJECTS - APRIL THROUGH JUNE 2016 (Asitha Seneviratne)*
   
   This quarterly report summarizes the current status of major transit, highway,
   arterial, traffic management, and transportation demand management
   projects in the SANDAG five-year Regional Transportation Improvement
   Program for the period April through June 2016.

+8. QUARTERLY FINANCE REPORT AND ANNUAL INTEREST RATE SWAP EVALUATION - PERIOD ENDING JUNE 30, 2016
   (Lisa Kondrat-Dauphin, André Douzdjian, and Ray Major)*
   
   This report provides various finance-related items to the Board of Directors,
   including: (1) a quarterly report of investments including all money under the
   direction or care of SANDAG; (2) an annual report and evaluation of all
   outstanding interest rate swaps; and (3) information about the latest
   developments in the financial markets, the economy, and sales tax revenues.

+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.

CHAIR’S REPORT

+11. APPOINTMENT OF NOMINATING COMMITTEE FOR SANDAG BOARD OFFICERS*
   
   In accordance with the SANDAG Bylaws, the Chair will appoint a nominating
   committee for SANDAG Board Officers. The nominating committee will submit
   its slate of nominees, in writing, for mailing to Board members in or around
   November.
+12. **PROPOSED FY 2017 PROGRAM BUDGET AMENDMENT: DOWNTOWN BUS STOPOVER AND MULTIUSE FACILITY** (San Diego Councilmember Todd Gloria, Transportation Committee Chair; Richard Chavez)*

The Transportation Committee recommends that the Board of Directors approve an amendment to the FY 2017 Program Budget to add $30 million in TransNet funding to the Downtown Bus Stopover and Multiuse Facility project, for the property acquisition phase of the project.

+13. **PROPOSED FINAL 2016 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM INCLUDING AIR QUALITY CONFORMITY DETERMINATION** (San Diego Councilmember Todd Gloria, Transportation Committee Chair; Michelle Smith)*

The Transportation Committee recommends that the Board of Directors adopt Regional Transportation Commission (RTC) Resolution No. RTC-2017-03, adopting the 2016 Regional Transportation Improvement Program, including its Air Quality Conformity Analysis and the Air Quality redetermination of the Revenue Constrained San Diego Forward: The Regional Plan.

+14. **TransNet ENVIRONMENTAL MITIGATION PROGRAM: FY 2017-2018 WORK PLAN AND FY 2017 ANNUAL FUNDING** (Solana Beach Councilmember Lesa Heebner, Regional Planning Committee Chair; Keith Greer)*

The Regional Planning and Transportation Committees recommend that the Board of Directors approve the proposed FY 2017-2018 Work Plan for regional land management and biological monitoring, and allocate $4 million in funding for FY 2017.

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**

The next Board Policy meeting is scheduled for Friday, October 14, 2016, at 10 a.m. The next Board Business meeting is scheduled for Friday, October 28, 2016, at 9 a.m.

17. **ADJOURNMENT**

+ next to an agenda item indicates an attachment

* next to an agenda item indicates that the Board of Directors also is acting as the San Diego County Regional Transportation Commission for that item
## REVIEW OF THE OCTOBER 14, 2016, DRAFT BOARD POLICY AGENDA

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### REPORTS

+2. **TransNet INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

**2016 ANNUAL REPORT** (Brad Barnum, *TransNet Independent Taxpayer Oversight Committee Chair; Ariana zur Nieden)*

Brad Barnum, the FY 2016 TransNet Independent Taxpayer Oversight Committee (ITOC) Chair, will provide the ITOC Annual Report, including the results of the fiscal and compliance audits.

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.

5. **UPCOMING MEETINGS**

The next Board Business meeting is scheduled for Friday, October 28, 2016, at 9 a.m.

6. **ADJOURNMENT**

* next to an agenda item indicates that the Board of Directors also is acting as the San Diego County Regional Transportation Commission for that item
MEASURE A: THE SAN DIEGO COUNTY ROAD REPAIR, TRANSIT, TRAFFIC RELIEF, SAFETY, AND WATER QUALITY MEASURE: BUDGET UPDATE

Introduction

On July 8, 2016, the Board of Directors adopted Regional Transportation Commission (RTC) Resolution No. RTC-2017-01, approving The San Diego County Road Repair, Transit, Traffic Relief, Safety, and Water Quality measure (Measure A) for inclusion on the November 8, 2016, ballot. Adoption of the resolution represents the culmination of months of discussion, input, modifications, and analysis to develop a ballot measure that balances the needs of the region within the budget that would be available from a 40-year measure.

Discussion

When the Board of Directors approved the resolution, it included SANDAG’s commitment to provide payment to the County of San Diego for the cost of placing the measure on the ballot. The county requires all agencies placing measures on the ballot to share in the cost of the election, including printing and translation costs, poll workers, and other expenses associated with the election.

At the time the FY 2017 Program Budget was developed, it was not known if the Board would approve a measure for the November ballot, or what payment would be required by the County of San Diego. Until the election is over, the county will not know the true cost of the election and only requires agencies to provide half of the estimated cost up front with the remaining balance to be paid in early 2017.

The most recent estimate from the county for SANDAG’s cost is approximately $400,000. That does not include the cost of printing the entire Ordinance in the voter guide. To print all the materials would be an additional $400,000 to $500,000, and for that reason SANDAG only is paying to print the ballot language (75 words), the county’s independent analysis of the measure (500 words) and the pro and con arguments and rebuttals. The voter guide will include a link to the County of San Diego website, which will include the entire Ordinance and Expenditure Plan approved by the SANDAG Board of Directors.

SANDAG did include $250,000 in the FY 2017 Program Budget for ballot measure expenses, but not enough to cover the entire cost that has been estimated by the county, which was not known when the budget was being developed. While the initial payment can be covered by funding already in
the budget, a future amendment will be required to augment the budget to cover the full amount of SANDAG’s share of the county’s election costs.

**Next Steps**

Staff will return to the Executive Committee to request a budget amendment to cover the remaining balance owed to the county as soon as the total cost has been determined. The Contingency Reserve Fund in the Overall Work Program would be proposed as the source of the additional funds. In accordance with Board Policy No. 30: Contingency Reserve Policy, this would be an appropriate funding source for the proposed budget amendment as contingency reserve funds shall be used for one-time, non-recurring purposes, and for circumstances that represent an opportunity to advance urgent, high-priority needs and/or an unanticipated need related to a crucial existing commitment.

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

Key Staff Contact: Rob Rundle, (619) 699-6949; rob.rundle@sandag.org
MATTERS TO BE COMMUNICATED IN ACCORDANCE WITH AUDITING STANDARDS

File Number 8000100

Introduction

The independent certified public accounting audit firm of Davis Farr LLP (formerly a governmental division of Mayer Hoffman McCann P.C.) will perform the annual audit of SANDAG for the fiscal year ending June 30, 2016 (FY 2016). With the consent of SANDAG, Davis Farr LLP assumed all rights and obligations under the original Mayer Hoffman McCann P.C. contract, originally selected through a competitive procurement process, with the FY 2016 audit encompassing the fourth year of a multiyear contract for independent auditing services.

Discussion

Professional auditing standards require that as part of an audit, the auditor inquire of those in governance to ascertain whether they have knowledge of matters that might have a bearing on the auditor’s risk assessment for the annual audit of SANDAG financial statements. Additionally, in compliance with the Statement of Auditing Standards (SAS) No. 114, the auditor is required to communicate certain matters to the governing body, including an overview of the planned scope and timing of the audit. In summary, the required communication contains audit risk areas identified by the auditors and the planned audit approach to address those risks. Davis Farr LLP will present to the Executive Committee the SAS No. 114 letter, included as Attachment 1.

Also in accordance with SAS No. 114, the auditor should communicate with those charged with governance significant findings from the completed audit. Significant findings will be communicated in an additional SAS No. 114 letter after the audit is complete and the FY 2016 Comprehensive Annual Financial Report (CAFR) is issued. The CAFR is anticipated for presentation to the Executive Committee and Board of Directors in January 2017.

ANDRÉ DOUZDJIAN
Director of Finance

Attachment: 1. SAS No. 114 Required Audit Communications Letter

Key Staff Contacts: André Douzdjian, (619) 699-6931, andre.douzdjian@sandag.org
Leeanne Wallace, (619) 699-0728, leanne.wallace@sandag.org
August 30, 2016

Executive Committee
San Diego Association of Governments
San Diego, California

We are in the process of planning the audit of the San Diego Association of Governments (“SANDAG”) for the year ending June 30, 2016.

Professional auditing standards require that, as a part of our audit, we inquire of those in governance to ascertain whether or not the Executive Committee (the “Committee”) has knowledge of matters that might have a bearing on the auditor’s risk assessment for the annual audit of SANDAG’s financial statements.

Examples of these matters are:

- Known or suspected instances of employee fraud
- Areas in which the internal controls of SANDAG are thought by the Committee to be weak
- Known or suspected misstatements in the accounting records of SANDAG
- Known or suspected use of improper accounting practices by SANDAG
- Any awareness of pressure upon SANDAG or SANDAG management with respect to achieving certain financial results
- Matters that warrant particular attention during the audit
- Information about unusual transactions or other matters relevant to the audit

Please email Jennifer Farr at JFarr@davisfarr.com within 45 days from the date of this letter if the Committee has any matters to report that meet the above criteria.

Statement on Auditing Standards AU-C 260 requires the auditors to communicate the planned scope and timing of the audit. Additionally, at the conclusion of the audit, we plan to meet with the Committee to communicate the auditor’s responsibilities under generally accepted auditing standards and significant findings from the audit.

Timing of Audit

We began the interim audit procedures in May 2016. We plan to begin final audit fieldwork for Sourcepoint, the Automated Regional Justice Information System, SR-125, SANDAG and the San Diego County Regional Transportation Commission in October 2016. We began fieldwork on TDA and TransNet agency recipients in August 2016.

Planned Scope of Audit

In addition to our standard audit approach, we have modified our audit plan to include additional testing in the following risk areas:
- Risk of errors in implementing GASB Statement No. 72 – Fair Value: We will ensure SANDAG includes the additional footnote disclosures required by GASB 72 related to the fair value of investments and interest rate swap agreements.

- Risk of errors associated with recording capital asset additions: As a result of the significance of capital projects, we plan to test the most significant capital projects to ensure asset additions are properly recorded and removed from construction in progress when completed. We also plan to test uses of bond proceeds to ensure they are for allowable projects.

- Risk of unallowable grant expenditures and noncompliance: We will perform a Single Audit of Federal Awards. While the final determination cannot be made until we have the final Schedule of Expenditures of Federal Awards, we are anticipating auditing the Department of Transportation Federal Transit Cluster Grants and the National Infrastructure Investments Grant as the major programs this year which will cover approximately 80% of all federal grant funding for the year.

- We are required to incorporate an element of unpredictability into the audit procedures each year. This year we are planning to test a sample of credit card transactions for compliance with purchasing policies and adequate support.

If any member of the Committee has information relevant to our audit (matters involving amounts that would be significant to the financial statements of SANDAG taken as a whole), please contact the undersigned at JFarr@davisfarr.com.

Sincerely,
Davis Farr LLP

Jennifer Farr, CPA
Partner
LEGISLATIVE STATUS REPORT

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 – AUGUST 2016

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**LEGISLATIVE UPDATE**

**2016 Legislative Overview**

The Legislature adjourned for the Final Recess of the 2015-2016 Legislative Session on August 31; therefore, all bills had to be passed by each house prior to the end of that day (Joint Rule 61(b)(17)). September 30 is the last day for the Governor to sign or veto bills that have been passed by the Legislature this session (CA Constitution, Art. IV, Sec. 10(b)(2)).

**SANDAG-related Bills**

SANDAG supported Assembly Bill 1746 by Assembly Member Mark Stone, which would authorize SANDAG, North County Transit District, San Diego Metropolitan Transit System, Los Angeles Metropolitan Transit Authority, Alameda-Contra Costa Transit District, Central Contra Costa Transit Authority, and Santa Clara Valley Transportation Authority to operate transit buses on the shoulders of the state highway system, subject to the approval of Caltrans and the California Highway Patrol. The bill ultimately was held by the author for this legislative session.

SANDAG supported Assembly Bill 516 (AB 516) by Assembly Member Kevin Mullin, which would require the Department of Motor Vehicles (DMV) to create a process to issue temporary license plates by January 1, 2018, and would require dealers to attach temporary license plates to all unplated vehicles when they are sold beginning January 1, 2018. The bill was passed out of the Legislature on June 30 and signed by the Governor on July 25.

SANDAG supported Assembly Bill 2289 by Assembly Member Frazier, which would clarify that capital improvement projects relative to operations on the state highway system are eligible for inclusion in the State Highway Operation and Protection Program. In addition to SANDAG, the bill was supported by the CTC and Automobile Club of Southern California and had no opposition. The bill was passed out of the Legislature on June 30 and signed by the Governor on July 22.

SANDAG is in support of Assembly Bill 1500 (AB 1500) by Speaker Emeritus Toni Atkins, which as amended on June 21, would authorize the CTC to relinquish to the cities of Imperial Beach and San Diego portions of
Route 75 under certain conditions. AB 1500 was passed unanimously off the Senate Floor, 38-0, on August 16 and off the Assembly Floor, 78-0, on August 22. It now sits on the Governor’s desk awaiting signature.

SANDAG is in support of Assembly Bill 2170 (AB 2170) by Assembly Member Jim Frazier, which would require that federal funding for freight-related infrastructure projects appropriated to California from the Fixing America’s Surface Transportation Act be deposited into the Trade Corridor Improvement Fund. The bill is being supported by a long list of regional transportation planning entities, as well as the Automobile Club of Southern California and the California Transportation Commission (CTC), with no opposition. On August 31, the bill passed out of the Legislature and now awaits the Governor’s signature.

SANDAG is supportive of Assembly Bill 1889 (AB 1889) by Assembly Member Mullin, which would allow for the expenditure of Proposition 1A bond funds for “bookend” investments once a funding plan has been submitted that indicates the project would enable high-speed trains to operate either immediately or after additional planned investments are made. These investments would benefit Metrolink and Pacific Surfliner services that serve San Diego and was passed by the Legislature on August 31. It now awaits the Governor’s signature.

SANDAG opposed Senate Bill (SB 882) by Senator Bob Hertzberg, which provided that minors shall not be subject to criminal penalties for evading a transit fare. The bill was sponsored by the Youth Justice Coalition and in addition to SANDAG, it was opposed by the Metropolitan Transit System, California Police Chiefs Association, California Transit Association, and California State Sheriffs’ Association, among others. On August 22, the Governor signed SB 882 into law.

SANDAG opposed Senate Bill 885 by Senator Wolk, which would eliminate the right of a public agency to contract with design professionals for up-front legal defense against claims related to its work on a project. While it was supported by a number of engineering firms, the bill also was opposed by a wide range of public agencies, including the League of California Cities, the California Special Districts Association, Self Help Counties Coalition, and the California State Association of Counties, as well as private entities like the Associated General Contractors of California. The bill ultimately was held by the author for this legislative session.

**Cap and Trade**

Amidst continued declining Cap and Trade auction revenues (the state realized just $8.4 million from its August auction, which had been projected to generate about $600 million per quarter) and ongoing litigation, both the Senate and Assembly passed Senate Bill 32 (SB 32) by Senator Fran Pavley in late August, largely along party lines. SB 32 is an extension of Assembly Bill 32 from 2006 (which is set to expire in 2020) and requires the Air Resources Board (ARB) to ensure that statewide greenhouse gas emissions are reduced to at least 40 percent below the 1990 level by 2030. Last year the Assembly had rejected SB 32 (purportedly at the behest of the oil industry), but this year the bill was stripped down and tied to Assembly Bill 197 (AB 197) (Garcia), which gives the Legislature a stronger role in overseeing the ARB by forming the Joint Legislative Committee on Climate Change Policies. AB 197 also was passed by both the Assembly and Senate in late August, also largely along party lines. The Governor has declared that he will sign both bills.

In addition, the Governor and Legislature reached agreement on an expenditure plan for unallocated Cap and Trade funds. Under current law, 60 percent of annual auction proceeds are allocated on an ongoing basis to public transit, affordable housing, sustainable communities, and high-speed rail. This agreement invests $900 million of the remaining unallocated funds for Fiscal Year 2016-2017, and reserves approximately $462 million for appropriation in future years.
The agreement includes the following appropriations:

- **$368 million to the Air Resources Board**, including:
  - $133 million to the Clean Vehicle Rebate Program
  - $80 million to the Enhanced Fleet Modernization Program, Plus-Up Pilot Project, and up to $20 million of this amount may be used for other light-duty equity pilot projects
  - $150 million for heavy-duty vehicles and off-road equipment investments
  - $5 million for black carbon wood smoke programs

- **$140 million to the Office of Planning and Research for the Strategic Growth Council** to provide transformative climate communities grants

- **$135 million to the Transportation Agency for the Transit and Intercity Rail Program**

- **$80 million to the Natural Resources Agency for the Urban Greening program**

- **$65 million to the Department of Food and Agriculture**, including:
  - $50 million for the early and extra methane emissions reductions from dairy and livestock operations
  - $7.5 million for the Healthy Soils Program
  - $7.5 million for the State Water Efficiency and Enhancement Program

- **$40 million to the Department of Forestry and Fire Protection**, including:
  - $25 million for the Healthy Forest Program
  - $15 million for urban forestry programs

- **$40 million to the Department of Resources Recycling and Recovery for waste diversion and greenhouse gas reduction financial assistance**

- **$20 million to the Department of Community Services and Development for weatherization and renewable energy projects**

- **$10 million to the Department of Transportation for the Active Transportation Program**

- **$2 million to the Office of Planning and Research for the Strategic Growth Council** to provide technical assistance to disadvantaged communities

**Transportation Funding Proposals**

On August 24, Senator Beall and Assembly Member Frazier – chairs of the respective transportation committees – released their long-awaited joint transportation funding proposal. Placed in Senate Bill Extraordinary Session 1 1 and Assembly Bill Extraordinary Session 1 26, the identical bills contain the following components:

**Additional Revenues**

- **$2.5 billion from a 17 cent increase to the gasoline excise tax**, adjusted every three years for inflation. The revenue generated from this particular increase would help restore the lost purchasing power of the gas tax due to inflation. The funds attributable to the 17 cent increase would be transferred to the newly created Road Maintenance and Rehabilitation Account (RMRA) for distribution.

- **$1.1 billion from ending the Board of Equalization “true up” and resetting the rate to the historical average of 17.3 cents per gallon**, adjusted every three years for inflation. This provision would “reset” the priced-based excise tax on gasoline to its original rate of 17.3 cents. Funds would be distributed using current formulas.

- **$1.3 billion from a $38 increase to the Vehicle Registration Fee**, adjusted every three years for inflation. After the California Department of Motor Vehicles deducts its administrative costs from imposing and collecting the fee, the funds from the $38 increase would be deposited into the RMRA for distribution.
$1 billion from restoring truck weight fees to transportation projects. Restoration of truck weight fee revenue would be phased-in over a five-year period and would no longer be allowed to be transferred out of the state highway account (SHA) after FY 2020-2021. The funds would remain in the SHA, which would prevent Highway Users Tax Account funds from the variable gas tax from having to offset the SHA weight fee transfer.

$900 million from a 30 cent per gallon increase to the diesel excise tax, adjusted every three years for inflation. The funds attributable to the 30 cent increase to the diesel excise tax would be transferred to the Trade Corridors Improvement Fund (TCIF). Federal freight formula funds also would be deposited into the TCIF.

$300 million from unallocated Cap and Trade funds. This continuous appropriation of Cap and Trade funds would essentially double the amount going towards the Transit and Intercity Rail Capital Program and the Low Carbon Transit Operations Program.

$16 million from a $165 Vehicle Registration Fee on zero-emission vehicles, starting in the second year of ownership, adjusted every three years for inflation. Per the authors, this provision will help make up for the fact that owners of zero-emission vehicles do not pay any gas tax to maintain the roads they drive on. Revenues would be deposited into the RMRA for distribution.

The revenues would be allocated as follows:

RMRA
- State Highway System — $2.9 billion annually for maintenance and rehabilitation of the state highway system
- Local Streets and Roads — $2.5 billion annually for maintenance and rehabilitation of local streets and roads
- Self-help counties — $200 million for existing and aspiring self-help counties to incentivize the adoption of local measures
- Active Transportation Program — $80 million annually for Active Transportation and up to an additional $70 million through Caltrans efficiencies
- Advanced Mitigation — $100 million one-time funds for implementation of the Advanced Mitigation program

Cap and Trade Revenues and Diesel Tax Increase
- Transit and Intercity Rail — $516 million annually for transit and intercity rail capital projects and operations

TCIF
- Freight, trade corridors, and goods movement — $900 million annually for freight, trade corridors, and goods movement

Loan Repayments
- $760 million one-time funds for transportation loan repayment

It also would include the following reforms:

- Establishes local reporting requirements. Cities and counties would be required to send the CTC a list of projects they propose to fund with RMRA funds, specifying the location, description, proposed schedule, and estimated useful life for each project each fiscal year.
- Requires cities and counties to maintain existing general fund levels for transportation funding. The bills require cities and counties to maintain their general fund transportation levels at equal to or greater than their annual average expenditures during Fiscal Years 2009-2010, 2010-2011, 2011-2012, which is known as a maintenance of effort requirement. The bill authorizes the State Controller’s Office
to audit local governments for compliance and subject local governments to reimbursing the state for non-compliance.

- Makes permanent the National Environmental Protection Act (NEPA) delegation authority. Permanently extends the authority for Caltrans to participate in the federal NEPA delegation pilot program, which allows projects involving federal funds to be delivered faster.

- Promotes employment and training opportunities through pre-apprenticeship. Requires state and local agencies to create programs that promote employment in advanced construction through pre-apprenticeship as a condition of receiving RMRA funds.

- Incorporates “complete streets” design concept into the Highway Design Manual. Requires Caltrans to incorporate the “complete streets” design concept into the Highway Design Manual.

- Restores independence to the CTC. The bills move the CTC out from under the California State Transportation Agency, establishing it as its own entity within state government to help it fulfill its oversight role.

- Creates the Office of Transportation Inspector General as an independent entity and office within state government. Its role will be to ensure that all other state agencies that receive state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. The Inspector General would be appointed by the Governor to a six-year term and would have the authority to conduct audits and investigations involving state transportation funds with all affected state agencies.

- Permanently extends and expands the limited California Environmental Quality Act exemption for transportation repair, maintenance, and minor alteration projects to existing roadways. The bills delete the January 1, 2020, sunset of the existing law and expand the exemption to cities and counties with populations greater than 100,000, and apply the exemption to state roadways.

- Creates an Advanced Mitigation program for transportation projects. The bills authorize the Natural Resources Agency to prepare, approve, and implement advanced mitigation plans for one or more planned transportation projects. An advanced mitigation plan is defined as a regional or statewide plan that estimates the potential future mitigation requirements for one or more transportation projects and identifies mitigation projects, sites, or credits that would fulfill some or all of those requirements. The agency would be authorized to administer the program, establish mitigation banks, secure areas for the purpose of providing mitigation, and allow transportation agencies to use mitigation credits to fulfill mitigation requirements.

As it requires a two-thirds vote of the Legislature, it remains unclear whether this proposal will garner the requisite Republican votes for passage, given their stated reluctance to support a transportation funding proposal that contains tax increases.

**ACTIVITY REPORT**

8/1: Reviewed/analyzed the final California Sustainable Freight Action Plan; Reviewed/analyzed Senate Bill 734 (SB 734) (Galgiani); provided subsequent update to SANDAG staff.

8/2: Reviewed/analyzed amendments to AB 1500 and AB 1889; provided subsequent update to SANDAG staff.

8/3: Reviewed/analyzed amendments to AB 2170, Assembly Bill 1550 (Gomez), and Senate Joint Resolution 24 (Beall); provided subsequent update to SANDAG staff, including update on SB 32.

8/5: Attended/monitored Assembly Floor vote on SB 734; provided subsequent update to SANDAG staff including article on Cap and Trade ballot measure.
8/9: Provided SANDAG staff with meeting materials for Assembly Transportation Committee follow-up hearing to its February 22, 2016, “Joint Oversight hearing on California Air Resources Board Air Quality and Emissions Reduction Programs as They Relate to the Transportation Sector;” provided update to SANDAG staff on AB 1550 and AB 2170, as well as the League of California Cities’ alert on Assembly Bill 1217 (Daly).

8/11: Attended/monitored suspense file hearings in each house’s appropriations committees; provided subsequent update to SANDAG staff.

8/12: Attended/monitored Senate Floor vote on SB 734; provided subsequent update to SANDAG staff, including AB 2170 amendment discussions.

8/16: Attended/monitored Senate Floor vote on AB 1500; reviewed/analyzed amendments to AB 1889; provided subsequent update to SANDAG staff.

8/17: Reviewed/analyzed amendments to AB 2170, AB 1550 and Assembly Bill 1613 (Budget); provided subsequent update to SANDAG staff.

8/18: Reviewed/analyzed amendments to Senate Bill 1190 (Jackson); reviewed AB 2170/Senate Bill 1216 (SB 1216) (Hueso); provided subsequent update to SANDAG staff, including Cap and Trade media articles.

8/19: Reviewed AB 2170/SB 1216; met with Senator Hueso’s office regarding SB 1216; provided SANDAG staff with update from League of California Cities on transportation funding proposals.

8/22: Attended/monitored Assembly Floor vote on AB 1500; reviewed/analyzed amendments to AB 197, Assembly Bill 626 (AB 626) (Chiu), AB 1889, SB 32, SB 1216; reviewed AB 2170/SB 1216; provided subsequent update to SANDAG staff.

8/23: Reviewed AB 2170/SB 1216; provided subsequent update to SANDAG staff including Governor’s action on SB 882 and Cap and Trade media article.

8/24: Attended/monitored Assembly Floor vote and Assembly Natural Resources Committee hearing on AB 197 and Senate Floor vote on SB 32, Assembly Bill 2765 (Weber), and AB 626; reviewed/analyzed amendments to AB 1550; reviewed AB 2170/SB 1216; provided subsequent update to SANDAG staff including Cap and Trade media article.

8/25: Participated in AB 2170/SB 1216 conference call; reviewed/analyzed transportation funding bills; Reviewed AB 2170/SB 1216; attended/monitored Senate Floor vote on AB 1889; provided subsequent updates to SANDAG staff.

8/26: Reviewed/analyzed AB 1629; reviewed AB 2170/SB 1216; provided subsequent update to SANDAG staff.
Transportation Update from Peyser Associates

With House on Recess, Senate Continues to Bog Down on Appropriations

The Senate had the Capitol all to itself this week as the House took the week off as part of its Independence Day break. The extra time in session did not, however, produce significant progress on appropriations bills.

This week’s main effort on appropriations was focused on passing a conference report on the Military Construction-Veterans Affairs Appropriations (VA) bill, which contains emergency Zika virus funding. Senate Majority Leader Mitch McConnell made an effort to bring to the floor a conference report on that bill, which had been passed by the House before it left for recess. McConnell’s effort failed when the bill received only 52 out of the needed 60 votes for cloture. Democrats objected to some “poison pill” amendments the House had insisted be added to the appropriations bill. Most onerous to Democrats were provisions they believe restrict women’s access to birth control and cut $500 million from Affordable Care Act programs. McConnell said he would try again after the break.

The Commerce-Justice-Science Appropriations bill, which was put on hold because of controversy over gun control legislation, also failed to move this week. Maneuvering continued on a potential amendment to be offered by Senator Susan Collins (R-ME) to prevent people on two different terrorist watch lists from buying guns.

The failure to move either one of these bills once again strengthens the potential that Congress will need to resort to a Continuing Resolution as September 30 approaches and then work on an unwieldy omnibus appropriations bill as the vehicle to keep all government agencies running.

Aviation Program Extension in the Works

After months of insisting he thinks he can succeed in advancing his proposal to privatize the nation’s air traffic control network, House Transportation and Infrastructure Committee Chair Bill Shuster (R-PA), showed that Congress is nowhere near ready to take such a big step. Senate Commerce Committee Chair John Thune (R-SD) said that he and Shuster are working on a bare-bones extension bill for aviation programs that would carry them through calendar year 2017. With the expiration of current aviation programs looming on July 15, action on this bill is likely before Congress goes on its six-week summer break on that day. Thune expressed frustration that the Senate’s more robust policy bill could not move and said there would be only a few policy issues dealt with in this legislation.
July 8, 2016

Transportation Update from Peyser Associates

Department of Transportation Sends Proposed FASTLANE Awards to Capitol Hill

The Department of Transportation (DOT) on July 6 sent to Capitol Hill its list of 18 projects to which it plans to award FASTLANE grants in Fiscal Year 2016. The total amount of the proposed grants is $759 million. Under the Fixing America’s Surface Transportation (FAST) Act, the Administration is required to submit its list to Congress 60 days before making awards. Congress would need to pass a resolution of disapproval to derail the awards. Action on such a resolution is not expected.

July 15, 2016

Transportation Update from Peyser Associates

Congress Leaves for Summer Break

Congress yesterday left for its summer break with very little to show for its efforts to advance key spending bills. The House this week passed the Interior and Related Agencies appropriations bill for Fiscal Year 2017, but the Senate failed once again to pass the Military Construction-VA bill, which includes Zika funding.

The appropriations scorecard going into the break stands at 5 of the 12 spending bills passed in the House and only 3 in the Senate. Leaders in both chambers had set the goal of having all 12 bills passed out of both Houses and ready for conference by the break.

Debate is already under way on both sides of the Capitol on the best approach for a stopgap spending bill when Congress returns in September. Republican leaders on both sides of the Capitol appear to favor a Continuing Resolution (CR) until mid-December, so there would be time to work out an omnibus spending bill for the entire fiscal year before adjournment for the year. However, House conservatives are advocating for a CR until March. The final outcome of this debate will likely hinge on how Republican leaders feel about the state of the presidential race in early September.

Government Accountability Office Points out Shortcomings of the Railroad Rehabilitation & Improvement Financing Program

The Government Accountability Office (GAO) on Wednesday released a report analyzing the performance of the Railroad Rehabilitation & Improvement Financing (RRIF) loan program and reporting on the results of stakeholder outreach they conducted.

The GAO reported that since its inception in 1998, the program has lent only about 8 percent of the available authority – which is currently $35 billion. It said that there are currently $2.5 billion in loan requests under review.

The report attributes the undersubscription of the program to a “long and uncertain” evaluation process and the need for borrowers to supply the credit risk premium associated with their loans.
The report does indicate that stakeholders believe the FAST Act changes to the RRIF program – in particular the expansion of eligibility to Transit Oriented Development projects – could stimulate more demand for RRIF loans. However, a number of stakeholders expressed skepticism that the Federal Railroad Administration could implement those changes in a borrower-friendly manner. Click HERE to see the report.

**GOP Platform Not Yet Released**

Last week, we reported on the infrastructure language included in the officially released draft of the Democratic Party platform. The Republican platform committee wrapped up most of its work this week, but their product is still being finalized in preparation for next week’s convention in Cleveland. Reports that have emerged indicate that the Trump campaign has been largely absent in the deliberations over the platform and that conservatives have succeeded in pushing through very conservative language on social issues and immigration. We have not seen yet any results of the discussions on infrastructure issues.

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**Activity Report for SANDAG**

**August 2016**

Peyser Associates LLC

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
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<tbody>
<tr>
<td>8/3</td>
<td>Teleconference with Victoria Stackwick on Mid-Coast Full Funding Grant Agreement (FFGA) congressional notification.</td>
</tr>
<tr>
<td>8/4</td>
<td>Email exchange with Senate Banking Committee; obtained copy of congressional notification letter for Mid-Coast FFGA and sent to Victoria Stackwick and Sharon Cooney.</td>
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<tr>
<td>8/16</td>
<td>Bi-weekly conference call with SANDAG and Metropolitan Transit System (MTS).</td>
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<tr>
<td>8/17</td>
<td>Teleconference with DOT regarding Chamber of Commerce September visit and potential DOT meeting. Email exchange with Victoria Stackwick.</td>
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<tr>
<td>8/19</td>
<td>Email exchange with Paul Jablonski regarding September visit.</td>
</tr>
<tr>
<td>8/22</td>
<td>Email exchange with Victoria Stackwick and with DOT regarding Chamber of Commerce visit.</td>
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<tr>
<td>8/23</td>
<td>State Route-11/Otay Mesa East update call.</td>
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<tr>
<td>8/30</td>
<td>Bi-weekly conference call with SANDAG and MTS.</td>
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