MEETING NOTICE AND AGENDA

TransNet INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (ITOC)
The ITOC may take action on any item appearing on this agenda.

Wednesday, June 14, 2017
9:30 a.m.
SANDAG, 7th Floor Conference Room
401 B Street, Suite 800
San Diego, CA 92101

Please take the elevator to the 8th floor to access the meeting room.

Staff Contact: José A. Nuncio
(619) 699-1908
jose.nuncio@sandag.org

AGENDA HIGHLIGHTS

• 2017 INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE ANNUAL REPORT
• ACCEPTANCE OF FY 2016 TransNet FISCAL AND COMPLIANCE AUDIT REPORTS
• CONSTRUCTION MANAGER/GENERAL CONTRACTOR PROJECT DELIVERY METHOD: LESSONS LEARNED

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To access the meeting room please arrive on the 8th floor.
# INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

Wednesday, June 14, 2017

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>RECOMMENDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>APPROVAL OF MEETING MINUTES</td>
</tr>
</tbody>
</table>

The Independent Taxpayer Oversight Committee (ITOC) is asked to review and approve the minutes from its May 10, 2017, meeting.

| 2.       | PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS |

Members of the public shall have the opportunity to address the ITOC on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the ITOC clerk prior to speaking. Public speakers should notify the ITOC clerk if they have a handout for distribution to ITOC members. Public speakers are limited to three minutes or fewer per person. ITOC members also may provide information and announcements under this agenda item.

| 3.       | TransNet ENVIRONMENTAL MITIGATION PROGRAM: LAND MANAGEMENT GRANT PROGRAM QUARTERLY STATUS UPDATE (Sarah Pierce) | INFORMATION |

The Board of Directors has awarded eight cycles of the TransNet Environmental Mitigation Program Land Management Grant Program. This report provides information on the quarterly status of active projects.

| 4.       | SUMMARY OF TRANSPORTATION COMMITTEE AND BOARD OF DIRECTORS ACTIONS ON TransNet-RELATED AGENDA ITEMS (Ariana zur Nieden) | INFORMATION |

Staff will provide a summary of Transportation Committee and Board of Directors actions on agenda items that the ITOC has reviewed. This monthly briefing is intended to keep the ITOC informed about relevant SANDAG actions taken on TransNet-related projects and programs.

| 5.       | 2017 INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE ANNUAL REPORT (Veronica Serrano) | APPROVE |

At the May 10, 2017, meeting, ITOC members reviewed the draft 2017 ITOC Annual Report and requested that revisions be reviewed by an appointed subcommittee and be brought back for final approval. The ITOC is asked to approve the final 2017 ITOC Annual Report for presentation at the June 23, 2017, Board of Directors meeting.
6. **ACCEPTANCE OF FY 2016 TransNet FISCAL AND COMPLIANCE AUDIT REPORTS** (Marc Davis, Davis Farr LLP; Lisa Kondrat-Dauphin)  

   The TransNet Extension Ordinance requires the ITOC to share the initial findings of the annual fiscal and compliance audits and its recommendations with the Transportation Committee 60 days prior to their release. The ITOC presented the initial FY 2016 audit findings and recommendations to the Transportation Committee on March 17, 2017. The ITOC is asked to accept the final FY 2016 TransNet fiscal and compliance audit reports.  

   **Estimated Start Time:** 10:05 a.m.

7. **FY 2015 TransNet TRIENNIAL PERFORMANCE AUDIT: UPDATE ON IMPLEMENTATION OF RECOMMENDATIONS** (Veronica Serrano)  

   Staff will provide an overview of progress made to date on recommendations from the FY 2015 TransNet Triennial Performance Audit (third triennial audit). The ITOC accepted the third triennial audit report at its June 10, 2015, meeting. Staff presented an update on implementation of audit recommendations at the September 2015, April 2016, and January 2017 ITOC meetings. The ITOC is asked to review and discuss the implementation of audit recommendations.  

   **Estimated Start Time:** 10:20 a.m.

8. **CONSTRUCTION MANAGER/GENERAL CONTRACTOR PROJECT DELIVERY METHOD: LESSONS LEARNED** (Allan Kosup, Caltrans; John Haggerty)  

   Allan Kosup, Caltrans, and SANDAG staff will present Construction Manager/General Contractor (CM/GC) best practices and lessons learned post implementation of the CM/GC project delivery method.  

   **Estimated Start Time:** 10:35 a.m.

9. **FUTURE MEETING SCHEDULE**  

   The next regular ITOC meeting is scheduled for Wednesday, July 12, 2017, at 9:30 a.m.  

   **Estimated Start Time:** 11 a.m.

10. **ADJOURNMENT**  

    + next to an item indicates an attachment
MAY 10, 2017, MEETING MINUTES

The meeting of the TransNet Independent Taxpayer Oversight Committee (ITOC) was called to order by Chair Stewart Halpern at 9:36 a.m.

1. APPROVAL OF MEETING MINUTES (APPROVE)

Action: Upon a motion by Carolyn Lee and a second by Jonathan Tibbitts, the ITOC approved the March 8, 2017, meeting minutes. Yes — Chair Halpern, Vice Chair Dustin Fuller, Brad Barnum, Ms. Lee, Kai Ramer, Mr. Tibbitts, and Dick Vortmann. No — None. Abstain — None. Absent — None.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public or member comments.

CONSENT

3. ANNUAL SUBMITTAL OF REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM FUNDING PROGRAMS BY LOCAL JURISDICTIONS (ACCEPT)

The TransNet Extension Ordinance requires all local jurisdictions in San Diego County to submit by April 1 of each year their Regional Transportation Congestion Improvement Program (RTCIP) funding programs to the ITOC for its review. The ITOC was asked to accept the RTCIP funding program submittals.

4. TransNet SMART GROWTH INCENTIVE PROGRAM AND ACTIVE TRANSPORTATION GRANT PROGRAM: QUARTERLY PROGRESS REPORT AND PROPOSED AMENDMENT (INFORMATION)

This report provided an overview of the progress made by TransNet Smart Growth Incentive Program (SGIP) and Active Transportation Grant Program recipients through December 31, 2016. The proposed 12-month schedule amendment for the City of San Diego's Morena Boulevard Station Area Study SGIP project was approved by the Regional Planning Committee at its May 5, 2017, meeting.
5. **2016 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 3**  
(INFORMATION)

The 2016 Regional Transportation Improvement Program (RTIP) is the multiyear program of major transportation projects in the San Diego region including the TransNet Program of Projects. SANDAG processes RTIP amendments on a quarterly basis and on occasion more frequently as circumstances arise. This amendment was processed outside of the regular quarterly cycle to reflect the FY 2018 Transit Capital Improvement Program. The Transportation Committee (TC) approved this item at its April 21, 2017, meeting.

6. **2016 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 4**  
(INFORMATION)

On September 23, 2016, the Board of Directors adopted the 2016 RTIP, the multiyear program of proposed major transit, highway, arterial, and bikeway projects in the San Diego region covering the period FY 2017 to FY 2021. SANDAG processes amendments to the RTIP on a quarterly basis based on requests from member agencies. The TC approved this item at its April 21, 2017, meeting.

The ITOC requested that future RTIP reports provide the percent and dollar change for projects proposed to increase or decrease significantly.

7. **TransNet SENIOR MINI-GRANT PROGRAM STATUS UPDATE (INFORMATION)**

This report provided an overview of the progress made to date by each grant recipient for the Senior Mini-Grant Program.

8. **QUARTERLY PROGRESS REPORT ON TransNet MAJOR CORRIDOR PROJECTS**  
(JANUARY – MARCH 2017) (INFORMATION)

This report provided an overview of the TransNet Major Corridor projects in terms of cost control and schedule adherence based on quarterly data provided through the Dashboard reporting system. This item relates to the required quarterly reporting process specified under Paragraph 10 of the TransNet Extension Ordinance Statement of Understanding Regarding ITOC Implementation for the TransNet Program.


Staff provides certain TransNet financial information on a quarterly basis in accordance with requests from the ITOC as well as in response to recommendations from the first and second TransNet Triennial Performance Audits. This report provided an update on the monitoring of local jurisdiction balances.

Ray Major, Director of Technical Services and Chief Economist, will clarify Mr. Vortmann’s request for changes to the Quarterly Financial Reports and provide to Mr. Vortmann the SANDAG Data Accuracy Work Plan presented to the ITOC on March 8, 2017.
Action: Upon a motion by Vice Chair Fuller and a second by Mr. Ramer, the ITOC approved Consent Item Nos. 3 through 9. Yes — Chair Halpern, Vice Chair Fuller, Mr. Barnum, Ms. Lee, Mr. Ramer, Mr. Tibbitts, and Mr. Vortmann. No — None. Abstain — None. Absent — None.

REPORTS

10. SUMMARY OF TRANSPORTATION COMMITTEE AND BOARD OF DIRECTORS ACTIONS ON TransNet-RELATED AGENDA ITEMS (INFORMATION)

This monthly briefing is intended to keep the ITOC informed about relevant SANDAG actions taken on TransNet-related projects and programs.

Ariana zur Nieden, Senior TransNet Program Manager, provided a summary of TC and Board of Directors actions on agenda items that the ITOC has reviewed: Overview of Developments in the Financial Markets; TransNet Environmental Mitigation Program Land Management Grant Program Quarterly Update; FY 2016 TransNet Fiscal and Compliance Audit; FY 2016 TransNet Extension Ordinance Funding Eligibility Requests; FY 2018 Draft TransNet Early Action Program Update; ITOC Term Limits: Proposed Amendment to the TransNet Extension Ordinance; TransNet Senior Mini-Grant Program Quarterly Update; Project Evaluation Results for the FY 2018 and FY 2019 TransNet Senior Mini-Grant Program Funding; Draft Assumptions for the Annual TransNet Major Corridors Plan of Finance Update; and Proposed SANDAG Data Accuracy and Modeling Work Plan.

Action: This item was presented for information.

11. APPOINTMENT OF FY 2017 FISCAL AND COMPLIANCE AUDIT SUBCOMMITTEE MEMBERS (APPOINT)

The TransNet FY 2017 fiscal and compliance audit process is scheduled to begin on July 1, 2017. The ITOC was asked to appoint no more than three voting members to serve on its FY 2017 Fiscal and Compliance Audit Subcommittee, in addition to Tracy Drager who was appointed as an advisory member.

Lisa Kondrat-Dauphin, Senior Accountant, presented the item.

Action: Upon a motion by Chair Halpern and a second by Vice Chair Fuller, the ITOC appointed Chair Halpern, Mr. Ramer, and Mr. Vortmann, in addition to appointing Tracy Drager as an advisory member, as the FY 2017 Fiscal and Compliance Audit Subcommittee members. Yes — Chair Halpern, Vice Chair Fuller, Mr. Barnum, Ms. Lee, Mr. Ramer, Mr. Tibbitts, and Mr. Vortmann. No — None. Abstain — None. Absent — None.

12. FY 2018 TransNet TRIENNIAL PERFORMANCE AUDIT PROCUREMENT PROCESS AND RECOMMENDATION FOR CONSULTANT (APPROVE)

The ITOC established a performance audit subcommittee to conduct the procurement for the FY 2018 TransNet Triennial Performance Audit as required by the TransNet Extension Ordinance. Proposals were due on April 18, 2017, and were subsequently reviewed and ranked by the ITOC subcommittee. Interviews were held on May 8, 2017.
Vice Chair Fuller presented the item. Vice Chair Fuller stated the ITOC Performance Audit Subcommittee unanimously selected Sjoberg Evashenk Consulting, Inc. for recommendation to the ITOC for its approval. ITOC members discussed the recommended consultant’s qualifications, including having served as the former California State Auditor General for 11 years and Chief Deputy State Auditor for 10 years in addition to serving a 4-year term on the Government Accountability Office Advisory Council on Government Auditing Standards where the book of standards and guidance (Yellow Book) for auditors was developed. The ITOC requested that the FY 2018 performance audit subcommittee work closely with the auditors to ensure the format of the audit includes a fresh perspective.

**Action:** Upon a motion by Vice Chair Fuller, and a second by Mr. Tibbitts, the ITOC approved the recommended consultant and directed staff to proceed with a notice of intent to award. Yes — Chair Halpern, Vice Chair Fuller, Mr. Barnum, Ms. Lee, Mr. Ramer, Mr. Tibbitts, and Mr. Vortmann. No — None. Abstain — None. Absent — None.

13. **2016 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 5 — ADMINISTRATIVE MODIFICATION (DISCUSSION)**

On September 23, 2016, the Board of Directors adopted the 2016 RTIP, the multiyear program of proposed major transportation projects in the San Diego region, covering the period FY 2017 to FY 2021. SANDAG is processing this amendment due to timing-related issues. The TC is scheduled to approve this amendment at its May 19, 2017, meeting. The ITOC is asked to review and discuss the 2016 RTIP Amendment No. 5, focusing its review on the TransNet Program of Projects.

Sue Alpert, Associate Project Control Analyst, presented the item.

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

14. **DRAFT 2017 INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE ANNUAL REPORT (DISCUSSION/POSSIBLE ACTION)**

The ITOC was asked to review and discuss the draft 2017 ITOC Annual Report and provide direction to staff on the proposed content and format of the report. A final draft of the report is scheduled for presentation and approval at the June 14, 2017, ITOC meeting. The final report is scheduled to be presented to the Board of Directors at its June 23, 2017, meeting.

Veronica Serrano, Associate Project Control Analyst, presented the item.

The ITOC provided direction on amendments and edits to the report.

**Action:** Upon a motion by Chair Halpern and a second by Ms. Lee, the ITOC appointed a subcommittee of Chair Halpern, Mr. Barnum, and Mr. Vortmann to review the amended report based on the comments received prior to the next ITOC meeting in June. Yes — Chair Halpern, Vice Chair Fuller, Mr. Barnum, Ms. Lee, Mr. Ramer, Mr. Tibbitts, and Mr. Vortmann. No — None. Abstain — None. Absent — None.
15. FY 2018 TransNet EARLY ACTION PROGRAM BUDGET UPDATE (DISCUSSION)

Susan Huntington, TransNet Project Office Program Manager, presented the proposed FY 2018 TransNet Early Action Program (EAP) Budget. The EAP budget includes the expenditure and funding plans for the development and delivery of TransNet projects designed to improve mobility on 11 of the region’s top transportation corridors. The SANDAG FY 2018 Final Program Budget will be presented to the Board of Directors on May 26, 2017. The ITOC was asked to discuss the FY 2018 TransNet EAP Budget.

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

16. OVERVIEW OF DEVELOPMENTS IN THE FINANCIAL MARKETS (INFORMATION)

Mr. Major; André Douzdjian, Director of Finance; and José Nuncio, TransNet Department Director, provided an overview of the latest developments in the financial markets, the economy, sales tax revenues, and the strategies being explored and implemented to minimize possible impacts to the TransNet Program. They also provided an update on the upcoming Transportation Infrastructure Finance and Innovation Act program loan and the TransNet Major Corridors Plan of Finance.

Kim Kawada, Chief Deputy Executive Director, provided an update on the status of Assembly Bill 805 (Gonzalez Fletcher).

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

17. FUTURE MEETING SCHEDULE (INFORMATION)

The next regular ITOC meeting is scheduled for Wednesday, June 14, 2017, at 9:30 a.m.

**Action**: Upon a motion by Chair Halpern and a second by Mr. Barnum, the ITOC formally expressed their appreciation to Ms. Lee for her service to the ITOC. Yes — Chair Halpern, Vice Chair Fuller, Mr. Barnum, Ms. Lee, Mr. Ramer, Mr. Tibbits, and Mr. Vortmann. No — None. Abstain — None. Absent — None.

18. ADJOURNMENT

Chair Halpern adjourned the meeting at 12:10 p.m.
## INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE
### MEETING ATTENDANCE FOR MAY 10, 2017

<table>
<thead>
<tr>
<th>JURISDICTION/ORGANIZATION</th>
<th>NAME</th>
<th>ATTENDING</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance/Budgeting</td>
<td>Stewart Halpern</td>
<td>Yes</td>
<td>Chair</td>
</tr>
<tr>
<td>Biology/Environmental</td>
<td>Dustin Fuller</td>
<td>Yes</td>
<td>Vice Chair</td>
</tr>
<tr>
<td>Contractor/Construction</td>
<td>Brad Barnum</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Right of Way Acquisition</td>
<td>Carolyn Lee</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Licensed Engineer</td>
<td>Kai Ramer</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Licensed Civil/Traffic Engineer</td>
<td>Jonathan Tibbitts</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Private Sector</td>
<td>Dick Vortmann</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

### ADVISORY MEMBERS LISTED BELOW (ATTENDANCE NOT COUNTED FOR QUORUM PURPOSES)

- San Diego County Auditor’s Office: Tracy Drager (1st Alt.) Yes

### SANDAG STAFF MEMBERS LISTED BELOW

- Kim Kawada, Chief Deputy Executive Director
- José Nuncio, TransNet Department Director
- Veronica Serrano, Associate Project Control Analyst
- Ariana zur Nieden, Senior TransNet Program Manager
San Diego Association of Governments — TransNet Program

INDEPENDENT TAXPAYER
OVERSIGHT COMMITTEE

June 14, 2017

AGENDA ITEM NO.: 3

Action Requested: INFORMATION

TransNet ENVIRONMENTAL MITIGATION PROGRAM: Land Management Grant Program Quarterly Status Update

File Number 1200300

Introduction

The Board of Directors entered into a Memorandum of Agreement (MOA) with state and federal agencies on the implementation of the Environmental Mitigation Program (EMP). Originally signed on February 22, 2008, the MOA was most recently amended on April 26, 2013.

A provision of the MOA allocates $4 million annually for ten years to implement regional habitat management and monitoring efforts to help maintain the region’s biological integrity with the intention of avoiding future listing of endangered species. Allocation of the $4 million is done on an annual basis by the Board of Directors pursuant to a funding strategy (originally approved on December 15, 2006, and last updated by the Board of Directors on September 23, 2016).

The Board of Directors allocates a portion of the $4 million annually for the TransNet EMP Land Management Grant Program. The purpose of this report is to provide the FY 2017 third quarter status report (covering January 1, 2017, to March 31, 2017) (Attachment 1) to the Independent Taxpayer Oversight Committee (ITOC).

Next Steps

The next quarterly status report of active land management grant projects (covering April 1, 2017, to June 30, 2017) is expected to be presented in September 2017 to the ITOC and Regional Planning and Transportation Committees.

Attachment: 1. June 2, 2017, Regional Planning and Transportation Committees Joint Meeting Agenda Item No. 2

Key Staff Contact: Sarah Pierce, (619) 699-7312, sarah.pierce@sandag.org
TransNet ENVIRONMENTAL MITIGATION PROGRAM:
LAND MANAGEMENT GRANT PROGRAM QUARTERLY
STATUS UPDATE

Introduction

The Board of Directors entered into a Memorandum of Agreement (MOA) with state and federal agencies on the implementation of the TransNet Environmental Mitigation Program (EMP). Originally signed on February 22, 2008, the MOA was most recently amended on April 26, 2013.

A provision of the MOA allocates $4 million annually for ten years to implement regional habitat management and monitoring efforts to help maintain the region’s biological integrity, thus helping to avoid the future listing of endangered species. The Board of Directors allocates a portion of the $4 million annually for the TransNet EMP Land Management Grant Program to assist land managers in filling funding gaps to promote regional priorities. The purpose of this report is to provide information to the Committees on the quarterly status of active land management grant projects (Attachment 1).

Discussion

The TransNet Extension Ordinance and Expenditure Plan, approved by voters in November 2004, includes the EMP, which provides funding to mitigate habitat impacts from regional and local transportation projects, and provides funding for regional land management and biological monitoring. A portion of this funding is distributed through a competitive Land Management Grant Program, which is administered consistent with the requirements identified in Board Policy No. 035: Competitive Grant Program Procedures.

Since the program’s inception, 98 land management grants totaling approximately $14.6 million in TransNet funding have been awarded to land management entities in the region through a competitive grant program. Eligible applicants include land managers from private and nonprofit organizations, local jurisdictions, and other government agencies. On November 18, 2016, the Board of Directors awarded funding to 17 new grants. Contracts have been executed for 16 out of 17 new grants and the remaining contract is being finalized.
As of the first of the year, 71 of the land management grants have been completed, 26 grants were active, and contract preparation was underway for one grant project. During this quarterly reporting period (January 1, 2017, through March 31, 2017), one additional project was completed: the California Least Tern Project by the San Diego Audubon Society. Attachment 1 provides the status of the remaining 25 active land management grants.

Projects under the EMP Land Management Grant Program are placed on the “watch list” if a grantee is not making timely progress toward their milestones (which are defined in Board Policy No. 035) and the grantee has not yet sought corrective action. Delays in tasks leading up to either the award of a contract or project completion may place grantees on the watch list. As of the date of this quarterly report, no projects are currently on the watch list.

**Grant Oversight**

SANDAG staff provides ongoing oversight of projects under the TransNet-funded EMP Land Management Grant Program through review of quarterly reports and invoices. Annual and quarterly status updates are provided to the Independent Taxpayer Oversight Committee (ITOC) and the Regional Planning and Transportation Committees.

Staff reviews quarterly reports to ensure that grantees are making timely progress with respect to Board Policy No. 035 provisions and to ensure that the project submission of deliverables matches the scopes of work in their grant contract agreements.

**Next Steps**

The next quarterly status report of active land management grant projects (covering April 1, 2017, to June 30, 2017) is expected to be presented in September 2017 to the ITOC and Regional Planning and Transportation Committees.

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


Key Staff Contact: Sarah Pierce, (619) 699-7312, sarah.pierce@sandag.org
### Status of Active TransNet EMP Land Management Grant Program Projects:
Reporting period Jan. 1 to Mar. 31, 2017

<table>
<thead>
<tr>
<th>FY</th>
<th>Date BOD Funding Approval</th>
<th>Contract #</th>
<th>IFAS Project #</th>
<th>Grantee</th>
<th>Project</th>
<th>Description of Project Activities</th>
<th>Grant Amount</th>
<th>Contract Execution Date</th>
<th>Contract / Project Expiration Date</th>
<th>Watch List*</th>
<th>Status</th>
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<tbody>
<tr>
<td>7th Cycle - FY 2015</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>1</td>
<td>2015</td>
<td>7/24/2015</td>
<td>5004735</td>
<td>1201301</td>
<td>Conservation Biology Institute</td>
<td>Brachypodium Phase 2</td>
<td>Control invasive grass, Brachypodium distachyon, in 4 locations by refining existing Brachypodium Best Management Practices.</td>
<td>$100,000</td>
<td>09/15/15</td>
<td>09/15/17</td>
<td>No</td>
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<td>2</td>
<td>2015</td>
<td>7/24/2015</td>
<td>5004731</td>
<td>1201305</td>
<td>City of Chula Vista</td>
<td>Otay River Valley and Salt Creek Cactus Wren</td>
<td>Increase the amount of suitable habitat and improve connectivity for the coastal cactus wren along Otay River Valley and Salt Creek through restoration and enhancement of degraded habitat areas.</td>
<td>$189,863</td>
<td>09/17/15</td>
<td>09/17/18</td>
<td>No</td>
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<tr>
<td>3</td>
<td>2015</td>
<td>7/24/2015</td>
<td>5004732</td>
<td>1200397</td>
<td>Mission Resource Conservation District</td>
<td>San Luis Rey, Santa Margarita &amp; San Dieguito Watersheds</td>
<td>Re-treatment of Arundo and maintenance of the right-of-entry (ROE) database, to allow re-treatments to occur on over 350 public and private properties in these watersheds.</td>
<td>$300,000</td>
<td>09/28/15</td>
<td>09/28/18</td>
<td>No</td>
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<td>4</td>
<td>2015</td>
<td>7/24/2015</td>
<td>5004738</td>
<td>1201304</td>
<td>County of San Diego</td>
<td>Furby-North Preserve</td>
<td>Addition of signage, fencing and gates on the Furby-North Property to prevent unauthorized access into and across the Property and allow for future active restoration of the unauthorized trails as outlined in the Resource Management Plan.</td>
<td>$119,046</td>
<td>10/20/15</td>
<td>08/20/17</td>
<td>No</td>
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<td>5</td>
<td>2015</td>
<td>7/24/2015</td>
<td>5004730</td>
<td>1200396</td>
<td>County of San Diego</td>
<td>Otay River Valley Cactus Wren</td>
<td>Restore and enhance areas of degraded habitat along Otay River Valley to increase the amount of suitable habitat and improve connectivity for the coastal cactus wren.</td>
<td>$66,840</td>
<td>10/20/15</td>
<td>10/20/18</td>
<td>No</td>
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<td>6</td>
<td>2015</td>
<td>7/24/2015</td>
<td>5004729</td>
<td>1200395</td>
<td>San Diego Audubon Society</td>
<td>Nuttall’s Lotus</td>
<td>Maintain and expand certain extant small and large populations of Nuttall’s Lotus within Mission Bay Park.</td>
<td>$110,017</td>
<td>09/14/15</td>
<td>09/14/18</td>
<td>No</td>
</tr>
<tr>
<td>7</td>
<td>2015</td>
<td>7/24/2015</td>
<td>5004734</td>
<td>1200399</td>
<td>San Elijo Lagoon Conservancy</td>
<td>Carlsbad Hydrologic Unit 2</td>
<td>Invasive plant re-treatments, limited new treatments, revegetation and habitat restoration, detailed mapping of invasive plants throughout the Carlsbad Hydrologic Unit.</td>
<td>$100,000</td>
<td>09/08/15</td>
<td>09/08/17</td>
<td>No</td>
</tr>
<tr>
<td>8</td>
<td>2015</td>
<td>7/24/2015</td>
<td>5004736</td>
<td>1201302</td>
<td>United States Fish and Wildlife Service</td>
<td>Mother Miguel Mountain</td>
<td>Protect sensitive species, including Mexican flannelbush and critical habitat on the southwestern slope of Mother Miguel Mountain, while managing public access and awareness.</td>
<td>$21,454</td>
<td>12/01/15</td>
<td>12/01/18</td>
<td>No</td>
</tr>
<tr>
<td>9</td>
<td>2015</td>
<td>7/24/2015</td>
<td>5004728</td>
<td>1200394</td>
<td>San Diego Zoo Global</td>
<td>Cactus Wren 2015</td>
<td>Implement active restoration of critical cactus wren habitat in the Lake Hodges area and developing a North County Cactus Nursery that will supply local native cacti to restoration projects throughout the region for 2 years.</td>
<td>$230,721</td>
<td>09/22/15</td>
<td>02/28/18</td>
<td>No</td>
</tr>
<tr>
<td>8th Cycle - FY 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004942</td>
<td>1201307</td>
<td>County of San Diego</td>
<td>Quino Habitat Restoration</td>
<td>Enhance and improve Quino butterfly habitat conditions and connectivity by closing roads to vehicle activity, preventing off-road vehicle use, installing fencing and signage to limit access, and controlling and removing non-native grasses.</td>
<td>$44,000</td>
<td>1/27/17</td>
<td>7/27/18</td>
<td>No</td>
</tr>
</tbody>
</table>

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Status of Active TransNet EMP Land Management Grant Program Projects:
Reporting period Jan. 1 to Mar. 31, 2017

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<th>Grant Amount</th>
<th>Contract Execution Date</th>
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</thead>
<tbody>
<tr>
<td>11</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004943</td>
<td>1201308</td>
<td>City of Chula Vista</td>
<td>Salt Creek Cactus Wren</td>
<td>Increase the quality of habitat and improve connectivity for the coastal cactus wren along Salt Creek through shrub thinning within suitable wren habitat.</td>
<td>$49,972</td>
<td>2/13/17</td>
<td>8/13/18</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>12</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004944</td>
<td>1201309</td>
<td>County of San Diego</td>
<td>Cactus Wren 2017</td>
<td>Installation of access control fencing to protect project area for current Otay River Valley Cactus Wren grant (#5004730). Signage will be installed to notify the public that the area is closed for habitat restoration.</td>
<td>$8,855</td>
<td>1/27/17</td>
<td>9/27/17</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>13</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004945</td>
<td>1201310</td>
<td>City of San Diego</td>
<td>Vernal Pool Restoration</td>
<td>Installation and maintenance of 5,000 linear feet of fencing to protect vernal pools at the Spring Canyon/Goat Mesa complex from further off-road damage.</td>
<td>$50,000</td>
<td>2/15/17</td>
<td>8/15/18</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>14</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004946</td>
<td>1201311</td>
<td>City of San Diego</td>
<td>Bernardo Bay Cactus Wren</td>
<td>Enhancement of habitat for coastal cactus wren at a 20 acre site in Bernardo Bay through weed removal, Opuntia planting, and installation of fencing and signage to control access points.</td>
<td>$50,000</td>
<td>3/8/17</td>
<td>6/8/18</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>15</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004947</td>
<td>1201312</td>
<td>Chaparral Lands Conservancy</td>
<td>Crest Canyon Veldt Grass</td>
<td>Treatment of invasive purple veldtgrass throughout the Crest Canyon Preserve, achieving greater than 90% reduction.</td>
<td>$49,991</td>
<td>4/5/17</td>
<td>10/5/18</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>16</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004948</td>
<td>1201313</td>
<td>Lakeside's River Park Conservancy</td>
<td>Riparian Restoration &amp;Arundo Removal</td>
<td>Arundo treatment and removal throughout an 11 acre parcel of “old growth” riparian forest along the San Diego River and coordinated development of a control plan to prevent re-infestation.</td>
<td>$48,895</td>
<td>2/22/17</td>
<td>8/22/18</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>17</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004949</td>
<td>1201314</td>
<td>San Elijo Lagoon Conservancy</td>
<td>Veldt Grass Removal</td>
<td>Begin phase 1 of eradication of perennial veldtgrass from SELER, reducing cover to less than 10% (100% reduction in coastal dunes).</td>
<td>$49,003</td>
<td>2/13/17</td>
<td>8/13/18</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>18</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004950</td>
<td>1201315</td>
<td>Living Coast Discovery Center</td>
<td>Pallid Bat</td>
<td>Surveying and monitoring to determine bat species composition around the Sweetwater Marsh Unit of San Diego Bay NWR. Surveys will be used to develop a site-specific management plan to be submitted for implementation by land owners.</td>
<td>$15,810</td>
<td>2/21/17</td>
<td>8/21/18</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>19</td>
<td>2017</td>
<td>11/18/2016</td>
<td>5004951</td>
<td>1201316</td>
<td>San Diego Audubon Society</td>
<td>Silverwood Wildlife Sanctuary</td>
<td>Invasive plant control in priority habitat areas within the reserve, reducing invasive cover by 90%. Approx. 65 acres of invasive species hotspots are to be treated with herbicide and 5 acres via hand management.</td>
<td>$36,301</td>
<td>2/15/17</td>
<td>8/15/18</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
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<tr>
<td>20</td>
<td>11/18/2016</td>
<td>5004952</td>
<td>1201317</td>
<td>Lakeside's River Park Conservancy</td>
<td>San Diego River Channel</td>
<td>Work with local authorities and organizations to address homeless encampments along the San Diego River between Santee and Lakeside. Coordinate volunteer river cleanups and public education campaigns.</td>
<td>$49,530</td>
<td>2/22/17</td>
<td>8/22/18</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>21</td>
<td>11/18/2016</td>
<td>5004953</td>
<td>1201318</td>
<td>San Diego Zoo Global</td>
<td>Native Seed Bank</td>
<td>Seed collection, processing, and maintenance for 8 plant species within for seed banking purposes in addition to bulking and propagation efforts required to provide seed for regional restoration projects; 3 of which are part of FY17 LMG cycle.</td>
<td>$492,396</td>
<td>3/13/17</td>
<td>3/13/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>22</td>
<td>11/18/2016</td>
<td>5004954</td>
<td>1201319</td>
<td>Chaparral Lands Conservancy</td>
<td>Otay Mesa Rare Plants</td>
<td>Seed collection and bulking for two rare species and the establishment of new occurrences for five MSP species through seeding, planting, and maintenance.</td>
<td>$141,319</td>
<td>4/5/17</td>
<td>4/5/22</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>23</td>
<td>11/18/2016</td>
<td>5004955</td>
<td>1201320</td>
<td>Chaparral Lands Conservancy</td>
<td>Proctor Valley Vernal Pools and Uplands</td>
<td>Restoration of 19 acres of vernal pool and coastal sage scrub habitat in Proctor Valley specific to the needs of MSP species and the establishment of two high-priority MSP plant species through collection, bulking, seeding, and maintenance efforts.</td>
<td>$393,864</td>
<td>4/5/17</td>
<td>4/5/22</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
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<tr>
<td>24</td>
<td>11/18/2016</td>
<td>5004956</td>
<td>1201321</td>
<td>San Elijo Lagoon Conservancy</td>
<td>North County Dunes 2</td>
<td>Phase 2 of North County Dunes Restoration Project focusing on the implementation and completion of site specific plan for Cardiff State Beach and invasive management and support for existing coastal dune and bluff species at South Carlsbad State Beach Campground.</td>
<td>$197,799</td>
<td>2/13/17</td>
<td>5/13/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
<tr>
<td>25</td>
<td>11/18/2016</td>
<td>5004957</td>
<td>1201322</td>
<td>Mission Trails Regional Park Foundation</td>
<td>San Diego Thornmint Restoration</td>
<td>Improve and expand areas occupied by San Diego thornmint in MTRP by restoring and enhancing degraded habitat.</td>
<td>$72,265</td>
<td>3/21/17</td>
<td>3/21/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones.</td>
</tr>
</tbody>
</table>

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Introduction

The Independent Taxpayer Oversight Committee (ITOC) provides an annual status report to the public and Board of Directors on the TransNet program, including the delivery of Major Corridor projects, overall program performance, and compliance with the requirements set forth in the TransNet Extension Ordinance.

Discussion

The draft 2017 ITOC Annual Report was presented for discussion to the ITOC at its May 10, 2017, meeting. The ITOC discussed edits to the report and appointed an annual report subcommittee to include Chair Stewart Halpern, Mr. Brad Barnum, and Mr. Dick Vortmann to review the revised report prior to the June ITOC meeting.

The revised draft of the 2017 ITOC Annual Report is included as Attachment 1. Suggested changes provided by ITOC members at the May 10, 2017, meeting have been incorporated. In addition, subsequent changes provided by the annual report subcommittee also have been added.

Recommendation

The ITOC is asked to review and approve the revised draft 2017 ITOC Annual Report, in substantially the same form as shown in Attachment 1, for presentation to the Board of Directors at its June 23, 2017, meeting. Alternatively, ITOC members could request that staff return to the July 12, 2017, ITOC meeting with any additional changes to the report for presentation at the July 28, 2017, Board of Directors meeting.

Attachment: 1. Revised Draft 2017 ITOC Annual Report

Key Staff Contact: Veronica Serrano, (619) 595-5317, veronica.serrano@sandag.org
Executive Summary
San Diego County voters originally approved the TransNet Ordinance and Expenditure Plan for 20 years (1988−2008) and subsequently extended the program for 40 years (2008−2048). Revenue from the half-cent sales tax—leveraged with significant funds from federal, state, and local sources along with borrowings against future revenue—funds highway, transit, and bike/pedestrian improvements, as well as smart growth and environmental conservation.

The TransNet Extension Ordinance and Expenditure Plan passed in November 2004 mandated that an Independent Taxpayer Oversight Committee (ITOC) composed of volunteer citizens be formed to:

- a) provide an enhanced level of accountability for the expenditure of funds under the Plan;
- b) help ensure that all Ordinance mandates are carried out as required; and
- c) develop recommendations for improvements to the financial integrity and performance of the program.

The Fiscal Year (FY) 2017 ITOC Annual Report provides an overview of what was accomplished in the year and a look at what the TransNet program has completed to date. This report includes several highlights:

- A summary of monitoring activities the ITOC undertook during the past year
- Detailed facts and figures about the funds that have been disbursed to individual jurisdictions for local streets and roads
- Highlights of the FY 2016 TransNet Annual Fiscal and Compliance Audit
- Snapshots of TransNet-funded projects completed or underway—more than 20 capital projects were either under construction or completed last year
- Details of ongoing efforts to strengthen the transparency, accountability, and accuracy of the forecasting process for TransNet revenues

To learn more about what the ITOC does and how you can get involved, visit sandag.org/itoc.

Stewart Halpern
ITOC Chair
in chart below. Although sales tax revenue has been lower than originally forecast, SANDAG has attracted more external funding than anticipated. The 40-year projection (2008–2048) for the TransNet program estimated that SANDAG would leverage “matching funds” in a one-to-one ratio from various federal government and state transportation initiatives for the TransNet Extension Major Corridor projects. Historically, the entire TransNet program (1988–2016) has leveraged matching funds at a ratio of about 3 to 1, much better than was projected by the TransNet Extension Ordinance, which more than offsets the shortfall in TransNet sales tax receipts.

In addition to the $2.2 billion of sales tax receipts through May 2017, the overall TransNet Extension Program also has benefited from $1.9 billion of long-term borrowing. These borrowings against future sales tax receipts have enabled the region to accelerate its work, and provided the two-fold benefit of taking advantage of lower construction costs as well as earlier in-service dates for numerous projects.

The cost of projects projected to be completed under the TransNet program is another variable to be considered. The final engineered scope of each project can vary significantly from the preliminary, conceptual scope that was used to develop the original 40-year TransNet plan. As work began on specific projects and their detailed scopes, locations, and improvements refined, in many cases the final design became more expensive than the original conceptual design. A good example of this is the Mid-Coast Trolley currently finishing its final design; the route has changed several times to satisfy citizens’ concerns, environmental and additional regulatory requirements, and growth on the UC San Diego campus. Parts of the Trolley system are now elevated to overcome some of the issues that occurred when the track was at ground level. These factors added costs as well as project benefits that will ultimately better serve the region and improve the transit network. For example, a station was added to serve the VA Medical Center, which was not originally included as part of the Mid-Coast project.

The actual cost to construct the project (i.e. the price of materials and labor, etc.) is another factor, as construction costs tend to fluctuate with the economy. The TransNet program realized significant savings from lower construction costs as a result of the “Great Recession,” and our ability to use bonding to advance projects enabled SANDAG to frontload projects and open them to the public sooner than a pay-as-you-go model.

There is no doubt that, coding errors aside, revenue and cost projections made over a 40-year time horizon will not match income and expenses tallied 40 years later. Members of the ITOC are hopeful the new data/forecasting management plan will enhance SANDAG’s ability to produce reasonable financial forecasts. More importantly, annual financial and compliance audits, triennial performance audits and regular oversight meetings, enable the ITOC to ensure that SANDAG continues to deliver on its promise of completing projects mandated by the Ordinance.
TransNet Progress to Date

Over the past three decades, TransNet funds have played a crucial role in the region’s ability to secure matching funds from federal, state, and other local sources and advance completion of major capital projects. Every TransNet dollar invested in completed projects has effectively been tripled by leveraging funds from other sources.

Approximately $3.3 billion in TransNet funding has been invested in completed projects as of spring 2016, and these funds have helped leverage more than $10 billion in outside funds to deliver more than 650 highway, transit, bike and pedestrian, habitat conservation, local street repairs, and grant projects and programs. When approved by a majority of voters in 2004, the TransNet Extension Ordinance anticipated a 1:1 match ratio for the Major Corridor Program – meaning that one outside dollar would anticipated to be leveraged for every TransNet dollar received.

From 1988 to 2016, the actual leverage ratio of outside funds to TransNet funds is 3:1 for the entire TransNet program from 1988 to 2016.

In 2005, the TransNet Early Action Program (EAP) was created to expedite congestion relief. The EAP advanced completion of projects, even during the depths of the Great Recession, by using long-term borrowing secured by future TransNet sales tax revenue to capitalize on low interest rates, low construction costs, and to seize competitive funding opportunities.

Promises Made, Promises Kept

As of early 2017, with about 31 years left on the TransNet Extension, 40 percent of the capital projects promised to voters under the TransNet measure have either been completed or are under construction. This was achieved by obtaining a little more than $1.8 billion of long-term debt financing and $4.3 billion state, federal and local funds, in addition to nearly $900 million in sales tax revenue received into the TransNet program to-date, for use on projects which are already completed or are currently in construction. In late 2016, SANDAG staff presented their estimates to complete the remaining Major Corridors program. At the time, the total cost of the remaining projects, net of debt service, was approximately $22.6 billion. The revenues anticipated at the time to be available to complete the remaining projects included a combination of TransNet, state and federal funds, including $4 billion in grants, state and federal formula funds and TIFIA loan proceeds already programmed to projects, and approximately $17.5 billion in anticipated state and federal formula funds and funding from state and federal future initiatives similar to the federal stimulus legislation and Proposition 1B. It should be noted that since then, the Governor approved Senate Bill 1 (Beall), which authorizes increases to fuel taxes and vehicle license fees, and which will provide funds to supplement existing TransNet and state and federal funds. Although SB1 program details are not yet available, this new fund source provides greater certainty that implementation of the Major Corridors program will continue to move forward resulting in completion of all projects by the end of the measure.

A comprehensive ten-year review of the TransNet program is scheduled to begin in FY 2018. This review will provide an overall status of progress on projects and programs since the start of the TransNet program. ITOC will provide recommendations to improve performance of the program as part of this review.

To take a virtual tour of TransNet-funded projects, view the story map on KeepSanDiegoMoving.com/TransNet.
Near Term: TransNet-Funded Projects Programmed Through FY 2021

TransNet funds are matched with other funds to deliver projects in the short-term under the 2016 Regional Transportation Improvement Program (RTIP). Covering a five-year period from FY 2017 to FY 2021, the RTIP is a multi-billion dollar program of projects planned by SANDAG and jurisdictions throughout the county. These projects are funded by federal, state, TransNet sales tax, and other local funding sources. The ITOC reviews projects proposed for funding with TransNet funds and does this as part of its review of the RTIP.

While the TransNet local sales tax dollars represent a relatively stable source critical to financing regional transportation programs and projects, when compared to federal, state, and other funding available, these outside fund sources constitute a proportionally larger share of the overall funding available.

Source: 2016 Regional Transportation Improvement Program

Implementing FY 2015 Triennial Performance Audit Recommendations

The ITOC continues to focus on the implementation of recommendations from the FY 2015 Triennial Performance Audit and receives regular updates on the completion status for each of the recommendations. The FY 2015 Triennial Performance Audit covered a three-year period between FY 2012 through FY 2014. It was performed with the assistance of an independent auditor and is available on the SANDAG website at sandag.org/itoc.

The auditors found strong practices in place at SANDAG and its partner agencies to guide and implement the wide variety of complex programs envisioned under the TransNet Extension Ordinance. Of particular importance, the audit concluded that SANDAG and its regional partners are operating a well-run TransNet program encompassing many best practices for program development and delivery, environmental mitigation, cost and schedule control, contracting and construction, and general management and oversight.
ITOC Activities for Fiscal Year 2017

The ITOC reviewed and advised on many key TransNet-supported programs during the July 1, 2016 to June 30, 2017 fiscal year:

- Conducted the FY 2016 TransNet Fiscal and Compliance Audits
- Continued to review implementation of the recommendations from the FY 2015 TransNet Triennial Performance Audit (covering fiscal years 2012 to 2014)
- Reviewed the Regional Transportation Improvement Program and its amendments for TransNet projects
- Continued to oversee the Environmental Mitigation Program (EMP), including review of the EMP funding recommendations, progress reports, acquisition of new parcels, and habitat management and monitoring activities
- Reviewed funding recommendations, progress reports, proposed grant amendments, and performance for the TransNet Senior Mini-Grant, Smart Growth Incentive, and Active Transportation Grant programs
- Continued to receive regular updates about the status of financial markets, state and federal budgets, and potential impacts to the TransNet program, as well as the performance of the TransNet debt program
- Reviewed TransNet program FY 2017 revenue revisions and FY 2018 to FY 2022 TransNet and transit-related revenue estimates and apportionments
- Reviewed the SANDAG work plan to improve data accuracy and modeling
- Reviewed the draft assumptions for the 2016–2017 TransNet Major Corridors Plan of Finance Update
- Reviewed quarterly financial reports and other financial data
- Recommended an annual ITOC operating budget for FY 2018, continuing to operate under budget
- Accepted the annual Regional TransportationCongestion Improvement Program (RTCIP) submittals from local jurisdictions, and reviewed the annual RTCIP fee adjustment
- Continued to receive annual status reports for each jurisdiction’s TransNet Local Street and Road Program, in addition to the following related updates:
  - TransNet Local Street and Road Program Performance Output and Outcome Report
  - The City of San Diego Transportation Capital Improvement Program streamlining plan and annual report on the city’s balance of TransNet local street and road funds
- Reviewed the proposed FY 2018 budget for the TransNet Early Action Program
- Reviewed progress reports on the TransNet program, including updates from corridor directors and project managers
- Selected an independent auditor to conduct the FY 2018 TransNet Triennial Performance Audit (covering fiscal years 2015 to 2017)
- Reviewed and recommended proposed amendments to the following:
  - SANDAG Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules
  - TransNet Extension Ordinance and related changes to the ITOC Bylaws
Fiscal Year 2017 TransNet Progress Highlights

2016 was a historic year for the TransNet Extension Program. Accomplishments included breaking ground on two mega projects: the Mid-Coast Trolley Extension and the North Coast Corridor Program. In total, some 20 transportation projects – funded by TransNet funds leveraged with state and federal dollars – were completed or got underway last year. Below are selected project highlights.

To learn more about what was accomplished last year, watch the 2016 recap video on [youtube.com/SANDAGregion](http://youtube.com/SANDAGregion).

**I-805 NORTH EXPRESS LANES PROJECT**
In June 2016, Caltrans and SANDAG completed the I-805 North Project, which created two carpool lanes between SR 52 and Mira Mesa Boulevard. The project included a direct access ramp at Carroll Canyon Road, enabling carpools, buses, and other eligible vehicles to go straight into the HOV lanes. The last phase of the project was opening the south-facing Direct Access Ramp.

**SR 15 COMMUTER BIKEWAY**
A new urban bikeway is taking shape to connect communities in the Mid-City area of San Diego with major retail, education and entertainment destinations in the Mission Valley area. Construction on the SR 15 Commuter Bikeway began in spring 2016 and is expected to be ready for bike riders in 2017. The bikeway is fully separated from traffic by a concrete barrier, and it also features lighting and wider sections that allow bike riders to rest or pass each other.

**LOSSAN/COASTAL RAIL CORRIDOR DOUBLE TRACKING**
Up and down the LOSSAN coastal rail corridor, where $1 billion of capital improvements are planned, several projects are under construction to expand the capacity of Metrolink, COASTER, Amtrak, and freight trains. Projects underway include: San Diego River Bridge Double Tracking, Elvira to Morena Double Tracking, Los Peñasquitos Bridges Replacement, and the Oceanside Transit Center. Currently, 67 percent of the LOSSAN corridor within the county is double tracked, up from 49 percent in 2008. Because of increased capacity in the rail corridor, in November 2016 AMTRAK added two trains per day between Los Angeles and San Diego, for a total of 12 daily round trips. In FY 2017, the LOSSAN corridor was awarded $66 million in state cap-and-trade funding.

**DOWNTOWN RAPID STATIONS**
In fall 2016, 11 uniquely branded Rapid stations opened in the heart of Downtown San Diego. Strategically spaced between two major transfer points – Santa Fe Depot and Smart Corner – the stations serve several Rapid routes that terminate in downtown, as well as the Airport Express. Project elements include stainless steel shelters, next arrival displays, security cameras, and pylon signs that serve as landmarks.

**SUPPORTING TRANSPORTATION FOR SENIORS**
In March 2017, the SANDAG Board of Directors approved the award of TransNet Senior Mini-Grants to 11 organizations to support their specialized transportation services for those 60 and older. These specialized services take seniors to shops, doctor's appointments, social excursions, and wellness programs. Approximately $3 million in Senior Mini-Grants will be made available in FY 2018 and FY 2019. Funded organizations and programs include: City of Oceanside – Solutions for Seniors on the Go; Jewish Family Services – On the Go Eastern San Diego and North County Inland; Renewing Life – Volunteer Driver Senior Transportation Program (serving South County); and Peninsula Shepherd Center – Out and About Peninsula Senior Transportation (serving Point Loma, Ocean Beach, and Midway/Sports Arena), among others.
FY 2017 Activities/Accomplishments (CONTINUED)

BAYSHORE BIKEWAY – NATIONAL CITY SEGMENT
In December 2016, elected officials and bike riders gathered to break ground on a new 2.25-mile segment of the Bayshore Bikeway. The new segment will extend from the San Diego-National City border south to the National City Marina. Currently, more than half of the 24-mile loop around San Diego Bay has been built and steady progress is being made to complete the remainder.

NORTH COAST CORRIDOR/ BUILD NCC
In November 2016, SANDAG and Caltrans broke ground on an initial package of freeway, rail, and environmental enhancement projects along the North Coast Corridor. This program is called Build NCC. Hailed by environmental advocates as a role model for integrated planning, Build NCC will extend carpool lanes on I-5, double track the coastal rail line, make bike and pedestrian improvements, and add sound walls along the freeway. As part of Build NCC, the San Elijo Lagoon will be restored.

I-805 SOUTH EXPRESS LANES PROJECT
As 2016 drew to a close, crews put final touches on a major phase of the I-805 South project in Chula Vista, which opened in early 2017. Improvements included a new Direct Access Ramp, transit station, and a Park & Ride at East Palomar Street. These new facilities will be vital to the operation of the future South Bay Rapid service.

ENVIRONMENTAL MITIGATION PROGRAM
The TransNet Environmental Mitigation Program has been a driving force for habitat conservation in the San Diego region. To date, the program has supported the acquisition of more than 8,600 acres for conservation, and has provided 98 land management grants, totaling $14.6 million, to local organizations for invasive plant removal, trail maintenance, and other efforts.

SR 76 EAST SEGMENT
In North County, construction is wrapping up on the last of a series of improvements to straighten curves and widen the eastern segment of SR 76. The bridge over Live Oak Creek opened to traffic in summer 2016, along with a new westbound lane. Work is ongoing to expand the Park & Ride at SR 76 and Old Highway 395. The entire SR 76 East Segment Project is expected to be complete in spring 2017.

SR 76 EAST SEGMENT
In North County, construction is wrapping up on the last of a series of improvements to straighten curves and widen the eastern segment of SR 76. The bridge over Live Oak Creek opened to traffic in summer 2016, along with a new westbound lane. Work is ongoing to expand the Park & Ride at SR 76 and Old Highway 395. The entire SR 76 East Segment Project is expected to be complete in spring 2017.

SR 76 EAST SEGMENT
In North County, construction is wrapping up on the last of a series of improvements to straighten curves and widen the eastern segment of SR 76. The bridge over Live Oak Creek opened to traffic in summer 2016, along with a new westbound lane. Work is ongoing to expand the Park & Ride at SR 76 and Old Highway 395. The entire SR 76 East Segment Project is expected to be complete in spring 2017.

SR 76 EAST SEGMENT
In North County, construction is wrapping up on the last of a series of improvements to straighten curves and widen the eastern segment of SR 76. The bridge over Live Oak Creek opened to traffic in summer 2016, along with a new westbound lane. Work is ongoing to expand the Park & Ride at SR 76 and Old Highway 395. The entire SR 76 East Segment Project is expected to be complete in spring 2017.

SR 76 EAST SEGMENT
In North County, construction is wrapping up on the last of a series of improvements to straighten curves and widen the eastern segment of SR 76. The bridge over Live Oak Creek opened to traffic in summer 2016, along with a new westbound lane. Work is ongoing to expand the Park & Ride at SR 76 and Old Highway 395. The entire SR 76 East Segment Project is expected to be complete in spring 2017.
Safeguarding your TransNet dollars

FY 2017 Activities/Accomplishments (CONTINUED)

I-5 GILMAN DRIVE BRIDGE
Construction on the Gilman Drive bridge over I-5 began in late 2016. The bridge will connect Gilman Drive to Medical Center Drive, and link the east and west campuses of UC San Diego, one of the region’s largest employers. Completion is anticipated in 2019.

I-5/GENESEE INTERCHANGE
Significant progress was made on the I-5/Genesee Interchange Project in 2016, and it’s slated to open in spring 2018. The project will replace the existing six-lane Genesee Avenue overpass with a ten-lane structure, widen freeway ramps, add an auxiliary lane on northbound I-5, and build a separated bike path that connects the Sorrento Valley COASTER station to Voigt Drive.

SOUTH BAY RAPID
Construction continues on a new Rapid route in South County, which will run 26 miles between Otay Mesa, eastern Chula Vista, and Downtown San Diego. A key element of the project is the nearly 6-mile-long transit-only lanes in the median of East Palomar Street and along Eastlake Parkway in Chula Vista. Service is expected to begin on this route in 2018.

MID-COAST TROLLEY EXTENSION
In October 2016, the Mid-Coast Trolley project broke ground, marking the beginning of the largest transportation project ever undertaken in the San Diego region. The federal government committed to provide $1 billion in matching funds for the project, which extends Blue Line Trolley service from Downtown San Diego to the University City community. Upon completion of this project (opening expected in 2021), a single-seat (no transfer) ride will be available on the Trolley from the U.S.–Mexico border to University City, serving key employment, healthcare, and education centers and destinations along the way.

INLAND RAIL TRAIL – SAN MARCOS SEGMENT
A new segment of the Inland Rail Trail running along the SPRINTER tracks in the City of San Marcos opened to the public in February 2017. The 1-mile path connects the intersection of West Mission Road and North Pacific Street to Cherimoya Drive at the county and city boundary. Construction on the next segment is underway and is expected to wrap up early next year. The entire San Marcos to Vista segment of the Inland Rail Trail is anticipated to be complete in 2019. When all phases are complete, the Inland Rail Trail will run 21 miles and link the cities of Oceanside, Vista, San Marcos, and Escondido, as well as unincorporated communities in the County of San Diego.

SMART GROWTH ALONG SR 78
A neighborhood off SR 78 in San Marcos has been transformed into a pedestrian-and bike-friendly environment thanks to a $1 million grant from the TransNet Smart Growth Incentive Program. Armorlite Drive between North Las Posas Road and Bingham Drive, just west of Mission Sports Park and south of the Palomar College SPRINTER station, features enhanced walkways, bike racks, lighting, and a protected bike path. The street improvements were completed last summer by the City of San Marcos, which matched the $1 million TransNet grant with another $1 million of its own funding, to get the project done.
Local Agency Street and Road Balances (AS OF JUNE 30, 2016)

On a regular basis, the ITOC reviews local agency street and road balances to assist in monitoring expected use of local TransNet funds. Agencies anticipating spending less than 75 percent of their cumulative allocation provide ITOC with a report on their jurisdiction’s project delivery status and plans to spend down funds. The cities of Carlsbad, Chula Vista, Encinitas, Escondido, and Oceanside submitted a status report on delivery and spend down plans for ITOC review. Of the $631 million raised for local street and road improvements, more than $540 million has been spent or is committed to be spent over the next five years.

<table>
<thead>
<tr>
<th>Local Agency</th>
<th>Cumulative (Actuals) Received</th>
<th>Cumulative Disbursed</th>
<th>Fiscal Year End Balances Total</th>
<th>ITOC Monitoring</th>
<th>Remaining (Unused) Programming</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY OF CARLSBAD</td>
<td>$27,112</td>
<td>$(10,744)</td>
<td>$17,146</td>
<td>36.8%</td>
<td>$4,020</td>
</tr>
<tr>
<td>CITY OF CHULA VISTA</td>
<td>42,161</td>
<td>(30,445)</td>
<td>11,712</td>
<td>72.1%</td>
<td>11,420</td>
</tr>
<tr>
<td>CITY OF CORONADO</td>
<td>4,877</td>
<td>(3,785)</td>
<td>1,092</td>
<td>76.7%</td>
<td>598</td>
</tr>
<tr>
<td>CITY OF DEL MAR</td>
<td>1,637</td>
<td>(4,002)</td>
<td>15</td>
<td>244.1%</td>
<td>(1)</td>
</tr>
<tr>
<td>CITY OF EL CAJON</td>
<td>18,501</td>
<td>(15,749)</td>
<td>3,000</td>
<td>83.8%</td>
<td>1,905</td>
</tr>
<tr>
<td>CITY OF ENCINITAS</td>
<td>14,934</td>
<td>(10,340)</td>
<td>4,778</td>
<td>68.0%</td>
<td>767</td>
</tr>
<tr>
<td>CITY OF ESCONDIDO</td>
<td>28,763</td>
<td>(16,757)</td>
<td>14,349</td>
<td>50.1%</td>
<td>10,952</td>
</tr>
<tr>
<td>CITY OF IMPERIAL BEACH</td>
<td>5,425</td>
<td>(5,085)</td>
<td>510</td>
<td>90.6%</td>
<td>344</td>
</tr>
<tr>
<td>CITY OF LA MESA</td>
<td>13,784</td>
<td>(13,536)</td>
<td>953</td>
<td>95.6%</td>
<td>440</td>
</tr>
<tr>
<td>CITY OF LEMON GROVE</td>
<td>5,437</td>
<td>(3,595)</td>
<td>1,310</td>
<td>76.1%</td>
<td>1,280</td>
</tr>
<tr>
<td>CITY OF NATIONAL CITY</td>
<td>10,589</td>
<td>(11,234)</td>
<td>657</td>
<td>103.7%</td>
<td>161</td>
</tr>
<tr>
<td>CITY OF OCEANSIDE</td>
<td>39,742</td>
<td>(28,977)</td>
<td>11,768</td>
<td>71.6%</td>
<td>7,671</td>
</tr>
<tr>
<td>CITY OF POWAY</td>
<td>11,526</td>
<td>(11,123)</td>
<td>889</td>
<td>92.3%</td>
<td>418</td>
</tr>
<tr>
<td>CITY OF SAN DIEGO</td>
<td>241,527</td>
<td>(203,595)</td>
<td>40,017</td>
<td>83.4%</td>
<td>35,854</td>
</tr>
<tr>
<td>CITY OF SAN MARCOS</td>
<td>17,057</td>
<td>(22,764)</td>
<td>7,379</td>
<td>132.9%</td>
<td>1,877</td>
</tr>
<tr>
<td>CITY OF Santee</td>
<td>10,923</td>
<td>(17,774)</td>
<td>655</td>
<td>161.6%</td>
<td>451</td>
</tr>
<tr>
<td>CITY OF SOLANA BEACH</td>
<td>3,489</td>
<td>(7,184)</td>
<td>532</td>
<td>206.2%</td>
<td>24</td>
</tr>
<tr>
<td>CITY OF VISTA</td>
<td>18,996</td>
<td>(16,052)</td>
<td>118</td>
<td>99.4%</td>
<td>(75)</td>
</tr>
<tr>
<td>COUNTY OF SAN DIEGO</td>
<td>115,035</td>
<td>(107,523)</td>
<td>20,512</td>
<td>92.3%</td>
<td>8,641</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$631,515</strong></td>
<td><strong>$(540,264)</strong></td>
<td><strong>$136,988</strong></td>
<td><strong>$86,057</strong></td>
<td><strong>$136,988</strong></td>
</tr>
</tbody>
</table>

1 Disbursements include formula-based regular monthly payments to local agencies as requested and may include program costs, debt service payments, and payments using debt proceeds.

2 For participants in the San Diego County Regional Transportation Commission Debt Program, bond and commercial paper proceeds are used in advance of future sales tax revenues and may include interest earned on the unspent proceeds (cash and investment balances). Borrowing will be paid with participants’ future sales tax revenue. Revenue used for borrowing plus disbursements to each jurisdiction will not exceed funding allowable per the TransNet Extension Ordinance.

3 Monitoring threshold. Amounts exceeding 100% may show estimated percentage spent in excess of available funds that may be due to debt proceeds disbursed and/or programmed based on two years of allocations.

4 Remaining biennial programmed amounts unused at June 30, 2015, that were available to the cities to request through June 30, 2016.

5 Balances Held include sales tax, interest earned, and other revenue and therefore is not the net of Cumulative (Actuals) Received and Cumulative Disbursed.
The TransNet Extension Ordinance requires recipients of TransNet funds to undergo an independent annual fiscal and compliance audit. These audits are in the form of agreed-upon procedures (AUP) and include certain requirements of the Ordinance, SANDAG Board Policy, and requests of the ITOC. The ITOC is responsible for issuing an annual audit statement for each jurisdiction’s compliance with these requirements. The Summary of Results and AUP reports for the year ended June 30, 2016, are available on the SANDAG website at sandag.org/itoc.

Recipient agencies were in compliance with the major TransNet provisions. The audit noted the following key results:

- As required by SANDAG Board Policy No. 031, each recipient agency accounted for TransNet activities in a separate fund, or via an alternative method, as approved by SANDAG.
- Revenues for each recipient agency were recorded and expenditures reported by all recipient agencies were allowable in accordance with the TransNet Ordinance, TransNet Extension Ordinance, and SANDAG Board Policy No. 031.
- SANDAG appropriately allocated TransNet revenues – at least 70 percent for congestion relief purposes and up to 30 percent for maintenance purposes – in accordance with the TransNet Extension Ordinance.
- Revenue collected by each city and the County of San Diego under the Regional Transportation Congestion Improvement Program was in compliance with Section 9 (a) of the TransNet Extension Ordinance and SANDAG Board Policy No. 031.
- FY 2016 was the eighth year recipient agencies were required to perform the agreed-upon procedures under the TransNet Extension Ordinance. Based upon results of the procedures performed, the report also noted the following:
  - All street and road recipient agencies, except the City of Lemon Grove, were in compliance with the Maintenance of Effort (MOE) requirement ensuring that TransNet revenues were used to augment, not supplant, local revenues. The City of Lemon Grove reported an unmet MOE requirement in the amount of $21,196 for the year ended June 30, 2016. The SANDAG Board of Directors approved allowing the City of Lemon Grove until June 30, 2019, to make up the deficit in accordance with the TransNet Extension Ordinance.
  - All reporting agencies, with the exception of the cities of Escondido, La Mesa, Poway, and San Marcos were in compliance with Board Policy No. 031, Rule #17, Section IV, requiring TransNet recipient agencies to maintain a fund balance that does not exceed 30 percent of its annual apportionment. Local Street and Road funds will be withheld from these jurisdictions until such time that the Director of Finance certifies they have gained compliance.
  - The North County Transit District (NCTD) was in compliance for operator eligibility requirements for both bus and rail services. The SANDAG Board of Directors approved an adjustment to the MTS annual calculation for operator rail eligibility requirements, as allowed by the Ordinance, thereby rendering the agency in compliance.
Compliance with the Maintenance of Effort Requirement

The TransNet Extension Ordinance includes a Maintenance of Effort (MOE) requirement to ensure TransNet revenues are used to augment, not supplant, existing local funding. TransNet funds are used to leverage other revenues available for local street and road improvements – making the most of every TransNet dollar. The FY 2016 audits found that all local street and road recipient agencies, except the City of Lemon Grove, were in compliance with the MOE requirement. The SANDAG Board of Directors approved allowing the City of Lemon Grove until June 30, 2019, to make up the shortfall in accordance with the TransNet Extension Ordinance.

FISCAL YEAR 2016

<table>
<thead>
<tr>
<th>Recipient Agency</th>
<th>In Compliance</th>
<th>Streets and Roads</th>
<th>Specialized Transportation Services</th>
<th>Transit Bus Subsidies</th>
<th>Deficit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARLSBAD</td>
<td>Yes</td>
<td>$4,897,196</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHULA VISTA</td>
<td>Yes</td>
<td>2,999,670</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CORONADO</td>
<td>Yes</td>
<td>685,316</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL MAR</td>
<td>Yes</td>
<td>368,365</td>
<td>16,973²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL CAJON</td>
<td>Yes</td>
<td>1,402,896</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENCINITAS</td>
<td>Yes</td>
<td>1,665,638</td>
<td>46²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESCONDIDO</td>
<td>Yes</td>
<td>2,534,929</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMPERIAL BEACH</td>
<td>Yes</td>
<td>2,177,840</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA MESA</td>
<td>Yes</td>
<td>1,530,076</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEMON GROVE</td>
<td>No</td>
<td>147,377</td>
<td></td>
<td></td>
<td>21,196</td>
</tr>
<tr>
<td>NATIONAL CITY</td>
<td>Yes</td>
<td>1,459,882</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OCEANSIDE</td>
<td>Yes</td>
<td>2,321,866</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POWAY</td>
<td>Yes</td>
<td>884,681</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAN DIEGO</td>
<td>Yes</td>
<td>19,384,257</td>
<td>143,433²</td>
<td>772,157²</td>
<td></td>
</tr>
<tr>
<td>SAN MARCOS</td>
<td>Yes</td>
<td>3,804,565</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SANTEE</td>
<td>Yes</td>
<td>485,044</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOLANA BEACH</td>
<td>Yes</td>
<td>416,150</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VISTA</td>
<td>Yes</td>
<td>2,098,885</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COUNTY OF SAN DIEGO¹</td>
<td>Yes</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Yes = In Compliance No = Not in compliance — = Not applicable

¹The County does not have discretionary expenditures or projects that can be reported under the MOE.
²Only the cities of Del Mar, Encinitas, and San Diego have a specialized transportation services requirement. The City of San Diego also has a transit bus subsidy requirement.

Note: The MOE requirement is re-indexed every 3 years. The FY 2012 agreed-upon procedures process included re-indexing for FY 2015, 2016, and 2017.
The ITOC plays a valuable role in the ongoing improvement and enhancement of the financial integrity and performance of the TransNet program. Below are descriptions of key FY 2017 activities to be carried forward into FY 2018.

**Upcoming Triennial Performance Audit**

Per the TransNet Extension Ordinance, the ITOC conducts triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet-funded projects and programs to review project delivery, cost control, schedule adherence, and related activities. In May 2017, the ITOC selected an independent performance auditing firm, with over a decade of prior public service experience in the California State Auditor’s Office, to conduct the next triennial performance audit. The ITOC performance audit subcommittee will work closely with the auditors beginning summer 2017.

**Ongoing Monitoring of Financial Markets and the FY 2017 and FY 2018 TransNet Revenue Forecast**

Quarterly briefings are provided to the ITOC to keep us informed about the latest developments in the financial markets, the economy, and sales tax revenues, and the strategies being explored and implemented to seize opportunities and minimize possible impacts on the TransNet program. In FY 2017, the TransNet revenue anticipated growth rate was revised from 3.5 percent to 2.6 percent above actual 2016 receipts. For FY 2018, a 3.3 percent growth is projected over the FY 2017 revised forecast.

**Upcoming 2016-2017 TransNet Plan of Finance Update**

Prior to approval by SANDAG Board of Directors, the annual TransNet plan of finance update is presented to the ITOC for review and discussion. In carrying out its role, the ITOC provides recommendations to enhance the financial integrity of the TransNet program.

The TransNet plan of finance is a strategic tool used to build a comprehensive financing strategy based upon estimated project costs, delivery schedules, and revenue forecasts. As a forward-looking document, the TransNet plan of finance assesses the financial capacity of the TransNet program in order to identify opportunities to advance completion of additional capital projects, as well as to identify the need to slow down, should rising project costs, decreasing revenues, or other external factors result in reduced financial capacity. Per ITOC’s request, proposed cost and revenue assumptions were presented to the ITOC in March 2017, prior to incorporation in the annual TransNet plan of finance update. The entire 2016-2017 TransNet Plan of Finance Update is scheduled to be presented in summer 2017 for ITOC review.

**Enhancing Transparency, Accountability, and Data Integrity**

In February 2017, the SANDAG Board of Directors adopted a seven-point data modeling and accuracy work plan developed by agency staff to strengthen the transparency, accountability, and accuracy of SANDAG data, analytics, and modeling programs. The Board of Directors asked the ITOC to provide input on the seven elements of the work plan. As part of its review, the ITOC stressed the importance of presenting information in a more digestible format and supported the proposed methods to ensure data and analytic transparency, including continued infographic representation of data. The ITOC also provided further recommendations for other areas of improvement. The FY 2018 TransNet Triennial Performance Audit will address ITOC review of these activities in support of continued enhanced transparency and accountability. Going forward, staff will present ongoing progress reports to the Board of Directors and the ITOC to ensure both remain informed about the implementation of the work plan.

To learn more about the ongoing work to strengthen the agency’s forecasting capabilities, visit sandag.org/workplan.
ACCEPTANCE OF THE FY 2016 TransNet FISCAL
AND COMPLIANCE AUDIT REPORTS

Introduction

The San Diego Transportation Improvement Program Ordinance and Expenditure Plan (Ordinance 04-01) specifies certain requirements for the recipients of TransNet funds, including a requirement for an independent annual fiscal and compliance audit of each recipient of TransNet funds. In accordance with the TransNet Extension Ordinance, the Independent Taxpayer Oversight Committee (ITOC) is required to share the initial findings of the independent fiscal audits and its recommendations with the Transportation Committee 60 days prior to their release to resolve inconsistencies and technical issues related to the draft report and recommendations.

Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules contains several rules detailing administration of the TransNet Program and addressing the fiscal and compliance audit procedures. In accordance with the audit schedule contained in Rule No. 17, Section I, Fiscal and Compliance Audit Procedures, ITOC Chair Stewart Halpern presented the initial draft audit results and findings for TransNet recipients to the ITOC at its March 8, 2017, meeting. Draft audits may be viewed at sandag.org/uploads/meetingid/meetingid_4483_21657.pdf.

Recommendation

The ITOC is asked to accept the final FY 2016 TransNet fiscal and compliance audit reports as prepared by the independent certified public accounting firm of Davis Farr LLC in accordance with the agreed-upon procedures (AUP), so the final audit reports may be issued.

Discussion

The independent certified public accounting firm of Davis Farr LLC performed the FY 2016 TransNet fiscal and compliance audit for the sales tax revenue recipient agencies using the FY 2016 AUP previously approved by the ITOC on July 13, 2016. The AUP include requirements specific to the TransNet Extension Ordinance and Board Policy No. 031. In accordance with the TransNet Extension Ordinance and Rule No. 17 of Board Policy No. 031, Davis Farr LLC presented the initial draft audit results and findings for TransNet recipients to the ITOC at its March 8, 2017, meeting. Draft audits may be viewed at sandag.org/uploads/meetingid/meetingid_4483_21657.pdf.
**Transit Operator Eligibility**

The San Diego Metropolitan Transit System (MTS) was in noncompliance with the rail services requirement at the time of the initial draft audits. At its March 24, 2017, meeting, the Board of Directors approved the MTS request to exclude certain costs from the rail services calculation, as permitted under Section 4(C)5 of the TransNet Extension Ordinance. The finding of MTS was removed from the draft report with the addition of the approved calculation as shown in procedure 10 in the attached report (Attachment 1).

**Maintenance of Effort Requirement**

The City of Lemon Grove was in noncompliance with the Maintenance of Effort (MOE) requirement at the time of the initial draft audits. At its March 24, 2017, meeting, the Board of Directors granted the City of Lemon Grove three years to meet its MOE shortfall in accordance with the TransNet Extension Ordinance. The City of Lemon Grove also modified its management response (Attachment 2) to the MOE finding as follows:

> The City agrees with the recommendation and requested that it be allowed until June 30, 2019, to cure the shortfall.

**Funding Eligibility Requests**

The MTS and City of Lemon Grove funding eligibility requests were considered on the following dates:

- **ITOC**
  - March 8, 2017
- **Transportation Committee**
  - March 17, 2017
- **Board of Directors (approval)**
  - March 24, 2017

**Next Steps**

The results of the FY 2016 TransNet fiscal and compliance audit reports will be incorporated into the 2017 ITOC Annual Report. At its June 14, 2017, meeting, the ITOC is scheduled to approve the final 2017 ITOC Annual Report for presentation to the Board of Directors.


Key Staff Contact: Lisa Kondrat-Dauphin, (619) 699-1942, lisa.kondrat-dauphin@sandag.org
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Year Ended June 30, 2016
INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the San Diego Metropolitan Transit System (MTS) was in compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2016. MTS’ management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the TransNet Ordinance and Expenditure Plan, TransNet Extension Ordinance, and SANDAG Board Policy No. 031.
   
   Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.
   
   Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the TransNet Grant Program spreadsheet.
   
   Results: This procedure is not applicable as MTS does not participate in the Grant Program.

4. We inquired of the recipient agency’s management and determined whether the recipient agency maintains a separate fund for TransNet revenues or has an alternative approach to maintaining separate accountability for reasonableness.
Results: Per discussion with management, the TransNet revenues and expenditures are not recorded in a separate fund, but MTS maintains separate accountability for all TransNet activity. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted MTS’ alternative approach.

5. We obtained a detailed general ledger for TransNet revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, TransNet funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

   a. We substantiated all footnotes required in Schedule A.

   Results: No exceptions were noted as a result of our procedures.

   b. We reviewed Schedule A and determined that the projects are properly classified and reported by TransNet program (i.e., original TransNet vs. TransNet Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

   Results: No exceptions were noted as a result of our procedures.

   c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

   Results: No exceptions were noted as a result of our procedures.

   d. We obtained a listing of TransNet payments made to the recipient agency from SANDAG staff. We compared the TransNet revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

   Results: No exceptions were noted as a result of our procedures.

   e. We identified the interest income reported for the fiscal year.

      i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency’s general ledger.
Results: This procedure is not applicable as there was no interest income required to be reported on Schedule A.

ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest income required to be reported on Schedule A.

f. We identified the total TransNet expenditures for the fiscal year.

i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: MTS recorded total TransNet expenditures in the amount of $47,076,892. We selected $13,172,565 (27.98%) for testing. No exceptions were noted as a result of our procedures.

iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the TransNet and TransNet Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency’s indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated,
the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: MTS allocated indirect costs to projects included in the RTIP for the year ended June 30, 2016 for Projects MTS23A and MTS33A at an overhead rate of 24.11% and a fringe rate of 70.63%. The FY16 rates were not reviewed by a cognizant agency. MTS did engage an independent accountant to perform agreed-upon procedures applied to the indirect cost rate. The results of the agreed-upon procedures performed by the independent accountant found the methodology to be consistent with Office of Management and Budget Circular A-87. Thus, we have determined the methodology to be reasonable. No exceptions were noted as a result of our procedures.

g. We determined that any amounts reflected in the “Adjustments” column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments noted.

h. We obtained a list of completed projects from the recipient agency that are reported by the TransNet program and MPO ID. We determined whether any remaining TransNet funds for completed projects were transferred to another TransNet-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

i. If the balance of a completed project had not been transferred to another TransNet-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no remaining balances for completed projects.

i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2017.

Results: This procedure is not applicable as there were no negative ending balances.
j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

l. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of TransNet funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of TransNet funds between projects.

m. We reported all non-TransNet activity separate from TransNet activity in Schedule A.

Results: This procedure is not applicable as MTS had no non-TransNet activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all TransNet Extension projects including TransNet funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by TransNet program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments reported on Schedule A.
c. We identified any completed projects reported in the prior year’s Schedule A and ensured that all completed projects were reported in the current year’s Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending fund balance per Schedule A for those projects that are derived from the recipient agency’s annual TransNet apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: MTS is in compliance with the 30% requirement as follows:

<table>
<thead>
<tr>
<th></th>
<th>Senior and Disabled</th>
<th>Transit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal year 2016 apportionment</td>
<td>$791,016</td>
<td>$29,821,291</td>
</tr>
<tr>
<td>Less: debt service payment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net estimated apportionment</td>
<td>791,016</td>
<td>29,821,291</td>
</tr>
<tr>
<td>30% base</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Fiscal year 2016 30% threshold</td>
<td>237,305</td>
<td>8,946,387</td>
</tr>
<tr>
<td>Less: Fund balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balance under apportionment</td>
<td>$237,305</td>
<td>$8,946,387</td>
</tr>
</tbody>
</table>

9. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2016.

10. We reviewed transit operator eligibility for receipt of funds.

a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year.
b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.

c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2015 to 2016 was -3.82%. In years in which the change in CPI is negative, the increase in total operating cost should be flat. For bus services, the change in total operating cost per revenue vehicle hour was a decrease of 3.47%. MTS was in compliance for operator eligibility for bus services. However, the change in total operating cost per revenue vehicle mile for rail services was not in compliance with the requirement. MTS submitted to the SANDAG Board, a request to calculate operator eligibility for rail services by excluding the non-cash adjustments in pension and workers' compensation liabilities. The cumulative effect of these non-cash adjustments were $1,534,013 and $423,243 for pension and workers' compensation, respectively. An adjustment for the change in liabilities will be made each year going forward. On March 24, 2017, the SANDAG Board of Directors approved MTS' request. Therefore, we have calculated operator eligibility for rail services excluding these two non-cash adjustments, and MTS is now in compliance with the requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cost for buses</td>
<td>$176,336,687</td>
<td>$168,742,546</td>
<td></td>
</tr>
<tr>
<td>Revenue vehicle hours</td>
<td>2,076,738</td>
<td>1,918,459</td>
<td></td>
</tr>
<tr>
<td>Total operating cost per revenue vehicle hour</td>
<td>$84.91</td>
<td>$87.96</td>
<td>(3.47)%</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>205.418</td>
<td>213.587</td>
<td>(3.82)%</td>
</tr>
</tbody>
</table>

Operating Cost per Revenue Vehicle Mile for Rail Services

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cost for rail</td>
<td>$74,521,491</td>
<td>$74,065,045</td>
<td></td>
</tr>
<tr>
<td>Revenue vehicle miles</td>
<td>8,673,789</td>
<td>8,596,143</td>
<td></td>
</tr>
<tr>
<td>Total operating cost per revenue vehicle mile</td>
<td>$8.59</td>
<td>$8.62</td>
<td>(0.35)%</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>205.418</td>
<td>213.587</td>
<td>(3.82)%</td>
</tr>
</tbody>
</table>
11. We reviewed and documented the status of any prior year findings and recommendations.

 Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency’s response to address the finding.

 Results: See the Findings and Recommendations section of this report.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the transit operator’s receipt and disbursement of TransNet funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
_______________, 2017
GLOSSARY OF TERMS

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“CPI” means Consumer Price Index for San Diego County. For the transit operators, CPI is taken from the Bureau of Labor Statistics West Information Office for San Diego, CA (1st Half 2016 of the Semiannual average indexes Table).

“Current Fiscal Year” means the fiscal period of July 1, 2015, through June 30, 2016.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including Metropolitan Transit System and North County Transportation Commission, that receives TransNet funding on an annual basis for one or more of the TransNet Programs.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the TransNet Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active TransNet projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency TransNet Extension Ordinance projects.

“TransNet Extension Ordinance” means the 2004 Proposition A.

“TransNet Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.
## SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet and TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2016

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Number</th>
<th>Project Name</th>
<th>Project Status</th>
<th>Funds</th>
<th>Interest</th>
<th>Project</th>
<th>MTS</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>July 1, 2015</td>
<td>Received</td>
<td>Income</td>
<td>Expenditures</td>
<td>Adjustments</td>
<td>June 30, 2016</td>
</tr>
</tbody>
</table>

### TransNet Extension:

#### Operating:

##### Senior and Disabled Transportation:

MTS 33A 47130 MTS Access

$ - $ 785,569 $ - $ (785,569) $ - $ -

Total Senior and Disabled Transportation

- 785,569 - (785,569) - - -

##### Transit and Trolley:

MTS 23A 47110 MTS Operating Support

- 29,543,787 - (29,543,787) - - -

MTS 32A 47110 MTS Preventive Maintenance

- 2,247,000 - (2,247,000) - - -

##### Major Transit Corridor Operations:

SAN 80 47140 SuperLoop

- 3,052,493 - (3,052,493) - - -

SAN 80 47150 Bus Rapid Transit

- 10,219,238 - (10,219,238) - - -

SAN 80 47170 Mid City Bus Rapid Transit

- 1,228,805 - (1,228,805) - - -

Total Major Transit Corridor Operations

- 14,500,536 - (14,500,536) - - -

Total Transit and Trolley

- 46,291,323 - (46,291,323) - - -

Total Operating

- 47,076,892 - (47,076,892) - - -

Total TransNet Extension

$ - $ 47,076,892 $ - $ (47,076,892) $ - $ -
### SAN DIEGO METROPOLITAN TRANSIT SYSTEM

*TransNet* Extension Activities  
Cumulative Schedule of Status of Funds by Project (Continued)  
Year Ended June 30, 2016

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>CIP Number</th>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>TransNet Extension</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Capital:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Major Corridor:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTS28</td>
<td>47120</td>
<td>Bus &amp; Rail Rolling Stock</td>
<td>$2,247,000</td>
<td></td>
<td>($2,247,000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Capital</td>
<td>$2,247,000</td>
<td></td>
<td>($2,247,000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Operating:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Senior and Disabled Transportation:</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>MTS 33A</td>
<td>47130</td>
<td>MTS Access</td>
<td>5,490,014</td>
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<td>(5,490,014)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Senior and Disabled Transportation</td>
<td>5,490,014</td>
<td></td>
<td>(5,490,014)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Transit and Trolley:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTS 23A</td>
<td>47110</td>
<td>MTS Operating Support</td>
<td>181,530,668</td>
<td></td>
<td>(181,530,668)</td>
<td></td>
</tr>
<tr>
<td>MTS 32A</td>
<td>47110</td>
<td>MTS Preventative Maintenance</td>
<td>14,591,092</td>
<td></td>
<td>(14,591,092)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Major Transit Corridor Operations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAN 80</td>
<td>47140</td>
<td>SuperLoop</td>
<td>6,453,165</td>
<td></td>
<td>(6,453,165)</td>
<td></td>
</tr>
<tr>
<td>SAN 80</td>
<td>47150</td>
<td>Bus Rapid Transit</td>
<td>27,336,459</td>
<td></td>
<td>(27,336,459)</td>
<td></td>
</tr>
<tr>
<td>SAN 80</td>
<td>47170</td>
<td>Mid City Bus Rapid Transit</td>
<td>1,284,926</td>
<td></td>
<td>(1,284,926)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Major Transit Corridor Operations</td>
<td>35,074,550</td>
<td></td>
<td>(35,074,550)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Transit and Trolley</td>
<td>231,196,310</td>
<td></td>
<td>(231,196,310)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Operating</td>
<td>236,686,324</td>
<td></td>
<td>(236,686,324)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Subtotal Cumulative TransNet Extension</strong></td>
<td>238,933,324</td>
<td></td>
<td>(238,933,324)</td>
<td></td>
</tr>
</tbody>
</table>

(Continued)
## Completed Projects:

### Capital:

#### Major Corridor:

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>CIP Number</th>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAN 67</td>
<td>47120</td>
<td>Blue Line Rehab</td>
<td>45,442,895</td>
<td>-</td>
<td>(45,442,895)</td>
<td>-</td>
</tr>
</tbody>
</table>

Total Completed Projects: 45,442,895

Total Cumulative TransNet Extension: $284,376,219

$ (284,376,219)
CITY OF LEMON GROVE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Year Ended June 30, 2016
INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Lemon Grove, California (City), was in compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2016. The City’s management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the TransNet Ordinance and Expenditure Plan, TransNet Extension Ordinance and SANDAG Board Policy No. 031.
   
   Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.
   
   Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the TransNet Grant Program spreadsheet.
   
   Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for TransNet revenues or has an alternative approach to maintaining separate accountability for reasonableness.
   
   Results: No exceptions were noted as a result of our procedures.
5. We obtained a detailed general ledger for TransNet revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, TransNet funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

b. We reviewed Schedule A and determined that the projects are properly classified and reported by TransNet program (i.e., original TransNet vs. TransNet Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

d. We obtained a listing of TransNet payments made to the recipient agency from SANDAG staff. We compared the TransNet revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

e. We identified the interest income reported for the fiscal year.

i. We reviewed interest income reported on Schedule A and matched it to the recipient agency’s general ledger.

Results: No exceptions were noted as a result of our procedures.

ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
f. We identified the total TransNet expenditures for the fiscal year.

i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency’s general ledger.

Results: No exceptions were noted as a result of our procedures.

ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total TransNet expenditures in the amount of $1,201,974. We selected $520,041 (43.27%) for testing. No exceptions were noted as a result of our procedures.

iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the TransNet and TransNet Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency’s indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.

g. We reviewed that any amounts reflected in the “Adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.
Results: This procedure is not applicable as there were no adjustments reported on Schedule A.

h. We obtained a list of completed projects from the recipient agency that are reported by the TransNet program and MPO ID. We determined whether any remaining TransNet funds for completed projects were transferred to another TransNet-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: This procedure is not applicable as there were no completed projects during the year ended June 30, 2016.

i. If the balance of a completed project had not been transferred to another TransNet-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no completed projects during the year ended June 30, 2016.

i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2017.

Results: No exceptions were noted as a result of our procedures.

j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
I. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of TransNet funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Results:** This procedure is not applicable as there were no transfers of TransNet funds between projects.

m. We determined whether the recipient agency reported all non-TransNet activity separate from TransNet activity in Schedule A.

**Results:** This procedure is not applicable as the City had no non-TransNet activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all TransNet Extension projects including TransNet funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by TransNet program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

**Results:** No exceptions were noted as a result of our procedures.

b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

**Results:** This procedure is not applicable as there were no adjustments reported on Schedule A.

c. We identified any completed projects reported in the prior year’s Schedule A and ensured that all completed projects were reported in the current year’s Schedule B by category.

**Results:** No exceptions were noted as a result of our procedures.

8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency’s annual TransNet apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual
apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2016 apportionment $692,196
Less: debt service payment -
Net estimated apportionment 692,196
30% base 30%
Fiscal year 2016 30% threshold 207,659
Less:
Local Streets and Roads fund balance -
Local Street Improvement:
   Congestion Relief fund balance (84,561)
   Maintenance fund balance (207,630)
Total Local Streets and Roads and Local Street Improvement fund balance (292,191)
Fund balance under apportionment $499,850

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2016 TransNet Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Funds Held by City</th>
<th>Funds Held by SANDAG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congestion Relief</td>
<td>(84,561)</td>
<td>1,510,366</td>
<td>1,425,805</td>
</tr>
<tr>
<td>Maintenance</td>
<td>(207,630)</td>
<td>331,958</td>
<td>124,328</td>
</tr>
<tr>
<td>Totals</td>
<td>(292,191)</td>
<td>1,842,324</td>
<td>1,550,133</td>
</tr>
</tbody>
</table>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency’s plan to cure the excess.

Results: The City has expended 26.97% of cumulative local street and road revenue for maintenance as indicated on the following page:
### City SANDAG Total

<table>
<thead>
<tr>
<th></th>
<th>City</th>
<th>SANDAG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congestion relief</td>
<td>$2,329,404</td>
<td>$1,435,655</td>
<td>$3,765,059</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1,261,955</td>
<td>300,215</td>
<td>1,562,170</td>
</tr>
<tr>
<td>Interest</td>
<td>15,482</td>
<td>106,454</td>
<td>121,936</td>
</tr>
<tr>
<td><strong>Total local street and road revenue</strong></td>
<td><strong>$3,606,841</strong></td>
<td><strong>$1,842,324</strong></td>
<td><strong>$5,449,165</strong></td>
</tr>
<tr>
<td>30% of total local street and road revenue</td>
<td></td>
<td></td>
<td>$1,634,750</td>
</tr>
<tr>
<td>Less maintenance expenditures incurred to date</td>
<td></td>
<td></td>
<td>1,469,697</td>
</tr>
<tr>
<td>Available maintenance funds</td>
<td></td>
<td></td>
<td>$165,053</td>
</tr>
<tr>
<td>Cumulative percentage expended for maintenance</td>
<td></td>
<td></td>
<td>26.97%</td>
</tr>
</tbody>
</table>

11. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG staff.

**Results:** This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2016.

12. We reviewed the MOE requirement.
   
a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.

b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

**Results:** The City was not in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. See Finding Number 1 in the Findings and Recommendations section of this report. MOE activity for the year ended June 30, 2016, is summarized as follows:
Current year local discretionary expenditures $126,181
Less MOE base year requirement (147,377)

Excess (shortfall) of MOE for the year ended June 30, 2016 $(21,196)

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
   a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

      Results: No exceptions were noted as a result of our procedures.
   b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

      Results: No exceptions were noted as a result of our procedures.
   c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
      i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

         Results: No exceptions were noted as a result of our procedures.
      ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

         Results: No exceptions were noted as a result of our procedures.
      iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

         Results: No exceptions were noted as a result of our procedures.
      iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

         Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
   v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon
dollar amount, and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the TransNet Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency’s plan to cure the excess.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the TransNet Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the TransNet Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.
xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

**Results:** The City provided RTCIP documentation to us for review on September 28, 2016.

xii. We summarized the recipient agency’s compliance with the requirements of Section G.2 of the RTCIP attachment to the TransNet Extension Ordinance.

**Results:** No exceptions were noted as a result of our procedures.

14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

**Results:** The City did not include any administrative projects in the RTIP.

15. We reviewed and documented the status of any prior year findings and recommendations.

**Results:** This procedure is not applicable as there were no prior year findings and recommendations.

16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency’s response to address the finding.

**Results:** See the Findings and Recommendations section of this report.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the City’s receipt and disbursement of TransNet funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.
(1) **Need to Meet Maintenance of Effort (MOE) Requirement**

The City did not meet its MOE requirement for Streets and Roads as follows:

- **Current year local discretionary expenditures**: $126,181
- **Less MOE base year requirement**: $(147,377)
- **Shortfall of MOE expenditures**: $(21,196)

*TransNet* Extension Ordinance Section 8 states, in part:

> “Each local agency receiving revenues pursuant to Section 4(D) shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years completed prior to operative date as of this Ordinance...”

**Recommendation**

We recommend that the City budget and incur adequate discretionary expenditures in order to meet its MOE requirement.

**Management Response**

The City agrees with the recommendation and requested that it be allowed until June 30, 2019 to cure the shortfall. The request was approved on the following dates:

- Independent Taxpayer Oversight Committee: March 8, 2017
- SANDAG Transportation Committee: March 17, 2017
- SANDAG Board of Directors: March 24, 2017
GLOSSARY OF TERMS


“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2015, through June 30, 2016.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the TransNet Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives TransNet funding on an annual basis for one or more of the TransNet Programs.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the TransNet Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the TransNet Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active TransNet projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency TransNet Extension Ordinance projects.

“TransNet Extension Ordinance” means the 2004 Proposition A.

“TransNet Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.
<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Project Status</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Project Status</th>
<th>Notes</th>
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</thead>
<tbody>
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<tr>
<td>LG16</td>
<td>7280</td>
<td>Storm Drain Rehabilitation - Congestion Relief</td>
<td>July 1, 2015</td>
<td>(147,604)</td>
<td>249,785</td>
<td>-</td>
<td>(170,561)</td>
<td></td>
<td>$ (68,380) (a)</td>
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<tr>
<td>LG18</td>
<td>7155</td>
<td>Traffic Improvements - Congestion Relief</td>
<td></td>
<td>(8,415)</td>
<td>8,508</td>
<td>-</td>
<td>-</td>
<td></td>
<td>93</td>
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<tr>
<td>LG20</td>
<td>7300</td>
<td>Street Improvements - Congestion Relief</td>
<td></td>
<td>(115,196)</td>
<td>545,269</td>
<td>-</td>
<td>(446,355)</td>
<td></td>
<td>(16,282) (a)</td>
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<td></td>
<td></td>
<td>Interest Income</td>
<td></td>
<td>8</td>
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<td>8</td>
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<td></td>
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<td>(271,207)</td>
<td>803,562</td>
<td>-</td>
<td>(616,916)</td>
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<tr>
<td>LG14</td>
<td>7310</td>
<td>Traffic Improvements - Preventive Maintenance</td>
<td></td>
<td>(81,228)</td>
<td>157,247</td>
<td>-</td>
<td>(160,866)</td>
<td></td>
<td>(84,847) (a)</td>
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<td>LG15</td>
<td>7290</td>
<td>Storm Drain Rehabilitation - Preventive Maintenance</td>
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<td>(89,053)</td>
<td>141,304</td>
<td>-</td>
<td>(84,511)</td>
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<td>(32,260) (a)</td>
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<td>LG17</td>
<td>7150</td>
<td>Street Improvements - Preventive Maintenance</td>
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<td>(82,991)</td>
<td>116,272</td>
<td>-</td>
<td>(123,807)</td>
<td></td>
<td>(90,526) (a)</td>
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<td>(253,269)</td>
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<td>(369,184)</td>
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<td>(207,630)</td>
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<td>(524,476)</td>
<td>1,218,385</td>
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<td>(986,100)</td>
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<td>(292,191)</td>
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<td>LG21</td>
<td>6204</td>
<td>Promenade Extension</td>
<td></td>
<td>(55,777)</td>
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<td>(116,890)</td>
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<td>(73,916) (a)</td>
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<td>Broadway DVSP</td>
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<td>(98,984)</td>
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<td>(94,319) (a)</td>
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<td>(55,777)</td>
<td>103,416</td>
<td>-</td>
<td>(215,874)</td>
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<td>(168,235)</td>
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<td></td>
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<td>Total Smart Growth Grant</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total TransNet Extension</td>
<td></td>
<td>(580,253)</td>
<td>1,321,801</td>
<td>-</td>
<td>(1,201,974)</td>
<td></td>
<td>(460,426)</td>
</tr>
</tbody>
</table>

**Notes:**
(a) The City expects to receive reimbursement from SANDAG in FY17 for funds expended in FY16.
<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>TransNet Extension:</strong></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td><strong>Local Street Improvements:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Congestion Relief:</strong></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>LG16 7280  Storm Drain Rehabilitation - Congestion Relief</td>
<td>$714,089</td>
<td>$2,858</td>
<td>$(785,327)</td>
<td>$(68,380)</td>
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<td></td>
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<td>LG18 7155  Traffic Improvements - Congestion Relief</td>
<td>74,816</td>
<td>308</td>
<td>(75,031)</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LG20 7190, 7193, 7300, 7170  Street Improvements -</td>
<td>1,476,499</td>
<td></td>
<td>(1,492,781)</td>
<td>(16,282)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Congestion Relief</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest Income</td>
<td>-</td>
<td>8</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Congestion Relief</td>
<td>2,265,404</td>
<td>3,174</td>
<td>(2,353,139)</td>
<td>(84,561)</td>
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<tr>
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<td><strong>Maintenance:</strong></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>LG14 7310  Traffic Improvements - Preventive Maintenance</td>
<td>498,146</td>
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<td>(582,993)</td>
<td>(84,847)</td>
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<td></td>
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<td>LG15 7290  Storm Drain Rehabilitation - Preventive</td>
<td>360,877</td>
<td>60</td>
<td>(393,197)</td>
<td>(32,260)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maintenance</td>
<td>402,932</td>
<td>49</td>
<td>(493,507)</td>
<td>(90,526)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest Income</td>
<td>-</td>
<td>3</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Maintenance</td>
<td>1,261,955</td>
<td>112</td>
<td>(1,469,697)</td>
<td>(207,630)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Local Street Improvements</td>
<td>3,527,359</td>
<td>3,286</td>
<td>(3,822,836)</td>
<td>(292,191)</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Smart Growth Grant:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>LG21 6204  Promenade Extension</td>
<td>306,066</td>
<td></td>
<td>(379,982)</td>
<td>(73,916)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LG23 7320  Broadway DVSP</td>
<td>4,665</td>
<td></td>
<td>(98,984)</td>
<td>(94,319)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Smart Growth Grant</td>
<td>310,731</td>
<td></td>
<td>(478,966)</td>
<td>(168,235)</td>
</tr>
</tbody>
</table>
### Completed Projects:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congestion Relief</td>
<td>64,000</td>
<td>12,196</td>
<td>(76,196)</td>
<td>-</td>
</tr>
<tr>
<td>Smart Growth Grant</td>
<td>1,895,000</td>
<td>-</td>
<td>(1,895,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Completed Projects</strong></td>
<td><strong>1,959,000</strong></td>
<td><strong>12,196</strong></td>
<td><strong>(1,971,196)</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

**Total Cumulative TransNet Extension**

<table>
<thead>
<tr>
<th>Funds Received</th>
<th>$5,797,090</th>
<th>Interest Income</th>
<th>$15,482</th>
<th>Project Expenditures</th>
<th>$ (6,272,998)</th>
<th>Project Status June 30, 2016</th>
<th>$ (460,426)</th>
</tr>
</thead>
</table>

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2016
## CITY OF LEMON GROVE, CALIFORNIA

### TransNet Extension Activities

#### RTCIP Fund

**Year Ended June 30, 2016**

<table>
<thead>
<tr>
<th>Project Year</th>
<th>Last Date to Commit funds</th>
<th>MPO ID</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Cumulative Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Fiscal Year ended June 30, 2009</td>
<td>June 30, 2016</td>
<td>LG13</td>
<td>$8,000</td>
<td>$282</td>
<td>-</td>
<td>$8,282</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2010</td>
<td>June 30, 2017</td>
<td></td>
<td>4,080</td>
<td>91</td>
<td>-</td>
<td>4,171</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2011</td>
<td>June 30, 2018</td>
<td></td>
<td>8,324</td>
<td>183</td>
<td>-</td>
<td>8,507</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2012</td>
<td>June 30, 2019</td>
<td></td>
<td>6,369</td>
<td>99</td>
<td>-</td>
<td>6,468</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2013</td>
<td>June 30, 2020</td>
<td></td>
<td>6,495</td>
<td>80</td>
<td>-</td>
<td>6,575</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2014</td>
<td>June 30, 2021</td>
<td></td>
<td>22,134</td>
<td>215</td>
<td>-</td>
<td>22,349</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2015</td>
<td>June 30, 2022</td>
<td></td>
<td>130,777</td>
<td>737</td>
<td>-</td>
<td>131,514</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2016</td>
<td>June 30, 2023</td>
<td></td>
<td>272,580</td>
<td>1,202</td>
<td>-</td>
<td>273,782</td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>2,304</td>
</tr>
<tr>
<td>Total RTCIP Funds</td>
<td></td>
<td></td>
<td>$458,759</td>
<td>$5,193</td>
<td>-</td>
<td>$(8,282)</td>
</tr>
</tbody>
</table>

**Cumulative Status**: $455,670 $187,081
Introduction

In June 2015, the Independent Taxpayer Oversight Committee (ITOC) accepted the FY 2015 TransNet Triennial Performance Audit report and recommendations. Staff provides the ITOC with the status of implementation of the recommendations on a regular basis. At the June 14, 2017, meeting, staff will provide an overview of progress made to date.

Discussion

The ITOC accepted the final FY 2015 TransNet Triennial Performance Audit (third triennial audit) report in June 2015. Attachment 1 reflects the status as of June 2017, including full completion to date of eight recommendations (Recommendation Nos. 2, 5, 6, 7, 11, 13, 14, and 18) and partial completion of one recommendation (Recommendation No. 9) since acceptance of the audit report. The status of the remaining nine recommendations and their anticipated completion timeframes are noted in Attachment 1.

The ITOC is asked to review and discuss the updated implementation status of audit recommendations.

Next Steps

The next regular update will be scheduled for presentation to the ITOC in winter 2017-2018. The next performance audit (fourth triennial audit) is scheduled to kick off in July 2017.


Key Staff Contact: Veronica Serrano, (619) 595-5317, veronica.serrano@sandag.org
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Report Reference</th>
<th>Priority</th>
<th>SANDAG Initial Response</th>
<th>Implementation Status as of September 2015</th>
<th>Implementation Status as of April 2016</th>
<th>Implementation Status as of January 2017</th>
<th>Implementation Status as of June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Utilizing data already captured, summarize</td>
<td>Chapter 1, pages 9-11</td>
<td>Low</td>
<td>SANDAG staff will develop a public Dashboard portal for reporting delivery performance on projects scheduled to advertise or open-to-public in the upcoming fiscal year. Lead Staff: Asitha Senanayake, Akeem Dowell ITOC Lead: Brad Barnum Discussions will be held with the SANDAG consultant (Atkins) for incorporating this delivery performance information into an upcoming task order. This is scheduled to be completed in 2016. The EAP Report Card is currently being developed and will be completed and provided for ITOC review in summer 2016. A first round of internal comment on the components of a Report Card has been completed. Staff is currently working with the SANDAG Dashboard consultant to develop a preliminary draft for internal review. A draft Report Card is scheduled for ITOC review in late calendar year 2017.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2. Improve SANDAG’s transit capital project management practices by finalizing SANDAG’s Construction Management Manual.</td>
<td>Chapter 2, pages 18-19</td>
<td>High</td>
<td>The final draft Construction Management Manual is scheduled for completion by fall 2015. Lead Staff: Ramon Ruelas ITOC Lead: Kai Ramer Three of a total seven sections of the draft Construction Management Manual have been finalized and published. Final draft versions for remaining sections have been completed and are scheduled to be published by spring 2016. Final draft was completed fall 2015. Final version pending legal review and any resulting edits. Final version anticipated to be ready for publication spring 2016. The Construction Management Manual was completed in spring 2016.</td>
<td></td>
<td></td>
<td></td>
<td>Completed</td>
</tr>
<tr>
<td>3. Closely monitor the risks associated with the implementation of the CM/GC approach being used on Major Corridor highway and transit projects and consider implementing leading practices, including:</td>
<td>Chapter 2, pages 19-21</td>
<td>High</td>
<td>A formal risk management program, that includes many standard industry best practices such as risk registers, design change control processes, cost estimate development consistency, lessons learned and strong communication practices among others, already is part of both the Mid-Coast Corridor Transit Project and the North Coast Corridor Program. SANDAG staff will continue monitoring the risks associated with implementing the CM/GC approach for Major Corridor projects and will consider implementing additional leading practices, as appropriate. Lead Staff: John Haggerty Allan Kopf ITOC Lead: Kai Ramer Mid-Coast Corridor Transit Project updates: Risk Register &amp; Analysis: Updated Mid-Coast risk register and closed/resolved risks. Completed an internal risk analysis of 65% cost estimate and project schedule. Change Control Process: Processing change control forms for FEIS to 65% design refinements. Lessons Learned: Held Guaranteed Maximum Price (GMP) negotiation lessons learned review after negotiating the wet utility GMP contract. Focused on the dedicated GMP negotiation team as a result of lessons learned review for the CM/GC rail and bikeway work. Communications Practices: Continued standing staff and discipline meetings. Held topic specific meetings on utilities, right of way, design and agreements. Cost Estimating: Compiled three independent 65% construction cost estimates (CM/GC, SANDAG Independent Cost</td>
<td></td>
<td></td>
<td></td>
<td>Completed</td>
</tr>
</tbody>
</table>

To better enhance project management and performance practices over the Major Corridor Capital Improvement Program, the ITOC should have SANDAG work with its partners to:

- Establishing performance goals and measuring results by comparing "traditional" project delivery time and original cost estimates to CM/GC model actuals and determining the value added and cost savings attributed to CM/GC value engineering and standard industry best practices.
- Establishing performance goals and measuring results by comparing "traditional" project delivery time and original cost estimates to CM/GC model actuals and determining the value added and cost savings attributed to CM/GC value engineering and standard industry best practices.
- Employing risk management practices to identify and manage risk through formal tools such as risk registries; and
- Implementing strong communication practices during both the pre-construction and construction phase.
<table>
<thead>
<tr>
<th>Recommendation</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Estimate, Engineer's Estimate) to be reconciled to a project construction budget number. North Coast Corridor Program update: Risk Register &amp; Analysis A project risk matrix has been implemented and is updated monthly. The risk planning process includes Caltrans, SANDAG, and the Contractor. Cost Estimating The Federal Highway Administration performed an independent cost certification and cost risk analysis and concurred with the project cost estimates to date. An independent cost estimator (ICE) has been selected and has been integrated into the costing process. Lessons Learned A process has been established between Caltrans and SANDAG to share CM/GC lessons learned for both the North Coast Corridor Program and Mid-Coast project. Performance Measures Preliminary CM/GC performance measurements have been developed and are in the process of being formalized.</td>
<td></td>
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</tr>
<tr>
<td>In September, 80% plan sets were provided to the CM/GC contractor and SANDAG's Independent Cost Estimating (ICE) Firm to start negotiating the GMP contract. The contractor, ICE, and the Engineer first resolved quantities and developed cost estimates which were the basis of negotiations. North Coast Corridor Program update: Risk Register &amp; Analysis Staff is currently in risk discussions with the ICE and the contractor. The refinement of the risk matrix, assignment of risk and the cost risk are anticipated to be completed by mid-May 2016. Cost Estimating Staff is working with the ICE to negotiate the indirect project costs with the contractor. Submission of the GMP by the ICE and the contractor is expected by mid-May 2016. Lessons Learned Staff is documenting lessons learned as the CM/GC process moves forward. After final GMP, a lessons learned summary will be produced. Performance Measures Performance measures continue to be developed and team discussions to incorporate measures in the project specifications are under way.</td>
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<tr>
<td>with FTA Region 9. Cost Estimating SANDAG's Independent Cost Estimating Firm supported the SANDAG negotiation in reaching a GMP with the contractor which was approved by the Board. The ICE and negotiating team remain as a resource to the SANDAG MCC Construction Office for change orders resulting from scope changes or field conditions. North Coast Corridor Program update: Risk Register &amp; Analysis As a part of the contract negotiation, a baseline construction risk matrix was established with Flatiron Skanska Stacy and Witbeck (FSSW) for Segment 1. The matrix will be continually managed throughout the construction duration collaboratively by CALTRANS/SANDAG and FSSW. Cost Estimating GMP for Segment 1 was submitted and agreed to in November 2016. The ICE also submitted an estimate. Several workshops were held to evaluate the estimates and resolve any significant differences. Lessons Learned Staff is documenting lessons learned as the CM/GC process moves forward. Lessons learned meeting for Contract 1 was held on 12/13/16. Lessons learned are being applied to current contract discussions. Partnering meetings for San Elijo Bridge Replacement construction were held on April 19, 2017, and May 17, 2017. Discussions focused on lessons learned and thought process of how contractor and construction management team view construction problems through a common goal of what's best for the project. Staff will present CM/GC lessons learned to the ITOC on 6/14/17. Communication Practices Process implemented Performance Measures The quarterly performance measures data collection has been implemented. Evaluation is ongoing. However, conclusions regarding the benefits and cost effectiveness of CM/GC (compared to other procurement methods) cannot be made until the contract is completed.</td>
<td></td>
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</tr>
<tr>
<td>Recommendation</td>
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<td>Implementation Status as of June 2017</td>
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</tr>
<tr>
<td>4. Begin to capture data and measure project delivery of transit capital projects on schedule and budget using metrics such as: • Percent of projects delivered on schedule and ready for construction; • Percent of change orders against original contract amount; and • Percent of projects delivered on budget.</td>
<td>Chapter 2, page 22</td>
<td>Medium</td>
<td>SANDAG staff will develop a public Dashboard portal for reporting delivery performance on projects scheduled to advertise or open-to-public in the upcoming fiscal year. In addition, SANDAG staff will begin capturing data on transit construction and right-of-way status similar to data currently captured on highway projects. This information includes risk and budgetary information used to assess project health during the right-of-way acquisition and construction phases. This will not be a public report as it contains confidential information. <strong>Lead Staff:</strong> Dave Schumacher/Asitha Seneviratne/Lamont Dowell <strong>ITOC Lead:</strong> Kai Ramer</td>
<td>Progress has been made on collecting data on transit construction and right-of-way status. Discussions will be held with SANDAG’s consultant for incorporating this delivery performance information into an upcoming task order. This is scheduled for completion in 2016.</td>
<td>Progress has been made on collecting data on transit construction and right-of-way status. Discussions will be held with SANDAG’s consultant for incorporating this delivery performance information into an upcoming task order. This is scheduled for completion in 2016.</td>
<td>A first round of internal comment on the components of a Report Card has been completed. Staff is currently working with the SANDAG Dashboard consultant to develop a preliminary draft for internal review. A draft Report Card is scheduled for ITOC review in late calendar year 2017.</td>
<td>The EAP Report Card development is in progress with an anticipated presentation to the ITOC in late calendar year 2017.</td>
</tr>
<tr>
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</tr>
<tr>
<td>5. Consider implementing one of the deployment options of the Regional Arterial Detection System Development Plan, or develop other alternative mechanisms to measure local street and road performance outcomes.</td>
<td>Chapter 3, page 28</td>
<td>High</td>
<td>Arterial detection would have limited benefit in measuring performance of projects currently being built in the Local Streets and Roads Program. However, arterial detection remains an Agency priority and will be installed as funds become available as a stand-alone or part of another capital project. Lead Staff: Alex Estrella ITOC Lead: Jonathan Tibbitts</td>
<td>Measurement of local street and road performance data is being examined through a third party data purchasing approach. This is scheduled for completion in late 2016.</td>
<td>Staff is examining a number of third party data vendors to understand the type, frequency, and accuracy of road performance data that can be provided. Progress is on track for completion late 2016.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Expand on existing available local street and road performance output data to report and summarize on improvements made to the local streets and roads network.</td>
<td>Chapter 3, pages 28-30</td>
<td>High</td>
<td>Staff has continued working with the ITOC and the Cities/County Transportation Advisory Committee to enhance the existing RTIP reporting software (ProjectTrak) to capture output data. This effort will be complete by late 2015 with full reporting by the local agencies scheduled to commence in 2016. Lead Staff: Alex Estrella/ Michelle Sonnabend/ Sue Alpert ITOC Lead: Jonathan Tibbitts</td>
<td>ProjectTrak reporting tool to capture performance output is under development with input from the Cities/County Transportation Advisory Committee (CTAC) and is expected to be implemented in early 2016.</td>
<td>The ProjectTrak reporting tool has been implemented as a first step in tracking outputs for the Local Street and Road program, and initial training on how to use the tool was provided to local agencies in January 2016. Local agencies began using the tool in March 2016. Data will be updated every two years to follow the TransNet Biennial. An initial draft output report by local agency is scheduled for review by the ITOC in summer 2016 as part of the Local Street and Road Program Annual Status report.</td>
<td>The Outcome and Output report was reviewed by the ITOC at its July 13, 2016, meeting. This information will be updated on a biennial basis to coincide with RTIP updates. The next update is scheduled for July 2018.</td>
<td></td>
</tr>
<tr>
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<td>Implementation Status as of June 2017</td>
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<tr>
<td>7.</td>
<td>Revisit the TransNet Ordinance and Expenditure Plan’s definitions between congestion relief and maintenance categories to allow local jurisdictions the ability to better program projects to meet local street and road needs.</td>
<td>Chapter 3, pages 30-33</td>
<td>Medium</td>
<td>Staff will discuss this recommendation with the ITOC and Cities/County Transportation Advisory Committee to determine potential changes to the Local Street and Road Program TransNet Ordinance and Expenditure Plan Implementation Guidelines. Lead Staff: Alex Estrella ITOC Lead: Jonathan Tibbitts</td>
<td>Work was initiated in June and currently underway with input from CTAC. Initial proposed recommendations are planned to be completed and presented by early 2016.</td>
<td>SANDAG staff and CTAC held several discussions during the CTAC 2015 meeting calendar, and at the October 1, 2016, CTAC meeting, consensus was reached on a proposed recommendation. CTAC expressed support for maintaining the current definitions at this time and exercising the existing option available under the guidelines that allow agencies to request an exception to this requirement by providing justification.</td>
<td>Completed</td>
</tr>
</tbody>
</table>

To continue strengthening the EMP to ensure TransNet funding is utilized in the most effective manner, the ITOC should have SANDAG:

<table>
<thead>
<tr>
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<th>Implementation Status as of January 2017</th>
<th>Implementation Status as of June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Continue efforts to market local mitigation program with money available for locals.</td>
<td>Chapter 4, page 39</td>
<td>Medium</td>
<td>SANDAG staff will continue its outreach efforts to local jurisdictions on the opportunities available under the TransNet EMP. Staff is currently working with two cities on specific mitigation needs. In addition, a presentation was made on January 8, 2015, to the SANDAG Technical Working Group to inform them of the program. A similar presentation will be made to the CTAC. Additional direct marketing will be explored, as necessary. Lead Staff: Keith Greer ITOC Lead: Dustin Fuller</td>
<td>A presentation was made to the Technical Working Group made up of the region’s Planning Directors to inform them of the EMP and existing mitigation banks. A similar presentation is scheduled for the region’s Public Works Directors at the Cities/County Transportation Advisory Committee (CTAC) for November 2015. Presentations have been made to both the Planning Directors through the Technical Working Group and the CTAC. Staff continues to share the information on a local streets and road conservation bank for use by the jurisdictions and the ability for SANDAG staff to work with their staff to help stratify their mitigation needs.</td>
<td>Presentations have been made to both the Planning Directors through the Technical Working Group and the CTAC. Staff continues to share the information on a local streets and road conservation bank for use by the jurisdictions and the ability for SANDAG staff to work with their staff to help stratify their mitigation needs.</td>
<td>Despite outreach efforts, demand for local street and road mitigation continues to be low. Discussions with public transportation staff at local jurisdictions have indicated that this is due to lack of new road impacts to native habitat and new roads are usually privately funded. Staff will continue to work with local jurisdictions to remind them of this opportunity to use the mitigation credits. SANDAG staff will try to tie in the mitigation bank credits with the current and future RTIP amendments and updates as an additional way to market the existing credits.</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Report Reference</td>
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<td>SANDAG Initial Response</td>
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<tr>
<td>9. Begin focusing on formally measuring results of mitigation efforts to implement the Resource Enhancement and Mitigation Program under the Public Works Plan and the results of efforts to implement the strategic goals and objective of the regional monitoring and management under the Management Strategic Plan and any other EMP efforts.</td>
<td>Chapter 4, pages 39-40</td>
<td>High</td>
<td>Both the Resource Enhancement and Mitigation Program (better known as the Management Strategic Plan) and the Public Works Plan have specific objectives and milestones. Staff will track progress of the plan’s implementation and incorporate into existing reporting requirements for annual funding requests and status reports. Lead Staff: Keith Greer ITOC Lead: Dustin Fuller</td>
<td>The FY 2016 annual work plan will be presented to the ITOC and Board in September. The plan includes an updated two-year work plan. In January 2016, a presentation will be made on the progress of EMP during calendar year 2015. This will include progress on the milestones. Staff is implementing the FY 2016-2017 Work Plan. A tracking database has been established that will measure the outcome of these implementation efforts. Specific milestones will be addressed each year during the budget allocation process for regional management and monitoring funding. The last annual report on the progress of the EMP was provided to ITOC on February 10, 2016. Funding allocations for regional management and monitoring recommended by the Transportation and Regional Planning Committees will be presented to ITOC in September 2016 prior to action by the SANDAG Board of Directors.</td>
<td>The updated Management Strategic Plan tracking system will be ready by January 2017 for tracking all regional management and monitoring. Tracking of the Public Work Plan Mitigation effort is currently being completed through spreadsheets. An online version tied to the TransNet Dashboard has been discussed with the TransNet Program office and implementation is anticipated in early calendar year 2018.</td>
<td>Tracking the efforts to implement the strategic goals and objective of the regional monitoring and management has started as part of the updated Management Strategic Plan through an interactive online portal at sdmmp.com. The plan has specific goals, objectives and milestones that can be queried by the user. Formally measuring results of mitigation efforts to implement the Resource Enhancement and Mitigation Program under the Public Works Plan is currently being tracked through a spreadsheet maintained by Caltrans. It is the intent to transition this spreadsheet to a module on the Transfer Dashboard to make it more accessible and transparent. This new Dashboard page would be initiated in summer 2017 and completed prior to January 2018.</td>
<td></td>
</tr>
<tr>
<td>10. Create methodology to quantify how much economic benefits have actually been achieved to compare against what was released to identify funding deficits on surpluses as part of the 10-year Comprehensive Review required by the TransNet Extension Ordinance.</td>
<td>Chapter 4, pages 40-41</td>
<td>High</td>
<td>Pursuant to the existing SANDAG Memorandum of Agreement to implement the EMP, the determination of the true economic benefit (actual costs to estimated costs) is to occur prior to 2018 and along with the TransNet 10-year Comprehensive Review. Staff will work on the proposed methodology; however, it will still be a few years in order to gather a larger pool of completed projects necessary to make a valid assessment. Lead Staff: Keith Greer/Marney Cox/Ray Major ITOC Lead: Dustin Fuller</td>
<td>This report will be started in 2017 when additional data is available. Keith Greer, Marney Cox, Ray Major, and outside consultant Jun Onaka have met to discuss how economic benefit was determined during the TransNet Extension Ordinance development. Starting in calendar year 2017, SANDAG will evaluate the results of the nine years of implementation. Actual verses estimated cost savings will be determined and included in the 10-year comprehensive review of TransNet. Methodology has been established. Analysis of the Economic Benefit accrued will be initiated in February 2017 with a final report to the SANDAG Board of Directors by February 2018. Methodology has been established. Analysis of the Economic Benefit has started with a final report to the SANDAG Board of Directors scheduled for early calendar year 2018.</td>
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<td>11.</td>
<td>Continue efforts to build user-friendly transit operations performance dashboards that report, MTS and NCTD transit performance data and results. Once MTS and NCTD dashboards are developed, SANDAG should provide a link to each agency's transit operations performance Dashboard in the transit portion of SANDAG's Dashboard.</td>
<td>Chapter 5, pages 45-46</td>
<td>Low</td>
<td>SANDAG staff will provide the link to each agency's transit operations performance Dashboard in the transit portion of the SANDAG Dashboard once both the MTS and NCTD dashboards are developed.</td>
<td>SANDAG staff will provide the link to each agency's transit operations performance Dashboard in the transit portion of the SANDAG Dashboard once both the MTS and NCTD dashboards are developed.</td>
<td>MTS and NCTD are currently developing their dashboards for their websites. In the interim, NCTD has published some static performance reports on their website at <a href="http://gonctd.com">gonctd.com</a> and MTS annually reports their system performance. The most recent MTS report will be available in mid-April 2016 at <a href="http://sdmts.com/about-mts/reports-records-and-policies">sdmts.com/about-mts/reports-records-and-policies</a>. Once the agencies are completed with their sites, SANDAG staff will provide a link to each of these through the SANDAG Dashboard.</td>
<td>Completed</td>
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To continue efforts assessing whether Grant Programs are administered efficiently and effectively and whether grant activities are meeting stated goals and requirements, the ITOC should have SANDAG:

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| 12. | Track and report grant performance data to identify whether grants are achieving program goals, including:  
• For Active Transportation and Smart Growth Incentive grant programs, implement processes to gather and analyze baseline performance data against actual results to fully assess project performance in meeting goals.  
• For Senior Mini-Grant Program, capture and report on all other performance metrics captured in the quarterly progress reports, where applicable, and show performance over time. | Chapter 6, pages 51-52 | Medium | For Active Transportation and Smart Growth Incentive Programs, as of the second cycle of funding for both programs, grant recipients are required to collect baseline data, which consists of pedestrian and bicycle counts, observation data, and intercept surveys, for capital projects. SANDAG staff will continue to require baseline data for capital projects. As projects are completed, SANDAG will obtain post-construction data and develop a procedure for analyzing and reporting baseline performance against actual results. Lead Staff: Christine Eary/ Carolina Ilc | For Active Transportation and Smart Growth Incentive Programs, SANDAG staff is working with newly awarded Cycle 3 capital grant recipients to gather baseline bicycle and pedestrian counts prior to project construction. Baseline and post-construction data is being collected for the second cycle of both grant programs. The subsequent cycle of grantees has also been required to collect baseline data. Post-construction data will be collected for that cycle once projects are completed. SANDAG is developing a procedure for analysis and reporting of grantee data scheduled for presentation to ITOC in summer 2016. Lead Staff: Christine Eary/ Carolina Ilc | SANDAG is developing analysis and reporting methods regarding baseline and post-construction performance. SANDAG is collecting post-construction data for completed grants, and is continuing to work with new grantees on baseline data collection. | Completed |

For the Senior Mini-Grant Program, SANDAG will work to determine which grantees can report on cost/service hour and passenger load to ensure these grantees begin accurately reporting this information with each invoice. SANDAG also will develop a separate data form for projects where these indicators are not applicable. Lead Staff: Danielle Kochman ITOC Lead: Carolyn Lee

For the Senior Mini-Grant Program, the new data form is being implemented as Cycle 8 Grant Agreements are executed. As we begin collecting this new data, staff will work with the ITOC to determine whether these additional performance metrics should be included in the quarterly reports for ITOC and Transportation Committee anticipated for presentation in late 2016.

For the Senior Mini-Grant Program, accurate data for the new performance indicators is now being collected. The February 2017 status update to the ITOC will report on these new measures.

SANDAG continues to work with new grantees on baseline data collection and anticipates reporting on Cycle 2 grants performance to the ITOC in summer/fall 2017.
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<td>13. Make minor changes to enhance grant site visits and reporting processes, including:</td>
<td>Chapter 6, pages 52-53</td>
<td>Low</td>
<td>For EMP, staff will include these items into progress audits. A standard template will be developed to be used accordingly. Lead Staff: Keith Greer ITOC Lead: Carolyn Lee</td>
<td>For EMP, SANDAG staff has completed a post-grant audit of all completed EMP grants. The recommendations of this audit, which includes evaluating how best to change the in-progress audit template and reporting requirements will be presented to EMP Working Group on September 8, 2015. The templates will be updated subsequently and provided to the remaining active land management grantees. Estimated completion is December 2015.</td>
<td>For EMP, SANDAG staff created an audit template for use during site visits. The template includes a space to provide a task description, task status, information on the expectations and deliverables and any issues identified for each task. In addition, the template includes a section for why the grantee was selected for review, and the project's budget, schedule, and site visit photos. In addition, SANDAG staff created a quarterly progress report template that is distributed to grantees for use after a Notice to Proceed is issued. The template requires that grantees provide information on work performed during the reporting period (by task), work anticipated for the next reporting period, information on any issues encountered and steps taken to address issues, as well as project photos. The quarterly report template was created in Fall 2015 and has been distributed to all grantees with active projects.</td>
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<td>o Expand site visit reports to include compliance with why grantee selected for review, budget and schedule, any issues identified and steps to resolve, and whether the grantee is on track to meet expectations and deliverables.</td>
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<td>o Implement a basic grantee progress reporting template to capture information such as a description of challenges and the grantee's corresponding plans for resolution.</td>
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<td>• For Senior Mini-Grant Program:</td>
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<td>o Expand monitoring checklist to include name, grant number, dates of site visit occurred, name of the SANDAG staff reviewer and the grantee.</td>
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<td>o Continue to work with grantees to consistently provide accurate and complete performance data such as number of units of service provided, cost per passenger trip, or vehicle service hour, and number of clients educated on transit usage, where applicable.</td>
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<td>For the Senior Mini-Grant Program, updates to the monitoring checklist will be incorporated by July 1, 2015. SANDAG also will continue working with grantees to consistently provide accurate performance data. For cost/passenger trip data, SANDAG will ensure that grantees that can report this information do so, as applicable. SANDAG also will develop a separate data form for projects where these indicators are not applicable. Lead Staff: Danielle Kochman</td>
<td>For the Senior Mini-Grant Program, the monitoring checklist update is complete A new line on the invoice review checklist ensures all performance metrics are consistently captured in the data report.</td>
<td>For the Senior Mini-Grant Program, the monitoring checklist update is complete A new line on the invoice review checklist ensures all performance metrics are consistently captured in the data report.</td>
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<td>14. Date stamp all grant applications to identify and demonstrate whether applications were received by stated deadlines.</td>
<td>Chapter 6, pages 54-55</td>
<td>Low</td>
<td>For the third cycle of Smart Growth Incentive and Active Transportation Grant Program funding, staff is developing an electronic submittal process for applications. This process will track the date and time that an application is received by SANDAG. Lead Staff: Carolina Gagaglic</td>
<td>For the most recent (third cycle) Smart Growth Incentive and Active Transportation Grant Program applications, an electronic submittal process was developed and included a confirmation e-mail sent immediately to recipients upon completion of the application with a copy to SANDAG staff. SANDAG has the copy of each confirmation e-mail for each application submitted.</td>
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<td>For EMP, this is not applicable. EMP grant applications are already date stamped. Lead Staff: Keith Greer</td>
<td>For EMP, this is not applicable. EMP grant applications are already date stamped.</td>
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<td>For Senior Mini-Grant Program, all submitted grant applications will be date stamped upon receipt during the next call for projects in 2016. Lead Staff: Danielle Kochman ITOC Lead: Carolyn Lee</td>
<td>For Senior Mini-Grant Program, staff is working on implementing electronic submittals of applications for Cycle 9, which will include a confirmation e-mail sent immediately to recipients upon completion of the application (anticipated to be due in late October 2016), with a copy to SANDAG staff, similar to what was used for the Smart Growth Incentive and Active Transportation Grant Programs.</td>
<td>Completed</td>
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To increase the effectiveness of the Active Transportation capital project delivery and management practices and improve performance monitoring and reporting, ITOC should have SANDAG:

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<td>15. Continue efforts to develop formal project delivery and management plans and ensure practices employed are consistent with other TransNet capital projects.</td>
<td>Chapter 7, pages 59-60</td>
<td>High</td>
<td>SANDAG will develop a project management plan for the Active Transportation Capital Improvement Program. Lead Staff: Linda Culp ITOC Lead: Stewart Halpern</td>
<td>The scope of work, schedule, and budget for the development of a project management plan is currently being developed. Project teams continue to informally use delivery and management techniques which are consistent with other capital projects (e.g., monthly project development team meetings, agendas, meeting minutes). The scope of work, schedule, and budget for the project management plan is anticipated to be completed by early 2016.</td>
<td>SANDAG staff continues to hold regular Project Development Team meetings for all Active Transportation capital improvement projects. The scope of work for the program management plan has been developed and a solicitation for a qualified consultant is underway. A notice to proceed is expected in spring 2017, and the plan is expected to be completed by late 2017/early 2018.</td>
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<td>16. Utilize project management tools used by other SANDAG capital project programs to monitor project schedules and costs. Also, validate data reported in the Dashboard for accuracy.</td>
<td>Chapter 7, page 59</td>
<td>High</td>
<td>SANDAG will build upon the financial reporting work initiated in FY 2015 in the Dashboard and validate data. SANDAG will develop project management tools through the program management plan (Recommendation No. 15). Lead Staff: Linda Culp/Asitha Seneviratne Lamont Dowell</td>
<td>See implementation status for Recommendation No. 15 above.</td>
<td>See implementation status for Recommendation No. 15 above.</td>
<td>See implementation status for Recommendation No. 15 above.</td>
<td>See implementation status for Recommendation No. 15 above.</td>
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<td>17. Set performance indicators and capture data, such as:</td>
<td>Chapter 7, pages 59-60</td>
<td>Medium</td>
<td>SANDAG staff will develop a public Dashboard portal for reporting delivery performance on bikeway projects scheduled to advertise or open-to-public in the upcoming fiscal year. The report will include information on project award amount related to the engineer's estimate and miles of bike path constructed related to total planned. SANDAG staff will assess the availability of accident and fatal bike crash information and investigate options for reporting bikeway system safety. Lead Staff: Linda Culp/Asitha Seneviratne Lamont Dowell</td>
<td>Changes to the Dashboard to incorporate these measures and implement the evaluation program are currently being developed, to include analysis of both pre- and post-construction use of regional bikeway projects, active transportation grant projects, and other data including consideration of the measures outlined as part of this recommendation. Changes to the Dashboard to incorporate these measures are anticipated to be phased in starting in summer 2016 through the rest of the calendar year.</td>
<td>The EAP Report Card is currently being developed and will be completed and provided for ITOC review in summer 2016.</td>
<td>A first round of internal comment on the components of a Report Card, including comments by SANDAG management, has been completed. Staff is currently working with the SANDAG Dashboard consultant to develop a preliminary draft for internal review. A draft Report Card is scheduled for ITOC review in late calendar year 2017.</td>
<td>The Regional Bikeways Program Report Card development is in progress with an anticipated presentation to the ITOC in late calendar year 2017.</td>
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<td>18. Adapting a method to alternate the ending terms of ITOC members so that no more than two terms end in any given year.</td>
<td>Chapter 8, page 62</td>
<td>High</td>
<td>SANDAG staff will review this recommendation with the ITOC to determine potential changes to ITOC member ending terms. Lead Staff: Ariana zur Nieden ITOC Lead: Brad Barnum</td>
<td>SANDAG staff is scheduled to present options for alternating ITOC terms for consideration at the October 2015 meeting.</td>
<td>At the October 2015 ITOC meeting, SANDAG staff presented options for alternating the ending terms of ITOC members so that no more than two terms end in any given year. The ITOC did not find a compelling reason to change the current process and elected to not propose changes to existing ITOC member terms at this time. In addition, ITOC members requested that staff consider whether current members who were appointed to fill mid-term vacancies could serve a partial term at the end of an existing term in order to serve for a total of eight years per the TransNet Extension Ordinance. SANDAG staff continues to analyze this request and anticipates returning to ITOC with an update prior to the next new ITOC member solicitation scheduled for May 2017.</td>
<td>SANDAG staff continues to analyze this recommendation and anticipates returning to ITOC with an update prior to the next new ITOC member solicitation scheduled for May 2017 or the subsequent member solicitation scheduled for May 2019.</td>
<td>Completed</td>
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To improve the effectiveness of ITOC in fulfilling its responsibilities, ITOC should consider:
Mid-Coast Corridor Transit Project
John Haggerty, Corridor Director
June 14, 2017

Mid-Coast Project

- $2.17 billion
- 11-mile - Old Town to UTC
- Blue Line extension from border
- 4 Miles of aerial structure
- Nine new stations, five with parking
- 36 new rail vehicles
- Estimated 21,000 daily boardings
- FFGA & start construction fall 2016
- Open late 2021
Contracting Experience

• Negative Experiences on LRT Projects
  • Multiple Low Bid Contracts
  • Owner Managed Interfaces & Responsibilities
• Frequent Constructability Challenges - Design, Field Conditions & Third Parties
• Number of Change Orders, Claims

✓ Improve Constructability, Staging & Phasing
✓ Improve Cost & Schedule Certainty
✓ Better Coordination of Corridor Projects
✓ Improve Project Delivery Time within the New Starts Process

Selected CM/GC Method

• Best Value Selection: Experience, Ideas, Approach and Cost
• CM/GC Benefits
  ° Owner Controlled Design
  ° Collaboration CM/GC, Designer, SANDAG, Stakeholders
  ° Continuous Value Engineering, Costing and Constructability
  ° Ability to Start Construction in Phases
  ° Negotiated Guaranteed Maximum Price (GMP)
  ° Reduce Changes
Contractor

MCTC
Mid-Coast Transit Constructors

Stacy and Witbeck  HERZOG  SKANSKA

CM/GC Construction Supplements

CM/GC Construction Services Agreement

- Supplement 1 - Wet Utilities/CP Rose
- Supplement 2 - San Diego River Bridge (LOSSAN)
- Supplement 3 - Gilman Drive Bridge
- Supplement 4 - Mid-Coast LRT
- Supplement 5 - Elvira to Morena Double Track (LOSSAN)
- Supplement 6 - Voigt Bridge & Street
- Supplement 7 - Rose Creek Bikeway

GMP Supplements
CM/GC - Two Phase Contract

1) Pre-Construction Services
   • Constructability, Phasing, Costing
   • Stakeholder, Subcontract & Community Outreach

2) Construction Services
   • Negotiated Guaranteed Maximum Price (GMP)
   • Assigned Risks
   • One or More Supplements for Early Work & Sequencing Construction

GMP Components

- Fee (5%)
- Contractors Risk
- Indirect Costs
- Direct Cost

Contractor Risk
- Design Advancement
- Subcontractor Performance
- Production/Efficiency
- Materials & Delivery
- Coordination
- Others as Negotiated

Construction Operations Cost
- Supervision, Offices, QA/QC, Outreach, Mobilization, Insurance

Construction Building Costs
- Construction Labor, Materials, Equipment
Lessons & Best Practices

- The CM/GC Team Matters
- Start Pre-Construction Earlier in Design
- Facilitate Owner/Designer/Contractor Interaction
- Facilitate Contact Between CM/GC & Stakeholders
- Develop a Strong Negotiating Team & Process Early
- Carry Core Negotiating Team into Construction
- Utility and Right of Way Delivery

How are We Doing

Successes

- Reduced Time from FFGA to Construction
- Final Design Packaging & Early Construction
- Contractor/Owner Relationship
- Implemented Phasing and Construction Ideas
- Contractor and CMC Solving Field Problems

Continue to Monitor

- Cost, Changes, Claims
- Risk Allocation
- Relationships
What is CM/GC

- Best Value
- Negotiated Contract
- Preconstruction Engagement = Reduced Risk And New Opportunities

TAILOR PROCUREMENT TO PROJECT
**WHY CM/GC on NCC?**

- Complex Construction
- Clearly Discuss Intent and Expectations
  In Effort To Remove Interpretation
- Collaborate on Means and Methods to
  Optimize Project Objectives
- Owner Retains Project Decisions
- Contract Flexibility (Cost, Scope, Schedule)

**CHECKS AND BALANCES**

Protecting Public Interest

- Open Book Estimating
- Owner is Decision Maker
- Sub-contracts Competitively Bid
- Independent Cost Estimate
- Owner Right of Refusal
PERFORMANCE METRICS

• What opportunities were gained through CM/GC?
• What risks & impacts were avoided through CM/GC?
• Has CM/GC improved DBE participation?
• How would the cost compare to a traditional Low Bid procurement?
• How does CM/GC impact design and support costs?
• How did CM/GC affect quality control?

HOW HAS CM/GC HELPED NCC?

• Earth Work Balancing
• Lagoon Integration/Staging
• Avoid Right of Way Delays
• Collaboration led to Flexibility
NEXT STEPS

• Complete Lagoon GMP negotiations end of summer
• Complete Birmingham to Palomar HOV Design early 2018
• Ongoing lessons learned activities
• Continue quarterly collection of performance data