TRANSPORTATION COMMITTEE AGENDA

Friday, February 17, 2017
9 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

• FY 2015 TransNet TRIENNIAL PERFORMANCE AUDIT: PROPOSED AMENDMENTS TO TransNet EXTENSION ORDINANCE RELATED TO THE ITOC TERM LIMITS

• FY 2017 TransNet REVENUES REVISION AND FY 2018 TO FY 2022 TransNet AND TRANSIT RELATED REVENUES

• MOTORIST AID SERVICES - CALL BOX RIGHT-SIZING PLAN

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(619) 699-1900  ·  Fax (619) 699-1905  ·  sandag.org

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(Representing North County Inland)

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Councilmember, City of Coronado
(Representing South County)

Georgette Gomez, Councilmember
City of San Diego

Ron Roberts, Supervisor
County of San Diego

Bill Baber
Vice Mayor, City of La Mesa
(Representing East County)

Harry Mathis, Chair
Metropolitan Transit System

Catherine Blake Spear
Mayor, City of Encinitas
(Representing North County Coastal)

John Aguilera, Vice Chair
North County Transit District

Jim Janney
San Diego County Regional Airport Authority

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(Representing North County Inland)

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(Representing South County)

Mark Kersey, Councilmember
City of San Diego

Bill Horn, Supervisor
County of San Diego

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County of San Diego

Jerry Jones
Councilmember, City of Lemon Grove
(Representing East County)

Lorie Bragg
Metropolitan Transit System

Ellie Haviland
Councilmember, City of Del Mar
(Representing North County Coastal)

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North County Transit District

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San Diego County Regional Airport Authority

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Southern California Tribal Chairmen’s Association

Gary L. Gallegos
Executive Director, SANDAG
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TRANSPORTATION COMMITTEE
Friday, February 17, 2017

ITEM NO. APPROVAL OF MEETING MINUTES
1.  The Transportation Committee is asked to review and approve the minutes from its February 3, 2017, meeting.

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

CONSENT

+3.  FEDERAL FISCAL YEAR 2015/16 CONGESTION MITIGATION AND AIR QUALITY AND REGIONAL SURFACE TRANSPORTATION PROGRAM REPORT (Michelle Smith)
This report provides a year-end summary of the federal Congestion Mitigation and Air Quality and the Regional Surface Transportation Program funding programs. The report also discusses the use of programming tools to facilitate the delivery of regional projects in federal fiscal year 2015/16.

+4.  SPECIALIZED TRANSPORTATION GRANT PROGRAMS STATUS UPDATE (Danielle Kochman)
This report provides an overview of the progress made to date by the grant recipients in two competitive grant programs for specialized transportation projects: Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310) and TransNet Senior Mini-Grant.

REPORTS

+5.  2016 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 2 – ADMINISTRATIVE MODIFICATION (Sue Alpert)
The Transportation Committee is asked to approve Amendment No. 2 – Administrative Modification to the 2016 Regional Transportation Improvement Program.
FY 2015 TransNet TRIENNIAL PERFORMANCE AUDIT: PROPOSED AMENDMENTS TO TransNet EXTENSION ORDINANCE RELATED TO THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE TERM LIMITS (Ariana zur Nieden)

The Transportation Committee is asked to recommend that the Board of Directors approve proposed amendments to the TransNet Extension Ordinance and related changes to the Independent Taxpayer Oversight Committee Bylaws.

FY 2017 TransNet REVENUES REVISION AND FY 2018 TO FY 2022 TransNet AND TRANSIT RELATED REVENUES (Dawn Vettese, Ray Major)

The Transportation Committee is asked to recommend that the Board of Directors: (1) approve a revision to the FY 2017 TransNet revenues; and (2) approve the FY 2018 to FY 2022 estimates and apportionments for the Transportation Development Act, Federal Transit Administration, and TransNet.

MOTORIST AID SERVICES - CALL BOX RIGHT-SIZING PLAN (Michael Schwarting, Aaron Moreno)

The Transportation Committee is asked to recommend that the Board of Directors: (1) approve the proposed Implementation Plan for right-sizing the Regional Call Box network; and (2) authorize the Executive Director to take the budget actions necessary to carry out the Implementation Plan.

CONTINUED PUBLIC COMMENTS

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

UPCOMING MEETINGS

The next meeting of the Transportation Committee is scheduled for Friday, March 3, 2017, at 9 a.m.

ADJOURNMENT

+ next to an agenda item indicates an attachment
TRANSPORTATION COMMITTEE DISCUSSION AND ACTIONS
FEBRUARY 3, 2017

The meeting of the Transportation Committee was called to order by Chair Jim Desmond (North County Inland) at 9:02 a.m.

1. APPROVAL OF MEETING MINUTES (APPROVE)

Action: Upon a motion by Chair Harry Mathis (Metropolitan Transit System [MTS]), and a second by Councilmember Georgette Gomez (City of San Diego), the Transportation Committee approved the meeting minutes of January 20, 2017. Yes – Chair Desmond, Mayor Mary Salas (South County), Councilmember Gomez, Vice Mayor Bill Baber (East County), MTS Chair Mathis, Mayor Catherine Blakespear (North County Coastal), Vice Chair John Aguilera (North County Transit District [NCTD]), and Mr. Jim Janney (San Diego County Regional Airport Authority [SDCRAA]). No – None. Abstain – None. Absent – County of San Diego.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

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

Vice Mayor Baber thanked Freeway Patrol Service staff for assisting him on the highway.

Gary Gallegos, Executive Director, announced the U.S. Department of Transportation awarded San Diego State University, in partnership with Virginia Tech Transportation Institute and Texas A&M Transportation Institute, grant funds to study how best to maximize the safety benefits of integrating technologies such as automation and connectivity into the transportation system.

CONSENT

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

This report provided an overview of progress made by TransNet Smart Growth Incentive Program and Active Transportation Grant Program recipients through September 30, 2016.

Action: This item was presented for information.
REPORTS

4. **TransNet ACTIVE TRANSPORTATION GRANT PROGRAM: PROPOSED REALLOCATION OF FUNDS FOR THIRD CYCLE OF GRANT FUNDING (RECOMMEND)**

Tracy Ferchaw, Associate Grant Program Analyst, presented the item.

**Action:** Upon a motion by Mayor Salas, and a second by Vice Mayor Baber, the Transportation Committee recommended that the Board of Directors: (1) approve the reallocation of Cycle 3 TransNet Active Transportation Grant Program funds to the next highest ranked projects able to accept funds and complete projects as proposed in the original grant applications; and (2) adopt SANDAG Resolution No. 2017-16, approving a revision to the FY 2016 Transportation Development Act Funds Article 3 Claims. Yes – Chair Desmond, Mayor Salas, Councilmember Georgette Gomez (City of San Diego), Supervisor Ron Roberts (County of San Diego), Vice Mayor Bill Baber (East County), Chair Harry Mathis (Metropolitan Transit System [MTS]), Mayor Catherine Blakespear (North County Coastal), Vice Chair John Aguilera (North County Transit District [NCTD]), and Mr. Jim Janney (San Diego County Regional Airport Authority [SDCRAA]). No – None. Abstain – None. Absent – None.

5. **TransNet ENVIRONMENTAL MITIGATION PROGRAM ANNUAL STATUS REPORT (INFORMATION)**

Keith Greer, Senior Regional Planner, provided an annual status update on the implementation of the TransNet Environmental Mitigation Program (EMP).

Sarah Pierce, Regional Planner II, provided an overview of the EMP Land Management Grant Program.

Cheryl Goddard, City of Chula Vista, provided an update on the Salt Creek Coastal Cactus Wren Habitat Restoration Project.

Barry Lindgren, San Elijo Lagoon Conservancy, provided an update on the North County Dunes Restoration Project.

David Hogan, Chaparral Lands Conservancy, provided an update on the Proctor Valley Vernal Pools Restoration and Vehicle Barriers Projects.

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

6. **CONTINUED PUBLIC COMMENTS**

Chair Erica Pinto (Southern California Tribal Chairmen’s Association [Jamul]) mentioned a tribal and environmental planning meeting on February 23, 2017.

7. **UPCOMING MEETINGS**

The next meeting of the Transportation Committee is scheduled for Friday, February 17, 2017, at 9 a.m.

8. **ADJOURNMENT**

Chair Desmond adjourned the meeting at 10:04 a.m.
## CONFIRMED ATTENDANCE
### SANDAG TRANSPORTATION COMMITTEE MEETING
### FEBRUARY 3, 2017

<table>
<thead>
<tr>
<th>JURISDICTION</th>
<th>NAME</th>
<th>MEMBER/ ALTERNATE</th>
<th>ATTENDING</th>
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<tbody>
<tr>
<td>North County Coastal</td>
<td>Catherine Blakespear</td>
<td>Member</td>
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<td></td>
<td>Ellie Haviland</td>
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<td>North County Inland</td>
<td>Jim Desmond (Chair)</td>
<td>Member</td>
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<td></td>
<td>Judy Ritter</td>
<td>Alternate</td>
<td>Yes</td>
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<tr>
<td>East County</td>
<td>Bill Baber</td>
<td>Member</td>
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<td>Jerry Jones</td>
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<td>South County</td>
<td>Bill Sandke</td>
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<td>Mary Salas</td>
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<td>City of San Diego</td>
<td>Georgette Gomez</td>
<td>Member</td>
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<td>Mark Kersey</td>
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<td>Ron Roberts</td>
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<td>Greg Cox</td>
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<td>Metropolitan Transit System</td>
<td>Harry Mathis</td>
<td>Member</td>
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<td>Lorie Bragg</td>
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<td>Yes</td>
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<td>North County Transit District</td>
<td>John Aguilera</td>
<td>Member</td>
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<td>Bill Horn</td>
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<td>Mark Packard</td>
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<td>No</td>
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<tr>
<td>San Diego County Regional Airport Authority</td>
<td>Jim Janney</td>
<td>Member</td>
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<tr>
<td></td>
<td>April Boling</td>
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### ADVISORY MEMBERS

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<tr>
<th></th>
<th>Laurie Berman</th>
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<tr>
<td></td>
<td>Dara Wheeler</td>
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### SCTCA

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<th>Erica Pinto</th>
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<tbody>
<tr>
<td></td>
<td>Allen Lawson</td>
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### Other Attendees

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<tr>
<th></th>
<th>Matt Tucker</th>
<th>NCTD</th>
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<td></td>
<td>Paul Jablonski</td>
<td>MTS</td>
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<td>Ron Roberts</td>
<td>Chairman, SANDAG</td>
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FEDERAL FISCAL YEAR 2015/16 CONGESTION MITIGATION AND AIR QUALITY AND REGIONAL SURFACE TRANSPORTATION PROGRAM REPORT

Introduction

This report presents a year-end summary of the federal Congestion Mitigation and Air Quality (CMAQ) and the Regional Surface Transportation Program (RSTP) funding programs, including the use of financing tools and how these impact the year-end balances. In addition to the summary, this report includes a brief synopsis of actions to be taken this year to advance future federal funds on high priority regional projects.

Discussion

CMAQ and RSTP funds are apportioned to the region by formula. Apportioned funds are available for programming in the Regional Transportation Improvement Program (RTIP) and obligations can be made on eligible projects. Per state law (Assembly Bill 1012 [Torlakson, 1999]), regions have three years to obligate apportioned funds or risk losing them. Staff monitors the level of obligations for these apportioned funds and from time to time, takes certain actions to insure that no funds are lost from the region.

CMAQ and RSTP Year-End Summaries

Table 1 shows the combined balance of available CMAQ and RSTP funds at the beginning of federal fiscal year (FFY) 2015/16, which was approximately $3.9 million (see row 1). The region received approximately $68.3 million in apportionments during FFY 2015/16 (see row 2).

Several adjustments to current and prior year apportionments were made throughout the FFY, including actual versus estimated reconciliation for annual apportionments for CMAQ and RSTP. In FFY 2013/14, SANDAG was able to obligate future programmed RSTP funds in the amount of $37.5 million for the State Route 76 East project. This advance obligation was made possible by a loan of apportionment from the state. Approximately $18.6 million of these funds were repaid in FFY 2014/15 with the remaining $18.9 million being repaid in FFY 2015/16. By incorporating other minor adjustments, including off-the-top deductions for Caltrans oversight and additions to account for actual apportionments larger than estimates in previous years, the total apportionment adjustment reflects a decrease of approximately $17.4 million (see row 3), resulting in net available revenues of approximately $54.8 million (see row 4) for FFY 2015/16.
The amount of obligations approved in FFY 2015/16 totaled approximately $66.1 million (see row 7). This amount includes approximately $50.9 million in funds programmed and obligated in FFY 2015/16 (see row 5) and approximately $15.2 million in obligations that were approved through the Expedited Project Selection Process (EPSP) (see row 6). EPSP allows the obligation of funds programmed in a year different than the current year as long as they are programmed within the first four years of the RTIP.

The obligations were offset by approximately $5.6 million in de-obligations (see row 9) due to the project close out on the State Route 125 Segment from SR 905 to SR 54/125 and State Route 52 Landscaping projects (see row 8), and funds were re-programmed to other projects, as approved by the Board of Directors.

Table 1. CMAQ and RSTP Summary FFY 2015/16

<table>
<thead>
<tr>
<th>Description</th>
<th>CMAQ ($000's)</th>
<th>RSTP ($000's)</th>
<th>Total ($000's)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Beginning Balance</td>
<td>$1,166</td>
<td>$2,717</td>
<td>$3,883</td>
<td></td>
</tr>
<tr>
<td>2. FFY 2015/16 Apportionments</td>
<td>$31,340</td>
<td>$36,967</td>
<td>$68,307</td>
<td>These amounts are based on estimates provided by Caltrans Local Assistance and FHWA</td>
</tr>
<tr>
<td>3. Adjustments to FFY 2015/16 and prior apportionments</td>
<td>$241</td>
<td>($17,675)</td>
<td>($17,434)</td>
<td>Includes adjustments to CMAQ and RSTP funds for oversight and Caltrans Loan Repayment</td>
</tr>
<tr>
<td>4. Available FFY 2015/16</td>
<td>$32,747</td>
<td>$22,009</td>
<td>$54,756</td>
<td></td>
</tr>
<tr>
<td><strong>Obligations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Programmed Obligations</td>
<td>($31,580)</td>
<td>($19,370)</td>
<td>($50,950)</td>
<td>Projects programmed in FFY 2015/16 in the RTIP include: I-5 NCC HOV/Managed Lanes, I-805 HOV/Managed Lanes - South, SR 76 East, Rideshare, Airport Pedestrian Improvements and FTA Transfers</td>
</tr>
<tr>
<td>6. Obligations through EPSP</td>
<td>($9,464)</td>
<td>($5,695)</td>
<td>($15,159)</td>
<td>Additional Funds for Airport Pedestrian Improvements, I-5 NCC HOV/Managed Lanes and I-805 HOV/Managed Lanes South projects</td>
</tr>
<tr>
<td>7. Total obligations</td>
<td>($41,044)</td>
<td>($25,065)</td>
<td>$66,109</td>
<td></td>
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<tr>
<td><strong>De-obligations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. De-obligations and savings from closed-out projects</td>
<td>$0</td>
<td>$5,591</td>
<td>$5,591</td>
<td>Savings occurred from SR125 from SR905 to SR54/125 and SR52 Landscaping</td>
</tr>
<tr>
<td>9. Total de-obligations</td>
<td>$0</td>
<td>$5,591</td>
<td>$5,591</td>
<td></td>
</tr>
<tr>
<td>10. Ending Balance (sum of rows 4, 7, and 9)</td>
<td>($8,297)</td>
<td>$2,535</td>
<td>($5,762)</td>
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In summary, the combined balance at the end of FFY 2015/16 for both programs ends with a negative amount for CMAQ ($8.3 million) and a positive balance in RSTP ($2.5 million) (see Row 10). This negative number represents the advancing of funds from future years and allows the region to utilize the funding more efficiently. Advancing funds is done in anticipation of the following year’s apportionment and in consultation with Caltrans and Federal Highway Administration. The positive balance is carried over into FFY 2016/17 and programmed on eligible projects as approved by the Board of Directors.
August Redistribution of Obligational Authority

Obligational authority (OA) reflects the percentage of the apportionment that states can encumber in the FFY. One of the impacts of fully obligating the region’s federal apportionment is the possibility to increase the region's OA by obligating more than the available OA balance. This allows the region to use more apportionment than would otherwise be permitted. Near the end of the fiscal year, the State of California may propose to the federal government to increase its available OA by taking OA from other states that are falling behind in the delivery of projects and the obligation of their funds. This can only occur when enough regions and the state have obligated all of their apportionment. SANDAG, in cooperation with Caltrans, and other project sponsors, work to maximize the obligation of its apportionment each year. For this reason, as the state was seeking to obtain unused OA from other states, SANDAG received approximately $9 million in additional OA in FFY 2015/16. As discussed previously, additional obligational authority does not increase the amount of apportionment coming to the region, but rather, it provides the region greater flexibility to fully utilize existing apportionment balances and advance future apportionments as well as to fully obligate federal funds that benefit both the SANDAG region and the state.

Upcoming Opportunities in FFY 2016/17

The region will continue to focus on obligating all CMAQ and RSTP federal formula funds apportioned to the region in a way that best leverages local funds. Staff will work with Caltrans to develop and implement strategies to maximize the use of federal funds and reduce the need for local funds. Staff also will continue focusing on obligating federal funds early in order to put the agency in a position to receive additional obligation authority through the August redistribution process, as discussed above.

JOSÉ A. NUNCIO
TransNet Department Director

Key Staff Contact: Michelle Smith, (619) 595-5608, michelle.smith@sandag.org
SPECIALIZED TRANSPORTATION GRANT
PROGRAMS STATUS UPDATE

Introduction

This report provides an update through September 30, 2016, on two competitive grant programs that SANDAG manages for specialized transportation projects and services in the San Diego region: The Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310) Program, and the Senior Mini-Grant Program. The Section 5310 Program is funded by the Federal Transit Administration (FTA) and the Senior Mini-Grant Program is funded through the TransNet Extension Ordinance.

Both programs require that SANDAG conduct a competitive selection process to distribute the funds. The first set of awards under the Senior Mini-Grant program were made in September 2008, and additional funds have been awarded through three subsequent cycles. The first set of Section 5310 funds were awarded in March 2015.

Discussion

Grant Programs Status Update

Under MAP-21, SANDAG was designated to administer the FTA Section 5310 Program. The purpose of the Section 5310 Program is to improve mobility for seniors and individuals with disabilities by removing barriers to transportation services and expanding transportation mobility options. Eligible projects include both traditional capital investment and nontraditional investment beyond the Americans with Disabilities Act complementary paratransit service. Many of the projects that were eligible under New Freedom are now eligible for funding through Section 5310. The first round of Section 5310 awards funded 14 projects totaling over $3 million. The first projects funded through MAP-21’s Section 5310 Program began on October 1, 2015.

The Senior Mini-Grant Program funds specialized transportation services for seniors whose special needs cannot be met by conventional transit or paratransit service. Since the Senior Mini-Grant Program began in 2009, 58 projects have been awarded funding, totaling almost $12 million.
Grant Oversight

SANDAG staff provides ongoing oversight of the specialized transportation grant program grantees through review of progress reports and project performance submitted with each invoice. Grantees must maintain documentation of the services provided and are inspected by SANDAG at regular site visits to ensure compliance with grant agreement service delivery requirements and Board Policy No. 035: Competitive Grant Program Procedures. This information is used to provide regular status updates to the Transportation Committee. The last report was presented at the November 4, 2016, meeting. Staff also provides annual updates to the Social Services Transportation Advisory Council on all specialized transportation grant programs and to the TransNet Independent Taxpayer Oversight Committee on the Senior Mini-Grant Program.

Service Delivery Costs

Attachment 1 includes a “cost-efficiency watch list,” which compares the grantees actual cost-per-unit of service delivery to the original proposal. Grant agreements for these programs executed after January 1, 2012, include a provision where a grantee’s inability to achieve within 130 percent of its proposed cost-per-unit by the end of the sixth month of the project would trigger a requirement for the grantee to complete a recovery plan. By the end of the first year, if the grantee is still unable to achieve the 130 percent threshold, the grant agreement would be terminated. The cost-efficiency watch list denotes grantees that may be required to complete a recovery plan or are in danger of contract termination because performance is not in line with the level of service delivery included in the original proposal, per the contract requirements. There is currently one grantee on the cost-efficiency watch list. The City of Coronado was awarded Senior Mini-Grant funds to develop and implement a volunteer driver program to provide transportation for seniors wanting to access its new senior center. The project is still in the development phase and has not yet begun delivering service. SANDAG staff will continue to monitor the performance of all grantees.

Service Delivery Schedule

Attachment 1 also includes a “schedule watch list,” which denotes those grantees that appear in jeopardy of not being able to fully draw down on funds without approval of an extension request by the Transportation Committee. Extensions of up to six months are permitted but need to be approved by the SANDAG Executive Director, with longer extensions requiring consideration by the Transportation Committee. There are currently three projects on the schedule watch list:

- Mountain Health and Community Services would require a 10-month extension to its Senior Mini-Grant project at its current draw-down rate. The grant is set to expire on June 30, 2017. Any action required for an extension request would be taken at the status update presented to the Transportation Committee in spring 2017.

- The City of La Mesa would require an 18-month extension to its Senior Mini-Grant project at its current draw-down rate. The grant is not set to expire until June 29, 2018. Any action required for an extension request would be taken at the status update presented to the Transportation Committee in spring 2018.
The City of Coronado’s Senior Mini-Grant project is still in the development phase and has not yet begun delivering service. The grant is not set to expire until June 30, 2018. Any action required for an extension request would be taken at the status update presented to the Transportation Committee in spring 2018.

SANDAG staff will continue to monitor the progress of all grantees and report on any extension requests in the next quarterly status update.

**Pending Grants**

Due to the operating nature of specialized transportation grants, when a new grant is awarded to continue a project that already has an existing grant, the start date of that new grant would begin upon termination of the existing grant for that same project. SANDAG staff developed language included in the previous competitive selection process to allow for flexibility with the start date for new grants while ensuring that grant funds are spent in a timely manner. There are currently no grantees with pending grants. When the next cycle of grant funding is awarded in spring 2017, a number of grantees will likely have pending grants.

**Next Steps**

Staff will continue to monitor all grantee progress relative to the grant agreements, proposals, and Board Policy No. 035. The next report will be presented to the Transportation Committee in April 2017.

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


Key Staff Contact: Danielle Kochman, (619) 699-1921, danielle.kochman@sandag.org
<table>
<thead>
<tr>
<th>County/ Agency</th>
<th>Grant Term</th>
<th>Project Cost*</th>
<th>Project Cost*</th>
<th>Cost Efficiency</th>
<th>Schedule</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Vista</td>
<td>07/01/2015 - 06/30/2017</td>
<td>$5,994,520</td>
<td>$4,965,154</td>
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<td>NO</td>
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<td>Transit Ad. Soc.</td>
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<td>NO</td>
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<td>$2,364,500</td>
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<td>NO</td>
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<tr>
<td>City of Oceanside</td>
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<td>$4,940,000</td>
<td>$2,364,500</td>
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<td>NO</td>
<td>NO</td>
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<tr>
<td>FACT Mobility Management</td>
<td>07/01/2016 - 06/30/2018</td>
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<td>$1,956,500</td>
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<td>NO</td>
<td>NO</td>
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<tr>
<td>FACT Railvant</td>
<td>07/01/2016 - 06/30/2018</td>
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<td>NO</td>
</tr>
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<td>ElderHelp</td>
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<td>$1,956,500</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
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<tr>
<td>City of Oceanside</td>
<td>07/01/2016 - 06/30/2018</td>
<td>$3,940,000</td>
<td>$1,956,500</td>
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<td>JFS Eastern San Diego</td>
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<td>JFS North County Social Service District</td>
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<td>City of San Marcos</td>
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<td>$1,956,500</td>
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</tbody>
</table>

* Cost per trip based on first year figures
** Cost/Trip = Project Cost\* / Units
*** Cumulative to date
**** Performance Threshold $16.03

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

The project is operating at a level of cost efficiency within the performance threshold, but would require an 18-month extension to draw down on all remaining funding.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

This project funds the development of a new transportation service, and the grantee is still in the development phase of the project and has not yet begun delivering service.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.

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This project is progressing in a timely manner and operating at a level of cost efficiency within the performance threshold.
### Status of Active and Pending 5310 Grant Projects

**Reporting period through September 30, 2016**

<table>
<thead>
<tr>
<th>Contract</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Actual**</th>
<th>Grant Term</th>
<th>WATCH List</th>
<th>Comments</th>
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<td>$460,000.00</td>
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<tr>
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<td>Cost/Unit</td>
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<td>$395,844.00</td>
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<tr>
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<td>Cost/Trip</td>
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<tr>
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<td>$385,438.00</td>
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<td>$393,074.96</td>
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<td>Performance Threshold*** $14.00</td>
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<tr>
<td></td>
<td>Units</td>
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<td></td>
<td>Cost/Unit</td>
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<td>JFS Eastern San Diego 500466</td>
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<td>$390,528.00</td>
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* Project cost includes the New Freedom amount and the required match amount

** Cost per trip based on first year figures**

*** Cumulative to date**

**** 130% of proposed first year cost/trip

---

**Notes:**
- Year 1 Performance Threshold:
- Year 2 Performance Threshold:
- Cost Efficiency:
- Funding Grant?
- Schedule:
- Comments:

---

**Percent of Funding Expended**

<table>
<thead>
<tr>
<th>Contract</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>FACT RideFACT - 5004689</td>
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<td>St. Madeleine Sophie's Center 500469</td>
<td>$837,606.89</td>
<td>$837,606.89</td>
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**Contract Actual**

<table>
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<tr>
<th>Contract</th>
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<th>Year 2</th>
</tr>
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<tbody>
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<td>FACT RideFACT - 5004689</td>
<td>$282,095.12</td>
<td>$282,095.12</td>
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<tr>
<td>JFS North County Inland 500465</td>
<td>$393,074.96</td>
<td>$393,074.96</td>
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<td>$390,528.00</td>
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<tr>
<td>St. Madeleine Sophie's Center 500469</td>
<td>$837,606.89</td>
<td>$837,606.89</td>
</tr>
</tbody>
</table>
2016 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 2 - ADMINISTRATIVE MODIFICATION

Introduction

On September 23, 2016, the Board of Directors adopted the 2016 Regional Transportation Improvement Program (RTIP), the multiyear program of proposed major transportation projects in the San Diego region covering the period FY 2017 to FY 2021. The 2016 RTIP is a multibillion dollar program of projects funded by federal, state, TransNet local sales tax, and other local funding sources. The 2017 Federal Statewide Transportation Improvement Program (FSTIP), which incorporates the SANDAG 2016 RTIP, received federal approval on December 16, 2016.

Background

There are two types of processes to update the RTIP, administrative modifications and formal amendments. Formal amendments require, among other things, a 15-day public notice period, while administrative modifications are considered minor in nature and do not require a public notice period. The federal agencies delegated the approval of administrative modifications to the state, thereby streamlining the approval process. Chapter 2 of the adopted 2016 RTIP provides additional details regarding the differences between formal amendments and administrative modifications.

SANDAG is processing Amendment No. 2 to the 2016 RTIP as an administrative modification due to timing issues related to federal funding. Amendment No. 2 is considered an administrative modification because the programming for each project, or grouped listing, is increasing by less than 40 percent, or $10 million, which is consistent with the federally accepted administrative modification procedures.

Discussion

There are two projects proposed to be amended as described below with further programming details included in Table 1 (Attachment 1). The Fixing America’s Surface Transportation (FAST) Act was signed into law on December 4, 2015. Under the FAST Act, the Highway Safety Improvement Program (HSIP), codified as Section 148 of Title 23, United States Code (23 U.S.C. §148), is a core

Recommendation

The Transportation Committee is asked to approve Amendment No. 2 – Administrative Modification to the 2016 Regional Transportation Improvement Program.
federal-aid program to States for the purpose of achieving a significant reduction in fatalities and serious injuries on all public roads. The California Department of Transportation (Caltrans) Division of Local Assistance (DLA) manages California's local agency share of HSIP funds. On November 21, 2016, the project selection results of HSIP Cycle 8 were announced.

Additionally, under the FAST Act, Section 120 of Title 23, U.S.C. §120(i), allows for the use of toll credits to fund the required local match for a project. These credits are not counted as revenue or part of the total project cost, but allow the project to be funded with 100 percent federal funds.

*Caltrans*

**Grouped Projects for Highway Safety Improvement Program (CAL105)** – This amendment proposes to add those projects awarded HSIP funds in Cycle 8, which are ready to obligate funds this fiscal year. The remaining Cycle 8 projects will be added as part of the next formal amendment to the 2016 RTIP. Total program increases by $3,708,000 bringing the new total to $13,122,000.

*SANDAG*

**Regional Rideshare Program (SAN11A)** – This amendment proposes to revise the project description in order to add toll credits as a local match to the Congestion Management and Air Quality funds. Total project remains at $34,431,000.

**Fiscal Constraint Analysis**

Federal regulations require the 2016 RTIP to be a revenue constrained document, with programmed projects based upon available or committed funding and/or reasonable estimates of future funding. Funding assumptions are generally based upon: (1) authorized or appropriated levels of federal and state funding from current legislation; (2) conservative projections of future federal and state funding based upon a continuation of current funding levels; (3) the most current revenue forecasts for the Board of Directors approved short-term TransNet Program; and (4) the planning and programming documents of the local transportation providers.

As an administrative modification, an updated fiscal constraint analysis is not required. The proposed changes included in Amendment No. 2 do not affect the fiscal constraint submitted as part of the federally approved 2016 RTIP. Chapter 4 of the Final 2016 RTIP discusses in detail the financial capacity analysis of major program areas, including discussion of available revenues. The 2016 RTIP, including Amendment No. 2, continues to be reasonable when considering available funding sources.

**Air Quality Analysis**

On September 23, 2016, SANDAG found the 2016 RTIP in conformance with the Regional Air Quality Strategy/State Implementation Plan (SIP) and with the 2009 Regional Air Quality Strategy for the San Diego region. All of the required regionally significant capacity increasing projects were included in the quantitative emissions analysis conducted for the San Diego Forward: The Regional Plan (Regional Plan) and the 2016 RTIP. The Federal Highway Administration and the FTA jointly approved the conformity determination for the 2016 RTIP and the conformity redetermination for the Regional Plan on December 16, 2016.
The proposed amendment does not reflect a change in the design, concept, or scope of the project or the conformity analysis years as modeled for the regional emissions analysis of the 2016 RTIP. Projects in the 2016 RTIP Amendment No. 2 meet the conformity provisions of the Transportation Conformity Rule (40 CFR §93.122(g)). Both projects included in Amendment No. 2 are either non-capacity increasing or are exempt from the requirement to determine conformity according to the Transportation Conformity Rule (40 CFR §93.126). SANDAG followed interagency consultation procedures to determine which projects are exempt. Amendment No. 2 does not include any capacity increasing or non-exempt projects. Amendment No. 2 does not interfere with the timely implementation of Transportation Control Measures. The 2016 RTIP, including Amendment No. 2, remains in conformance with the SIP.

JOSÉ A. NUNCIO
TransNet Department Director

Attachment: 1. Table 1: 2016 Regional Transportation Improvement Program – Amendment No. 2 – Administrative Modification

Key Staff Contact: Sue Alpert, (619) 595-5318, sue.alpert@sandag.org
Table 1
2016 Regional Transportation Improvement Program
Amendment No. 2 - Administrative Modification
San Diego Region (in $000s)

<table>
<thead>
<tr>
<th>MPO ID: CAL105</th>
<th>RTIP #:16-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Title: Grouped Projects for Highway Safety Improvement - HSIP Program</td>
<td></td>
</tr>
<tr>
<td>Project Description: Projects are consistent with 40 CFR Parts 93.126 and 93.127 Exempt Tables 2 and 3 categories - railroad/highway crossing, safer non-federal-aid system roads, shoulder improvements, traffic control devices and operating assistance other than signalization projects, intersection signalization projects at individual intersections, pavement marking demonstration, truck climbing lanes outside the urbanized area, lighting improvements, emergency truck pullovers</td>
<td></td>
</tr>
<tr>
<td>Change Reason: Increase funding</td>
<td></td>
</tr>
<tr>
<td>Est Total Cost: $13,122</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>19/20</th>
<th>20/21</th>
<th>PE</th>
<th>RW</th>
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<tr>
<td>HSIP</td>
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<td>$4,732</td>
<td>$3,842</td>
<td>$2,469</td>
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<tr>
<td>Local Funds</td>
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<td>$373</td>
<td>$399</td>
<td>$1,096</td>
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<td>$4,215</td>
<td>$2,868</td>
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<table>
<thead>
<tr>
<th>PROJECT LAST AMENDED 16-00</th>
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</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>HSIP</td>
</tr>
<tr>
<td>Local Funds</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>
San Diego Association of Governments

**MPO ID:** SAN11A  **RTIP #:** 16-02

**Project Title:** Regional Rideshare Program

**Project Description:** Countywide - Component of overall regional Transportation Demand Management. Toll Credits will be used to match federal funds for the CON phase

**Change Reason:** Change project description

**Capacity Status:** NCI  **Exempt Category:** Air Quality - Ride-sharing and van-pooling program

**Est Total Cost:** $34,431

<table>
<thead>
<tr>
<th></th>
<th>TOTAL</th>
<th>PRIOR</th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
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<th>PE</th>
<th>RW</th>
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<td>$6,176</td>
<td>$6,719</td>
<td>$6,984</td>
<td>$7,181</td>
<td>$7,373</td>
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<td></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>$34,431</td>
<td></td>
<td>$6,176</td>
<td>$6,719</td>
<td>$6,984</td>
<td>$7,181</td>
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**PROJECT LAST AMENDED 16-00**

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<td>$6,176</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<td>$6,176</td>
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<td>$7,181</td>
<td>$7,373</td>
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<td>HES</td>
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<tr>
<td>HSIP</td>
<td>Highway Safety Improvement Program</td>
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<tr>
<td>CMAQ/RSTP Conversion</td>
<td>Reimbursement of advanced federal funds which have been advanced with local funds in earlier years</td>
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<tr>
<td>IRI</td>
<td>Intercity Rail Improvement (State Prop. 1B)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Local Funding</strong></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Funds AC</td>
<td>Local Funds - Advanced Construction; mechanism to advance local funds to be reimbursed at a later fiscal year with federal/state funds</td>
</tr>
</tbody>
</table>
FY 2015 TransNet TRIENNIAL PERFORMANCE AUDIT: File Number 1500200
PROPOSED AMENDMENTS TO TransNet EXTENSION ORDINANCE RELATED TO THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE TERM LIMITS

Introduction

At its March 20, 2015, meeting, the Transportation Committee discussed the FY 2015 TransNet Triennial Performance Audit (third audit) report and recommendations. Performance audit Recommendation No. 18 states that to improve the effectiveness of the Independent Taxpayer Oversight Committee (ITOC) in fulfilling its responsibilities, the following should be considered:

Adopting a method to alternate the ending terms of ITOC members so that no more than two terms end in any given year.

The performance audit noted that currently, ITOC members serve staggered four-year terms. Current staggering of membership terms will result in three seats ending in 2017 and four seats ending in 2019. With more than half of the seven total seats ending at the same time, the performance audit noted that it may be worthwhile to consider a different method to alternate the ending terms. This would help maintain the strong level of historical knowledge among committee members.

Discussion

FY 2015 TransNet Triennial Performance Audit

In accordance with the TransNet Extension Ordinance, one of the responsibilities of the ITOC is to conduct triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet-funded projects and programs. The ITOC conducted its most recent audit in FY 2015 with the assistance of an independent auditor. ITOC member Carolyn Lee and staff

Recommendation

The Transportation Committee is asked to recommend that the Board of Directors approve proposed amendments to the TransNet Extension Ordinance (Attachment 1) and related changes to the Independent Taxpayer Oversight Committee Bylaws (Attachment 2) in substantially the same form as attached.

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from the audit firm of Sjoberg Evashenk Consulting, Inc., presented the audit report for discussion by the Transportation Committee at its March 20, 2015, meeting.

As part of its role in carrying out the TransNet triennial performance audits, at least twice a year, the ITOC reviews and discusses the status of audit recommendations. At its October 2015 meeting, alternatives for addressing Recommendation No. 18 were presented; these included options such as alternating the expiration of ITOC member appointments, including the cost and time associated with solicitations, and keeping ending terms as they are currently. Staff also provided a summary of similar term limit structures for taxpayer oversight committees at other agencies for comparison purposes.

ITOC members questioned the current partial term structure where members filling mid-term vacancies are currently not able to serve the full eight years allowed per Ordinance provisions. The timing of proposed changes, including revisiting any proposed changes leading up to the next ITOC solicitation, also was discussed. The next ITOC solicitation is scheduled to be advertised in March 2017 for replacement of those with terms expiring in May 2017.

**Prior TransNet Triennial Performance Audits**

It is important to note that as a result of prior recommendations from earlier performance audits conducted in FY 2009 and FY 2012, regular reporting and monitoring have been established to preserve the institutional knowledge of ITOC members. For example, according to the FY 2012 TransNet Triennial Performance Audit (second audit), “many of the changes implemented in response to the audit recommendations have strengthened oversight and accountability to ensure the foundation surrounding the TransNet program continues to be solid. For instance, SANDAG has improved the data available to the ITOC and other committees on a quarterly basis to include extensive program revenue and expenditure data to assist in overseeing the program and ensuring it is on course. Additionally, there is a record of past ITOC decisions now maintained to enhance ITOC’s effectiveness in overseeing the program – especially as members transition on and off the committee – and transparency to the public as well.”

Every month, staff provides ITOC members with a report on Board of Directors and Transportation Committee actions taken on TransNet-related items. At the request of ITOC members, historical actions in the form of chronologies are provided with each project progress report. Regular reporting on the status of Early Action Program projects, routine review of the projects proposed for funding in the Regional Transportation Improvement Program, quarterly reporting on the progress made by TransNet recipient agencies, quarterly financial reporting, and onboarding for new ITOC members are all examples of reporting practices implemented that have strengthened general oversight and helped ITOC fulfill its responsibilities more effectively.

While the need for additional reporting identified in previous audits has been addressed through the implementation of the regular monitoring practices listed in the paragraph above, the most recent performance audit included the additional recommendation to adopt a method to further consider alternating service terms. To ensure continuity of methods and processes such that the strong level of historical knowledge among committee members may be further maintained, the FY 2015 audit recommends changes to ITOC member term limits.
**Proposed Changes to ITOC Member Term Limits**

The attachment to the *TransNet* Extension Ordinance entitled “Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program” states as follows:

*ITOC members shall serve a term of four years, except that initial appointments may be staggered with terms of two to four years. In no case shall any member serve more than eight years on the ITOC. Term limits for ITOC members should be staggered to prevent significant turnover at any one time. The initial appointment process should be based on this staggered term limit concept.*

The ITOC Bylaws further state the following:

*ITOC members shall serve a term of four years, except that initial appointments may be staggered with terms of two to four years. Term limits for ITOC members should be staggered to prevent significant turnover at any one time. If mid-term vacancies occur...... the process for replacement shall generally follow the same process as established for regular appointments.... The Selection Committee may modify the process as may be necessary given the particular circumstances.*

The four proposed changes to the *TransNet* Extension Ordinance and ITOC Bylaws are attached and shown in tracked changes (Attachments 1 and 2). Suggested modifications to existing language included in the Extension Ordinance and ITOC Bylaws would allow members filling mid-term vacancies to serve an additional two four-year terms not to exceed a total of ten years. Proposed changes also would include further staggering to prevent turnover of more than two members at any one time. Third, in the event that more than two members need to be replaced during the same recruitment period, the Selection Committee would determine the length of the members’ first term. Finally, the ITOC Bylaws would include one further proposed change to clarify that, in addition to ITOC recommendation, Board of Directors approval is necessary in order to amend ITOC bylaws.

Alternatively, the Transportation Committee could elect to not recommend any changes at this time and keep the ending terms as they are currently (shown below).

<table>
<thead>
<tr>
<th>Terms expiring May 2017</th>
<th>Terms expiring May 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>A professional with experience in the management of large-scale construction projects</td>
<td>A professional in the field of municipal/public finance and/or budgeting</td>
</tr>
<tr>
<td>A professional with experience in real estate, land economics, and/or right-of-way acquisition</td>
<td>A professional in biology or environmental science</td>
</tr>
<tr>
<td>The chief executive officer or person in a similar senior-level decision making position of a major private sector employer</td>
<td>A licensed engineer with appropriate credentials in the field of transportation project design or construction</td>
</tr>
<tr>
<td></td>
<td>A licensed architect, civil engineer or traffic engineer</td>
</tr>
</tbody>
</table>
Next Steps

Provided the Transportation Committee recommends amendments for approval by the Board of Directors, acting as the San Diego County Transportation Commission, the first and second readings of proposed changes to the Ordinance would be held at the February 24 and March 24, 2017, Board meetings, respectively. Pending approval by a two-thirds majority of the Board, the amendments would take effect in time for the next round of ITOC member appointments scheduled to occur in May 2017.

José A. Nuncio
TransNet Department Director

              2. Proposed Changes to TransNet ITOC Bylaws

Key Staff Contact: Ariana zur Nieden, (619) 699-6961, ariana.zurnieden@sandag.org
STATEMENT OF UNDERSTANDING REGARDING THE IMPLEMENTATION OF THE
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE
FOR THE TransNet PROGRAM

Purpose of the ITOC

The Independent Taxpayer Oversight Committee (ITOC) is intended to provide an increased level of
accountability for expenditures made under the TransNet Extension, in addition to the independent
annual fiscal and compliance audits required under the existing TransNet program. The ITOC should
function in an independent, open and transparent manner to ensure that all voter mandates are
carried out as required in the Ordinance and Expenditure Plan, and to develop positive, constructive
recommendations for improvements and enhancements to the financial integrity and performance
of the TransNet program.

Intent of the ITOC as a Functional Partner to SANDAG

The TransNet Ordinance contains a summary of the ITOC’s role and responsibilities consistent with
the above Purpose. In this document, additional and supplementary details with regard to the ITOC
are delineated. These pertain to the process for selecting members of ITOC, terms and conditions
governing membership, responsibilities, funding and administration, and conflict of interest
provisions.

It is noteworthy that these details have been developed in a cooperative process between SANDAG
and representatives of the San Diego County Taxpayers Association, and with the involvement of
other transportation professionals within the region. This document is understood to provide the
basis for describing how the ITOC will function once the Ordinance is approved.

In addition to the details outlined in this document the intent that provides the foundation for the
desired partnership between ITOC and SANDAG, as viewed by the principal authors, is summarized
as follows:

- Resource—it is the intent that the ITOC will serve as an independent resource to assist in the
  SANDAG implementation of TransNet projects and programs. The Committee’s membership is
designed to provide to SANDAG a group of professionals who, collectively, can offer SANDAG
the benefit of their experience to advance the timely and efficient implementation of TransNet
projects and programs. The ITOC will work in a public way to ensure all deliberations are
conducted in an open manner. Regular reports from the ITOC to the SANDAG Board of
Directors (or policy committees) are expected with regard to program and project delivery, and
overall performance.

- Productive—it is the intent that the ITOC will rely upon data and processes available at
  SANDAG, studies initiated by the ITOC, and other relevant data generated by reputable sources.
  It is understood, however, that SANDAG will be continuously striving to improve the reliability
  of data and to update analytical and modeling processes to be consistent with the state-of-the-art,
  and that the ITOC will be kept abreast of any such efforts, and invited to participate in
development of such updates in a review capacity.
- Cost-efficient—it is the intent that the ITOC will not add cost burden to the SANDAG implementation of the TransNet program and projects. Rather, through a cooperative and productive working relationship between ITOC and the SANDAG implementation team, it is the objective that costs will be saved.

- Flexible—it is the intent that the ITOC will assist SANDAG to be opportunistic to take advantage of changing situations in the future with regard to technologies and transportation developments. Therefore, the provisions contained below are viewed through 2048 based upon a 2004 perspective and are not meant to be unduly restrictive on ITOC’s and SANDAG’s roles and responsibilities.

**Membership and Selection Process**

1. **Membership:** There shall be seven ITOC voting members with the characteristics described below. The intent is to have one member representing each of the specified areas of expertise. If, however, after a good faith effort, qualified individuals have not been identified for one or more of the areas of expertise, then no more than two members from one or more of the remaining areas of expertise may be selected. For each of the areas of expertise listed below, an individual representing one of the region’s colleges or universities with a comparable level of academic experience also would be eligible for consideration.

   - A professional in the field of municipal/public finance and/or budgeting with a minimum of ten years in a relevant and senior decision making position in the public or private sector.
   - A licensed architect, civil engineer or traffic engineer with demonstrated experience of ten years or more in the fields of transportation and/or urban design in government or the private sector.
   - A professional with demonstrated experience of ten years or more in real estate, land economics, and/or right-of-way acquisition.
   - A professional with demonstrated experience of ten years or more in the management of large-scale construction projects.
   - A licensed engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten years of experience in a relevant and senior decision making position in the government or private sector.
   - The chief executive officer or person in a similar senior-level decision making position, of a major private sector employer with demonstrated experience in leading a large organization.
   - A professional in biology or environmental science with demonstrated experience of ten years or more with environmental regulations and major project mitigation requirements and/or habitat acquisition and management.

   **Ex-Officio Members:** SANDAG Executive Director and the San Diego County Auditor

The criteria established for the voting members of the ITOC are intended to provide the skills and experience needed for the ITOC to carry out its responsibilities and to play a valuable and constructive role in the ongoing improvement and enhancement of the TransNet program.
Applications will be requested from individuals interested in serving on the ITOC through an open, publicly noticed solicitation process.

2. Technical Screening Committee: A technical screening committee will be established to review applications received from interested individuals. This committee will consist of three members selected by the SANDAG Executive Director from high-level professional staff of local, regional, state, or federal transportation agencies outside of the San Diego region, or from one of the region’s colleges or universities in a transportation-related field, or a combination thereof. The committee will develop a list of candidates determined to be qualified to serve on the ITOC based on the criteria established for the open position(s) on the ITOC. The technical screening committee will recommend two candidates for each open position from the list of qualified candidates for consideration by the Selection Committee. The recommendations shall be made within 30 days of the noticed closing date for applications.

3. Selection Committee: A selection committee shall be established to select the ITOC members from the list of qualified candidates recommended by the technical screening committee. The selection committee shall consist of the following:

   - Two members of the County of San Diego Board of Supervisors
   - The Mayor of the City of San Diego
   - A mayor from the Cities of Chula Vista, Coronado, Imperial Beach, or National City selected by the mayors of those cities.
   - A mayor from the Cities of El Cajon, La Mesa, Lemon Grove, or Santee selected by the mayors of those cities.
   - A mayor from the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, or Solana Beach selected by the mayors of those cities.
   - A mayor from the Cities of Escondido, Poway, San Marcos, or Vista selected by the mayors of those cities.

The selection of ITOC members shall be made within 30 days of the receipt of recommendations from the technical screening committee. All meetings of the selection committee shall be publicly noticed and conducted in full compliance with the requirements of the Brown Act. Should the selection committee be unable to reach agreement on a candidate from the qualified candidates recommended by the technical screening committee, the selection committee shall request the technical screening committee to recommend two additional qualified candidates for consideration.

Terms and Conditions for ITOC members

- ITOC members shall serve a term of four years, except that initial appointments may be staggered with terms of two to four years less than four years in order to ensure the terms of the ITOC members are sufficiently staggered.

- ITOC members shall serve without compensation except for direct expenses related to the work of the ITOC.
In no case shall any member serve more than eight years on the ITOC. ITOC members shall serve no more than eight years unless the member’s first term was less than four years, in which case the member may serve an additional two terms after the partial term. In no case, however, shall any member serve more than ten years on the ITOC.

If and when vacancies in the membership of the ITOC occur, the same selection process as outlined above shall be followed to select a replacement to fill the remainder of the term. At the completion of a term, eligible incumbent members will need to apply for reappointment for another term.

Term limits for ITOC members should be staggered to prevent significant turnover of more than two members at any one time. The initial appointment process should be based on this staggered term limit concept. In the event more than two members need to be replaced during the same recruitment period, the Selection Committee shall determine the length of their replacements’ first term in order to limit concurrent future turnover.

**ITOC Responsibilities**

The ITOC shall have the following responsibilities:

1. Conduct an annual fiscal and compliance audit of all TransNet-funded activities using the services of an independent fiscal auditor to assure compliance with the voter-approved Ordinance and Expenditure Plan. This annual audit will cover all recipients of TransNet funds during the fiscal year and will evaluate compliance with the maintenance of effort requirement and any other applicable requirements. The audits will identify expenditures made for each project in the prior fiscal year and will include the accumulated expenses and revenues for ongoing, multi-year projects.

2. Prepare an annual report to the SANDAG Board of Directors presenting the results of the annual audit process. The report should include an assessment of the consistency of the expenditures of TransNet funds with the Ordinance and Expenditure Plan and any recommendations for improving the financial operation and integrity of the program for consideration by the SANDAG Board of Directors. This consistency evaluation will include a review of expenditures by project type for each local jurisdiction. The ITOC shall share the initial findings of the independent fiscal audits and its recommendations with the SANDAG Transportation Committee 60 days prior to their release to resolve inconsistencies and technical issues related to the ITOC’s draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and recommendations, and adopt its report for submission directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as objective and accurate as possible in whatever final report it adopts. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.

3. Conduct 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. The review should include consideration of changes to contracting, construction, permitting and related processes that could improve the efficiency and effectiveness of the expenditure of TransNet revenues. These performance audits shall be conducted using the services of an independent performance auditor and
should include a review of the ITOC’s performance. A draft of the ITOC’s report and recommendations regarding the performance audits shall be made available to the SANDAG Transportation Committee at least 60 days before its final adoption by the ITOC to resolve inconsistencies and technical issues related to the ITOC’s draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and related recommendations, and adopt its report for presentation directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as objective and constructive as possible in the text and presentation of the performance audits. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.

4. Provide recommendations to the SANDAG Board of Directors regarding any proposed amendments to the Ordinance and Expenditure Plan.

5. Provide recommendations as part of the 10-year review process. This process provides an opportunity to undertake a comprehensive review of the TransNet program every 10 years and to make recommendations for improving the program over the subsequent 10 years. This review process should take into consideration the results of the TransNet-funded improvements as compared to the performance standards established through the Regional Transportation Plan and the Regional Comprehensive Plan.

6. Participate in the ongoing refinement of the SANDAG transportation system performance measurement process and the project evaluation criteria used in development of the Regional Transportation Plan (RTP) and in prioritizing projects for funding in the Regional Transportation Improvement Program. The focus of this effort will be on TransNet-funded projects. Based on the periodic updates to the RTP, as required by state and federal law, the oversight committee shall develop a report to the SANDAG Transportation Committee, the SANDAG Board of Directors and the public providing recommendations for possible improvements and modifications to the TransNet program.

7. On an annual basis, review ongoing SANDAG system performance evaluations, including the SANDAG “State of the Commute” report, and provide an independent analysis of information included in that report. This evaluation process is expected to include such factors as level of service measurements by roadway segment and by time of day, throughput in major travel corridors, and travel time comparisons by mode between major trip origins and destinations. Such information will be used as a tool in the RTP development process.

8. Review and comment on the programming of TransNet revenues in the Regional Transportation Improvement Program (RTIP). This provides an opportunity for the ITOC to raise concerns regarding the eligibility of projects proposed for funding before any expenditures are made. In addition to a general eligibility review, this effort should focus on significant cost increases and/or scope changes on the major corridor projects identified in the Ordinance and Expenditure Plan.

9. Review proposed debt financings to ensure that the benefits of the proposed financing for accelerating project delivery, avoiding future cost escalation, and related factors exceed issuance and interest costs.
10. Review the major Congestion Relief projects identified in the Ordinance for performance in terms of cost control and schedule adherence on a quarterly basis.

In carrying out its responsibilities, the ITOC shall conduct its reviews in such a manner that does not cause unnecessary project delays, while providing sufficient time to ensure that adequate analysis can be completed to allow the ITOC to make objective recommendations and to provide the public with information about the implementation of the TransNet program.

**ITOCS Funding and Administration**

1. All costs incurred in administering the activities of the ITOC, including related fiscal and performance audit costs, shall be paid annually from the proceeds of the TransNet sales tax. The funds made available to the ITOC shall not exceed $250,000 annually, as adjusted for inflation annually for the duration of the program. Any funds not utilized in one fiscal year shall remain available for expenditure in subsequent years as part of the annual budget process.

2. The expenditures of the ITOC shall be audited annually as part of the same fiscal audit process used for all other TransNet-funded activities.

3. The process for selecting the initial ITOC members shall be started no later than April 1 of the year following the passage of the Ordinance by the voters. Because the funding for this activity would not be available until Fiscal Year 2008-09, the ITOC activities during the initial transition period will be phased in to the extent possible within the budget constraints of the one percent administrative cap under the current TransNet Ordinance. Given the forty-year duration of the TransNet tax extension, the ITOC shall continue as long as funds from the current authorization remain available.

4. An annual ITOC operating budget shall be prepared and submitted to the SANDAG Board of Directors for its approval 90 days prior to the beginning of each fiscal year.

5. All ITOC meetings shall be public meetings conducted in full compliance with the Brown Act. The ITOC will meet on a regular basis, at least quarterly, to carry out its roles and responsibilities.

6. SANDAG Directors and staff will fully cooperate with and provide necessary support to the ITOC to ensure that it successfully carries out its duties and obligations, but should limit involvement to the provision of information required by the ITOC to ensure the independence of the ITOC as it carries out its review of the TransNet program and develops its recommendations for improvements.

7. ITOC members and their designated auditors shall have full and timely access to all public documents, records and data with respect to all TransNet funds and expenditures.

8. All consultants hired by the ITOC shall be selected on an open and competitive basis with solicitation of proposals from the widest possible number of qualified firms as prescribed by the SANDAG procedures for procurement. The scope of work of all such consultant work shall be adopted by the ITOC prior to any such solicitation.
9. SANDAG shall provide meeting space, supplies and incidental materials adequate for the ITOC to carry out its responsibilities and conduct its affairs. Such administrative support shall not be charged against the funds set aside for the administration of the ITOC provided under No. 1 above.

**Conflict of Interest**

The ITOC shall be subject to the SANDAG conflict of interest policies. ITOC members shall have no legal action pending against SANDAG and are prohibited from acting in any commercial activity directly or indirectly involving SANDAG, such as being a consultant to SANDAG or to any party with pending legal actions against SANDAG during their tenure on the ITOC. ITOC members shall not have direct commercial interest or employment with any public or private entity, which receives TransNet sales tax funds authorized by this Ordinance.
INTRODUCTION

The TransNet Extension Ordinance and Expenditure Plan, approved by the voters in November, 2004 as Proposition A, established the Independent Taxpayer Oversight Committee (ITOC). The ITOC is intended to provide an increased level of accountability for expenditures made under the TransNet Extension, in addition to the independent annual fiscal and compliance audits required under the existing TransNet program. The ITOC is to function in an independent, open and transparent manner to ensure that all voter mandates are carried out as required in the Ordinance and Expenditure Plan, to support the implementation of the objectives of Proposition A to reduce congestion and improve regional mobility, to develop positive, constructive recommendations for improvements and enhancements to the financial integrity and performance of the TransNet program. The ITOC reports to the public and makes recommendations to the SANDAG Board of Directors, which has the responsibility for decisions related to the implementation of the TransNet program. These bylaws are based on the provisions related to the ITOC that were included as part of Proposition A.

A. MEMBERSHIP

There shall be seven ITOC voting members with the characteristics described below. The intent is to have one member representing each of the specified areas of expertise. If, however, after a good faith effort, qualified individuals have not been identified for one or more of the areas of expertise, then no more than two members from one or more of the remaining areas of expertise may be selected. For each of the areas of expertise listed below, an individual representing one of the region’s colleges or universities with a comparable level of academic experience also would be eligible for consideration. The criteria established for the voting members of the ITOC are intended to provide the skills and experience needed for the ITOC to carry out its responsibilities and to play a valuable and constructive role in the ongoing improvement and enhancement of the TransNet program. Applications will be requested from individuals interested in serving on the ITOC through an open, publicly noticed solicitation process. The seven voting members are to include:

1. A professional in the field of municipal/public finance and/or budgeting with a minimum of ten years in a relevant and senior decision making position in the public or private sector.

2. A licensed architect, civil engineer or traffic engineer with demonstrated experience of ten years or more in the fields of transportation and/or urban design in government or the private sector.

3. A professional with demonstrated experience of ten years or more in real estate, land economics, and/or right-of-way acquisition.

4. A professional with demonstrated experience of ten years or more in the management of large-scale construction projects.

5. A licensed engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten years of experience in a relevant and senior decision making position in the government or private sector.
6. The chief executive officer or person in a similar senior-level decision making position, of a major private sector employer with demonstrated experience in leading a large organization.

7. A professional in biology or environmental science with demonstrated experience of ten years or more with environmental regulations and major project mitigation requirements and/or habitat acquisition and management.

8. Ex-Officio Members: SANDAG Executive Director and the San Diego County Auditor

B. SELECTION PROCESS

1. Technical Screening Committee

A technical screening committee will be established to review applications received from interested individuals. This committee will consist of three members selected by the SANDAG Executive Director from high-level professional staff of local, regional, state or federal transportation agencies outside of the San Diego region, or from one of the region’s colleges or universities in a transportation-related field, or a combination thereof. The committee will develop a list of candidates determined to be qualified to serve on the ITOC based on the criteria established for the open position(s) on the ITOC. The technical screening committee will recommend two candidates for each open position from the list of qualified candidates for consideration by the Selection Committee. The recommendations shall be made within 30 days of the noticed closing date for applications.

2. Selection Committee

A selection committee shall be established to select the ITOC members from the list of qualified candidates recommended by the technical screening committee. The selection committee shall consist of the following:

- Two members of the County of San Diego Board of Supervisors
- The Mayor of the City of San Diego
- A mayor from the Cities of Chula Vista, Coronado, Imperial Beach, or National City selected by the mayors of those cities.
- A mayor from the Cities of El Cajon, La Mesa, Lemon Grove, or Santee selected by the mayors of those cities.
- A mayor from the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, or Solana Beach selected by the mayors of those cities.
- A mayor from the Cities of Escondido, Poway, San Marcos, or Vista selected by the mayors of those cities.

The selection of ITOC members shall be made within 30 days of the receipt of recommendations from the technical screening committee. All meetings of the selection committee shall be publicly noticed and conducted in full compliance with the requirements of the Brown Act. Should the selection committee be unable to reach agreement on a candidate from the qualified candidates
recommended by the technical screening committee, the selection committee shall request the technical screening committee to recommend two additional qualified candidates for consideration.

C. TERMS AND CONDITIONS FOR ITOC MEMBERS

1. Length of Term

ITOC members shall serve a term of four years, except that initial appointments may be less than four years in order to ensure the terms of the ITOC members are sufficiently staggered with terms of two to four years. Term limits for ITOC members should be staggered to prevent significant turnover at any one time.

Term limits for ITOC members should be staggered to prevent turnover of more than two members at any one time. In the event more than two members need to be replaced during the same recruitment period, the Selection Committee shall determine the length of their replacements’ first term in order to limit concurrent future turnover.

2. Additional Term

For a member eligible to serve for an additional four year term, an application for reappointment to continue as a member of the ITOC must be submitted to the Selection Committee for approval at least 120 days prior to the end of the member’s current term. If the Selection Committee does not approve the additional term, the position will be considered vacant at the end of the member’s current term and the selection process for a new member will be initiated. In no case shall any member having served two four-year terms, serve more than eight years on the ITOC.

ITOC members shall serve no more than eight years unless the member’s first term was less than four years, in which case the member may serve an additional two terms after the partial term. In no case, however, shall any member serve more than ten years on the ITOC.

3. Removal from Membership

Members of the ITOC may be removed for cause including the member’s failure to attend more than 50% of the regular ITOC meetings, not including special meetings or subcommittee meetings, in one calendar year or for failure to comply with the ITOC’s conflict of interest provisions. The Selection Committee will be automatically notified when an ITOC member has failed to meet the established standard for attendance and will consider any appeal or review of extenuating circumstances prior to initiating the process to select a new member.

4. Vacancies

If mid-term vacancies occur as a result of Section C(3) or due to the death, disability, or resignation of a member, the process for replacement shall generally follow the same process as established for regular appointments described in Section B. The Selection Committee may modify the process as may be necessary given the particular circumstances. Every effort should be made to fill the vacancy in the same area of expertise.
5. Selection of Chair and Vice-Chair:

The ITOC shall select a Chair and Vice-Chair by majority vote of the committee. The Chair and Vice-Chair shall serve a term of one year. The selection will be made at the first regular meeting following commencement of the SANDAG fiscal year.

6. Responsibilities of the Chair

The Chair will run the ITOC meetings, work with staff to set the agenda for the meetings, and serve as the primary spokesperson for the ITOC to the SANDAG Board of Directors and Transportation Committee, other groups and organizations, and the media.

7. Responsibilities of the Vice-Chair

The Vice-Chair serves in the capacity of the Chair when the Chair is not available.

8. Compensation

ITOC members shall serve without compensation except for direct expenses (parking/mileage for attendance at meetings) related to the work of the ITOC.

9. Conflict of Interest

The ITOC shall be subject to the SANDAG conflict of interest policies. ITOC members shall have no legal action pending against SANDAG and are prohibited from acting in any commercial activity directly or indirectly involving SANDAG, such as being a consultant to SANDAG or to any party with pending legal actions against SANDAG during their tenure on the ITOC. ITOC members shall not have direct commercial interest or employment with any public or private entity, which receives TransNet sales tax funds authorized by this Ordinance. Each ITOC member shall be required to sign a conflict of interest statement and an annual statement of economic interests.

D. ITOC FUNDING AND ADMINISTRATION

1. Annual Funding

Beginning with the implementation of the TransNet Extension on July 1, 2008, costs incurred in administering the activities of the ITOC, including related fiscal and performance audit costs, shall be paid annually from the proceeds of the TransNet sales tax. The funds made available to the ITOC shall not exceed $250,000 annually, as adjusted for inflation annually for the duration of the program. Any funds not utilized in one fiscal year shall remain available for expenditure in subsequent years as part of the annual budget process.

2. Transition Period

During the initial transition period through July 1, 2008, the ITOC’s activities will be phased in to the extent possible within the budget constraints of the one percent administrative cap under the initial TransNet Ordinance. Through June 30, 2008, the provisions of the initial TransNet Ordinance will remain in effect with requirements such as the completion of the annual fiscal audits of TransNet recipients being administered by SANDAG using the 1% administrative funds. Staff will work in
coordination with the ITOC on key activities that will become ITOC responsibilities after July 1, 2008 and seek ITOC’s input as appropriate during this transition period.

3. **Duration of the ITOC**

Given the forty-year duration of the *TransNet* tax extension, the ITOC shall continue as long as funds from the current authorization remain available. These activities would include conducting annual fiscal audits of recipients until *TransNet* funds are fully expended and the development of related project close-out procedures. The ITOC budget for FY 2048 should reflect the estimated funding required to complete the close-out of the *TransNet* program.

4. **Audits of ITOC Expenditures**

The expenditures of the ITOC shall be audited annually as part of the same fiscal audit process used for all other *TransNet*-funded activities.

5. **Annual Budget Process**

An annual ITOC operating budget shall be prepared and submitted to the SANDAG Board of Directors for its approval 90 days prior to the beginning of each fiscal year, starting April 1, 2008 for the 2008-09 Fiscal Year.

6. **Open Meeting Requirements**

All ITOC meetings, including any standing subcommittees of the ITOC which may be established, shall be public meetings conducted in full compliance with the Brown Act. The ITOC will meet on a regular basis, at least quarterly, to carry out its roles and responsibilities.

7. **Meeting Procedures**

Except as otherwise provided by the *TransNet* Ordinance or its bylaws, the ITOC shall conduct its business in accordance with generally accepted parliamentary procedures based on the principles of Roberts Rules of Order, as applicable to committees similar to the ITOC.

8. **Quorum**

A quorum of the ITOC shall consist of a minimum of four members. To pass a motion, fifty percent plus one of the members present and voting must vote in favor (a minimum of three votes at the minimum quorum level).

9. **Access to Records**

ITOC members and their designated auditors shall have full and timely access to all public documents, records and data with respect to all *TransNet* funds and expenditures.

10. **Consultant Selection**

All consultants hired by the ITOC shall be selected on an open and competitive basis with solicitation of proposals from the widest possible number of qualified firms as prescribed by the SANDAG procedures for procurement. The scope of work of all such consultant work shall be adopted by the ITOC prior to any such solicitation.
E. STAFFING AND SUPPORT OF THE ITOC

1. General Support for ITOC

At the ITOC’s request, SANDAG shall provide reasonable staff support and shall provide meeting space for regularly scheduled meetings at the SANDAG offices (401 B Street, Suite 800, San Diego, CA 92101). SANDAG will provide supplies and incidental materials adequate for the ITOC to carry out its responsibilities and conduct its affairs. Such staffing and administrative support shall not be charged against the funds set aside for the administration of the ITOC provided under Section D(1).

2. Compliance with Public Meeting Requirements

SANDAG shall assist the ITOC in terms of compliance with the public meeting laws, including posting meeting notices and agendas. An Internet webpage for the ITOC will be maintained by SANDAG as part of its website containing ITOC agenda materials, reports, and other information related to the ITOC. As a general practice, the agenda and related materials will be distributed to ITOC members one week prior to the scheduled meeting.

3. Preserving ITOC Independence

SANDAG Directors and staff will fully cooperate with and provide necessary support to the ITOC to ensure that it successfully carries out its duties and obligations, but should limit involvement to the provision of information required by the ITOC to ensure the independence of the ITOC as it carries out its review of the TransNet program and develops its recommendations for improvements.

F. ITOC ROLES AND RESPONSIBILITIES

The TransNet Ordinance specifies the roles and responsibilities for the ITOC and describes the intent of the ITOC as a functional partner to SANDAG in the ongoing implementation of the TransNet program. As stated in the TransNet Ordinance, in carrying out its responsibilities, the ITOC shall conduct its reviews in such a manner that does not cause unnecessary project delays, while providing sufficient time to ensure that adequate analysis can be completed to allow the ITOC to make objective recommendations and to provide the public with information about the implementation of the TransNet program.

1. Intent

The TransNet Extension Ordinance (pp. 44-45) contained intent language that summarized the foundation of the desired relationship between ITOC and SANDAG. That intent language is included below and provides general guidance for how the ITOC and SANDAG should interact as the ITOC carries out each of the specific roles and responsibilities.

- Resource—it is the intent that the ITOC will serve as an independent resource to assist in the SANDAG implementation of TransNet projects and programs. The Committee’s membership is designed to provide to SANDAG a group of professionals who, collectively, can offer SANDAG the benefit of their experience to advance the timely and efficient implementation of TransNet projects and programs. The ITOC will work in a public way to ensure all deliberations are conducted in an open manner. Regular reports from the ITOC to the public and to the SANDAG
Board of Directors (or policy committees) are expected with regard to program and project delivery, and overall performance.

- Productive—it is the intent that the ITOC will rely upon data and processes available at SANDAG, studies initiated by the ITOC, and other relevant data generated by reputable sources. It is understood, however, that SANDAG will be continuously striving to improve the reliability of data and to update analytical and modeling processes to be consistent with the state-of-the-art, and that the ITOC will be kept abreast of any such efforts, and invited to participate in development of such updates in a review capacity.

- Cost-efficient—it is the intent that the ITOC will not add cost burden to the SANDAG implementation of the TransNet program and projects. Rather, through a cooperative and productive working relationship between ITOC and the SANDAG implementation team, it is the objective that costs will be saved.

- Flexible—it is the intent that the ITOC will assist SANDAG to be opportunistic to take advantage of changing situations in the future with regard to technologies and transportation developments.

2. Implementation Procedures

A set of implementation procedures for each of the basic ITOC responsibilities established in the Ordinance will be developed by the ITOC and updated from time to time as necessary. These implementation procedures will be based on the basic Ordinance language for each ITOC responsibility with additional background information, a detailed description of the way in which the ITOC is to approach each area of responsibility, and a schedule or general timing for when each activity should be undertaken.

G. EFFECTIVE DATE AND AMENDMENTS:

1. Effective Date

These Bylaws shall become effectively effective upon adoption approval by the SANDAG Board of Directors by a majority vote of the ITOC.

2. Amendments:

These Bylaws may be amended or repealed and new Bylaws adopted by majority vote of the ITOC members in office at that time and subject to SANDAG Board of Directors approval.

Attachments:
1. Full Text of the TransNet Extension Ordinance and Expenditure Plan
2. Summary of major Brown Act requirements for public meetings
3. Key provisions of Roberts Rules of Order for conducting meetings
4. ITOC Guidelines

Note: Attached materials on Brown Act, Roberts Rules of Order, and related administrative guidelines for conducting meetings were prepared by Julie Wiley, SANDAG General Counsel and were distributed at the first ITOC meeting on May 18, 2005.
FY 2017 TransNet REVENUES REVISION AND 
FY 2018 TO FY 2022 TransNet AND 
TRANSIT RELATED REVENUES

Introduction

The transit operators within the San Diego region receive federal, state, and local revenues to support both ongoing operations and capital projects. SANDAG is responsible for the apportionment of these various funds to the transit operators and local agencies. Each year, SANDAG provides an estimate for the upcoming fiscal year, as well as a projection for the next four fiscal years to enable the transit and local agencies to plan for capital projects and determine operating subsidies.

Discussion

Summary of Revenue Estimates

This report provides the FY 2018 to FY 2022 revenue estimates for the Transportation Development Act (TDA), TransNet (including the proposed revision to FY 2017), and the Federal Transit Administration (FTA) formula programs, along with an overview of the forecast methodology used in projecting the estimates. A summary of the estimates for each revenue source is below. Details can be found in Attachments 1-4. The approach to develop future year estimates for the two sales tax programs – TDA and TransNet - is detailed in Attachment 5: Forecast Methodology. Additional information for the fund types is detailed in Attachment 6: Funding Programs.

1. Transportation Development Act: The San Diego County Auditor and Controller office is required by state law to provide an estimated apportionment for the upcoming fiscal year before February 1 of each year. The apportionment is developed in consultation with SANDAG staff and with the transit operators and is based on sales tax receipts as well as projections. The FY 2018 apportionment of $144,655,804 is based on a 2.5 percent increase over the estimated FY 2017 TDA receipt. The FY 2018 apportionment and the FY 2019 to FY 2022 estimates are shown in Attachment 1.

Recommendation

The Transportation Committee is asked to recommend that the Board of Directors: (1) approve a revision to the FY 2017 TransNet Revenues; and (2) approve the FY 2018 to FY 2022 estimates and apportionments for the Transportation Development Act, Federal Transit Administration, and TransNet.
2. **TransNet**: Estimates are developed by SANDAG based on actual sales tax receipts through FY 2016 and the anticipated growth rate. The revised estimate based on FY 2016 actual receipts and taking into consideration the first two quarters of FY 2017 points towards a lower estimated increase than was estimated last year when SANDAG anticipated revenues of approximately $288 million for FY 2017. With the drift toward lower than anticipated receipts, the revenue projection for FY 2017 is proposed to be reduced to approximately $283 million.

For FY 2018, approximately $292 million is estimated to be available for the entire program, of which approximately $46.7 million is available for transit purposes. The estimate for FY 2018 revenues for the entire program is shown in Attachment 2. The TransNet Independent Taxpayer Oversight Committee reviewed the estimates at its meeting on February 8, 2017, and discussed the estimates and methodology. For the Transit System Improvements Program, the FY 2018 through FY 2022 estimates is included in Attachment 3.

3. **Federal Transit Administration Formula Programs**: Fixing America’s Surface Transportation (FAST) Act was signed into law by the President on December 4, 2015. While the FAST Act, which covers the period FY 2016 to FY 2020, includes a planned increase of approximately 2 percent per year, the apportionment is subject to annual congressional budgetary action. Currently the federal transportation budget for FFY 2017 does not reflect the anticipated increase under the FAST Act. The FAST Act provides much needed steady and predictable funding for the next five years making slight modifications to existing formula programs while reintroducing the Discretionary Bus Program.

SANDAG, as the Metropolitan Planning Organization, is required to approve the distribution of the FTA formula funds to the agencies in its designated urbanized area in order for the agencies to submit their annual grant applications. Attachment 4 provides the five-year estimates.

**State Transit Assistance (STA):**

The revenue estimate for STA is ordinarily included in this report along with the other estimates. The State Controller’s office, responsible for providing the estimates by January 31 of each year, has not yet published the FY 2018 preliminary estimate despite the statutory deadline as of the date of this report. Once the apportionment is published, the claim for North County Transit District (NCTD) will be incorporated as part of the annual TDA/STA claims process, scheduled for the June Transportation Committee and Board of Directors meetings.

The funding for this program comes from sales tax generated from diesel fuel (Assembly Bill X8 6 [Budget, 2010]). The SANDAG area, as defined under the STA program, consists of the area outside of the Metropolitan Transit System (MTS) area of jurisdiction. Within the SANDAG area NCTD is the only claimant of STA funds.
For the current FY 2017, $19.1 million was available to the San Diego region (SANDAG and MTS areas) and NCTD and MTS claimed the full amount available.

JOSÉ A. NUNCIO
TransNet Department Director

Attachments: 1. Transportation Development Act – FY 2018 Apportionment and FY 2019 to FY 2022 Estimates
2. TransNet Program: Revised FY 2017 Projection; Estimates for FY 2018 to FY 2022
3. TransNet Revenue Forecast - Transit System Improvements Program — Revised FY 2017 Projection; Estimates for FY 2018 to FY 2022
4. Federal Transit Administration Formula Programs – FY 2018 Apportionment and Estimates from FY 2019 to FY 2022
5. Forecast Methodology
6. Funding Programs

Key Staff Contacts: Dawn Vettese, (619) 595-5346, dawn.vettese@sandag.org
Ray Major, (619) 595-5668, ray.major@sandag.org
# Transportation Development Act

**FY 2018 Apportionment and FY 2019 to FY 2022 Estimates**

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019 Estimate ($000s)</th>
<th>FY 2020 Estimate ($000s)</th>
<th>FY 2021 Estimate ($000s)</th>
<th>FY 2022 Estimate ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Apportionment</strong></td>
<td></td>
<td>$144,655,804</td>
<td>$150,717</td>
<td>$156,715</td>
<td>$163,047</td>
</tr>
<tr>
<td>Less County Auditor Expenses (PUC 99233.1)</td>
<td>(50,000)</td>
<td>(51)</td>
<td>(52)</td>
<td>(53)</td>
<td>(54)</td>
</tr>
<tr>
<td>Less SANDAG Administration (PUC 99233.1)</td>
<td>(485,606)</td>
<td>(677)</td>
<td>(526)</td>
<td>(543)</td>
<td>(753)</td>
</tr>
<tr>
<td>Less 3% Planning Funds (PUC 99233.2)</td>
<td>(4,323,606)</td>
<td>(4,500)</td>
<td>(4,684)</td>
<td>(4,874)</td>
<td>(5,063)</td>
</tr>
<tr>
<td>Less 2% Bicycle/Pedestrian Funds (PUC 99233.3)</td>
<td>(2,795,932)</td>
<td>(2,910)</td>
<td>(3,029)</td>
<td>(3,152)</td>
<td>(3,274)</td>
</tr>
<tr>
<td>Less 5% Community Transit Service (PUC 99233.7)</td>
<td>(6,852,533)</td>
<td>(7,132)</td>
<td>(7,424)</td>
<td>(7,724)</td>
<td>(8,025)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$130,148,127</td>
<td>$135,447</td>
<td>$141,000</td>
<td>$146,701</td>
<td>$152,416</td>
</tr>
<tr>
<td><strong>Total Available for MTS</strong></td>
<td>$94,437,807</td>
<td>$99,159</td>
<td>$103,232</td>
<td>$107,413</td>
<td>$111,603</td>
</tr>
<tr>
<td>Less Regional Planning/Capital Projects</td>
<td>(1,023,300)</td>
<td>(190)</td>
<td>(190)</td>
<td>(190)</td>
<td>(190)</td>
</tr>
<tr>
<td>Less Transferred Functions</td>
<td>(1,863,771)</td>
<td>(1,940)</td>
<td>(2,019)</td>
<td>(2,101)</td>
<td>(2,183)</td>
</tr>
<tr>
<td><strong>Total Community Transit Service</strong></td>
<td>$4,775,437</td>
<td>$4,970</td>
<td>$5,174</td>
<td>$5,383</td>
<td>$5,592</td>
</tr>
<tr>
<td><strong>Total Available to Claim</strong></td>
<td>$38,783,635</td>
<td>$40,494</td>
<td>$42,154</td>
<td>$43,858</td>
<td>$45,566</td>
</tr>
</tbody>
</table>

## Timed Item

**Transportation Committee**  
February 17, 2017

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*Totals may not add up due to rounding

1. The County Auditor provided the apportionment for FY 2018. The projected estimates for FY 2019 to FY 2022 are based on the growth rate in retail sales as forecasted by SANDAG and excludes interest and prior year excess funds.

2. The SANDAG administrative cost rises in FY 2019 & FY 2022 disproportionately due to costs associated with the biennial performance audit. All other annual increases in SANDAG administrative share are consistent with the estimated growth in the TDA.

3. Represents the local matching for federally funded regional planning and transit capital development projects identified in the initial draft FY 2018 transit CIP as provided by MTS and NCTD. The projects funded are scheduled to be included as part of the FY 2018 Capital Improvement Program scheduled for Transportation Committee/Board action at their April meetings. As a result, this amount is subject to change.

4. Based on Addendums No. 3 and No. 4 to the Master Memorandum of Understanding between MTS, NCTD, and SANDAG. For NCTD, 26.09% of this share is transferred back to NCTD to be used for TDA-eligible purposes.
TransNet Program
Revised FY 2017 Projection; Estimates for FY 2018 to FY 2022 (in $000s)

<table>
<thead>
<tr>
<th>TransNet Program Revenues</th>
<th>Approved FY 2017</th>
<th>Revised FY 2017</th>
<th>FY 2018 Estimate**</th>
<th>High</th>
<th>FY 2019 Estimate**</th>
<th>High</th>
<th>FY 2020 Estimate**</th>
<th>High</th>
<th>FY 2021 Estimate**</th>
<th>High</th>
<th>FY 2022 Estimate**</th>
<th>High</th>
</tr>
</thead>
</table>

TransNet Program Allocations

Administrative Allocations1 $2,880 $2,827 $2,921 $3,044 $3,165 $3,293 $3,425
Independent Taxpayer Oversight Committee2 $401 $0 $395 $405 $415 $426 $436
Bike, Pedestrian & Neighborhood Safety3 $5,760 $5,654 $5,843 $6,087 $6,330 $6,586 $6,850
Total off-the-top Programs $9,041 $8,482 $9,159 $9,536 $9,909 $10,305 $10,710

Net Available for Subprograms $278,948 $274,237 $282,974 $294,823 $306,573 $318,979 $331,769

Program Allocations*

Major Corridors Program4 $118,274 $116,276 $119,981 $125,005 $129,987 $135,247 $140,670
New BRT/Rail Operations5 $22,595 $22,213 $22,921 $23,881 $24,832 $25,837 $26,873
Transit System Improvements6 $46,026 $45,249 $46,691 $48,646 $50,585 $52,632 $54,742
Local System Improvement7 $92,053 $90,498 $93,381 $97,292 $101,169 $105,263 $109,484
Total Program Allocations $278,948 $274,237 $282,974 $294,823 $306,573 $318,979 $331,769

*Totals may not add up due to rounding
** Low and High reflect +/- 5% of estimate

The TransNet Extension Ordinance established the rules for the allocation of all Commission revenues. Commission funds are allocated according to the following priorities:

1 Up to 1% of the annual revenues shall be allocated for administrative expenses, which includes Commission/Board expenses, administrative reserve.
2 The ITOC allocation is based on the annual increase in CPI beginning with FY 2002, using $250,000 as the starting base. At its February 10, 2016, meeting, ITOC voted to forgo its FY 2017 allocation, noting that the current carryover balance is sufficient to continue its role in FY 2017.
3 Total of 2% shall be allocated for bicycle facilities.
4 42.4% of the total revenues less off the top programs shall be allocated for Major Corridor projects which include transportation mitigation under the Environmental Mitigation program (EMP) and any finance charges incurred.
5 8.1% of the total revenues less off the top programs shall be allocated to operate new rail or bus rapid transit (BRT) services.
6 16.5% of the total revenues less off the top programs shall be allocated for purposes of public transit services including providing for senior and American with Disabilities Act (ADA)-related services.
7 33% of total revenues less off the top programs shall be allocated for local street improvement services, which includes roadway projects, as well as local EMP and smart growth incentive programs.
## TransNet Revenue Forecast - Transit System Improvements Program

Revised FY 2017 Projection; Estimates for FY 2018 to FY 2022 (in $000s)

<table>
<thead>
<tr>
<th></th>
<th>Approved FY 2017</th>
<th>Revised FY 2017</th>
<th>FY 2018 Proposed</th>
<th>FY 2019 (Estimate)</th>
<th>FY 2020 (Estimate)</th>
<th>FY 2021 (Estimate)</th>
<th>FY 2022 (Estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Available For Transit Purposes</strong>&lt;sup&gt;1,2&lt;/sup&gt;</td>
<td>$46,026</td>
<td>$45,249</td>
<td>$46,691</td>
<td>$48,646</td>
<td>$50,585</td>
<td>$52,632</td>
<td>$54,742</td>
</tr>
<tr>
<td>Less 2.5% for ADA-related Services</td>
<td>($1,151)</td>
<td>($1,131)</td>
<td>($1,167)</td>
<td>($1,216)</td>
<td>($1,265)</td>
<td>($1,316)</td>
<td>($1,369)</td>
</tr>
<tr>
<td>Less 3.25% for Senior Services</td>
<td>($1,496)</td>
<td>($1,471)</td>
<td>($1,517)</td>
<td>($1,581)</td>
<td>($1,644)</td>
<td>($1,711)</td>
<td>($1,779)</td>
</tr>
<tr>
<td><strong>Subtotal</strong>&lt;sup&gt;*&lt;sup&gt;</td>
<td>$43,379</td>
<td>$42,647</td>
<td>$44,007</td>
<td>$45,849</td>
<td>$47,676</td>
<td>$49,605</td>
<td>$51,594</td>
</tr>
</tbody>
</table>

### MTS Projects And Services:

- **Transit Service Improvements (Operations and Supporting Capital):**
  - $30,869
  - $30,348
  - $31,293
  - $32,603
  - $33,903
  - $35,275
  - $36,689

- **ADA Services:**
  - $819
  - $804
  - $830
  - $865
  - $899
  - $936
  - $973

### NCTD Projects And Services:

- **Transit Service Improvements (Operations and Supporting Capital):**
  - $12,510
  - $12,299
  - $12,714
  - $13,246
  - $13,773
  - $14,330
  - $14,905

- **ADA Services:**
  - $332
  - $327
  - $337
  - $351
  - $366
  - $380
  - $396

### Regional Discretionary Programs<sup>3</sup>:

- **Competitive Grant Program for Senior Transportation Services:**
  - $1,496
  - $1,471
  - $1,517
  - $1,581
  - $1,644
  - $1,711
  - $1,779

---

<sup>1</sup> The Transit System Services Improvements share is 16.5% of net available revenues. After deducting for ADA and Senior Services, the balance is available for operations and miscellaneous capital projects by the transit agencies.

<sup>2</sup> Distribution between the two agencies for FY 2017 are based on Jan. 2015 population, for FY 2018 to FY 2022 are based on Jan. 2016 population.

<sup>3</sup> The funds are allocated via a Call for Projects process by SANDAG.

**Other Notes:**

A. The estimated revenues are based on growth rate in taxable sales as forecasted by SANDAG and excludes interest and prior year excess funds.

B. Distribution of revenue estimates are based on the 2004 Proposition A Extension: San Diego Transportation Improvement Program and Expenditure Plan.

*Totals may not add up due to rounding.*
Federal Transit Administration Formula Programs
FY 2018 Apportionment and Estimates from FY 2019 to 2022

<table>
<thead>
<tr>
<th>Section 5307 Urbanized Area Formula Funds</th>
<th>FY 2018 (Regional Capital Projects)</th>
<th>FY 2019 ($000s)</th>
<th>FY 2020 ($000s)</th>
<th>FY 2021 ($000s)</th>
<th>FY 2022 ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTS</td>
<td>$43,773,832</td>
<td>$44,649</td>
<td>$45,542</td>
<td>$45,542</td>
<td>$45,542</td>
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<tr>
<td>NCTD</td>
<td>$18,760,214</td>
<td>$19,135</td>
<td>$19,518</td>
<td>$19,518</td>
<td>$19,518</td>
</tr>
<tr>
<td>SANDAG (Vanpool Program)</td>
<td>$4,000,000</td>
<td>$4,080</td>
<td>$4,162</td>
<td>$4,162</td>
<td>$4,162</td>
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<tr>
<td>SANDAG (Capital Projects)</td>
<td>$501,000</td>
<td>$501,000</td>
<td>$501,000</td>
<td>$501,000</td>
<td>$501,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$66,534,046</strong></td>
<td><strong>$67,865</strong></td>
<td><strong>$69,222</strong></td>
<td><strong>$69,222</strong></td>
<td><strong>$69,222</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Section 5337 State of Good Repair/High Intensity</th>
<th>FY 2018 (Regional Capital Projects)</th>
<th>FY 2019 ($000s)</th>
<th>FY 2020 ($000s)</th>
<th>FY 2021 ($000s)</th>
<th>FY 2022 ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTS</td>
<td>$26,893,175</td>
<td>$27,431</td>
<td>$27,980</td>
<td>$27,980</td>
<td>$27,980</td>
</tr>
<tr>
<td>NCTD</td>
<td>$11,045,921</td>
<td>$11,267</td>
<td>$11,492</td>
<td>$11,492</td>
<td>$11,492</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$37,939,096</strong></td>
<td><strong>$38,698</strong></td>
<td><strong>$39,472</strong></td>
<td><strong>$39,472</strong></td>
<td><strong>$39,472</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Section 5339 Bus/Bus Facilities</th>
<th>FY 2018 (Regional Capital Projects)</th>
<th>FY 2019 ($000s)</th>
<th>FY 2020 ($000s)</th>
<th>FY 2021 ($000s)</th>
<th>FY 2022 ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTS</td>
<td>$3,481,549</td>
<td>$3,551</td>
<td>$3,622</td>
<td>$3,622</td>
<td>$3,622</td>
</tr>
<tr>
<td>NCTD</td>
<td>$1,492,092</td>
<td>$1,522</td>
<td>$1,552</td>
<td>$1,552</td>
<td>$1,552</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,973,641</strong></td>
<td><strong>$5,073</strong></td>
<td><strong>$5,175</strong></td>
<td><strong>$5,175</strong></td>
<td><strong>$5,175</strong></td>
</tr>
</tbody>
</table>

1. The Federal Register (FR) provided the FTA apportionment based on the Further Continuing and Security Assistance Appropriations Act. The FAST Act increases the funding two percent per year through FY 2020 which is reflected in the outyear’s estimate except FY 2021 and FY 2022 which is outside of the last year of the FAST Act.

2. SANDAG and transit agencies have agreed to fully fund the rideshare portion of the regional Transportation Demand Management program in recognition of the vanpool program’s contribution to the funding level apportioned to the region. Prior year is reconciled with next year’s estimate based on consultation with the transit agencies.

3. Regional Capital Projects refer to projects and associated funding transferred to SANDAG to implement on behalf of MTS and NCTD based on the draft FY 2018 MTS/NCTD Capital budget. The specific projects and funding recommendation is scheduled to be presented to the Transportation Committee/Board of Directors as part of the FY 2018 Transit Capital Improvement Program at their respective meetings in April, and therefore is subject to change.

Note:
SANDAG share is based on the estimated costs to operate the regional vanpool program and its estimated increase in future years. The balance of 5307 funds are allocated 70% to MTS and 30% to NCTD. The same 70/30 split applies to the 5337 and 5339 funds (SANDAG does not share in these programs).
Forecast Methodology

Historically, SANDAG has used certain economic inputs derived from its Demographics and Economic Forecasting Model (DEFM) for its TransNet revenue forecast for the Plan of Finance. Because the DEFM revenue forecasting methodology currently is under review by staff and is in the process of being updated (as part of the FY 2017 budgeted work effort), a new forecasting methodology independent of DEFM has been developed for the revenue forecast included in this report.

This forecast is based on nationally recognized sources of data, including IHS Global Insight, Moody’s, and Woods & Poole.

The short-term (or first two years through FY 2018) of this forecast uses the California State Board of Equalization sales tax revenue allocation formula, as well as quarterly factors such as year-to-date sales tax collections, expected job growth, new unemployment claims, and the financial condition of consumers.

Beyond FY 2018, this forecast of TransNet revenues is based on the growth rate in taxable retail sales. The growth rate included here was arrived at using three variables: 1) the population forecasts from the SANDAG DEFM; 2) a consensus of independent national forecasts of real rates of growth in per capita retail sales; and 3) nationally projected inflation rates. These variables are used to calibrate the forecast and produce the long-term estimates.

To mitigate against the risk of overestimating revenues, the revenue forecast presented in this report is based on an average of the retail sales growth rates reflected in the three aforementioned national data sources.

It is extremely challenging to forecast TransNet revenues over long periods of time as taxable retail sales are by nature volatile and are correlated with economic cycles. Since 1990 the region has experienced tax collection changes in rate of collection between -9.2 percent and +18.8 percent, with an average growth rate of 4.3 percent per year. Overall, TransNet revenues fell 17.6 percent during FY 2007 – FY 2010.

Expected Trends

The United States economy’s growth in 2016 was similar to that of 2015. The nation’s total value of goods and services produced, Gross Domestic Product (GDP), rose at an annual rate of 3.5 percent during the third quarter of 2016, rising from 1.4 percent in the second quarter, with the estimate of first quarter growth at 0.7 percent. An advanced estimate for the fourth quarter shows a 1.9 percent GDP growth rate. The slow economic growth has forced most forecasters to keep their economic growth estimate for the full year at about 2 percent, which would be slightly down from the 2.6 percent growth achieved in 2015.

The slow economic growth has been primarily attributed not to poor domestic conditions, but to troublesome international issues, such as BREXIT and sluggish Euro zone performance, slowing or negative growth in emerging economies, and continued or escalating strife in the Middle East.
To achieve a GDP growth rate of 3.25 percent or higher likely requires more jobs in total, more jobs of a higher quality, and more wages than have been produced over this past year. Job growth during 2015 averaged 230,000 new jobs per month, and in 2016 has averaged 180,000 monthly, continuing an unprecedented streak of positive monthly job growth dating back to October of 2010. 2.2 million jobs were created nationwide during 2016 (a growth rate of about two percent). The increase in job production pushed the unemployment rate down to 4.6 percent currently, essentially the same level as before the start of the Great Recession. Recently, the unemployment rate has stabilized even with job growth, as the labor force has increased modestly.

Locally, the increase in jobs has outpaced the improved national rate. The San Diego region recorded 31,000 new payroll jobs from December 2015 to November 2016, a rise of 2.2 percent. In addition, the local unemployment rate dropped more than the nation’s, falling to 4.3 percent, below the national level. Generally, wage growth has been sluggish to nonexistent during the recovery, but reports in the last several months have indicated that wages are starting to trend upward.

The improved trend for job growth is dampened by lingering concerns about the volatility of economic growth and political stability globally, as well as the yet-to-be-determined economic policies of the new administration. Additional concerns include weakness in wage growth and the average number of hours worked, but recent signs have been positive, though wage gains since 2008 have primarily accrued to high earners. These trends, combined with the types of jobs (primarily lower-paying) that have been created since the end of the recession, have contributed to keeping real per-capita disposable income almost stagnant for the past decade, and only rising slowly in the past two years. This in turn, has led to weak growth in consumer spending, which makes up more than 70 percent of the economy and is a primary driver of sales tax revenue. While personal consumption expenditures have driven recent GDP gains, private investment and government expenditures have been flat. Additional economic headwinds are expected from the slowing of economic growth globally and in turn, the effect on the trade value of the dollar. Most of the United States’ major trading partners continue to experience slower economic growth, including China, Japan, Europe, Mexico, Brazil, and Russia, and in turn, the trade value of the dollar is rising, making U.S. goods in these markets more expensive and reducing U.S. exports, which provides a drag on the national economy.

These economic headwinds and volatility, as well as some potential structural changes, are affecting consumer spending habits. The National Retail Federation reports a 4 percent annual increase in holiday sales, in line with projections. Locally, taxable retail sales over the last four quarters (October 2015-September 2016) have increased 2.2 percent which is below the 3.5 percent expected, but also lower than other regions in CA. Much of the local slowdown is from the reduction in gas prices and relatively weak auto sales, which are slowing again after robust post-recession recovery. Gas prices have seemed to stabilize at a low level in the last two quarters, and the trend away from brick-and-mortar retail to on-line, as well as reduced cross-border retail activity from the decline in the Mexican Peso have been a drag on local retail sales. In light of the decline in the unemployment rate, increase in labor force, and small uptick in wages since last year, taxable sales could be expected to pick to 2.5 percent up as consumer confidence and economic status improve.
The table below shows actual and projected TransNet revenues. By the end of FY 2014 TransNet revenue was above the past peak recorded during FY 2008, consistent with our expectations.

**Growth in TransNet Sales Tax Receipts**

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Funding Programs

Transportation Development Act (TDA): TDA is the major subsidy source that supports the region’s public transit operators and nonmotorized transportation projects. TDA comes from a quarter of a percent of state sales tax assessed in the region. SANDAG, as the Regional Transportation Planning Agency, is responsible for the allocation of the apportionment of TDA funds each year in conformance with state statute. The transit operators and other member agencies submit their annual TDA claims based on the annual apportionment and in compliance with SANDAG Board Policy No. 027: TDA Administration Policy.

Pursuant to state statute, the County of San Diego Auditor and Controller office has the responsibility for providing the TDA apportionment for the upcoming fiscal year. The County Auditor develops the apportionment in consultation with SANDAG staff and with the transit operators, based on actual sales tax receipts and projections. The annual apportionment determines the amount of funds available to each agency to claim. SANDAG is required to notify prospective claimants of the apportionment by March 1, necessitating action by the Board of Directors in February each year.

The legislative priorities established by state law include certain categories for which TDA funds are taken “off the top.” These include the allocation to SANDAG for various planning, programming, and administrative-related expenses, funding of bike and pedestrian facilities, and support of community transit services. In addition, the County Auditor receives an allocation based on estimates of its costs to administer the TDA program. The remaining apportionment, along with any prior year carryover funds, is available to be claimed by North County Transit District (NCTD), and Metropolitan Transit System (MTS). The balance of current year funds is allocated based upon the population of the service area served by the two transit agencies.

Pursuant to provisions of Senate Bill 1703 (Peace, 2002) and as agreed to by MTS, NCTD, and SANDAG, regional transit capital projects are implemented by SANDAG with funding transferred from both MTS and NCTD. The transit agencies may choose to transfer a portion of their TDA share for purposes of matching federal formula funds for the capital projects to be implemented by SANDAG on behalf of MTS or NCTD. Transfers of federal funds and/or TDA as the match are based on the draft five-year transit Capital Improvement Program (CIP). The final list of projects and associated funding will be included with the transit CIP scheduled for Transportation Committee and Board of Directors action in March of each year. An additional apportionment to SANDAG covers those indirect administrative functions not directly funded by projects. The calculation for the cost of these administrative functions was memorialized in Addenda Nos. 3 and 4 to the Memorandum of Understanding between SANDAG, MTS, and NCTD.

TransNet: The TransNet Extension, the 40-year half-cent sales tax transportation funding measure approved by the voters in 2004 became effective in FY 2009. TransNet provides funding for major transportation projects in the region. After deducting costs associated with administrative expenses, the operation of the TransNet Independent Taxpayer Oversight Committee (ITOC), and the Bicycle, Pedestrian, and Neighborhood Safety program, the TransNet program is divided into Major Corridor (42.4%), New Bus Rapid Transit/Rail Operations (8.1%), Local System Improvements (33%), and Transit System Improvements (16.5%).
Within the Transit System Improvements, services provided pursuant to ADA and subsidies for seniors have specific earmarks (2.5% and 3.25%, respectively). The remaining revenues can be used by the transit agencies for operating or miscellaneous capital purposes. Similar to TDA, the transit share between NCTD and MTS is allocated based upon the respective population of the two transit agencies’ service areas.

ITOC reviews the TransNet estimates for the entire program at its February meeting each year. Any significant comments would be presented to the Transportation Committee and the Board of Directors.

**Federal Transit Administration (FTA) Formula Programs**

**Section 5307:** FTA 49 USC Section 5307 provides for transit capital and operating assistance in urbanized areas and for transportation-related planning. For areas with populations of 200,000 and more, such as San Diego County, the formula is based on a combination of bus/vanpool revenue vehicle miles, bus/vanpool passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles, as well as population and population density. Eligible activities under this program include planning, engineering design, and an evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities; construction of maintenance and passenger facilities; capital investments in new and existing fixed guideway systems, including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. Preventive maintenance and some Americans with Disabilities Act of 1990 (ADA) complementary paratransit service, while recorded as operating expenditures, are considered capital costs for purposes of eligibility.

Some of the changes under the Fixing America’s Surface Transportation (FAST) Act include a provision that requires the transit agencies to maintain equipment and facilities in accordance with the transit asset management plan and that transit agencies are no longer required to expend one percent for associated transit improvements. Neither these two nor other minor changes would substantively impact how SANDAG or the transit agencies use this program.

**Section 5337:** This State of Good Repair program provides funding to transit agencies that operate rail fixed-guideway and high-intensity motorbus systems for the maintenance, replacement, and rehabilitation of capital assets, along with the development and implementation of transit asset management plans. This program reflects a commitment to ensuring that public transit operates safely, efficiently, reliably, and sustainably so that communities can offer balanced transportation choices that help to improve mobility, reduce congestion, and encourage economic development. Eligible activities include projects that maintain, rehabilitate and replace capital assets as well as projects that implement transit asset management plans. The FAST Act clarifies that high-intensity motorbus tier funds can only be used for vehicle state of good repair costs and not for roadway state of good repair costs.

**Section 5339:** The FAST Act provides both formula and discretionary program for this section as developed under Moving Ahead for Progress (MAP-21). There is also a sub-program that provides competitive grants for Bus and Bus Facility projects that support Low and Zero-Emission vehicles. The purpose of both formula and competitive programs is to provide capital funding to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities.
As stated above, the Section 5307 program is based on number of factors including data from the vanpool program. Over the years, the regional vanpool program has contributed substantially to the overall funding that comes to the region. In recognition of its contribution, the transit agencies have agreed to update the funding level to fully fund the regional vanpool program from the total apportionment based on prior year actual expenditure. After deducting for the cost of the vanpool program, Section 5307 funds are allocated 70 percent for MTS and 30 percent for NCTD. The same 70/30 formula was used to allocate the Sections 5337 and 5339 between MTS and NCTD. SANDAG does not directly receive funds from neither Section 5337 nor Section 5339.

**State Transit Assistance (STA):** Since its creation in 1971, the STA program has been an ongoing source of state funding for capital and operating support for public transit agencies. The 2009-10 State Budget eliminated the STA but was reinstated as part of the “Gas Tax Swap” agreement (ABx8-6, March 2010), which reconfigured the funding streams that flow into the program. STA is now fully funded by the sales tax on diesel, and can be used for operating and capital purposes.

Current statute requires transit agencies to meet certain criteria related to operating efficiencies in order to use the STA funds for operations. Senate Bill 508 (2015) revised this requirement wherein if a transit agency failed to meet the operating criteria, the allocation would be reduced by the same percentage in which the efficiency standards were not met. SB 508 further reduced the criteria burden by excluding number of cost factors such as pension and health coverage.
TRANSPORTATION COMMITTEE
FEBRUARY 17, 2017

MOTORIST AID SERVICES – CALL BOX RIGHT-SIZING PLAN

File Number 3310200

Introduction

On October 7, 2016, the Transportation Committee discussed alternatives for right-sizing the region's Motorist Aid Services Call Box program to better meet the changing needs of motorists. The Transportation Committee supported the alternative ("preferred alternative") that would result in the removal of Call Boxes from the urban highways, reduce the number of call boxes located on the region's rural routes, and utilize the resulting cost-savings to expand the Freeway Service Patrol (FSP), and expand public outreach and marketing to increase awareness of the mobile 511 Roadside Assistance program. This report presents an implementation plan to right-size the Call Box network consistent with the preferred alternative. For background on the Motorist Aid Services program and its various components, see Attachment 1.

Background

Overview of the Call Box Program

At its peak, call volume from the Call Box network reached 140,000 calls per year (1993); since then, call volume has steadily declined, and leveled off at an average of 13,000 calls per year (2015). The decline in call volume can largely be attributed to the proliferation of cellular phones and the availability of in-vehicle services, such as OnStar from General Motors.

Call Box programs operated in other regions of the state have observed similar declines in call volume and are in various stages of implementing right-sizing plans. For example, the Metropolitan Transportation Commission in the Bay Area implemented a 75 percent reduction by removing all Call Boxes in the urban area, similarly, the Orange County Transportation Authority, Los Angeles County Metropolitan Transportation Authority, and Riverside County Transportation Commission, are all engaged in the process of developing or implementing right-sizing plans, which would result in the reduction of Call Boxes in their respective urban areas.

Recommendation

The Transportation Committee is asked to recommend that the Board of Directors: (1) approve the proposed Implementation Plan for right-sizing the Regional Call Box network in substantially the same form as Attachment 4; and (2) authorize the Executive Director to take the budget actions necessary to carry out the Implementation Plan.
**Call Box Program Funding**

Vehicle registration fees provide funding for the Call Box programs throughout the state by assessing a $1 fee on registered vehicles in the region. Enacted in October 2015, Senate Bill 516 (Fuller) (SB 516), no longer requires the funding to be solely used for maintenance and operation of a network of Call Boxes. Rather SB 516 provides flexibility enabling regions to use Call Box funds on a number of motorist aid and safety-related elements, including FSP (Attachment 2), transportation demand management, and intelligent transportation systems.

**Discussion**

To make the most effective use of resources, and to continue to provide Motorist Aid Services where it is needed most, the Transportation Committee requested the development of an implementation plan to right-size the system of Call Boxes (Attachment 3) to meet the current needs of motorists consistent with one of the three alternatives staff originally proposed in October 2016, and which is referred to in this report as the preferred alternative. One topic that was discussed concerning the preferred alternative in the October 2016 report to the Transportation Committee is the desirability of enhancing services in the urban areas so that removal of the Call Boxes will not cause adverse impacts to those persons living in and using the highways in those communities, including low income and minority populations. The Transportation Committee was provided information regarding the social equity analysis that had been performed concerning the alternatives, and staff proposed that any potential for adverse impacts to low income or minority communities could be mitigated with various actions.

One mitigating factor has already occurred without action by SANDAG. Increased cell phone access over the last decade has reduced the likelihood of adverse effects resulting from a reduction of Call Boxes. In FY 2015, SANDAG conducted a survey of 1,250 respondents to determine the rate of cell phone ownership among the region’s adult population. The study revealed that 84 percent of the region’s adult population (+/- 2.75%, 95% confidence level), ages 18 and older, own a cell phone. National estimates are even higher, with 95 percent of all U.S. adults owning a cell phone (Pew Research Center, 2016). The Pew study also reported cell phone ownership across ethnic groups, among low income adults, and for urban and rural areas as summarized below.

- Race/Ethnicity: Hispanic (98%), African American (94%); and White (94%)
- Adults with an annual household income less than $30,000 (92%)
- Urban population (95%) and rural (94%)

This data indicates that any adverse impacts to low income or minority populations associated with the implementation of the preferred alternative would be smaller now than they would have been in the past due to the widespread use of cell phones, which provide access to communication services for roadside assistance. The access to assistance provided by cell phones also is more convenient and safe, especially at night, than access to the Call Boxes, which require a person to leave his/her vehicle.
Additionally, the Implementation Plan proposes two actions by SANDAG. The first is to expand FSP services on two corridors, Interstate 5 (I-5) South, and I-805 South, which serve the highest concentration of low income and minority populations potentially affected by the right-sizing of the Call Box network. The second proposed measure to enhance use of an alternative Motorist Aid Service also is meant to ensure persons in both urban and rural areas that might be affected by the preferred alternative are aware of the availability of free 511 Roadside Assistance.

**Call Box Right-Sizing Implementation**

The proposed Implementation Plan (Attachment 4), if recommended for approval by the Transportation Committee, would be conducted in two phases as part of the FY 2018 annual work program.

**Phase 1** - Conduct an expanded public outreach and marketing campaign to increase awareness of the mobile 511 Roadside Assistance program. A six-week campaign is recommended to begin in summer 2017, to precede the first phase of Call Box removals. Concurrent with the expanded marketing, FSP is proposed to be expanded on I-5 South and I-805 South, the two corridors that most directly serve populations identified in the social equity analysis as most likely to be adversely affected by the proposed reduction of urban Call Boxes. Attachment 5 shows a map where the expanded FSP would be provided. The expanded FSP service is estimated to cost $400,000 per year, and would be funded from the cost-savings resulting from the proposed right-sizing of the Call Box network. The expanded service is proposed to be incorporated into the region’s ongoing core FSP services and will be subject to the FSP core service performance metric requirements and funding availability. Two months after the marketing campaign and expanded FSP begins, the 202 Call Box locations identified as “undesirable” by Caltrans, would be removed.

**Phase 2** - Conduct a second six-week public outreach and marketing campaign that would coincide with the removal of the remaining Call Boxes scheduled for spring 2018, from the region’s urban highways, and the 43 percent reduction of the Call Boxes in the rural area.

Marketing and outreach tactics may include billboards, radio and TV traffic spots, digital ads, emails, community presentations, and social media, as well as messages on Caltrans changeable message signs (CMS). This expanded marketing campaign is estimated to cost $60,000 per year, and would be funded from the cost-savings resulting from the proposed right-sizing of the Call Box network.

Outreach activities would include collaboration with the California Highway Patrol and Caltrans to increase ongoing CMS messages and community safety awareness presentations, and exploring opportunities to continue to make educational brochures available at the Department of Motor Vehicles offices, as well as providing brochures to automotive service centers and new/used car dealerships. Outreach efforts are anticipated to include a press release, updated fact sheets and web content, email blasts, distribution of brochures, social media testimonials, community presentations, and sharing informational resources with member agencies.
**One-Time and Ongoing Expenses**

The proposed right-sizing of the Call Box system would require a one-time expense of $165,000 to remove the Call Boxes identified in the Implementation Plan. These one-time expenses would occur in FY 2018, coinciding with the proposed Implementation Plan.

Ongoing operation and maintenance expenses for the Call Box program are expected to be reduced beginning in FY 2018 as the right-sizing plan is implemented and Call Boxes are removed from network operations. An estimate of the program expenses can be found on Attachment 6.

**Next Steps**

If recommended by the Transportation Committee, staff will present the Implementation Plan to the Board of Directors for action in March 2017. Pending Board of Directors action, implementation would occur beginning in May 2017 through June 2018, as shown in Attachment 4.

RAY TRAYNOR
Director of Operations

Attachments:  
1. Motorist Aid Services - Background  
2. Map – Freeway Service Patrol - Regular Beat Service (Current)  
3. Map – Call Box Network (Current)  
4. Proposed Call Box Right-Sizing Implementation Plan  
5. Map – Enhanced Freeway Service Patrol (FY 2018)  
6. Call Box Program – Estimated Operations and Maintenance Expenses

Key Staff Contact: Aaron Moreno, (619) 710-4052, aaron.moreno@sandag.org
MOTORIST AID SERVICES

Background

SANDAG administers the regional Motorist Aid Services Program to enhance mobility by providing assistance to stranded motorists, thereby reducing congestion and improving safety on the region’s urban and rural highways. The Motorist Aid Services provided in the region include:

- **Call Box Program** – A network of 1,259 Call Boxes located on the region’s urban and rural highways enabling motorists in need to obtain assistance from police, fire, ambulance, towing, and other service personnel. Attachment 1 illustrates the region’s current Call Box network.

- **Freeway Service Patrol** – A fleet of roving tow trucks that patrol the region’s urban highways during peak commute periods, assisting stranded motorists with a gallon of gas; changing a flat tire; or towing a stranded vehicle, at no charge to the motorist, to a safe, pre-determined location designated by the California Highway Patrol (CHP).

- **511 Roadside Assistance** – A component of the region’s one-stop travel resource system, 511, that enables motorists in need to obtain assistance from police, fire, ambulance, towing, and other service personnel directly from a cell phone. 511 also provides up-to-the minute information on traffic conditions; incidents and driving times; schedule, route, and fare information for public transportation; carpool and vanpool referrals; biking information; and more.

- **Regional Helicopter** – As specifically permitted under Assembly Bill 1572 (2012), the Motorist Aid Services Program also contributes funding for the Regional Helicopter Program, operated jointly by the City and the County of San Diego.
### Call Box Right-Sizing Implementation Plan

<table>
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<td>3.4 Remove “Undesirable” Call Box Locations</td>
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#### Approval

1.0 Present Staff Report and Implementation Plan

1.1 TC Recommendation on 02-17-17

1.2 Board Approval on 03-24-17

1.3 Caltrans Approval

1.4 CHP Approval

#### Pre-Implementation

2.1 Ongoing Public Outreach

2.2 Vendor Mobilization

#### Call Box Decommissioning

**Phase 1**

3.1 Expanded Marketing Campaign

3.2 Expanded FSP (I-5 South)

3.3 Expanded FSP (I-805 South)

3.4 Remove “Undesirable” Call Box Locations

**Phase 2**

4.1 Expanded Marketing Campaign

4.2 Remove All Remaining Urban Call Box Locations

4.3 Remove 43 percent of Rural Call Box Locations
## Call Box Program - Estimated Operations and Maintenance Expenses

(In thousands)

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MOTORIST AID SERVICES
CALL BOX RIGHT-SIZING IMPLEMENTATION PLAN

Transportation Committee
February 17, 2017

SANDAG Motorist Aid Services

CALL BOX PROGRAM

REGIONAL HELICOPTER PROGRAM

REGIONAL 511 TRAVELER INFORMATION

FREEWAY SERVICE PATROL (FSP)
Call Box Usage

- Call volume has declined largely due to the proliferation of cell phones

Right-Sizing Alternatives

- Three right-sizing alternatives
  - 75 percent reduction (100% urban, 50% rural)
  - 100 percent reduction (all call boxes)
  - 16 percent reduction (202 call boxes identified as undesirable)

- Any disproportionate effects or disparate impacts resulting from the implementation of a call box right-sizing plan would be mitigated:
  - Expansion of Freeway Service Patrol in urban areas
  - Increased outreach of 511 Roadside Assistance Program
Cell Phone Ownership

San Diego Region Cell Phone Ownership

- Yes: 84%
- No: 16%

SANDAG Survey, 2015

U.S. Cell Phone Ownership 95%

Pew Research Center, 2016

Cell Phone Coverage

Pew Research Center, 2016
Alternative 1 (Preferred Alternative)

- 75 percent call box reduction
  - 1,259 to 319 call boxes

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<tr>
<th>Region</th>
<th>Current Call Box Network</th>
<th>Proposed Call Box Removals</th>
<th>% Call Box Reduction</th>
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<td>1,259</td>
<td>940</td>
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- Mitigating measures
  - Expanded public outreach and marketing campaign
  - Enhanced Freeway Service Patrol (I-5 South and I-805 South)

Current Call Box System
Alternative 1 (Preferred Alternative)

Enhanced FSP Service
Expanded Public Outreach and Marketing

- Build upon annual public outreach efforts

- Two-phase marketing campaign
  - Phase one: Six weeks in summer 2017
    - Precede proposed call box reduction
  - Phase two: six weeks in early spring 2018
    - Coincide/follow proposed call box reduction

- Goals and messaging

Recommended Media Mix

- Outdoor
  - Billboards

- Radio and TV
  - Traffic report spots

- Digital
  - Urban highway travelers

- Social media

- English and Spanish
Additional Opportunities

- Partners
  - Caltrans
    - Message on highway CMS
  - CHP
    - Information in safety presentations
- SANDAG member agencies
- DMV and car dealers
  - Wallet/glove box brochure

Operations & Maintenance

- Estimated costs savings: $460,000 annually
- One-time expenses: $165,000 for call box removal
- Expanded Freeway Service Patrol: $400,000 per year
- Increase to marketing budget: $60,000 per year
Next Steps

- The Transportation Committee is asked to recommend that the Board of Directors:
  1. Approve the proposed Implementation Plan for right-sizing the Regional Call Box network in substantially the same form as Attachment 4; and
  2. Authorize the Executive Director to take the budget actions necessary to carry out the Implementation Plan.
February 15, 2017

San Diego Association of Governments
401 B Street, Suite 800
San Diego, CA 92101

To: Honorable Jim Desmond and the Transportation Committee:

The City of Vista received notice that SANDAG will not financially support the City of Vista’s Out & About Senior Transportation program in 2017-18 and 2018-19 fiscal years. The City of Vista utilizes the funds to provide nearly 10,000 trips annually to 224 unduplicated Vista senior riders. Of those 224 riders, 164 (73%) have income that is “Extremely Low” or “Very Low” Area Median Income (AMI). The seniors receiving transportation services from the City of Vista have limited or no availability to alternative transportation due to either accessibility or affordability.

The Out & About Transportation program is very comprehensive. Rides are available for medical/dental/vision appointments, medication pick-up, grocery shopping, banking, exercise class, and other miscellaneous errands. The program provides door-to-door transportation on a flexible route based on the client’s needs. Therefore, this program excels at providing a service that is accessible to the seniors. All shuttle rides are extremely affordable at $3 per round trip. In addition, to a shuttle mode of transportation the program provides rides through a volunteer driver program to allow for independent modes of transportation and trips that are further in mileage. If we are unable to provide transportation via the shuttle or a volunteer driver, we have available taxi scrip at the cost of 40% of the scrip value.

There are very limited resources in the City of Vista for accessible and affordable transportation for seniors. The limited resources is precisely why the City of Vista took on the responsibility and developed the Out & About transportation program in 2003. The City of Vista has received SANDAG funds for the Out & About Transportation program since 2009. There is no other provider in Vista that can provide accessible and affordable transportation and many seniors will be gravely affected without the services of the Out & About program.

The need for transportation has increased and thus the City of Vista has collaborated with neighboring cities, San Marcos and Oceanside, to increase the cost efficiency of trips. The Out & About program also serves many seniors that reside outside the City limits and within the County of San Diego. Without Vista’s service, the seniors in the County limits will not have a transportation service. FACT will not likely be able to provide the service necessary due to the numbers of seniors served and the quantity of rides needed.
San Diego Association of Governments
To the Honorable Jim Desmond and the Transportation Committee
February 15, 2017
Page 2

The City of Vista respectively requests a review of the application and additional consideration for funding the Out & About program. There are several areas in the application that are subjective and do not provide specific guidelines as to the material information requested and thus allows for rater interpretation. In addition, there are comments of raters that seem to be in contradiction to actual information supplied in the application. Passenger utilization was an area that received a particularly low score. Higher passenger utilization percentage is difficult to reach when you offer a comprehensive program. Every taxi scrip sold and every volunteer driver ride performed operates at 33% passenger utilization. If all of the trips were provided via shuttle, the program’s passenger utilization would be well over 50%. Should the program be penalized due to the types of trips provided? The taxi & volunteer driver trips were provided because it met the needs of the senior.

Unbeknownst to staff, the reporting method used for SANDAG progress report was incorrect in that it did not include service hours for taxis and for volunteer drivers. Staff was not informed of this information prior to the grant submittal or during any site visit. A recalculation of the service hours computes a $24 per service hour; an amount that would score 5 points in the grant submittal of which a zero was received. Aside from the questions with limited scope for the information requested for the grant questions and subjective scoring, the City of Vista grant performed well (87%). The two areas of concern are the passenger utilization and the cost efficiency. If the program only served seniors transportation via a shuttle, the score in that area would have been five points. If the staff had been educated on the proper factors to include on the cost efficiency factor, the score in that area would have been five points. The grant scored would be increased by nine points if these two factors are taken into consideration.

Affordable and accessible transportation in North, San Diego County is extremely limited. Without the SANDAG funds, the City will rely heavily on FACT. Fact continues to struggle to handle the current demand and it would be an extreme hardship to add to that burden. The boom of the senior population, the limited mass transit in Vista, the topography of Vista and the increased needs of the older seniors, provides great challenges for service in the City of Vista. In addition, those seniors living in the County limits will experience a greater hardship in getting accessible and affordable transportation. The City of Vista seniors will not have their transportation needs met through the agencies that have received funds. The Out & About program is a critical component to help seniors be engaged and living healthy, meaningful lives. This letter is written in hope that SANDAG will revisit this decision and continue to support Vista seniors.

Sincerely,

Judy Ritter
Mayor, City of Vista
February 3, 2017

San Diego Association of Governments
Transportation Committee
401 B Street, Suite 800
San Diego, CA 92101

Dear Members of the SANDAG Transportation Committee:

I am writing to express my strong support for the ElderHelp of San Diego and, in particular, their “Seniors A Go Go” (SAGG) transportation program.

I am honored to represent a District that is home to many outstanding non-profit, community service-oriented organizations that provide much needed services to thousands of seniors throughout the City and County of San Diego. ElderHelp, in particular, does incredible work to help assist seniors to stay in their homes and maintain their independence. Their transportation program provided over 6,600 rides in 2016 to low-income seniors who otherwise would not be able to travel around the City and County for medical purposes, doctor visits, and other needs.

ElderHelp has shown a long history of effectively providing quality services to seniors throughout San Diego. ElderHelp has my utmost support. Therefore, I urge the SANDAG Transportation Committee to reconsider ElderHelp and provide funding for their much needed transportation program.

Thank you for your consideration.

Sincerely,

[Signature]

Chris Cate
Councilmember, Sixth District
2-17-17 Transportation Committee Meeting

1.0 Roads, Rail, High-Speed Rail, Bridges, Buses, and Bicycle Issues

1.1 Roads

1.1.1 Road Construction Materials

A look at new roadways that communicate with and charge the vehicles that drive on them, smart freeways ramps that direct traffic away from traffic jams, and autonomous trucks, are a few of the future elements of roads, in a DOT Road X research project to improve infrastructure in the U.S. by AECOM, CH2M, and Atkins, with CO’s DOT.

Ref: ENR, January 23, 2017 pp. 19

1.1.3 State, County and City

Jacobs Engineering was found guilty of “negligent misrepresentation”, for its design of a roadway at Fort Benning, GA, whose surface was built to a 4.5-in depth, instead of ACE’s requirements for the road surface to be 6-in deep, to handle 10-tanks and other military hardware daily. The new tanks now weigh as much as 80-tons.

Ref: ENR, January 23, 2017 pp. 11

• More lawsuits are pending over the 645-ft tall Millennium Tower in San Francisco’s, South of Market District, saying that as early as 2009, the developer knew the building was sinking faster than expected. The building has settled 16-in and tilted 2-in to the Northwest since 2009 and the suit claims it could sink by an additional 8-to 15-in for a total of 31-in. The building sinking has not compromised the buildings ability to resist strong earthquakes, but cracking, buckling, and water intrusion have appeared in both individual units and common areas.

Ref: ENR, January 23, 2017 pp. 12

• The National Basketball Association’s Golden State Warriors and GSW Arena LLC, held a ground-breaking on January 17, 2017, for the team’s new arena in San Francisco’s Mission Bay. The 18E3-seat complex will anchor an 11-acre retail and office district with a 5.5-acre public waterfront park.

Ref: ENR, January 23, 2017 pp. 13

1.2 Rail

1.2.4 Urban Light Rail Systems

Encinitas will spend $900E3 to design a railroad under-crossing point for pedestrians, at El Portal Street.


1.6 Bicycle

1.63 Bike Trails
The San Diego County Bicycle Coalition will host a public training on 2-4-17—The Power of Advocacy, in downtown San Diego to lobby for bike lanes.

Ref: The San Diego U-T 2-1-17 pp. B2

2.0 Port and Military Issues

2.1 Ports

2.1.1 Container Ships

Article on what to expect in 2017, in the shipping industry. The container shipping industry isn’t a typical business where entities must make money to serve, as some are still government-sponsored or supported, and not in business to make money. The market will continue at low-growth and more ships will be delivered, creating an over-capacity situation, that will impact rates, and cause financial losses. More than 300-ships were sitting at anchor at the end of 2016, due to losses over the past 6-years, and it’s time to make money and pay dividends to shareholders and owners.


- Article on expectations of ports terminal automation. Automation reduces the human element in terminal operations, that can be bad for productivity, because a trained workforce can ramp up performance to handle peak loads. Automation allows a certain level of cargo-handling performances 24/7 and the terminal operates like a machine. Automated staking cranes, ground transportation, and computer-driven operating systems have been around for 20-years, but 94% of all container terminals globally, are still manual, only 2% are fully automated, and 4% are semi-automated. Large cargo surges of 10.0E3-TEU exchanges/vessel-calls may become common at large gateways, making automation more appealing. Ports that don’t make the cut will be designated for smaller vessels, operating outside the major east-west trade lanes, and “only state-of-the art” terminals will have a chance to serve as “backbone” facilities. Automation is safer for workers, is mostly electric—so is environmentally cleaner with less GHG emissions.


- Summary of the global container shipping market place that has: 5,346-vessels with 23.83E6-TEUs of capacity, made up of Feedermax-23%, ULCV-6%, new Panamax-4%, post Panamax-22%, Panama-16%, sub Panamax-13%, and Handy-16%. Offshore rigs operating was: 42 in 2011, 50 in 2012, 59 in 2013, 58 in 2014, 25 in 2015, and 22 in 2016. The Navy had 274-ships, 323,792-officers, enlisted & midshipmen, and had 12% of its energy produced from renewables.

Ref: Marine Log, January 2017 pp. 4

- The NTSB released El Faro’s audio transcript of the ship that sunk under Hurricane Joaquin in 2015. It covers activities between 5:37 a.m. Sept 30, 2015 to 7:40 a.m. Oct 1, 2015.

Ref: Marine Log, January 2017 pp. 10

- Article on BAE System’s HybriGen Zero generator, that captures and stores power from a vessels shaft from minimal power, off the marine engine, when its running at its most efficient operational time, to capture 200-kW electric power for onboard auxiliary needs.
2.1.2 Cruise Ships

Volvo Penta has entered the North American market with its Volvo Penta IPS steerable underwater drive-unit, with two forward-facing counter-rotating propellers, that pull the boat, reducing cavitation and increasing efficiency, and the exhaust is expelled beneath the boat, eliminating diesel fumes on deck.

Ref: Marine Log, January 2017 pp. 19

2.1.4 U.S.

Article on Georgia’s Port Authority’s, 2017 Infrastructure Update. Article covers 146-rubber-tire-gantry cranes with transition from diesel to electric; new super-post-Panamax ship-to-shore cranes expansion to a fleet of 26, including 20-new Panamax and 6-post-Panamax cranes, that will move 1000-containers/hr on the port. A new strategic rail imitative, GPA’s Mid-American Arc, will focus on growth of international rail to extend service to Chicago and transport 1.0E6-containers/yr, with 25-trains/wk. Breakbulk will be upgraded and Foreign-Trade Zone No. 104 will serve the region.


- A new near-dock rail facility at Global Container Terminals in the Port of New York and New Jersey, could cut up to a day off the time it currently takes to off-load a container, from a ship on to a rail car. It will handle 500-containers/d and be operational in 18-months. The project will complete rail service to all the ports, 4-main terminals now. Global Container Terminals, Bayonne is the only automated terminal in the port and the project is the final piece in a $600E6 project to make rail an integral part of port business.

Ref: The Journal of Commerce, January 23, 2017 pp. 18

- Article on competing for cargo from coast to coast in the U.S, that is expected to rise in 2017. To get cargo, ports will need to improve efficiency, reconfigure operations, and press for better inland connections.


- BAE Systems sold its San Francisco ship repair business to Puglia Engineering Inc., a Tacoma, WA Co.

Ref: Marine Log, January 2017 pp. 10

2.1.4.1 Inland Waterways

Article on subchapter M that went into effect on July 20, 2016 under regulation by the USCG, that oversees towing vessels, that affects 5,920-U.S.—flagged towing-vessels and 1,096 companies that own or operate them. The regulation covers all U.S. flagged vessels moving barges, carrying oil, or hazardous materials in bulk.

Ref: Marine Log, January 2017 pp. 32

2.1.4.2 Drayage Truck Issues
Schneider National and Daseke truck companies plan to enter the stock market to help fund expansion.

Ref: The Journal of Commerce, January 23, 1017 pp. 35-36

2.1.5 International

Three of Hong Kong’s container terminals entered a collaborative agreement to complete more effectively in an environment of consolidation, in the global liner-shipping industry. The agreement between Hong Kong’s International Terminals, Cosco-HIT, and Asia Container Terminals brings, majority of the berth space at Hong Kong’s Kwan Tsing terminals, under the unified management and operation. The collaboration between Hutchison Port Holdings Trust and Cosco Shipping Ports, that own the complete equity in the three terminals, to introduce scale and strategy benefits, to cope with customer-side consolidation and competition in trans-shipment hubs for big alliance customers.

In Singapore where the government is driving development, a major rebuild of ports is underway to meet capacity, and scale for alliance partners. HPH Trust and Cosco own 16 of the 24-container berths at Kwai Tsing. Modern Terminals and DP World are two other container terminal operators in Hong Kong operating 7-berths and one berth, respectively.


- Reliance on high single or double-digit growth in containerized cargo volumes is in the past for Chinese ports and Shanghai and Guangzhou are taking a more holistic approach to the future development of their ports, including a more focus on hinder-land zones, local industry, connectivity, and technical innovation. The Pearl River Delta, Port of Guangzhou, was the standard performer in container volume in 2016. Guangzhou Port Group, will enter a public stock listing in 2017, to accelerate development and optimization of port infrastructure, and increase competitiveness. They expect to take business from Hong Kong and Shenzhen as the cargo base shifts westward and closer to its facilities. Full relaxation of Chinese laws regarding domestic shipping or cabotage could cause Hong Kong to lose 2.4E6-TEUs/yr or 14% of its volume. Factors driving change in China’s ports are: the economy moving to consumer-oriented services, the shifting cargo base in the Peral River Delta and competition, container shipping consolidation, development of Shanghai’s Free Trade Zone, and environmental regulation. In 2017 there will be more completion and movement to the Belt and Road program for exports.


- An exciting region for port development will be, South Asia with geopolitics, as regional powers invest in facilities to increase influence in the Indian Ocean and develop better access to resources and future markets in Central Asia and the Middle East. The access will result in new capacity and process improvements at container ports and terminals. The China-built, Gwadar Port 1 in Pakistan—a major Belt and Road hub, had a demonstration of its purpose in November 2016 for goods overland from China and shipped from the port to Colombo and Dubai in the Persian Gulf markets. It will be an alternative to the Malacca Strait for energy needs.

1 google.com: chinese company leases gwadar

• A $20E9 expansion in Europe by UPS’s truck freight brokerage business will acquire Freightex, a British asset-light provider of truckload, less-than-truckload, specialized, and refrigerated trucking. Freightex will align with subsidiary, Coyote Logistics, spanning North America, and the E.U. FedEx and XPO have also made road freight-related acquisitions in the E.U. FedEx acquired TNT Express in 2016 and XPO acquired Norbert Dentressangle.

Ref: The Journal of Commerce, January 23, 2017 pp. 7-8

• Canadian shippers and the head of Canada’s Port of Vancouver, are opposing an attempt to privatize the country’s 18-port authorities, saying it would limit public oversight, and threaten investment in infrastructure.

Ref: The Journal of Commerce, January 23, 2017 pp. 8

• The South Korean bankruptcy court dealing with the restructuring of STX Offshore and Shipbuilding—66% stake holder, named Italian-based Fincantieri, the preferred bidder for the STX France shipyard in Saint-Nazaire. The remaining 34% stake will be held by the French government’s military contractor, DCNS, when Fincantieri takes control.

Ref: Marine Log, January 2017 pp. 13

• Recap of the International Workboat Show, in New Orleans, LA in December 2016. The show had some of the new diesel engines that meet IMO Tier III and U.S. EPA Tier 4 emissions requirements. The engines use Selective Catalytic Reduction—SCR—or Exhaust Gas Recirculation—EGR—systems, and alternative marine fuels, such as LNG. With SCR, an aqueous urea solution, is injected into the exhaust air stream containing NOₓ, where it evaporates into ammonia [NH₃], due to a physical reaction triggered by the energy contained in the hot exhaust gas. The gas and ammonia mixture controls the SCR catalyst surface—a reduction reaction occurs, breaking down the NOx [NO and NO₂] and NH₃ into nitrogen gas [N₂] and water vapor [H₂O]. The show covered progress Rail, Scania, Rolls-Royce Power Systems, Wärtsilä, and Caterpillar engines

Ref: Marine Log, January 2017 pp. 18-20

2.1.6 Maintenance Operations

Article on the USCG’s approval of three ballast water treatment systems.

Ref: Marine Log, January 2017 pp. 30-31

• Metal Shark delivered its first three Metal Shark, 36-ft, Fearless-class patrol boats to the Puerto Rico Police Department. Powered by triple 300-hp Mercury Verado engines, the boats achieve up to 55-knots. More are on the way. The Colombian National Police, took order of a 33-ft, Relentless-class patrol boat powered by twin 300-hp Evinrude E-TEC G2 engines, to reach speeds of 50-knots. Metal Shark will also build 12, 38-ft, Defiant-class pilothouse patrol boats for the Dutch Caribbean Coast Guard, beginning in 2017.

Ref: Marine Log, January 2017 pp. 14

2.2 Military

2.2.1 Ships and Planes
The new Secretary of Defense, James Mattis announced memorandums instructing armed forces to reopen reviews into Lockheed Martin’s $1.5E12 Lighting II Strike fighter and Boeing’s $3.7E9 replacement plan for 2 jets that fly the president around the world.

Ref: The San Diego U-T 1-28-17 pp. A1 & A8

- Lockheed Martin reduced the cost of the next bulk purchase of F-35 Strike fighters by $728E6. The deal includes 2-F-35 jets designed to be deployed from carriers for the Navy, 12-F-35B, vertically-launched fighters for the Marines and allied nations, and 76-F-35A jets for the Air Force and allies. The Pentagon will also buy more of the planes in the future. Pratt & Whitney builds the engines and the planes will be built in TX.

Ref: The San Diego U-T 2-4-17 pp. A3

- The non-partisan Congressional Budget Office’s analysis of the Navy’s 2017 Shipbuilding Plan, says to keep the number of ships at the current 308-ships goal, will be difficult under the Budget Control Act—BCA—, that keeps a cap of both defense and non-defense discretionary spending until 2021.

The Trump-Pence campaign’s promise of a 350-ship Navy came from Randy Forbs, former chairman of the House, Sea-power and Projections Forces Subcommittee. Trump as picked Philip Bilden to become the next Secretary of the Navy. A November 2016 Congressional Research Service, says the 350 is a rounded version of a recommendation for a fleet of up to 346, in a 2014 report of the National Defense Panel—NDP—, that provided an independent review of DOD’s 2014 Quadrennial Defense review—QDR—, and 4-years before that, it was recommended in the 2010 report of the NDP, that reviewed the DOD’s report on its 2010 QDR. 17-years earlier, a fleet of 346 was recommended in DOD’s 1993 report on its Bottom-Up Review, at the end of the Cold War. The Navy’s actual size, has been between 270 to 209 ships. Details of types of ships is covered and the cost would be some $21E9/yr in 2016 dollars, from FY 2017 to FY 2046, says the Navy’s 2017 Shipbuilding Plan, but the CBO says it would cost $25E9/yr, or 60% above the historical average. The BCA caps spending until 2021, but does not address shipbuilding.

Ref: Marine Log, January 2017 pp. 2 and 26 & 28-29

- The USCG issued a request for questions for industry studies in support of the USCG Polar Icebreaker. The government will analyze input from industry and further refine the Heavy Icebreaker System Specification. A request for proposals of design and construction is expected in 2018.

Ref: Marine Log, January 2016 pp. 15

2.2.2 International Issues

President Trump may lift sanctions on Russia over interventions in the Ukraine.

The U.S. Ambassador to the UN issued a warning, saying the U.S. will take names and respond to nations that do not back the U.S.

Ref: The San Diego U-T 1-28-17 pp. A4
• The Pentagon disagrees with Republicans that say an almost completed $400E6 wind farm to power Amazon.com in NC is a threat to national security. The Army will replace its U.S. made 9-mm M9 Beretta with a German Sig Sauer P320 pistol in a $580E6 contract. Beretta is an Italian weapons company.
Ref: The San Diego U-T 1-29-17 pp. A26 & A27

• James Mattis, Defense Secretary, will visit South Korea and Japan, and will meet Han-Min-koo, the South Korean defense Minister and then be heading to Tokyo. The talks in South Korea will be over the hosting of the Terminal High Altitude Aerial Defense System—THAAD—. China is exacting economic revenge on South Korea for the hosting of missiles.
Ref: The San Diego U-T 1-31-17 pp. A3

• Iran has warned the U.S. Foreign Minister Mohammad Javadzarit, after U.S. and Israeli officials accused Iran of conducting a missile test, that violated a Security Council resolution.
Ref: The San Diego U-T 2-1-17 pp. A3

• Navy base Coronado officials updated the Imperial Beach city council about the new $1.0E9 SEAL training Center. Captain Scott Mulvehill says the impact will be limited, for the 24-coastal campus projects along state Route 75 on 600-acres that will add 1.5E6 ft² of buildings to the base, and take 10-years to complete.
Ref: The San Diego U-T 2-1-17 pp. B2

• The Iran's issues are escalating to the point that President Trump is saying, "nothing is off the table". The White House issued a warning, that the U.S. will act against Iran, unless it stops testing ballistic missiles and supporting Houthi rebels in Yemen.

• Sporadic shelling of Avdiivka, Ukraine between separatists and regular Ukrainian forces may cause problems for President Trump and President Putin's relations.
Ref: The San Diego U-T 2-2-17 pp. A3

• President Trump threatened to invade Mexico, to deal with "bad hombres" if the Mexican military does not handle their actions in the U.S.
Ref: The San Diego U-T 2-2-17 pp. A4

• Defense Secretary James Mattis said on 2-3-17, that any use of nuclear weapons by North Korea on the U.S or its allies, would be meet with an effective and overwhelming response, as he appeared with South Korean Defense Minister Han Min-goo.

U.S. Ambassador Nikki Haley blamed Russia for the recent surge in eastern Ukraine and warned sanctions against Russia will not be lifted until Moscow returns Crimea to Kiev.

The White House says ground raids approved by President Trump, against al-Qeda in Yemen was successful.
Ref: The San Diego U-T 2-3-17 pp. A3
• At a ceremony on 2-3-17 the Navy is scheduled to take possession of the guided-missile destroyer, Rafael Peralta. The $1.5E9 vessel completed initial trials on December 16, 2016 and was built by Bath Iron Works.

Ref: The San Diego U-T 2-3-17 pp. B3

3.0 Water Issues

3.1 Regulation

3.1.2 Conservation Mandates

Water officials in San Diego County announced that the regions drought has ended. The SDCWA, the region’s water wholesaler, has an ongoing effort to convince regulators in Sacramento to lift emergency drought regulations on urban water districts. The rules that have been in place for the last 18-months require reports on water consumption and certify their supplies have enough inventory to withstand 3-straight years of drought and promote probation of wasteful water use by residents. Urban water users saved 765E9-gal of water since June 2015 [2.35E6-af].


3.2 Rivers and Lakes

3.2.1 Dams

Construction will start on the $52E6 upgrade to the Bagnell Dam at Ameren, MO’s, 212-MW Osage Energy Center.

Ref: ENR, January 23, 2017 pp. 5

3.3 Reservoirs and Aqueducts

Sen. Joe Negron, FL Senate, unveiled a $2.4E9 plan to purchase land south of Lake Okeechobee for a 60E3-acre reservoir, to store 120E9-gal of polluted lake water, that is currently discharged into the tide when water threatens the dike, that encases it.

Ref: ENR, January 23, 2017 pp. 5

4.0 Pipeline and Tunnel Issues

5.0 Transportation Environmental Issues

5.5 PM emissions

5.5.2 PM_{2.5} \mu m

A study by the University of Southern California, says PM_{2.5} emissions may cause 21% of the cases of Dementia and Alzheimer’s disease worldwide. The brain treats PM 2.5 particles as invaders and reacts with inflammation responses. Alzheimer’s is the 6th leading cause of death nationwide and the 3rd in San Diego.

Ref: The San Diego U-T 2-1-17 pp. A6

6.0 Transportation Financial Issues
6.1 Ports

A group of shippers are challenging fees the container lines and marine terminals impose for delays resulting from equipment dislocation at U.S. ports, but they need approval from federal maritime regulators. The Coalition for Fair Port Practices, petitioned the FMC, to issue a rule requiring container lines and terminals to extend free time for container storage or equipment use, when ports are disrupted by events out of their control. The Shipping Act requires demurrage and detention practices to be reasonable.


- Longshore union President Harold Daggett predicted automation will dominate the February 13-17 contract bargaining with ILA-USMX on the U.S. East and Gulf Coasts. The current contract expires July 1, 2019. Issues of maintenance and repair of chasses is still pending.

Ref: The Journal of Commerce, January 23, 2017 pp. 6

6.2 Container Ships

The main contract cycle for the Asia-Europe rates that begins late in the year, appears to have been delayed because of market uncertainty.


6.3 Federal Highway Trust Fund

Discussions on infrastructure funding is starting on Capitol Hill and costs could be as high as $3.7E12 by 2020, but congress is shifting the responsibility to the state level.

Ref: The San Diego U-T 2-1-17 pp. A2

6.4 State, County, and City

After some 2-years of delays, on January 10, 2017, the EPA said it has begun accepting applications for the Water Infrastructure Finance and Innovation Act—WIFIA—program, that could fund up to $2.0E9 in infrastructure projects. Congress authorized WIFIA in the 2014 Water Resources Reform and Development Act, but did not appropriate any money to issue loans. The water crisis in Flint, MI released $17E6 for WIFIA loans, on December 10, 2016. The $17E6 will parlay into $1.0E9 in loans and other credit assistance. WIFIA can only account for 49% of a project’s cost, the other 51%, non-WIFIA funds will bring it to $2.0E9, and the first round of submissions is expected on April 10, 2017. The WIFIA is modeled after the Transportation Department’s, 19-year-old TIFIA. If the EPA accepts a project for WIFIA, the utility or agency would have to pay a credit subsidy, that is liken to the cost of tax-exempt bonds.

Ref: ENR, January 23, 2017 pp. 4

- Article on President Trump’s $1.0E12 Infrastructure proposal by Elaine Chao, says it will include private financing and public funding elements.

Ref: ENR, January 23, 2017 pp. 6-7

7.0 Airport and Global Space Issues
7.1 Airports

7.1.6 U.S.

Frontier Airlines announced on 1-31-17, that they will add nonstop service to Austin, Cincinnati, and Cleveland, a few times a week, and will start the service in April, 2017.

Ref: The San Diego U-T 2-1-17 pp. C1 & C2

8.0 Border and Cultural Issues

8.1 Border

8.1.1 Import-Export

Prime Minister Theresa May pledged to invoke Article 50—the clause for exiting the E.U., by the end of March 2017. Labor leader Jeremy Corbyn will seek to ensure Britain keeps “tariff-free access to a single market”.

An unarmed British nuclear missile malfunctioned during a test and rocketed toward the U.S. The Trident missile launched from a submarine off Fl in June 2016, self-destroyed when computers recognized the error. In May 2016, Prime Minister May urged the Parliament to speed $50E9 on a new generation of Trident-armed submarines to replace the U.K.’s ageing fleet.

Ref: The Week, February 3, 2017 pp. 8

- Mexico’s Giant Motors and China’s Anhul Jianghuai Automobile, JAC Motor along with distributor Chori Company Limited, will invest $2012.46E6 in an existing plant to build SUVs in Hidalgo and produce 10.0E3-vehicles in the next 4-years.

Ref: The San Diego U-T 2-2-17 pp. C1

- The U.S. International Trade Commission ruled, there is a “reasonable indication” that imported lumber from Canada has harmed the domestic industry.

Ref: ENR, January 2017 pp. 14

- China is battling slow growth as it shifts from an export manufacturing-led modal to domestic consumption and services. China’s GDP in 2017 is expected to be down a bit to 6.4% from 6.6% in 2016. The U.S. is China’s main export partner, with a 18% share of the market. China accounts for a significant share of the U.S. trade deficit. President Trump promised to negotiate trade deals of NAFTA and scrap the Trans-Pacific Partnership, with 12-Pacific Rim countries, that are signed off, but ratified only by Japan. If the U.S. put punitive tariffs on goods made in China, Beijing would certainly retaliate, highlighting the prospects of a trade war. The Deutsche Bank explains, China’s World Factory, engages in processing trade—it imports intermediate inputs, assembles them, and then exports the products to their final markets. The 37% of China’s exports to the U.S. in 2015, consisted of value added imports from other countries that gives a very different deficit decomposition picture for the U.S., reducing China’s trade deficit with the U.S. to 16.4%, and trade has made the U.S. great for 80-years. There are problems with China’s trade in the U.S., with farmer’s ability to export wheat, corn, and rice to China because China wants to be self-sufficient in food production.

- In addition to President Trump’s rhetoric on NAFTA, Mexico installed a program in Mexico that raises fuel costs by 20% that will move down to truckers, automotive white goods, and other manufacturers and suppliers surging into Mexico. Mexican truckers will start implementing fuel surcharges on top of their rates, or begin increasing rates continuously. The fuel surcharges will boost trucking costs in Mexico by 8 to 14% in the next few months and Yusen Logistics said the increase could be higher because diesel prices are up 16% and the weakness of the peso will also affect the economy. Rail providers, such as KCS and BNSF stand to profit from the fuel cost increase, because they started a joint cross borderer intermodal service in November 2016. For shippers, any price hike will hurt, as manufacturers increasingly move production of goods bound for the Americas into Mexico, to avoid disruptions in longer supply chains from Asia. As ocean carriers restructure alliances, streamline service, merge, or collapse outright.

Positive points of NAFTA are: it supports 14E6-U.S. jobs, it has increased jobs. KCS’s President Patrick Offensmeyer, told the Journal of Commerce in January 9, 2017, the U.S. is the world’s largest manufacturer, that has moved up 80% in the last 25-years, U.S. agricultural exports to Mexico and Canada grew 330% since 1993 with exports to Mexico up 390%.

The Mexican government ordered fuel price increases as part of their plan to deregulate its fuel markets and align its fuel prices with global market prices. State subsidies have kept Mexican fuel process low. The government will set maximum fuel prices for 90-regions, that will differ, depending on factors of logistics and distribution costs. After February 18, 2017 fuel price’s will be adjusted daily and government prices will be lifted after pricing in those regions has been turned over to market forces, that should be compiled by the end of 2017. The result is projected to favor rail services over trucks.

Ref: The Journal of Commerce 1-23-17 pp. 4 & 36

8.1.2 Ports of Entry

The Trump Administration is proposing a 20% impact tax on goods from Mexico to pay for the new wall on the border. And the Bosch factory in San Luis Potosi, Mexico, could face a 35% import tariff to fund the wall.

Ref: The San Diego U-T 1-27-17 pp. A10

- On 1-25-17 President Trump ordered the “immediate construction” of a wall on the Mexican border. Today 33% of the border is walled, including 46-mi of the 60-mi boundary between San Diego County and Mexico, with some areas having a triple wall. There are 20.8E6 vehicles and pedestrians /yr, that enter the U.S. in San Ysidro. The Congressional Research Office, says building 700-mi of fence and maintaining it for 25-years will cost $49E9. There is now 653-mi of fencing on the border, built since 1989. Map of the border and where fencing is from San Diego to Brownsville, TX.

Ref: The San Diego U-T 1-29-17 pp. A1 & A8 and B2

8.2 Culture

President Trump closed the nation’s borders to refugees from around the world and blocked Syrian refugees indefinitely from entering the country. He also gave Christens priority over Muslims entering the country.
• The U.S. is deporting Somali refugees with criminal histories, says Ahmed Isse Awad, Ambassador to the U.S.

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