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SANDAG

TransNet Independent Taxpayer Oversight Committee

Wednesday, June 12, 2018
9:30 a.m. to 12 noon
401 B Street, San Diego
7th Floor Conference Room

Agenda Highlights

• Acceptance of the FY 2018 TransNet Fiscal and Compliance Audits
• SANDAG Strategic Plan
• San Diego Forward: The 2021 Regional Plan Update

Please silence all electronic devices during the meeting

Mission Statement

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus; makes strategic plans; obtains and allocates resources; plans, engineers, and builds public transit; and provides information on a broad range of topics pertinent to the region’s quality of life.

San Diego Association of Governments · 401 B Street, Suite 800, San Diego, CA 92101-4231
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Independent Taxpayer Oversight Committee
Wednesday, June 12, 2019

Item No.                        Action

1. Approval of Meeting Minutes  Approve
   The TransNet Independent Taxpayer Oversight Committee is asked to review and approve the minutes from its May 8, 2019, meeting.

2. Public Comments/Communications/Member Comments
   Members of the public shall have the opportunity to address Independent Taxpayer Oversight Committee (ITOC) on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a Request to Comment form and giving it to the Clerk prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to ITOC members. Public speakers are limited to three minutes or less per person. ITOC members also may provide information and announcements under this agenda item.

Consent

3. TransNet Environmental Mitigation Program Land Management Grant Program Quarterly Update
   Sarah Pierce, SANDAG
   Estimated Start Time: 9:35 a.m.
   This report provides an overview of progress made by TransNet Environmental Mitigation Program Land Management Grant recipients.

Chair’s Reports

4. San Diego Forward: The 2021 Regional Plan
   Information
   Estimated Start Time: 9:40 a.m.
   An update on development of San Diego Forward: The 2021 Regional Plan will be provided.

5. Update on Airport Connectivity Subcommittee
   Information
   Estimated Start Time: 9:50 a.m.
   An update on the Airport Connectivity Subcommittee will be provided.

Reports

6. Actions by the Transportation Committee and Board of Directors on TransNet-Related Agenda Items
   Ariana zur Nieden, SANDAG
   Information
   Estimated Start Time: 10 a.m.
   An update on actions taken by the Transportation Committee and Board of Directors on agenda items that the ITOC has reviewed will be presented.
+7. **Acceptance of the FY 2018 TransNet Fiscal and Compliance Audits**
   Lisa Kondrat-Dauphin, SANDAG
   The ITOC is asked to accept the final FY 2018 TransNet fiscal and compliance audit reports, as prepared by the independent audit firm, Davis Farr LLP, in accordance with the agreed-upon procedures, so the final audit reports may be issued.

+8. **SANDAG Strategic Plan**
   Loree Goffigon and Reza Ahmadi, Performance Works
   The ITOC is asked to provide feedback to help inform development of the SANDAG Strategic Plan.

+9. **Delegation of Approval for Administrative Modifications to the Regional Transportation Improvement Program**
   Sue Alpert, SANDAG
   The ITOC is asked to provide feedback on delegating the SANDAG Executive Director to approve administrative modifications to the Regional Transportation Improvement Program.

+10. **San Diego Forward: The 2021 Regional Plan Update**
    Coleen Clementson, SANDAG
    In February 2019, the SANDAG Board of Directors unanimously approved an action plan to develop a bigger and bolder transportation vision for the 2021 Regional Plan that will transform the way people and goods move throughout the San Diego region. As the first major step in this process, staff introduced key strategies, known as the 5 Big Moves, that will be used to identify transportation solutions for critical connections throughout the region. Feedback over the coming months, along with input from stakeholders and the public, will continue to inform the 2021 Regional Plan visionary framework. To learn more, visit sdforward.com/5bigmoves.

+11. **2019 ITOC Annual Report**
    Ariana zur Nieden, SANDAG
    The ITOC is asked to approve the 2019 ITOC Annual Report.

+12. **Annual Selection Process for ITOC Chair and Vice Chair**
    Ariana zur Nieden, SANDAG
    An overview of the annual ITOC Chair and Vice Chair selection process will be presented.

13. **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.
14. Upcoming Meetings
   The next ITOC meeting is scheduled for Wednesday, July 10, 2019, at 9:30 a.m.

15. Adjournment

+ next to an item indicates an attachment
May 8, 2019, TransNet Independent Taxpayer Oversight Committee Meeting Minutes

Chair Dustin Fuller (Biology/Environmental) called the meeting of the TransNet Independent Taxpayer Oversight Committee (ITOC) to order at 9:31 a.m.

1. Approval of Meeting Minutes (Approve)
   
   **Action:** Upon a motion by Mr. Jonathan Tibbitts (Licensed Civil/Traffic Engineer) and a second by Mr. Stewart Halpern (Finance/Budgeting), the ITOC approved the minutes from its April 10, 2019, meeting.
   
   **Yes:** Chair Fuller, Mr. Halpern, Mr. Kai Ramer (Licensed Engineer), Mr. Gregg Sadowsky (Right-of-Way Acquisition), Mr. Tibbitts, and Mr. Dick Vortmann (Private Sector). **No:** None. **Abstain:** None. **Absent:** Contractor/Construction.

2. Public Comments/Communications/Member Comments

   Mr. Halpern welcomed and introduced Mary Khoshmashrab as the independent performance auditor.

   **Chair’s Reports**

7. San Diego Forward: The Regional Plan (Information)

   Executive Director Hasan Ikhrata provided an update on development of San Diego Forward: The Regional Plan.

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

8. Update on Airport Connectivity Subcommittee (Information)

   Executive Director Ikhrata provided an update on the Airport Connectivity Subcommittee.

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

**Consent**


   This report provided an update on TransNet Major Corridor and Regional Bikeway Program projects.

4. TransNet Smart Growth Incentive Program and Active Transportation Grant Program: Quarterly Status Update and Amendment Request (Recommend)

   Tracy Ferchaw, Associate Grant Analyst, and Jeff Manchester, Engineering Project Manager City of La Mesa, provided additional information regarding the schedule extension request for the City of La Mesa’s North Spring Street Smart Growth Corridor Project.

   **Action:** Upon a motion by Mr. Tibbitts and a second by Mr. Ramer, the ITOC recommended that the Regional Planning Committee approve a Smart Growth Incentive Program schedule extension for the City of La Mesa’s North Spring Street Smart Growth Corridor Project. **Yes:** Chair Fuller, Mr. Halpern, Mr. Ramer, Mr. Sadowsky, Mr. Tibbitts, and Mr. Vortmann. **No:** None. **Abstain:** None. **Absent:** Contractor/Construction.

Action Requested: Approve

The TransNet Independent Taxpayer Oversight Committee is asked to review and approve the minutes from its April 10, 2019, meeting.
5. 2018 Regional Transportation Improvement Program: Amendment No. 4 (Information)
The ITOC was asked to review Regional Transportation Improvement Program Amendment No. 4.

6. Quarterly TransNet Financial Reports for the Period Ending March 31, 2019, and Other Financial Data (Information)
This report provided an overview of the financial status of the TransNet Program.
Action: Consent Item No. 3, 5, and 6 were presented for information.

Reports

9. Actions by the Transportation Committee and Board of Directors on TransNet-Related Agenda Items (Information)
Ariana zur Nieden, Senior TransNet Program Manager, presented an update on actions taken by the Transportation Committee and Board of Directors on agenda items that the ITOC has reviewed: Regional Transportation Improvement Program Amendment Nos. 3 and 4; San Diego Forward: The 2021 Regional Plan; and Selection Committee for the TransNet ITOC.
Action: This item was presented for information.

10. Appointment of FY 2019 Fiscal and Compliance Audit Subcommittee Members (Appoint)
Lisa Kondrat-Dauphin presented the item.
Action: Upon a motion by Chair Fuller and a second by Mr. Halpern, the ITOC appointed ITOC members Stewart Halpern, Kai Ramer, and Dick Vortmann to serve on its FY 2019 Fiscal and Compliance Audit Subcommittee. Yes: Chair Fuller, Mr. Halpern, Mr. Ramer, Mr. Sadowsky, Mr. Tibbitts, and Mr. Vortmann. No: None. Abstain: None. Absent: Contractor/Construction.

11. FY 2018 TransNet Triennial Performance Audit: Establishing a Performance Framework (Discussion)
Alex Estrella, Senior Regional Planner, presented an update on implementation of the FY 2018 TransNet Triennial Performance Audit Critical Priority Recommendation No. 5: Establish a Comprehensive Performance Framework.
Action: This item was presented for discussion.

12. Draft 2019 ITOC Annual Report (Discussion)
Ms. zur Nieden presented the item.
The ITOC was asked to provide feedback on the draft 2019 ITOC Annual Report.
Action: This item was presented for discussion.

13. North Coast Corridor Program: Status Update (Information)
Allan Kosup, Caltrans District 11 North Coast Corridor Director, presented an update on the North Coast Corridor Program.
Action: This item was presented for information.

14. 2018 Commute Behavior Survey (Information)
Krystal Ayala, Regional Planner, presented highlights from the 2018 Commute Behavior Survey.
Action: This item was presented for information.

André Douzdjian, Director of Finance, and Jim Miller, Senior Economist, provided an update on the financial markets, economy, and SANDAG investments as of March 31, 2019.

16. Upcoming Meetings

The next ITOC meeting is scheduled for Wednesday, June 12, 2019, at 9:30 a.m.

17. Adjournment

Chair Fuller adjourned the meeting at 11:49 a.m.
Confirmed Attendance at SANDAG TransNet Independent Taxpayer Oversight Committee Meeting

May 8, 2019

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Name</th>
<th>Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biology/Environmental</td>
<td>Dustin Fuller, Chair</td>
<td>Yes</td>
</tr>
<tr>
<td>Private Sector</td>
<td>Dick Vortmann, Vice Chair</td>
<td>Yes</td>
</tr>
<tr>
<td>Contractor/Construction</td>
<td>Brad Barnum</td>
<td>No</td>
</tr>
<tr>
<td>Finance/Budgeting</td>
<td>Stewart Halpern</td>
<td>Yes</td>
</tr>
<tr>
<td>Licensed Engineer</td>
<td>Kai Ramer</td>
<td>Yes</td>
</tr>
<tr>
<td>Right-of-Way Acquisition Licensed Civil/Traffic Engineer</td>
<td>Gregg Sadowsky</td>
<td>Yes</td>
</tr>
<tr>
<td>Licensed Civil/Traffic Engineer</td>
<td>Jonathan Tibbitts</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Advisory Members**

| San Diego County Auditor’s Office     | Tracy Drager (Alternate)                  | No       |

**SANDAG Staff Members and Titles**

Hasan Ikhrata, Executive Director

Kim Kawada, Chief Deputy Executive Director José Nuncio, TransNet Department Director

José Nuncio, TransNet Department Director

Ariana zur Nieden, Senior TransNet Program Manager
TransNet Environmental Mitigation Program
Land Management Grant Program Quarterly Update

Overview
This report provides the status of projects funded through the TransNet Environmental Mitigation Program (EMP) Land Management Grant Program.

Key Considerations
During the reporting period (January 1, 2019, through March 31, 2019), two projects were completed:

- County of San Diego’s Quino Habitat Restoration Project
- San Elijo Lagoon Conservancy’s Veldt Grass Removal Project

In addition, a six-month, time-only, no-cost extension was issued for the San Diego Audubon Society’s Silverwood Wildlife Sanctuary Project due to insufficient rainfall in 2018, which impacted invasive plant removal activities.

Attachment 1 provides the status of projects that currently are active. All projects are on-schedule and no projects are on the Watch List. Projects are placed on the Watch List if a grantee is not making timely progress toward its milestones (defined in SANDAG Board Policy No. 035: Competitive Grant Program Procedures) and has not yet sought corrective action.

Next Steps
TransNet grantees will continue to work on grant implementation. SANDAG will execute the remaining contract for a project to be carried out by the Mission Resource Conservation District, which was awarded funding by the Board of Directors in July 2018 as part of the 9th cycle of grants. SANDAG staff will continue to work on an audit of completed land management grant projects to document the lasting impact of TransNet funds. The next quarterly status report (covering April 1, 2019, to June 30, 2019) is expected to be presented in September 2019.

Charles “Muggs” Stoll, Director of Land Use and Transportation Planning

Key Staff Contact: Sarah Pierce, (619) 699-7312, sarah.pierce@sandag.org

Attachment: 1. Status of Active TransNet EMP Land Management Grant Program Projects: Reporting period January 1, 2019, to March 31, 2019
<table>
<thead>
<tr>
<th>Contract #</th>
<th>Grantee</th>
<th>Project</th>
<th>Description of Project Activities</th>
<th>Grant Amount</th>
<th>Contract Execution Date</th>
<th>Contract Expiration Date</th>
<th>Watch List*</th>
<th>Status/ Amendment History</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 5004736</td>
<td>United States Fish and Wildlife Service</td>
<td>Mother Miguel Mountain</td>
<td>Protect sensitive species, including Mexican flannelbush and critical habitat on the southwestern slope of Mother Miguel Mountain, while managing public access and awareness.</td>
<td>$21,454</td>
<td>12/01/15</td>
<td>6/1/19</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. One Amendment- Six Month Extension.</td>
</tr>
<tr>
<td>2 5004947</td>
<td>Chaparral Lands Conservancy</td>
<td>Crest Canyon Veldt Grass</td>
<td>Treatment of invasive purple veldtgrass throughout the Crest Canyon Preserve, achieving greater than 90% reduction.</td>
<td>$49,991</td>
<td>4/5/17</td>
<td>4/5/19</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. One Amendment- Six Month Extension.</td>
</tr>
<tr>
<td>3 5004951</td>
<td>San Diego Audubon Society</td>
<td>Silverwood Wildlife Sanctuary</td>
<td>Invasive plant control in priority habitat areas within the reserve, reducing invasive cover by 90%. Approx. 65 acres of invasive species hotspots are to be treated with herbicide and 5 acres via hand management.</td>
<td>$36,301</td>
<td>2/15/17</td>
<td>8/15/19</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. Two Amendments- 12 Month Extension.</td>
</tr>
<tr>
<td>4 5004953</td>
<td>San Diego Zoo Global</td>
<td>Native Seed Bank</td>
<td>Seed collection, processing, and maintenance for 8 plant species within for seed banking purposes in addition to bulking and propagation efforts required to provide seed for regional restoration projects; 3 of which are part of FY17 LMG cycle.</td>
<td>$492,396</td>
<td>3/13/17</td>
<td>3/13/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>5 5004954</td>
<td>Chaparral Lands Conservancy</td>
<td>Otay Mesa Rare Plants</td>
<td>Seed collection and bulking for two rare species and the establishment of new occurrences for five MSP species through seeding, planting, and maintenance.</td>
<td>$141,319</td>
<td>4/5/17</td>
<td>4/5/22</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>6 5004955</td>
<td>Chaparral Lands Conservancy</td>
<td>Proctor Valley Vernal Pools and Uplands</td>
<td>Restoration of 19 acres of vernal pool and coastal sage scrub habitat in Proctor Valley specific to the needs of MSP species and the establishment of two high-priority MSP plant species through collection, bulking, seeding, and maintenance efforts.</td>
<td>$393,864</td>
<td>4/5/17</td>
<td>4/5/22</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>7 5004956</td>
<td>San Elijo Lagoon Conservancy</td>
<td>North County Dunes 2</td>
<td>Phase 2 of North County Dunes Restoration Project focusing on the implementation and completion of site specific plan for Cardiff State Beach and invasive management and support for existing coastal dune and bluff species at South Carlsbad State Beach Campground.</td>
<td>$197,799</td>
<td>2/13/17</td>
<td>5/13/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>8 5004957</td>
<td>Mission Trails Regional Park Foundation</td>
<td>San Diego Thornmint Restoration</td>
<td>Improve and expand areas occupied by San Diego thornmint in MTMP by restoring and enhancing degraded habitat.</td>
<td>$72,265</td>
<td>3/21/17</td>
<td>3/21/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
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<tr>
<td>9</td>
<td>City of San Diego</td>
<td>Navajo Canyon</td>
<td>Create, enhance, and expand existing Coastal Cactus Wren (CACW) habitat and reduce the threat of wildfire and invasive plant conversion by replacing areas of invasive flashy fuels with native cactus in City of SD Chollas Radio Canyon and Navajo Canyon Open Spaces.</td>
<td>$80,000</td>
<td>11/8/18</td>
<td>5/8/20</td>
<td>No</td>
<td>Project is making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>10</td>
<td>City of San Diego</td>
<td>Florida Canyon</td>
<td>Preserve native species, control invasive species, re-establish native vegetation and habitat, control erosion, establish a designated trail system, fence sensitive areas, and install signage in three sites within Florida Canyon.</td>
<td>$43,957</td>
<td>11/8/18</td>
<td>5/8/20</td>
<td>No</td>
<td>Project is making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>11</td>
<td>The Escondido Creek Conservancy</td>
<td>Elfin Forest</td>
<td>Eradicate exotic plants that directly threaten the eastern Encinitas baccharis occurrences and eliminate exotic forbs from the rest of the Los Cielos Preserve Complex in order to protect occurrences of Orcutt's brodiaea and Encinitas baccharis.</td>
<td>$79,853</td>
<td>11/14/18</td>
<td>5/14/20</td>
<td>No</td>
<td>Project is making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>12</td>
<td>City of San Diego</td>
<td>Otay Mesa Open Space</td>
<td>Create, enhance, and expand existing Coastal Sage scrub (CSS) habitat surrounding the vernal pools complex and western burrowing owl dens to act as a buffer from invasive plant species and to reduce sediment erosion into the vernal pools.</td>
<td>$80,000</td>
<td>11/8/18</td>
<td>5/8/20</td>
<td>No</td>
<td>Project is making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>13</td>
<td>Port of San Diego</td>
<td>D Street</td>
<td>Assist in management and recovery of two federal and state-listed species, the California least tern and western snowy plover, which occur at the D Street Fill during the avian breeding season. The Port's goal is to &quot;prepare&quot; the site for the 2019 and 2020 nesting seasons by performing management required to maintain it as suitable breeding habitat.</td>
<td>$75,400</td>
<td>11/29/18</td>
<td>5/29/20</td>
<td>No</td>
<td>Project is making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>14</td>
<td>National Parks Service</td>
<td>Cabrillo</td>
<td>Remove invasive plants, restore social trails with complimentary native plants, and reduce off-trail use with signage, fencing, and education via social media platforms.</td>
<td>$25,000</td>
<td>11/8/18</td>
<td>5/8/20</td>
<td>No</td>
<td>Project is making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>15</td>
<td>County of San Diego</td>
<td>Ramona Grasslands</td>
<td>Enhance the existing arroyo toad population and increase the potential for a southwestern pond turtle population within the Preserve.</td>
<td>$80,000</td>
<td>12/4/18</td>
<td>6/4/20</td>
<td>No</td>
<td>Project is making timely progress toward their milestones. No Amendments.</td>
</tr>
</tbody>
</table>
### Status of Active TransNet EMP Land Management Grant Program Projects:
**Reporting period Jan. 1 - Mar. 31, 2019**

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<td>16</td>
<td>City of Chula Vista</td>
<td>Rice Canyon Invasive Removal</td>
<td>Reduce threats to Otay tarplant, San Diego thornmint, and Orcutt's bird beak within Rice Canyon by maintaining and installing new fencing (wire and t post) and signage to direct trail users on authorized trails only.</td>
<td>$36,500</td>
<td>11/8/18</td>
<td>5/8/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>17</td>
<td>Back Country Land Trust</td>
<td>Wright's Field</td>
<td>Development and implementation of a Recreation Management Plan (Plan) for the Wright's Field MSCP Preserve in Alpine. The implementation of this Plan will include trail decommissioning and rerouting, interpretive signage, and a 58 acre fire-fuel reduction / weed control program.</td>
<td>$61,000</td>
<td>11/8/18</td>
<td>5/8/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>18</td>
<td>San Diego River Park Foundation</td>
<td>Boulder Creek</td>
<td>Increase the suitability of roosting habitat for Townsend’s big-eared bat by installing a gate at the entrance of a mine and controlling the existing erosion threat.</td>
<td>$47,326</td>
<td>11/15/18</td>
<td>5/18/19</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>19</td>
<td>The Chaparral Lands Conservancy</td>
<td>Rare Plants 2</td>
<td>Seed bulking for Orcutt’s spineflower, short-leaved dudleya, and Orcutt’s brodiaea; supplementation of existing plant populations; and control invasive plants.</td>
<td>$79,998</td>
<td>1/28/19</td>
<td>7/28/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>20</td>
<td>San Diego Audubon Society</td>
<td>Silverwood-Anstine</td>
<td>Survey the Silverwood Reserve property lines currently affected and install approximately 1,100 feet of non-barbed wire fencing. In addition 255 feet of lodge pole wood fencing will be installed at the Anstine Preserve.</td>
<td>$34,311</td>
<td>10/30/18</td>
<td>4/30/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>21</td>
<td>San Elijo Lagoon Conservancy</td>
<td>Veldt Grass 2</td>
<td>Begin Phase 1 eradication perennial veldt grass (Ehrharta calycina) in the newly acquired Lake Property, adjacent to San Elijo Lagoon Ecological Reserve.</td>
<td>$76,655</td>
<td>12/6/18</td>
<td>6/6/20</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>22</td>
<td>City of San Diego</td>
<td>San Pasqual Cactus Wren</td>
<td>Enhance and restore an additional 100 acres of habitat for the endangered Coastal cactus wren along the north side of San Pasqual Valley.</td>
<td>$200,000</td>
<td>1/28/19</td>
<td>1/28/24</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
<tr>
<td>23</td>
<td>City of San Diego</td>
<td>Lower Otay Reservoir</td>
<td>Weed management, cactus reclamation, and cactus planting to expand existing coastal cactus wren territory from Salt Creek Preserve towards the Sweetwater population.</td>
<td>$243,142</td>
<td>2/25/19</td>
<td>2/25/24</td>
<td>No</td>
<td>Project IS making timely progress toward their milestones. No Amendments.</td>
</tr>
</tbody>
</table>
# Status of Active TransNet EMP Land Management Grant Program Projects:
## Reporting period Jan. 1 - Mar. 31, 2019

<table>
<thead>
<tr>
<th>Contract #</th>
<th>Grantee</th>
<th>Project</th>
<th>Description of Project Activities</th>
<th>Grant Amount</th>
<th>Contract Execution Date</th>
<th>Contract Expiration Date</th>
<th>Watch List*</th>
<th>Status/ Amendment History</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>5005517</td>
<td>San Diego Zoo Global</td>
<td>Burrowing Owl</td>
<td>Support the establishment of a new breeding node at Rancho Jamul Ecological Reserve with supplemental releases of burrowing owl from an existing conservation breeding program.</td>
<td>$50,000</td>
<td>12/6/18</td>
<td>12/6/20</td>
<td>No</td>
</tr>
<tr>
<td>25</td>
<td>5005518</td>
<td>San Diego Audubon Society</td>
<td>Mission Bay Park</td>
<td>Create resilient, self sustaining California Least tern and Nutall’s amcisporn populations in Mission Bay through ecosystem based management and predator control community science.</td>
<td>$195,333</td>
<td>11/7/18</td>
<td>11/7/21</td>
<td>No</td>
</tr>
<tr>
<td>26</td>
<td>5005519</td>
<td>San Diego Zoo Global</td>
<td>Stinknet Removal</td>
<td>Manage an entrenched Oncosiphon piluliferum (stinknet) infestation at the Safari Park Biodiversity Reserve for the benefit of the large extant nesting population of coastal cactus wrens and other sensitive species on the property.</td>
<td>$132,025</td>
<td>11/29/18</td>
<td>12/29/22</td>
<td>No</td>
</tr>
</tbody>
</table>

## Recently Closed-Out Projects

<table>
<thead>
<tr>
<th>Contract #</th>
<th>Grantee</th>
<th>Project</th>
<th>Description of Project Activities</th>
<th>Grant Amount</th>
<th>Contract Execution Date</th>
<th>Contract Expiration Date</th>
<th>Watch List*</th>
<th>Status/ Amendment History</th>
</tr>
</thead>
<tbody>
<tr>
<td>5004942</td>
<td>County of San Diego</td>
<td>Quino Habitat Restoration</td>
<td>Enhance and improve Quino butterfly habitat conditions and connectivity by closing roads to vehicle activity, preventing off-road vehicle use, installing fencing and signage to limit access, and controlling and removing non-native grasses.</td>
<td>$44,000</td>
<td>1/27/17</td>
<td>1/27/19</td>
<td>No</td>
<td>One Amendment- Six Month Extension.</td>
</tr>
<tr>
<td>5004949</td>
<td>San Elijo Lagoon Conservancy</td>
<td>Veldt Grass Removal</td>
<td>Begin phase 1 of eradication of perennial veldtgrass from SELER, reducing cover to less than 10% (100% reduction in coastal dunes).</td>
<td>$49,003</td>
<td>2/13/17</td>
<td>2/13/19</td>
<td>No</td>
<td>One Amendment- Six Month Extension.</td>
</tr>
</tbody>
</table>

*Watch List Projects are those grantees not making timely progress toward their milestones (which are defined in Board Policy No. 035) and not yet sought corrective action. Delays in tasks leading up to either the award of a contract or project completion may place grantees on the watch list.*
Acceptance of the FY 2018 TransNet Fiscal and Compliance Audits

Overview

In accordance with the TransNet Extension Ordinance (Ordinance), the ITOC has the responsibility to conduct the annual fiscal and compliance audits of agencies that receive TransNet funds. In accordance with the Ordinance, the ITOC shared initial audit findings and its recommendations with the Transportation Committee on March 15, 2019, which was at least 60 days prior to releasing the reports to resolve any inconsistencies and technical issues.

Key Considerations

Davis Farr LLP performed the audit of the FY 2018 TransNet sales tax revenue recipient agencies using agreed-upon procedures (AUP) approved by the ITOC at its July 11, 2018, meeting. These AUP include requirements specific to the TransNet Extension Ordinance and Board Policy No. 031.

The independent auditor’s summary of results (Attachment 1) has been updated to include final results. Substantial changes since the drafts were presented to the ITOC in March include those of the Metropolitan Transit System (MTS), North County Transit District (NCTD), and the cities of Del Mar, Imperial Beach and San Marcos. At the time of the initial draft reports, both MTS and NCTD did not meet the Ordinance annual eligibility requirement for rail services; the cities of Del Mar and San Marcos did not meet the Ordinance Maintenance of Effort (MOE) annual eligibility requirement; and the cities of Del Mar and Imperial Beach MOE re-indexing procedure was incomplete. At its March 22, 2019, meeting, the Board of Directors approved eligibility requests of MTS, NCTD, and the cities of Del Mar and San Marcos. Attachment 2 includes the reports with updates as follows and consistent with TransNet Extension Ordinance provisions:

- MTS finding has been removed and the rail services calculation has been updated to adjust for certain cost exclusions
- NCTD finding has been removed and the rail services calculation has been updated using a three-year average calculation
- City of Del Mar finding response has been modified to include Board approval to make up the MOE deficit by June 30, 2021, and include the MOE re-indexing
- City of Imperial Beach has been updated to include the MOE re-indexing
- City of San Marcos finding response has been modified to include Board approval to make up the MOE deficit by June 30, 2021

Next Steps

Upon acceptance of the final report, Davis Farr LLP will issue final reports for all agencies.
André Douzdjian, Director of Finance

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

Attachments:

1. Independent Taxpayer Oversight Committee TransNet and TransNet Extension Summary of Results, Year Ended June 30, 2018
5. City of Imperial Beach Report on Agreed-Upon Procedures Applied to the TransNet Fund for the Year Ended June 30, 2018 (Draft)
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2018
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2018

Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background</td>
<td>1</td>
</tr>
<tr>
<td>Scope of Engagement</td>
<td>1</td>
</tr>
<tr>
<td>Results of Procedures:</td>
<td>2</td>
</tr>
<tr>
<td>TransNet and TransNet Extension Expenditures</td>
<td></td>
</tr>
<tr>
<td>Maintenance of Effort (MOE)</td>
<td>3</td>
</tr>
<tr>
<td>SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule)</td>
<td>3</td>
</tr>
<tr>
<td>Local Street Improvements – Congestion Relief vs. Maintenance</td>
<td>4</td>
</tr>
<tr>
<td>Local Street Improvements – Maintenance Monitoring</td>
<td>5</td>
</tr>
<tr>
<td>Indirect Cost Allocated to Projects in RTIP</td>
<td>5</td>
</tr>
<tr>
<td>Regional Transportation Congestion Improvement Program (RTCIP)</td>
<td>5</td>
</tr>
<tr>
<td>Transit Operator Eligibility for Receipt of Funds</td>
<td>6</td>
</tr>
<tr>
<td>Summary of Findings by Recipient Agency</td>
<td>7</td>
</tr>
<tr>
<td>Attachment A: Compliance with Maintenance of Effort Requirement</td>
<td>8</td>
</tr>
<tr>
<td>Attachment B: Maintenance of Effort Re-indexing</td>
<td>9</td>
</tr>
<tr>
<td>Attachment C: Compliance with 30% Fund Balance Limitation</td>
<td>10</td>
</tr>
<tr>
<td>Attachment D: Compliance with Allocation of Local Street Improvements Revenues</td>
<td>11</td>
</tr>
<tr>
<td>Attachment E: Local Street Improvements: Maintenance Monitoring</td>
<td>12</td>
</tr>
<tr>
<td>Attachment F: Indirect Costs Charged to TransNet</td>
<td>13</td>
</tr>
</tbody>
</table>
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2018

Background

TransNet is the half-cent sales tax for local transportation projects that was first approved by voters in 1988. In 2004, the San Diego voters renewed their commitment to the region's transportation improvement program by approving Proposition A, implemented through the Extension Ordinance, and continuing an existing half-cent transportation sales tax for an additional 40 years. Administered by the San Diego Association of Governments (SANDAG), the program has been instrumental in expanding the region's transportation system, reducing traffic congestion, and bringing critical transportation programs to life.

Scope of the Engagement

This engagement was to apply agreed-upon procedures in order to assist the Independent Taxpayer Oversight Committee (ITOC) and SANDAG in determining whether the recipients of TransNet funds were in compliance with the TransNet Ordinance and the TransNet Extension Ordinance for the year ended June 30, 2018. We performed the procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants.

In accordance with SANDAG Board Policy No. 031, Rule #17, Section I, fiscal and compliance audit procedures are to be completed in a timely manner. The Policy recommends that the auditors issue a report of compliance audit results and present them to the ITOC.

The following are the major compliance components included in the scope of the procedures:

- TransNet and TransNet Extension Expenditures;
- Maintenance of Effort (MOE);
- SANDAG Board Policy No. 031, Rule 17, Section IV, Local Agency Balance Limitations (30% Rule);
- Local Street improvements – Congestion Relief vs. Maintenance;
- Local Street Improvements – Maintenance Monitoring;
- Indirect Costs Allocated to Projects in the Regional Transportation Improvement Plan (RTIP);
- Regional Transportation Congestion Improvement Program (RTCIP); and
- Transit Operator Eligibility for Receipt of Funds.
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2018

The procedures performed were approved by the ITOC prior to commencing fieldwork. The sufficiency of those procedures is solely the responsibility of the ITOC. The specific procedures performed and the results of those procedures are included in each of the draft reports for the recipient agencies. Following approval of the procedures, we scheduled and performed our fieldwork during the months of September 2018 through December 2018.

Results of Procedures

TransNet and TransNet Extension Expenditures

As required by SANDAG Board Policy No. 031, each recipient agency is required to account for TransNet activities in a separate fund, or if an alternative approach is used, it must be approved by SANDAG. All recipient agencies complied with this requirement.

During our fieldwork, we obtained the following items:

- Trial balance including balance sheet and income statement;
- Detailed general ledger including revenue and expenditure details;
- Schedule A – Schedule of Status of Funds by Project; and
- Schedule B – Cumulative Schedule of Status of Funds by Project.

The objectives of the procedures were to ensure the following:

- Expenditures were allowable in accordance with the TransNet Ordinance and TransNet Extension Ordinance;
- Revenues were recorded and agreed to SANDAG’s payment records;
- Interest income allocation methodology was reasonable;
- Explanations were obtained and disclosed for projects that had a negative balance; and
- Proper approvals were obtained for most inter-project transfers. Those that have not obtained approval are scheduled either for jurisdiction approval or RTIP approval prior to issuance of the final report.

Based upon the results of the procedures performed, all recipient agencies were in compliance with the revenue and expenditure requirements. In addition, the Cities of Lemon Grove and Oceanside are in the
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2018

process of obtaining proper approvals for inter-project transfers during the draft report period. The Cities anticipate obtaining all approvals and be in compliance prior to issuing the final reports.

Maintenance of Effort (MOE)

In accordance with Section 8 of the TransNet Extension Ordinance, each recipient agency receiving revenues pursuant to Section 4(D) shall annually maintain, at a minimum, the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years (FY) completed prior to the operative date of the TransNet Extension Ordinance (FY 2001 through FY 2003), as was reported in the State Controller’s Annual Report of Financial Transactions for Street and Roads, and as re-indexed in FY 2015.

During our fieldwork, we obtained the following items:

- From SANDAG, the current MOE requirements for each recipient agency subject to this requirement; and
- From the recipient agencies, Schedule 3 of the Annual Report of Financial Transactions for Streets and Roads.

Based upon the results of the procedures performed, all recipient agencies were in compliance with the MOE requirements for the year ended June 30, 2018, with the exception of the City of San Marcos and the City of Del Mar. See Attachment A for a summary of compliance with the MOE requirements.

In addition, we performed the following procedures to re-index the MOE bases year as of June 30, 2018 to use for fiscal year 2021, 2022 and 2023 audits.

- Calculated the growth rate in the construction price index from June 30, 2015 to June 30, 2018.
- Calculated the growth rate in the general fund revenues from June 30, 2015 to June 30, 2018.
- Selected the lowest growth rate and applied to the previously calculated MOE base year amount.

Also, see Attachment B for re-indexing of the MOE base year as of June 30, 2018.

SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule)

In accordance with the 30% Rule, a recipient agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payment until the recipient agency’s Director of Finance, or equivalent, submits a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.
The objectives of the procedures were to ensure that the recipient agency’s TransNet balance for those programs that receive funding from the annual apportionment (Local Streets and Roads, Local Street Improvements, and Transit Services) is not more than 30% of the recipient agency’s current year annual apportionment (net of debt service payments).

In order to ensure compliance with the 30% Rule, we performed the following:

- Obtained the schedule of annual apportionments from SANDAG;
- Obtained and reviewed the balance of the programs that received annual allocations; and
- Compared the balance of the programs noted above to the apportionment schedule to ensure the excess fund balance did not exceed the 30% threshold.

Based upon the results of the procedures performed, all recipient agencies, with the exception of the City of Coronado, were in compliance with the 30% Rule. This instance of non-compliance was reported for informational purposes only and not as a finding. However, SANDAG will defer payments to this agency until they are in compliance with the 30% Rule. See Attachment C for a summary of compliance with the 30% Rule.

**Local Street Improvements – Congestion Relief vs. Maintenance**

As specified in Section 2(C)(1) of the TransNet Extension Ordinance, at least 70% of the revenues provided for local street and road purposes should be used for congestion relief, and no more than 30% for maintenance. In order to ensure SANDAG is in compliance with the TransNet Extension Ordinance, we performed the following:

- Inquired and obtained source data used to calculate the Local Street Improvements Allocation Schedule in SANDAG’s TTrak program (SANDAG’s TransNet tracking program) and recalculated the total fund distribution per jurisdiction; and
- Reviewed the FY 2017 TransNet Streets and Road Fund Allocation Schedule and determined that at least 70% of the revenues provided for local street and road purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Based upon the results of the procedures performed, SANDAG was in compliance with the Local Street Improvement requirements. See Attachment D for the Local Street Improvement allocation between congestion relief and maintenance, by recipient agency.
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2018

Local Street Improvements: Maintenance Monitoring

At the request of ITOC, we documented the percentage of local street and road revenue cumulatively expended for maintenance. In accordance with the TransNet Extension Ordinance, the local jurisdictions receiving local street improvement funds may not spend more than 30% of cumulative funds for Maintenance purposes. All recipient agencies were in compliance with this requirement. Three agencies, the Cities of Lemon Grove, Poway and San Diego each have incurred more than 28.00% of cumulative revenue for maintenance. Results of this procedure are located in Attachment E.

Indirect Costs Allocated to Projects in RTIP

We inquired of management whether indirect costs are allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency’s indirect cost plan had been reviewed by a federal or state agency, or audited by a certified public accounting firm. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable. See Attachment F for the indirect costs allocated to the RTIP.

Regional Transportation Congestion Improvement Program (RTCIP)

In accordance with Section 9(A) of the TransNet Extension Ordinance and Expenditure Plan, each local agency in the San Diego region shall contribute a minimum of $2,000, subject to an annual adjustment based upon an index, in exactions from the private sector, for each newly constructed residential housing unit in that jurisdiction to the RTCIP. However, each jurisdiction may use their own fee schedule, as long as the fees are at a minimum the adjusted amount as approved by the SANDAG Board of Directors annually. The RTCIP revenue is to be used to construct improvements to the Regional Arterial System.

The objectives of the procedures were to ensure the following:

- Each recipient agency collected at least the minimum exaction fee of $2,404 from each newly constructed residential housing unit;
- Documentation was submitted to the ITOC on a timely basis and proper approval was obtained for the exaction fee; and
- Expenditures were allowable in accordance with the TransNet Extension Ordinance and Expenditure Plan.
In order to ensure compliance with the TransNet Extension Ordinance, we performed the following:

- Obtained a detailed general ledger from the recipient agencies;
- Obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions;
- Obtained the RTCIP schedule (Schedule C of the associated reports) including beginning balance, exactions collected, interest earned, expenditures, and ending balance;
- Verified that the exaction fee being collected was approved by the City Council or Board of Supervisors and is in compliance with the TransNet Extension Ordinance and SANDAG Board Policy No. 031; and
- Verified that expenditures, if any, complied with the TransNet Extension Ordinance and SANDAG Board Policy No. 031.

Based upon the results of the procedures performed, all recipient agencies, with the exception of the Cities of Imperial Beach and National City were in compliance with the RTCIP requirements. See the Summary of Findings by Recipient Agency for further information.

**Transit Operator Eligibility for Receipt of Funds**

In accordance with the TransNet Extension Ordinance, in order for transit operators to maintain eligibility for receipt of funds, the operator must limit the increase in its total operating cost per revenue vehicle hour for bus services and revenue vehicle mile for rail services from one fiscal year to the next, to no more than the increase in the Consumer Price Index (CPI) for San Diego County over the same period.

In order to ensure compliance with the TransNet Extension Ordinance, we performed the following:

- Calculated the increase in operating cost per revenue vehicle hour for bus services and revenue vehicle mile for rail services between June 30, 2017 and June 30, 2018;
- Calculated the increase in the CPI for San Diego County between June 30, 2017 and June 30, 2018; and
- Compared the increase in total operating cost per revenue vehicle hour for bus services, and revenue vehicle mile for rail services, to the increase in the CPI.

The North County Transit District (NCTD) and the San Diego Metropolitan Transit System (MTS) were not in compliance with the rail operator portion of the eligibility requirements. After NCTD requested the use of the 3-year average and MTS requested the exclusion of costs and the use of the 3-year average, the rail operator eligibility was in compliance.
### Summary of Findings by Recipient Agency

The following findings were identified during performance of the agreed-upon procedures.

<table>
<thead>
<tr>
<th>Recipient Agency</th>
<th>Finding</th>
<th>Management Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Imperial Beach</td>
<td>Need to use approved exaction fee</td>
<td>In process of collecting</td>
</tr>
<tr>
<td>City of Imperial Beach</td>
<td>Need to only include eligible costs</td>
<td>Moved ineligible costs</td>
</tr>
<tr>
<td>City of National City</td>
<td>Need to use approved exaction fee</td>
<td>In process of collecting</td>
</tr>
<tr>
<td>City of San Marcos</td>
<td>Need to meet MOE requirement</td>
<td>Requested 3-year extension</td>
</tr>
<tr>
<td>City of Del Mar</td>
<td>Need to meet MOE requirement</td>
<td>Requested 3-year extension</td>
</tr>
</tbody>
</table>

Complete responses from the recipient agencies to the findings identified are included in the individual recipient agency reports.
<table>
<thead>
<tr>
<th>Recipient Agency</th>
<th>In Compliance</th>
<th>Streets and Roads</th>
<th>Specialized Transportation Services</th>
<th>Transit Bus Subsidies</th>
<th>Deficit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad</td>
<td>Yes</td>
<td>$6,023,551</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chula Vista</td>
<td>Yes</td>
<td>3,509,614</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Coronado</td>
<td>Yes</td>
<td>863,498</td>
<td></td>
<td></td>
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<tr>
<td>Del Mar</td>
<td>No</td>
<td>453,089</td>
<td>20,877</td>
<td></td>
<td>932</td>
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<tr>
<td>El Cajon</td>
<td>Yes</td>
<td>1,712,753</td>
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<tr>
<td>Encinitas</td>
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<td>1,932,140</td>
<td>53</td>
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<td>Escondido</td>
<td>Yes</td>
<td>2,889,819</td>
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<tr>
<td>Imperial Beach</td>
<td>Yes</td>
<td>220,018</td>
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<tr>
<td>La Mesa</td>
<td>Yes</td>
<td>1,774,888</td>
<td></td>
<td></td>
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<tr>
<td>Lemon Grove</td>
<td>Yes</td>
<td>181,274</td>
<td></td>
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<tr>
<td>National City</td>
<td>Yes</td>
<td>1,970,841</td>
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<tr>
<td>Oceanside</td>
<td>Yes</td>
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<tr>
<td>Poway</td>
<td>Yes</td>
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<tr>
<td>San Diego</td>
<td>Yes</td>
<td>22,679,581</td>
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<td>903,424</td>
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<tr>
<td>San Marcos</td>
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<td>567,501</td>
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<td>Solana Beach</td>
<td>Yes</td>
<td>457,765</td>
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<td>Vista</td>
<td>Yes</td>
<td>2,413,718</td>
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<tr>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

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

Note 1 - The County does not have discretionary expenditures or projects that can be reported under the MOE.
## Maintenance of Effort Re-Indexing

<table>
<thead>
<tr>
<th></th>
<th>Streets and Roads</th>
<th>Specialized Transportation Services</th>
<th>Transit Bus Subsidies</th>
<th>Jurisdiction Growth Rate</th>
<th>Caltrans Cost Index Growth rate</th>
<th>Streets and Roads</th>
<th>Specialized Transportation Services</th>
<th>Transit Bus Subsidies</th>
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<tbody>
<tr>
<td>Carlsbad</td>
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<td>0</td>
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<td>$6,746,377</td>
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<td>Chula Vista</td>
<td>3,509,614</td>
<td>0</td>
<td>0</td>
<td>1.25</td>
<td>1.33</td>
<td>4,387,018</td>
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<td>0</td>
<td>1.14</td>
<td>1.33</td>
<td>984,388</td>
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<td>Del Mar</td>
<td>453,089</td>
<td>20,877</td>
<td>0</td>
<td>1.35</td>
<td>1.33</td>
<td>602,608</td>
<td>27,766</td>
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<tr>
<td>El Cajon</td>
<td>1,712,753</td>
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<td>0</td>
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<td>1,849,773</td>
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<td>2,279,925</td>
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<td>1.33</td>
<td>233,219</td>
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<tr>
<td>La Mesa</td>
<td>1,774,888</td>
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<td>0</td>
<td>1.14</td>
<td>1.33</td>
<td>2,023,372</td>
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<tr>
<td>Lemon Grove</td>
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<td>0</td>
<td>1.12</td>
<td>1.33</td>
<td>203,027</td>
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<td>National City</td>
<td>1,970,841</td>
<td>0</td>
<td>0</td>
<td>1.03</td>
<td>1.33</td>
<td>2,029,966</td>
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<tr>
<td>Oceanside</td>
<td>2,786,239</td>
<td>0</td>
<td>0</td>
<td>1.12</td>
<td>1.33</td>
<td>3,120,588</td>
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<tr>
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<td>1,088,158</td>
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<td>0</td>
<td>1.22</td>
<td>1.33</td>
<td>1,327,553</td>
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<tr>
<td>San Diego, City</td>
<td>22,679,581</td>
<td>167,817</td>
<td>903,424</td>
<td>1.14</td>
<td>1.33</td>
<td>25,854,722</td>
<td>191,311</td>
<td>1,029,903</td>
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<td>San Marcos</td>
<td>4,489,387</td>
<td>0</td>
<td>0</td>
<td>1.09</td>
<td>1.33</td>
<td>4,893,432</td>
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<td>Santee</td>
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<td>1.16</td>
<td>1.33</td>
<td>658,301</td>
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<tr>
<td>Solana Beach</td>
<td>457,765</td>
<td>0</td>
<td>0</td>
<td>1.17</td>
<td>1.33</td>
<td>535,585</td>
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<td>Vista</td>
<td>2,413,718</td>
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<td>1.33</td>
<td>2,703,364</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
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</tr>
</tbody>
</table>

**Note 1** - The County does not have discretionary expenditures or projects that can be reported under the MOE.
### Compliance With 30 Percent Fund Balance Limitation FY 2016 – FY 2018

<table>
<thead>
<tr>
<th>Recipient Agency</th>
<th>Fiscal Year 2018</th>
<th>Fiscal Year 2017</th>
<th>Fiscal Year 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In Compliance</td>
<td>30% Limitation</td>
<td>S&amp;R Balance</td>
</tr>
<tr>
<td>Streets and Roads</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carlsbad</td>
<td>Yes</td>
<td>$937,479</td>
<td>($283,939)</td>
</tr>
<tr>
<td>Chula Vista</td>
<td>Yes</td>
<td>1,812,757</td>
<td>436,127</td>
</tr>
<tr>
<td>Coronado</td>
<td>No</td>
<td>184,344</td>
<td>269,540</td>
</tr>
<tr>
<td>Del Mar</td>
<td>Yes</td>
<td>592</td>
<td>(1,460)</td>
</tr>
<tr>
<td>El Cajon</td>
<td>Yes</td>
<td>721,877</td>
<td>(188,290)</td>
</tr>
<tr>
<td>Encinitas</td>
<td>Yes</td>
<td>512,643</td>
<td>(174,123)</td>
</tr>
<tr>
<td>Escondido</td>
<td>Yes</td>
<td>1,072,133</td>
<td>(380,740)</td>
</tr>
<tr>
<td>Imperial Beach</td>
<td>Yes</td>
<td>217,951</td>
<td>185,017</td>
</tr>
<tr>
<td>La Mesa</td>
<td>Yes</td>
<td>470,691</td>
<td>(816,963)</td>
</tr>
<tr>
<td>Lemon Grove</td>
<td>Yes</td>
<td>214,923</td>
<td>(1,225,003)</td>
</tr>
<tr>
<td>National City</td>
<td>Yes</td>
<td>307,387</td>
<td>8,410</td>
</tr>
<tr>
<td>Oceanside</td>
<td>Yes</td>
<td>1,368,183</td>
<td>(6,757,986)</td>
</tr>
<tr>
<td>Poway</td>
<td>Yes</td>
<td>451,912</td>
<td>181,648</td>
</tr>
<tr>
<td>San Diego, City</td>
<td>Yes</td>
<td>9,742,010</td>
<td>145,045</td>
</tr>
<tr>
<td>San Marcos</td>
<td>Yes</td>
<td>474,536</td>
<td>(131,995)</td>
</tr>
<tr>
<td>Santee</td>
<td>Yes</td>
<td>150,487</td>
<td>(86,005)</td>
</tr>
<tr>
<td>Solana Beach</td>
<td>Yes</td>
<td>66,717</td>
<td>(102,076)</td>
</tr>
<tr>
<td>Vista</td>
<td>Yes</td>
<td>688,109</td>
<td>438,372</td>
</tr>
<tr>
<td>County of San Diego</td>
<td>Yes</td>
<td>4,186,676</td>
<td>3,879,380</td>
</tr>
<tr>
<td>Transit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metropolitan Transit System (MTS)</td>
<td>Yes</td>
<td>9,387,901</td>
<td>–</td>
</tr>
<tr>
<td>North County Transit District (NCTD)</td>
<td>Yes</td>
<td>3,769,526</td>
<td>–</td>
</tr>
</tbody>
</table>

Yes = In Compliance  
No = Not in compliance and not receiving TransNet payment.
## Compliance with Allocation of Local Street Improvements Revenues

<table>
<thead>
<tr>
<th>Recipient Agency</th>
<th>Allocation of Sales Tax Revenues Received</th>
<th>70% Congestion Relief Allocated</th>
<th>30% Maintenance Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad</td>
<td>$3,124,931</td>
<td>$2,187,452</td>
<td>$937,479</td>
</tr>
<tr>
<td>Chula Vista</td>
<td>6,042,524</td>
<td>4,229,767</td>
<td>1,812,757</td>
</tr>
<tr>
<td>Coronado</td>
<td>614,480</td>
<td>430,136</td>
<td>184,344</td>
</tr>
<tr>
<td>Del Mar</td>
<td>198,619</td>
<td>139,033</td>
<td>59,586</td>
</tr>
<tr>
<td>El Cajon</td>
<td>2,406,258</td>
<td>1,684,381</td>
<td>721,877</td>
</tr>
<tr>
<td>Encinitas</td>
<td>1,708,811</td>
<td>1,196,168</td>
<td>512,643</td>
</tr>
<tr>
<td>Escondido</td>
<td>3,573,775</td>
<td>2,501,643</td>
<td>1,072,133</td>
</tr>
<tr>
<td>Imperial Beach</td>
<td>726,502</td>
<td>508,551</td>
<td>217,951</td>
</tr>
<tr>
<td>La Mesa</td>
<td>1,568,970</td>
<td>1,098,279</td>
<td>470,691</td>
</tr>
<tr>
<td>Lemon Grove</td>
<td>716,409</td>
<td>501,486</td>
<td>214,923</td>
</tr>
<tr>
<td>National City</td>
<td>1,403,783</td>
<td>982,648</td>
<td>421,135</td>
</tr>
<tr>
<td>Oceanside</td>
<td>4,611,369</td>
<td>3,262,958</td>
<td>1,398,411</td>
</tr>
<tr>
<td>Poway</td>
<td>1,506,372</td>
<td>1,054,460</td>
<td>451,912</td>
</tr>
<tr>
<td>San Diego, City</td>
<td>32,473,365</td>
<td>22,731,355</td>
<td>9,972,009</td>
</tr>
<tr>
<td>San Marcos</td>
<td>2,229,867</td>
<td>1,560,907</td>
<td>668,960</td>
</tr>
<tr>
<td>Santee</td>
<td>1,456,836</td>
<td>1,019,785</td>
<td>437,051</td>
</tr>
<tr>
<td>Solana Beach</td>
<td>439,657</td>
<td>307,760</td>
<td>131,897</td>
</tr>
<tr>
<td>Vista</td>
<td>2,293,697</td>
<td>1,605,588</td>
<td>688,109</td>
</tr>
<tr>
<td>County of San Diego</td>
<td>15,249,117</td>
<td>10,674,382</td>
<td>4,574,735</td>
</tr>
</tbody>
</table>

Result: SANDAG appropriately allocated TransNet revenues for the Local Street Improvements program in accordance with the TransNet Extension Ordinance.
## Local Street Improvements: Maintenance Monitoring

<table>
<thead>
<tr>
<th>Recipient Agency</th>
<th>Cumulative Revenue</th>
<th>30% of Cumulative Revenue</th>
<th>Cumulative Maintenance Expenditures</th>
<th>Available Maintenance Funds</th>
<th>Cumulative % Expended for Maintenance</th>
<th>In Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad</td>
<td>$35,103,998</td>
<td>$10,531,199</td>
<td>$ (416,699)</td>
<td>$10,114,500</td>
<td>1.19%</td>
<td>Yes</td>
</tr>
<tr>
<td>Chula Vista</td>
<td>57,435,097</td>
<td>17,230,529</td>
<td>(12,793,661)</td>
<td>4,366,868</td>
<td>22.27%</td>
<td>Yes</td>
</tr>
<tr>
<td>Coronado</td>
<td>6,123,781</td>
<td>1,837,134</td>
<td>(283,272)</td>
<td>1,553,862</td>
<td>4.63%</td>
<td>Yes</td>
</tr>
<tr>
<td>Del Mar</td>
<td>6,260,188</td>
<td>1,878,056</td>
<td>(394,270)</td>
<td>1,483,786</td>
<td>6.30%</td>
<td>Yes</td>
</tr>
<tr>
<td>El Cajon</td>
<td>23,477,461</td>
<td>7,043,238</td>
<td>(4,259,751)</td>
<td>2,783,487</td>
<td>18.14%</td>
<td>Yes</td>
</tr>
<tr>
<td>Encinitas</td>
<td>18,540,853</td>
<td>5,562,256</td>
<td>(1,564,310)</td>
<td>3,997,946</td>
<td>8.44%</td>
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</tr>
<tr>
<td>Escondido</td>
<td>39,287,047</td>
<td>11,786,114</td>
<td>(9,744,725)</td>
<td>2,041,389</td>
<td>24.80%</td>
<td>Yes</td>
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<tr>
<td>Imperial Beach</td>
<td>7,428,906</td>
<td>2,228,672</td>
<td>(2,009,527)</td>
<td>219,145</td>
<td>27.05%</td>
<td>Yes</td>
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<tr>
<td>La Mesa</td>
<td>19,713,492</td>
<td>5,914,048</td>
<td>(3,662,849)</td>
<td>2,251,199</td>
<td>18.58%</td>
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</tr>
<tr>
<td>Lemon Grove</td>
<td>6,913,629</td>
<td>2,074,089</td>
<td>(1,982,727)</td>
<td>91,362</td>
<td>28.68%</td>
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<tr>
<td>National City</td>
<td>17,045,159</td>
<td>5,113,548</td>
<td>(0)</td>
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<td>0.00%</td>
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<tr>
<td>Oceanside</td>
<td>52,028,969</td>
<td>15,608,691</td>
<td>(13,807,121)</td>
<td>1,801,570</td>
<td>26.54%</td>
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</tr>
<tr>
<td>Poway</td>
<td>14,552,143</td>
<td>4,365,643</td>
<td>(4,325,344)</td>
<td>40,299</td>
<td>29.72%</td>
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<td>San Diego, City</td>
<td>308,127,482</td>
<td>92,438,245</td>
<td>(89,793,067)</td>
<td>2,645,178</td>
<td>29.14%</td>
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<tr>
<td>San Marcos</td>
<td>35,934,025</td>
<td>10,780,208</td>
<td>(3,723,704)</td>
<td>7,056,504</td>
<td>10.36%</td>
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<tr>
<td>Santee</td>
<td>27,938,953</td>
<td>8,381,686</td>
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<td>5,258,366</td>
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<td>Solana Beach</td>
<td>9,990,571</td>
<td>2,997,171</td>
<td>(239,587)</td>
<td>2,757,584</td>
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<tr>
<td>Vista</td>
<td>24,181,465</td>
<td>7,254,440</td>
<td>(4,695,855)</td>
<td>2,558,858</td>
<td>19.42%</td>
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<tr>
<td>San Diego, County</td>
<td>156,699,318</td>
<td>47,009,795</td>
<td>(9,921,391)</td>
<td>37,088,404</td>
<td>6.33%</td>
<td>Yes</td>
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</table>
## Indirect Costs Allocated to RTIP

<table>
<thead>
<tr>
<th>Recipient Agency</th>
<th>Total TransNet Expenditures</th>
<th>Indirect Costs Charged to TransNet</th>
<th>Indirect Costs as a % of Total TransNet Expenditures</th>
<th>Last Allocation Plan Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad</td>
<td>$3,556,537</td>
<td>$131,368</td>
<td>3.69%</td>
<td>2017</td>
</tr>
<tr>
<td>Chula Vista</td>
<td>7,431,821</td>
<td>792,315</td>
<td>10.66%</td>
<td>2010</td>
</tr>
<tr>
<td>Coronado</td>
<td>519,457</td>
<td>95,144</td>
<td>18.32%</td>
<td>n/a</td>
</tr>
<tr>
<td>Del Mar</td>
<td>203,284</td>
<td>0</td>
<td>0.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>El Cajon</td>
<td>2,222,821</td>
<td>31,519</td>
<td>1.42%</td>
<td>2016</td>
</tr>
<tr>
<td>Encinitas</td>
<td>2,275,474</td>
<td>0</td>
<td>0.00%</td>
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<tr>
<td>Escondido</td>
<td>7,045,454</td>
<td>210,960</td>
<td>2.99%</td>
<td>2017</td>
</tr>
<tr>
<td>Imperial Beach</td>
<td>558,772</td>
<td>0</td>
<td>0.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>La Mesa</td>
<td>1,743,661</td>
<td>0</td>
<td>0.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>Lemon Grove</td>
<td>1,458,821</td>
<td>90,562</td>
<td>6.21%</td>
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</tr>
<tr>
<td>National City</td>
<td>3,548,490</td>
<td>0</td>
<td>0.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>Oceanside</td>
<td>12,963,931</td>
<td>1,487,008</td>
<td>11.47%</td>
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<tr>
<td>Poway</td>
<td>1,671,739</td>
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<td>0.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>San Diego, City</td>
<td>33,890,261</td>
<td>3,071,575</td>
<td>9.06%</td>
<td>2017</td>
</tr>
<tr>
<td>San Marcos</td>
<td>1,314,335</td>
<td>0</td>
<td>0.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>Santee</td>
<td>2,220,822</td>
<td>14,697</td>
<td>0.66%</td>
<td>n/a</td>
</tr>
<tr>
<td>Solana Beach</td>
<td>652,501</td>
<td>0</td>
<td>0.00%</td>
<td>n/a</td>
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<tr>
<td>Vista</td>
<td>2,454,592</td>
<td>0</td>
<td>0.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>Caltrans</td>
<td>50,875,425</td>
<td>5,382,673</td>
<td>10.58%</td>
<td>2017</td>
</tr>
<tr>
<td>San Diego, County</td>
<td>8,367,349</td>
<td>862,348</td>
<td>10.64%</td>
<td>n/a</td>
</tr>
<tr>
<td>SANDAG</td>
<td>492,424,694</td>
<td>2,822,885</td>
<td>0.57%</td>
<td>2017</td>
</tr>
</tbody>
</table>

n/a – not applicable
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Year Ended June 30, 2018
INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the San Diego Metropolitan Transit System (MTS) was in compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2018. MTS’ management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

4. We inquired of the recipient agency’s management and determined whether the recipient agency maintains a separate fund for TransNet revenues or has an alternative approach to maintaining separate accountability for reasonableness.

   **Results:** Per discussion with management, the TransNet revenues and expenditures are not recorded in a separate fund, but MTS maintains separate accountability for all TransNet activity. This alternative approach to maintaining separate accountability is
allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted MTS’ alternative approach.

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

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

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

      Results: No exceptions were noted as a result of our procedures.
   b. We reviewed Schedule A and determined that the projects are properly classified and reported by TransNet program (i.e., original TransNet vs. TransNet Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

      Results: No exceptions were noted as a result of our procedures.
   c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

      Results: No exceptions were noted as a result of our procedures.
   d. We obtained a listing of TransNet payments made to the recipient agency from SANDAG staff. We compared the TransNet revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

      Results: No exceptions were noted as a result of our procedures.
   e. We identified the interest income reported for the fiscal year.
      i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency’s general ledger.

      Results: This procedure is not applicable as there was no interest income required to be reported on Schedule A.
ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

**Results:** This procedure is not applicable as interest income was not reported on Schedule A.

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

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

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

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

**Results:** MTS recorded total *TransNet* expenditures in the amount of $43,871,244. We selected $13,410,520 (30.57%) for testing. No exceptions were noted as a result of our procedures.

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

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

iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25%, and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency’s indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).
Results: MTS allocated indirect costs to MPO ID MTS33A included in the RTIP for the year ended June 30, 2018 at an overhead rate of 23.51% and a fringe rate of 53.18%. The total dollar amount of indirect costs charged was $62,267, which represented a 0.14% of total TransNet expenditures. MTS engaged an independent CPA firm to perform agreed-upon procedures applied to its indirect cost rates. The firm used 2 CFR Part 200 as its criteria in reviewing the rates, which is reasonable. No exceptions were noted as a result of our procedure.

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

Results: This procedure is not applicable as there were no adjustments for the fiscal year ended June 30, 2018.

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

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

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

Results: This procedure is not applicable as there were no completed projects for the fiscal year ended June 30, 2018.

i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2019.

Results: This procedure is not applicable as there was not a negative ending balance.

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

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

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

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

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

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

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

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

a. We reviewed Schedule B and determined that projects were properly classified and reported by TransNet program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30, 2018 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

Results: This procedure is not applicable as there were no adjustments included in Schedule A.

c. We identified any completed projects reported in the prior year’s Schedule A and ensured that all completed projects were reported in the current year’s Schedule B completed section by category.
Results: No exceptions were noted as a result of our procedures.

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

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

<table>
<thead>
<tr>
<th></th>
<th>Senior and Disabled</th>
<th>Transit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal year 2018 apportionment</td>
<td>$830,053</td>
<td>$31,293,002</td>
</tr>
<tr>
<td>Less: debt service payment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net estimated apportionment</td>
<td>830,053</td>
<td>31,293,002</td>
</tr>
<tr>
<td>30% base</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Fiscal year 2018 30% threshold</td>
<td>$249,016</td>
<td>$9,387,901</td>
</tr>
<tr>
<td>Less: Fund balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balance under apportionment</td>
<td>$249,016</td>
<td>$9,387,901</td>
</tr>
</tbody>
</table>

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2018.

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

   a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.

   b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.

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

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2017 to 2018 was 5.95%. The change in total operating cost per revenue vehicle hour for bus services was 3.64% and thus MTS was in compliance with this portion of the requirement. However, the change in total operating cost per revenue vehicle mile for rail services was 7.61%, and thus MTS was not in compliance with this portion of the requirement. MTS submitted to the SANDAG Board, a request to recalculate operator eligibility for rail services by excluding certain state of good repair costs and labor costs and using the 3 year average. The effect of these exclusions was a reduction in operating expenses of $8,646,732 and $6,213,141 for the years ended June 30, 2018 and 2017, respectively. On March 22, 2019, the SANDAG Board of Directors approved MTS’ request. Therefore, we have calculated operator eligibility for rail services excluding certain state of good repair costs and labor costs, and MTS is now in compliance with this requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cost for buses</td>
<td>$181,930,197</td>
<td>$176,773,100</td>
<td></td>
</tr>
<tr>
<td>Revenue vehicle hours</td>
<td>2,076,230</td>
<td>2,090,853</td>
<td></td>
</tr>
<tr>
<td>Total operating cost per revenue vehicle hour</td>
<td>$87.63</td>
<td>$84.55</td>
<td>3.64%</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>226.494</td>
<td>213.765</td>
<td>5.95%</td>
</tr>
</tbody>
</table>

Operating Cost per Revenue Vehicle Mile for Rail Services

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cost for rail</td>
<td>$81,668,979</td>
<td>$76,590,403</td>
<td>$72,554,802</td>
<td></td>
</tr>
<tr>
<td>Revenue vehicle miles</td>
<td>8,656,486</td>
<td>8,728,365</td>
<td>8,673,789</td>
<td></td>
</tr>
<tr>
<td>Total operating cost per revenue vehicle mile</td>
<td>$9.43</td>
<td>$8.77</td>
<td>$8.36</td>
<td>3.17%</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>226.494</td>
<td>213.765</td>
<td>205.418</td>
<td>3.34%</td>
</tr>
</tbody>
</table>

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

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.
12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency’s response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the MTS’ compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

“CPI” means Consumer Price Index for San Diego County. For the transit operators, CPI is taken from the Bureau of Labor Statistics West Information Office for San Diego, CA (1st Half 2017 of the Semiannual average indexes Table).

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

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

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

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

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

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

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

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

“TransNet Extension Ordinance” means the 2004 Proposition A.

“TransNet Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.
## Schedule of Status of Funds by Project

### Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Number</th>
<th>Project Name</th>
<th>CIP</th>
<th>Project Status</th>
<th>Funds</th>
<th>Interest</th>
<th>Project</th>
<th>MTS</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>July 1, 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>July 1, 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### TransNet Extension:

**Operating:**

#### Senior and Disabled Transportation:

- **MTS 33A 47130 MTS Access**
  - Funds: $820,328
  - Expenditures: $(820,328)
  - Adjustments: $-

- **Total Senior and Disabled Transportation**
  - Funds: $(820,328)
  - Expenditures: $(820,328)
  - Adjustments: $-

#### Transit and Trolley:

- **MTS 32A 47110 MTS Preventive Maintenance**
  - Funds: $31,137,603
  - Expenditures: $(31,137,603)
  - Adjustments: $-

#### Major Transit Corridor Operations:

- **SAN 80 47140 SuperLoop**
  - Funds: $2,424,005
  - Expenditures: $(2,424,005)
  - Adjustments: $-

- **SAN 80 47150 Bus Rapid Transit**
  - Funds: $7,749,377
  - Expenditures: $(7,749,377)
  - Adjustments: $-

- **SAN 80 47170 Mid City Bus Rapid Transit**
  - Funds: $1,691,422
  - Expenditures: $(1,691,422)
  - Adjustments: $-

- **SAN 80 47180 South Bay Bus Rapid Transit**
  - Funds: $48,509
  - Expenditures: $(48,509)
  - Adjustments: $-

- **Total Major Transit Corridor Operations**
  - Funds: $(11,913,313)
  - Expenditures: $(11,913,313)
  - Adjustments: $-

- **Total Transit and Trolley**
  - Funds: $(43,050,916)
  - Expenditures: $(43,050,916)
  - Adjustments: $-

- **Total Operating**
  - Funds: $(43,871,244)
  - Expenditures: $(43,871,244)
  - Adjustments: $-

### Total TransNet Extension

- Funds: $(43,871,244)
- Expenditures: $(43,871,244)
- Adjustments: $-
## SAN DIEGO METROPOLITAN TRANSIT SYSTEM

*TransNet* Extension Activities  
Cumulative Schedule of Status of Funds by Project  
Year Ended June 30, 2018

| MPO ID | CIP Number | Project Name                        | Funds Received | Interest Income | Project Expenditures | Project Status  
|--------|------------|-------------------------------------|----------------|-------------------|----------------------|----------------|
| TransNet Extension Operating:  
Senior and Disabled Transportation:  
MTS 33A 47130 | MTS Access | $7,117,828 | $ - | $ (7,117,828) | $ - |
| Total Senior and Disabled Transportation | 7,117,828 | - | (7,117,828) | - |
| Transit and Trolley:  
MTS 32A 47110 | MTS Preventative Maintenance | $76,134,092 | - | (76,134,092) | - |
| Major Transit Corridor Operations:  
SAN 80 47140 | SuperLoop | 11,052,946 | - | (11,052,946) | - |
| SAN 80 47150 | Bus Rapid Transit | 42,973,145 | - | (42,973,145) | - |
| SAN 80 47170 | Mid City Bus Rapid Transit | 4,435,969 | - | (4,435,969) | - |
| SAN 80 47180 | South Bay Bus Rapid Transit | 48,509 | - | (48,509) | - |
| Total Major Transit Corridor Operations | 58,510,569 | - | (58,510,569) | - |
| Total Transit and Trolley | 134,644,661 | - | (134,644,661) | - |
| Total Operating | 141,762,489 | - | (141,762,489) | - |
| Subtotal Cumulative *TransNet* Extension | 141,762,489 | - | (141,762,489) | - |
## SAN DIEGO METROPOLITAN TRANSIT SYSTEM

*TransNet Extension Activities*

Cumulative Schedule of Status of Funds by Project (Continued)

Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Number</th>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Completed Projects:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Capital:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Major Corridor:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAN 67</td>
<td>47120</td>
<td>Blue Line Rehab</td>
<td>$ 45,442,895</td>
<td>$ -</td>
<td>$(45,442,895)</td>
<td>$ -</td>
</tr>
<tr>
<td>MTS 28</td>
<td>47120</td>
<td>Bus &amp; Rail Rolling Stock</td>
<td>2,247,000</td>
<td>-</td>
<td>$(2,247,000)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Capital</td>
<td>$ 47,689,895</td>
<td>-</td>
<td>$(47,689,895)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Operating:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transit and Trolley</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTS 23A</td>
<td>47110</td>
<td>MTS Operating Support</td>
<td>181,530,668</td>
<td>-</td>
<td>$(181,530,668)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Operating</td>
<td>181,530,668</td>
<td>-</td>
<td>$(181,530,668)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Completed Projects</strong></td>
<td>$ 229,220,563</td>
<td>-</td>
<td>$(229,220,563)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Cumulative TransNet Extension</strong></td>
<td>$ 370,983,052</td>
<td>-</td>
<td>$(370,983,052)</td>
<td>-</td>
</tr>
</tbody>
</table>
NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Year Ended June 30, 2018
INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether North County Transit District (NCTD) was in compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2018. NCTD’s management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

1. We reviewed the TransNet Ordinance and Expenditure Plan, TransNet Extension Ordinance, and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

3. We obtained from SANDAG staff the TransNet Grant Program spreadsheet.

   **Results:** This procedure is not applicable as NCTD does not participate in the Grant Program.

4. We inquired of the recipient agency’s management and determined whether the recipient agency maintains a separate fund for TransNet revenues or has an alternative approach to maintaining separate accountability for reasonableness.

   **Results:** NCTD does not maintain a separate fund for TransNet revenues and expenditures. However, since NCTD is an enterprise fund, it does maintain separate accountability for all TransNet activity. This alternative approach for maintaining separate accountability has been approved by SANDAG.
5. We obtained a detailed general ledger for TransNet revenues and expenditures from the recipient agency for the current fiscal year.

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

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

   a. We substantiated all footnotes required in Schedule A.

      **Results:** This procedure is not applicable as Schedule A did not include footnotes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results:  NCTD recorded total TransNet expenditures in the amount of $12,801,720. We selected $6,145,903 (48.01%) for testing. No exceptions were noted as a result of our procedures.

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

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

iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25%, and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the TransNet program, the percentage of indirect costs compared to total TransNet expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency’s indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

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

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

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

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

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

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

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

i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2019.

Results: This procedure is not applicable as there were no negative project balances.

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

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

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

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

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

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

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

Results: This procedure is not applicable as NCTD did not report any non-TransNet activity for the fiscal year.

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

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

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

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

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

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

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

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

Results: NCTD is in compliance with the 30% requirement as follows:
Senior and Disabled Transit

<table>
<thead>
<tr>
<th>Description</th>
<th>Budgeted</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal year 2018 apportionment</td>
<td>$337,213</td>
<td>$12,712,943</td>
</tr>
<tr>
<td>Less: debt service payment</td>
<td>-</td>
<td>(147,857)</td>
</tr>
<tr>
<td>Net estimated apportionment</td>
<td>337,213</td>
<td>12,566,086</td>
</tr>
<tr>
<td>30% base</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Fiscal year 2018 30% threshold</td>
<td>101,164</td>
<td>3,769,526</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balance under apportionment</td>
<td>$101,164</td>
<td>$3,769,526</td>
</tr>
</tbody>
</table>

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

<table>
<thead>
<tr>
<th></th>
<th>July 1, 2017</th>
<th>Additions</th>
<th>Principal Payments</th>
<th>June 30, 2018</th>
<th>Interest Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Paper</td>
<td>$26,750,000</td>
<td>$ -</td>
<td>$(1,200,000)</td>
<td>$25,550,000</td>
<td>$(147,857)</td>
</tr>
</tbody>
</table>

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

a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.

b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.

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

Results: The increase in total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2017 to 2018 was 5.95%. The change in total operating cost per revenue vehicle hour for bus services was 4.81%, and thus NCTD was in compliance with this portion of the requirement. However, the change in total operating cost per revenue vehicle mile for rail services was 8.45%, and thus
NCTD was not in compliance with this portion of the requirement. NCTD submitted to the SANDAG Board, a request to recalculate operator eligibility for rail services by using the 3 year average. The effect of this 3 year calculation was a reduction in the change in ratio to 0.71%. On March 22, 2019, the SANDAG Board of Directors approved NCTD’s request. Therefore, we have calculated operator eligibility for rail services using the 3 year average and NCTD is now in compliance with this requirement.

### Operating Cost per Revenue Vehicle Hour for Bus Services

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cost for buses</td>
<td>$59,663,845</td>
<td>$59,368,282</td>
<td></td>
</tr>
<tr>
<td>Revenue vehicle hours</td>
<td>580,294</td>
<td>605,184</td>
<td></td>
</tr>
<tr>
<td>Total operating cost per revenue vehicle hour</td>
<td>$102.82</td>
<td>$98.10</td>
<td>4.81%</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>226.494</td>
<td>213.765</td>
<td>5.95%</td>
</tr>
</tbody>
</table>

### Operating Cost per Revenue Vehicle Mile for Rail Services

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cost for rail</td>
<td>$36,838,156</td>
<td>$34,031,427</td>
<td>$34,266,348</td>
<td></td>
</tr>
<tr>
<td>Revenue vehicle miles</td>
<td>788,908</td>
<td>790,308</td>
<td>792,481</td>
<td></td>
</tr>
<tr>
<td>Total operating cost per revenue vehicle mile</td>
<td>$46.70</td>
<td>$43.06</td>
<td>$43.24</td>
<td>0.71%</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>226.494</td>
<td>213.765</td>
<td>205.418</td>
<td>2.06%</td>
</tr>
</tbody>
</table>

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

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

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

**Results:** This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the
expression of an opinion or conclusion, respectively, on NCTD’s compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Irvine, California
March 15, 2019
GLOSSARY OF TERMS

“CPI” means Consumer Price Index for San Diego County. For the transit operators, CPI is taken from the Bureau of Labor Statistics West Information Office for San Diego, CA (1st Half 2017 of the Semiannual average indexes Table).

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

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

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

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

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

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

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

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

“TransNet Extension Ordinance” means the 2004 Proposition A.

“TransNet Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.
<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Project Status July 1, 2017</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>NCTD Adjustments</th>
<th>Project Status June 30, 2018</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>TransNet:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital:</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Transit:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCTD18</td>
<td>112005, 115005, 514016, 512556, 512557</td>
<td>Coastal</td>
<td>$548,434</td>
<td>$ -</td>
<td>$4,032</td>
<td>$(385,416)</td>
<td>$ -</td>
<td>$167,050</td>
<td></td>
</tr>
<tr>
<td>NCTD18</td>
<td>412770, 514017, 518004, 518010</td>
<td>STP Projects and Services</td>
<td>14,243</td>
<td>-</td>
<td>153</td>
<td>(1,304)</td>
<td>-</td>
<td>13,092</td>
<td></td>
</tr>
<tr>
<td>Total Transit</td>
<td></td>
<td></td>
<td>$562,677</td>
<td>-</td>
<td>4,185</td>
<td>$(386,720)</td>
<td>-</td>
<td>$180,142</td>
<td></td>
</tr>
<tr>
<td>Total Capital</td>
<td></td>
<td></td>
<td>$562,677</td>
<td>-</td>
<td>4,185</td>
<td>$(386,720)</td>
<td>-</td>
<td>$180,142</td>
<td></td>
</tr>
<tr>
<td>Total TransNet</td>
<td></td>
<td></td>
<td>$562,677</td>
<td>-</td>
<td>4,185</td>
<td>$(386,720)</td>
<td>-</td>
<td>$180,142</td>
<td></td>
</tr>
<tr>
<td>TransNet Extension:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior and Disabled Transportation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCTD03</td>
<td>N/A</td>
<td>Elderly and Disabled</td>
<td>-</td>
<td>355,000</td>
<td>-</td>
<td>(355,000)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Senior and Disabled Transportation</td>
<td></td>
<td></td>
<td>-</td>
<td>355,000</td>
<td>-</td>
<td>(355,000)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transit:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCTD02</td>
<td>817350</td>
<td>Preventive Maintenance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>NCTD16B</td>
<td>N/A</td>
<td>Oceanside to Escondido Rail Operations</td>
<td>-</td>
<td>1,519,700</td>
<td>-</td>
<td>(1,519,700)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>NCTD34</td>
<td>N/A</td>
<td>Expanded Transit Service</td>
<td>-</td>
<td>10,540,300</td>
<td>-</td>
<td>(10,540,300)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Transit</td>
<td></td>
<td></td>
<td>-</td>
<td>12,060,000</td>
<td>-</td>
<td>(12,060,000)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Operating</td>
<td></td>
<td></td>
<td>-</td>
<td>12,415,000</td>
<td>-</td>
<td>(12,415,000)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total TransNet Extension</td>
<td></td>
<td></td>
<td>-</td>
<td>$12,415,000</td>
<td>-</td>
<td>$(12,415,000)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total TransNet and TransNet Extension</td>
<td></td>
<td></td>
<td>$562,677</td>
<td>$12,415,000</td>
<td>$4,185</td>
<td>$(12,801,720)</td>
<td>-</td>
<td>$180,142</td>
<td></td>
</tr>
</tbody>
</table>
### NORTH COUNTY TRANSIT DISTRICT

**TransNet Extension Activities**
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCTD03</td>
<td>N/A</td>
<td>Senior and Disabled Transportation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Elderly and Disabled</td>
<td>$ 2,908,325</td>
<td>$ -</td>
<td>$ (2,908,325)</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Senior and Disabled Transportation</td>
<td>2,908,325</td>
<td>$ -</td>
<td>$ (2,908,325)</td>
<td>$ -</td>
</tr>
<tr>
<td>NCTD34</td>
<td>N/A</td>
<td>Major Corridor:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expanded Transit Service</td>
<td>1,313,066</td>
<td>$ -</td>
<td>(1,313,066)</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Major Corridor</td>
<td>1,313,066</td>
<td>$ -</td>
<td>(1,313,066)</td>
<td>$ -</td>
</tr>
<tr>
<td>NCTD02</td>
<td>817350</td>
<td>Transit:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Preventive Maintenance</td>
<td>1,715,876</td>
<td>$ -</td>
<td>(1,715,876)</td>
<td>$ -</td>
</tr>
<tr>
<td>NCTD16B</td>
<td>N/A</td>
<td>Oceanside to Escondido Rail Operations</td>
<td>15,225,092</td>
<td>$ -</td>
<td>(15,225,092)</td>
<td>$ -</td>
</tr>
<tr>
<td>NCTD34</td>
<td>N/A</td>
<td>Expanded Transit Service</td>
<td>92,443,209</td>
<td>$ -</td>
<td>(92,443,209)</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Transit</td>
<td>109,384,177</td>
<td>$ -</td>
<td>(109,384,177)</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Operating</td>
<td>113,605,568</td>
<td>$ -</td>
<td>(113,605,568)</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Completed Projects:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operating:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TransNet Senior Mini Grant</td>
<td>217,941</td>
<td>$ -</td>
<td>(217,941)</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capital:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Major Corridor</td>
<td>68,323,717</td>
<td>429,576</td>
<td>(68,753,293)</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bike, Pedestrian and Neighborhood Safety</td>
<td>(BPNS) Inland Rail Trail</td>
<td>3,870,000</td>
<td>25,257</td>
<td>(3,895,257)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Completed Projects</td>
<td>72,411,658</td>
<td>454,833</td>
<td>(72,866,491)</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Cumulative TransNet Extension</td>
<td>$ 186,017,226</td>
<td>$ 454,833</td>
<td>$ (186,472,059)</td>
<td>$ -</td>
</tr>
</tbody>
</table>
CITY OF DEL MAR, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Year Ended June 30, 2018
INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Del Mar, California (City), was in compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2018. The City’s management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

4. We inquired of the recipient agency’s management and determined whether the recipient agency maintains a separate fund for TransNet revenues or has an alternative approach to maintaining separate accountability for reasonableness.
   
   **Results:** No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for TransNet revenues and expenditures from the recipient agency for the current fiscal year.
   
   **Results:** No exceptions were noted as a result of our procedures.
6. We obtained from the recipient agency Schedule A that includes a beginning balance, TransNet funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

   a. We substantiated all footnotes required in Schedule A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

         Results: No exceptions were noted as a result of our procedures.
ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total TransNet expenditures in the amount of $203,284. We selected $201,773 (99.26%) for testing. No exceptions were noted as a result of our procedures.

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

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

iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures, and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the TransNet program, the percentage of indirect costs compared to total TransNet expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency’s indirect cost plan had been reviewed by a federal or state agency or audited by an independent certified public accounting firm (CPA).

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

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

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

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

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

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

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

j. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

Results: MPO ID DM02 had no activity over the past two years. No exceptions noted as a result of our procedures.

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

Results: SANDAG staff provided approval for the reason of inactivity for MPO ID DM02 on February 11, 2019. No exceptions were noted as a result of our procedures.
I. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of TransNet funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no adjustments reported on Schedule A that were required to be on Schedule B.

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

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

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

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

<table>
<thead>
<tr>
<th>Fiscal year 2018 apportionment</th>
<th>$198,619</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: debt service payment</td>
<td>(196,647)</td>
</tr>
<tr>
<td>Net estimated apportionment</td>
<td>1,972</td>
</tr>
<tr>
<td>30% base</td>
<td>30%</td>
</tr>
<tr>
<td>Fiscal year 2018 30% threshold</td>
<td>592</td>
</tr>
<tr>
<td>Less: Local Streets and Roads fund balance</td>
<td>-</td>
</tr>
<tr>
<td>Local Street Improvement:</td>
<td></td>
</tr>
<tr>
<td>Congestion Relief fund balance</td>
<td>(10,460)</td>
</tr>
<tr>
<td>Maintenance fund balance</td>
<td>9,000</td>
</tr>
<tr>
<td>Total Local Streets and Roads and Local Street Improvement fund balance</td>
<td>(1,460)</td>
</tr>
<tr>
<td>Fund balance under apportionment</td>
<td>$ 2,052</td>
</tr>
</tbody>
</table>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2018 TransNet Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

<table>
<thead>
<tr>
<th>Congestion Relief</th>
<th>Funds Held by City</th>
<th>Funds Held by SANDAG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance</td>
<td>9,000</td>
<td>207,795</td>
<td>216,795</td>
</tr>
<tr>
<td>Totals</td>
<td>$ (1,460)</td>
<td>$ 6,336</td>
<td>$ 4,876</td>
</tr>
</tbody>
</table>

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

Results: The City has expended 6.30% of cumulative local street and road revenue for maintenance as follows:
If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

<table>
<thead>
<tr>
<th>Bond</th>
<th>Balance July 1, 2017</th>
<th>Additions</th>
<th>Principal Payments</th>
<th>Balance June 30, 2017</th>
<th>Interest Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 Series A Bonds</td>
<td>$2,886,250</td>
<td>$ -</td>
<td>$54,733</td>
<td>$2,831,517</td>
<td>$141,914</td>
</tr>
</tbody>
</table>

In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2021, 2022 and 2023 audits.

a. We obtained the Construction Cost Index for June 30, 2018, from SANDAG.

i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2018.

ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

<table>
<thead>
<tr>
<th>Index as of June 30, 2018 divided by Index as of June 30, 2015</th>
<th>2018</th>
<th>2015</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>146.60</td>
<td>109.91</td>
<td>1.33</td>
</tr>
</tbody>
</table>
b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.

i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based period.

ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

<table>
<thead>
<tr>
<th>General Fund revenues as of June 30, 2018</th>
<th>2018</th>
<th>2015</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,092,457</td>
<td>$14,168,365</td>
<td>1.35</td>
<td></td>
</tr>
</tbody>
</table>


c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

Results: The lowest growth rate is 1.33.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

<table>
<thead>
<tr>
<th>Streets and Roads</th>
<th>Specialized Transportation Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously approved MOE base</td>
<td>$453,089</td>
<td>$20,877</td>
</tr>
<tr>
<td>Growth rate</td>
<td>1.33</td>
<td>1.33</td>
</tr>
<tr>
<td>Adjusted MOE base as of June 30, 2018</td>
<td>$ 602,608</td>
<td>$ 27,766</td>
</tr>
</tbody>
</table>

13. We reviewed the MOE requirement.

a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
   a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:

   i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or

   ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;

   iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.

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

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

**Results:** The City was not in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. See Finding Number 1 in the Findings and Recommendations section of this report. MOE activity for the year ended June 30, 2018, is summarized as follows:

<table>
<thead>
<tr>
<th>Streets and Roads</th>
<th>Specialized Transportation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year local discretionary expenditures</td>
<td>$3,104,375</td>
<td>$19,945</td>
</tr>
<tr>
<td>Less MOE base year requirement</td>
<td>(453,089)</td>
<td>(20,877)</td>
</tr>
<tr>
<td>Excess MOE for the year ended June 30, 2018</td>
<td>$2,651,286</td>
<td>($932)</td>
</tr>
</tbody>
</table>

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

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

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

c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

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

ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

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

iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

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

iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

**Results:** This procedure is not applicable as the City did not incur any RTCIP expenditures for the fiscal year ended June 30, 2018.

v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

**Results:** This procedure is not applicable as the City did not incur any RTCIP expenditures for the fiscal year ended June 30, 2018.

vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the TransNet Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency’s plan to cure the excess.
Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

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

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

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

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 23, 2018.

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

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

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

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

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

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

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

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City’s compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

_Irvine, California_
_March 15, 2019_
CITY OF DEL MAR, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Findings and Recommendations

Year Ended June 30, 2018

(1) **Need to Meet Maintenance of Effort (MOE) Requirement**

The City did not meet its MOE requirement for Specialized Transportation as follows:

- Current year local discretionary expenditures: $19,945
- Less MOE base year requirement: $(20,877)

Excess (shortfall) MOE for the year ended June 30, 2018: $(932)

*TransNet* Extension Ordinance Section 8 states in part:

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

**Recommendation**

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

**Management Response**

The City budgeted sufficient funds for the Senior Transportation assistance program. However, the deficit occurred due to reduced activity in the Dial-a Ride program.

In accordance with Section 8 of the TransNet Extension Ordinance, the City of Del Mar has requested that the commission review and approve a request to allow the City to make up the shortfall by June 30, 2021. This request was formally made on February 28, 2019. The request was approved on the following dates:

- Independent Taxpayer Oversight Committee March 13, 2019
- SANDAG Transportation Committee March 15, 2019
- SANDAG Board of Directors March 22, 2019
GLOSSARY OF TERMS


“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“ITOC” means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

“TransNet Extension Ordinance” means the 2004 Proposition A.

“TransNet Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.
### CITY OF DEL MAR, CALIFORNIA

*TransNet* Extension Activities

Schedule of Status of Funds by Project

Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Project Status July 1, 2017</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Project Status June 30, 2018</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TransNet Extension:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local Street Improvements:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DM02</td>
<td>44.6121.5900</td>
<td>Local Match to Bridge Retrofit Projects</td>
<td>$3,195</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>3,195</td>
</tr>
<tr>
<td>DM06</td>
<td>44.6509.5900</td>
<td>Sidewalk, Street and Drainage Project</td>
<td>(10,678)</td>
<td>-</td>
<td>3,660</td>
<td>(6,637)</td>
<td>-</td>
<td>(13,655)</td>
<td>(b)</td>
</tr>
<tr>
<td>2014 Series A Bond</td>
<td></td>
<td></td>
<td>(196,647)</td>
<td>(196,647)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(10,460)</td>
<td></td>
</tr>
<tr>
<td>Total Congestion Relief</td>
<td></td>
<td></td>
<td>(7,483)</td>
<td>196,647</td>
<td>3,660</td>
<td>(203,284)</td>
<td>-</td>
<td>(10,460)</td>
<td></td>
</tr>
<tr>
<td>DM01</td>
<td>44.6101.5900</td>
<td>Resurfacing and Drainage Project</td>
<td>1,000</td>
<td>8,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,000</td>
</tr>
<tr>
<td>Total Maintenance</td>
<td></td>
<td></td>
<td>1,000</td>
<td>8,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,000</td>
</tr>
<tr>
<td>Total Local Street Improvements</td>
<td></td>
<td></td>
<td>(6,483)</td>
<td>204,647</td>
<td>3,660</td>
<td>(203,284)</td>
<td>-</td>
<td>(1,460)</td>
<td></td>
</tr>
<tr>
<td><strong>Total TransNet Extension</strong></td>
<td></td>
<td></td>
<td>(6,483)</td>
<td>204,647</td>
<td>3,660</td>
<td>(203,284)</td>
<td>-</td>
<td>(1,460)</td>
<td></td>
</tr>
<tr>
<td>GASB 31 Market Value Adjustment</td>
<td></td>
<td></td>
<td>(9)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Total <em>TransNet</em> Extension after GASB 31 Adjustment</td>
<td></td>
<td></td>
<td>(6,492)</td>
<td>204,647</td>
<td>3,660</td>
<td>(203,284)</td>
<td>$9</td>
<td>(1,460)</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

(a) There is no sufficient balance to complete a project. Project will resume once additional funding is available.

(b) To clear the deficit balance, the City will request a drawdown next fiscal year from programmed funds available.

(c) Adjustment was made to agree GASB 31 to the City's Trial Balance.
<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>TransNet Extension:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local Street Improvements:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Congestion Relief:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>DM02  44.6121.5900  Local Match to Bridge Retrofit Projects</td>
<td>$207,386</td>
<td>$459</td>
<td>$(204,650)</td>
<td>$3,195</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DM06  44.6509.5900  Sidewalk, Street and Drainage Project</td>
<td>4,199,985</td>
<td>5,154</td>
<td>(4,218,794)</td>
<td>(13,655)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2014 Series A Bonds</td>
<td>731,964</td>
<td></td>
<td>(731,964)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Congestion Relief</td>
<td>5,139,335</td>
<td>5,613</td>
<td>(5,155,408)</td>
<td>(10,460)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maintenance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>DM01  44.6101.5900  Resurfacing and Drainage Project</td>
<td>402,626</td>
<td>644</td>
<td>(394,270)</td>
<td>9,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Maintenance</td>
<td>402,626</td>
<td>644</td>
<td>(394,270)</td>
<td>9,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Local Street Improvements</td>
<td>5,541,961</td>
<td>6,257</td>
<td>(5,549,678)</td>
<td>(1,460)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Cumulative TransNet Extension</td>
<td>5,541,961</td>
<td>6,257</td>
<td>(5,549,678)</td>
<td>(1,460)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Completed Projects:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>LSI - Commercial Paper Debt Service</td>
<td>1,082</td>
<td></td>
<td>(1,082)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LSI - Congestion Relief</td>
<td>704,223</td>
<td>1,411</td>
<td>(705,634)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bikes and Pedestrian</td>
<td>812,000</td>
<td></td>
<td>(812,000)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Completed Projects</td>
<td>1,517,305</td>
<td>1,411</td>
<td>(1,518,716)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Cumulative TransNet Extension</td>
<td>$7,059,266</td>
<td>$7,668</td>
<td>$(7,068,394)</td>
<td>(1,460)</td>
</tr>
</tbody>
</table>
CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
RTCIP Fund
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Project Year</th>
<th>Last Date to Commit funds</th>
<th>MPO ID</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Funds Committed at June 30, 2018</th>
<th>Cumulative Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Fiscal Year ended June 30, 2011</td>
<td>June 30, 2018</td>
<td></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2012</td>
<td>June 30, 2019</td>
<td></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2013</td>
<td>June 30, 2020</td>
<td>2,165</td>
<td>158</td>
<td>(4,490)</td>
<td>-</td>
<td>-</td>
<td>2,446</td>
<td>17</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2014</td>
<td>June 30, 2021</td>
<td>2,209</td>
<td>49</td>
<td>(2,241)</td>
<td>-</td>
<td>17</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2015</td>
<td>June 30, 2022</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2016</td>
<td>June 30, 2023</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2017</td>
<td>June 30, 2024</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2018</td>
<td>June 30, 2025</td>
<td>2,404</td>
<td>25</td>
<td>-</td>
<td>-</td>
<td>2,429</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total RTCIP Funds

$ 6,778 $ 158 $ (4,490) $ - $ - $ 2,446 $ 17
CITY OF IMPERIAL BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Year Ended June 30, 2018
We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Imperial Beach, California (City), was in compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2018. The City’s management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

1. We reviewed the TransNet Ordinance and Expenditure Plan, TransNet Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

3. We obtained from SANDAG staff the TransNet Grant Program spreadsheet.

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

4. We inquired of the recipient agency’s management and determined whether the recipient agency maintains a separate fund for TransNet revenues or has an alternative approach to maintaining separate accountability for reasonableness.

   Results: No exceptions were noted as a result of our procedures.
5. We obtained a detailed general ledger for TransNet revenues and expenditures from the recipient agency for the current fiscal year.

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

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

   a. We substantiated all footnotes required in Schedule A.

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

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

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

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

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

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

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

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

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

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

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

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

   f. We identified the total TransNet expenditures for the fiscal year.
i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency’s general ledger.

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

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

**Results:** The City recorded total TransNet expenditures in the amount of $558,772. We selected $153,123 (27.40%) for testing. No exceptions were noted as a result of our procedures.

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

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

iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures, and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the TransNet program, the percentage of indirect costs compared to total TransNet expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency’s indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).
Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.

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

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

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

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

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

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

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

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

i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

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

k. We obtained approval from SANDAG staff for the reason of inactivity.
Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no adjustments included in Schedule A that needed to be included on Schedule B.

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

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

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

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

- **Fiscal year 2018 apportionment** $726,502
- **Less: debt service payment** -
- **Net estimated apportionment** 726,502
- **30% base** 30%
- **Fiscal year 2018 30% threshold** 217,951
- **Less:**
  - Local Streets and Roads fund balance -
  - Local Street Improvement:
    - Congestion Relief fund balance 146,780
    - Maintenance fund balance 38,237
- **Total Local Streets and Roads and Local Street Improvement fund balance** 185,017
- **Fund balance under apportionment** $32,934

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2018 TransNet Local Streets Improvements Allocation Schedule.

**Results:** The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Funds Held by City</th>
<th>Funds Held by SANDAG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congestion Relief</td>
<td>$146,780</td>
<td>$353,742</td>
<td>$500,522</td>
</tr>
<tr>
<td>Maintenance</td>
<td>38,237</td>
<td>4,689</td>
<td>42,926</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$185,017</strong></td>
<td><strong>$358,431</strong></td>
<td><strong>$543,448</strong></td>
</tr>
</tbody>
</table>

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

**Results:** The City has expended 27.05% of cumulative local street and road revenue for maintenance as indicated on the following page:
Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

<table>
<thead>
<tr>
<th></th>
<th>City</th>
<th>SANDAG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congestion relief</td>
<td>$4,992,703</td>
<td>$320,627</td>
<td>$5,313,330</td>
</tr>
<tr>
<td>Maintenance</td>
<td>2,047,764</td>
<td>(8,153)</td>
<td>2,039,611</td>
</tr>
<tr>
<td>Interest</td>
<td>30,008</td>
<td>45,957</td>
<td>75,965</td>
</tr>
<tr>
<td>Total local street and road revenue</td>
<td>$7,070,475</td>
<td>$358,431</td>
<td>$7,428,906</td>
</tr>
</tbody>
</table>

30% of total local street and road revenue 
Less maintenance expenditures incurred to date 
Available maintenance funds 
Cumulative percentage expended for maintenance

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2018.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2021, 2022 and 2023 audits.

a. We obtained the Construction Cost Index for June 30, 2018, from SANDAG.

i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2018.

ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2015</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index as of June 30, 2018 divided by Index as of June 30, 2015</td>
<td>146.60</td>
<td>109.91</td>
<td>1.33</td>
</tr>
</tbody>
</table>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based period.

ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2015</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015</td>
<td>$18,750,147</td>
<td>$17,747,082</td>
<td>1.06</td>
</tr>
</tbody>
</table>

c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

Results: The lowest growth rate is 1.06.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

<table>
<thead>
<tr>
<th>Previously approved MOE base</th>
<th>$220,018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Rate</td>
<td>1.06</td>
</tr>
</tbody>
</table>

| Adjusted MOE base as of June 30, 2018 | $233,219 |

13. We reviewed the MOE requirement.

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

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

c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or

ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;

iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.

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

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2018, is summarized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year local discretionary expenditures</td>
<td>$350,742</td>
</tr>
<tr>
<td>Less MOE base year requirement</td>
<td>(220,018)</td>
</tr>
<tr>
<td>Excess MOE for the year ended June 30, 2018</td>
<td>$130,724</td>
</tr>
</tbody>
</table>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

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

b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.
Results: The City did not collect the correct exaction fee for 125 permits issued totaling $5,875. See Finding 1 in the Findings and Recommendation section of the report.

ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

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

iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

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

iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of $356,431. We selected $79,604 (22.33%) for testing. We identified expenditures in the amount of $24 which were not eligible costs in accordance with the TransNet Extension Ordinance and Expenditure Plan. See Finding 2 in the Findings and Recommendation section of the report.

v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures, and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: We selected an additional $102,045 (28.63%) for testing. No exceptions were noted as a result of our procedures.

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

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

vii. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the TransNet Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.
Results: The City did not provide its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. The City under collected exactions in the amount of $5,875. See Finding 1 in the Findings and Recommendation section of the report.

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

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

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

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

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

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 3, 2018.

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

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

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

Results: The City did not include any administrative projects in the RTIP.
16. We reviewed and documented the status of any prior year findings and recommendations.

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

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

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City’s compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Irvine, California
March 15, 2019
(1) **Need to Use Approved Exaction Fee**

Per review of the City’s exaction fee collections for the year ended June 30, 2018, the City did not consistently collect the required exaction fee amount of $2,404. For 125 permits issued, the exaction fee collected was based upon the fiscal year (FY) 2016-17 exaction fee amount of $2,357. This resulted in an under-collection of the exaction fee in the amount of $5,875 as follows:

<table>
<thead>
<tr>
<th>Permit Number</th>
<th>Transaction Date</th>
<th>Number of Permits</th>
<th>Calculated Amount</th>
<th>Amount Charged</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP-00294</td>
<td>8/8/17</td>
<td>42</td>
<td>$100,968</td>
<td>$98,994</td>
<td>$1,974</td>
</tr>
<tr>
<td>BP-00796</td>
<td>9/25/17</td>
<td>30</td>
<td>72,120</td>
<td>70,710</td>
<td>1,410</td>
</tr>
<tr>
<td>BP-02102</td>
<td>2/6/18</td>
<td>53</td>
<td>127,412</td>
<td>124,921</td>
<td>2,491</td>
</tr>
<tr>
<td></td>
<td></td>
<td>125</td>
<td>$300,500</td>
<td>$294,625</td>
<td>$5,875</td>
</tr>
</tbody>
</table>

SANDAG Board recommendations as of February 24, 2017 and subsequent approval states, in part:

“...the Board of Directors is asked to approve a 2 percent adjustment to the Regional Transportation Congestion Improvement Program (RTCIP) raising the minimum fee from $2,357 to $2,404 beginning July 1, 2017.”

Additionally, Board Policy 031, Rule #23 B.5 states in part:

“...if, however, the audit establishes a local agency did not provide its full monetary contribution under the RTCIP and the local agency does not cure defects of which it was notified by the time the audit is finalized and adopted by the ITOC, then the local agency will have forfeited its Section 4(D)(1) contribution. Any amount paid to the local agency in the fiscal year that was the subject of the audit will be retroactively owed to the Commission...”

**Recommendation**

We recommend that the City recover the under-collection of exaction fees in the amount of $5,875. Additionally, we recommend that the City update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.
(1) **Need to Use Approved Exaction Fee (Continued)**

**Management Response**

The City has updated the system to collect the correct amount for the RTCIP exaction fee. Additionally, the City has invoiced the individuals in which the permits were issued to, in the amount of $5,875, to reconcile the difference between the fees collected and the amount that should have been collected when the permits were first issued.
(2) **Need to Only Include Eligible Costs in Accordance with TransNet Extension Ordinance**

As of June 30, 2018, total RTCIP expenditures charged to TransNet program were $356,431. Of this amount, we noted $24 of ineligible costs consisting of refreshment costs.

TransNet Extension Ordinance and Expenditure Plan Section 9(A) states, in part:

“...revenues will be used to construct improvements on the Regional Arterial System such as new or widened arterials, traffic signal coordination and other traffic improvements, freeway interchange and related freeway improvements, railroad grade separations, and improvements required for regional express bus and rail transit.”

**Recommendation**

We recommend that the City review invoices to only include eligible costs in accordance with TransNet Extension Ordinance and Expenditure Plan Requirements.

**Management Response**

The City moved the ineligible costs of $24 for refreshments transactions charged out of the TransNet fund as of February 22, 2019 for FY18. In addition, the guidelines for TransNet Extension Ordinance were reviewed with staff to help ensure that only allowable expenditures are charged to TransNet in the future.
GLOSSARY OF TERMS


“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“ITOC” means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

“TransNet Extension Ordinance” means the 2004 Proposition A.

“TransNet Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.
## Schedule A

### TransNet Extension Activities

**Schedule of Status of Funds by Project**

**Year Ended June 30, 2018**

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Project Status</th>
<th>Funds</th>
<th>Interest</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Project Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>July 1, 2017</td>
<td>Income</td>
<td>Expenditures</td>
<td>Adjustments</td>
<td>June 30, 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TransNet Extension:**

### Local Street Improvements:

**Congestion Relief:**

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Project Status</th>
<th>Funds</th>
<th>Interest</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Project Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>IB12</td>
<td>S13309/S18101</td>
<td>Major Street Improvements</td>
<td>$ 72,011</td>
<td>$ 162,500</td>
<td>$ 1,157</td>
<td>$ (88,888)</td>
<td>-</td>
<td>$ 146,780</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Congestion Relief</td>
<td>$ 72,011</td>
<td>$ 162,500</td>
<td>$ 1,157</td>
<td>$ (88,888)</td>
<td>-</td>
<td>$ 146,780</td>
<td></td>
</tr>
</tbody>
</table>

**Maintenance:**

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Project Status</th>
<th>Funds</th>
<th>Interest</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Project Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>IB02</td>
<td>N/A</td>
<td>Street Maintenance - Operations</td>
<td>36,437</td>
<td>217,800</td>
<td>-</td>
<td>(216,000)</td>
<td>-</td>
<td>38,237</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Maintenance</td>
<td>36,437</td>
<td>217,800</td>
<td>-</td>
<td>(216,000)</td>
<td>-</td>
<td>38,237</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Local Street Improvements</td>
<td>108,448</td>
<td>380,300</td>
<td>1,157</td>
<td>(304,888)</td>
<td>-</td>
<td>185,017</td>
<td></td>
</tr>
</tbody>
</table>

### Smart Growth Grants:

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Project Status</th>
<th>Funds</th>
<th>Interest</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Project Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>IB17</td>
<td>S15104</td>
<td>Palm Avenue Mixed Use - Rainbow to Delaware</td>
<td>(5,271)</td>
<td>228,496</td>
<td>-</td>
<td>(253,884)</td>
<td>-</td>
<td>(30,659) (a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Smart Growth Grants</td>
<td>(5,271)</td>
<td>228,496</td>
<td>-</td>
<td>(253,884)</td>
<td>-</td>
<td>(30,659) (a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total TransNet Extension</td>
<td>103,177</td>
<td>608,796</td>
<td>1,157</td>
<td>(558,772)</td>
<td>-</td>
<td>154,358</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>GASB 31 Market Value Adjustment</td>
<td>(4,109)</td>
<td>-</td>
<td>(3,579)</td>
<td>-</td>
<td>4,109 (b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total TransNet Extension after GASB 31 Adjustment</td>
<td>99,068</td>
<td>608,796</td>
<td>(2,422)</td>
<td>(558,772)</td>
<td>4,109</td>
<td>150,779</td>
<td></td>
</tr>
</tbody>
</table>

### Non-TransNet:

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Project Status</th>
<th>Funds</th>
<th>Interest</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Project Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>IB18</td>
<td>SP1815</td>
<td>Imperial Beach Blvd. Safe Routes to School</td>
<td>-</td>
<td>182,324</td>
<td>-</td>
<td>(182,324)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Non-TransNet</td>
<td>-</td>
<td>182,324</td>
<td>-</td>
<td>(182,324)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total TransNet Extension after GASB 31 Adjustment and Non-TransNet</td>
<td>$99,068</td>
<td>$ 791,120</td>
<td>$ (2,422)</td>
<td>$ (741,096)</td>
<td>$ 4,109</td>
<td>$ 150,779</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

(a) Negative balance represents 10% retention held by SANDAG to be paid upon completion of project.

(b) Adjustment made to agree to City’s financial records.
### Project Funds Interest Project Project Status

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>TransNet Extension:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Local Street Improvements:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Congestion Relief:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IB12</td>
<td>S13309/S18101</td>
<td>Major Street Improvements</td>
<td>$4,992,703</td>
<td>$30,008</td>
<td>$(4,875,931)</td>
<td>$146,780</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Congestion Relief</td>
<td>$4,992,703</td>
<td>$30,008</td>
<td>$(4,875,931)</td>
<td>$146,780</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Maintenance:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IB02</td>
<td>N/A</td>
<td>Street Maintenance - Operations</td>
<td>$2,047,764</td>
<td>-</td>
<td>$(2,009,527)</td>
<td>$38,237</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Maintenance</td>
<td>$2,047,764</td>
<td>-</td>
<td>$(2,009,527)</td>
<td>$38,237</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Local Street Improvements</td>
<td>$7,040,467</td>
<td>$30,008</td>
<td>$(6,885,458)</td>
<td>$185,017</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Smart Growth Grants:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IB17</td>
<td>SB15104</td>
<td>Palm Avenue Mixed Use - Rainbow to Delaware</td>
<td>$275,940</td>
<td>-</td>
<td>$(306,599)</td>
<td>$(30,659)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Smart Growth Grants</td>
<td>$275,940</td>
<td>-</td>
<td>$(306,599)</td>
<td>$(30,659)</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Completed Projects:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Smart Growth Grant</td>
<td>$400,000</td>
<td>-</td>
<td>$(400,000)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bicycles and Pedestrian</td>
<td>$1,800,000</td>
<td>-</td>
<td>$(1,800,000)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Completed Projects</td>
<td>$2,200,000</td>
<td>-</td>
<td>$(2,200,000)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Cumulative TransNet Extension</strong></td>
<td>$9,516,407</td>
<td>$30,008</td>
<td>$(9,392,057)</td>
<td>$154,358</td>
</tr>
</tbody>
</table>
## Schedule C

**CITY OF IMPERIAL BEACH CALIFORNIA**  
*TransNet Extension Activities*  
RTCIP Fund  
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Project Year</th>
<th>Commit funds</th>
<th>MPO ID</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Adjustments</th>
<th>Funds Committed at June 30, 2018</th>
<th>Cumulative Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Fiscal Year ended June 30, 2011</td>
<td>June 30, 2018</td>
<td>IB11</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2012</td>
<td>June 30, 2019</td>
<td>IB11</td>
<td>10,615</td>
<td>315</td>
<td>(10,930)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2013</td>
<td>June 30, 2020</td>
<td>IB11</td>
<td>6,495</td>
<td>161</td>
<td>(6,656)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2014</td>
<td>June 30, 2021</td>
<td>IB11</td>
<td>22,090</td>
<td>462</td>
<td>(22,552)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2015</td>
<td>June 30, 2022</td>
<td>IB11</td>
<td>42,832</td>
<td>645</td>
<td>(43,477)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2016</td>
<td>June 30, 2023</td>
<td>IB11</td>
<td>48,510</td>
<td>386</td>
<td>(48,896)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2017</td>
<td>June 30, 2024</td>
<td>IB11</td>
<td>197,988</td>
<td>-</td>
<td>(197,988)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2018</td>
<td>June 30, 2025</td>
<td>IB11</td>
<td>352,277</td>
<td>-</td>
<td>(148,124)</td>
<td>24</td>
<td>-</td>
<td>204,177</td>
</tr>
</tbody>
</table>

**Interest Income**  
- 5,771

**Total RTCIP Funds**  
- $680,807  
- $7,740  
- $(478,623)  
- $24  
- $-  
- $204,177  
- $210,155

**Notes:**  
(a) Adjustment is due to unallowable expenditures.
CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Year Ended June 30, 2018
INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Marcos, California (City), was in compliance with the TransNet Ordinance and TransNet Extension Ordinance for the year ended June 30, 2018. The City’s management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

4. We inquired of the recipient agency’s management and determined whether the recipient agency maintains a separate fund for TransNet revenues or has an alternative approach to maintaining separate accountability for reasonableness.
   Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for TransNet revenues and expenditures from the recipient agency for the current fiscal year.
   Results: No exceptions were noted as a result of our procedures.
6. We obtained from the recipient agency Schedule A that includes a beginning balance, TransNet funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

   a. We substantiated all footnotes required in Schedule A.

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

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

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

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

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

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

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

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

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

         Results: This procedure is not applicable as the City did not allocate interest on Schedule A due to a negative fund balance.

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

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

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

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

         Results: No exceptions were noted as a result of our procedures.
ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total TransNet expenditures in the amount of $1,314,335. We selected $337,725 (25.70%) for testing. No exceptions were noted as a result of our procedures.

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

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

iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures, and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the TransNet program, the percentage of indirect costs compared to total TransNet expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency’s indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

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

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

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

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

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

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

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

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

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

i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City is in compliance with the 30% requirement as follows:
Fiscal year 2018 apportionment $2,229,867
Less: debt service payment (648,079)
Net estimated apportionment 1,581,788
30% base 30%
Fiscal year 2018 30% threshold 474,536
Less:
Local Streets and Roads fund balance -
Local Street Improvement:
Congestion Relief fund balance (154,221)
Maintenance fund balance 22,226
Total Local Streets and Roads and Local Street Improvement fund balance (131,995)
Fund balance under apportionment $606,531

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2018 TransNet Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Funds Held by City</th>
<th>Funds Held by SANDAG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congestion Relief</td>
<td>$(154,221)</td>
<td>$6,432,731</td>
<td>$6,278,510</td>
</tr>
<tr>
<td>Maintenance</td>
<td>22,226</td>
<td>2,325,920</td>
<td>2,348,146</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$(131,995)</strong></td>
<td><strong>$8,758,651</strong></td>
<td><strong>$8,626,656</strong></td>
</tr>
</tbody>
</table>

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

Results: The City has expended 10.36% of cumulative local street and road revenue for maintenance as indicated below:

<table>
<thead>
<tr>
<th></th>
<th>City</th>
<th>SANDAG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congestion relief</td>
<td>$23,415,406</td>
<td>$6,095,442</td>
<td>$29,510,848</td>
</tr>
<tr>
<td>Maintenance</td>
<td>3,723,704</td>
<td>2,189,960</td>
<td>5,913,664</td>
</tr>
<tr>
<td>Interest</td>
<td>36,264</td>
<td>473,249</td>
<td>509,513</td>
</tr>
<tr>
<td><strong>Total local street and road revenue</strong></td>
<td><strong>$27,175,374</strong></td>
<td><strong>$8,758,651</strong></td>
<td><strong>$35,934,025</strong></td>
</tr>
</tbody>
</table>
30% of total local street and road revenue $10,780,208
Less maintenance expenditures incurred to date 3,723,704
Available maintenance funds $ 7,056,504
Cumulative percentage expended for maintenance 10.36%

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Balance</th>
<th>Additions</th>
<th>Principal Payments</th>
<th>Principal Adjustments</th>
<th>Balance</th>
<th>Interest Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul 1, 2017</td>
<td>Jul 30, 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010 Series A Bonds</td>
<td>$15,439,627</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$15,439,627</td>
<td>$598,117</td>
</tr>
<tr>
<td>2014 Bonds</td>
<td>1,025,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,025,000</td>
<td>49,962</td>
</tr>
</tbody>
</table>

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2021, 2022 and 2023 audits.

a. We obtained the Construction Cost Index for June 30, 2018, from SANDAG.
   i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2018.
   ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the index as of June 30, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

\[
\frac{\text{Index as of June 30, 2018}}{\text{Index as of June 30, 2015}} = \frac{146.60}{109.91} = 1.33
\]

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
   i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based period.
ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2015</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015</td>
<td>$70,605,896</td>
<td>$64,946,068</td>
<td>1.09</td>
</tr>
</tbody>
</table>

c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.09.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

<table>
<thead>
<tr>
<th>Previously approved MOE base</th>
<th>$4,489,387</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Rate</td>
<td>1.09</td>
</tr>
</tbody>
</table>

| Adjusted MOE base as of June 30, 2018 | $4,893,432 |

13. We reviewed the MOE requirement.

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

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

c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:

i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;

iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.

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

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

Results: The City was not in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. See Finding Number 1 in the Findings and Recommendations section of this report. MOE activity for the year ended June 30, 2018, is summarized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year local discretionary expenditures</td>
<td>$4,197,158</td>
</tr>
<tr>
<td>Less MOE base year requirement</td>
<td>(4,489,387)</td>
</tr>
<tr>
<td>Excess (shortfall) MOE for the year ended June 30, 2018</td>
<td>$(292,229)</td>
</tr>
</tbody>
</table>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

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

b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

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

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

iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

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

iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as there were no RTCIP expenditures incurred for the fiscal year ended June 30, 2018.

v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures, and documented the recipient agency’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures incurred for the fiscal year ended June 30, 2018.

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

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

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

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

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

**Results:** Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

**Results:** The City provided RTCIP documentation to us for review on October 5, 2018.

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

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

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

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

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

**Results:** This procedure is not applicable as there were no prior year findings and recommendations.
17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency’s response to address the finding.

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City’s compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Irvine, California
March 15, 2019
CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Findings and Recommendations

Year Ended June 30, 2018

(1) Need to Meet Maintenance of Effort (MOE) Requirement

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year local discretionary expenditures</td>
<td>$4,197,158</td>
</tr>
<tr>
<td>Less MOE base year requirement</td>
<td>(4,489,387)</td>
</tr>
<tr>
<td>Excess (shortfall) MOE for the year ended</td>
<td>$(292,229)</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td></td>
</tr>
</tbody>
</table>

TransNet Extension Ordinance Section 8 states in part:

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

Recommendation

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

Management Response

The deficit occurred due to unexpected delays to a maintenance project start date. The City budgeted sufficient discretionary funds to meet its MOE requirements for FY2017-18, but a large sum of discretionary funds were not disbursed before the end of the fiscal year as a result of this delay. The project is now anticipated to be completed within the next six months. Additionally, the City is committed to completing this project and other street maintenance related projects within the required timeframe to meet the MOE requirement moving forward.

In accordance with Section 8 of the TransNet Extension Ordinance, the City of San Marcos has requested that the commission review and approve a request to allow the City to make up the shortfall by June 30, 2021. This request was formally made on January 16, 2019. The request was approved on the following dates:

Independent Taxpayer Oversight Committee   March 13, 2019
SANDAG Transportation Committee March 15, 2019
SANDAG Board of Directors March 22, 2019
GLOSSARY OF TERMS


“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“ITOC” means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

“TransNet Extension Ordinance” means the 2004 Proposition A.

“TransNet Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.
## SCHEDULE A

**CITY OF SAN MARCOS, CALIFORNIA**

*TransNet and TransNet Extension Activities*

Schedule of Status of Funds by Project

Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>MPO ID Number</th>
<th>Project Name</th>
<th>Project Status</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Project Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM22</td>
<td>88179 South Santa Fe from Bosstick to Smilax</td>
<td>(60,231)</td>
<td>39,236</td>
<td>(36,038)</td>
<td>-</td>
<td>(57,033)</td>
<td>(a)</td>
<td></td>
</tr>
<tr>
<td>SM31</td>
<td>88265 Discovery Street Improvements</td>
<td>(192,195)</td>
<td>248,071</td>
<td>(273,543)</td>
<td>-</td>
<td>(217,667)</td>
<td>(a)</td>
<td></td>
</tr>
<tr>
<td>SM32</td>
<td>88264 Via Vera Cruz Bridge and Street Improvement</td>
<td>(113,721)</td>
<td>109,859</td>
<td>(19,586)</td>
<td>-</td>
<td>(23,448)</td>
<td>(a)</td>
<td></td>
</tr>
<tr>
<td>SM48</td>
<td>88505 SM Creek Specific Plan</td>
<td>(654,103)</td>
<td>913,891</td>
<td>(173,411)</td>
<td>-</td>
<td>86,377</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SM56</td>
<td>88263 Bent Ave Bridge and Street Improvement</td>
<td>(41,846)</td>
<td>39,483</td>
<td>(19,586)</td>
<td>-</td>
<td>(23,448)</td>
<td>(a)</td>
<td></td>
</tr>
<tr>
<td>SM59</td>
<td>86009 Annual Street Overlay Project</td>
<td>98,901</td>
<td>-</td>
<td>(509)</td>
<td>-</td>
<td>98,392</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SM22</td>
<td>86009 Annual Street Overlay Project</td>
<td>98,901</td>
<td>-</td>
<td>(509)</td>
<td>-</td>
<td>98,392</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010 Series A Bonds Debt Service</td>
<td>98,901</td>
<td>-</td>
<td>(509)</td>
<td>-</td>
<td>98,392</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014 Bonds</td>
<td>(963,195)</td>
<td>1,998,619</td>
<td>(1,203,535)</td>
<td>-</td>
<td>(168,111)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Subtotal Congestion Relief</td>
<td>(963,195)</td>
<td>1,998,619</td>
<td>(1,203,535)</td>
<td>-</td>
<td>(168,111)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interest Income</td>
<td>13,890</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,890</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Congestion Relief</td>
<td>(949,305)</td>
<td>1,998,619</td>
<td>(1,203,535)</td>
<td>-</td>
<td>(154,221)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SM60</td>
<td>86008 Annual Surface Seal Project - 2017</td>
<td>-</td>
<td>100,000</td>
<td>(100,000)</td>
<td>-</td>
<td>-</td>
<td>(b)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Subtotal Maintenance</td>
<td>-</td>
<td>100,000</td>
<td>(100,000)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interest Income</td>
<td>22,226</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,226</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Maintenance</td>
<td>22,226</td>
<td>100,000</td>
<td>(100,000)</td>
<td>-</td>
<td>-</td>
<td>22,226</td>
<td></td>
</tr>
<tr>
<td>Total Local Street Improvements</td>
<td>$ (927,079)</td>
<td>$ 2,109,419</td>
<td>$ -</td>
<td>$ (1,314,335)</td>
<td>$ -</td>
<td>$ (131,995)</td>
<td>(Continued)</td>
<td></td>
</tr>
</tbody>
</table>

(Continued)
<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Project Status</th>
<th>Funds</th>
<th>Interest</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Project Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Senior Mini-Grant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>On the Move Transportation Program</td>
<td>$ (9,414)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 9,414</td>
<td>$ -</td>
<td>(b)(c)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Senior Mini-Grant</td>
<td>(9,414)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,414</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total TransNet Extension</strong></td>
<td>(936,493)</td>
<td>$ 2,109,419</td>
<td>-</td>
<td>$ (1,314,335)</td>
<td>$ 9,414</td>
<td>$ (131,995)</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
(a) The City will drawdown funds in FY19 to remove the deficit.
(b) Project is complete.
(c) The City covered the deficit on this completed project using the General Fund.
CITY OF SAN MARCOS, CALIFORNIA

TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>TransNet Extension:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Local Street Improvements:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Congestion Relief - Pass-Through:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SM54</td>
<td>N/A</td>
<td>Regional Arterial Management Systems</td>
<td>$ 54,000</td>
<td>$ -</td>
<td>$(54,000)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Congestion Relief - Pass-Through</strong></td>
<td>54,000</td>
<td>-</td>
<td>(54,000)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Congestion Relief:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SM22</td>
<td>88179</td>
<td>South Santa Fe from Bosstick to Smilax</td>
<td>39,236</td>
<td>-</td>
<td>(96,269)</td>
<td>(57,033)</td>
</tr>
<tr>
<td>SM31</td>
<td>88265</td>
<td>Discovery Street Improvements</td>
<td>2,245,719</td>
<td>-</td>
<td>(2,463,386)</td>
<td>(217,667)</td>
</tr>
<tr>
<td>SM32</td>
<td>88264</td>
<td>Via Vera Cruz Bridge and Street Improvement</td>
<td>270,345</td>
<td>-</td>
<td>(293,793)</td>
<td>(23,448)</td>
</tr>
<tr>
<td>SM48</td>
<td>88505</td>
<td>SM Creek Specific Plan</td>
<td>2,771,657</td>
<td>-</td>
<td>(2,685,280)</td>
<td>86,377</td>
</tr>
<tr>
<td>SM56</td>
<td>88263</td>
<td>Bent Ave Bridge and Street Improvement</td>
<td>165,748</td>
<td>-</td>
<td>(220,480)</td>
<td>(54,732)</td>
</tr>
<tr>
<td>SM59</td>
<td>86009</td>
<td>Annual Street Overlay Project</td>
<td>99,333</td>
<td>-</td>
<td>(941)</td>
<td>98,392</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2010 Series A Bonds Debt Service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2010 Series A Bonds</td>
<td>4,512,157</td>
<td>-</td>
<td>(4,512,157)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2014 Bonds</strong></td>
<td>178,697</td>
<td>-</td>
<td>(178,697)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Subtotal Congestion Relief</strong></td>
<td>10,282,892</td>
<td>-</td>
<td>(10,451,003)</td>
<td>(168,111)</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Interest Income</strong></td>
<td></td>
<td>13,890</td>
<td>-</td>
<td>13,890</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Congestion Relief</strong></td>
<td>10,282,892</td>
<td>13,890</td>
<td>(10,451,003)</td>
<td>(154,221)</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Maintenance:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SM60</td>
<td>86008</td>
<td>Annual Surface Seal Project - 2017</td>
<td>100,000</td>
<td>-</td>
<td>(100,000)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Interest Income</strong></td>
<td></td>
<td>22,226</td>
<td>-</td>
<td>22,226</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Maintenance</strong></td>
<td>100,000</td>
<td>22,226</td>
<td>(100,000)</td>
<td>22,226</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Local Street Improvements</strong></td>
<td>10,436,892</td>
<td>36,116</td>
<td>(10,605,003)</td>
<td>(131,995)</td>
</tr>
</tbody>
</table>

(Continued)
### SCHEDULE B

**CITY OF SAN MARCOS, CALIFORNIA**  
*TransNet Extension Activities*  
Cumulative Schedule of Status of Funds by Project (Continued)  
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>MPO ID</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM57</td>
<td>N/A</td>
<td><strong>Senior Mini-Grant</strong></td>
<td></td>
<td>$34,992</td>
<td>$(34,992)</td>
<td>$-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>On the Move Transportation Program</td>
<td>$34,992</td>
<td>-</td>
<td>$(34,992)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Senior Mini-Grant</strong></td>
<td>34,992</td>
<td>-</td>
<td>$(34,992)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Subtotal Cumulative TransNet Extension</strong></td>
<td>10,471,884</td>
<td>36,116</td>
<td>$(10,639,995)</td>
<td>$(131,995)</td>
</tr>
</tbody>
</table>

**Completed projects:**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>Project Status June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congestion Relief</td>
<td>13,078,514</td>
<td>148</td>
<td>(13,078,662)</td>
<td>-</td>
</tr>
<tr>
<td>Maintenance</td>
<td>3,623,704</td>
<td>-</td>
<td>(3,623,704)</td>
<td>-</td>
</tr>
<tr>
<td>Bikes and Pedestrian</td>
<td>948,941</td>
<td>1,668</td>
<td>(950,609)</td>
<td>-</td>
</tr>
<tr>
<td>Smart Growth</td>
<td>1,000,000</td>
<td>-</td>
<td>(1,000,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Completed Projects</strong></td>
<td>18,651,159</td>
<td>1,816</td>
<td>(18,652,975)</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total Cumulative TransNet Extension**  
$29,123,043 $37,932 $(29,292,970) $(131,995)
<table>
<thead>
<tr>
<th>Project Year</th>
<th>Last Date to Commit funds</th>
<th>MPO ID</th>
<th>Funds Received</th>
<th>Interest Income</th>
<th>Project Expenditures</th>
<th>City Adjustments</th>
<th>Funds Committed</th>
<th>Cumulative Status</th>
<th>City of San Marcos, California</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Fiscal Year ended June 30, 2009</td>
<td>June 30, 2016</td>
<td>SM31</td>
<td>$14,000</td>
<td>$1,011</td>
<td>$ -</td>
<td>$ -</td>
<td>(15,011)</td>
<td>15,011</td>
<td>15,011</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2010</td>
<td>June 30, 2017</td>
<td>SM31</td>
<td>2,040</td>
<td>127</td>
<td>-</td>
<td>-</td>
<td>(2,167)</td>
<td>2,167</td>
<td>2,167</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2011</td>
<td>June 30, 2018</td>
<td>SM31</td>
<td>93,760</td>
<td>3,919</td>
<td>-</td>
<td>-</td>
<td>(97,679)</td>
<td>97,679</td>
<td>97,679</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2012</td>
<td>June 30, 2019</td>
<td>SM31</td>
<td>82,797</td>
<td>2,672</td>
<td>-</td>
<td>-</td>
<td>(85,469)</td>
<td>85,469</td>
<td>85,469</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2013</td>
<td>June 30, 2020</td>
<td>SM31</td>
<td>1,155,830</td>
<td>15,387</td>
<td>-</td>
<td>-</td>
<td>(1,171,217)</td>
<td>1,171,217</td>
<td>1,171,217</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2014</td>
<td>June 30, 2021</td>
<td>SM31</td>
<td>11,045</td>
<td>140</td>
<td>-</td>
<td>-</td>
<td>(11,185)</td>
<td>11,185</td>
<td>11,185</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2015</td>
<td>June 30, 2022</td>
<td>SM31</td>
<td>166,795</td>
<td>991</td>
<td>-</td>
<td>-</td>
<td>(167,786)</td>
<td>167,786</td>
<td>167,786</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2016</td>
<td>June 30, 2023</td>
<td>SM31</td>
<td>364,168</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(231,786)</td>
<td>364,168</td>
<td>364,168</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2017</td>
<td>June 30, 2024</td>
<td>SM31</td>
<td>874,955</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>874,955</td>
<td>874,955</td>
<td>874,955</td>
</tr>
<tr>
<td>For Fiscal Year ended June 30, 2018</td>
<td>June 30, 2025</td>
<td>SM31</td>
<td>1,345,318</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,345,318</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td></td>
<td>-</td>
<td>96,456</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>96,456</td>
<td>40,288</td>
</tr>
<tr>
<td>Total RTCIP Funds</td>
<td></td>
<td></td>
<td>$4,110,708</td>
<td>$120,703</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (1,782,300)</td>
<td>$2,449,111</td>
<td>$1,047,625</td>
</tr>
</tbody>
</table>
SANDAG Strategic Plan

Overview
SANDAG is developing a multi-year plan that will define the agency’s mission, vision, and strategic priorities, and create a roadmap for building internal capacity necessary for delivering regional programs, projects, and initiatives. Input from a broad range of stakeholders is being gathered during the early phase of this effort.

Key Considerations
SANDAG has launched an extensive and comprehensive strategic planning effort. The vision for the agency’s future state, and a roadmap for supporting important regional quality of life initiatives, will be developed by researching the needs of the community and evaluating the capacity of the organization. Substantial stakeholder engagement, from both within and outside the agency, is critical to ensure different voices are heard and integrated into the strategic plan.

SANDAG has selected the consulting firm Performance Works to support this project. Using a highly collaborative approach, the Performance Works team is gathering input and perspectives from a broad range of stakeholders – the SANDAG Board of Directors, regional partners of the agency, community groups and the public, and employees. This work will culminate in a clearly defined mission and vision for SANDAG, a set of strategic priorities that will guide and align organizational decisions, and an actionable plan for achieving the highest levels of service and support for residents of the San Diego region.

Next Steps
Stakeholder input on topics such as community needs and priorities, awareness of SANDAG, communication, and opportunities for engagement is being collected through summer 2019. Preliminary recommendations on the Strategic Plan are anticipated to be presented to the SANDAG Board of Directors in fall 2019.

Comments and feedback regarding the Strategic Plan may be submitted via email to Loree Goffigon and Reza Ahmadi from Performance Works at OurFuture@sandag.org.

Laura Coté, Director of Administration
Key Staff Contacts: Laura Coté, (619) 699-6947, laura.cote@sandag.org

Action: Discussion
The ITOC is asked to provide feedback to help inform development of the SANDAG Strategic Plan.

Fiscal Impact:
There is $250,000 included in the FY 2019 and FY 2020 Program Budgets to develop the SANDAG Strategic Plan.

Schedule/Scope Impact:
The SANDAG Strategic Plan is expected to be completed in early 2020.
Delegation of Approval for Administrative Modifications to the Regional Transportation Improvement Program

Overview
The Regional Transportation Improvement Program (RTIP) is the five-year program of transportation projects in the San Diego region. SANDAG amends the RTIP regularly with either a formal amendment for significant changes or with an administrative modification for minor changes.

Federal guidelines allow the California Department of Transportation (Caltrans) to approve administrative modifications. Caltrans, in turn, will delegate to Metropolitan Planning Organizations (MPOs) upon request and allows the MPO to delegate to its Executive Director or designee (Attachment 1).

Administrative modifications are changes which the federal government considers minor and include:
(1) revising a project description without changing the scope
(2) revising funding for a project or phase, including the addition of funding that is limited to the lesser of 40% of the total project cost or $10 million
(3) a cost decrease with no limit as long as a phase is still fully funded
(4) adding or deleting a project from the grouped project listings within the funding limits shown above and other minor changes

These changes do not require a financial analysis, are available to the public during the review period prior to approval, and are posted on the SANDAG and Caltrans websites once approved.

More significant increases, scope changes, and new projects would still need to be added in a formal amendment. A formal amendment is posted for a 15-day public comment period; presented to the ITOC for comments; submitted for Transportation Committee approval and Board ratification; and then sent to Caltrans, the Federal Highway Administration, and Federal Transit Administration for final approval.

Key Considerations
The TransNet Ordinance defines ITOC responsibilities related to the RTIP. The ITOC is directed to review and comment on the programming of TransNet revenues in the 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.

Action: Discussion
The ITOC is asked to provide feedback on delegating the SANDAG Executive Director to approve administrative modifications to the Regional Transportation Improvement Program.

Fiscal Impact:
Delegated approval of administrative modifications would make funds available to member agencies’ projects sooner. SANDAG will continue to bring both formal amendments and administrative modifications to the ITOC to provide the opportunity to comment prior to approval by the Executive Director.

Schedule/Scope Impact:
This action will reduce the time required to make minor changes to the Regional Transportation Improvement Plan by an average of 10 weeks.
In addition to ITOC review of the RTIP, SANDAG practice has been to bring all TransNet projects in every amendment, including formal amendments and administrative modifications, to the ITOC for review prior to submitting the amendments for approval.

Delegating authority to the Executive Director will streamline and shorten the process of revising minor changes to the RTIP from approximately four to six months to as little as eight weeks for most projects. It also would result in fewer projects being included in formal amendments. By delegating authority to the Executive Director to approve administrative modifications, the ITOC, Transportation Committee, and Board of Directors can provide more focused review on those projects with more significant changes that require formal amendment.

SANDAG will continue to bring both formal amendments and administrative modifications to the ITOC to provide the opportunity to comment prior to approval by the Executive Director.

**Next Steps**

The Transportation Committee will be asked to recommend that the Board of Directors approve the delegation of administrative modifications to the Executive Director at its meeting on July 26. If approved, a delegation letter will be requested from Caltrans, which will permit administrative modifications through delegated authority.

---

*José Nuncio, TransNet Department Director*

Key Staff Contact: Sue Alpert, (619) 595-5318, sue.alpert@sandag.org

Attachment: 1. Revised FSTIP/FTIP Amendments and Administrative Modification Procedures
June 7, 2011

Metropolitan Planning Organizations Executive Directors
Regional Transportation Planning Agencies Executive Directors

Dear Executive Directors:

The purpose of this letter is to inform you that the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) have revised the Federal Statewide Transportation Improvement Program (FSTIP) Federal Transportation Improvement Program (FTIP) Amendments and Administrative Modification Procedures.

The attached procedures, which are effective immediately, include revisions that expand the parameters of an administrative modification offering greater accountability and flexibility to the California Department of Transportation (Caltrans) and the Metropolitan Planning Organizations (MPOs). The revised procedures also allow Caltrans to delegate to an MPO the approval of administrative modifications to the FSTIP. Thus MPOs with delegated authority can approve administrative modifications without the need for state or federal approval. This will streamline and shorten the process of revising the FSTIP.

The following procedures apply to any MPO planning to receive a delegation from Caltrans to approve administrative modifications to the FSTIP.

1. The MPO must submit to Caltrans a board action to approve administrative modifications to the FSTIP in accordance with the attached Amendment and Administrative Modifications Procedures.
2. In addition, the MPO board may delegate the approval of administrative modifications to the MPO executive director. If the board delegates the approval to the executive director, the board action must also be submitted to Caltrans.
3. After receiving the board action, Caltrans will send a letter to each MPO delegating approval of FSTIP administrative modifications.

Once an MPO receives delegation from Caltrans to approve administrative modifications, the following procedures apply.

1. Prior to the MPO’s approval of FTIP/FSTIP administrative modifications, the MPO may consult with Caltrans on proposed changes.
2. Caltrans may provide cursory review of the administrative modification prior to the MPO's approval.

4. The MPO shall send copies of the approved administrative modifications to Caltrans, FHWA, FTA, and other stakeholders. Caltrans will post the approved administrative modifications on the Division of Transportation Programming Website.

5. Caltrans will regularly review the MPO's approved administrative modifications and will reject changes that do not comply with the attached procedures. In such cases the MPO must correct all noncompliance.

6. Caltrans will withdraw its delegation from any MPO that is found to be consistently noncompliant with the above and the attached procedures.

For those MPOs that do not apply for a Caltrans delegation, no action is required and the existing approval process will remain in effect.

If you have any questions, please call Muhaned Aljabiry at (916) 654-2983.

Sincerely,

RACHEL FALSETTI, Chief
Division of Transportation Programming

Attachment

"Caltrans improves mobility across California"
Mr. Malcolm Dougherty, Acting Caltrans Director  
California Department of Transportation  
1120 N Street  
Sacramento, CA 95814

Attention: Federal Resources Office, M.S. 82  
For Rachel Falsetti, Division of Transportation Programming

SUBJECT: Revised Federal – Federal Statewide Transportation Improvement Program (FSTIP) and Federal Transportation Improvement Program (FTIP) Amendment and Administrative Modification Procedures

In our letter dated November 17, 2008, the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA) provided the California Department of Transportation (Caltrans) procedures on the FSTIP/FTIP Administration Modification and Amendment process.

Working in coordination with Caltrans, FTA and FHWA have revised the FSTIP/FTIP Administration Modification and Amendment Procedures. The enclosed revised procedures provide much more flexibility, and in the spirit of FHWA’s Every Day Counts Initiative, should shorten project delivery time by allowing for fewer formal amendments which generally take longer to process.

The revised procedures detail what specific types of programming changes to the FSTIP/FTIPs may be made as administrative modifications, for which approval has been delegated to the State, and what changes must be submitted to FHWA and/or FTA for approval as formal amendments. These procedures are intended to offer more flexibility to Caltrans and the Metropolitan Planning Organizations (MPOs) as well as clarify the parameters of an administrative modification.

Throughout the FSTIP/FTIP Administration Modification and Amendment Procedures update process, the FHWA and FTA have been very pleased with our partnership with Caltrans. This effort highlights Caltrans’ continued dedication to the stewardship of the Federal-aid Program. More specifically, the FHWA and FTA extend great appreciation to Caltrans Office of Federal Transportation Management Program Chief, Mr. Muhamed Aljabiry and his staff.
If you have any questions regarding the attached procedures, please contact Ray Sukys, FTA, at 415-744-2802 (Raymond.Sukys@dot.gov) or Sue Kiser, FHWA, at 916-498-5009 (Sue.Kiser@dot.gov).

Sincerely,

[Signature]

Leslie T. Rogers
Regional Administrator
Federal Transit Administration

Enclosure

For
Robert F. Tally Jr.
Acting Division Administrator
Federal Highway Administration
cc: (e-mail)
Muhaned Aljabiry, Caltrans Programming
Abhijit Bagde, Caltrans Programming
Ray Sukys, FTA
Ted Matley, FTA
Scott Carson, FHWA
Cecilia Crenshaw, FHWA
Jermaine Hannon, FHWA
Wade Hobbs, FHWA
Sue Kiser, FHWA
Aimee Kratovil, FHWA
Michael Morris, FHWA
Stew Sonnenberg, FHWA
Joseph Vaughn, FHWA

JRH/km
FSTIP/FTIP Administrative Modifications and Amendments Procedures

The following procedures are applicable for processing amendments and administrative modifications to the Federal – Statewide Transportation Improvement Program (FSTIP) and the Federal Transportation Improvement Programs (FTIPs).

Projects programmed in the FSTIP may be delivered in any of the recognized program years of the FSTIP provided Expedited Project Selection Procedures (EPSPs) have been adopted by the MPOs in accordance with 23 CFR 450, and the required interagency consultation or coordination is accomplished and documented. Changing the obligation year of a project using EPSP does not require an administrative modification or an amendment if the change does not require an air quality conformity determination.

1. Administrative Modifications:

An administrative modification is a minor change to the FSTIP/FTIP that does not require a conformity determination, a demonstration of fiscal constraint, public review and comment, or federal approval. The following changes to the FSTIP/FTIP can be processed through administrative modifications:

i. Revise description of a project or a grouped project listing without changing the project scope or without conflicting with the approved environmental document;

ii. Revise the funding amount listed for a project or a project phase. Additional funding is limited to the lesser of 40 percent of the total project cost or $10 million. Programming capacity must be available in the FSTIP/FTIP prior to programming the modification and stated in the supporting documentation. See Table below for examples;

(Note: Updated FTIP financial plans may be requested by Caltrans to validate fiscal constraint, if a MPO has processed only Administrative Modifications for a period of six months or more.)

<table>
<thead>
<tr>
<th>Initial Project Cost</th>
<th>New Project Cost</th>
<th>Total Sum Increase</th>
<th>% Change in Cost</th>
<th>% Change &lt; or = 40%</th>
<th>Total Sum Increased is &lt; or = $10M</th>
<th>Type of Amendment (Formal or Administrative)</th>
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</tbody>
</table>

iii. Program Preliminary Engineering (PE) phase, provided the Right of Way and/or Construction phase(s) are already programmed in the current
FSTIP/FTIP and additional funding amounts stay within the limits specified in Section ii.

(Note: Activities done prior to Federal Authorization are not eligible for Federal participation.)

iv. A cost decrease has no cap as long as reduction in cost does not result in deletion of a project or a phase, and the affected project phase is still fully funded.

v. Change source of funds.

vi. Change a project lead agency.

vii. Program Federal funds for Advance Construction conversion, programming capacity must be available in the FSTIP/FTIP prior to programming the conversion.

viii. Change the program year of funds within the current FSTIP/FTIP provided MPO has adopted EPSP in accordance with 23 CFR 450.

ix. Split or combine an individually listed project or projects, provided that the schedule and scope remain unchanged.

x. Change grouped project listings description as long as it is consistent with the Programming Grouped Project Listings in Air Quality Non-Attainment or Maintenance Areas guidance.

taxi. Add or delete a project or projects from a grouped project listing, provided the funding amount stays within the limits specified in Section ii.

xii. Program emergency repair projects on the state highways as a result of a natural disaster or catastrophic failure from an external cause, and that are not covered by the Emergency Relief Program, provided that these projects are exempt from Air Quality Conformity Requirements.

xiii. Re-program a project for which FHWA funds were transferred to FTA in the prior FSTIP/FTIP and FTA has not approved the grant yet. The project can be programmed in the current FSTIP/FTIP via an administrative modification provided there is no change in the original scope or cost. Program the project using fund type “FTA 5307 (FHWA Transfer Funds)” in the FSTIP/FTIP.

xiv. Program an FTA funded project from the prior FSTIP/FTIP into the current FSTIP/FTIP provided there is no change in the original scope or cost. Use the project description field (or “CTIPS MPO Comments” section) to list the year, amount, and type of the prior year funds.

xv. Make minor changes to an FTA funded grouped project listing. Minor changes include changing the number of transit vehicles purchased by 20% or less and changing the fuel type of transit vehicles. The MPO must take the change through its interagency consultation procedures to confirm that the change in scope is minor.

2. Amendments:

Amendments are all other modifications to the FSTIP/FTIP that are not included under administrative modifications and shall be approved in accord with the provisions of 23
CFR 450.326 for each metropolitan area in the State, and in accord with the provisions of 23 CFR 450.216 for the non-metropolitan area.

3. Procedures:

a. Administrative Modifications:

MPOs with approval delegation from Caltrans
Caltrans may delegate to an MPO’s Board the authority to approve administrative modifications. In such a case, no Caltrans approval of administrative modifications is required. If the MPO Board has delegated the authority to the Executive Director to approve administrative modifications, the MPO must provide copies of the delegation to Caltrans, FHWA, and FTA. The MPO must send copies of the approved administrative modification to Caltrans, FHWA, and FTA. Once approved by the MPO, the administrative modification will be deemed part of the FSTIP. The MPO will demonstrate in a subsequent amendment that the net financial change from each administrative modification has been accounted for. Caltrans will conduct periodic reviews of MPO’s administrative modification process to confirm adherence to these procedures. Noncompliance with these procedures will result in revocation of that MPO’s delegation.

MPOs without approval delegation from Caltrans
Each MPO’s administrative modification will be forwarded to Caltrans Division of Transportation Programming for approval. If the MPO Board has delegated the authority to the Executive Director to sign off on administrative modifications, the MPO must provide copies of the delegation to Caltrans, FHWA, and FTA. The MPO must send copies of the administrative modification to Caltrans, FHWA, and FTA. In addition, the MPO must demonstrate in a subsequent amendment that the net financial change from each administrative modification has been accounted for. Once approved by Caltrans, the administrative modification will be deemed part of the FSTIP since no Federal action is required. Caltrans will notify FHWA and FTA of the approved administrative modification.

(Note: If it is found that an approved administrative modification does not meet the criteria of an administrative modification, FHWA and FTA reserves the right to reject that administrative modification and require a formal amendment.)

b. Amendments:

Amendments to the FSTIP must be developed in accordance with the provisions of 23 CFR 450, and approved by FHWA and/or FTA in accordance with 23 CFR 450 and the July 15, 2004 MOU between FHWA – California Division and FTA Region 9. Each amendment must be forwarded to Caltrans Division of Transportation Programming for approval on behalf of the Governor. To expedite processing, the MPO will also forward a copy of the submitted amendment to FHWA and FTA at the same time the amendment is sent to Caltrans. Once
approved by Caltrans, the amendment will be forwarded to FHWA and/or FTA for federal approval. Once approved by FHWA and/or FTA, the amendment will be deemed part of the FSTIP. The FHWA and/or FTA approval letter and respective Conformity Determination will be addressed to Caltrans, with copies sent to the MPO.

4. Consultation:

If a question arises regarding the interpretation of what constitutes an administrative modification or an amendment, Caltrans, the MPO, FHWA and/or FTA will consult with each other to resolve the question. If after consultation the parties disagree, the final decision rests with FTA, for transit projects, and FHWA, for highway projects.

Any exception to these procedures is allowed only through consultation among MPOs, Caltrans, and FHWA/FTA. FTA, for transit projects, and FHWA, for highway projects, will have the final decision whether or not such an exception is granted.
Convenience, reliability, travel time, comfort, accessibility, and cost are major factors people consider when deciding how to get around our region.

While transit boardings have increased in recent years, peak period freeway delay has increased at an even greater pace. The region’s population is anticipated to reach four million by 2050, which will lead to new challenges in maintaining an efficient, equitable, sustainable, and accessible transportation system. Our approach needs to evolve.

SANDAG is developing a bold new vision for San Diego Forward: The 2021 Regional Plan with the goal of transforming the way people and goods move throughout the San Diego region.

Built on the significant public input received so far, this new vision for the future will:

- Create a compelling alternative to driving
- Connect communities to major destinations and jobs
- Meet or exceed local, regional, and state climate targets
- Support the wide range of travel needs for all San Diegans
- Support housing and job growth
- Stimulate our regional economy
A BOLD NEW TRANSPORTATION VISION...IN 5 BIG MOVES
BUILDING A WORLD CLASS TRANSPORTATION SYSTEM FOR THE SAN DIEGO REGION

5 BIG MOVES

Transportation technology is evolving and changing how we travel daily. Embracing these innovations, the 5 Big Moves will enhance connectivity, increase sustainability, and improve quality of life. The 2021 Regional Plan will synchronize the 5 Big Moves to deliver a fully integrated, world class transportation system.

COMPLETE CORRIDORS

The backbone of a complete transportation system that leverages technology, pricing, and connectivity to repurpose how both highways and local roads are used

Complete Corridors increase safety, capacity, and efficiency; provide dedicated space for high-speed transit and other pooled services; manage demand in real-time; and maximize use of existing roadways. Local roads are designed and operated to equally accommodate all users, including transit, bikes, and pedestrians.

TRANSIT LEAP

A complete network of high-capacity, high-speed, and high-frequency transit services that incorporates new transit modes and improves existing services

These routes will connect travelers to their homes, jobs, and other major destinations as fast or faster than driving.

MOBILITY HUBS

Places of connectivity where a variety of travel options converge to deliver a seamless travel experience

Mobility Hubs are aligned with the Transit Leap and offer numerous shared mobility services, enhanced bike and pedestrian infrastructure, and supporting amenities that work for every traveler and trip, all in the heart of the communities where people live, work, and play.

FLEXIBLE FLEETS

On-demand, shared, electric vehicles that connect to transit and travel between Mobility Hubs along the network of Complete Corridors

Diverse vehicles — including micromobility, like bikes and scooters, microtransit, and rideshare — provide personalized solutions for different types of trips and environments. In the future, driverless vehicle fleets will communicate to each other and surrounding infrastructure to make safe and timely connections.

NEXT OS

The “brain” of the transportation system

An integrated platform that will make all of the strategies work together by connecting users, transportation service providers, and infrastructure to orchestrate more efficient movement of people and goods. This holistic approach enables real-time data exchange for seamless multimodal travel, more accessible and cost-effective travel with a single payment and ticket, and dynamic pricing and incentives to balance network performance. This regional system manages supply and demand, drives system-wide optimization, and facilitates increased use of existing transportation systems to achieve desired goals around climate, environment, safety, and mobility.

SDForward.com/5BigMoves
In 2018, thousands of San Diego County residents provided input on the development of the Regional Plan. This input, supported by data on where people live and work, helped to identify some initial key areas for transportation improvements. The 5 Big Moves will help make these critical connections throughout our region.

**NEXT STEPS**

An outline of projects, programs, and policies that could be included in the 2021 Regional Plan will be developed during an ongoing process throughout 2019, and then made available for review and comment in late 2019.

Sign up to receive email updates about when you can provide input and learn about upcoming webinars and discussion groups at SDForward.com/subscribe.
2019 ITOC Annual Report

Overview

ITOC members reviewed the Draft 2019 ITOC Annual Report at the May 8, 2019, meeting. Based on feedback received, the Annual Report Subcommittee met to provide additional direction to staff on proposed changes.

Key Considerations

Changes made to the annual report since the last ITOC meeting include shortening the letter from the ITOC Chair to fit on the first page of the report, revising the language in the special note on page 3 to clarify that projects may need to be cancelled or delayed, and inserting a reference to the progress being made on all remaining performance audit recommendations, as noted on page 11, among other minor, non-substantive changes.

Attachment 1 is the proposed final 2019 ITOC Annual Report.

Next Steps

Presentation of the approved final 2019 ITOC Annual Report to the Board of Directors is scheduled for the June 28, 2019, meeting.

Action: Approve
The ITOC is asked to approve the 2019 ITOC Annual Report.

Fiscal Impact:
Efforts to develop the ITOC annual report are funded through Overall Work Program Project Nos. 1500100 and 1500200 in the FY 2019 Program Budget and are supported by the services of an on-call copywriting and editing services firm.

Schedule/Scope Impact:
Consistent with TransNet Extension Ordinance provisions, upon completion by the ITOC, the annual report will be presented to the Board of Directors and the public. Presentation is scheduled for the June 28, 2019, Board of Directors meeting.

José Nuncio, TransNet Department Director
Key Staff Contact: Ariana zur Nieden, (619) 699-6961, ariana.zurnieden@sandag.org
A new era is dawning for TransNet and its 40-year plan for increasing mobility across the San Diego region. It’s a time of great progress, as hallmark projects rapidly take shape and come on line – changing the everyday lives of people across the region, home to more than 3.3 million people and covering more than 4,000 square miles. It’s also a time of great challenge, as the TransNet Program comes to terms with declining tax revenues and a reassessment of what can actually be done moving forward. As SANDAG confronts these realities, it has an opportunity to rethink how it can best improve mobility in the region in the future with the limited resources available, while also meeting state obligations for reducing greenhouse gas emissions and protecting the natural environment. With a new executive director and an emerging new vision for the future, SANDAG and the TransNet program are poised for change.

What will not change is the TransNet Independent Taxpayer Oversight Committee (ITOC) commitment to its role in how taxpayer dollars are spent on transportation projects throughout the region. This 2019 Annual Report of the Independent Taxpayer Oversight Committee continues to fulfill that role, while also reporting on regional accomplishments and work in progress. In this report we showcase some of TransNet’s highest-profile projects – the Mid-Coast Trolley Extension, the North Coast Corridor (NCC) Program, and the South Bay Rapid. In addition to these three features, this year’s Annual Report provides shorter snapshots of progress for other important projects – all of which are designed to improve mobility and the overall quality of life for millions of people throughout the region.

This 2019 ITOC Annual Report also offers its many stakeholders a review of highlights from its Annual Fiscal and Compliance Audit, an update on TransNet funding compared with other sources, and where TransNet tax dollars are projected to be spent between FY 2019 and FY 2023. It also reviews progress on the 26 recommendations issued in 2018 by the Triennial Performance Audit, including completion of the SANDAG Plan of Excellence and its 7-Point Data Accuracy and Modeling Work Plan.

In a special note, there is a discussion of the current fiscal challenges that TransNet faces, and the importance of reevaluating what SANDAG can pay for today and plan for tomorrow as it develops its next Regional Transportation Plan over the next two years.

As the agency heads toward future challenges, it’s important to recognize the achievements of the TransNet Ordinance. With 29 years still to go in the life of the tax initiative, TransNet-funded projects are already improving how people get around in our region.

On behalf of the TransNet team, I thank you for your interest and participation in this important ongoing effort to make our region a better place to live and a better place for future generations. To learn more about what the ITOC does and how you can get involved, visit sandag.org/itoc.

Dustin Fuller,
ITOC Chair
TransNet and Its Mission

The TransNet Ordinance and Expenditure Plan was originally approved by San Diego County voters for 20 years, from 1988 to 2008. In 2004, voters approved to extend TransNet for another 40 years, to 2048.

Revenue from the half-cent sales tax is leveraged with significant funds from federal, state, and other local sources along with borrowings against future revenue. Together, these resources pay for highway, transit, and bike/pedestrian improvements, as well as smart growth and environmental conservation across the San Diego region.

The TransNet Extension Ordinance and Expenditure Plan, passed in November 2004, mandated that an Independent Taxpayer Oversight Committee (ITOC) composed of volunteer citizens be formed to achieve three primary functions that focus on its role to ensure TransNet’s accountability, transparency, and overall success:

• Provide an enhanced level of accountability for the expenditure of funds under the Plan;
• Help ensure that all Ordinance mandates are carried out as required; and
• Develop recommendations for improvements to the financial integrity and performance of the program.

ITOC, with the support of SANDAG staff, is designed to protect taxpayer dollars and ensure that TransNet is a success.
New Realities, New Directions – A Special Note

In 2004, when voters approved the TransNet Extension Ordinance and Expenditure Plan, SANDAG estimated that it would bring in $1 in revenue from federal and state sources for every $1 raised through local sales taxes under TransNet. In fact, TransNet has historically performed much better than that, raising about $3 in outside funding for every $1 raised locally in sales taxes.

But now, it’s become clear that to pay for all the projects described under the extension, SANDAG would have to raise more than $4 for every $1 raised through local sales taxes—an increase of about 33 percent. This is unlikely to happen, as project costs for both raw materials and labor have grown faster than anticipated as the economy has grown stronger. For example, the cost of TransNet Managed Lanes and Highway projects has increased between 20 and 30 percent compared with preliminary estimates.

So, the region now has some tough choices to make. Some projects planned under TransNet will take longer to complete. Others will have their scope narrowed. Still others may be canceled or delayed. The TransNet Ordinance has always been subject to a reevaluation of its plans: the TransNet Ten-Year Comprehensive Program Review recommends that SANDAG continuously monitor TransNet projects remaining to be completed to ensure that these are the best mix for achieving congestion relief and other goals of the TransNet Program. It also calls for investments in technology solutions to better manage the region’s transportation network. Innovations in technology make transportation planning a dynamic and continually evolving endeavor.

As SANDAG re-evaluates what can be done in the future, the agency also is rethinking its next Regional Transportation Plan. How can the region offer people more choices for mobility in the future, given the financial constraints we face on the one hand, and state mandates for lowered greenhouse gas emissions on the other?

As the TransNet Program and SANDAG try to answer these questions, it’s important to recognize that people more often than not continue to choose to drive alone. That’s true not only in the San Diego region—it’s a reality across the state of California, and a challenge for state leaders working to lower statewide greenhouse gas emissions. As the San Diego region charts a new course forward, it should not view its path as one that favors freeways over public transportation, or city residents over people who live in the suburbs. A more holistic approach is needed, one that leverages technology, as discussed in the Ten-Year Review (sandag.org/transnet10yearreview) and SANDAG’s Emerging Technologies White Paper (sdforward.com/mobility-planning/emerging-technologies) finalized in 2018, to make freeways and neighborhood streets more efficient; better connects suburbs to expanded bus, rail, and other shared transportation options; and builds a region for the future that allows people to live closer to where they work. The TransNet Program and SANDAG have a new opportunity to pause, reconsider the region that people want, and rethink how to allocate limited financial resources for the benefit of everyone.

In the meantime, it’s wise to recognize also that TransNet still has a long way to go. There are 29 years left in the TransNet Extension Ordinance and Expenditure Plan. There is still a lot to plan for, and a lot to build. And, TransNet can be proud of how far it’s come. The ITOC looks forward to working with SANDAG to achieve a shared vision for the region’s future.

1Throughout 2018, SANDAG heard from thousands of people about projects, programs, and policies to include in San Diego Forward: The 2019-2050 Regional Plan. Using the input received, staff developed a multimodal transportation network that would provide key connections to jobs and other destinations, support housing growth and environmental preservation, address safety and congestion relief, and meet climate targets. Modeling results for this draft network show that, while it comes close, the network does not meet the new and ambitious 19 percent greenhouse gas emissions reduction target for 2035 that was set by the California Air Resources Board (CARB) in 2018. This challenge presents an opportunity to pause work on the 2019 Regional Plan and develop a bigger and bolder transportation vision for the San Diego region that is efficient, equitable, and environmentally sustainable.
In fiscal year 2019, the TransNet Extension Program saw major projects advance throughout the region, from Oceanside to South County, and from the urban core to suburban East County. The overall goal: providing travelers with more choices. Commuters across the county, particularly along the Interstate 5 corridor, witnessed daily changes in fiscal year 2019 as some of the highest profile improvements to the region's transportation system continued to take shape. In this section we profile three projects in particular: the Mid-Coast Trolley Extension, the biggest transportation project ever undertaken in San Diego County; the North Coast Corridor Program, aimed at tackling I-5 congestion and improving coastal rail service; and the South Bay Rapid, which debuted in January 2019. We also offer snapshots of progress for numerous other transportation capital projects.

To learn more about what was accomplished last year, watch the 2018 recap video on youtube.com/SANDAGregion or read the TransNet website Keep San Diego Moving at keepsandiegomoving.com.

**TransNet Progress Highlights**

**MID-COAST TROLLEY EXTENSION**

When completed in 2021, the Mid-Coast Trolley will extend the Blue Line Trolley 11 miles north along I-5, from Old Town to UC San Diego and University Town Center. Also serving Mission Bay Park and the VA Medical Center, the $2.1 billion project will feature nine new stations. It is projected to attract 21,000 new daily transit riders.

Construction began in 2016, and in fiscal year 2019 the project continued to reshape the landscape along the I-5 corridor near UC San Diego and University Town Center. The new Gilman Drive Bridge, which was built in conjunction with the Mid-Coast Trolley, now spans I-5 just north of the La Jolla Village Drive interchange.

Beginning in fall 2018 and extending through spring 2019, the overhead trolley bridge was constructed along Genesee Avenue and will connect the future stations at Voigt Drive, Executive Drive, and the UTC Transit Center. In March 2019, construction work began on the La Jolla Colony Drive underpass, which will allow the trolley to pass under the roadway as it travels along the eastern side of I-5. Work on the underpass is expected to continue through late 2019.

Work also continued on the Elvira to Morena Double Track project. This segment will add a 2.6-mile second track from State Route 52 to just south of Balboa Avenue. When linked to double-tracked segments on either end of the project, the result will be a continuous 10.3-mile stretch of double track to improve passenger and freight operations in the corridor.
NORTH COAST CORRIDOR PROGRAM

The $6 billion North Coast Corridor (NCC) Program focuses on highway, rail, environmental, and coastal access improvements along the 27-mile corridor connecting Oceanside, Carlsbad, Encinitas, Solana Beach, Del Mar, and North San Diego.

The NCC Program includes upgrades to I-5 from La Jolla to Oceanside, including express lanes for carpools, vanpools, and buses; adding transit and freight capacity; and enhancing rail service for commuters. It also includes improvements to more than 30 freeway overpasses for bike riders and pedestrians.

Work continued in various locations in fiscal year 2019, including construction of the new highway bridge over the San Elijo Lagoon, bike and pedestrian facilities at the Encinitas Boulevard and Santa Fe Drive/I-5 undercrossings, and carpool lanes from Manchester Avenue to Palomar Airport Road. Additionally, NCC crews successfully completed the new double-tracked rail bridge over the San Elijo Lagoon and brought 1.5-miles of new double-tracked railroad into service from Cardiff-by-the-Sea to northern Solana Beach.

SOUTH BAY RAPID

The new South Bay Rapid service debuted in January 2019. The $139 million project provides travelers with a frequent and reliable transportation choice between Downtown San Diego and South County. The route includes 12 stations along a 26-mile route from the Otay Mesa Port of Entry to Downtown San Diego via eastern Chula Vista, connecting to employment and activity centers in Downtown San Diego and South County.

At the heart of the South Bay Rapid is the dedicated transit guideway – a nearly six-mile long transit-only lane that includes a guideway bridge with access for pedestrians and bicyclists across State Route 125. The transit guideway is equipped with state-of-the-art transit signal priority technology that will reduce delays and improve service schedule adherence. In addition, Rapid buses use a direct access ramp on East Palomar Street to connect directly to the Interstate 805 Express Lanes and will begin operating on shoulders through a Bus on Shoulder Demonstration Project during peak traffic times in 2020.
The TransNet program made progress on numerous other important projects throughout the region in FY 2019. The next few pages include updates.

**ENCINITAS COASTAL RAIL TRAIL**

With construction underway in 2018 and 2019, the Encinitas segment of the 44-mile Coastal Rail Trail will help improve biking and walking connections to several destinations in the Encinitas community, including local parks and businesses, beaches, and schools. Completed in spring 2019, the Encinitas segment now provides a 1.3-mile walking and biking path along the east side of the railroad tracks near San Elijo Avenue, from Chesterfield Drive to the Santa Fe Drive undercrossing.

**ROSE CREEK BIKEWAY**

The Rose Creek Bikeway, also part of the Coastal Rail Trail, broke ground in 2018. When completed in 2020, the bikeway will fill a key two-mile gap in the Regional Bike Network between points to the north such as Sorrento Valley, University City, and UC San Diego, and points to the south such as Mission Bay, Pacific Beach, Mission Valley, and Downtown San Diego. The Rose Creek segment will be completely separated from vehicle traffic and will connect existing sections of the Rose Canyon and Rose Creek bike paths in the City of San Diego.

**SAN DIEGO RIVER DOUBLE TRACK**

Construction continued in FY 2019 to add a second main track along the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor between Tecolote Road and Friars Road, including a new double track bridge across the San Diego River. The new 0.9 mile track will improve passenger and freight rail service by connecting existing railway to create a continuous 7-mile stretch of double track along the southernmost segment of the LOSSAN corridor. Construction began in 2016 and is anticipated to conclude in 2020.

**INLAND RAIL TRAIL**

In FY 2019, work continued on the Inland Rail Trail bikeway. The Inland Rail Trail’s San Marcos to Vista segment will eventually run seven miles through San Marcos, Vista, the unincorporated County of San Diego, and a small section in Oceanside. The three-mile segment of the project, currently under construction, is anticipated to open to the public in mid-2019. When completed, the Inland Rail Trail will span 21 miles along North County Transit District’s SPRINTER line on a path that is separated from motor vehicle traffic.

**SUPERLOOP RAPID**

SuperLoop Rapid transit service provides frequent, high-speed service, and innovative vehicle amenities within the North University City area of San Diego. The third and final phase of SuperLoop Rapid construction was completed in October 2018. Five stations in the University City area were upgraded to include new modern shelters, seating, energy-efficient lighting, and electronic next-bus arrival signs.

**I-5 GENESSEE AVENUE INTERCHANGE**

Work was completed in 2018, with a widened ten-lane bridge, more efficient on- and off-ramps, and three miles of separated bicycle paths in both directions from Roselle Street to Voigt Drive.
**SAN ELIJO LAGOON RESTORATION**

Since breaking ground in late 2017, the San Elijo Lagoon Restoration has made significant progress. The project is part of the first phase of the North County Coastal program, known as Build NCC. Dredging of the east basin, immediately east of I-5, came to a close in mid-April 2019 as lagoon channels running northeast toward MirarCosta College were restored. Restoration of the central basin also was completed as part of the San Elijo Lagoon Restoration project. Recently, crews began dredging the bottom of the main channel between the San Elijo Lagoon Nature Center and the railroad bridge to remove built-up sediment and help improve lagoon tidal flow.

**POINSETTIA STATION IMPROVEMENTS**

Renovations, which began in the spring of 2018, will improve traveler wait times, reduce train delays, provide easier access, enhance pedestrian safety, and upgrade station amenities at the Carlsbad station. The new platform will be lengthened to 1,000 feet and elevated 15 inches to accommodate longer trains, facilitate level boarding for passengers, and increase capacity. New canopies, signs, and lighting will improve overall amenities. Existing rail tracks are being relocated about 25 feet west to accommodate a new pedestrian undercrossing. This safety improvement will also allow two trains to use the station concurrently. Construction is expected to be completed in 2020.

**ORANGE LINE TROLLEY IMPROVEMENTS**

Upgrades to the Orange Line Trolley’s Overhead Contact System, which was originally installed in 1985, are expected to be completed in 2019. Work crews have replaced the catenary assembly, including cantilever arms, brackets, and pulleys, and adjusted the overhead electrical lines that power the trolley.

**STATE ROUTE 11/OTAY MESA EAST PORT OF ENTRY**

Increasing demand, insufficient capacity, and idling vehicles at existing border crossings in the San Diego-Baja California region cost the United States and Mexico billions of dollars in foregone economic output each year and have a major impact on air quality. The new Otay Mesa East Port of Entry is intended to significantly reduce border wait times by providing fast, predictable, and secure crossings through a new state-of-the-art POE serving both personal and commercial vehicles. TransNet has allocated more than $11 million to help construct this new connection between the U.S. and Mexico, which has helped the project team successfully leverage local, state, and federal funding for construction of the remaining transportation infrastructure.

**LEMON GROVE ALIGNMENT PROJECT**

Work progressed in FY 2019 to realign and reconstruct segments of Lemon Grove Avenue and North Avenue in Lemon Grove. Improvements have included new striping, the installation of traffic signals, upgrades at the trolley/railroad crossing, the relocation and replacement of sewer, water, and storm drains, and undergrounding SDG&E, COX, and AT&T overhead lines.

**INTERSTATE 805 SOUTH**

Work began in summer 2018 to add five new sound wall segments along I-805, which will help abate freeway noise for nearby residents. The improvements are part of the I-805 South Corridor Enhancement Projects, which will help alleviate congestion, improve traffic flow, and enhance the quality of life for nearby residents along this segment of the I-805 corridor.
The ITOC conducted, reviewed, and provided recommendations on many key TransNet-supported programs during the 2019 fiscal year. These included:

- Quarterly Progress Report on TransNet Major Corridors and Regional Bikeway Program Projects
- TransNet Senior Mini-Grant Program, Smart Growth Incentive Program, Active Transportation Grant Program: Quarterly, Status Updates and TransNet Environmental Mitigation Program: New Memorandum of Agreement for the Environmental Mitigation Program Land Management Grants.
- Specialized Transportation Strategic Plan and Grant Program Cycle 10 Call for Projects: Senior Mini-Grant Funding
- Regional Transportation Improvement Program
- Plan of Excellence Implementation
- TransNet Ten-Year Review: Implementation Update
- Implementation of FY 2018 TransNet Triennial Performance Audit Recommendations
- Proposed amendments to the Regional Transit Comprehensive Fare Ordinance and TransNet Ordinance
- Proposed Amendment to SANDAG Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules
- Regional Monitoring Report
- North Coast Corridor Program Status Update
- Mid-Coast Corridor Transit Project update
- TransNet Local Street and Road Program Annual Status, including: City of San Diego Transportation Capital Improvement Program
- TransNet Program Update
- TransNet Regional Transportation Congestion Improvement Program
- Quarterly TransNet Financial Reports and Other Financial Data
- FY 2020 to FY 2024 TransNet Program Revenue Estimates
- FY 2018 TransNet Fiscal and Compliance Audits
- FY 2018 TransNet Triennial Performance Audit: Transit Operator Funding Eligibility
- Quarterly Overview of Developments in the Financial Markets
- San Diego Forward: The Regional Plan
- Airport Connectivity Project
The *TransNet* Extension Ordinance requires recipients of *TransNet* funds to undergo an independent annual fiscal and compliance audit. These audits are in the form of agreed-upon procedures (AUP), and include certain requirements of the Ordinance, SANDAG Board Policy, and requests of the ITOC. The ITOC is responsible for issuing an annual audit statement for each jurisdiction’s compliance with these requirements. The Summary of Results and AUP reports for the year ended June 30, 2018, are available on the SANDAG website at sandag.org/itoc. FY 2018 was the tenth year that an audit of the recipient agencies was required under the Ordinance. Recipient agencies were generally in compliance with the major *TransNet* provisions with a few exceptions.

The audit noted the following key results:

- As required by SANDAG Board Policy No. 031, each recipient agency accounted for *TransNet* activities in a separate fund, or via an alternative method, as approved by SANDAG.
- Revenues for each recipient agency were recorded, and expenditures reported by all recipient agencies were allowable in accordance with the *TransNet* Ordinance, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.
- SANDAG appropriately allocated *TransNet* revenues – at least 70 percent for congestion relief purposes and up to 30 percent for maintenance purposes – in accordance with the Ordinance.
- All but two street and road recipient agencies met their Maintenance of Effort (MOE) requirement, ensuring that *TransNet* revenues were used to augment and not supplant local revenues. The cities of Del Mar and San Marcos reported an unmet MOE requirement in the amounts of $932 and $292,229, respectively, for the year ended June 30, 2018. The SANDAG Board of Directors voted to give these cities until June 30, 2021, to make up the deficit in accordance with the Ordinance.
- The Agreed-Upon-Procedures (AUP) report also re-indexed the Maintenance of Effort (MOE) requirement, as required per the *TransNet* Extension Ordinance, resulting in increased MOE levels for fiscal years 2021, 2022, and 2023. In addition, the report highlights three cities – Lemon Grove, Poway, and San Diego – that have each incurred more than 28 percent in cumulative maintenance spending and are approaching the 30 percent threshold.
- Revenues collected by each city and the County of San Diego under the Regional Transportation Congestion Improvement Program were compliant with Section 9 (a) of the *TransNet* Extension Ordinance and SANDAG Board Policy No. 031, except for the cities of Imperial Beach and National City. These cities are in the process of collecting the shortfall.
- All reporting agencies, except the City of Coronado, were in compliance with Board Policy No. 031, Rule #17, Section IV, requiring *TransNet* recipient agencies to maintain a fund balance that does not exceed 30 percent of its annual apportionment. Local Street and Road funds will be withheld from the City of Coronado until the Director of Finance certifies that the City is compliant.
- The North County Transit District (NCTD) and the Metropolitan Transit System (MTS) met their operator eligibility requirements for bus services. The SANDAG Board of Directors approved an adjustment to both the NCTD and MTS annual calculation for operator rail eligibility requirements, as allowed by the Ordinance, thereby rendering the agencies compliant.
**TransNet Dollars, Compared with Other Sources**

The 2018 Regional Transportation Improvement Program (RTIP) is a multi-billion dollar program of projects planned by SANDAG and jurisdictions throughout the county between FY 2019 and FY 2023. The RTIP relies on several sources of funding, which include TransNet funds and contributions from the federal government, the State of California, and other local sources. The ITOC reviews projects proposed for funding with TransNet funds as part of its review of the RTIP.

Local sales tax dollars raised by TransNet represent a relatively stable source of funding. However, when compared with the total number of dollars contributed by federal, state, and other funding sources, TransNet represents only about 30 percent of the approximately $6.8 billion projected between FY 2019 and FY 2023.

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**TransNet Focuses Resources on Improving Major Corridors and Local Street Improvements**

TransNet funding between FY 2019 and FY 2023 is expected to improve life for people in the region as the program focuses funding on major corridors where many people travel to and from work, and local streets and roads where people live, shop, and go to school. Between FY 2019 and FY 2023, more than $834 million is earmarked for improving major corridors in the region such as Interstates 5 and 15, while nearly $516 million is planned for local street improvements. Meanwhile, more than $172 million is planned for improving the regional transit system; more than $124 million will go to Bus Rapid Transit and rail service; and nearly $100 million is budgeted for bicycle, pedestrian, and neighborhood safety improvements. More than $213 million is earmarked for the region’s environmental mitigation program.

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Source: 2018 Regional Transportation Improvement Program

### TransNet Funding Highlights

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<thead>
<tr>
<th>Source: 2018 Regional Transportation Improvement Program</th>
<th>TransNet and Other Funds ($000)– $6.8 Billion</th>
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<tbody>
<tr>
<td>FY 2019–FY 2023</td>
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**Terms and Acronyms**

- **ADA** – Americans with Disabilities Act
- **BPNS** – Bicycle, Pedestrian and Neighborhood Safety
- **BRT** – Bus Rapid Transit
- **CP** – Commercial Paper
- **LSI** – Local Street Improvements
- **MC** – Major Corridor
- **REMP** – Regional Environmental Mitigation Program
- **SGIP** – Smart Growth Incentive Program
- **SS** – Senior Services
- **TSI** – Transit System Improvement
Progress on Triennial Performance Audit Recommendations

Last year, the FY 2018 TransNet Triennial Performance Audit included 26 recommendations to improve the efficiency, effectiveness, and accountability of the TransNet Program to the region’s taxpayers. Over the past year, SANDAG has completed five of the 26 recommendations, and a sixth has been partially completed. Two of the audit’s recommendations specified as “critical” are among the five that SANDAG has implemented.

The first critical recommendation completed is the implementation of a “Plan of Excellence” and its 7-point Data Accuracy and Modeling Work Plan to reduce the potential for data errors. The Work Plan includes:

- the development of formal procedures covering version control;
- the periodic archival of dynamic or continuously updated data and documents;
- data validation and accuracy; and
- the release and reporting of data.

The new “Plan of Excellence” ensures the accuracy, transparency, and reliability of the data that SANDAG produces, and which the Board uses to make decisions regarding the future of the SANDAG region. Two internal improvements point to the agency’s commitment:

- First, staff have created an electronic data request system that enables tracking what data requests the Data, Analytics, and Modeling Department is being asked to fulfill.
- Second, a formalized Peer Review Process has been created to ensure that data, analyses, reports, and other information are valid, reliable, and easy to understand.

The second critical recommendation completed is the modification of staff reports for the SANDAG Board and other oversight committees, so that they summarize elements related to public input, pros and cons on recommended actions, and implications or impacts of those recommended actions. A new short-form report has been in use since October 2018 for Board, Policy Advisory Committee, and ITOC meetings. Staff also is developing internal guidelines, and formal training sessions are underway.

Progress is being made on a third “critical” recommendation to establish a comprehensive performance framework. This involves setting targets to measure TransNet performance against the TransNet Extension Ordinance goals. This is done partly by capturing data related to safety, and other data related to the condition of pavement and bridges, for highways, local roadways, bike riders, and pedestrians.

Other recommendations completed include:

- Improving project management practices and the delivery of Bike Early Action Program projects;
- Continuing efforts to establish a new Memorandum of Agreement (MOA) with Caltrans, the California Department Fish and Game, and the U.S. Fish and Wildlife Service (the SANDAG Board of Directors approved a new MOA in February 2019), and
- Ensuring that data on completed projects is maintained in the TransNet Dashboard, and that this data is separated into past and future expenditures between the original TransNet amounts and the TransNet Extension Ordinance amounts. Details on completed project expenditures have been added to the Dashboard, and these are available for public viewing. See transnettrip.com.

In addition to the five completed recommendations, SANDAG has made progress on a sixth recommendation to enhance the Plan of Finance (POF) process and the information the agency provides to decision makers. Among the improvements:

- SANDAG staff have developed a process for more frequent and detailed reporting on cost increases to oversight committees.
- Status reports on each major corridor are now presented quarterly to the Transportation Committee.
- The TransNet Project Office now presents a quarterly report to ITOC that summarizes:
  » The completion of project milestone accomplishments;
  » Monthly and annual program expenditures;
  » Trends in construction costs; and
  » Number of bidders on each project.

The TransNet ITOC looks forward to working with SANDAG as it continues to implement remaining recommendations in the year ahead. To see progress being made on remaining recommendations, please visit www.sandag.org/auditprogress.
How Can You get Involved?

KeepSanDiegoMoving.com  
Offers real time information about TransNet projects, including a Dashboard that shows budgets and schedules.

sandag.org/TransNet  
Contains key documents related to the TransNet Extension Ordinance.

Meetings  
ITOC meets on a regular basis, usually the second Wednesday of the month at 9:30 a.m. at SANDAG offices 401 B Street, Suite 800, San Diego, CA 92101. A list of past and upcoming agendas for all ITOC meetings can be found at sandag.org/itoc.

Questions?  
Inquiries to the ITOC can be directed to itoc@sandag.org.  
Any persons interested in serving on the committee, as vacancies occur, are encouraged to email SANDAG to be placed on the vacancy notification list.

Questions?  
The ITOC welcomes your feedback on this report or other TransNet-related matters. Inquiries can be directed to itoc@sandag.org.

A few seats for membership on the ITOC will open soon. Individuals interested in serving on the committee, as vacancies occur, are encouraged to email itoc@sandag.org to be placed on the vacancy notification list.
Overview
The TransNet Extension Ordinance and Expenditure Plan, approved by voters in November 2004, established the ITOC. The ITOC is intended to provide an increased level of transparency and accountability for expenditures made under the TransNet Extension Ordinance.

Key Considerations
The ITOC Bylaws call for selection of a Chair and Vice Chair by a majority vote of the committee on an annual basis. The selection is to be made at the first regular meeting following commencement of the SANDAG fiscal year.

The Bylaws further state that 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, Transportation Committee, other groups and organizations, and the media. The Vice Chair serves in the capacity of the Chair when the Chair is not available. The Chair and Vice Chair serve a term of one year each.

Next Steps
Selection of a new Chair and Vice Chair is scheduled for the July 10, 2019, ITOC meeting. It is anticipated current Chair Dustin Fuller will run the July 10, 2019, meeting, with the new Chair expected to lead the next regularly scheduled meeting on September 11, 2019.