Bradley Avenue Widening and Overpass at SR-67

- Widen roadway from 2 lanes to 4 lanes
- Continuous two-way left-turn median, sidewalks, and bike lanes
- New traffic signal at Bradley and Mollison Ave.
- Replace 2 lane bridge with 6 lane bridge
- Add lanes to all 4 freeway ramps
- Widen roadway from 2 lanes to 4 lanes
- Continuous two-way left-turn median, sidewalks, and bike lanes
Disadvantaged Business Enterprise (DBE) Program Update

January 2021

**Agenda**

- Office of Diversity & Equity
- Disadvantaged Business Enterprise (DBE) Program
- Bench Program
- Mid-Coast Project
- Workforce Utilization Program
Mission Statement
The Office of Diversity and Equity seeks to promote diversity, equity, inclusivity, and accessibility in SANDAG programs, projects, and services. Through various program initiatives, ODE advocates for disadvantaged communities, fosters the growth of small and diverse businesses, and develops new workforce opportunities.

DBE Program
- SANDAG receives funding from the U.S. Department of Transportation (DOT)
  - Direct recipient of Federal Transit Administration (FTA) funds
  - Subrecipient of Federal Highway Administration (FHWA) funds through Caltrans
- SANDAG is required to implement an FTA DBE Program
- FTA DBE Program is designed to level the playing field and help remove barriers to participation on DOT-assisted contracts
- SANDAG is required to submit an agency goal every 3 years to FTA

DOT DBE groups include:
- Black American
- Hispanic American
- Native American
- Asian-Pacific American
- Subcontinent Asian American
- Women
SANDAG FTA DBE Goal, Awards, & Payments
FFY 2019 - 2020

FTA DBE Goal – 10.3%

SANDAG

Dollars Paid to DBE Firms (FFY 2016-2020)

- FFY 2016: $24 million
- FFY 2017: $41 million
- FFY 2018: $74 million
- FFY 2019: $62 million
- FFY 2020: $78 million

*Groups who are defined by 49 CFR Part §26.5 that are rebuttably presumed to be socially and economically disadvantaged
Caltrans DBE Evaluation Report

- Caltrans Division of Local Assistance reviewed 19 public agencies' DBE Programs across California
- Agencies were reviewed in 11 DBE compliance areas
- SANDAG was 100% compliant across all areas
- The overall compliance rate throughout the state was 43%

Bench Program

- The Bench is a pool of certified DBE and SB firms for Primes to access and use as subconsultants on their teams for the On-Call Contracts
- The Bench was developed to fulfill our commitment to creating more opportunities for DBE and SB firms
- SANDAG has three (3) Bench Programs:
  - Architecture and Engineering (A&E)
  - Construction Management (CM)
  - Planning
The Number of DBE Firms Increased 520% After Bench Program Implementation

Before
Total - 15

After
Total - 78

The Number of DBE Firms Increased 520% After Bench Program Implementation

The DBE and SB Dollars Have Increased by 436% After Creation of the Bench

Before A&E Bench

$9.4M

After A&E Bench

$50.4M
Mid-Coast Project

- Eleven (11) mile trolley extension from Downtown San Diego to La Jolla
- Construction Manager/General Contractor (CM/GC) type project
- DBE Subcontracting Plan used to help manage and monitor DBE & SB utilization
- The DBE goal on the Project is 11.3%

Mid-Coast Project is On Track to Meet 11.3% DBE Goal
The goal and objective of the DBE Program is to level the playing field by providing small and disadvantaged businesses a fair opportunity to compete for federally funded contracts.
DBE Success Story: Moor Electric

- Electrical services subcontractor
- Black American owned firm
- DBE and SB certified
- Construction & Collaboration Mentor Protégé Program
- Grew contract from $25K to $1.3M
- Increased staff from 1 to 6
- New scope of work includes meter pedestals installs, lighting installs, and troubleshooting
- Awarded several projects with other public agencies (City of San Diego)

DBE Success Story: ACE Fence Co.

- Fencing construction services
- Asian Pacific, Woman Owned Company
- DBE and SB certified
- Grew contract from $700K to $6.5M
- Increased staff from 15 to 96
- Purchased new vehicles and heavy equipment
- Gained additional work with numerous private companies, such as Flatirion
DBE Success Story: Leinaia’s Transportation

- Woman owned trucking firm
- DBE and SB certified
- Participated in Mid-Coast outreach events
- Started project with 1 truck and now has 18
- Grew contract from $500K to $9M
- Increased staff from 1 to 20
- Gained additional work with numerous other public agencies, such as the California Public Utilities Commission, totaled at $18M

Workforce Utilization Program

Pre-apprenticeships benefit all individuals who are interested in pursuing a career in the construction industry.
Workforce Utilization Program

- $1.5 million SB 1 Grant for the pre-apprenticeship program was awarded to the San Diego region
- SANDAG partnered with the San Diego Workforce Partnership and the San Diego Building Trades
- An estimated 120 disadvantaged individuals will participate in this program
- Priority populations include:
  - Women
  - People of Color
  - Foster Youth
  - Formerly Incarcerated
  - Low-Income

An Opportunity to Change a Life
Bridging the Digital Divide
January 22, 2020

What is the Digital Divide?
Gap between the members of society who do not have reliable access to broadband service and those who do
What is Broadband?
High-speed internet access via a variety of wired and wireless networks

Speed Matters
Th Federal Communications Commission defines a broadband connection as transmission speeds of at least 25 Mbps downstream and 3 Mbps upstream
High-speed internet access is critical to economic opportunity, education, and public health and safety.
Intelligent transportation and Smart Cities initiatives require broadband access

Over 2 million Californians do not have access to high-speed broadband service and 8.4 million residents do not have broadband subscriptions.
Digital Divide in the San Diego Region

- 23% of households earning less than $50,000/year do not have a broadband subscription
- 20 – 40% of students in many local districts are under-connected or lack home internet access
- 42% of people who live in the County's rural areas have fixed broadband, versus 97% of the people who live in urban areas

California Broadband For All

- Mandates minimum broadband speed (100 Mbps download speed)
- Directs development of a California Broadband Action Plan (December 31, 2020)
- Directs state agencies to increase access to broadband under four areas: Mapping and Data, Funding, Deployment, and Adoption
- Transportation will focus on fiber deployment with transportation projects along strategic corridors
Digital Equity

**Access** – expand affordable broadband service everywhere

**Adoption** – ensure that everyone can subscribe to and use broadband service

What's happening in the San Diego Region?

- The City of San Diego and San Diego Futures Foundation supported **30,000 local households** without computers
- SD Access4All providing **wifi and laptop access**
- The City of Chula Vista adopted a **Digital Equity and Inclusion Plan** and a **Telecommunications Master plan**
- San Diego County Office of Education funded **19 school districts**
- The San Diego Foundation granted **$3 million** in relief funding
SANDAG efforts to expand broadband

- Interagency Fiber Optic Sharing Agreement (SANDAG, MTS, NCTD, Caltrans)
- Public-private partnership with Media 3
- Broadband planning integration into CMCPs
- Collaboration with organizations across Southern California to create a framework to streamline broadband deployment:
  - Draft Broadband Resolution
  - Draft Broadband Model Policies

Framework for Developing a Regional Digital Equity Strategy and Action Plan

- Regional Digital Divide Taskforce:
  - Public, Private, Tribal, and Non-Profit Organizations
  - Regional coordination
  - Technical input on the development of a Regional Digital Equity Strategy
- Conduct research on broadband gaps, policy and permitting inconsistencies, and best practices
  (Share findings in Spring 2021)
- Develop Regional Digital Equity Strategy and Action Plan
  (Complete in Winter 2021)
Objectives for Digital Divide Taskforce and Digital Equity Strategy

• Develop policies, programs and practices that promote rapid broadband deployment and increase broadband adoption
• Proactively incorporate broadband into plans and projects
• Foster cross-agency and cross-sector collaboration to make the most of broadband investments
• Identify funding opportunities and partnerships that bring fast, affordable, and reliable Internet to all San Diego Region residents
• Accelerate intelligent transportation systems, Smart City initiatives and reduce vehicle miles traveled

Recommendation

• The Board of Directors is asked to adopt resolution No. 2021-XX, supporting increased broadband access to bridge the digital divide throughout the San Diego region. The Board also is asked to encourage member agencies to adopt similar resolutions within their jurisdictions.
Proposed 2021 Bond Issuance: Refunding and New Debt
Overview of Proposed Transaction

Board of Directors Item 17A | January 22, 2021

2021 Bond Financing Team

- San Diego Association of Governments
  - Hasan Ikhrata, Executive Director
  - Andre Douzdjian, Chief Financial Officer
  - Jose Nuncio, TransNet Department Director
  - John Kirk, General Counsel
  - Ray Major, Chief Economist
  - Dawn Vettese, Strategic Capital Funding & ITOC Manager

- Financial Advisors, Public Financial Management
  - Peter Shellenberger, Managing Director

- Bond Counsel, Orrick, Herrington & Sutcliffe, LLP
  - Devin Brennan, Partner

- Disclosure Counsel, Norton Rose Fulbright US, LLP
  - Victor Hsu, Partner
  - Russ Trice, Partner

- Co-Senior Underwriter, Wells Fargo
  - Julie Burger, Managing Director

- Co-Senior Underwriter, Bank of America
  - Bryon Rockwell, Managing Director
2021 Bond Issuance Presentation

1. Why we need to issue these bonds
   - Refunding
   - New Money
2. Potential size and structure
3. Credit rating
4. Bond Documents
5. Calendar of events

Why we are issuing these Bonds

TransNet Major Corridors Program: Short-Term Funding Needs and Considerations

Overview: The TransNet Major Corridors program has traditionally relied on bond proceeds, sales tax revenues, and other sources of revenue to finance transportation projects. To address the growing needs of the program, the TransNet program will need to explore new funding options.

Action: Discussion/Possible Action
An overview of potential cash flow needs for the TransNet program and a preview of proposed financial mitigation strategies will be presented.

Fiscal Impact: Potential cash flow needs of $170 million to $220 million through FY 2025.

Next Steps: The Board will be asked to consider the following package of strategies, which are detailed in Attachment 1, in the coming months:

- Refinance existing bonds to lower borrowing costs and issue new bonds
- Release existing funds in the Series 2008 debt service reserve fund
- Execute inter-fund loans between TransNet programs (Local E&F to EMP)
- Increase SANDAG’s commercial paper program
Summary of Upcoming 2021 Transactions

1. Renegotiate a new TIFIA loan for the Mid-Coast Corridor Transit Project
   Lower TIFIA interest rate from 2.72% to approximately 1.75%
2. Taxable advance refunding of Series 2014A Bonds for debt service savings
3. Issue approximately $85 million in tax-exempt new money bonds on the subordinate lien for new projects
4. Roll the existing subordinate lien, tax-exempt short-term notes (the “TIFIA BANs”) from April 1, 2021 to October 1, 2022
   Take advantage of low short-term rates compared to the long-term TIFIA rate

Credit Rating Agency Reviews

- Current high credit ratings on SANDAG debt program
- Current ratings – Senior Lien:
  Standard & Poor’s: AAA
  Fitch: AAA
  Moody’s: Aa2
- Current ratings – Subordinate Lien:
  Standard & Poor’s: AA
  Fitch: AA
Potential Size and Structure

2021 Series A Bonds (Refunding):
- Par Amount: ~$150 million
- Savings: ~$20 million
- Tax Status: Taxable
- Lien: Senior
- Tender Option: Yes

2021 Series B Bonds (New Money):
- Par Amount: ~$85 million
- Project Fund: ~$113 million
- Lien: Subordinate
- Tax Status: Tax-Exempt

Preliminary, Subject to Change

2021 Bond Documents – Attachments to Report

- 1 PFM Memo
- 2 Draft Resolution
- 3 Draft Preliminary Official Statement
- 4 Draft Eleventh Supplemental Indenture
- 5 Draft Third Supplement to Subordinate Indenture
- 6 Continuing Disclosure Agreement
- 7 Bond Purchase Agreement
Next Steps

- **January 22**: Board of Directors – Review of draft Bond documents
- **Week of February 1**: Receive ratings from rating agencies
- **February 5**: Transportation Committee – Review final Bond documents
- **February 12**: Board of Directors – Final review of Bond documents
- **Week of February 15**: Post Preliminary Official Statement and marketing of Bonds
- **Week of March 8**: Anticipated pricing date
- **Week of March 22**: Anticipated closing date
Proposed 2021 Note Issuance: Refunding
Overview of Proposed Transaction

Board of Directors Item 17B | January 22, 2021

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2021 Note Financing Team

- San Diego Association of Governments
  - Hasan Ikhrata, Executive Director
  - Andre Douzjian, Chief Financial Officer
  - Jose Nuncio, TransNet Department Director
  - John Kirk, General Counsel
  - Ray Major, Chief Economist
  - Dawn Veltese, Strategic Capital Funding & ITOC Manager

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  - Peter Shellenberger, Managing Director

- Bond Counsel, Orrick, Norton Rose Fulbright US, LLP
  - Victor Hsu, Partner

- Disclosure Counsel, Norton Rose Fulbright US, LLP
  - Russ Trice, Partner

- Senior Underwriter, Citibank
  - Ron Marino, Managing Director
2021 Note Issuance Presentation

1. Why refund these notes
2. Potential size and structure
3. Credit rating
4. Note Documents
5. Calendar of events

Why we are refunding these Notes

Transportation Committee
November 13, 2020

TransNet Major Corridors Program: Short-Term Funding Needs and Considerations

Overview
The TransNet Major Corridors program has traditionally relied on bond proceeds, sales tax revenues, and borrowing capacity to not only pay for the local share of projects but also to cover up-front payments required by state and federal funding partners who operate projects on an as-needed basis.

Based on current revenue projections, staff estimates that $170 million to $220 million will be needed over the next five fiscal years (FY 2021 - 2026) to cover project costs currently included in the SANDAG Program. Fiscal Impact:
Potential cash-flow needs of $170 million to $220 million through FY 2026.

Action: Discussion/Possible Action
An overview of projected cash-flow needs for the TransNet Major Corridors program and a preview of proposed financial mitigation strategies that the Board of Directors will be asked to consider in the coming months will be presented.

Next Steps
The Board will be asked to consider the following package of strategies, which are detailed in Attachment 1, in the coming months:
- Refinance existing bonds to lower borrowing costs and issue new bonds.
- Release existing funds in the Series 2008 debt service reserve fund.
- Execute inter-fund loans between TransNet programs (Local EMP to EMPI).
- Increase SANDAG’s commercial paper program.
Summary of Upcoming 2021 Transactions

1. Renegotiate a new TIFIA loan for the Mid-Coast Corridor Transit Project
   Lower TIFIA interest rate from 2.72% to approximately 1.75%
2. Taxable advance refunding of Series 2014A Bonds for debt service savings
3. Issue approximately $85 million in tax-exempt new money bonds on the subordinate lien for new projects
4. Roll the existing subordinate lien, tax-exempt short-term notes (the “TIFIA BANs”) from April 1, 2021 to October 1, 2022
   Take advantage of low short-term rates compared to the long-term TIFIA rate

Credit Rating Agency Reviews

- Current high credit ratings on SANDAG debt program
- Current ratings – Subordinate Lien:
  Standard & Poor’s: AA
  Fitch: AA
Potential Size and Structure

2021 Series Notes (Refunding):
- Par Amount: $537.5 million
- **Savings:** ~$10 million
- Tax Status: Tax-Exempt
- Lien: Subordinate

2021 Note Documents – Attachments to Report

- 1 PFM Memo
- 2 Draft Resolution
- 3 Draft Preliminary Official Statement
- 4 Draft Second Supplement to Subordinate Indenture
- 5 Continuing Disclosure Agreement
- 6 Bond Purchase Agreement
- 7 Escrow Agreements
Next Steps

- **January 22**: Board of Directors – Review of draft Bond documents
- **Week of February 1**: Receive ratings from rating agencies
- **February 5**: Transportation Committee – Review final Note documents
- **February 12**: Board of Directors – Final review of Note documents
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