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SPECIAL BOARD OF DIRECTORS AGENDA

Friday, March 19, 2004
9 a.m.
SANDAG
401 B Street, 7th Floor
Downtown San Diego

AGENDA HIGHLIGHTS

- **DRAFT *TransNet Extension* ORDINANCE AND EXPENDITURE PLAN**

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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, and provides information on a broad range of topics pertinent to the region's quality of life.

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Welcome to SANDAG. Members of the public may speak to the Board on any item at the time the Board is considering the item. Speaker's Slips are located in the rear of the room. Once completed, the slip should be presented to the Clerk of the Board seated at the front table. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Members of the public also are invited to address the Board on any issue under the agenda item entitled Public Comments/Communications. All speakers are limited to three minutes. The SANDAG Board may take action on any item appearing on the agenda.

This agenda and related staff reports can be accessed on SANDAG's Web site at www.sandag.org under Meetings. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than noon on the Wednesday preceding the Friday SANDAG Board meeting.

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SPECIAL
BOARD OF DIRECTORS AGENDA
 Friday, March 19, 2004

| ITEM # | RECOMMENDATION |
|---|-------------------------|
| 1. ADDITIONS AND DELETIONS | |
| 2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS | |
| <p>Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG. Anyone desiring to speak shall reserve time by completing a "Request to Speak" form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Speakers are limited to three minutes. Board members may provide information and announcements under this agenda item.</p> | |
| REPORTS | |
| 3. VOTER OPINION RESEARCH UPDATE (Craig Scott) | INFORMATION |
| <p>The Board will be updated on the results of a recently completed public opinion survey regarding the proposed <i>TransNet Extension</i>. A short follow-up survey was conducted to test support for the proposal and related issues.</p> | |
| + 4. REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM PROPOSAL (Marney Cox) | INFORMATION |
| <p>This item summarizes the current status of private developer funding for transportation improvements and describes the draft Regional Transportation Congestion Improvement Program, which has been proposed for inclusion as part of the draft <i>TransNet</i> Ordinance.</p> | |
| + 5. LOCAL STREET AND ROAD FINANCING OVERVIEW (Craig Scott) | INFORMATION |
| <p>This item provides an overview of how local streets and roads are being funded today and how that could change in the future with revenues from Proposition 42 and the proposed <i>TransNet Extension</i>.</p> | |
| + 6. DRAFT <i>TransNet Extension</i> ORDINANCE AND EXPENDITURE PLAN (Joe Kellejian/Craig Scott) | ACCEPT FOR DISTRIBUTION |
| <p>The Board of Directors is asked to accept the <i>TransNet Extension</i> Ordinance and Expenditure Plan for distribution to the local jurisdictions and other interested parties for review and comment. The first reading of the Ordinance is scheduled for April 9, 2004, with the second reading and adoption scheduled for May 14, 2004.</p> | |

7. ADJOURNMENT

GARY L. GALLEGOS
Executive Director

+ next to an agenda item indicates an attachment



**BOARD OF DIRECTORS
MARCH 19, 2004**

**AGENDA ITEM NO. 04-03- 4
ACTION REQUESTED – INFORMATION**

REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM PROPOSAL

Introduction

One of the important issues to be addressed in the development of the *TransNet* Extension Ordinance and Expenditure Plan is to ensure that the sales tax extension is not viewed as a bailout for private development. The current *TransNet* measure includes a prohibition against using sales tax funds to replace any private developer funding that has been or will be committed to any of the projects in the expenditure plan. In the past, building industry representatives have opposed consideration of increased development fees, including ones to cover a share of the costs of regional transportation infrastructure needs. They have argued that fees in the region are already quite high, increasing them would work against efforts to produce affordable housing, and, in some cases impact fees are already collected to fund regional facilities. Others have argued that regional transportation impact fees are needed to make sure that new development is paying its own way by contributing to regional transportation facilities and not just local road facilities in the immediate location of the development.

Traditional sources of transportation funding (such as the gasoline tax, local general funds, *TransNet* and its reauthorization) will not be sufficient to fund needed regional transportation facility improvements, and local development impact fees may not be contributing their pro rata share towards the construction of these regional transportation facilities.

Our challenge is especially critical for arterial roadways of regional significance. The Regionally Significant Arterials identified in SANDAG's RTP are forecast to carry an increasingly significant amount of traffic volume. While localized fee programs exist to mitigate the local impacts of new development on the transportation system in specific areas, and while these programs are effective locally, they are inadequate for meeting the growing traffic demand on the Regionally Significant Arterials associated with new development.

The SANDAG Board recognized the need to establish a funding program to mitigate the regional transportation impacts of new development on the Regionally Significant Arterials, as defined in SANDAG's Regional Transportation Plan. Discussions over the need to establish a funding program for improving the Regionally Significant Arterials has evolved into a proposed Regional Transportation Congestion Improvement Program (RTCIP). While the RTCIP cannot and should not fund all necessary regionally significant transportation network components and improvements, the RTCIP will establish a new revenue source that ensures future development will contribute toward addressing the impacts of new growth on regional transportation infrastructure. **Attachment 1 shows the proposed language to be included in the *TransNet* Ordinance "Section 9. Regional Transportation Congestion Improvement Program." Attachment 2 provides**

additional information and clarification of the RTCIP. Attachments 3 and 4 are a map and list of the Regionally Significant Arterial transportation system.

Discussion

The RTCIP is intended to be organized under the auspices of SANDAG's reauthorization of *TransNet*, implemented by each jurisdiction, with the objective of developing a single consolidated mitigation program for the San Diego region as a funding source for Regionally Significant Arterials. This action was predicated on the desire to establish a uniform mitigation program that will mitigate the regional transportation impacts of new development on the Regionally Significant Arterial transportation system. Funding acquired through the RTCIP will be used to construct transportation improvements 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 services that will be needed to accommodate future travel demand generated by new development throughout the San Diego region. By establishing a Funding Program to collect revenue from new developments in the region, local jurisdictions will be creating a mechanism by which developers and in turn new county residents will effectively contribute toward sustaining the regional transportation system.

Development Impact Fees in the San Diego Region

To determine the current level of development impact fees around the region, the staff contacted each jurisdiction and the Building Industry Association to collect fee schedules. Nearly every jurisdiction responded with detailed information. However, it is important to note that cities are not solely responsible for collecting impact fees. In many cases special districts collect the fees. For example, most sewer fees are collected by sanitation districts, water fees are collected by water districts, and school fees by school districts¹.

Development Impact Fees are collected in all jurisdictions in the region; however, the basis for fees and their schedules vary widely by jurisdiction. Some jurisdictions calculate fees on a per unit (or "equivalent dwelling unit") basis, some on a per acre basis. Some fees are calculated from building permit value, and some by average daily trips generated by a particular type of development. Also, not all jurisdictions collect the same type of fees. Thus, to help ensure comparability across jurisdictions, detailed fee information was applied to a "prototypical" structure in each jurisdiction. Because the current RTCIP includes a fee for new residential units only, our information and analysis in this report is limited to single and multifamily residential units². Prototypical information for single and multifamily units and development impact fee data by jurisdiction are shown in tables of Attachments 5, 6 and 7.

Development Impact Fees (DIF) for single family residential property range from just under one dollar per square foot to over thirty dollars per square foot of building area (or more than \$60,000 for a standard 2,000 square foot house). For multiple-family housing fees can reach into the millions of dollars for a fifty unit complex.

¹ At the time the report was completed, DIF information for the unincorporated area had not been provided, so data collected during SANDAG's 1998 development impact fees survey was used for the unincorporated communities.

² Additional information for other development types can be found in two reports to the Ad Hoc Working Group on *TransNet*, "Regional Transportation Impact Fees," SANDAG, October 24, 2004 and November 21, 2004.

Staff also requested the information from the jurisdictions on the aggregate amount of fees collected during the most recent year for which data is available. Although data were not provided for all jurisdictions and fee categories, the information shows total impact fee revenues collected during FY02 of \$133 million.

Of specific interest is whether the jurisdictions collect transportation impact fees. Overall, of the 19 jurisdictions, ten directly collect a transportation impact fee. Of the remaining jurisdictions, two (the Cities of San Diego and San Marcos) include traffic fees in their public facilities fee assessments, and one other (Solana Beach) charges a traffic signals fee on a per-project basis and six do not have a program to collect transportation fees.

Fees in the San Diego Region Compared with Riverside

Recently, voters in Riverside County approved the continuation of their one-half percent sales tax for transportation to supplement traditional revenues and revenues to be generated through locally-adopted developer fees and assessment districts for transportation improvements to ensure the system will serve the current and future travel needs of Riverside County. In addition, sales tax funds from this measure designated for local streets and roads will not be allocated to jurisdictions within the Western County and Coachella Valley areas unless the local agency participates in the Transportation Uniform Mitigation Fee program (TUMF). TUMF requires future development to pay a development impact fee (DIF) that will fund projects designed to mitigate traffic impacts created by the development. By creating TUMF, Western Riverside and Coachella Valley now have a uniform transportation fee throughout their cities and county, as shown below. TUMF was passed in December 2002. While the fees for Single Family and Multi Family Residential Units became effective on February 8, 2003, fees for non-residential projects are to be phased in starting on July 1, 2004.

- \$6650 per Single Family Residential Unit
- \$4607 per Multi Family Residential Unit
- \$1.45 per square foot of an Industrial Project
- \$7.81 per square foot of a Retail Commercial Project
- \$4.84 per square foot of a Service Commercial Project

As part of the process to compare residential development impact fees between the two counties, the total level of development impact fees (DIF) as well as those collected specifically to mitigate transportation impacts need to be compared. Table 1 shows total DIF amounts, as well as the proportion and amount of just traffic impact fees. The prototype housing unit used for the cities in Western Riverside is based on a single family detached dwelling unit on a 7,200 square foot lot, and the prototype used for the cities in San Diego is based on a 4 bedroom/3 bath single family detached unit with 2,700 square foot living area.³

³ The County of San Diego does not have an established program to charge transportation fees for Single Family Residential development, and therefore has none listed in the chart.

Table 1

**Single Family Residential
Development Impact Fees**

| | 2002* | | Traffic/Total Percent |
|---|--------------|----------------------|--------------------------|
| | Traffic Fees | Total ^{A,B} | |
| City of San Diego ¹ | \$8,491 | \$14,565 | 58% |
| County of San Diego ² | -- | \$21,903 | N/A |
| North Coastal SD Average ³ | \$1,671 | \$28,501 | 6% |
| North Inland SD Average ⁴ | \$1,383 | \$25,016 | 6% |
| East & South SD Average ⁵ | \$5,809 | \$32,999 | 18% |
| SD Cities Average ⁶ | \$3,252 | \$26,790 | 12% |
| <i>Before Passage of TUMF</i> | | | |
| Riverside County Select Cities Avg ⁷ | \$825 | \$3,113 | 27% |
| Riverside County Select Areas Avg ⁸ | \$2,136 | \$4,802 | 44% |
| Riverside Cities and Areas Avg | \$1,481 | \$3,957 | 37% |
| <i>After Passage of TUMF</i> | | | |
| Riverside County Select Cities Avg ⁹ | \$6,650 | \$8,938 | 74% |
| Riverside County Select Areas Avg ¹⁰ | \$6,650 | \$9,315 | 71% |

* Figures to Riverside County Select Cities are for 2000. Figures for City of San Diego are for March 2003.

1. Source: Facilities Financing Department. Average of Urbanizing Communities: Black Mountain Ranch, Carmel Valley N & S, Del Mar Mesa, Fairbanks Ranch, Mira Mesa, North University City, Otay Mesa, Pacific Highlands Beach, Rancho Bernardo, Rancho Encantada, Rancho Penasquitos, Sabre Springs, San Pasqual, Scripps Miramar Ranch, Tierrasanta & Torrey Highlands. High \$29,425, low \$287, median \$7,145.
 2. No traffic fees for development. Not included in any other category, i.e., public facilities. Is considering doing a feasibility study in Ramona.
 3. Source: 2002-2003 BIA Fee Survey. Carlsbad, Encinitas, Oceanside. High \$2,225, low \$940.
 4. Source: 2002-2003 BIA Fee Survey. Escondido, Poway, Vista. High \$1,797, low \$660.
 5. Source: 2002-2003 BIA Fee Survey. Santee, Chula Vista. High \$9,230, low \$2,388.
 6. City of San Diego, Carlsbad, Chula Vista, Encinitas, Escondido, Oceanside, Poway, Santee, Vista.
 7. Cities of Hemet, Lake Elsinore, Murrieta, Perris. Figures are for 2000. High \$2,190, low \$144.
 8. Community Plan Areas consisting of Greater Elsinore, Lakeview/Nuevo, Mead Valley/Good Hope, SW Area Plan, Sun City/Menifee Valley, Temescal Canyon, Upper San Jacinto Valley, Woodcrest/Lake Matthews. High \$3,054, low \$1,090. Figures are as of May 15, 2002.
 9. Same cities as above, figures are estimates of what fees are after adoption of Ordinance 824 (flat fee of \$6,650 per single family residential unit), based on actual fees paid in 2000. Effective as of February 8, 2003.
 10. Same areas as above, figures are estimates of what fees are after adoption of Ordinance 824 (flat fee of \$6,650 per single family residential unit), based on actual fees paid in 2002. Effective as of February 8, 2003.
- A. Except as otherwise stated, Total Fees for San Diego are made up of Permit Fees (Plan Check, Building Permit, MPE Permits, Energy, Seismic) and Impact/Capacity Fees (Sewer, Water, Public Facilities, Traffic, Parks, Fire, Drainage/Flood, School, Inclusionary Housing, Other).
- B. Total Fees for Riverside are made up of Public Facilities, Fire Facilities, Transportation, Conservation and Land Bank, Regional Park, Community Center/Park, Regional Multipurpose Trails, Flood Control, Library Books, Administration.

Total DIF's for the cities in the San Diego region are all much higher (currently two to four times higher in the San Diego region) than total DIF's for the cities and areas in Western Riverside County. Both prior to and after the adoption of the TUMF, transportation fees as a percentage of total DIF were lower for the cities in San Diego region (averaging 12%) than for the Western Riverside cities and areas (averaging 37%). The City of San Diego is an exception, though, as transportation fees make up approximately 58% of total DIF. After TUMF, transportation fees as a percentage of total DIF jumps up to the 70% range for the Western Riverside cities and communities.

Caution should be used when using average fee values. The range for fee values is very wide, some cities and areas have exceptionally high or low transportation fees. For example, transportation fees for Chula Vista are \$9,230, or 28% of total DIF of \$33,256. Transportation fees as a percentage of total DIF for the San Diego cities without Chula Vista is \$2,505, or 10% of total DIF of \$25,982. Additional information concerning the wide differences in fee levels between individual jurisdictions and communities within the City of San Diego are available (except for the County which does not have an established DIF program for transportation).

GARY L. GALLEGOS
Executive Director

Attachments

Key Staff Contact: Marney Cox, (619) 699-1930; mco@sandag.org

Section 9 of *TransNet Ordinance*

SECTION 9. REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM (RTCIP): Starting on July 1, 2008, each jurisdiction in the San Diego region shall contribute \$2,000 in non-public funds, for each new residential housing unit in that jurisdiction to the RTCIP to fund the Regionally Significant Arterials and related regional transportation facility improvements, as defined in SANDAG's most up-to-date and adopted Regional Transportation Plan. New residential housing units constructed for very-low and low-income households can be exempted from the \$2,000 per unit contribution requirement. No other new residential units shall be exempted. The amount of contribution may be increased annually, in an amount not to exceed the percentage increase set forth in the Engineering Construction Cost Index published by the Engineering News Record or similar cost of construction index. Each jurisdiction shall establish an impact fee program or other non-public revenue Funding Program by which it collects and funds its contribution to the RTCIP. The RTCIP revenue will be used to construct regional transportation improvements 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 improvements. The RTCIP is intended to be organized under the auspices of SANDAG and implemented by each jurisdiction, with the objective of developing a single consolidated mitigation program for the San Diego region as a funding source for the Regionally Significant Arterial transportation system. This action is predicated on the desire to establish a uniform mitigation program that will mitigate the regional transportation impacts of new development on the Regionally Significant Arterial transportation system. While the RTCIP cannot and should not fund all necessary regionally significant transportation network components and improvements, the RTCIP will establish a new non-public revenue source that ensures future development will contribute its pro rata share towards addressing the impacts of new growth on regional transportation infrastructure. Each jurisdiction is responsible for establishing a procedure for providing its monetary contribution to the RTCIP. The RTCIP and each jurisdiction's Funding Program shall be subject to an annual review and audit to be carried out by SANDAG and the Independent Taxpayers Oversight Committee, as defined in Section 11 of the TransNet Ordinance. Any jurisdiction opting not to provide its monetary contribution to the RTCIP in a given year will not be eligible to receive funding for local streets and roads under section 4(D)(1) of the TransNet Ordinance for that year. Any funding not allocated under 4(D)(1) as a result of this requirement shall be reallocated to the remaining jurisdictions that are participating in the RTCIP. Provisions for implementation of the RTCIP are described in the document titled "TransNet Extension Regional Transportation Congestion Improvement Program," which is hereby incorporated by reference as if fully set forth herein. In addition, revenues provided from this Ordinance shall not be used to replace other private developer funding that has been or will be committed for any project.

Attachment 2

TransNet Extension Regional Transportation Congestion Improvement Program

Providing new transportation services and facilities will be expensive, but not providing them would be worse and result in a significant increase in traffic congestion, degrading mobility throughout the San Diego region. As SANDAG's Regional Transportation Plan points out our challenge is especially critical for the Regionally Significant Arterial transportation system, which is forecast to carry an increasingly significant amount of traffic volume. The SANDAG Board recognizes the need to establish a new Regional Transportation Congestion Improvement Program that ensures future development will contribute its pro rata share towards funding the Regionally Significant Arterials and mitigate new traffic impacts on the regional transportation system.

A. Funding Program

Section 9 of the *TransNet* Ordinance requires that local jurisdictions establish a Funding Program or mechanism that provides \$2,000 per new residential unit for the purpose of funding the Regionally Significant Arterial transportation system, as defined in SANDAG's most recent, up-to-date and adopted Regional Transportation Plan.

1. Local jurisdictions may choose to implement a Funding Program through a development impact fee program or by other means, provided the source of the funds is non-public.
2. In the event a jurisdiction(s) chooses to establish a development impact fee program to fund its portion of the Regionally Significant Arterial transportation system, said program will be consistent with Government Code Section 66000 et seq.
3. SANDAG will be responsible for producing the required Nexus Study to satisfy the requirements of California Government Code Section 66000 et seq. for Development Projects.
4. In no case will non-residential development be subject to a development impact fee to meet the requirements of Section 9 of the *TransNet* Ordinance.
5. Each jurisdiction's Funding Program shall be established and begin operations on July 1, 2008.

B. Purpose

1. The purpose of the Funding Program is to provide sufficient revenue to fund those facility and service improvements on the Regionally Significant Arterials system whose need is created by new development, as defined in SANDAG's most recent, up-to-date and adopted Regional Transportation Plan.

C. Fee Adjustment

1. The amount per residential unit shall be adjusted on July 1 of each year by each implementing jurisdiction based upon the Engineering Construction Cost Index as published by the Engineering News Record, or similar, cost of construction index.

2. Any increase will not exceed the percentage increase set forth in the construction index. The purpose of this annual adjustment is to retain purchasing power in anticipation of future inflation.

D. Expenditure of Funding Program Revenues

1. Revenues collected under Section 9 of the *TransNet* Ordinance shall be used as a Funding Program for the Regionally Significant Arterials as defined in SANDAG's most recent, up-to-date and adopted Regional Transportation Plan.
2. Revenue collected through this Funding Program shall be used to construct transportation improvements such as new arterial roadway lanes, reconfigured freeway-arterial interchanges, railroad grade separations and new regional express bus services, or similar types of improvements, as well as right-of-way acquisition, preparation of environmental and engineering documents, that will be needed to accommodate future travel demand generated by new development throughout the San Diego region. A reasonable portion of the program revenue may be used for fund administration.
3. Expenditure of the Funding Program revenues shall be in a manner consistent with SANDAG's most recent, up-to-date and adopted long-range Regional Transportation Plan and the short-range, multi-year Regional Transportation Improvement Program. Expenditure priorities shall be consistent with Section 5 of the *TransNet* Ordinance. To maximize the effective use of these funds Funding Program revenues may be transferred or exchanged in accordance with the intent of Section 7 of the *TransNet* Ordinance.

E. Exemptions

New housing units constructed for very-low and low-income households can be exempted by each jurisdiction from the \$2,000 contribution requirement. No other new residential units shall be exempted. Policies shall be established from time to time by the SANDAG Board of Directors to determine any and all new residential development to be included and exempted from the Funding Program requirements.

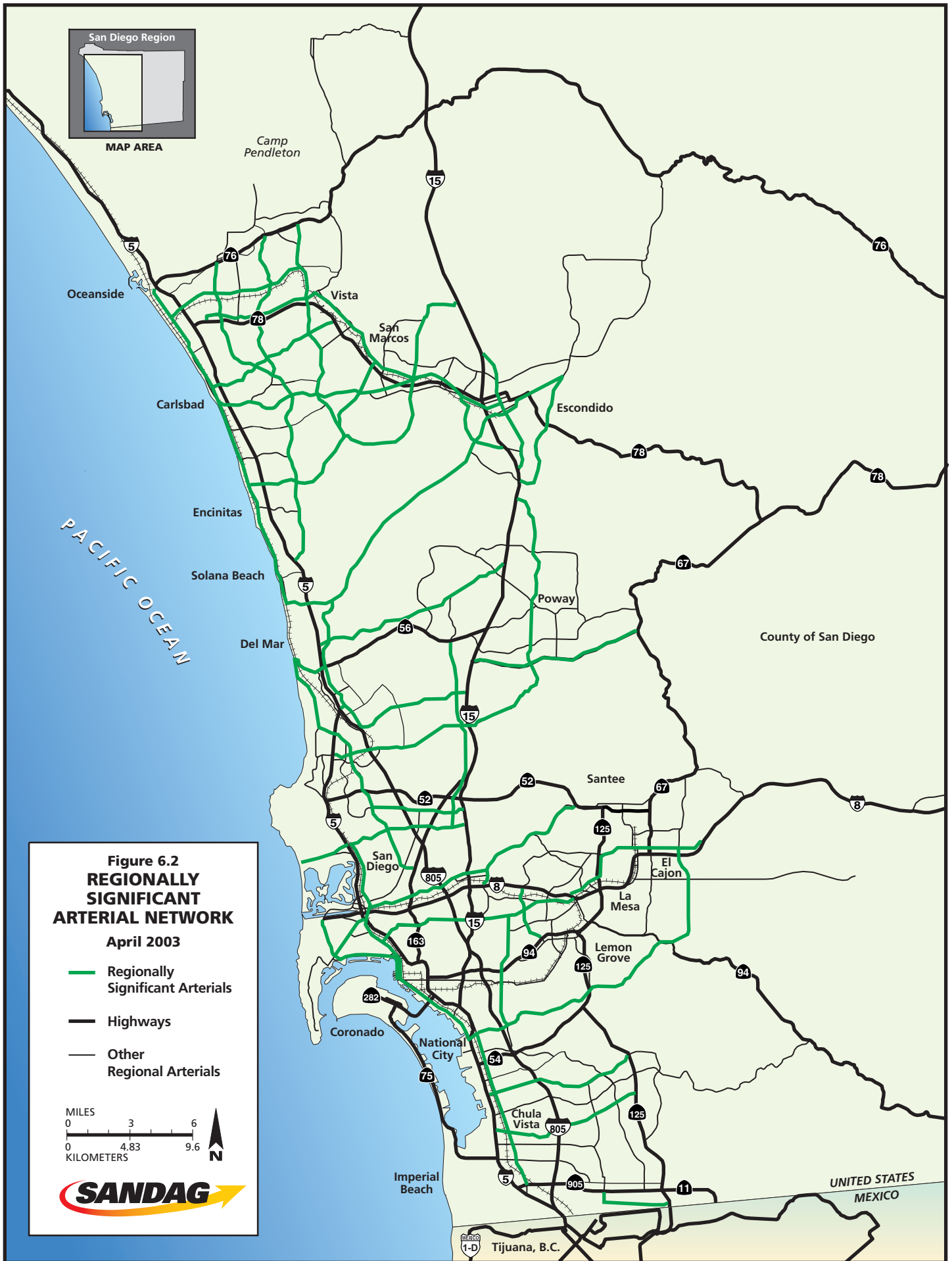
F. Credits

1. If a developer funds or constructs improvements on the Regionally Significant Arterial transportation system and/or that arise out of SANDAG's Congestion Management Program, the developer shall receive full credit for the costs associated with the arterial improvements, offsetting the revenue requirements of the Funding Program.
2. In special circumstances, when a developer constructs off-site improvements such as an interchange, bridge, or railroad grade separation, credits shall be determined by the local jurisdiction in consultation with the developer.
3. The amount of the credit shall not exceed the revenue requirements of the most current Funding Program or actual cost, which ever is less.
4. The local jurisdictions shall compare facilities in their local fee program, against the Regionally Significant Arterials and eliminate any overlap in its local fee program except where there is a recognized benefit district established.

5. If there is a recognized benefit district established, the local agency may credit that portion of the facility identified in both programs against this Funding Program.

G. Procedures for the Levy, Collection and Disposition of Funding Program Revenues

1. Each jurisdiction shall establish and implement a procedure to levy and collect its contribution of the revenue requirements of the Funding Program.
2. Each jurisdiction shall determine its own schedule for collecting and/or contributing revenue to the Funding Program. This schedule shall be kept up-to-date and provided to SANDAG each year at the time of the annual review and audit.
3. Funding Program revenue requirements shall not be waived.
4. Funding Program revenue requirements shall run with the land.
5. All Funding Program revenue shall be subject to an annual review by each jurisdiction participating in the Program. The annual review shall take place on July 1 each year following the establishment of the Funding Program. At the time of the review each jurisdiction collecting a development impact fee to meet the requirements of the Funding Program shall make findings for any unexpended and uncommitted fees in their Program Fund that demonstrates a reasonable relationship between the fee and the purpose for which it was charged. Unless a need for such fees can be demonstrated, the unexpended or uncommitted portion shall be transferred to the Regional Transportation Commission (SANDAG) to be expended within one year on qualified projects within the same subregional area. Contributions to the Funding Program not committed or expended by the fifth anniversary date of collection shall be refunded to the current record owner of the development project on a prorated basis. In no case will a refund be more than was initially contributed to the Funding Program. SANDAG and the Independent Taxpayers Oversight Committee identified in Section 11 of the *TransNet* Ordinance shall be responsible for issuing an annual audit statement on each jurisdiction's compliance with requirements of Section 9 of the *TransNet* Ordinance.



**Figure 6.2
REGIONALLY
SIGNIFICANT
ARTERIAL NETWORK**

April 2003

- Regionally Significant Arterials
- Highways
- Other Regional Arterials

MILES
0 3 6
KILOMETERS
0 4.83 9.6



UNITED STATES
MEXICO

Tijuana, B.C.

TABLE TA 7.7—REGIONALLY SIGNIFICANT TRANSPORTATION NETWORK – ARTERIALS

| Arterial | Limits |
|---|---|
| Balboa Ave. | I-5 to I-15 |
| Bear Valley Pkwy. | I-15 to Valley Pkwy. |
| Black Mountain Rd./Kearny Villa Rd./Ruffin Rd. | SR 56 to Balboa Ave. |
| Cannon Rd. | Carlsbad Blvd. to SR 78 |
| Centre City Pkwy. | I-15(N) to I-15(S) |
| Citracado Pkwy. | SR 78 to I-15 |
| Clairemont Mesa Blvd. | Genesse Ave. to I-15 |
| Coast Hwy./Carlsbad Blvd./Hwy 101 | I-5 (Oceanside) to Via De La Valle |
| College Avenue | SR 94 to I-8 |
| College Boulevard | El Camino Real to SR 76 |
| Deer Springs Road/Twin Oaks Valley Road | I-15 to Rancho Santa Fe Road |
| Del Dios Hwy./Via De La Valle/Paseo Delicitas/Valley Pkwy. | El Camino Real to I-15 |
| Del Mar Heights/Black Mtn Rd./Carmel Valley Rd./Bernardo Ctr. | I-5 to I-15 |
| El Camino Real/ Manchester Avenue | SR 76 to I-5 |
| El Cajon Boulevard/Washington Street | Pacific Highway to I-8 |
| Euclid Avenue/54th Street | Plaza Boulevard to El Cajon Boulevard |
| Fletcher Pkwy./Broadway/E Main St./Greenfield Dr. | I-8 to I-8 |
| Friars Road/Mission Gorge Road | Morena Boulevard to I-8 |
| Garnet Avenue/Grand Avenue | I-5 to Mission Boulevard |
| Genesee Ave./N. Torrey Pines Rd./Carmel Valley Rd. | SR 163 to El Camino Real |
| H Street | I-5 to SR 125 |
| Harbor Drive | Rosecrans Street to I-5 (National City) |
| La Jolla Village Drive/Miramar Road | I-5 to I-15 |
| Market St./Imperial Ave./Lemon Grove Ave. | Harbor Drive to SR 94 |
| Melrose Drive | SR76 to Rancho Santa Fe Road |
| Mira Mesa Boulevard | Sorrento Valley Rd. to I-15 |
| National City Blvd./Broadway/Beyer Blvd. | Harbor Drive to SR 905 |
| Nimitz Boulevard | I-8 to Harbor Drive |
| Oceanside Boulevard | Coast Highway to Melrose Drive |
| Pacific Highway/Sea World Dr./Morena Blvd. | Harbor Drive to Balboa Avenue |
| Palomar St./Orange Ave./Olympic Pkwy. | I-5 to SR 125 |
| Palomar Airport Rd./San Marcos Blvd. | Carlsbad Boulevard to Mission Road |
| Plaza Blvd./Paradise Valley Rd./Jamacha Blvd/Rd. | I-5 to I-8 |
| Pomerado Road | I-15 (N) to I-15 (S) |
| Rancho Santa Fe Rd./Olivenhain Rd./Leucadia Blvd. | South Santa Fe to Coast Highway |
| Rosecrans Street | I-8 to Harbor Drive |
| Scripps Poway Parkway | I-15 to SR 67 |
| Siempre Viva Road/Heritage Road | SR 125 to SR 905 |
| Via de la Valle/El Camino Real/Carmel Mtn Rd./Vista Sorrento Pkwy./Sorrento Valley Blvd./Vista Sorrento Pkwy. | Hwy 101 to Mira Mesa Boulevard |
| Valley Parkway | I-15 to Bear Valley Parkway |
| Vista Way/South Santa Fe Ave./Mission Rd./Mission Ave. | Jefferson St./SR 78 to Centre City |

Description of Typical Structure Used for Development Impact Fee Comparison San Diego Region

Single-Family Residential

| | |
|---------------------------|---|
| Size (sq. ft., 3 bedroom) | 2,000 |
| Lot Sizes (acres) | 0.25 |
| Building Permit Valuation | \$255,407 |
| DU's (per acre) | 4 |
| ADT's (per unit) | 10 |
| EDU's | 1 |
| Meter Size | 5/8" displacement (3/4" when 5/8" fee not listed) |
| Sprinklers | None |

Multiple-Family Residential

| | |
|------------------------------|-----------------|
| Size (sq. ft., 2 bdrm units) | 50,000 |
| Lot Sizes (acres) | 2 |
| Units | 50 |
| Building Permit Valuation | \$5,553,700 |
| DU's (per acre) | 25 |
| ADT's (per unit) | 6 |
| Meter Size | 4" displacement |
| Sprinklers | Yes |

Sources:

2002 data from Real Estate And Construction Report - First Quarter 2003, Real Estate Research Council of Southern California

Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region, SANDAG

IMPACT FEES FOR A PROTOTYPICAL SINGLE-FAMILY RESIDENTIAL DEVELOPMENT

| | Public Facilities | Traffic (incl. signal and surcharge) | School | Sewer | Water | Fire | Drainage / Flood Control | Parks | Inclusionary Housing | Misc. | Total Fees | Fee per Sq. Ft. |
|---------------------------|-------------------|--------------------------------------|---------|---------|----------|-------|--------------------------|---------|----------------------|---------|------------|-----------------|
| Carlsbad (1) | \$8,939 | \$980 | \$4,280 | \$3,293 | \$2,400 | \$0 | \$723 | \$2,436 | \$2,925 | \$530 | \$26,506 | \$13.25 |
| Chula Vista (2) | \$5,048 | \$9,230 | \$1,880 | \$3,000 | \$4,427 | \$0 | \$0 | \$7,869 | \$0 | \$783 | \$32,237 | \$16.12 |
| Coronado | \$100 | \$300 | \$3,680 | \$2,559 | ** | \$0 | \$600 | \$0 | \$7,000 | \$0 | \$14,239 | \$7.12 |
| Del Mar | \$0 | \$0 | \$2,000 | \$1,647 | \$1,620 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,267 | \$2.63 |
| El Cajon | \$0 | \$0 | \$4,480 | \$3,472 | \$4,127 | \$0 | \$0 | \$300 | \$0 | \$0 | \$12,379 | \$6.19 |
| Encinitas (3) | \$0 | \$790 | \$2,000 | \$2,680 | \$4,004 | \$322 | \$420 | \$2,803 | \$0 | \$0 | \$13,019 | \$6.51 |
| Escondido | \$1,582 | \$2,193 | \$1,420 | \$4,667 | \$4,690 | \$0 | \$908 | \$1,098 | \$0 | \$1,558 | \$18,116 | \$9.06 |
| Imperial Beach | \$0 | \$0 | \$0 | \$700 | ** | \$0 | \$0 | \$0 | \$0 | \$1,100 | \$1,800 | \$0.90 |
| La Mesa | \$0 | \$0 | \$2,540 | \$2,400 | \$1,651 | \$0 | \$0 | \$610 | \$0 | \$0 | \$7,201 | \$3.60 |
| Lemon Grove | \$0 | \$0 | \$2,540 | \$1,000 | \$0 | \$0 | \$0 | \$200 | \$0 | \$0 | \$3,740 | \$1.87 |
| National City | \$0 | \$0 | \$1,700 | \$1,557 | \$3,596 | \$0 | \$0 | \$125 | \$0 | \$0 | \$6,978 | \$3.49 |
| Oceanside | \$1,301 | \$1,848 | \$4,280 | \$3,793 | \$5,102 | \$0 | \$5,640 | \$2,200 | \$11,375 | \$0 | \$35,539 | \$17.77 |
| Poway (4) | \$0 | \$660 | \$4,280 | \$3,356 | \$3,710 | \$0 | \$785 | \$2,720 | \$5,500 | \$0 | \$21,011 | \$10.51 |
| San Diego (5) | \$7,045 | PF | \$4,280 | \$2,500 | \$2,500 | \$0 | \$0 | \$316 | \$0 | \$0 | \$16,641 | \$8.32 |
| low | \$0 | \$0 | \$4,280 | \$2,500 | \$2,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$9,280 | \$4.64 |
| high | \$46,045 | PF | \$4,280 | \$2,500 | \$2,500 | \$0 | \$0 | \$5,073 | \$0 | \$0 | \$60,398 | \$30.20 |
| San Marcos | \$3,843 | PF | \$6,680 | \$2,400 | \$3,361 | \$640 | \$1,808 | \$0 | \$4,875 | \$0 | \$23,607 | \$11.80 |
| Santee (6) | \$0 | \$1,990 | \$2,660 | \$3,779 | \$5,103 | \$0 | \$1,456 | \$3,725 | \$0 | \$0 | \$18,713 | \$9.36 |
| Solana Beach | \$2,554 | C | \$3,860 | \$4,500 | \$4,816 | \$320 | \$0 | \$600 | \$0 | \$0 | \$16,650 | \$8.33 |
| Vista (7) | \$1,218 | \$1,798 | \$4,280 | \$1,922 | \$3,337 | \$379 | \$658 | \$1,391 | \$0 | \$0 | \$14,983 | \$7.49 |
| Unincorporated (8) | \$0 | \$0 | \$2,440 | \$3,537 | \$5,173 | \$620 | \$1,222 | \$800 | \$0 | \$0 | \$13,792 | \$6.90 |
| low | \$0 | \$0 | \$1,400 | \$0 | \$1,000 | \$480 | \$300 | \$600 | \$0 | \$0 | \$3,780 | \$1.89 |
| high | \$0 | \$0 | \$5,940 | \$6,125 | \$10,788 | \$480 | \$2,700 | \$1,000 | \$0 | \$0 | \$27,033 | \$13.52 |

Notes:

Data shaded in gray represents information collected during SANDAG's 1998 fee survey.

PF - Traffic fees are included in public facilities fees.

C - Fee calculated on a case-by-case basis.

** - Fees collected by California American Water Company and vary too widely to report.

1 - Carlsbad public facilities, bridge and thoroughfare, and traffic fees assume development outside CFD. Sewer fees include base fee of \$2,098 plus average of sewer benefit area fees. Drainage fees are an average of all areas and high/low runoff years. Parks fees are for three out of the city's four fee districts.

2 - Chula Vista fees are calculated assuming development in Otay Ranch.

3 - Encinitas sewer fees are calculated assuming development in the Encinitas Sanitation District.

4 - Poway fees are calculated assuming development in northern region of Poway.

5 - San Diego fees for Public Facilities and Parks are calculated based on an average of fees across city Community Plan Areas. Lowest and Highest fees also shown.

6 - Santee drainage and flood control fee based on low/medium density fee per unit.

7 - Vista sewer fees are calculated assuming development in the Vista Sanitation District. Drainage fees are average of all fee areas.

8 - Unincorporated area fees are average of district fees.

IMPACT FEES FOR A PROTOTYPICAL MULTIPLE-FAMILY RESIDENTIAL DEVELOPMENT

| | Public Facilities | Traffic (incl. signal and surcharge) | School | Sewer | Water | Fire | Drainage / Flood Control | Parks | Inclusionary Housing | Misc. | Total Fees | Fee per Sq. Ft. |
|---------------------------|-------------------|--------------------------------------|-----------|-----------|-----------|----------|--------------------------|-----------|----------------------|----------|-------------|-----------------|
| Carlsbad (1) | \$194,379 | \$29,400 | \$107,000 | \$3,293 | \$42,000 | \$0 | \$5,787 | \$91,250 | \$146,250 | \$15,900 | \$635,259 | \$12.71 |
| Chula Vista (2) | \$236,300 | \$276,900 | \$47,000 | \$112,500 | \$221,350 | \$0 | \$0 | \$292,000 | \$0 | \$39,150 | \$1,225,200 | \$24.50 |
| Coronado | \$2,500 | \$7,500 | \$92,000 | \$127,950 | ** | \$0 | \$15,000 | \$0 | \$350,000 | \$0 | \$594,950 | \$11.90 |
| Del Mar | \$0 | \$0 | \$50,000 | \$82,350 | \$81,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$213,350 | \$4.27 |
| El Cajon | \$0 | \$0 | \$112,000 | \$173,600 | \$206,350 | \$0 | \$0 | \$9,400 | \$0 | \$0 | \$501,350 | \$10.03 |
| Encinitas (3) | \$0 | \$23,700 | \$50,000 | \$134,000 | \$65,666 | \$322 | \$10,500 | \$140,150 | \$0 | \$0 | \$424,338 | \$8.49 |
| Escondido | \$79,100 | \$65,700 | \$35,500 | \$175,000 | \$78,940 | \$0 | \$18,150 | \$54,900 | \$0 | \$10,100 | \$517,390 | \$10.35 |
| Imperial Beach | \$0 | \$0 | \$0 | \$35,000 | ** | \$0 | \$0 | \$0 | \$0 | \$55,000 | \$90,000 | \$1.80 |
| La Mesa | \$0 | \$0 | \$63,500 | \$120,000 | \$82,550 | \$0 | \$0 | \$15,000 | \$0 | \$0 | \$281,050 | \$5.62 |
| Lemon Grove | \$0 | \$0 | \$63,500 | \$50,000 | \$0 | \$0 | \$0 | \$10,000 | \$0 | \$0 | \$123,500 | \$2.47 |
| National City | \$0 | \$0 | \$42,500 | \$78,850 | \$179,800 | \$0 | \$0 | \$6,250 | \$0 | \$0 | \$307,400 | \$6.15 |
| Oceanside | \$65,050 | \$55,440 | \$107,000 | \$78,250 | \$134,000 | \$0 | \$11,280 | \$110,000 | \$519,750 | \$0 | \$1,080,770 | \$21.62 |
| Poway (4) | \$0 | \$26,400 | \$107,000 | \$167,800 | \$50,456 | \$0 | \$39,250 | \$105,000 | \$0 | \$0 | \$495,906 | \$9.92 |
| San Diego (5) | \$270,031 | PF | \$4,280 | \$125,000 | \$125,000 | \$0 | \$0 | \$13,077 | \$0 | \$0 | \$537,387 | \$10.75 |
| low | \$0 | \$0 | \$4,280 | \$125,000 | \$125,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$254,280 | \$5.09 |
| high | \$1,611,600 | PF | \$4,280 | \$125,000 | \$125,000 | \$0 | \$0 | \$253,650 | \$0 | \$0 | \$2,119,530 | \$42.39 |
| San Marcos | \$192,150 | PF | \$167,000 | \$120,000 | \$168,050 | \$8,000 | \$14,464 | \$0 | \$243,750 | \$0 | \$913,414 | \$18.27 |
| Santee (6) | \$0 | \$59,700 | \$66,500 | \$188,950 | \$255,150 | \$0 | \$72,800 | \$169,800 | \$0 | \$0 | \$812,900 | \$16.26 |
| Solana Beach | \$55,537 | \$0 | \$96,500 | \$225,000 | \$240,800 | \$2,500 | \$0 | \$30,000 | \$700,000 | \$0 | \$1,350,337 | \$27.01 |
| Vista (7) | \$60,900 | \$53,931 | \$107,000 | \$77,750 | \$166,850 | \$18,950 | \$5,263 | \$69,550 | \$0 | \$0 | \$560,194 | \$11.20 |
| Unincorporated (8) | \$0 | \$0 | \$61,000 | \$191,700 | \$283,307 | \$8,000 | \$30,555 | \$40,000 | \$0 | \$0 | \$614,562 | \$12.29 |
| low | \$0 | \$0 | \$35,000 | \$0 | \$50,000 | \$12,000 | \$7,500 | \$30,000 | \$0 | \$0 | \$134,500 | \$2.69 |
| high | \$0 | \$0 | \$148,500 | \$306,250 | \$539,400 | \$12,000 | \$67,500 | \$50,000 | \$0 | \$0 | \$1,123,650 | \$22.47 |

Notes:

Data shaded in gray represents information collected during SANDAG's 1998 fee survey.

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C - Fee calculated on a case-by-case basis.

** - Fees collected by California American Water Company and vary too widely to report.

1 - Carlsbad public facilities, bridge and thoroughfare, and traffic fees assume development outside CFD. Sewer fees include base fee of \$2,098 plus average of sewer benefit area fees. Drainage fees are an average of all areas and high/low runoff years. Parks fees are for three out of the city's four fee districts.

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6 - Santee drainage and flood control fee based on low/medium density fee per unit.

7 - Vista sewer fees are calculated assuming development in the Vista Sanitation District. Drainage fees are average of all fee areas.

8 - Unincorporated area fees are average of district fees.

Agenda Item #5 will be available no later than March 17, 2004.



DRAFT TRANSNET EXTENSION ORDINANCE AND EXPENDITURE PLAN

Introduction

SANDAG's Ad Hoc Working Group on *TransNet* approved the Initial Draft *TransNet Extension* Expenditure Plan and Key Ordinance Provisions report (Draft Plan) for presentation to the SANDAG Board of Directors at the January 9, 2004 Policy Board meeting. The Draft Plan was further discussed at the Board Retreat on January 30, 2004. Based on the comments received to date on the Draft Plan, a Draft Ordinance for the ballot measure, incorporating a summary of the Expenditure Plan, was developed and presented to the Board at the February 27, 2004 meeting. Several issues were discussed at that meeting and the Draft Ordinance and Expenditure Plan was referred back to the Working Group for further refinement.

Recommendation

It is the recommendation of the Ad Hoc Working Group on *TransNet* that the Board of Directors accept the draft *TransNet Extension* Ordinance and Expenditure Plan for distribution to member agencies and interested parties for review and comment. The first reading of the Ordinance is scheduled for the April 9, 2004 Board meeting, with the second reading and adoption tentatively scheduled for the May 14, 2004 meeting.

The Working Group met on March 5, 2004 and developed several recommendations for consideration by the Board. This agenda report is similar to the report provided to the Board on February 27, 2004, with updates to reflect some of the information presented and issues discussed at the Working Group meeting. The Working Group's recommendations on the various issues referred to them are summarized below along with recommendations from the Executive Director.

Summary of Working Group and Executive Director Recommendations

1. Expenditure Plan Fund Distribution Options

- **Working Group Recommendation:** The Working Group supported retaining the basic funding distribution between the major highway and transit projects in the Congestion Relief Program category and the Local Program category. The Working Group supported maintaining the Proposition 42 Guarantee provisions contained in the draft Ordinance, with the addition of a provision that would shift any balance remaining in the Proposition 42 Revenue Protection Fund to the Local Street and Road Formula Program.
- **Executive Director Recommendation: Concur**

2. Formula versus Competitive Grant Approach

- **Working Group Recommendation:** The Working Group supported several changes within the Local Program (18%) category. The Regional Arterial/Grade Separation Program (4%) was recommended to be eliminated, with the revenue being added to the Local Street and Road formula program, with encouragement that these additional monies be used for regional arterials and grade separations. The Smart Growth Incentive

Program component (2%) of the Livable Communities Program also was recommended for elimination, with the revenue also being added to the Local Street and Road program. The Bicycle, Pedestrian, and Neighborhood Safety Program (2%) was recommended to be administered on a regionwide competitive grant basis. The Local Street and Road Formula Program would be increased from 10% to 16% under these recommendations.

- **Executive Director Recommendation:**
 - i. **Concur with elimination of the Regional Arterial/Grade Separation program, contingent on the implementation of the Regional Transportation Congestion Improvement Program being included in the Ordinance.**
 - ii. **The 2% set aside for Smart Growth Incentive funds should continue to be spent for eligible Smart Growth related activities consistent with the Regional Comprehensive Plan even if allocated to jurisdictions on a formula basis.**

3. Ordinance Amendment Procedures

- **Working Group Recommendation:** The Working Group recommended that several Ordinance provisions be exempted from the amendment process identified in Section 16. Amendments to the separate attachments incorporated into the Ordinance by reference would be subject to the two-thirds vote requirement. The Working Group recommended that to delete one of the Congestion Relief projects, a two-thirds vote of the Commission and the concurrence of the jurisdictions (or alternatively a majority of the jurisdictions in the sub-region as defined in SB 1703) in which the project is located would be required. In addition to the level and term of the tax to be imposed in Section 3, the other provisions recommended to require a vote of the people to amend include:
 - The Independent Taxpayer Oversight Committee (Section 11)
 - The use of any balance in the Proposition 42 Revenue Protection Fund for local street and road purposes (Section 2(A)(4))
 - The maintenance of effort provision (Section 8)
 - The impact fee program (Section 9)
 - The provision providing priority for uncompleted projects from the current *TransNet* program (Section 4(H)(1))
- **Executive Director Recommendation: Concur with Working Group recommendation except for the proposed concurrence requirement for deleting Congestion Relief projects. The basic two-thirds vote amendment requirement provides a sufficient level of protection for these projects while maintaining a measure of flexibility for the Board to deal with changing circumstances and priorities over the next 30 years. A formal process could be established whereby the local jurisdiction(s) where the project is located, and the Independent Taxpayer Oversight Committee, would be required to provide an advisory recommendation prior to any vote to delete a project taking place.**

4. Private Developer Funding/Impact Fees

- **Working Group Recommendation:** The Working Group supported including a provision regarding the establishment of a Regional Transportation Congestion Improvement Program (RTCIP) in the Ordinance and a separate attachment to be incorporated by reference that further details the implementation of the program. The RTCIP would require each jurisdiction to establish a fee program or other means by

which to contribute \$2,000 per residential housing unit to fund regionally significant arterials and related transportation facility improvements as defined in the most recent update to the Regional Transportation Plan..

- **Executive Director Recommendation: Concur**

Discussion

The Draft Ordinance and Expenditure Plan, included as Attachment 1 to this report, also has been revised to reflect the changes made as a result of the Working Group's March 5th recommendations. Substantive changes to the Draft presented to the Board on February 27, 2004 are in **bold** and the changes recommended by the Working Group are shown in a line in – ~~line out~~ format.

The enabling legislation (SB 361, Statutes of 1985) that gives SANDAG, serving as the San Diego County Regional Transportation Commission, the authority to place a sales tax measure on the ballot requires that a retail transactions and use tax ordinance be adopted by the Commission. The ordinance must include the tax rate being imposed, the purposes for which the funds will be used, and the term during which the tax will be imposed. The ordinance also must contain an expenditure plan including the allocation of revenues for the purposes authorized by law. The expenditure plan language included in the attached Draft Ordinance document is a summary version of the Draft Expenditure Plan, as revised in response to comments received on the draft plan and direction provided by the Working Group and the Board to date. A more detailed description of the Expenditure Plan will become a companion document to the Ordinance, incorporated by reference in the Ordinance.

Summary of Major Ordinance Provisions

The attached Ordinance is based on the Draft Plan and has been developed to respond to comments that have been received to date on that report. A variety of comments have been received on the projects and programs contained in that report. In general, the focus of the comments has been on increased funding levels for the specific projects or programs of interest to the group or individual making the comment. There have been relatively few comments received related to new projects or programs not included in the Draft Plan.

Attachment 2 provides a summary of the Expenditure Plan as revised, including a Proposition 42 guarantee mechanism, as well as an updated set of tables listing the specific highway and transit Congestion Relief projects. Several optional approaches to the Proposition 42 guarantee were reviewed by the Working Group in evaluating the trade-offs needed to provide additional financial resources for the local street and road portion of the program. The following provides additional background on the major considerations reflected in the Draft Ordinance based on comments received on the Initial Draft Expenditure Plan to date and the issues and options discussed by the Ad Hoc Working Group on *TransNet* at their last meeting.

1. **Congestion Relief Projects** – A few comments have been received regarding adding new projects to the Draft Plan project list. There have been general comments about the need for more funding for highway projects and more funding for transit projects, as well as less funding for transit. Efforts have been made to refine the cost estimates for all of the projects on the Congestion Relief project list. The operating funding needs for the transit projects on the Congestion Relief project list have been reduced reflecting higher expected fare revenue on these routes, consistent with the Regional Transit Vision. In order to generate the revenue needed to guarantee the Proposition 42 "Backfill" concept discussed below, two BRT routes have been eliminated and some of the highway project limits have been reduced. Attachment 2 includes a revised set of tables reflecting the cost estimates for each of the major Congestion Relief projects and a corresponding set of maps showing the major highway and transit Congestion Relief projects by major travel corridor. These cost estimates also have been revised

to deduct the habitat-related environmental mitigation costs of these projects that are to be funded as part of the separate Transportation Environmental Mitigation Program. The set aside for financing costs has been included in the overall budget for the Congestion Relief program category, along with the Proposition 42 Revenue Protection Fund.

2. **Expenditure Plan Funding Distribution for the Local Street and Road Formula Program** – The Draft Plan was based on the voter opinion research conducted over the last six months, which clearly indicated that focusing a major share of the *TransNet* funding on major corridor congestion relief projects was the key to achieving the necessary two-thirds vote threshold. The draft Expenditure Plan proposes to allocate a greater share of the total revenues towards major congestion relief projects and a reduced share of funds for local streets and roads as compared to the current *TransNet* program. A major increase in local street and road funding under Proposition 42 beginning in FY 2009 is estimated to offset the reduced *TransNet* funding share for local streets and roads. However, concerns have been raised regarding the share of funding for local streets and roads under the draft Expenditure Plan. Concerns also have been expressed about the uncertainty of alternative funding from Proposition 42 and the impacts to the local street and road programs if those funds do not materialize as projected. The Working Group reviewed five basic optional approaches relating to this issue as summarized below:

A) Proposition 42 Guarantee – The draft Ordinance presented to the Board on February 27, 2004 contained provisions for a guaranteed funding level under *TransNet* should the estimated revenues from Proposition 42 beginning in Fiscal Year 2009 not be available. The guarantee, or “backfill”, mechanism would increase the funding provided for local programs from 18% up to the 33% equivalent level provided for in the current *TransNet* program by shifting funding as needed on an annual basis from the \$500 million Proposition 42 Revenue Protection Fund in the Congestion Relief project category to the local street and road program should the sum of the *TransNet* funds and Proposition 42 funds in a given year fall below the equivalent 33% share level for each jurisdiction. As discussed above, the Congestion Relief project costs have been reduced to establish a \$500 million Proposition 42 Revenue Protection Fund to guarantee the funding backfill for approximately ten years of potential Proposition 42 suspensions. If these funds are not required to fulfill the guarantee provisions, the Board would have the opportunity at the 10-year review to consider allocating funds to new Congestion Relief projects.

B) Eliminate the Proposition 42 Backfill – Another option discussed by the Working Group was to drop the entire Proposition 42 backfill concept and simply add the \$500 million the Proposition 42 Revenue Protection Fund into the funding for the Local Street and Road formula program. This would increase the total Local Program share from 18% to 23.2%.

C) Proposition 42 Hybrid Option – This option is a blend of Options A and B. The basic provisions of Option A would be retained. However, if the funding set aside in the Proposition 42 Revenue Protection Fund is not required to fulfill the guarantee provisions, the balance would be added to the Local Street and Road formula program.

D) Increase Street and Road Share to 33% – Concerns have been expressed by local agencies that the Proposition 42 backfill is not sufficient and that nothing short of the same 33% share of the total *TransNet* revenues provided in the current measure will be acceptable. A total of \$500 million has already been deducted from the Congestion Relief projects included in the initial draft Expenditure Plan to establish the Proposition 42 Revenue Protection Fund described above. To bring the total Local Program share up to 33%, approximately another \$1 billion in *TransNet* funds would need to be shifted from other projects and programs in the Expenditure Plan. Because of the 50/50 match assumptions for the Congestion Relief projects, to free up \$1 billion in *TransNet* funds from the Congestion Relief projects, a total of \$2 billion in construction costs would need to be reduced from the projects identified in Attachment 2. The

following are two optional ways of adjusting the proposed Expenditure Plan to shift more funding into local programs.

- Option D-1: Shifting Highway Improvements to Local Programs – As mentioned above, a total of \$2 billion in highway improvements - or about one-third of the total highway project list would have to be eliminated to raise the local street and road share to 33%. In considering how to approach cuts of that magnitude, an attempt was made to preserve improvements to the highest volume routes experiencing the most severe congestion problems. Under such a scenario, improvements could be retained for the most heavily congested corridors, including the I-15 corridor, the I-805 corridor, and the I-5 corridor with the exception of any improvements south of SR 54. **All** other improvements would have to be eliminated.
- Option D-2: Shifting Transit Improvements to Local Programs – To increase local programs to 33% by reducing funding for the transit projects on the Congestion Relief project list, a total of \$2 billion in capital project costs would have to be eliminated – or about 75% of the entire transit project list. Alternatively, funding could be taken from the operating component of the Congestion Relief program in order to build a greater share of the proposed transit projects; however, balance would need to be maintained so that sufficient funds would be available to operate the reduced list of transit projects to be constructed. As an example, to revise the transit project list as shown in Attachment 2 to free up \$1 billion in *TransNet* funds, a scenario was developed that focused on preserving and enhancing the investment that has been made in the regional rail network in order to maintain and increase the high ridership levels on such services. Under such a scenario, the proposed capital improvements to the Coaster commuter rail line and the Blue, Orange, and Mid-Coast lines of the Trolley could be retained, along with one BRT route such as the proposed Super Loop serving the U.C. San Diego/University Towne Center area or the BRT route serving SDSU and Downtown San Diego along the El Cajon Blvd./Park Blvd. Corridor. **All** other proposed BRT improvements and improvements to the Sprinter line would have to be eliminated.

E) Supervisor Jacob's Alternative – At the February 27, 2004 Board meeting, Supervisor Jacob offered several suggestions, including an additional option relating to the distribution of funds. This option is based on Option B, which adds the \$500 million from the Proposition 42 Revenue Protection Fund to the local street and road formula program. Rather than increasing the local street and road formula share to 33% as in Option D, this option would shift approximately \$480 million from the transit projects in the Congestion Relief Program category to local streets and roads to equalize the allocation for transit and local programs at about 28.3% each. This alternative would result in cuts to a lesser degree than under Option D-2. A reduction of nearly \$1 billion in transit capital cuts, or over 37% of the total transit projects would still have to be eliminated to achieve the shift of funding to local streets and roads under this option. As discussed above, alternative combinations of transit capital and operating cuts could be considered.

3. **Revisions to Local Program Structure — Formula versus Competitive Grants** – Based on comments received from the local agencies, the draft Ordinance presented to the Board at the February 27, 2004 meeting had been revised to allocate the Regional Arterial/Grade Separation Program funding (4% of total funding) on a formula basis rather than as a competitive grant program as initially proposed. Similarly, one-half of the funding from the Livable Communities Program (2%) would be allocated to each jurisdiction using the local street and road formula rather than allocating these funds through a competitive grant process. The remaining share of the Livable Communities Program (2%) would continue as a regional competitive program as proposed in the Draft Plan. It is important to note that the draft Ordinance requires that the same relative funding share be expended for these purposes as provided in the Draft Plan.

Regardless of the distribution approach, the funds for these programs would have to be spent in a manner consistent with regional eligibility criteria to be established for these purposes.

Since the Livable Communities Program funds are further subdivided with 50% allocated for the Bicycle, Pedestrian, and Neighborhood Safety Program and 50% for the Smart Growth Incentive Program, these two programs also would be allocated half by formula and half by competitive grants the way the draft Ordinance was structured. This structure has raised concerns that such an approach could result in an inefficient use of these funds and that the distribution of these funds would result in allocations to local agencies that would be too small to be useable. This is one of the basic tradeoffs between a formula driven approach and a competitive grant approach. The formula approach provides greater certainty regarding funding availability for local agencies, while the competitive grant process provides more of an incentive for the highest quality projects to receive funding. The development of specific criteria for these programs would help to ensure that high quality projects are implemented throughout the region through the use of these funds. The draft Ordinance contains provisions that would allow local agencies to exchange these funds among the local program categories with other agencies to provide additional flexibility.

One option to this approach would be to allocate all of one program by formula and the other by discretionary grants. This would have no change on the total dollar amount being allocated by formula, but may make the programs easier to administer. The current *TransNet* program has been allocating the \$1 million per year for bicycle projects on a competitive grant basis. Allocating the 2% Bicycle, Pedestrian and Neighborhood Safety Program funds (estimated at about \$5 million per year) on a competitive grant basis would maintain the tradition that has been established. Another option would be to go back to the concept in the Draft Plan and make the entire Livable Communities Program funding and/or the Regional Arterial/Grade Separation Program funding competitive rather than formula based. The Working Group's recommendations on this topic are summarized above.

4. **Transit Programs** – There have been comments to both increase and decrease the funding provided to transit. Those commenting that the funding level for transit should be increased have been interested in expanding the basic bus and rail system, particularly in the area of increased local community shuttle/circulator services, and in providing additional services for seniors and persons with disabilities. Those commenting that the transit funding levels should be decreased were primarily interested in seeing the funding shifted to other purposes like highways and local streets and roads. As discussed above, transit costs in the Congestion Relief category have been reduced to provide the funding needed to establish a Proposition 42 Revenue Protection Fund for local streets and roads. A similar Proposition 42 Guarantee mechanism has been included in the draft Ordinance for transit operating funding. If the estimated increase in transit operating funding from Proposition 42 to be used for improving the base bus and trolley system does not materialize, then funds would be shifted from the Congestion Relief project category to increase the funding for ongoing transit operations from 13% up to 16%. This backfill mechanism would not be included under the Option B described above where the funding from the Proposition 42 Revenue Protection Fund would be allocated through the local street and road formula. The distribution of the transit program funding has been further refined in the draft Ordinance based on the recommendations of the Senior Access Task Force.

The Board has received a letter from the Center on Policy Initiatives (distributed to the Board at the February 27, 2004 meeting) recommending additional language be incorporated in the Ordinance stipulating that any transportation service provider pay at least living wages and benefits to operations and maintenance personnel. Further, in their letter, they define the living rate to be the median wage and benefit paid by the largest public transportation agency. The staff comment on this request is that this matter is best left to the respective transit operators through their collective bargaining processes.

5. **Transportation Environmental Mitigation Program** – Several meetings with resource agencies and other interested groups and organizations have been held regarding this issue. The discussions have focused on the funding level for the environmental mitigation program and several issues related to the implementation of the mitigation program. Based on these discussions, a recommended funding level of \$550 million has been included in the draft Ordinance and a set of Principles have been developed related to the administration of the program, as shown in Attachment 3. These Principles are referenced in the draft Ordinance. Included as Attachment 4 is the description of the environmental enhancements proposed for SR 67, SR 76, and the eastern segment of SR 94.
6. **Private Developer Funding/Impact Fees** – The Working Group reviewed and discussed a proposed Regional Transportation Congestion Improvement Program (RTCIP). The basic concept is to add a requirement as part of the Ordinance for each jurisdiction to establish a regional transportation impact fee program or other means by which it can contribute \$2,000 for each new residential housing unit to the RTCIP. This contribution would be required in order for each jurisdiction to remain eligible for receipt of *TransNet* funds. If a jurisdiction can demonstrate that fees or exactions are already being collected for regional facilities, then a credit would be allowed. A provision has been added to the draft Ordinance (Section 9) outlining this new RTCIP program and a more detailed description of the program is included as Attachment 5, which is referenced in the Ordinance as well.
7. **Oversight Committee** – A provision related to the new Independent Taxpayer Oversight Committee has been included in the draft Ordinance. The Ordinance refers to a more detailed Statement of Understanding regarding the Oversight Committee, which is included as Attachment 6.
8. **Priority for Remaining Projects from the Current *TransNet* Program** – In response to concerns raised about the timing of implementation of key projects, particularly those projects which may remain uncompleted from the current *TransNet* program (SR 52, SR 76, and the Mid-Coast Light Rail Transit project), language has been added to give priority to those projects and to specifically refer to these projects. To guarantee that those projects would be able to be implemented as soon as possible, the provision states that sufficient bonding capacity shall be reserved for these projects until they are ready to go.
9. **Ordinance Amendment Procedures** – the draft Ordinance (Section 16) allows for the Ordinance to be amended by a two-thirds vote of the Board. Several concerns have been raised regarding various provisions that should not be subject to change. The draft Ordinance language was written to provide a measure of flexibility in recognition of the possibility that circumstances and regional priorities could change between now and 2038. Some of the specific areas that have been discussed for exclusion from these amendment procedures are:
 - **Independent Taxpayer Oversight Committee (ITOC)** – Concerns have been raised that the ITOC requirement should not be amendable. By adding the phrase “With the exception of Section 11,” at the beginning of Section 16, the ITOC requirement could be further safeguarded by requiring a majority vote of the electorate to delete the requirement. Since the details on the ITOC are contained in the separate “Statement of Understanding,” there is some flexibility provided to make changes over time to some of the administrative details of the ITOC if needed.
 - **Projects on the Congestion Relief Project List** – Concerns have been raised about locking the specific projects identified in the Expenditure Plan. One option that has been discussed to provide additional safeguards in this area is to allow for a two-thirds vote of the Commission, but to add language to the effect that, in order to delete one of the specified Congestion Relief projects, the concurrence of each local jurisdiction directly affected by the project must be obtained.

- **Distribution of Funds in the Expenditure Plan** – Comments also have been received regarding locking in the percentage distribution of funds specified in Section 4. This could be addressed by excluding that section from the amendment provisions similar to the language suggested for the ITOC.

The recommendations from the Working Group above include additional provisions to be exempted from the amendment procedures. The result of such changes to the amendment provisions would be a significant reduction in the Commission's ability to address changes in the region's needs and priorities in the future, but would provide a greater degree of assurance that the projects included in the Expenditure Plan would not be changed. If too many of the Ordinance provisions are "locked in", the concept of the 10-year review process could be called into question. Actual experience on the current *TransNet* program has shown a minimal amount of changes to the Ordinance over the last 16 years.

Based on the Board's direction, changes will be made to the Draft Ordinance and Expenditure Plan and the related attachments prior to distribution of the material.

GARY L. GALLEGOS
Executive Director

Attachments

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Funds are budgeted in Work Element #11102

ATTACHMENT 1

DRAFT *TransNet Extension* ORDINANCE AND EXPENDITURE PLAN

[3/5/04 Draft presented to the Ad Hoc Working Group on *TransNet* – Working Group recommendations shown in line in – ~~line out~~ format with other substantive changes from the 2/27/04 Board Item shown in bold.]

The San Diego County Regional Transportation Commission ordains as follows:

SECTION 1. TITLE: This ordinance shall be known and may be cited as the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (Commission Ordinance 04-1), hereinafter referred to as the Ordinance. This Ordinance provides for an extension of the retail transactions and use tax implemented by the initial San Diego Transportation Improvement Program Ordinance (Commission Ordinance 87-1 – Proposition A, 1987) for a thirty year period commencing on April 1, 2008. The Expenditure Plan for this extension is set forth in Sections 2 and 4 herein and is an expansion of the Expenditure Plan contained in Commission Ordinance 87-1.

SECTION 2. EXPENDITURE PLAN SUMMARY: This Ordinance provides for the implementation of the San Diego Transportation Improvement Program, which will result in countywide transportation facility and service improvements for highways, rail transit services, new bus rapid transit services, local bus services, senior and disabled transportation services, local streets and roads, bicycle and pedestrian facilities, ~~community infrastructure to support smart growth development~~, and related environmental mitigation and enhancement projects. These needed improvements shall be funded by the continuation of the one-half of one percent transactions and use tax for a period of thirty years. The revenues shall be deposited in a special fund and used solely for the identified improvements. The specific projects and programs to be funded shall be further described in the document titled “*TransNet Extension Expenditure Plan Analysis*”, which is hereby incorporated by reference as if fully set forth herein. Any ancillary proceeds resulting from the implementation of the San Diego Transportation Improvement Program shall be used for transportation improvement projects in the San Diego region. A summary of the major projects and programs, including the major highway and transit improvements depicted on Figure 1, [**Note: Figure 1 will be a black and white version of the major capital improvements regionwide**] is provided in the following sections. All dollar references in this Ordinance are in 2002 dollars.

A. Congestion Relief Projects:

1. Highway and transit capital projects: Of the total funds available, an estimated \$4,300 million will be used to match an estimated \$4,485 million in federal, state, local and other revenues to complete the projects listed below (see Figure 1). The costs shown include the total estimated implementation costs of each project net of habitat-related environmental mitigation costs for those transportation projects, which are funded under Section 2(D). Three of the highway projects listed below (SR 67, SR 76, and a portion of SR 94) are described as including environmental enhancements, as further described in the document titled “*Environmental Enhancement Criteria for Mitigating Highway 67, 76 and 94 Expansion Impacts*”, which is hereby incorporated by reference as if fully set forth herein.
 - a. Highway Capital Improvements (including managed lane/high-occupancy vehicle (HOV) lane additions and general purpose lane additions) - \$6,150 million:

1. Interstate 5 South: Add two HOV lanes from I-8 to SR 905 - \$722 million.
2. Interstate 5 North: Add four managed lanes from I-805 to SR 78, including HOV to HOV connectors at the I-5/I-805 interchange and freeway connectors at the I-5/SR 56 and I-5/SR 78 interchanges - \$1,144 million.
3. Interstate 8: Add two general purpose lanes from Second Street to Los Coches Road - \$29 million.
4. Interstate 15: Add four managed lanes from SR 78 to Centre City Parkway in Escondido and from SR 56 to SR 163 and add two HOV lanes from SR 163 to SR 94, including HOV to HOV connectors at the I-15/SR 78 and I-15/SR 94 interchanges - \$882 million.
5. Interstate 805: Add four managed lanes from I-5 to SR 54 and two reversible HOV lanes from SR 54 to SR 905, including HOV to HOV connectors at the I-805/SR 52 interchange and improvements at the I-805/SR 54 interchange - \$1,371 million.
6. SR 52: Construct four-lane freeway from SR 125 to SR 67, add two general purpose lanes and two reversible managed lanes from I-15 to SR 125, and add two HOV lanes from I-805 to I-15 - \$476 million.
7. SR 67: Expand to a continuous four-lane facility, including environmental enhancements, from Mapleview Street to Dye Road - \$218 million.
8. SR 75/SR 282: Provide matching funds for construction purposes only for a tunnel from Glorietta Boulevard to Alameda Boulevard - \$25 million.
9. SR 76: Add two general purposes lanes from Melrose Drive to I-15, including environmental enhancements from Mission Road to I-15 - \$164 million.
10. SR 78: Add two HOV lanes in high priority segments from I-5 to I-15 - \$405 million.
11. SR 94/SR 125: Add two HOV lanes from I-5 to I-8, including freeway connectors at the SR94/SR 125 interchange - \$601 million.
12. SR 94: Widen to six lanes from SR 125 to Avocado Boulevard and expand to a continuous four-lane facility from Avocado Boulevard to Steele Canyon Road, including environmental enhancements from Jamacha Road to Steele Canyon Road - \$88 million.
13. Border Access Improvements: Provide matching construction funds for access improvements in the international border area - \$25 million.

b. Bus Rapid Transit (BRT) and Rail Transit Capital Improvements - \$2,635 million:

1. BRT service from Escondido to Downtown San Diego using the I-15/SR 94 managed/HOV facilities, including new and improved stations and direct access ramps - \$359 million.
2. BRT service from Escondido to Sorrento Mesa using the managed lane facility on I-15 - \$60 million.
3. BRT service from Otay Mesa to Downtown San Diego using I-805/SR 94 managed/HOV lane facilities, including new stations and direct access ramps - \$487 million.
4. BRT service from San Ysidro to Sorrento Mesa using the managed/HOV lane facilities on I-805/I-15/SR52 including station improvements - \$60 million.
5. Blue Line Light Rail Transit improvements including station enhancements, signal upgrades, conversion to low-floor vehicles and grade separations in Chula Vista - \$268 million.
6. Mid-Coast Transit Guideway Improvement Project using light rail technology to provide high-level transit service along the I-5 corridor from the Old Town area to the U.C. San Diego/University Towne Center area, would rely on federal funding. Absent this federal funding, then bus technology may be considered for the high level service planned for this corridor - \$660 million.
7. Super Loop providing high quality connections to locations in the greater U. C. San Diego/University Towne Center area, including arterial improvements with bus priority treatments, stations and vehicles - \$20 million.
8. North I-5 Corridor Coaster/BRT service providing high quality north-south transit service improvements by upgrading the Coaster commuter rail tracks and stations, providing BRT service in the El Camino Real corridor, or a combination of the two - \$376 million.
9. Orange Line Light Rail Transit Improvements including station enhancements, signal upgrades and conversion to low-floor vehicles - \$69 million.
10. SR 78 Corridor Sprinter/BRT service providing high-quality east-west transit service improvements by upgrading and extending the Sprinter rail line, providing BRT service along the Palomar Airport Road corridor, or a combination of the two - \$197 million.
11. BRT service from San Diego State University to Downtown San Diego along the El Cajon Boulevard/Park Boulevard corridor with arterial improvements with bus priority treatments, stations and vehicles - \$79 million.

2. Operating Support for the BRT and Rail Transit Capital Improvements: Of the total funds available, an estimated \$720 million will be used to operate the services described under Section 2(A)(1)(b).
3. Financing Costs: An estimated \$380 million will be used to offset the estimated financing costs related to bonds issued to accelerate the implementation of the major Congestion Relief projects identified in Section 2(A)(1).
4. Proposition 42 Revenue Protection Fund: An estimated \$500 million will be used, as needed, to offset reductions in revenue expected to come from Proposition 42 (Transportation Congestion Improvement Act approved on March 5, 2002) beginning in Fiscal Year 2009 for local street and road and transit purposes as provided in Sections 4(C)(6) and 4(D) ~~(4)~~ (3). **If not needed for these purposes, the balance remaining in this fund shall be allocated for local street and road purposes under Section 4(D)(1).**

B. Transit Programs:

An estimated \$1,235 million will be used to provide ongoing support for the reduced-price monthly transit programs for seniors, persons with disabilities, and students and for other rail, express bus, local bus, community shuttles, and dial-a-ride services, including specialized services for seniors and persons with disabilities, and related capital improvements.

C. Local Programs:

An estimated total of \$1,710 million will be allocated to local programs in the following three categories:

1. Local Street and Road Program. An estimated ~~\$950~~ \$1,520 million will be allocated on a fair and equitable basis, using the formula specified in Section 4(D)(1), to each city and the County of San Diego (hereinafter referred to as local agencies) to supplement other revenues available for local street and road improvements. Revenues used for local street and road improvements are limited to direct expenditures for maintenance, rehabilitation and reconstruction of roadways, traffic operations improvements, and construction of new or expanded facilities. Local agencies are encouraged to give high priority in the use of these funds to improvements to regional arterials and related facilities contributing to congestion relief. These funds also may be used for transit-related purposes including capital improvements needed to accommodate transit services and operating support for local shuttle and circulator routes and other services.
- ~~2. Regional Arterials and Grade Separations. An estimated \$380 million will be allocated to local agencies **on a population basis** for the implementation of improvements to the Regional Arterial System as identified in the Regional Transportation Plan to provide for congestion relief, improved safety, traffic signal coordination, integration of BRT and other transit services, and related benefits. This funding may also be made available for high priority rail grade crossing projects in addition to those included in the specific rail transit Congestion Relief Projects identified in Section 2(A)(1)(b). It is intended that these funds be used to match federal, state, local, and private funding to~~

~~maximize the number of improvements to be implemented. **The Commission shall establish specific project eligibility criteria for this program. To ensure compliance with the criteria for the program, local agencies shall submit proposed projects to be funded under this program to the Commission for approval consistent with the project programming provisions in Section 6.**~~

~~3. 2. Livable Communities Incentive Programs. Bicycle, Pedestrian and Neighborhood Safety Program. An estimated \$~~380~~ \$190 million will be allocated in equal parts to two categories of transportation-related improvements. To the Bicycle, Pedestrian and Neighborhood Safety Program will to provide funding for bikeway facilities and connectivity improvements, pedestrian and walkable community projects, bicycle and pedestrian safety projects and programs, and traffic calming projects. ~~The Smart Growth Incentive Program will provide funding for a broad array of transportation-related infrastructure improvements that will assist local agencies in better integrating transportation and land use, such as enhancements to streets and public places, funding of infrastructure needed to support development in smart growth opportunity areas consistent with the Regional Comprehensive Plan, and community planning efforts related to smart growth and improved land use/transportation coordination. Of the total funding provided for these purposes, fifty percent shall be allocated to local agencies **on a population basis** and fifty percent These funds shall be allocated on a regional competitive grant basis. It is intended that these funds be used to match federal, state, local, and private funding to maximize the number of improvements to be implemented. **The Commission shall establish specific project eligibility criteria for this program. To ensure compliance with the criteria for the program, local agencies shall submit proposed projects to be funded under this program to the Commission for approval consistent with the project programming provisions in Section 6.**~~~~

D. Transportation Project Environmental Mitigation:

An estimated \$550 million will be used to fund habitat-related environmental mitigation activities required in the implementation of the major highway, transit and regional arterial improvements identified in the Regional Transportation Plan. Of this total, up to \$25 million also may be used to fund mitigation requirements for local transportation projects. The intent is to establish a program to provide for large-scale acquisition and management of critical habitat areas and to create a reliable approach for funding required mitigation for future transportation improvements thereby reducing future costs and accelerating project delivery. This approach would be implemented by obtaining coverage for transportation projects through existing and proposed multiple species conservation plans. If this approach cannot be fully implemented, then these funds shall be used for environmental mitigation purposes on a project by project basis. Additional detail regarding this program is described in the document titled "*TransNet Extension Environmental Mitigation Program Principles*", which is hereby incorporated by reference as if fully set forth herein.

E. Administration and Independent Taxpayer Oversight Committee:

Up to one percent per year of the total annual revenues available will be used for administrative expenses and up to \$250,000 per year will be used for the operation of an Independent Taxpayer Oversight Committee.

SECTION 3. IMPOSITION OF TRANSACTIONS AND USE TAX: In addition to any other taxes authorized by law, there is hereby imposed in the incorporated and unincorporated territory of the County of San Diego, in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Division 12.7 of the Public Utilities Code commencing with Code Section 132000, an extension of the existing transactions and use tax at the rate of one-half of one percent (1/2%) commencing April 1, 2008 for a period of thirty years in addition to any existing or future authorized state or local transactions and use tax. If, during this time period, additional state or federal funds become available which would fund the projects and services contained in the Regional Transportation Plan, then the tax may be reduced by action of the Commission.

SECTION 4. EXPENDITURE PLAN PURPOSES: The revenues received by the Commission from the existing measure as extended by this measure, after deduction of required Board of Equalization costs for performing the functions specified in Section 132304(b) of the Public Utilities Code, shall be used to improve transportation facilities and services countywide as set forth in the expanded Expenditure Plan and in a manner consistent with the long-range Regional Transportation Plan and the short-range, multi-year Regional Transportation Improvement Program, and for the administration of the San Diego County Regional Transportation Commission Act (hereinafter referred to as the "Act") commencing with Public Utilities Code Section 132000. **Commencing July 1, 2008**, the annual revenues shall be allocated as follows:

- A. Fifty-four and one-half percent for the major highway and transit Congestion Relief projects specified in Section 2(A)(1), including four percent for related financing costs specified in Section 2(A)(3) and five and two-tenths percent for the Proposition 42 Revenue Protection Fund specified in Section 2(A)(4).
- B. Seven and six-tenths percent for operation of the specific transit Congestion Relief projects as described in Section 2(A)(2). This funding is for the operation of new or expanded services only and is not available for the operation of services in existence prior to the effective date of this Ordinance.
- C. Thirteen percent for the transit programs described in Section 2(B). The revenues made available annually for transit purposes shall be allocated and expended pursuant to the following distribution formula and priorities:
 - 1. Three percent of the funds made available under Section 4(C) shall be used to support improved transportation services for seniors and disabled persons. These funds shall be used to support specialized paratransit services required by the federal Americans with Disabilities Act (ADA).
 - 2. Four percent of the funds made available under Section 4(C) shall be used to support a competitive grant program for nonprofit organizations and local agencies. The funds shall be used to provide specialized transportation services for seniors focusing on innovative and cost-effective approaches to providing improved senior transportation, including, but not limited to, shared group services, special shuttle services using volunteer forces, and brokerage of multi-jurisdictional transportation services.
 - 3. From the remaining revenues, there shall be expended such sums as necessary to guarantee in the North San Diego County Transit Development Board and

Metropolitan Transit Development Board areas of jurisdiction for the duration of the measure (1) a monthly regional transit pass for senior (60 years or older) and disabled riders priced at not more than 25 percent of the cost of the regular regional monthly transit pass, and (2) a monthly regional youth transit pass for students (18 years or under) priced at not more than 50 percent of the cost of the regular regional monthly transit pass.

4. Remaining revenues shall be allocated for transit service improvements, including operations and supporting capital improvements. The revenues shall be allocated through the annual transit operator budget process and the improvements to be funded shall be consistent with the Short Range Transit Plan.
 5. To maintain eligibility for the receipt of funds under Section 4(C), a transit operator must limit the increase in its total operating cost per revenue vehicle hour for bus services **or the increase in its total operating cost per revenue vehicle mile for rail services** from one fiscal year to the next to no more than the increase in the Consumer Price Index for San Diego County over the same period. If the requirement is not achieved, the operator may not receive any additional funding under Section 4(C) in the following year above the amount received in the previous fiscal year **adjusted for any increase in the Consumer Price Index for San Diego County**. If there were unusual circumstances in a given fiscal year, the operator may request the approval of the Commission to calculate the requirement as an average over the previous three fiscal years. The operator may also request the approval of the Commission to exclude from the calculation certain cost increases that were due to external events entirely beyond the operator's control, including, but not limited to, increases in the costs for fuel, insurance premiums, or new state or federal mandates.
 6. The funding level established for this program is based on the assumption that additional funding for transit operations will be available from Proposition 42 (Transportation Congestion Improvement Act approved on March 5, 2002) beginning in Fiscal Year 2009 that, when combined with revenues under Section 4(C), would provide for improvements to the base level of bus and rail services in the region. If the anticipated revenues are not available in a given fiscal year from Proposition 42, or other new revenue sources established after the operative date of this Ordinance, then the funding provided under Section 4(C) shall be increased from thirteen up to sixteen percent. These additional funds shall be deducted from the funds provided under Section 4(A) for the Proposition 42 Revenue Protection Fund described in Section 2(A)(4).
- D. Eighteen percent for the Local Programs described in Section 2(C) in the following three categories:
1. ~~Ten~~ Sixteen percent for the local street and road program described in Section 2(C)(1). The revenues available for the local street and road program shall be allocated and expended pursuant to the following distribution formula:
 - a. Each local agency shall receive an annual base sum of \$50,000.

- b. The remaining revenues after the base sum distribution shall be distributed to the each local agency on the following basis:
 - 1. Two-thirds based on total population using the most recent Department of Finance population estimates.
 - 2. One-third based on maintained street and road mileage.
 - c. For the purposes of Section 4D(1)(a) and (b), any new incorporations or annexations which take place after July 1 of any fiscal year shall be incorporated into the formula beginning with the subsequent fiscal year. The San Diego Association of Governments population estimates of such new incorporations or annexations shall be used until such time as Department of Finance population estimates are available.
- ~~2. Four percent for the regional arterial and grade separation program as described in Section 2(C)(2). The funds shall be allocated to local agencies on a population basis. Jurisdictions may enter into cooperative agreements as provided under Section 7 to exchange funds under this section for funds provided under Sections 4(D)(1) or 4(D)(3) provided that the total amount of funding allocated under this section is spent for the specified purposes over the duration of the measure and over each ten year period.~~
- ~~3.2. Four Two percent for the livable communities incentive programs Bicycle, Pedestrian, and Neighborhood Safety Program as described in Section 2(C)(3)(2) with fifty percent allocated for the Bicycle, Pedestrian, and Neighborhood Safety Program and fifty percent for the Smart Growth Incentive Program. Of ~~±~~ The funds allocated for each of these this programs, fifty percent shall be allocated to local agencies on a population basis and fifty percent shall be allocated on a regional competitive grant basis. Jurisdictions may enter into cooperative agreements as provided under Section 7 to exchange funds under this section for funds provided under Sections 4(D)(1) or 4(D)(2) provided that the total amount of funding allocated under this section is spent for the specified purposes over the duration of the measure and over each ten year period.~~
- ~~4.3. The funding level established for this program was based on the assumption that additional funding for local street and road purposes would be available from Proposition 42 (Transportation Congestion Improvement Act approved on March 5, 2002) that, when combined with revenues under Section 4(D), would provide for an increase in overall funding for street and road purposes for the local agencies in the region. If the anticipated revenues are not available in a given fiscal year from Proposition 42, or other new revenue sources established after the operative date of this Ordinance, then the total funding provided under Section 4(D) shall be increased up to thirty-three percent. These additional funds shall be deducted from the funds provided under Section 4(A) from the Proposition 42 Revenue Protection Fund described in Section 2(A)(4) and shall augment the funds to be distributed under Section 4(D)(1).~~
- E. Five and eight-tenths percent for the Transportation Project Environmental Mitigation program described in Section 2(D).

- F. Up to 1% for administration of the program as described in Section 2(E) and Section 12.
- G. Up to \$250,000 per year, with adjustments for inflation based on the Consumer Price Index for San Diego County, for activities related to the Independent Taxpayer Oversight Committee as described in Section 2(E) and Section 11.
- H. General Provisions:
 - 1. In implementing the projects funded under Section 4(A), priority shall be given to projects included in the Expenditure Plan for Proposition A as passed by the voters in 1987 that remain uncompleted, **such as the eastern ends of the SR 52 and SR 76 highway improvement projects and the Mid-Coast light rail transit project**. The Commission shall ensure that sufficient funding or bonding capacity remain available to implement such projects as expeditiously as possible once the environmental clearance for these projects is obtained and needed state and federal matching funds are committed.
 - 2. Once any state highway facility or usable portion thereof is constructed to at least minimum acceptable state standards, the state shall be responsible for the maintenance and operation thereof.
 - 3. All new projects, or major reconstruction projects, funded by revenues provided under this Ordinance shall accommodate travel by pedestrians and bicyclists, except where pedestrians and bicyclists are prohibited by law from using a given facility or where the costs of including bikeways and walkways would be excessively disproportionate to the need or probable use. Such facilities for pedestrian and bicycle use shall be designed to the best currently available standards and guidelines.
 - 4. All state highway improvements to be funded with revenues as provided in this measure, including project development and overall project management, shall be a joint responsibility of Caltrans and the Commission. All major project approval actions including the project concept, the project location, and any subsequent change in project scope shall be jointly agreed upon by Caltrans and the Commission and, where appropriate, by the Federal Highway Administration and/or the California Transportation Commission.

SECTION 5. EXPENDITURE PLAN PROCEDURES:

- A. Each local agency shall annually develop a five-year list of projects to be funded with revenues made available for local street and road improvements under Section 4(D). A local public hearing on the proposed list of projects shall be held by each local agency prior to submitting the project list to the Commission for approval pursuant to Section 6.
- B. All projects to be funded with revenues made available under Section 4 must be consistent with the Regional Transportation Plan (RTP). Project priorities or phasing shall also be consistent with the RTP. The Expenditure Plan shall be reviewed for consistency with RTP following each major update of the RTP as required by state or federal law. The Expenditure Plan shall be amended as necessary to maintain consistency with the Regional Transportation Plan. If funds become available in excess of the amount allocated in the Expenditure Plan,

additional projects shall be added to the Expenditure Plan consistent with the priorities in the Regional Transportation Plan. Any amendments to the Expenditure Plan shall be made in accordance with the procedures for amending this ordinance as provided for in Section 16.

- C. In the allocation of all revenues made available under Section 4, the Commission shall make every effort to maximize state and federal transportation funding to the region. The Commission may amend the Expenditure Plan, in accordance with Section 16, as needed to maximize the transportation funding to the San Diego region.

SECTION 6. PROJECT PROGRAMMING APPROVAL: The Commission shall annually approve a five-year project list and a biennial program of projects to be funded during the succeeding two fiscal years with the revenues made available under Section 4 herein. The program of projects will be prepared as a part of the Regional Transportation Improvement Program (RTIP) process as required by state and federal law. A public hearing will be held prior to approval of the program of projects. The Commission may amend the program of projects as necessary in accordance with the RTIP amendment procedures. Projects shall not be funded with the revenues made available under Section 4 unless the projects are in the approved program of projects.

SECTION 7. COOPERATIVE FUND AGREEMENTS: Except as provided for herein, the distribution of funds as set forth in Section 4 shall be met over the duration of the measure. To maximize the effective use of funds, revenues may be transferred or exchanged under the following circumstances:

- A. The Commission, or agencies receiving funds by annual or multi-year agreement, may exchange or loan funds provided that the percentage of funds allocated for each purpose as provided in Section 4 is maintained over the duration of the measure and reviewed as part each 10-year comprehensive program review as described in Section 17. All proposed exchanges, including agreements between agencies to exchange or loan funds, must include detailed fund repayment provisions, including appropriate interest earnings such that the Commission suffers no loss of funds as a result of the exchange or loan. All exchanges must be approved by the Commission and shall be consistent with any and all rules approved by the Commission relating thereto.
- B. The Commission may exchange revenues for federal, state, or other local funds allocated or granted to any public agency within or outside the area of jurisdiction of the Commission to maximize effectiveness in the use of revenues. Such federal, state, or local funds shall be distributed in the same manner as the revenues from the measure.

SECTION 8. MAINTENANCE OF EFFORT: It is the intent of the Legislature, as stated in the Act, and the Commission that revenues provided from this measure be used to augment, not supplant existing local revenues being used for the purposes set forth in Section 4 herein. 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 the operative date of this Ordinance (Fiscal Years 2000-01, 2001-02, 2002-03), as was reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads and as verified by an independent auditor. The maintenance of effort level as determined through this process shall be subject to adjustment every three years based on the Construction Cost Index developed by Caltrans. The Commission shall not allocate any revenues pursuant to Section 4(D) to any eligible local agency in any fiscal year until that local agency has certified to the

Commission that it will include in its budget for that fiscal year an amount of local discretionary funding for streets and roads purposes at least equal to the minimum maintenance of effort requirement. An annual independent audit shall be conducted to verify that the maintenance of effort requirement for each agency was met. Any local agency which does not meet its maintenance of effort requirement in any given year shall have its funding under Section 4(D)(1) reduced in the following year by the amount by which the agency did not meet its required maintenance of effort level. Any local street and road revenues not allocated pursuant to the maintenance of effort requirement shall be redistributed to the remaining eligible agencies according to the formula described in Section 4(D)(1). The maintenance of effort requirement also shall apply to any local agency discretionary funds being used for the other purposes specified under Section 4.

SECTION 9. REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM (RTCIP): Starting on July 1, 2008, each jurisdiction in the San Diego region shall contribute \$2,000 in non-public funds, for each new residential housing unit in that jurisdiction to the RTCIP to fund the Regionally Significant Arterials and related regional transportation facility improvements, as defined in SANDAG's most up-to-date and adopted Regional Transportation Plan. New residential housing units constructed for very-low and low-income households can be exempted from the \$2,000 per unit contribution requirement. No other new residential units shall be exempted. The amount of contribution may be increased annually, in an amount not to exceed the percentage increase set forth in the Engineering Construction Cost Index published by the Engineering News Record or similar cost of construction index. Each jurisdiction shall establish an impact fee program or other non-public revenue Funding Program by which it collects and funds its contribution to the RTCIP. The RTCIP revenue will be used to construct regional transportation improvements 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 improvements. The RTCIP is intended to be organized under the auspices of SANDAG and implemented by each jurisdiction, with the objective of developing a single consolidated mitigation program for the San Diego region as a funding source for the Regionally Significant Arterial transportation system. This action is predicated on the desire to establish a uniform mitigation program that will mitigate the regional transportation impacts of new development on the Regionally Significant Arterial transportation system. While the RTCIP cannot and should not fund all necessary regionally significant transportation network components and improvements, the RTCIP will establish a new non-public revenue source that ensures future development will contribute its pro rata share towards addressing the impacts of new growth on regional transportation infrastructure. Each jurisdiction is responsible for establishing a procedure for providing its monetary contribution to the RTCIP. The RTCIP and each jurisdiction's Funding Program shall be subject to an annual review and audit to be carried out by SANDAG and the Independent Taxpayers Oversight Committee, as defined in Section 11 of the TransNet Ordinance. Any jurisdiction opting not to provide its monetary contribution to the RTCIP in a given year will not be eligible to receive funding for local streets and roads under section 4(D)(1) of the TransNet Ordinance for that year. Any funding not allocated under 4(D)(1) as a result of this requirement shall be reallocated to the remaining jurisdictions that are participating in the RTCIP. Provisions for implementation of the RTCIP are described in the document titled "TransNet Extension Regional Transportation Congestion Improvement Program," which is hereby incorporated by reference as if fully set forth herein. In addition, revenues provided from

this Ordinance shall not be used to replace other private developer funding that has been or will be committed for any project.

SECTION 10. BONDING AUTHORITY: Upon voter approval of the ballot proposition to approve the extension of the tax and the issuance of bonds payable from the proceeds of the tax, bonds may be issued by the Commission pursuant to Division 12.7 of the Public Utilities Code, at any time, and from time to time, payable from the proceeds of the existing tax and its extension and secured by a pledge of revenues from the proceeds of the tax, in order to finance and refinance improvements authorized by Ordinance 87-1 and this Ordinance. The Commission, in allocating the annual revenues from the measure, shall meet all debt service requirements prior to allocating funds for other projects.

SECTION 11. INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE: An Independent Taxpayer Oversight Committee (ITOC) shall be established to provide an enhanced level of accountability for expenditure made under the Expenditure Plan. The ITOC will help to ensure that all voter mandates are carried out as required and will develop recommendations for improvements to the financial integrity and performance of the program. The roles and responsibilities of the ITOC, the selection process for ITOC members, and related administrative procedures shall be carried out in substantially the same manner as further described in the document titled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program" which is hereby incorporated by reference as if fully set forth herein.

SECTION 12. ADMINISTRATIVE EXPENSES: Revenues may be expended by the Commission for staff salaries, wages, benefits, and overhead and those services including contractual services necessary to administer the Act; however, in no case shall such expenditures exceed one percent of the annual revenues provided by the measure. Any funds not utilized in a given fiscal year shall remain available for expenditure in subsequent fiscal years. Costs of performing or contracting for project related work shall be paid from the revenues allocated to the appropriate purpose as set forth in Section 4 herein. An annual independent audit shall be conducted through the Independent Taxpayers Oversight Committee to assure that the revenues expended by the Commission under this section are necessary and reasonable in carrying out its responsibilities under the Act.

SECTION 13. ESTABLISHMENT OF SEPARATE ACCOUNTS: Each agency receiving funds pursuant to Section 4 shall have its funds deposited in a separate Transportation Improvement Account. Interest earned on funds allocated pursuant to this Ordinance shall be expended only for those purposes for which the funds were allocated.

SECTION 14. IMPLEMENTING ORDINANCES: Upon approval of this measure by the voters the Commission shall, in addition to the local rules required to be provided pursuant to this ordinance, adopt implementing ordinances, rules, and policies and take such other actions as may be necessary and appropriate to carry out its responsibilities.

SECTION 15. EFFECTIVE AND OPERATIVE DATES: This Ordinance shall be operative on November 3, 2004 if one of the following events occurs: 1) two-thirds of the electors voting on the ballot proposition approving the ordinance vote to approve the ballot proposition on November 2, 2004; or 2) a law is passed on or before November 2, 2004 that lowers the voter approval threshold applicable to this Ordinance and the number of electors voting in favor of this Ordinance meets that threshold. The extension of the tax authorized by Section 3 of this Ordinance shall be effective on April 1, 2008. Bonds payable from the proceeds of the tax may be issued at any time prior to, on

or after April 1, 2008. **Other provisions of this Ordinance, including the provisions of Section 4 relating to the allocation of revenues, shall begin on July 1, 2008.**

SECTION 16. AMENDMENTS: **With the exception of Sections 2(A)(4), 3, 4(H)(1), 8, 9 and 11 which require a vote of the electors of the County of San Diego to amend**, this ordinance may be amended to further its purposes by ordinance, passed by roll call vote entered in the minutes, with two-thirds of the Commission concurring consistent with the Commission's standard voting mechanism. **To delete one of the projects identified in Section 2(A)(1) from the Expenditure Plan, the concurrence of the jurisdiction or jurisdictions [Alternative Language - "of a majority of the jurisdictions in the sub-region"] in which the facility is located must be obtained.** Separate documents incorporated by reference in the Ordinance in Sections 2, 9, and 11 may also be amended with a two-thirds vote of the Commission.

SECTION 17. TEN-YEAR COMPREHENSIVE PROGRAM REVIEW: The Commission shall conduct a comprehensive review of all projects and programs implemented under the Expenditure Plan to evaluate the performance of the overall program over the previous ten years and to make revisions to the Expenditure Plan to improve its performance over the subsequent ten years. Revisions to the Ordinance and Expenditure Plan required as a result of the ten-year review shall be subject to the amendment process in Section 16.

SECTION 18. DESIGNATION OF FACILITIES: Each project or program in excess of \$250,000 funded in whole or in part by revenues from the measure shall be clearly designated during its construction or implementation as being provided by revenues from the measure.

SECTION 19. SEVERABILITY: If any tax or provision of this Ordinance is for any reason held invalid or unenforceable by a court of competent jurisdiction, that holding shall not affect the validity or enforceability of the remaining funds or provisions of this Ordinance, and the Commission declares that it would have passed each part of this Ordinance irrespective of the validity of any other part.

SECTION 20. ANNUAL APPROPRIATIONS LIMIT: Article XIII(B) of the California Constitution requires the establishment of an annual appropriations limit for certain governmental entities. The maximum annual appropriations limit for the Commission shall be established as \$950 million for the 2004-05 fiscal year. The appropriations limit shall be subject to adjustment as provided by law. All expenditures of the transactions and use tax revenues imposed in Section 3 are subject to the appropriations limit of the Commission.

SECTION 21. DEFINITIONS:

- A. *Commission*. Means the San Diego County Regional Transportation Commission created by Chapter 1576 of the Statutes of 1985 (Division 12.7 of the Public Utilities Code, commencing with Section 132000).
- B. *Transit*. Means all purposes necessary and convenient to the construction, operation and maintenance of transit services and facilities including the acquisition of vehicles and right-of-way. Transit services include, but are not limited to, local and express bus, bus rapid transit (BRT), paratransit (dial-a-ride), light rail (trolley) and commuter rail services and facilities.

- C. *Local Streets and Roads.* Means all purposes necessary and convenient for the purposes as described in Section 2(C)(1).
- D. *Highways.* Means all purposes necessary and convenient to the design, right-of-way acquisition, and construction of highway facilities, including all state highway routes and any other facilities so designated in the Expenditure Plan.
- E. *Bicycle and Pedestrian Facilities.* Means all purposes necessary and convenient to the design, right-of-way acquisition, and construction of facilities intended for use by bicycles and pedestrians. Bicycle and pedestrian facilities shall also mean facilities and programs that help to encourage walking and the use of bicycles, such as secure bicycle parking facilities and bicycle and pedestrian promotion and safety education programs.
- F. *Bonds.* Means indebtedness and securities of any kind or class, including but not limited to bonds, notes, bond anticipation notes, and commercial paper.
- G. *Expenditure Plan.* Means the expenditure plan required by Section 132302 of the Public Utilities Code to be included in the transactions and use tax ordinance to be approved by the Commission. The expenditure plan includes the allocation of revenues for each authorized purpose.
- H. *Regional Transportation Improvement Program.* Means the five-year programming document required by Section 65080 of the Government Code to be prepared by the San Diego Association of Governments as the designated Regional Transportation Planning Agency.
- I. *Transit Operator.* Means any transit district, included transit district, municipal operator, included municipal operator, or transit development board as defined in Public Utilities Code Section 99210.

SECTION 22. EFFECT ON COMMISSION ORDINANCE 87-1: This Ordinance is intended to extend and expand the provisions of Commission Ordinance 87-1, and shall not be read to supercede Commission Ordinance 87-1. If this Ordinance is not approved by the voters of San Diego County, the provisions of Commission Ordinance 87-1 and all powers, duties, and actions taken thereunder shall remain in full force and effect.

PASSED AND ADOPTED by the San Diego County Regional Transportation Commission,
the ____ day of _____, 2004 by the following vote:

AYES:

NOES:

ABSENT:

Chairman

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN DIEGO)

I, Gary L. Gallegos, the Secretary of the San Diego County Regional Transportation Commission, do hereby certify that the foregoing is a true copy of an Ordinance adopted by the San Diego County Regional Transportation Commission on _____, 2004 at the time and by the vote stated above, which said Ordinance is on file in the office of the San Diego County Regional Transportation Commission.

DATED: _____, 2004

Secretary

ATTACHMENT 2

TransNet Expenditure Plan Summary

(in millions of 2002 dollars)

| Expenditure Plan Component | Percent of Total | Total <i>TransNet</i> Requirement (30-Year Totals) | Ad Hoc Working Group Recommendations |
|---|------------------|--|--------------------------------------|
| Congestion Relief Projects | 62.1% | \$5,900 | same |
| Highway/Transit Capital Projects (1) | 45.3% | \$4,300 | same |
| Project Specific Transit Operations (2) | 7.6% | \$720 | same |
| Financing Costs | 4.0% | \$380 | same |
| Proposition 42 Revenue Protection Fund (3) | 5.2% | \$500 | same |
| Transit Programs - Ongoing Senior/Disabled Passes and Services & Continuing Bus/Rail Support and Improvements | 13.0% | \$1,235 | same |
| Local Programs | 18.0% | \$1,710 | same |
| Local Street & Road Formula Program | 10.0% | \$950 | 16% - \$1,520 |
| Regional Arterial/Grade Separation Program (4) | 4.0% | \$380 | 0 |
| Livable Communities Incentive Program (4) | 4.0% | \$380 | Bike/Ped. 2%-\$190 |
| Transportation Project Environmental Mitigation | 5.8% | \$550 | same |
| Administration | up to 1% | \$95 | same |
| Oversight Committee | 0.1% | \$7.5 | same |
| TOTAL <i>TransNet</i> Funding Requirement | 100.0% | \$9,497.5 | same |
| TOTAL <i>TransNet</i> Funds Available | 100.0% | \$9,500 | same |

NOTES: **[First two columns reflect draft presented to the Board on 2/27/04 - third column reflects 3/5/04 Working Group Recommendations]**

1. The Congestion Relief project cost estimates have been refined to reduce the *TransNet* requirement for capital projects to \$4,300 million. In addition to relatively minor adjustments, major changes include adding SR 94 from SR 125 to Avocado Blvd., reducing funding for I-5 north of SR 78, reducing funding on SR 78, and cutting BRT routes in the SR 52 and Genesee Ave. corridors.

2. The operating subsidy needs of the BRT and rail projects have been reduced to \$720 million to reflect higher assumed fare revenues levels and the availability of FasTrak revenues from the expanded managed lane network.

3. Proposition 42 Revenue Protection Fund has been created by the funds reduced by the adjustments described in Notes 1 and 2. **The Working Group recommendations would allocate any balance in the Protection Fund to Local Streets and Roads.**

4. The funding Regional Arterial/Grade Separation Program and half of the funding for the Livable Communities Program are to be allocated using the Local Street and Road program formula. Remaining Livable Communities Program funds will be allocated on a competitive grant basis.

| Table | TABLE 1: SUMMARY BY CORRIDOR CONGESTION RELIEF PROJECTS | <i>TransNet</i> Proposal | | | |
|----------------------------|--|-----------------------------------|------------------------------|----------------------------------|---------------------------------------|
| | | <i>Total Capital Cost</i> | <i>Mitigation Cost**</i> | <i>Net Capital Cost*</i> | <i>Transit Operating Cost</i> |
| 2 | I-15 | \$1,390 | \$10 | \$1,380 | \$150 |
| 3 | I-805 | \$2,080 | \$24 | \$2,056 | \$110 |
| 4 | I-5 (INTERNATIONAL BORDER TO I-805) | \$1,690 | \$20 | \$1,670 | \$230 |
| 5 | I-5 (I-805 TO SR 78) | \$1,580 | \$60 | \$1,520 | \$90 |
| 6 | SR-52 | \$410 | \$3 | \$407 | \$0 |
| 7 | SR-94 / SR-125 | \$620 | \$10 | \$610 | \$0 |
| 8 | SR-67 | \$240 | \$22 | \$218 | \$0 |
| 9 | I-8 | \$30 | \$1 | \$29 | \$0 |
| 10 | SR-78 | \$610 | \$8 | \$602 | \$80 |
| 11 | SR-76 | \$180 | \$16 | \$164 | \$0 |
| 12 | MID-CITY SAN DIEGO TO DOWNTOWN SAN DIEGO | \$80 | \$1 | \$79 | \$60 |
| 13 | CORONADO TUNNEL | \$25 | \$0 | \$25 | \$0 |
| 14 | BORDER ACCESS IMPROVEMENTS | \$25 | \$0 | \$25 | \$0 |
| TOTAL ALL CORRIDORS | | \$8,960 | \$175 | \$8,785 | \$720 |
| (See FIGURE 1) | TOTAL <i>TRANSNET</i> FUNDING REQUIREMENT | | | \$4,300 | \$720 |

| | |
|---|----------------|
| <i>TRANSNET</i> PROJECT FUNDING (total net capital + total operating): | \$5,020 |
| ESTIMATED FINANCING COST: | \$380 |
| PROPOSITION 42 REVENUE PROTECTION FUND: | \$500 |
| TOTAL <i>TRANSNET</i>: | \$5,900 |

CHANGES TO JANUARY 9, 2004 INITIAL DRAFT VERSION SHOWN IN BOLD; GENESEE AVENUE AND SR 52 BRT PROJECTS DROPPED.

Note: Costs in millions of 2002 dollars and rounded to the nearest \$10 million, with the exception of the matching funds included for the Coronado Tunnel and Border Access Improvement projects.

* Of the total net capital cost of \$8,785 million, *TransNet* funding is assumed to leverage 50% from federal, state, and other sources. Additional matching funds are assumed to compensate for the 100% *TransNet* funds used for the Environmental Mitigation Program, reducing the *TransNet* requirement to approximately \$4,300 million.

** The figures in this column represent the habitat-related mitigation costs included in the original cost estimates that will be funded out of the Environmental Mitigation Program.

CORRIDOR ANALYSIS FOR TRANSNET EXTENSION

TABLE 2: I-15 CORRIDOR

| (SEE FIGURE 2) | | | | | | TransNet Extension | | | |
|----------------------------|--|---------------------|--------------------|----------|---|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 1 | I-15 | SR 163 | SR56 | 8F | 8F+4ML/MB | \$220 | c | \$220 | |
| 2 | I-15 | Centre City Pkwy | SR 78 | 8F | 8F+4ML | \$120 | c | \$120 | |
| 3 | I-15 | SR94 | SR 163 | 6F/8F | 8F+2HOV | \$200 | \$3 | \$197 | |
| 4 | HOV 2 HOV | I-15 | SR 78 | -- | E to S, N to W | \$200 | \$3 | \$197 | |
| 5 | HOV 2 HOV | I-15 | SR 94 | -- | S to W, E to N | \$150 | \$2 | \$148 | |
| 6 | SR94 | I-5 | I-15 | 8F | 8F+2HOV | \$80 | \$1 | \$79 | |
| 7 | BRT Rt 610 via I15/SR94 CAPITAL | Escondido Trans Ctr | Downtown San Diego | -- | No Kearny Mesa Transitway; uses HOV lanes on I-15 between Qualcomm and SR 52. Builds/upgrades 6 BRT stations, upgrades downtown stations, builds DARs in 4 locations. | \$360 | \$1 | \$359 | |
| 7 | BRT Rt 610 via I15/SR94 OPERATIONS | Escondido Trans Ctr | Downtown San Diego | -- | 10 min peak only service by 2010; 10 min peak / 15 min offpeak service by 2030 | | | | \$90 |
| 8 | BRT Rt 470 via I15/Mira Mesa Blvd CAPITAL | Escondido Trans Ctr | Sorrento Mesa | -- | Escondido to Sorrento Mesa; Uses Rt 610 stations and DARs. | \$60 | <\$1 | \$60 | |
| 8 | BRT Rt 470 via I15/Mira Mesa Blvd OPERATIONS | Escondido Trans Ctr | Sorrento Mesa | -- | 15 min peak only service from Escondido by 2016 | | | | \$60 |
| TOTAL FOR CORRIDOR: | | | | | | \$1,390 | \$10 | \$1,380 | \$150 |

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures. c=cleared, project habitat impacts previously cleared or not included.

CORRIDOR ANALYSIS FOR TRANSNET EXTENSION

TABLE 3: I-805 CORRIDOR

| (SEE FIGURE 3) | | | | | | TransNet Extension | | | |
|----------------------------|---|------------------------|--------------------|----------|---|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 9 | I-805 | SR 905 | SR 54 | 8F | 8F+2HOV, Reversible | \$150 | \$2 | \$148 | |
| 10 | I-805 | SR 54 | I-8 | 8F | 8F+4ML | \$450 | \$5 | \$445 | |
| 11 | I-805 | Mission Valley Viaduct | | 8F | 8F+4ML | \$250 | \$4 | \$246 | |
| 12 | I-805 | I-8 | I-5 | 8F | 8F+4ML | \$380 | \$6 | \$374 | |
| 13 | I-805 and SR 54 interchange improvements (E to S) | | | | | \$10 | <\$1 | \$10 | |
| 14 | BRT Rt 628 via I805/SR94 CAPITAL | Otay Mesa | Downtown San Diego | -- | Builds fewer DARs along I-805 reflecting changes to highway improvement; Builds 13 stations and DARs in 4 locations. | \$490 | \$3 | \$487 | |
| 14 | BRT Rt 628 via I805/SR94 OPERATIONS | Otay Mesa | Downtown San Diego | -- | 15 min peak / 30 min offpeak svc by 2010; 10 min peak / 15 min offpeak service by 2020 | | | | \$80 |
| 15 | SR94 HWAY | I-805 | I-15 | 8F | 8F+2HOV | \$70 | \$1 | \$69 | |
| 16 | BRT Rt 680 via I805/I15/SR52 CAPITAL | San Ysidro | Sorrento Mesa | -- | Builds 1 new station; uses DARs and stations built by routes 610 and 628. | \$60 | <\$1 | \$60 | |
| 16 | BRT Rt 680 via I805/I15/SR52 OPERATIONS | San Ysidro | Sorrento Mesa | -- | 15 min peak only service by 2015; 10 min peak only service by 2030 | | | | \$30 |
| 17 | SR 52 | I-15 | I-805 | 6F | 6F+2HOV | \$70 | \$1 | \$69 | |
| 18 | HOV 2 HOV | I-805 | SR 52 | -- | W to N, S to E | \$150 | \$2 | \$148 | |
| TOTAL FOR CORRIDOR: | | | | | | \$2,080 | \$24 | \$2,056 | \$110 |

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures.

CORRIDOR ANALYSIS FOR TRANSNET EXTENSION

TABLE 4: I-5 CORRIDOR (International Border to I-805)

| (SEE FIGURE 4) | | | | | | TransNet Extension | | | |
|----------------------------|---------------------------------|--------------|----------|----------|--|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 19 | I-5 | SR 905 | SR 54 | 8F | 8F+2HOV | \$130 | \$2 | \$128 | |
| 20 | I-5 | SR 54 | I-8 | 8F | 8F+2HOV | \$600 | \$6 | \$594 | |
| 21 | Route 500 Blue Line Trolley | Improvements | | | Conversion to low-floor vehicles, enhanced stations, signal upgrades, extended platforms, grade separations in Chula Vista | \$270 | \$2 | \$268 | |
| 21 | Route 500 Blue Line Trolley | Improvements | | | 7.5 min peak / 7.5 min offpeak by 2020 | | | | \$60 |
| 22 | Route 570 MidCoast CAPITAL | Old Town | UCSD/UTC | -- | Extension of light rail transit from Old Town Transit Center to UTC via I-5 and UCSD | \$670 | \$10 | \$660 | |
| 22 | Route 570 MidCoast OPERATIONS | Old Town | UCSD/UTC | -- | 15 min all day service by 2020 | | | | \$80 |
| 23 | Route 634 Super Loop CAPITAL | UTC | UCSD | -- | Signal priority, queue jumper lanes, other arterial improvements, vehicles, stations | \$20 | <\$1 | \$20 | |
| 23 | Route 634 Super Loop OPERATIONS | UTC | UCSD | -- | 10 minute all day service by 2010 | | | | \$90 |
| TOTAL FOR CORRIDOR: | | | | | | \$1,690 | \$20 | \$1,670 | \$230 |

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures.

CORRIDOR ANALYSIS FOR *TRANSNET* EXTENSION

TABLE 5: I-5 CORRIDOR (I-805 to SR 78)

| (SEE FIGURE 5) | | | | | | <i>TransNet</i> Extension | | | |
|----------------------------|---|---------------|---------------|-----------------|--|---------------------------|------------------------|-------------------------|-----------------------|
| <i>Project Number</i> | <i>Route/Facility</i> | <i>From</i> | <i>To</i> | <i>Existing</i> | <i>Improvement</i> | <i>Capital Cost</i> | <i>Mitigation Cost</i> | <i>Net Capital Cost</i> | <i>Operating Cost</i> |
| 24 | I-5/I-805 | Merge | | 16F | 16F+4ML | \$30 | c | \$30 | |
| 25 | I-5 | SR 56 | Leucadia Blvd | 8F | 8F+4ML | \$400 | \$16 | \$384 | |
| 26 | I-5 | Leucadia Blvd | SR 78 | 8F | 8F+4ML | \$280 | \$11 | \$269 | |
| 27 | HOV 2 HOV | I-5 | I-805 | -- | N to N, S to S | \$180 | \$3 | \$177 | |
| 28 | FWY 2 FWY | I-5 | SR 56 | -- | W to N, S to E | \$140 | \$4 | \$136 | |
| 29 | FWY 2 FWY | I-5 | SR 78 | -- | W to S, S to E | \$150 | \$2 | \$148 | |
| 30 | I-5 CORRIDOR: Route 398 COASTER/BRT Route 472 (El Camino Real) CAPITAL | Improvements | | -- | Corridor transit improvements that would include some combination of projects from the following: Coaster: Vehicles, stations improvements including parking, double tracking and other improvements, Del Mar tunnel; and BRT (El Camino Real): Vehicles, stations, signal priority and other arterial improvements along El Camino Real, direct access ramps on I-5 south from Encinitas* | \$400 | \$24 | \$376 | |
| 30 | I-5 CORRIDOR: Route 398 COASTER/BRT Route 472 (El Camino Real) OPERATIONS | Improvements | | -- | Coaster: 20 min peak / current offpeak svc by 2016; 20 min peak / 60 min offpeak service by 2025; I-5/El Camino Real BRT (El Camino Real): 15 min peak / 30 min offpeak service by 2020 | | | | \$90 |
| TOTAL FOR CORRIDOR: | | | | | | \$1,580 | \$60 | \$1,520 | \$90 |

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures.

c=cleared, project habitat impacts previously cleared or not included.

* Coaster capital improvements estimated at \$800 million. This assumes *TransNet* will contribute 25% based on past funding from state and federal sources.

Major north-south transit service improvements are assumed for this corridor with the primary options being enhanced service on the Coaster and BRT service in the El Camino Real/I-5 Corridor.

CORRIDOR ANALYSIS FOR TRANSNET EXTENSION

TABLE 6: SR-52

| (SEE FIGURE 6) | | | | | | TransNet Extension | | | |
|--|----------------|--------|--------|----------|---------------------|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 31 | SR 52 | I-15 | SR 125 | 4F | 6F+2ML (Reversible) | \$170 | \$3 | \$167 | |
| (I-15 - I-805 segment included in I-805 corridor for transit services; I-805/SR 52 HOV2HOV Connector included in I-805 corridor) | | | | | | | | | |
| 32 | SR 52 | SR 125 | SR 67 | -- | 4F | \$240 | c | \$240 | |
| TOTAL FOR CORRIDOR: | | | | | | \$410 | \$3 | \$407 | \$0 |

c=cleared, project habitat impacts previously cleared or not included.

TABLE 7: SR-94 / SR-125

| (SEE FIGURE 6) | | | | | | TransNet Extension | | | |
|---|---------------------------------------|--------------|---------------|----------|--|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 33 | SR 94 and SR 125 Interchange | | | | W to N, S to E | \$110 | \$2 | \$108 | |
| (I-805 to I-5 segments included in I-15 and I-805 corridors for transit services) | | | | | | | | | |
| 34 | SR 94 | SR 125 | Steele Canyon | 4F/4C-2C | Widen to 6-lane freeway from SR 125 to Avocado Blvd and provide 4-lane conventional highway from Avocado Blvd to Steele Canyon, including environmental enhancements on the section from Jamacha Road to Steele Canyon Road. | \$90 | \$2 | \$88 | |
| 35 | SR 94/SR 125 | I-805 | I-8 | 8F | 8F+2HOV | \$350 | \$5 | \$345 | |
| 36 | Route 520 Orange Line Trolley CAPITAL | Improvements | | -- | Conversion to low-floor vehicles, enhanced stations, signal upgrades, extended platforms. Current headway. | \$70 | \$1 | \$69 | |
| TOTAL FOR CORRIDOR: | | | | | | \$620 | \$10 | \$610 | \$0 |

CORRIDOR ANALYSIS FOR TRANSNET EXTENSION

TABLE 8: SR-67

| (SEE FIGURE 6) | | | | | | TransNet Extension | | | |
|----------------------------|-----------------------|--------------|-----------|-----------------|--|---------------------|------------------------|-------------------------|-----------------------|
| <i>Project Number</i> | <i>Route/Facility</i> | <i>From</i> | <i>To</i> | <i>Existing</i> | <i>Improvement</i> | <i>Capital Cost</i> | <i>Mitigation Cost</i> | <i>Net Capital Cost</i> | <i>Operating Cost</i> |
| 37 | SR 67 | Mapleview St | Dye Rd | 2C | 4C - To be constructed with environmental enhancements | \$240 | \$22 | \$218 | |
| TOTAL FOR CORRIDOR: | | | | | | \$240 | \$22 | \$218 | \$0 |

TABLE 9: I-8 CORRIDOR

| (SEE FIGURE 6) | | | | | | TransNet Extension | | | |
|----------------------------|-----------------------|-------------|------------|-----------------|--------------------|---------------------|------------------------|-------------------------|-----------------------|
| <i>Project Number</i> | <i>Route/Facility</i> | <i>From</i> | <i>To</i> | <i>Existing</i> | <i>Improvement</i> | <i>Capital Cost</i> | <i>Mitigation Cost</i> | <i>Net Capital Cost</i> | <i>Operating Cost</i> |
| 38 | I-8 | Second St | Los Coches | 4F | 6F | \$30 | \$1 | \$29 | |
| TOTAL FOR CORRIDOR: | | | | | | \$30 | \$1 | \$29 | \$0 |

CORRIDOR ANALYSIS FOR TRANSNET EXTENSION

TABLE 10: SR-78

| (SEE FIGURE 7) | | | | | | TransNet Extension | | | |
|----------------------------|---|--------------|-------|----------|---|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 39 | SR 78 | I-5 | I-15 | 6F | 6F+2HOV at highest priority segments | \$410 | \$5 | \$405 | |
| | FWY 2 FWY | I-5 | SR 78 | | Included in I-5 North Coast Corridor | | | | |
| | HOV 2 HOV | I-15 | SR 78 | | Included in I-15 Corridor | | | | |
| 40 | SR 78 Corridor Route 399 SPRINTER/ BRT Route 471 (Palomar Airport Rd) CAPITAL | Improvements | | -- | Corridor transit improvements that would include some combination of projects from the following: SPRINTER: double tracking, North County Fair extension, some grade separations; and BRT (Palomar Airport Rd): vehicles, signal priority and other arterial improvements; builds 18 stations | \$200 | \$3 | \$197 | |
| 40 | SR 78 Corridor Route 399 SPRINTER/ BRT Route 471 (Palomar Airport Rd) OPERATIONS | Improvements | | -- | SPRINTER: 15 min peak / current offpeak svc by 2016, 15 min all day service by 2030; BRT (Palomar Airport Rd): 15 min peak / 30 min off peak service by 2020 | | | | \$80 |
| TOTAL FOR CORRIDOR: | | | | | | \$610 | \$8 | \$602 | \$80 |

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures.

Major east-west transit service improvements are assumed for this corridor with the primary options being enhanced service on the Sprinter and BRT service in the Palomar Airport Rd / San Marcos Blvd Corridor.

CORRIDOR ANALYSIS FOR TRANSNET EXTENSION

TABLE 11: SR-76

| (SEE FIGURE 7) | | | | | | TransNet Extension | | | |
|----------------------------|----------------|------------|------|----------|---|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 41 | SR 76 | Melrose Dr | I-15 | 2C | 4C - (Mission Road to I-15 segment to be constructed with environmental enhancements) | \$180 | \$16 | \$164 | |
| TOTAL FOR CORRIDOR: | | | | | | \$180 | \$16 | \$164 | \$0 |

TABLE 12: MID-CITY SAN DIEGO TO DOWNTOWN SAN DIEGO

| (SEE FIGURE 7) | | | | | | TransNet Extension | | | |
|----------------------------|---|------|--------------------|----------|--|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 42 | BRT Showcase Rt 611 via El Cajon&Park Blvds CAPITAL | SDSU | Downtown San Diego | -- | Signal priority, queue jumper lanes, other arterial improvements, vehicles; builds 13 stations and upgrades to downtown stations | \$80 | \$1 | \$79 | |
| 42 | BRT Showcase Rt 611 via El Cajon&Park Blvds OPERATIONS | SDSU | Downtown San Diego | -- | 10 min peak / 15 min offpeak by 2006 | | - | | \$60 |
| TOTAL FOR CORRIDOR: | | | | | | \$80 | \$1 | \$79 | \$60 |

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures.

CORRIDOR ANALYSIS FOR TRANSNET EXTENSION

TABLE 13: CORONADO TUNNEL

| (SEE FIGURE 7) | | | | | | TransNet Extension | | | |
|----------------------------|----------------|----------------|--------------|----------|--------------------------------|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 43 | SR75/SR 282 | Glorietta Blvd | Alameda Blvd | -- | Tunnel Construction Match Only | \$25 | c | \$25 | |
| TOTAL FOR CORRIDOR: | | | | | | \$25 | \$0 | \$25 | \$0 |

c=cleared, project habitat impacts previously cleared or not included.

TABLE 14: BORDER ACCESS IMPROVEMENTS

| (SEE FIGURE 7) | | | | | | TransNet Extension | | | |
|----------------------------|----------------------------|--|----|----------|--------------------|--------------------|-----------------|------------------|----------------|
| Project Number | Route/Facility | From | To | Existing | Improvement | Capital Cost | Mitigation Cost | Net Capital Cost | Operating Cost |
| 44 | Border Access Improvements | Miscellaneous improvements to enhance access in the border area. | | -- | Construction Match | \$25 | c | \$25 | |
| TOTAL FOR CORRIDOR: | | | | | | \$25 | \$0 | \$25 | \$0 |

c=cleared, project habitat impacts previously cleared or not included.

The attachments to this agenda item will be available no later than March 17, 2004.

Attachment 3

***TransNet* EXTENSION ENVIRONMENTAL MITIGATION PROGRAM (EMP) DRAFT PRINCIPLES Revised 2/5/04**

1. The TransNet Extension Expenditure Plan will include a funding allocation category entitled "Transportation Project Environmental Mitigation Program."
2. The Environmental Mitigation Program will include an allocation for the estimated direct costs for mitigation of upland and wetland habitat impacts for transportation projects included in the proposed TransNet Expenditure Plan, as well as for projects which are included in the adopted 2030 Regional Transportation Plan Mobility Network; of this total, up to \$25 million may be spent on local transportation projects. The "mitigation costs," including land acquisition, restoration, management, and monitoring, are estimated at approximately \$450 million. Funds for direct mitigation management and monitoring of these projects shall be placed into a "Regional Habitat Conservation Fund," where they can be used as partial funding for regional habitat management and monitoring activities related to implementation of the Multiple Species Conservation Plan, North County Multiple Habitat Conservation Plan, and future amendments thereto.
3. The Environmental Mitigation Program will also include a funding allocation for the estimated economic benefits of incorporating specified transportation projects into applicable habitat conservation plans, thereby allowing mitigation requirements for covered species to be fixed, and allowing mitigation requirements to be met through purchase of land in advance of need in larger blocks at a lower cost. The benefits of this approach are estimated at approximately \$100 million. This amount will also be placed into the "Regional Habitat Conservation Fund," and will be made available for regional habitat acquisition, management and monitoring activities necessary to implement the regional habitat conservation plans described in Section 2 above. Therefore, the total initial funding for the Environmental Mitigation Program shall be set at \$550 million.
4. In order to provide the economic benefits of the proposed EMP, the participating local jurisdictions will apply for, and US Fish and Wildlife Service and California Department of Fish and Game will process, any necessary amendments to the previously adopted Multiple Species Conservation Plan and related agreements and permits, to include RTP transportation projects as "covered projects" under this plan. For projects in the planning areas of the North County Multiple Habitat Conservation Plan and proposed Multiple Species Conservation Program for unincorporated North County, the participating local jurisdictions will include RTP projects in their proposed plans and implementing agreements, and the wildlife agencies will process those plans and agreements so as to provide coverage for RTP projects.
5. The expenditure of funds included in this allocation category shall be phased over time in order to allow goals of regional habitat acquisition, management and monitoring to be met, while also meeting the requirements for individual transportation projects. In addition, mitigation land for projects in the planning area covered in the proposed MSCP

plan for unincorporated North County shall be purchased within that planning area, while mitigation for projects in the adopted MSCP and MHCP planning areas shall be purchased within those areas, unless otherwise approved by mutual consent of the parties to this agreement. As transportation projects are completed, if it is determined that the actual direct costs for mitigation of upland and wetland habitat impacts are less than those which were estimated in Section 2 above, those cost savings will be transferred to the "Regional Habitat Conservation Fund" described in Section 2, above.

6. In addition to the direct economic benefits associated with inclusion of these projects in the applicable habitat conservation plans, SANDAG and the wildlife agencies both recognize the value of expedited processing of environmental documents for individual transportation projects by all involved Federal, State, and regional agencies. Therefore, SANDAG and the wildlife agencies will actively support efforts to accomplish complete review of environmental documents within reduced timeframes. To the extent that the processing time required for such documents is reduced, the value of expedited processing shall be allocated equally between transportation-related expenditures and the "Regional Habitat Conservation Fund".
7. SANDAG agrees to act on additional regional funding measures (a ballot measure and/or other secure funding commitments) to meet the long-term requirements for implementing habitat conservation plans in the San Diego region within three years of passage of the TransNet Extension. In the event that such future funding measures generate adequate funding to meet regional habitat acquisition and management requirements, SANDAG is authorized to reallocate excess funds included in the "Regional Habitat Conservation Fund" to local transportation projects.
8. SANDAG will work with the wildlife agencies and permit holders under the existing regional habitat conservation plans to establish a regional entity that will be responsible for the allocation of funding included in the "Regional Habitat Conservation Fund" in accordance with the goals and policies of said plans. In addition, this entity will provide recommendations regarding the structure and content of future funding measures as described in Section 7 above.

Attachment 4

TransNet Expenditure Plan:

Environmental Enhancement Criteria Mitigating Highway 67, 76, and 94 Expansion Impacts

Segments of Highways SR 67, SR 76 and SR 94 are proposed for expansion from two to four lanes through funding identified in the *TransNet* Expenditure Plan. The proposed expansions will have substantial direct and indirect impacts to plant and animal species and to the regional wildlife movement corridors bisected by the roads. These corridors are essential “infrastructure” for our region’s nationally-recognized habitat preservation plans.

Very high levels of road kill are a significant existing condition on all of these highway segments, which could be exacerbated by the increased traffic along the expanded highways should they be widened. Direct and indirect impacts to sensitive plant and animal populations, and to the function of the wildlife corridors, should be mitigated in order to produce an on-site “net-benefit” to species and to the movement of wildlife along these wildlife corridors.

In order to accomplish this objective, it is necessary that the adopted *TransNet* Expenditure Plan include policy language and directives that insures the “net benefit” mitigation standard is met. This will require a comprehensive baseline analysis of existing and future conditions, adoption of measures to mitigate direct and indirect impacts to species, adoption of measures to accommodate species-specific wildlife movement through the corridors, and implementation of capital project designs that can reduce impacts.

Biological analysis and recommendations need to be consistent with MSCP and MHCP goals and objectives, data, and protocols. Analysis will commence at the time of, or prior to, *TransNet* funding availability.

Key road segments:

- SR67, Maplevew to Dye Road
- SR76, Melrose to I-15
- SR94, Jamacha Road to Steele Canyon Road

Attachment 5

TransNet Extension Regional Transportation Congestion Improvement Program

Providing new transportation services and facilities will be expensive, but not providing them would be worse and result in a significant increase in traffic congestion, degrading mobility through out the San Diego region. As SANDAG's Regional Transportation Plan points out our challenge is especially critical for the Regionally Significant Arterial transportation system, which is forecast to carry an increasingly significant amount of traffic volume. The SANDAG Board recognizes the need to establish a new Regional Transportation Congestion Improvement Program that ensures future development will contribute its pro rata share towards funding the Regionally Significant Arterials and mitigate new traffic impacts on the regional transportation system.

A. Funding Program

Section 9 of the *TransNet* Ordinance requires that local jurisdictions establish a Funding Program or mechanism that provides \$2,000 per new residential unit for the purpose of funding the Regionally Significant Arterial transportation system, as defined in SANDAG's most recent, up-to-date and adopted Regional Transportation Plan.

1. Local jurisdictions may choose to implement a Funding Program through a development impact fee program or by other means, provided the source of the funds is non-public.
2. In the event a jurisdiction(s) chooses to establish a development impact fee program to fund its portion of the Regionally Significant Arterial transportation system, said program will be consistent with Government Code Section 66000 et seq.
3. SANDAG will be responsible for producing the required Nexus Study to satisfy the requirements of California Government Code Section 66000 et seq. for Development Projects.
4. In no case will non-residential development be subject to a development impact fee to meet the requirements of Section 9 of the *TransNet* Ordinance.
5. Each jurisdiction's Funding Program shall be established and begin operations on July 1, 2008.

B. Purpose

1. The purpose of the Funding Program is to provide sufficient revenue to fund those facility and service improvements on the Regionally Significant Arterials system whose need is created by new development, as defined in SANDAG's most recent, up-to-date and adopted Regional Transportation Plan.

C. Fee Adjustment

1. The amount per residential unit shall be adjusted on July 1 of each year by each implementing jurisdiction based upon the Engineering Construction Cost Index as published by the Engineering News Record, or similar, cost of construction index.

2. Any increase will not exceed the percentage increase set forth in the construction index. The purpose of this annual adjustment is to retain purchasing power in anticipation of future inflation.

D. Expenditure of Funding Program Revenues

1. Revenues collected under Section 9 of the *TransNet* Ordinance shall be used as a Funding Program for the Regionally Significant Arterials as defined in SANDAG's most recent, up-to-date and adopted Regional Transportation Plan.
2. Revenue collected through this Funding Program shall be used to construct transportation improvements such as new arterial roadway lanes, reconfigured freeway-arterial interchanges, railroad grade separations and new regional express bus services, or similar types of improvements, as well as right-of-way acquisition, preparation of environmental and engineering documents, that will be needed to accommodate future travel demand generated by new development throughout the San Diego region. A reasonable portion of the program revenue may be used for fund administration.
3. Expenditure of the Funding Program revenues shall be in a manner consistent with SANDAG's most recent, up-to-date and adopted long-range Regional Transportation Plan and the short-range, multi-year Regional Transportation Improvement Program. Expenditure priorities shall be consistent with Section 5 of the *TransNet* Ordinance. To maximize the effective use of these funds Funding Program revenues may be transferred or exchanged in accordance with the intent of Section 7 of the *TransNet* Ordinance.

E. Exemptions

New housing units constructed for very-low and low-income households can be exempted by each jurisdiction from the \$2,000 contribution requirement. No other new residential units shall be exempted. Policies shall be established from time to time by the SANDAG Board of Directors to determine any and all new residential development to be included and exempted from the Funding Program requirements.

F. Credits

1. If a developer funds or constructs improvements on the Regionally Significant Arterial transportation system and/or that arise out of SANDAG's Congestion Management Program, the developer shall receive full credit for the costs associated with the arterial improvements, offsetting the revenue requirements of the Funding Program.
2. In special circumstances, when a developer constructs off-site improvements such as an interchange, bridge, or railroad grade separation, credits shall be determined by the local jurisdiction in consultation with the developer.
3. The amount of the credit shall not exceed the revenue requirements of the most current Funding Program or actual cost, which ever is less.
4. The local jurisdictions shall compare facilities in their local fee program, against the Regionally Significant Arterials and eliminate any overlap in its local fee program except where there is a recognized benefit district established.

5. If there is a recognized benefit district established, the local agency may credit that portion of the facility identified in both programs against this Funding Program.

G. Procedures for the Levy, Collection and Disposition of Funding Program Revenues

1. Each jurisdiction shall establish and implement a procedure to levy and collect its contribution of the revenue requirements of the Funding Program.
2. Each jurisdiction shall determine its own schedule for collecting and/or contributing revenue to the Funding Program. This schedule shall be kept up-to-date and provided to SANDAG each year at the time of the annual review and audit.
3. Funding Program revenue requirements shall not be waived.
4. Funding Program revenue requirements shall run with the land.
5. All Funding Program revenue shall be subject to an annual review by each jurisdiction participating in the Program. The annual review shall take place on July 1 each year following the establishment of the Funding Program. At the time of the review each jurisdiction collecting a development impact fee to meet the requirements of the Funding Program shall make findings for any unexpended and uncommitted fees in their Program Fund that demonstrates a reasonable relationship between the fee and the purpose for which it was charged. Unless a need for such fees can be demonstrated, the unexpended or uncommitted portion shall be transferred to the Regional Transportation Commission (SANDAG) to be expended within one year on qualified projects within the same subregional area. Contributions to the Funding Program not committed or expended by the fifth anniversary date of collection shall be refunded to the current record owner of the development project on a prorated basis. In no case will a refund be more than was initially contributed to the Funding Program. SANDAG and the Independent Taxpayers Oversight Committee identified in Section 11 of the *TransNet* Ordinance shall be responsible for issuing an annual audit statement on each jurisdiction's compliance with requirements of Section 9 of the *TransNet* Ordinance.

Attachment 6

DRAFT

STATEMENT OF UNDERSTANDING REGARDING THE IMPLEMENTATION OF THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE FOR THE *TRANSNET* PROGRAM

Purpose of the ITOC

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

Intent of the ITOC as a Functional Partner to SANDAG

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

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

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

- **Resource**—it is the intent that the ITOC will serve as an independent resource to assist in SANDAG's implementation of *TransNet* projects and programs. The Committee's membership is designed to provide to SANDAG a group of professionals who, collectively, can offer SANDAG the benefit of their experience to advance the timely and efficient implementation of *TransNet* projects and programs. The ITOC will work in a public way to ensure all deliberations are conducted in an open manner. Regular reports from the ITOC to the SANDAG Board of Directors (or policy committees) are expected with regard to program and project delivery, and overall performance.
- **Productive**—it is the intent that the ITOC will rely upon data and processes available at SANDAG, studies initiated by the ITOC, and other relevant data generated by reputable sources. It is understood, however, that SANDAG will be continuously striving to improve the reliability of data and to update analytical and modeling processes to be consistent with the state-of-the-

art, and that the ITOC will be kept abreast of any such efforts, and invited to participate in development of such updates in a review capacity.

- Cost-efficient—it is the intent that the ITOC will not add cost burden to SANDAG’s implementation of the TransNet program and projects. Rather, through a cooperative and productive working relationship between ITOC and the SANDAG implementation team, it is the objective that costs will be saved.
- Flexible—it is the intent that the ITOC will assist SANDAG to be opportunistic to take advantage of changing situations in the future with regard to technologies and transportation developments. Therefore, the provisions contained below are viewed through 2038 based upon a 2004 perspective and are not meant to be unduly restrictive on ITOC’s and SANDAG’s roles and responsibilities.

Membership and Selection Process

1. Membership: There shall be seven ITOC voting members with the characteristics described below. The intent is to have one member representing each of the specified areas of expertise. However, if, after a good faith effort, qualified individuals have not been identified for one or more of the areas of expertise, then no more than two members from one or more of the remaining areas of expertise may be selected. For each of the areas of expertise listed below, an individual representing one of the region’s colleges or universities with a comparable level of academic experience also would be eligible for consideration.
 - A professional in the field of municipal/public finance and/or budgeting with a minimum of ten years in a relevant and senior decision making position in the public or private sector.
 - A licensed architect, civil engineer or traffic engineer with demonstrated experience of ten years or more in the fields of transportation and/or urban design in government or the private sector.
 - A professional with demonstrated experience of ten years or more in real estate, land economics, and/or right-of-way acquisition.
 - A professional with demonstrated experience of ten years or more in the management of large-scale construction projects.
 - A licensed engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten years experience in a relevant and senior decision making position in the government or private sector.
 - The chief executive officer or person in a similar senior-level decision making position, of a major private sector employer with demonstrated experience in leading a large organization.
 - A professional in biology or environmental science with demonstrated experience of ten years or more with environmental regulations and major project mitigation requirements and/or habitat acquisition and management.
 - Ex-Officio Members: SANDAG Executive Director and the San Diego County Auditor

The criteria established for the voting members of the ITOC are intended to provide the skills and experience needed for the ITOC to carry out its responsibilities and to play a valuable and

constructive role in the ongoing improvement and enhancement of the *TransNet* program. Applications will be requested from individuals interested in serving on the ITOC through an open, publicly noticed solicitation process.

2. Technical Screening Committee: A technical screening committee will be established to review applications received from interested individuals. This committee will consist of three members selected by the SANDAG Executive Director from high-level professional staff of local, regional, state or federal transportation agencies outside of the San Diego region, or from one of the region's colleges or universities in a transportation-related field, or a combination thereof. The committee will develop a list of candidates determined to be qualified to serve on the ITOC based on the criteria established for the open position(s) on the ITOC. The technical screening committee will recommend two candidates for each open position from the list of qualified candidates for consideration by the Selection Committee. The recommendations shall be made within 30 days of the noticed closing date for applications.
3. Selection Committee: A selection committee shall be established to select the ITOC members from the list of qualified candidates recommended by the technical screening committee. The selection committee shall consist of the following:
 - Two members of the County of San Diego Board of Supervisors
 - The Mayor of the City of San Diego
 - A mayor from the Cities of Chula Vista, Coronado, Imperial Beach, or National City selected by the mayors of those cities.
 - A mayor from the Cities of El Cajon, La Mesa, Lemon Grove, or Santee selected by the mayors of those cities.
 - A mayor from the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, or Solana Beach selected by the mayors of those cities.
 - A mayor from the Cities of Escondido, Poway, San Marcos, or Vista selected by the mayors of those cities.

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

Terms and Conditions for ITOC members

- ITOC members shall serve a term of four years, except that initial appointments may be staggered.
- ITOC members shall serve without compensation except for direct expenses related to the work of the ITOC.
- In no case shall any member serve more than eight years on the ITOC.

- If and when vacancies in the membership of the ITOC occur, the same selection process as outlined above shall be followed to select a replacement to fill the remainder of the term. At the completion of a term, eligible incumbent members will need to apply for reappointment for another term.
- Term limits for ITOC members should be staggered to prevent significant turnover at any one time. The initial appointment process should be based on this staggered term limit concept.

ITOC Responsibilities

The ITOC shall have the following responsibilities:

1. Conduct an annual fiscal and compliance audit of all TransNet-funded activities using the services of an independent fiscal auditor to assure compliance with the voter-approved Ordinance and Expenditure Plan. This annual audit will cover all recipients of TransNet funds during the fiscal year and will evaluate compliance with the maintenance of effort requirement and any other applicable requirements. The audits will identify expenditures made for each project in the prior fiscal year and will include the accumulated expenses and revenues for ongoing, multi-year projects.
2. Prepare an annual report to the SANDAG Board of Directors presenting the results of the annual audit process. The report should include an assessment of the consistency of the expenditures of *TransNet* funds with the Ordinance and Expenditure Plan and any recommendations for improving the financial operation and integrity of the program for consideration by the SANDAG Board of Directors. This consistency evaluation will include a review of expenditures by project type for each local jurisdiction. The ITOC shall share the initial findings of the independent fiscal audits and its recommendations with the SANDAG Transportation Committee 60 days prior to their release to resolve inconsistencies and technical issues related to the ITOC's draft report and recommendations. Once this review has taken place, the ITOC would make any final amendments it deems appropriate to its report and recommendations, and adopt its report for submission directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as objective and accurate as possible in whatever final report it adopts. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.
3. Conduct triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet-funded projects and programs to review project delivery, cost control, schedule adherence and related activities. The review should include consideration of changes to contracting, construction, permitting and related processes that could improve the efficiency and effectiveness of the expenditure of TransNet revenues. These performance audits shall be conducted using the services of an independent performance auditor and should include a review of the ITOC's performance. A draft of the ITOC's report and recommendations regarding the performance audits shall be made available to the SANDAG Transportation Committee at least 60 days before its final adoption by the ITOC to resolve inconsistencies and technical issues related to the ITOC's draft report and recommendations. Once this review has taken place, the ITOC would make any final amendments it deems appropriate to its report and related recommendations, and adopt its report for presentation directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as

objective and constructive as possible in the text and presentation of the performance audits. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.

4. Provide recommendations to the SANDAG Board of Directors regarding any proposed amendments to the Ordinance and Expenditure Plan.
5. Provide recommendations as part of the 10-year review process. This process provides an opportunity to undertake a comprehensive review of the TransNet program every 10 years and to make recommendations for improving the program over the subsequent 10 years. This review process should take into consideration the results of the TransNet-funded improvements as compared to the performance standards established through the Regional Transportation Plan and the Regional Comprehensive Plan.
6. Participate in the ongoing refinement of SANDAG's transportation system performance measurement process and the project evaluation criteria used in development of the Regional Transportation Plan (RTP) and in prioritizing projects for funding in the Regional Transportation Improvement Program. The focus of this effort will be on TransNet-funded projects. Based on the periodic updates to the RTP, as required by state and federal law, the oversight committee shall develop a report to the SANDAG Transportation Committee, the SANDAG Board of Directors and the public providing recommendations for possible improvements and modifications to the TransNet program.
7. On an annual basis, review ongoing SANDAG system performance evaluations, including SANDAG's "State of the Commute" report, and provide an independent analysis of information included in that report. This evaluation process is expected to include such factors as level of service measurements by roadway segment and by time of day, throughput in major travel corridors, and travel time comparisons by mode between major trip origins and destinations. Such information will be used as a tool in the RTP development process.
8. Review and comment on the programming of *TransNet* revenues in the Regional Transportation Improvement Program (RTIP). This provides an opportunity for the ITOC to raise concerns regarding the eligibility of projects proposed for funding before any expenditures are made. In addition to a general eligibility review, this effort should focus on significant cost increases and/or scope changes on the major corridor projects identified in the Ordinance and Expenditure Plan.
9. Review proposed debt financings to ensure that the benefits of the proposed financing for accelerating project delivery, avoiding future cost escalation, and related factors exceed issuance and interest costs.
10. Review the major Congestion Relief projects identified in the Ordinance for performance in terms of cost control and schedule adherence on a quarterly basis.

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

ITOC Funding and Administration

1. All costs incurred in administering the activities of the ITOC, including related fiscal and performance audit costs, shall be paid annually from the proceeds of the *TransNet* sales tax. The funds made available to the ITOC shall not exceed \$250,000 annually, as adjusted for inflation annually for the duration of the program. Any funds not utilized in one fiscal year shall remain available for expenditure in subsequent years as part of the annual budget process.
2. The expenditures of the ITOC shall be audited annually as part of the same fiscal audit process used for all other *TransNet*-funded activities.
3. The process for selecting the initial ITOC members shall be started no later than April 1 of the year following the passage of the Ordinance by the voters. Because the funding for this activity would not be available until Fiscal Year 2008-09, the ITOC activities during the initial transition period will be phased in to the extent possible within the budget constraints of the one percent administrative cap under the current *TransNet* Ordinance. Given the thirty-year duration of the *TransNet* tax extension, the ITOC shall continue as long as funds from the current authorization remain available.
4. An annual ITOC operating budget shall be prepared and submitted to the SANDAG Board of Directors for its approval 90 days prior to the beginning of each fiscal year.
5. All ITOC meetings shall be public meetings conducted in full compliance with the Brown Act. The ITOC will meet on a regular basis, at least quarterly, to carry out its roles and responsibilities.
6. SANDAG Directors and staff will fully cooperate with and provide necessary support to the ITOC to ensure that it successfully carries out its duties and obligations, but should limit involvement to the provision of information required by the ITOC to ensure the independence of the ITOC as it carries out its review of the *TransNet* program and develops its recommendations for improvements.
7. ITOC members and their designated auditors shall have full and timely access to all public documents, records and data with respect to all *TransNet* funds and expenditures.
8. All consultants hired by the ITOC shall be selected on an open and competitive basis with solicitation of proposals from the widest possible number of qualified firms as prescribed by SANDAG's procedures for the procurement of professional services. The scope of work of all such consultant work shall be adopted by the ITOC prior to any such solicitation.
9. SANDAG shall provide meeting space, supplies and incidental materials adequate for the ITOC to carry out its responsibilities and conduct its affairs. Such administrative support shall not be charged against the funds set aside for the administration of the ITOC provided under No. 1 above.

Conflict of Interest

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