



BOARD OF DIRECTORS
APRIL 23, 2004

AGENDA ITEM NO. 04-04-1-A
ACTION REQUESTED - APPROVE

BOARD OF DIRECTORS DISCUSSION AND ACTIONS

Meeting of March 19, 2004

Chairman Ron Morrison (National City) called the meeting of the SANDAG Board of Directors to order at 9:12 a.m. The attendance sheet for the meeting is attached.

1. ADDITIONS AND DELETIONS TO THE AGENDA

Chairman Morrison noted that we would be adding one sub-item. Following Agenda Item 3, there will be a 3a, which will be a "Report and Recommendations from the Executive Director" for "Possible Action." Also, for Agenda Item 4, Regional Transportation Congestion Improvement Program Proposal, the recommended action is listed as "Information" and that will be changed to "Possible Action."

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBERS COMMENTS

Carol Bonomo, representing California State University, San Marcos, said that this university was the first entity in north San Diego County to declare support for smart growth. She expressed gratitude that SANDAG and the elected officials have provided the opportunity to do it right in San Marcos and that there is support for light rail.

Chuck Lungerhausen, a member of the public, said to date he has collected \$5,495 of his Multiple Sclerosis Water Walking Team's total of over \$25,000. He mentioned that he is still accepting sponsorship donations until April 13, 2004. On the county transportation front, he hoped that Supervisor Dianne Jacob is informed that SANDAG has the responsibility to allocate *TransNet* tax funds each year to achieve the best improvement for mobility in the region. This doesn't mean that a certain percentage of the tax is spent in the same way every year. It also doesn't mean that the rural needs will not be met. The County Board recently issued claims of a \$25 million surplus. He thought that perhaps this surplus could be spent on rural roads. He said that Supervisor Jacobs' request for more *TransNet* money for local streets and roads is a blatant attempt to turn the *TransNet* tax into the County Supervisors' piggybank. He didn't think that Supervisor Jacob had the consensus of the County Board for her proposal.

Carolyn Chase, representing San Diego Earth Works, provided information about Earth Day 2004 projects including: the Earth Fair on April 25 in Balboa Park, Very Important Planet Reception and EARTH Awards on May 12, and the Green Built Tour in the fall of 2004. She also asked for volunteers for these events. She mentioned a Web site for those who are interested: www.earthdayweb.org.

Lloyd Davis, representing the Center for the Blind in Vista, expressed his appreciation for the North County Transit District (NCTD) services that make it possible for him to get to work and to other destinations. He requested that SANDAG continue to make services more accommodating to those with disabilities. He stated that there are many people who depend on these transportation services and requested that SANDAG ensure there is always enough funds to keep them operating.

REPORTS

3. VOTER OPINION RESEARCH UPDATE (POSSIBLE ACTION)

Staff reported that the Board has been actively working on the extension of *TransNet* for over a year including the conduct of two previous public opinion polls and six focus groups. These efforts have shown that the public is concerned about traffic and seeks congestion relief; however, the needs far exceed the revenues. *TransNet* is a critical piece in implementing the Regional Transportation Plan (RTP) and the Regional Comprehensive Plan (RCP). The latest poll was conducted to verify the public support for a *TransNet Extension* and to test the ability to extend the measure beyond the 30-year period.

D.J. Smith, SANDAG consultant, said that they wanted to have a large enough sample size to test the 30, 35 and 40-year extension periods for the measure. He stated that 41 percent of the voters surveyed indicated awareness of the 20-year original *TransNet* program. This is positive and reflects on the tremendous amount of beneficial projects that were completed. When asked whether they would support an extension of the existing sales tax, 63 percent said they would support it. The next question related to the time period of the extension measure. About 69 percent supported 30 years, 71 percent supported 35 years and 70 percent supported 40 years. It is also clear that the voters want to have a sunset provision. Other observations include support for the environmental mitigation if it has a direct nexus to transportation. The public appears to be reluctant to fund nontransportation issues. There was no difference in polling and focus groups on this issue. The sales tax issue is viewed as a local issue and will probably not be affected by state or federal issues. The public views this as a long-term mortgage and understood the importance of the improvements that will be implemented by the measure. Mr. Smith recommended that the *TransNet Extension* measure be changed to a 40-year term based on the survey results.

Board Member Comments:

Councilmember Jack Dale (Santee) asked about the timing issue. Mr. Smith replied that this is the first time the public was polled on the 40-year timeframe question. Councilmember Dale thought that we should look at this seriously as it will solve some issues.

Mayor Mickey Cafagna (Poway) asked about the size of the sampling. Mr. Smith said the first poll was 1,000 voters and the second one had 1,200. Each 400-group sample was characteristic of highly likely voters in San Diego

County. The voters in these focus groups used the word “desperation” with regard to traffic congestion, and this was the issue raised most immediately.

Public Comments:

Jim Schmidt, a member of the public, said that he was excited to hear about the 40-year time frame. He pledged his support for this measure. He said that SANDAG did a terrific job with providing background information for the original measure and he was confident this will occur again.

Carolyn Chase, Policy Committee Chair for the Sierra Club, indicated that they had conducted a poll of environmental coalition groups. The poll results showed that support for the *TransNet Extension* would be reduced by 11 percent without the environmental mitigation component. She said that we must confront the fact that voters may not support any tax measure. She offered the Sierra Club’s assistance.

Mayor Pro Tem Phil Monroe (Coronado) clarified that the *TransNet Extension* is an extension of an existing sales tax, not a new sales tax. He encouraged various interest groups to use the correct lexicon when discussing the *TransNet Extension* measure.

Chair Morrison agreed that the sales tax extension measure will not be approved unless we all work together. He encouraged the area jurisdictions to come together with a unified front and not to have parochial interests. He stated that the Board would now hear a report from the Executive Director.

3a. REPORT AND RECOMMENDATIONS FROM THE EXECUTIVE DIRECTOR

The SANDAG Executive Director (via conference call) reported that even though he has been out of the office recently due to the death of his father, he has been kept abreast of the issues and in contact with the office. He said that over the past several months we have worked hard to develop the *TransNet Expenditure Plan*. We have relied on research, polls, and focus groups to validate the poll results. The research shows that traffic congestion is of utmost concern to our residents. The feedback shows that the public knows that we cannot build our way out of congestion and they support the concept of bus rapid transit (BRT) and managed lanes. There are more needs than available funds and it appears that modes are being pitted against each other. Given the challenges, additional polling was conducted with two goals: to validate voter support for the *TransNet Extension*, and the possibility of extending the measure’s timeline. As the poll results show, we received a positive response to extending the time line from 30 to 40 years. He strongly recommended that the Board approve the 40-year time line and ensure consistency with the RTP and RCP. This will bring the local streets and roads component up to the same level as in the original measure, delete the Proposition 42 backfill proposal, allow the restoration of cuts to the highway program, and allow us to provide service enhancements to the existing transit services.

Mayor Cafagna agreed that the 40-year plan will better satisfy the needs of the region.

Motion Made: Mayor Cafagna moved to direct staff to modify the draft *TransNet Extension* Ordinance and Expenditure Plan to encompass a 40-year period, and ensure the extension is consistent with the policies contained in the approved RTP as well as the planning principles embodied in the RCP, and report back to the Board no later than the April 9, 2004, Board meeting with the results and Expenditure Plan. Mayor Murphy (City of San Diego) seconded the motion.

Board Comments on the Motion:

Mayor Kellejian (Solana Beach), SANDAG Transportation Committee Chair, offered his wholehearted support to this motion.

Supervisor Dianne Jacob (County of San Diego) asked for a clarification that the motion was to extend the *TransNet* measure to a 40-year plan, would bring the local streets and roads up to a one-third component, and would eliminate the reliance on Proposition 42 funds. She supported this motion, but noted that there are still some unresolved issues. She applauded SANDAG for proposing this change.

Mayor Murphy wanted to make sure that the smart growth principles are added back into the measure. He said that we need to have smart land use planning as part of the solution.

Metropolitan Transit System (MTS) Chair Leon Williams commended the Transportation Committee Chair for coming up with this idea. Mayor Kellejian said it was the result of discussions with a number of people.

Mayor Steve Padilla (Chula Vista) added his congratulations to the staff and the Transportation Committee for moving in this direction. He said that this is a vehicle where we can move together in a positive way. The 40-year time frame will allow us to do things better. He cautioned that although this makes it easier, we are not out of the woods. He agreed that we need to remain true to the smart growth principles. Mobility and the connection between land use and planning is the key.

Councilmember Jack Feller (Oceanside) expressed his support of smart growth and the lengthened time span for the *TransNet Extension* measure.

Chair Morrison clarified that even the 40-year measure will not meet the entire needs of the region. The measure will not take affect until 2009, but we can begin planning in December 2004.

Supervisor Jacob clarified that the motion does not include the 2 percent for smart growth or livable communities. Mayor Cafagna responded that the motion states that the measure is consistent with the RCP and RTP. The details of the measure will come back to the Board for further consideration.

Supervisor Jacob suggested that the portion for livable communities be taken off the top then the remainder split with the one-third for highway, one-third for local streets and roads, and one-third for transit capital projects.

Chair Morrison noted that agenda item 6 is a moot point with this action and will be moved to the April 9, 2004, Board meeting. He provided the opportunity for those wishing to make public comments to wait until April 9 or to provide the comments at this meeting.

Public Comments:

Councilmember Bob Emery (Poway) said he would wait until the April 9 meeting.

Dutch Van Dierendonck, a member of the public who lives in Ramona, stated that there is a need to educate the public about this measure. He doesn't want this measure to lead to increased sprawl in the unincorporated areas of the County of San Diego. He said that our region needs good *TransNet* measure and a focus of this money in our most needed areas.

Patrick Uriel, representing the Ramona Planning Group, said that 99 percent of all trips are made on local roads. Buses pay no gas tax, and they use the roads paid for by taxpayers. He believed that it is past time for a viable transit system and he thought that the public would vote for a transportation tax. He supported at least the amount in the original *TransNet*.

Rick Alexander, representing the East County Economic Development Council, applauded the SANDAG Board on the wisdom of taking Proposition 42 out of the mix and to have a one-third share for local roads. He expressed concern about spending \$1 million for the education campaign as he didn't think that was the wisest use of these funds.

Duncan McFetridge, Chairman of Save Our Forests and Ranchlands (SOFAR), was concerned about the changes on the agenda and if they were allowable. He objected to the idea of taking money from transit and putting it in local roads. He said that there was a tremendous mandate for less roads, more transit, and more smart growth. He stated that you can't build more roads and reduce traffic. He thought the current Environmental Impact Report (EIR) would not cover the current proposal for a 40-year term.

Councilmember Feller asked about the comment related to violating procedures for the agenda. General Counsel replied that as he understands this the voter opinion research survey results discussed under Item 3 has led to the Board wishing to defer Agenda Item 6 and have it redrafted to be consistent with the 40-year timing and consistency with the RCP and RTP. He, therefore, thought that the Board's action directing staff to update the draft Expenditure Plan for discussion at the next Board meeting and taking testimony from those who came to speak concerning Item 6 at this time was

appropriate. The General Counsel also stated that in an abundance of caution, the Board could add to the agenda the Executive Director's Report and Recommendations as Item 3a by a vote. As far as the question about the Environmental Impact Report, we are working on the environmental findings necessary to support the Ordinance and the Expenditure Plan.

Lynne Baker, representing the Endangered Habitats League, said that the Extension creates a need for the plan to be sound, and she hoped the plan will implement the network strategy. The Plan must positively impact land use. She supported the principles of accountability.

Diane Conklin, representing the Massey Grade Road Alliance, didn't think the Board could vote on this item today. She said that people in San Diego need to be able to get from place to place. She wondered about including a developer's impact fee in this ordinance. She suggested that Board members think before spending money to help development.

Carol Angus, Chair for the Ramona 2020 Update, commented that roads will not impact the back country if the densities are misplaced. She did not want Ramona to be opened up to sprawl. She noted that there is a lot more lacking in Ramona than roads. She said that community input is being overrun by developers. She requested that SANDAG put pressure on the county departments of planning and land use to get the correct densities.

Chair Morrison noted that specific highways are mentioned within the Expenditure Plan but the local roads are not specified.

Gene Helsel, a resident of Julian, commented that much of the difficulty is due to the disconnection between transportation and land use planning. He suggested that 80- and 160-acre parcels be added to the 2020 plan. He thought that taking *TransNet* funds from public transit and putting it into back country roads will increase sprawl. He said that *TransNet* funds should be put where they are most needed and will benefit the most people.

Kim Kilkenny, representing San Diegans for Congestion Relief, passed on providing comments at this meeting.

Paul Blackburn, representing the Sierra Club, said he had worked on the original *TransNet* measure. He stated that the Sierra Club will be looking into the details of the Extension measure. He acknowledged that no one will get everything they want, but they want to know what they will be getting. He said that extending the measure to 40 years will increase bond costs and impact a future generation.

Joe Mannino, Chair of the North Bay Peninsula Traffic Task Force, asked for the Board to consider including the Interstate 5 (I-5)/I-8 interchange project in the *TransNet Extension* project list. He read a letter into the record from the North Bay Peninsula Traffic Task Force requesting funding for this

project at a lower amount to complete a project study report, engineering and design work, and environmental studies.

Craig Benedetto, representing the Alliance for Habitat Conservation, applauded the Board for taking this action today. He said he was interested in the environmental segment.

Angelika Villagrana, representing the San Diego Regional Chamber of Commerce, expressed the Chamber's support for the *TransNet Extension*, and thought it was important to send a unified message to the voters that this measure needs to pass.

Lisa Briggs, Executive Director, San Diego Taxpayers Association, agreed with the proposed time extension to 40 years. She said that the allocations for regional arterials are a priority for the Taxpayers Association as local roads make up the lion's share of miles traveled.

Tony Agurs, representing the East San Diego County Association of Realtors, strongly supported Supervisor Jacob and her plan. He noted that mass transit does not serve the East County, and the sole focus does not need to be on the City of San Diego. East County should not share its money for mass transit. He said that there are more people who live outside of the San Diego city limits than those who live within them.

Chair Morrison suggested that the Board take an action to add Agenda Item 3a, Report and Recommendations from the Executive Director, as an action item, and to defer Agenda Item 6.

Action Taken: Upon a motion by Mayor Kellejian (Solana Beach) and a second by Mayor Cafagna (Poway), the SANDAG Board of Directors moved to add item 3a, Report and Recommendations from the Executive Director, as a discussion item; and to defer Agenda Item 6. Yes – 19 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (0%). Absent – City of San Diego - B.

SANDAG General Counsel said that since the discussion under Items 3 and 3a was in lieu of a discussion under Agenda Item 6, this would also be the time to allow for comments on Agenda Item 6.

A break was called at 10:45 a.m., and the meeting was reconvened at 10:53 a.m.

Mayor Lori Holt Pfeiler (Escondido) clarified that the Expenditure Plan will come back to the Board on April 9. She asked if the first reading of the Ordinance would be held at this time. Chair Morrison stated that the first reading of the Ordinance would be held on April 9.

Action Taken: Upon a motion by Mayor Cafagna and a second by Mayor Murphy, the SANDAG Board of Directors directed staff to modify the draft *TransNet Extension* Ordinance and Expenditure Plan to encompass a 40-year period, ensure the extension is consistent with the policies contained in the approved RTP as well as the planning principles embodied in the RCP, and report back to the Board no later than the April 9, 2004, Board meeting with

the results. Yes – 19 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (0%). Absent – City of San Diego - B.

Chair Morrison called for Board Member comments on other matters related to the Expenditure Plan.

Mayor Holt Pfeiler agreed that the Expenditure Plan should incorporate the smart growth, livable communities, and regional arterial principles that are contained in the RCP.

Councilmember Patricia McCoy (Imperial Beach) indicated that the Transportation Committee Chair and SANDAG staff recently made a presentation to the Imperial Beach City Council. She expressed the support of Imperial Beach for the *TransNet Extension*, and also for the developer impact fee. She said that Highway 75 should be included in the proposed Ordinance as a major arterial.

Mayor Pro Tem Phil Monroe (Coronado) strongly supported the smart growth comments. He said that we need to do better Showcase projects. The Showcase Project from San Diego State University (SDSU) to the City of San Diego is a great design. He also suggested that staff preserve the ability to include a bike network in the Expenditure Plan.

Councilmember Ernest Ewen (La Mesa) asked if council members rather than only mayors could be on the selection committee for the independent taxpayers oversight committee, and whether each jurisdiction will have a voice on who will be on the selection committee.

Councilmember Christy Guerin (Encinitas) thanked the Chair, Vice Chair, the Transportation Committee Chair, the Executive Director, and staff for working on this proposed change. She said that the *TransNet Extension* measure needs to be of regional benefit and evenhanded. She noted the importance of remembering that needs have to be divided up. If we don't get *TransNet* passed we will all lose. She suggested that from this point on information about the *TransNet Extension* should come directly from the Board and not from the Ad Hoc Working Group on *TransNet*. She said that including the regional arterials and grade separation program is extremely critical to the coastal communities. She agreed with the 40-year proposal, and reminded the Board that we need to think regionally.

Mayor Kellejian stated that it had been determined that the *TransNet Extension* work would come directly from the SANDAG Board rather than the Ad Hoc Working Group from this point forward.

Supervisor Dianne Jacob outlined some of her concerns including the following: the equal distribution of funds for the three components (highways, transit, and local streets and roads), no conditions on local road funding, no Proposition 42 backfill, expenditure off the top (1/10 of 1 percent) for the taxpayers oversight committee, and 2 percent for a bicycle safety program. What was proposed today will give us the ability to do that. We are not talking about increasing growth, but in relieving congestion. Her suggestions will result in 32.3 percent for each of the three components. She did not like the specificity in the measure and suggested using established goals and guidelines. If a developer impact fee is included in this measure there should be some consideration to use the fee to mitigate "arterials" per individual jurisdiction road classification. She suggested that the language related to a set aside for smart growth in Section 4d, page 15, be eliminated. She also was

concerned about the wording in Section 16, page 21, that by a two-thirds vote of the SANDAG Board any congestion relief project can be changed. She said that this would jeopardize the measure. She recommended some language that would clarify that in order to drop a congestion relief project concurrence of the jurisdiction(s) where the project is located would be required. She noted that Section 22 is an exemption. She clarified that the revenue allocation isn't until June 30, 2008 and therefore the effective date of this Ordinance and allocation should be July 1, 2008.

Mayor Steve Padilla asked if Supervisor Jacob is speaking on behalf of the full Board of Supervisors. Supervisor Jacob replied that she is representing the County as Chair of the Board of Supervisors in consultation with County staff. Once she has a draft Ordinance, she will present that to the Board of Supervisors for action.

Councilmember Feller wanted to ensure that projects from the original measure that have not been completed will remain at the top of the priority list. He also asked if, following approval of the measure, we can begin to bond to fund the projects. Chair Morrison assured the Councilmember that projects that were included in the original measure would continue in the Extension.

Mayor Kellejian pointed out that Section H-1 on page 17, spells out the projects, the sufficiency of funding, the bonding capacity, and projects priorities.

Mayor Murphy expressed his preference for awarding smart growth funds on a competitive basis; however, he said that he would agree to 50 percent being awarded on a competitive basis and 50 percent on a formula basis.

Councilmember Ewen asked when Board members would receive information in order to share with their Council members prior to April 9. Chair Morrison said that it is a tight timeframe but they striving to transmit information at least a week in advance of the April 9 meeting.

Councilmember Ewen asked if the Board will accept additional proposals following the first reading. Chair Morrison replied that the SANDAG Board meeting on May 14 will either be another first reading if there are significant changes or a second reading and approval.

Councilmember Crawford said that she received specific direction from her council on outstanding issues. Specifically, her council favors the Expenditure Plan that was presented in the initial draft Ordinance. There was unanimous support for the original Expenditure Plan, including the environmental mitigation plan. Her council supports the competitive grant process for those portions of the original Expenditure Plan that called for it. They believe there should be a competitive grant for livable communities, bikes and pedestrians, and smart growth. She said that if we want to change things, we need to be competitive. The position of her Council is that the fewer areas not amended by a two-thirds vote the better. They agreed that some things should be protected from change. They agreed that if you have too many things you can't change, then there would be no need for an independent review and taxpayer oversight committee. The council also supported the longest possible extension.

Councilmember Crawford expressed a concern that not all jurisdictions have regional arterials. She agreed that there should be ways for jurisdictions to qualify for regional funds when their arterials are no longer eligible for these funds. She noted that Del Mar uses a design and build method of construction. The Ordinance will establish a baseline of an average of three fiscal years. However, there are a number of things that might cause delays that would affect the amount of money spent that could result in not meeting the baseline. She asked staff to consider looking at meeting the intent of Section A on baseline expenditures for each city, but allow for circumstances beyond their control, to cover any anomalies. Section 17 related to the comprehensive review program should be changed to reflect a 40-year term, so that the review will now occur in years 11, 21, and 31.

Mayor Kellejian suggested that the existing SANDAG “use it or lose it” policy be considered for the maintenance of effort. This will provide an opportunity for jurisdictions to present reasons why their project has been forestalled.

Chair Morrison commented that it will be extremely important that the public knows what it is approving. We need to be honest with the voters. The local roads component should be criteria based.

Councilmember Judy Ritter, Chair of NCTD, indicated that the NCTD Board supported the 40-year extension. Comments from the NCTD Board included the desire for as much money as possible into congestion relief projects because these dollars leverage state and federal money. In addition, money for bus rapid transit (BRT), arterials, smart growth, land use, and transportation connections are critical for the future and provide incentives for the RCP. The environmental work was supported as well as increased funding for local roads. The developer impact fee was supported. She asked what percent of funds would go for BRT projects. *Staff replied that BRT projects will be dealt with as multimodal corridors.*

Chair Morrison noted that we received a number of correspondences on this subject and will include these as comments to staff.

4. REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM PROPOSAL (POSSIBLE ACTION)

Staff provided background information, and indicated that the results of the voter survey showed that the electorate is concerned that *TransNet* not bail out the development community. This item is worth one or two percentage points and we are too close to the two-thirds approval rating to not respond to this concern. The Ad Hoc Working Group on *TransNet* directed staff to eliminate this potential threat to the passage of the measure. The Working Group wanted to know how San Diego’s development impact fees compare with Riverside. It was found that San Diego’s overall development impact fees were three to four times higher than in Riverside. However, Riverside’s transportation component is about 70 percent of the total fee. In San Diego, the transportation component is about 12-18 percent. There are some areas in San Diego that have high development impact fees. Staff distributed information that showed which jurisdictions charge a development impact fee.

Staff stated that the purposes of including the impact fee in the *TransNet Extension* measure are to help pass the ballot measure, and to fund regionally significant arterials.

The impact fee would apply to new residential units only, with a start date of July 1, 2008, and according to the fee contribution adjustment. The \$2,000 fee could be adjusted annually by the Engineering Construction Cost Index.

Staff explained the expenditure guidelines. There would be exemptions for very low income households (50 percent of the median household income) and low income households (80 percent of the median household income). Credits against this impact fee would include contributions to the regionally significant arterial transportation system and/or SANDAG's Congestion Management Program.

The measure requires each jurisdiction to establish a collection procedure, an expenditure schedule, participation incentive, and oversight. The penalty for nonparticipation is that the jurisdiction would not be eligible for its *TransNet* local streets and roads money. In addition, the money has to be used within a certain period of time for the purpose it was committed.

A map was distributed that defines the regionally significant arterials by name and type of project currently anticipated. This is consistent with the most up-to-date and adopted long-range Regional Transportation Plan and the short-range Regional Transportation Improvement Program (RTIP).

Mayor Murphy clarified that if this money is not spent by a jurisdiction on a regionally significant arterial network then it could go into a regional pot. *Staff replied that is an option under consideration, unless the jurisdiction still has the need that the monies were collected for.*

Mayor Mark Lewis (El Cajon) stated that El Cajon does not have a program to collect transportation fees. This will impact the cost of housing in the El Cajon area by \$2,000, and new residents will wind up paying this fee rather than the developers. He said that this would raise the cost of housing at a time when we are concerned about the high cost of housing. El Cajon has a program for converting apartments to condominiums. He asked if this will be considered new housing. If so, there are over 1,000 units already approved. *Staff agreed that the \$2,000 in today's housing market will be pushed to the consumer. The impact fee is related to developments that would add more trips. Thus, the condominium conversion would not add new transportation trips and therefore would not be charged this fee.* Mayor Lewis asked that specific language related to conversions be included.

Mayor Kellejian noted that similarly, if you are taking a single-family unit and replacing it with a duplex on the property, you would only be charged for one new unit. A straight conversion does not add trips.

Councilmember Feller clarified that jurisdictions will collect this fee and then notify SANDAG that they have done so. He asked if the \$2,000 is an additional impact fee. *Staff replied that if money currently being collected today by a jurisdiction is being spent on a regionally significant arterial then there is no charge. If it is not, then you would add the \$2,000 impact fee.*

Mayor Pro Tem Monroe said that Orange Avenue in Coronado has higher average daily trip (ADT) counts on work days than major arterials in other areas. He asked about the criteria

designation. *Staff responded that there is a list of eight criteria in the RTP that were used to designate regionally significant arterials.*

Pedro Orso-Delgado, Caltrans District 11 Director, stated that Highway 75 is designated as a state route and that's why it doesn't qualify as an arterial.

MTS Chair Leon Williams asked if there is a distinction between multi-family, single-family, and low-income housing in relationship with smart growth and if there are incentives for them to be located near transit versus adding to sprawl. *Staff replied that this concept does not address incentives for locating development near transit. The purpose of the impact fee is to fund a specific arterial network that requires a specific amount of money*

MTS Chair Williams asked if we can add the incentive program language that encourages developments that locate adjacent to transit. *Staff said that the SANDAG Board can direct staff to make such changes.*

Councilmember Jack Dale (Santee) said that his community doesn't have a major arterial. With future development and high density around the trolley station and single-family housing developments, this impact fee will be a tough sell to residents in Santee. Each of the SANDAG Board members will have to sell this to their city. He agreed with Leon Williams that residential developments adjacent to transit should receive an incentive.

Mayor Murphy noted that Mission Gorge Road, which extends to Santee, is a regionally significant arterial. *Staff agreed that was true, but noted that there are some jurisdictions without regionally significant arterials today. That's why it is important to provide for amendments as time goes on. Staff suggested that specific road networks could be included in the measure.*

Leon Williams asked that staff be directed to look at a formula for encouraging smart growth.

Councilmember Ewen asked if we are on a firm legal basis in singling out residential units for this fee. *The SANDAG General Counsel replied that he is comfortable with exempting retail and commercial units at this point.*

Mayor Cafagna said that we have been working with the building industry on this issue. We've had some great cooperation from it and are assuming it is not opposed to this as long as it will have protections limiting expansion of the amount.

Councilmember Ewen asked what happens if a jurisdiction does not have eligible projects, but is involved with an adjoining jurisdiction on an eligible project.

Councilmember Crystal Crawford (Del Mar) said that her city council gave her direction that commercial and industrial as other types of projects should be included because they generate trips. She noted that Riverside County will be charging those businesses impact fees in the future. She said that the residential fee does not address all of the impacts.

Mayor Cafagna responded that there is an issue of where these trips are originating and that there is an argument related to duplication. He was opposed to adding this to the motion.

Councilmember McCoy noted that there is no encouragement for people to telecommute. She thought this should be mentioned somewhere. Chair Morrison stated that this is not a transportation plan, it is a funding mechanism.

Mayor Corky Smith (San Marcos) said that some of the roads on this map have already been developed. He asked if the city would get credit for the use of these roads and able to use the money for maintenance. *Staff replied that if the road is improved to accommodate additional traffic then it is eligible. To the extent the maintenance is required for new growth the answer is yes; however, you can only pay for the amount of the maintenance that is related to new growth.*

Mayor Murphy reiterated that the motion as structured does have jurisdictions collecting the money and spending it in the jurisdiction and, if the jurisdiction does not spend the money, then it goes to a regional pot.

Public Comments:

Jim Whelan, representing Barratt American, had signed up to speak, but was not present at this time.

David Krogh, a member of the public, supported the San Diego North Development Economic Council in its March 5, 2004, letter that two regular citizens be included on the oversight committee. He wondered if extending the time line to 40 years meant that communities with projects in year 30 will have to wait for year 40 for their projects to be completed. He supported the developer impact fee to mitigate freeway congestion. He was disappointed about changing the effective date from 2005 to 2008. He suggested that a study be conducted related to the regional impact to regional transportation in favor of a higher impact fee amount but no more than \$5,000. He wanted a provision to include mitigation for growth. He suggested that Section F2 be modified with a five-year period of time.

Craig Benedetto, representing the Building Industry Association (BIA), said that the BIA is not enthusiastic about this approach. He disagreed with the notion that new development doesn't pay its fair share. He said that all of the jurisdictions require impact fees or other project contributions, and the home buyer will pay for this fee. He thought that each jurisdiction should make the decision to use the money for impacts surrounding a project. He thought that the last sentence of Section 9 should be deleted. *Staff agreed that that sentence is in the wrong place and staff is aware of it and will correct that error.*

Tony Agurs, representing the East San Diego County Association of Realtors, said that this is called a new homeowners tax. He stated that this will have a significant impact and is a double tax. He suggested that this amount be offset by reducing other fees.

Jim Schmidt, a member of the public, said that the key is housing supply. He expressed concern about the \$2,000 fee and felt it should not be increased.

Kim Kilkenny, representing the Otay Ranch Company, said they are opposed to a regional impact fee for a variety of reasons. If it is imposed it should be fair and reasonable. He distributed information that showed the amount of development fees charged by the City of Chula Vista, which has the highest traffic fees. He was concerned about the map in Chula Vista showing only two regional arterials. This map and the definition of regionally significant arterials will cause serious problems. He suggested that qualitative and quantitative criteria such as 15,000 average daily trips be used instead. *Mayor Padilla stated that the City of Chula Vista is working on that.*

Board Member Comments:

Councilmember Jerry Jones (Lemon Grove) expressed concern about what the impact fees can be used for. He wondered how a built-out city will make a nexus for spending money on roads when traffic counts will not be increased. *Mayor Cafagna stated that if you are not building anything, then you won't be charging an impact fee.*

Councilmember Jones asked about the impact of one or two houses, rather than housing projects. *Mayor Cafagna ensured Councilmember Jones that there will be a project in his city that will be eligible to use these funds.*

Chair Morrison agreed that there should be sufficient flexibility to be able to use that money for projects in each jurisdiction.

Councilmember Guerin stated that there is a strong feeling that developers do not pay their fair share. She said that residents in her city have been calling for a development impact fee. She reminded the Board that this is being proposed because the polling, the voters, and our constituents told us that we need to do this. This is a good way to pay the freight for the needed infrastructure.

Councilmember Matt Hall (Carlsbad) stated that we are looking at a way to try to address a regional impact. We need to move forward to support this. There is something in it for everyone.

Mayor Cafagna asked if the motion was clear. Staff replied that it includes the following points: the \$2,000 amount would be a cap but adjusted by the Engineers Construction Index, condominium conversions would be eliminated from the fee, we would include state routes, and direct staff to look at smart growth opportunity areas as another option for exemption.

Councilmember Dale asked that roads be specified. Chair Morrison replied that we will make sure that the areas are included. Then we will deal with parameters in the RCP.

Mayor Padilla commented that whatever the structure, the cost of assessing the impacts of new infrastructure demand is always borne by the consumer. This recognizes what consumers should bear that cost.

Action Taken: Upon a motion by Mayor Cafagna and a second by Mayor Kellejian, the SANDAG Board approved adding to the *TransNet Extension* Ordinance the \$2,000 per unit fee as proposed in the staff report as adjusted by the Engineers Construction Index, with amendments regarding exempting apartment conversions to condominiums, the inclusion of state routes, directing staff to review an amendment to the arterial project list to ensure that all agencies have the ability to spend the funds in their community, and directing staff to look at smart growth opportunity areas as another option for exemption. Yes – 18 (weighted vote, 98%). No – 0 (weighted vote, 0%). Abstain – San Marcos (2%). Absent – City of San Diego - B.

5. LOCAL STREET AND ROAD FINANCING OVERVIEW (INFORMATION)

This report was presented for information only.

6. DRAFT TRANSNET EXTENSION ORDINANCE AND EXPENDITURE PLAN (ACCEPT FOR DISTRIBUTION)

This item was deferred

7. UPCOMING MEETINGS

The next Board of Directors meeting is scheduled for Friday, March 26, 2004

8. ADJOURNMENT

The meeting was adjourned at 12:50 p.m.

GARY L. GALLEGOS
Secretary

**ATTENDANCE
SANDAG BOARD OF DIRECTORS' MEETING
MARCH 19, 2004**

JURISDICTION/ ORGANIZATION	NAME	ATTENDING	COMMENTS
City of Carlsbad	Matt Hall (Alternate)	Yes	
City of Chula Vista	Steve Padilla (Member)	Yes	
City of Coronado	Phil Monroe (Member)	Yes	
City of Del Mar	Crystal Crawford (Member)	Yes	
City of El Cajon	Mark Lewis (Member)	Yes	
City of Encinitas	Christy Guerin (Member)	Yes	
City of Escondido	Lori Holt Pfeiler (Member)	Yes	
City of Imperial Beach	Patricia McCoy (Member)	Yes	
City of La Mesa	Ernie Ewen (2nd Alternate)	Yes	
City of Lemon Grove	Jerry Jones (Alternate)	Yes	
City of National City	Ron Morrison, Chair (Member)	Yes	
City of Oceanside	Jack Feller (Member)	Yes	
City of Poway	Mickey Cafagna, Vice Chair (Member)	Yes	
City of San Diego - A	Dick Murphy (Member)	Yes	
City of San Diego - B	Jim Madaffer (Member)	No	
City of San Marcos	Corky Smith (Member)	Yes	
City of Santee	Jack Dale (Alternate)	Yes	
City of Solana Beach	Joe Kellejian (Member)	Yes	
City of Vista	Morris Vance (Member)	No	
County of San Diego	Diane Jacob (Member)	Yes	
ADVISORY MEMBERS LISTED BELOW (ATTENDANCE NOT COUNTED FOR QUORUM PURPOSES)			
Caltrans	Pedro Orso-Delgado (Alternate)	Yes	
MTDB	Leon Williams (Member)	Yes	
NCTD	Judy Ritter (Member)	Yes	
Imperial County	Victor Carrillo (Member)	No	
US Dept. of Defense	CAPT Christopher Schanze (Member)	No	
SD Unified Port District	Jess Van Deventer (Member)	No	
SD County Water Authority	Bud Lewis (Alternate)	Yes	
Baja California/Mexico	Lydia Antonio (Alternate)	Yes	