



BOARD OF DIRECTORS
MARCH 25, 2005

AGENDA ITEM NO. 05-03-1
ACTION REQUESTED - APPROVE

BOARD OF DIRECTORS DISCUSSION AND ACTIONS
FEBRUARY 25, 2005

Chairman Mickey Cafagna (Poway) called the meeting of the SANDAG Board of Directors to order at 9:08 a.m. The attendance sheet for the meeting is attached.

1. APPROVAL OF MINUTES

Action: Upon a motion by First Vice Chair Mary Sessom (Lemon Grove) and a second by Second Vice Chair Jack Dale (Santee), the SANDAG Board of Directors approved the minutes from the January 14 and 21, 2005, meetings.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBERS COMMENTS

Mrs. Lisa Stocks, Executive Director of Lifesharing, said that her organization has been designated by the federal government to be the organ procurement agency for San Diego and Imperial Counties to facilitate organ donation and transplantation. In April they will be launching a donor registry. This registry will take the place of the pink dot on driver's licenses. Currently, there are more than 85,000 people around the nation waiting for organs, and California has 21 percent of that number. There will be a statewide press conference to increase awareness about this registry. She asked that the individual cities issue a proclamation to support organ donation and the registry, and she provided draft language to use. She also invited Board members to attend the press conference. She offered to schedule a registry drive in each jurisdiction.

Vice Mayor Pia Harris-Ebert (San Marcos) asked how this group is funded. *Ms. Stocks replied that they have received funding from the federal government.*

Mayor Joe Kellejian (Solana Beach) asked if SANDAG has a policy with regard to resolutions of support. *Gary Gallegos, Executive Director, replied that agency resolutions are done, but they usually pertain to what SANDAG does; however, he didn't think there was anything precluding us from doing that.*

Mayor Kellejian asked that the Executive Committee review this issue and consult with legal counsel to see if it is within SANDAG's purview.

Councilmember Phil Monroe (Coronado) asked if the group would be willing to attend a meeting of the Coronado City Council. *Ms. Stocks replied affirmatively. Councilmember Monroe noted that since the city council meeting is televised, it would be a good way to raise awareness for this cause.*

Supervisor Pam Slater-Price (County of San Diego) indicated that the County of San Diego has issued similar proclamations in the past.

Chair Cafagna pointed out that Board Policy No. 6 states that the subject matter of a proclamation must be within SANDAG's purview and have regional significance. He had no objections to doing this but cautioned the Board about doing this for one cause because it would open the door for other causes. He recommended that we encourage our member jurisdictions to issue a proclamation to support this cause.

Chuck Lungerhausen, a member of the public, provided information on the new location of Team Water Walk activities on Saturday, April 2. This will occur at the Splash at Frog One in Spring Valley. The people with Multiple Sclerosis can use all the help you can give. On the transportation front, he pointed out where the Governor would take \$13 million from gasoline tax from this county for the State budget. He stated that we are all going to get hurt by this action.

Mayor Kellejian congratulated the North San Diego County Transit Development Board (NSDCTDB) and the residents of North County on the ten-year anniversary of the Coaster. He said there were people at each Coaster station this morning passing out giveaway items to passengers.

Councilmember Jack Feller (Oceanside) mentioned that he got to the Oceanside station this morning at 5:10 a.m. to hand out the free goodies and there were about 100 people racing to get on that train. He didn't realize there were that many people getting on the train at that time.

Councilmember Judy Ritter (NCTD) reminded the Board of the "two for one" promotion on Saturdays until the end of May where one person pays and the second person rides for free.

CONSENT ITEMS (3 through 8)

Chair Cafagna noted that item No. 8 was pulled from the Consent Calendar for discussion.

3. **ACTIONS FROM POLICY ADVISORY COMMITTEES (APPROVE)**
4. **APPROACH FOR DEVELOPING SMART GROWTH CONCEPT MAP (ACCEPT)**

The Regional Comprehensive Plan (RCP) calls for developing a smart growth concept map for use as a planning tool in updating the Regional Transportation Plan (RTP) and allocating incentive funding for smart growth. This report presents the proposed approach and timeline for developing the map. The Regional Planning Committee recommends that the Board of Directors accept the proposed approach for development of the Smart Growth Concept Map.

5. QUARTERLY PROGRESS REPORT ON TRANSPORTATION PROJECTS – OCTOBER TO DECEMBER 2004 (INFORMATION)

This quarterly report summarizes the current status of major highway, transit, arterial, traffic management, and transportation demand management projects in SANDAG's five-year Regional Transportation Improvement Program (RTIP) for October-December 2004. The *TransNet* one-half cent local sales tax and other local, state, and federal sources fund the projects.

6. TRANSIT OPERATING REVENUE ALLOCATIONS AND ESTIMATES (APPROVE)

The transit operators within the SANDAG region receive various revenues to support both ongoing operations and major capital projects. Each year, SANDAG provides the estimates from various sources of revenues for transit. This report provides the estimates of transit revenues available for FY 2006 to FY 2010 for each fund type. In addition, SANDAG provides local agencies the funding available for the nonmotorized program for the upcoming year. The Transportation Committee recommends that the SANDAG Board adopt the FY 2006 Apportionments and approve the revenue projections for FY 2007 to FY 2010.

7. CAPITAL IMPROVEMENT PROGRAM (APPROVE)

The Metropolitan Transit System (MTS) and NCTD have developed their Capital Improvement Programs (CIPs) for FY 2006, which form the basis for the Federal Transit Administration's (FTA's) Section 5307 Urbanized Area formula fund grant, the Section 5309 Rail Modernization formula fund grant, and the 2004 Regional Transportation Improvement Program (RTIP) amendments for CIP projects. The Transportation Committee recommends that the SANDAG Board approve the CIP for funding for the San Diego region, approve the submittal of the associated FTA grants, and adopt Resolution No. 2005-18, approving Amendment No. 5 to the 2004 RTIP.

Chair Cafagna pointed out that a revised handout of Actions from Policy Advisory Committees (agenda item No. 3) has been distributed. It includes actions from the February 18, 2005, Borders Committee meeting.

Deputy Mayor Crystal Crawford (Del Mar) stated that this February is the third anniversary of the Borders Committee. The Borders Committee met with tribal government representatives and received information on tribal activities and two groups, the Southern California Tribal Chairman's Association and the Reservation Transportation Authority. Deputy Mayor Crawford also mentioned that the Borders Committee held a joint meeting with the Southern California Association of Governments (SCAG) in San Juan Capistrano on February 24, 2005. Staff will be providing follow-up information from that meeting.

Action: Upon a motion by Vice Mayor Ron Morrison (National City) and second by Vice Chair Sessom, the SANDAG Board voted to approve Consent Item Nos. 3 through 7, including Resolution No. 2005-18. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (0%). Absent – Chula Vista.

8. COMPENSATION STUDY (APPROVE)

SANDAG has completed the classification and compensation study with the objective of creating a classification and compensation structure that provides clear career ladders, with new entry-level positions and internal flexibility to manage an evolving agency, while remaining objective, competitive, and equitable across all SANDAG classes. This report presents the findings and recommendations of the compensation study, including the FY 2006 Position Classification/Salary Range Table. Merit or performance compensation adjustments will be managed within the SANDAG FY 2006 Program Budget. The Executive Committee has recommended Board approval.

Mayor Pro Tem Matt Hall (Carlsbad) expressed concern about the agencies with which we compared ourselves. He disagreed with the inclusion of agencies outside of the San Diego region, such as the Association of Bay Area Governments, the Los Angeles Metropolitan Transportation Authority (LAMTA), the Metropolitan Transportation Commission (MTC), the Orange County Transportation Authority (OCTA), and SCAG. He asked for the numbers to be rerun with those agencies removed from the calculations. Mr. Hall felt that when we include these agencies we drive our pay scales upward because the cost of living might be higher in these other metropolitan areas.

Supervisor Slater Price supported Mayor Pro Tem Hall's comments and said that we should exercise fiscal restraint.

Leslie Campbell, Director of Administration, explained that we included councils of governments (COGs) because we are a COG, and we provide similar services and compete in the same job market. She reiterated that the survey agencies had been chosen based on geographic proximity, size, provision of similar services, and competition in the same job markets.

Chair Cafagna asked how the results were achieved. *Ms. Campbell answered that the Board hired a consultant who used a proprietary software program. The consultant used benchmark positions and an approved list of public entities for the survey. She noted that the compensation is related to salary ranges, not actual pay and added that this is not a budget item.*

Mr. Gallegos said that this action sets the salary ranges. Through the annual budget process we set the budget that we have for salaries. If you look at actual salaries within those ranges, our staff is in the lower and middle of the salary ranges. He said that in the past SANDAG has primarily used performance-based increases, and the cities have provided cost-of-living increases as well as merit salary increases. He had asked staff to make comparisons with actual salaries, but we had problems obtaining that information from the cities.

Ms. Campbell stated that we did get some information on actual salaries. She said that other government agencies provide the cost-of-living plus automatic merit increases. At SANDAG, salaries are pay-for-performance based.

Mayor Art Madrid (La Mesa) noted that a lot of jurisdictions have been laying off employees. He asked how many applications we receive for job openings. *Ms. Campbell replied that it has been anywhere from 30 to 100 applications. However, there have been a*

number of candidates who have pulled out of the application process when they find out how serious we are about the salary scale.

Mayor Madrid commented that you have to take into consideration that public agencies pay for medical coverage when a lot of private companies do not.

Councilmember Jim Madaffer (City of San Diego) said that he would prefer to move this item today. What he fears is that SANDAG or other government agencies will become training grounds for other municipalities or other governmental entities. A recent *San Diego Union-Tribune* article indicated that the cost-of-living in San Diego outpaces that of the nation. That is the fiscal reality we are facing. He urged the Board to give greater consideration to this. He had no problem with staff reporting back with the additional information that was requested.

Mayor Pro Tem Hall said that he wanted to make an informed decision and wanted the Board to wait on taking action until the numbers were recalculated to remove those not in the San Diego region.

Mayor Steve Padilla (Chula Vista) said that the analysis conducted was appropriate and extensively reviewed. We have to remember that the analysis is multi-dimensional and there are other factors considered in the comparison such as the required skill sets, expertise, and the ability of this agency to compete in this market. The comparison to other COGs in this state is appropriate and is not driven by the size of the agency alone.

Deputy Mayor Guerin said that when the Board approved the study under this contract it was because this agency had changed due to consolidation. It was important that we compare ourselves with the other COGs. We are recruiting from some of those larger COGs. She was not comfortable with removing the COGs from the equation.

Vice Mayor Morrison echoed sentiments by Guerin. He said that we have to compare apples to apples.

Chair Cafagna stated that the last time we conducted this type of study was in 1991. We are in a situation where we have several senior people retiring and we want to do our best to replace them. Fiscal responsibility is a very important thing, and this agency has demonstrated fiscal responsibility. We are dealing with the current situation.

Mayor Madrid said that he would only support the salary ranges at the 75th percentile of the market but would abstain on this item because he felt there was insufficient information.

Supervisor Slater-Price didn't think it was an unreasonable request to have the numbers rerun excluding the other COG numbers. To be responsible decision makers, we should examine the other set of numbers.

Chair Cafagna asked what it would cost for the consultant to do another set of numbers. *Ms. Campbell estimated that it might be as high as \$10,000. She noted that the contract has run out so it would take several months to develop another contract.*

Supervisor Slater-Price thought that SANDAG staff could run the numbers.

Mayor Pro Tem Hall thought that it should be simple to generate the additional information.

Chair Cafagna asked if this recalculation could be done in-house. *Ms. Campbell said she would ask the consultant about the cost to conduct the variations. She said that he charged us about \$6,000-8,000 for a previous change order requesting additional computations, and she was not sure what the consultant would require to do the recalculations. She added that our staff does not have the skill to rerun the numbers, as this is a proprietary software program.*

Chair Cafagna asked Ms. Campbell to find out what it will take to recalculate the numbers removing the agencies outside the San Diego region.

Mr. Gallegos pointed out that we hired the expert with a proprietary software program. We can bring the additional information back, but it won't be appropriate. If it were that easy to calculate this in the first place, we would not have hired a consultant.

Action: Upon a motion by Councilmember Madaffer and a second by Deputy Mayor Christy Guerin (Encinitas), the SANDAG Board accepted the compensation study and approved the FY 2006 Position Classification/Salary Range Table. Yes – 16 (weighted vote, 79%). No – 2 (Carlsbad and County of San Diego) (weighted vote, 19%). Abstain – La Mesa (2%). Absent – 0.

Action: Upon a motion by Chair Cafagna and a second by Mayor Pro Tem Hall, staff was directed to determine if a simplified version of the calculation excluding agencies outside the San Diego region can be done in-house; if not, obtain information from the consultant about what it would take to remove the other COGs' numbers and conduct a recalculation, and report back with that information to the Executive Committee. Yes – 13 (weighted vote, 85%). No – 6 (Encinitas, Escondido, Imperial Beach, National City, San Marcos, and Vista) (weighted vote, 15%). Abstain – 0 (0%). Absent – 0.

CHAIR'S REPORTS

Chair Cafagna recognized Bill Hall, Chairman of the Port Commission, as the Ports new representative to the SANDAG Board.

9. RECOGNITION OF JESS VAN DEVENTER (INFORMATION/POSSIBLE ACTION)

Jess Van Deventer is the longest serving member of the SANDAG Board of Directors. As a Councilmember from National City, Jess represented his city on the SANDAG Board from 1978 to 1992. He served as the Chairman of the SANDAG Board of Directors during 1984-1986. Following his city council tenure, his National City council colleagues selected Jess in 1993 to represent his city as a Commissioner on the San Diego Unified Port District. His fellow Commissioners immediately selected Jess to be their advisory representative on the SANDAG Board until the expiration of his Port term in December 2004.

Chair Cafagna reviewed the accomplishments of Jess Van Deventer during his service to the SANDAG Board and presented him with a plaque of appreciation.

Jess Van Deventer said that it has been a pleasure for him to serve the San Diego region, especially at SANDAG, and to be a part of the major accomplishments that have occurred. He stressed the need for regionalism from the SANDAG Board.

10. SUMMARY OF ANNUAL BOARD OF DIRECTORS RETREAT (INFORMATION)

This report provides a synopsis and potential actions based on the discussions during the retreat held on February 9, 10, and 11, 2005.

Chair Cafagna noted that almost every SANDAG member agency attended the Retreat, and a lot of ground was covered from projects contained in the *TransNet Extension* to implementing the Regional Comprehensive Plan and updating our Regional Transportation Plan. He added that it was very beneficial to have our law enforcement and fire officials participate. He pointed out that staff attempted to capture the essence of the retreat by denoting the "actions" in the Board report.

11. APPOINTMENT OF CHAIRS AND VICE CHAIRS FOR THE TRANSPORTATION, REGIONAL PLANNING, BORDERS, AND PUBLIC SAFETY COMMITTEES (INFORMATION)

Members and alternates for the Transportation, Regional Planning, Borders, and the Public Safety Policy Advisory Committees have been announced. The Chair will make his appointments to the Chairs and Vice Chairs of each Committee. A listing of appointments is included.

Chair Cafagna indicated that a blue sheet updating the chairs and appointments from each of the subregions to the Policy Advisory Committees was distributed due to changes to the Borders Committee and Public Safety Committee representatives.

Deputy Mayor Guerin noted one correction to the Public Safety Committee under the San Diego County Sheriff heading, in that Bill Gore is actually the Assistant Sheriff rather than Undersheriff. There also was a correction under the federal Public Safety position, in that Daniel Dzwilewski works for the Federal Bureau of Investigation rather than the U.S. Marshall's Office.

Councilmember Monroe expressed his pleasure that the Vice Chair of the Borders Committee is Supervisor Victor Carrillo from Imperial County. He stated that this says a lot for Supervisor Carrillo's participation in the Committee and our outreach to neighboring areas.

REPORTS

12. **PUBLIC HEARING:** FINAL REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) (APPROVE)

Mayor Lori Holt Pfeiler (Escondido) said that this is the public hearing for final adoption of the RHNA, which will help ensure that our regional plans better link transportation and land use. The Regional Comprehensive Plan (RCP) calls for more housing in smart growth areas, and adoption of the RHNA is a big step toward implementing the RCP.

Susan Baldwin, Senior Planner, gave a presentation on the RHNA process and issues. She noted that the Board is being asked to make the final decision on the RHNA for the 2005-2010 housing cycle. There are three basic components to the RHNA: determining the overall housing need for this cycle, allocating the overall need by jurisdiction, and allocating each jurisdiction's need by income category. Following the Board's acceptance of the draft RHNA for distribution, staff has been making presentations to the cities and various organizations.

During the public review period, three issues were the focus of discussions: how should the region's future lower-income housing needs be distributed among the region's jurisdictions, what changes to the Draft RHNA can be made in the short-term, and what changes can be made in the long-term to improve the next RHNA process. This process is intended to ensure that the region plans for its housing needs.

Ms. Baldwin stated that the RCP Housing Chapter's goal is to provide a variety of affordable and quality housing choices for people of all income levels. The policy objective is to increase the supply of and variety of housing choices, especially higher-density multifamily housing. The Housing Chapter's recommended actions are to identify and rezone appropriate sites for entry-level housing, and multifamily and mixed-use housing that is located close to public transportation, employment, and other services; and to identify and develop appropriate underutilized sites for housing, such as older strip commercial centers.

Ms. Baldwin said that under the housing element law, local jurisdictions are required to update their housing elements every five years. SANDAG is responsible for the RHNA process, which determines the number of units the region and local jurisdictions need to plan for. Local jurisdictions are required to identify adequate sites to accommodate their overall share of the region's housing needs for all income levels; the most difficult aspect of this requirement is to identify multifamily-zoned sites to provide the opportunity for lower and moderate income housing units to be built. Although multifamily zoning does not ensure affordability, it provides the opportunity for local, state, and federal affordable housing resources to be used.

Ms. Baldwin said that four groups were involved in this process: the Regional Planning Committee, the Regional Planning Technical Working Group, the Regional Housing Task Force, and the Regional Housing Needs Working Group.

Ms. Baldwin explained that the first step in the process was to determine the regional housing need. The second step allocated that need by jurisdiction based on SANDAG's growth forecast. The third step determined each jurisdiction's regional share by income category based on the region's census. State law requires that the allocation must seek to

reduce the concentration of lower-income households in cities and counties that already have a disproportionate share of such households.

Ms. Baldwin reviewed the six income allocation alternatives: 1, 2, 3, ABAG, SCAG, and Modified Alternative 1. In their discussions of Alternative 3 and Modified Alternative 1, the Regional Planning Committee and Regional Planning Technical Working Group were not able to reach a clear consensus, although Modified Alternative 1 received somewhat more support from the groups.

Ms. Baldwin stated that currently incorporated in the numbers is a transfer between the City and County of San Diego, and that National City and Poway have been discussing a similar transfer.

Mayor Holt Pfeiler recognized that these numbers are difficult for all of us. The RCP will address how we undertake the next RHNA process early on, well before the next housing elements are due. Issues include how much money is available, and how much can we really do given the average affordable housing subsidies of \$100,000-\$150,000 per unit. There also are bigger issues than what we can deal with immediately, such as fiscal reform and infrastructure funding. She distributed and reviewed the contents of a memo from Mayor Padilla, Councilmember Madaffer, and herself that recommended support for Modified Alternative 1 with several provisions outlined in the memo.

Chair Cafagna opened the public hearing at 10:18 a.m.

Mitch Mitchell, representing the San Diego Regional Chamber of Commerce, said that housing is the Chamber's number one priority. In March 2000, 24 percent of those people in the median income bracket could afford to buy a home. Now it is only 12 percent. We build plenty of \$600,000 homes and up. The economy is good, but we have not made the necessary progress for the future. Housing builders are looking in Imperial County for property. This is a regional crisis, and it has to be addressed by all of the cities. We have to do a better job in the City of San Diego and a better job as a chamber working with other city chambers throughout this region.

Susan Tinsky, Chair of the Chamber's Housing Committee, said that the lack of affordable housing has reached dramatic proportions. The RHNA process will begin to address those issues. We are dependent upon one another for the economic sustainability of this region. We need to build housing close to employment opportunities and that which is affordable to our workforce to ensure economic prosperity in the region.

Renata Mulry, representing Bexen Press in Carlsbad, wondered why the State of California is putting the financial burden on the cities and the county for housing. She doesn't understand the numbers for some of the jurisdictions. She said that the reason people cannot afford to live here is related to "sun dollars." People earn substantially less in this city and county than other places. A lot of our revenue is generated by low-paying jobs. This is the intrinsic reason why we have this housing crisis. Until salaries are lifted through different employment opportunities, this will always be a crucial issue.

There were no other requests to speak, and Chair Cafagna closed the public hearing at 10:25 a.m.

Board Comment:

Motion Made: Mayor Holt Pfeiler moved to accept the Modified Alternative 1 as presented in the memo that was distributed. Councilmember Madaffer seconded the motion.

Discussion on the Motion:

Supervisor Slater-Price said that upzoning does not result in lower-priced housing. She didn't know where the low-income housing that the city mandates is going to be placed. It looks as though you have to actually demonstrate that you can build low-income housing, not just zone for it. Fees of \$6,000 won't provide a unit. Item 2b. in the memo states that you have to demonstrate production of units, not just rezone. She stated that Lincoln Acres is a low-income area, and the County wanted National City to absorb it. She thought that the Lincoln Acres area would be penalized under this proposal.

Chair Cafagna said that jurisdictions need to plan for these numbers to get our housing elements approved, but no one can produce all of the units assigned to them. The intent of the amendment being proposed is to provide incentives for planning for and building housing. We should make sure we are doing our best to produce the numbers.

Supervisor Slater-Price asked if Lincoln Acres came in with a proposal to build would it get preferential treatment under this amendment. *Mayor Holt Pfeiler explained that the County has an RHNA number and the closer it comes to achieving that number, the more chance it will have to compete for discretionary funds.*

Councilmember Feller asked if all of the cities' planning staffs have seen this memo. *Mayor Holt Pfeiler replied that they had not.*

Councilmember Feller asked about the possible transfer between National City and Poway. *Chair Cafagna said that Poway and National City have been discussing a transfer. National City has a low allocation because of the amount of lower-income households living there, and it is intending to build more than its allocation. The two cities were trying to determine if there is a way that Poway, who doesn't have the infrastructure or zoned land, could use redevelopment housing funds to help National City build low-income units. He noted that the region won't get credit for any additional units that are built in National City. He said that we ought to think on a more regional basis, and those cities that can accommodate more affordable housing and/or are located along transportation lines could be allocated money from that pool to build those units. The idea is to produce the housing.*

Councilmember Feller commented that it would seem to incentivize more low to very low income housing in one area. *Chair Cafagna responded that that is not the intent. The idea is to get people out of their cars and into public transportation and to encourage housing around public transportation rather than putting additional low-income housing in areas already having low-income housing.*

Vice Mayor Morrison asked how much is available for this smart growth incentive program. *Mayor Holt Pfeiler said that it is about \$17 million for the pilot program.* Vice Mayor Morrison pointed out that low-income housing is already subsidized about \$100,000 - \$200,000 per unit, so that is not a lot of money for this purpose.

Vice Mayor Morrison clarified that in the discussions with Poway, National City was not considering taking other jurisdictions' lower-income housing units. What they have said is that they have opportunities to build more housing. Other areas' plans do not allow them this same opportunity. We could help those jurisdictions that cannot meet their overall numbers, not just their lower income numbers.

Vice Mayor Morrison stated that with respect to the fiscal reform problem, the only way we can add density is through our redevelopment agencies. Two-thirds of National City is in a redevelopment area. The problem is that money comes back to the redevelopment agency for more housing rather than for the corresponding service needs. We cannot allow more construction to continue without money for services.

Councilmember Scott Peters (City of San Diego) commented that each of us should look for opportunities to provide housing to help improve our communities. He noted that the region is a victim of its own success and that it is difficult to build enough housing to affect prices. He reviewed activities accomplished by the City of San Diego. He asked that Fourth District Councilmember Tony Young be included in discussions about housing in the future. Councilmember Young wants to improve his district with residential development. Councilmember Peters also stated that pooling funds on a regional basis is a good idea and would allow for the use of cheaper land.

Deputy Mayor Guerin applauded Ms. Mulry's comments on State mandates. She said that her city staff has not had a chance to evaluate the memo that was distributed and expressed concern regarding the wording, "all future discretionary funding" and how it would affect Encinitas. She stated that she was not concerned about the \$17 million pilot smart growth program. *Mayor Holt Pfeiler clarified that only discretionary transportation dollars that are allocated to local agencies on a competitive basis would be used as an incentive.*

Deputy Mayor Guerin stated that this could have a negative impact on smaller cities without public transportation corridors. She expressed concern about trading transportation funding for housing.

Mayor Holt Pfeiler said that the memo provisions are trying to give jurisdictions in favor of Alternative 3 an incentive to vote for Modified Alternative 1.

Deputy Mayor Crawford expressed concerns similar to Deputy Mayor Guerin. *Mayor Holt Pfeiler clarified that you only have to provide housing opportunities, you are not required to build the units to be eligible for the smart growth money.*

Deputy Mayor Crawford noted that Del Mar has done well in qualifying for grant money for projects in the discretionary category on a practical level. She asked how that would affect Del Mar's eligibility to qualify for smart growth funding. She would like her planning director to review what is being proposed.

Mayor Kellejian did not understand the point system described in the memo as it relates to Solana Beach. *Mayor Holt Pfeiler explained that every year the city would send a report to SANDAG showing it has zoned property and what it has produced. About 25 percent of the criteria for discretionary funding would be based on how well we are producing housing.*

When you are producing jobs and people then you should be producing housing, too. We should put our money where our housing is located.

Chair Cafagna added that if the Board approves Alternative 3, Solana Beach would be required to plan for 67 low-income units and would not get additional bonuses. If the Board approves Modified Alternative 1, Solana Beach would be required to plan for 51 units, but, if it built 67 units, it would be eligible for incentive points in the allocation of transportation funds. He said that Solana Beach is the most likely candidate to get the bonus points because of its plans to build around transit centers.

Mayor Kellejian expressed dismay for not getting credit for housing units that have already been built across the street from the train station.

Councilmember Madaffer stated that a recent housing affordability report indicated that San Diego is number 3 as the least affordable metropolitan area. It is time we get serious about addressing our housing needs in this region. He noted his chairmanship of the League of California Cities Housing/General Plan Task Force, which is tackling these issues on a statewide basis. We need to put a price on addressing the housing problems that exist today. Redevelopment areas provide opportunities to address our housing needs. This memo is a compromise based on the Board's discussion a month ago. An alternative to the memo is Alternative 3.

Mayor Madrid asked about the condominium conversion phenomenon, which results in displacing people from their homes. He thought this should be considered in the RHNA numbers. *Chair Cafagna said that conversions would show up in the next report because of the elimination of the existing stock of affordable housing. Mr. Gallegos clarified that the RHNA numbers do not include condominium conversions; only the need for new units is factored into the RHNA numbers. Condominium conversions are not new units. Mayor Holt Pfeiler suggested that this issue be considered in the next RHNA.*

Mr. Gallegos suggested that the conversion of rental apartments to condominiums is a statewide issue that should be addressed.

Supervisor Slater-Price suggested that Alternative 3 might be better than Modified Alternative 1 with the memorandum.

Chair Cafagna stated that jurisdictions would not necessarily lose money; they could get bonuses through this carrot approach. The approach being proposed focuses on production of units, not just zoning.

Substitute Motion: Deputy Mayor Guerin moved to adopt Modified Alternative 1 without the amendment provisions. Mayor Pro Tem Hall seconded the motion.

Action: Yes – 4 (weighted vote, 29%). No – 13 (Chula Vista, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, Lemon Grove, National City, Oceanside, Poway, San Diego, San Marcos, Santee, and Vista) (weighted vote, 70%). Abstain – Coronado (1%). Absent – La Mesa. This motion failed.

Vice Mayor Morrison asked when the housing elements are due. *Mr. Gallegos replied that the cities must have their housing elements adopted by July 1, 2005.*

Chair Cafagna called for the question on the original motion to approve Modified Alternative 1 with the provisions in the memorandum.

Action: Upon a motion by Mayor Kellejian and a second by Supervisor Slater-Price, the SANDAG Board adopted Resolution No. 2005-17 approving the Final Regional Housing Needs Assessment for the 2005-2010 housing element cycle using Modified Alternative 1a, including the amendment provisions. Yes – 14 (weighted vote, 74%). No – 4 (County of San Diego, Encinitas, Santee, and Solana Beach) (weighted vote, 26%). Abstain – 0 (0%). Absent – La Mesa.

13. STATUS REPORT AND RECOMMENDATIONS FROM THE ENERGY WORKING GROUP (EWG) (APPROVE)

Henry Abarbanel, Co-Chair of the Energy Working Group (EWG) reported that the Board of Directors approved the EWG, which started to meet in March 2004. It has representatives from the subregions and other stakeholders as well. The goal is to implement the San Diego Regional Energy Strategy. The Group has established a relationship with the San Diego Gas and Electric Company (SDG&E) and has agreed that the top priority is the development of the long-term resource plan that is prepared by investor-owned utilities. The plan will be submitted to the California Public Utilities Commission (CPUC) in July 2006. EWG has initiated with SDG&E a pilot energy efficiency program, which will commence in the spring of 2005. Each of the jurisdictions have been notified of this program and have been asked to submit proposals. To date, responses have been received from Poway, Vista, and Carlsbad. The selected agency will be provided with engineering expertise, grant-finding experience, and implementation assistance needed for energy efficiency programs in its area.

Councilmember Abarbanel stated that the EWG has initiated a working relationship with senior staff of the California Energy Commission. San Diego is the only region to have a regional energy policy.

The EWG will be sponsoring the first of quarterly workshops on the principal issues contained in the long-term resource plan. Topics to be discussed at these workshops include transmission, energy efficiency, renewables, and advance metering through wireless networks.

Mayor Kellejian expressed his appreciation for all of the hard work that this Group has done. He said that we are about to embark on a long-term resource plan in 2006 that will set the energy and resource needs for the next ten-year period. He asked why the County of San Diego has no representation on the Energy Working Group.

Councilmember Abarbanel replied that it has been difficult for members of the Board of Supervisors to find time to be involved in this group. They have agreed to have a senior staff person represent the County. The EWG also would like to have a South County representative.

Mayor Kellejian said that he wanted to make sure the County staff member has communication with the Board of Supervisors. *Supervisor Slater-Price stated that the County staff member would provide full reports to the whole Board of Supervisors.*

Deputy Mayor Crawford asked why Imperial County is not represented on the agenda for the Transmission Workshop. *Councilmember Abarbanel acknowledged that they looked locally and south and did not look east.* Deputy Mayor Crawford stated that we need to ensure we have someone there from Imperial County who can speak to those issues.

Councilmember Monroe agreed to work on a South County representative.

Mayor Madrid stated that it has been his pleasure being co-chair with Councilmember Abarbanel and said that Councilmember Abarbanel is the driving force behind this effort. The issue of energy is equal to water, transportation, or land use. The CPUC is mandating that energy providers have a bifurcated process. That will impact every one of our jurisdictions, and we cannot take this lightly. Every recommendation should be respected from that group.

Action: Upon a motion by Deputy Mayor Crawford and a second by Councilmember McCoy, the SANDAG Board approved support for the work program and the proposed approach to fund the continuing work of the Energy Working Group, and approved the proposed strategy for expedited review of EWG comments on regulatory issues through the Executive Committee. Yes – 16 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (0%). Absent – Chula Vista, Oceanside, and San Marcos.

14. UPCOMING MEETINGS

The next Policy Board meeting is scheduled for Friday, March 11, 2005, with a tour of north county coastal at 9:15 a.m., immediately after the Executive Committee meeting. The next regular Board of Directors business meeting is scheduled for Friday, March 25, 2005.

15. ADJOURNMENT

The meeting was adjourned at 11:31 p.m.

DGunn/M/DGU

**ATTENDANCE
SANDAG BOARD OF DIRECTORS' MEETING
FEBRUARY 25, 2005**

JURISDICTION/ ORGANIZATION	NAME	ATTENDING	COMMENTS
City of Carlsbad	Matt Hall (Member)	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	Art Madrid (Member)	Yes	
City of Lemon Grove	Mary Sessom, Vice Chair (Member)	Yes	
City of National City	Ron Morrison (Member)	Yes	
City of Oceanside	Jack Feller (Member)	Yes	
City of Poway	Mickey Cafagna, Chair (Member)	Yes	
City of San Diego – A	Jim Madaffer (Member A)	Yes	
City of San Diego - B	Scott Peters (Member B)	Yes	
City of San Marcos	Pia Harris-Ebert (Member)	Yes	
City of Santee	Jack Dale (Member)	Yes	
City of Solana Beach	Joe Kellejian (Member)	Yes	
City of Vista	Morris Vance (Member)	Yes	
County of San Diego	Pam Slater-Price (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)	Yes	
US Dept. of Defense	CAPT Daniel King (Member)	Yes	
SD Unified Port District	William Hall (Member)	Yes	
SD County Water Authority	Marilyn Dailey (Member)	Yes	
Baja California/Mexico	Lydia Antonio (Alternate)	Yes	