



**FIRST *TransNet* TEN-YEAR COMPREHENSIVE
PROGRAM REVIEW**

File Number 1500100

Introduction

The *TransNet* Extension Ordinance requires that the SANDAG Board of Directors, acting as the San Diego County Regional Transportation Commission (Commission), conduct a Ten-Year Comprehensive Program Review of all *TransNet* projects and programs to evaluate and improve performance of the overall program. This report presents the Transportation Committee with options for discussion that would be presented to the Board for its consideration when determining how the first Ten-Year Review should be conducted.

Discussion

In accordance with the *TransNet* Extension Ordinance, one of the responsibilities of the Commission is to conduct a comprehensive program review every ten years. The Extension Ordinance includes the following provision regarding Commission responsibility for the Ten-Year Review:

"Section 17. Ten-Year Comprehensive 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. Such comprehensive program reviews shall be conducted in Fiscal Years 2019, 2029 and 2039. 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."

Background

The *TransNet* Extension Ordinance generates funding for public transit, highway, local road, and active transportation projects, and for programs focused on environmental protection and smart growth. The specific projects and programs funded under the Ordinance are further described in the document incorporated by reference to the Ordinance and titled *TransNet Extension Expenditure Plan Analysis* (Expenditure Plan).

Section 4 of the *TransNet* Extension Ordinance sets forth Expenditure Plan purposes and states as follows:

“Section 4. Expenditure Plan Purposes: The revenues received by the Commission from the existing measure as extended by this measure.....shall be used to improve transportation facilities and services countywide as set forth in the Expenditure Plan and in a manner consistent with the long-range Regional Transportation Plan and the short-range multi-year Regional Transportation Improvement Program....”

The Extension Ordinance also requires the review process to take into consideration the results of *TransNet*-funded improvements as compared to the performance standards established through the Regional Transportation Plan and the Regional Comprehensive Plan¹.

The attachment to the Ordinance entitled *“Statement of Understanding Regarding Implementation of the ITOC for the TransNet Program”* includes Independent Taxpayer Oversight Committee (ITOC) responsibilities and states:

“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.”

Preliminary considerations for the conduct of the review by the Board including the timing of the review, timeframe to be evaluated, the level of Board involvement in the process, and areas that may be evaluated, have been developed for discussion and are outlined below.

Preliminary Options for Consideration

Timing of the Review

The Board initiated the San Diego Forward: The Regional Plan (2019 Regional Plan) update process at its April 28, 2017, meeting. The 2019 Regional Plan update is anticipated to be completed with Board adoption in summer/fall 2019. With both the 2019 Regional Plan update and the Ten-Year Review anticipated to be conducted within the next two years, the Board may wish to align the timing of both efforts and take advantage of the opportunity to streamline activities while ensuring consistency across both efforts.

¹ At its May 25, 2012, meeting, the SANDAG Board of Directors approved the integration of the Regional Comprehensive Plan update with the development of the Regional Transportation Plan/Sustainable Communities Strategy. The integrated Plan (San Diego Forward: The Regional Plan) was adopted on October 9, 2015.

For example, the Ten-Year Review could be started in early summer 2017 (FY 2018) and conducted as a two-step process. The first step could entail a “look back” to assess the performance of the overall program to date. The second step could entail a “look ahead”, utilizing the results from the first step as a basis to consider potential revisions to the Expenditure Plan to improve performance of the *TransNet* program going forward. Should the Board decide to structure the Ten-Year Review in this manner, a decision would need to be made whether to perform each of the steps of the review by an outside firm or in-house staff.

The 2019 Regional Plan draft work plan was reviewed by the Board on April 28, 2017, and includes public outreach activities as well as development and evaluation of alternative multimodal transportation network scenarios for Board approval. Should the Board elect to conduct the look-ahead portion of the review as part of the 2019 Regional Plan efforts, any changes proposed to the Expenditure Plan could benefit from the extensive outreach already being conducted under the regional plan update. This approach could reduce duplicative efforts and costs, yet still ensure that stakeholders have ample opportunities to contribute to the development of any changes proposed to the Expenditure Plan for SANDAG Board consideration.

Alternatively, the Board could elect to conduct the Ten-Year Review separately from the 2019 Regional Plan update. However, this option would mean that results would likely not be available in time for consideration and consistency with the 2019 Regional Plan update.

Timeframe to be Evaluated

Another option for Board consideration is the timeframe that the Ten-Year Review would evaluate. While the Ordinance took effect on November 3, 2004, the allocation of revenues under the tax measure did not take effect until July 1, 2008 (FY 2009). In January 2005, the SANDAG Board voted unanimously to jump-start several transportation improvements included in the *TransNet* Extension Ordinance. This acceleration of project implementation is referred to as the *TransNet* Early Action Program (*TransNet* EAP) and was approved in recognition of the fact that, although voters approved the extension of *TransNet* in 2004, the revenues from the sales tax would not become available until FY 2009. The Board, however, exercised its authority to issue bonds backed by the future sales tax revenues to fund early project implementation.

For the review to consider evaluation of the work that was begun as part of the *TransNet* EAP and still maintain alignment with the timeframes listed in Section 17 from the Ordinance that state the Review shall be conducted in FY 2019, one option for Board consideration would be for the review to assess performance since January 2005, when the EAP was first initiated. To capture the most comprehensive information on project implementation to date, the review could evaluate the period through the end of FY 2017 (what would be the most recently completed fiscal year at the start of the review). As a point of comparison, when the ITOC conducted its first Triennial Performance Audit in FY 2009, it also considered the EAP years prior to collection of sales tax funds under the *TransNet* Extension. Capturing the most recent and complete progress made to date would be an important consideration when proposing any changes that may be made going forward.

Recommendations to make improvements could then apply to the subsequent ten-year period (starting in FY 2018) leading up to the Ordinance-prescribed FY 2029 review. Alternatively, recommendations to make improvements could be applied through the end of the *TransNet* Extension Ordinance (2048), or some other period.

Board Member Involvement

Another consideration is the level of Board member involvement and whether a new working group should be established. For example, appointment of an ad hoc working group may be warranted to accomplish specific tasks, such as developing a scope of work, or accomplishing some other specific assignment. If the Board were to decide to establish a new working group, then a proposed charter and membership also would need to be considered.

Another option would be to enlist existing working groups such as the Environmental Mitigation Program (EMP), Active Transportation Working Group, or Social Services Transportation Advisory Council. These and other existing working groups have been created by the Board and provide an additional layer of review offering the Board additional choices and alternatives when making decisions as it conducts its review. The Board also could rely on these existing work groups and staff as part of the Regional Plan work effort thereby further engaging stakeholders and members of the public.

Other Areas for Consideration

In addition to the requirement to review all projects and programs implemented under the Expenditure Plan, since adoption of the last regional plan update and *TransNet* triennial performance audit conducted by the ITOC in FY 2015, staff has kept track of recommendations raised by member agencies and other stakeholders that could be addressed as part of the Ten-Year Review. For example, it was proposed that the Board consider revisiting the Ordinance provision that requires “at least 70 percent of the revenues provided for local street and road purposes be used to fund congestion relief projects and no more than 30 percent of these funds for maintenance purposes” and that as SANDAG approaches the end of the EMP Memorandum of Agreement, that the EMP economic benefit achieved to date be reviewed. In addition, as discussed at recent ITOC and Board meetings, the fiscal constraints associated with delivering the remaining Major Corridor projects in the Ordinance as SANDAG transitions to a pay-as-you-go approach from the EAP format of advancing future sales tax funds through the issuance of funds could be considered as another area for review. These and other areas could be further explored for incorporation into the Ten-Year Review (Attachment 1). The *TransNet* Flow of Funds chart also is attached for reference (Attachment 2).

Next Steps

Pending initial input from the Transportation Committee, staff would return to the June 16, 2017, Transportation Committee meeting with a proposed preliminary schedule for the review. Options developed by the Transportation Committee for Board consideration could be developed into a proposed work plan to be presented at the June 23, 2017, Board meeting for direction on next steps.

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TransNet Department Director

Attachments: 1. First *TransNet* Ten-Year Comprehensive Review - Areas for Consideration
2. *TransNet* Extension - Flow of Funds Chart

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First *TransNet* Ten-Year Comprehensive Review

Areas for Consideration

The first ten-year review needs to include an evaluation of the following areas based on the *TransNet* Extension Ordinance requirements and flow of funds:

- *TransNet* Expenditure Plan
- *TransNet* Early Action Program (EAP) and related bond issuances
- Regional Bike EAP
- Transit Services
- New Major Corridor Transit Service Operations
- *TransNet* Administration
- Local Streets and Roads Program
- Major Corridor Project Environmental Mitigation Program (EMP)
- Local Project EMP
- Smart Growth Incentive Program
- Senior Mini-Grant Program
- Bicycle, Pedestrian, the Neighborhood Safety Program¹
- Independent Taxpayer Oversight Committee (ITOC)
- Consideration of the results of *TransNet*-funded improvements as compared to the performance standards established through the San Diego Forward: The Regional Plan
- Determination of whether the percentage of funds allocated for each purpose as provided in the Extension Ordinance will be maintained over the duration of the measure
- Determination that all exchange agreements or loans of funds between agencies 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
- Determination of whether the transfer, loan, or exchange of Regional Transportation Congestion Improvement Program (RTCIP) revenues is consistent with the expenditure priorities in SANDAG's most recent and adopted long-range Regional Transportation Plan (RTP)

The review also could evaluate the following:

- The transition to a pay-as-you-go approach from the EAP format of advancing future sales tax funds through the issuance of bonds and identification of fiscal challenges and opportunities in implementing the remaining projects and programs under the Ordinance
- Ten-Year Review Performance measures and reporting requirements established through the implementation of the transportation authorization Moving Ahead for Progress in the 21st Century (MAP-21) and continued under Fixing America's Surface Transportation (FAST Act), established by the U.S. Department of Transportation
- The potential for mode shift and greenhouse gas reduction opportunities
- Quantification of the *TransNet* Environmental Mitigation Program (EMP) economic benefit achieved to date to assess actual versus estimated cost savings for the program
- Review of proposed updates to the EMP Memorandum of Agreement (MOA) scheduled for review by the SANDAG Board of Directors in FY 2018

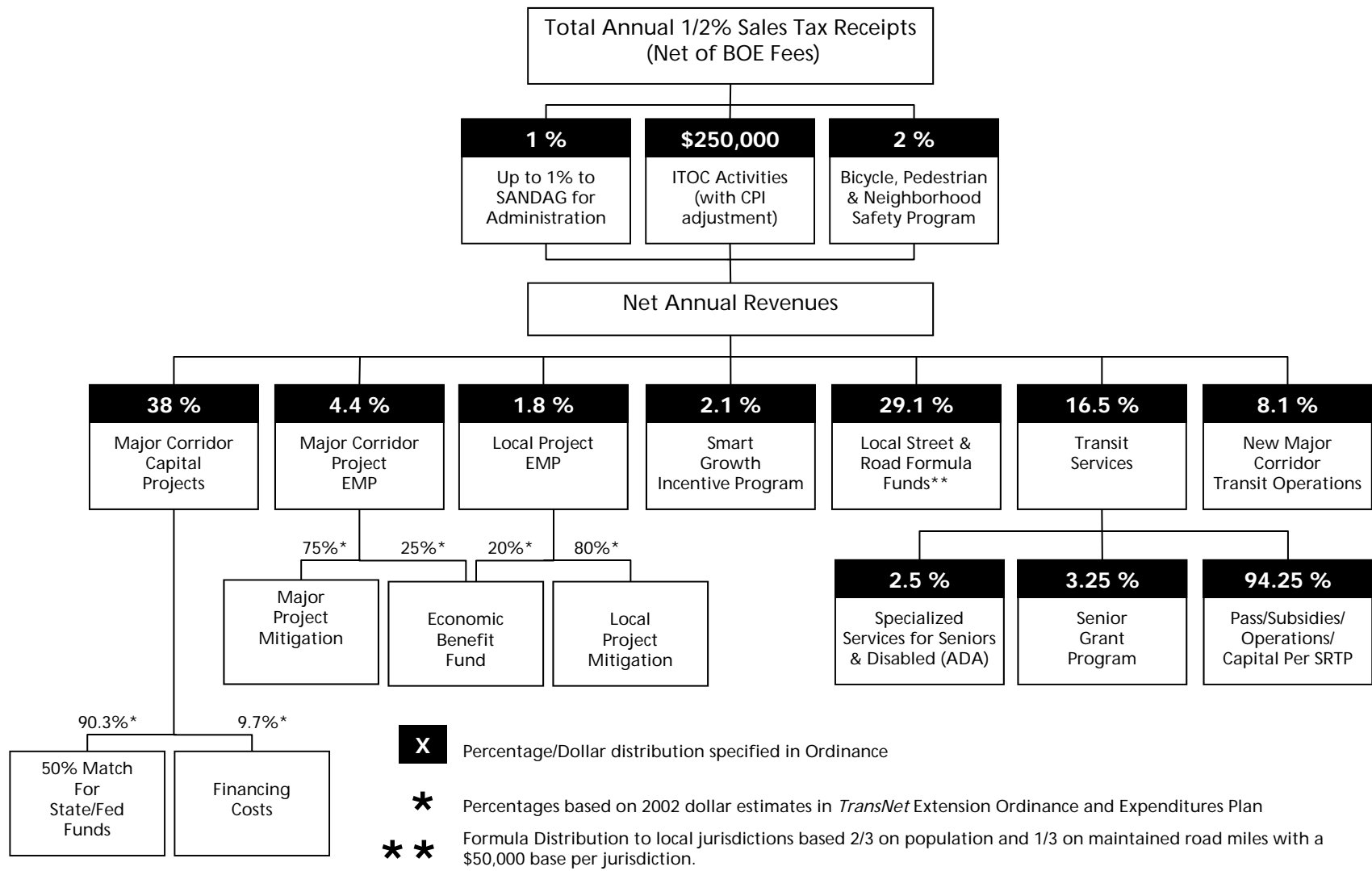
¹ The Bicycle, Pedestrian, and Neighborhood Safety Program also is known as the *TransNet* Active Transportation Grant Program.

- Consideration of an ITOC Memorandum that may be prepared by the ITOC performance auditor conducting the FY 2018 *TransNet* Triennial Performance Audit
- Examination of the Expenditure Plan and revisions to *TransNet* Program revenue estimates
- Examination of the Expenditure Plan and related SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules to determine whether any changes to definitions of Congestion Relief and Maintenance are warranted
- Analysis of the performance of the Master Agreement Regarding Collaborative Projects Between SANDAG and Caltrans and the Master Agreement between SANDAG, NCTD, and MTS, among others

TransNet Extension

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Flow of Funds—FY09 to FY48



X Percentage/Dollar distribution specified in Ordinance

***** Percentages based on 2002 dollar estimates in *TransNet* Extension Ordinance and Expenditures Plan

****** Formula Distribution to local jurisdictions based 2/3 on population and 1/3 on maintained road miles with a \$50,000 base per jurisdiction.

