Future ITOC Activities

Although many of the projects and initiatives addressed by the ITOC in fiscal year 2008/2009 will continue, activities in the coming year will likely concentrate on the implementation of the first triennial performance audit and the completion of the first annual fiscal audit under the direct control of the ITOC.

Future Challenges

As the economic downturn accelerated through the 2008/2009 fiscal year, there has been a substantial reduction in sales tax revenues. This will certainly impact many of the programs within the TransNet Extension Ordinance. The latest update to the TransNet Plan of Finance (March 2009) for the major corridor projects predicts a present value deficit of approximately $1.3 billion over the 40-year program – a relatively small change from the year before ($1.2 billion). However, this year the effects of the sales tax revenue reductions will have to be assessed against the fact that construction bid prices for key TransNet projects continue to come in less than estimated. Regardless of the outcome of the analysis, the region will have to continue to seek out supplemental funding sources to ensure all projects included in the TransNet Extension Ordinance are constructed.

How can you get involved?

The ITOC is made up of citizens with selected expertise to provide effective oversight to protect the substantial investment the region has made in our transportation system. Citizens can receive real-time information on TransNet projects and programs through www.KeepSanDiegoMoving.com. Within this Web site visitors can access the TransNet Dashboard, which lists detailed project descriptions, updated schedules, and budgetary information for the region’s transportation corridors.

ITOC information is also available by visiting the SANDAG Web site at www.sandag.org/TransNet. Here you will find key documents related to the TransNet Extension Ordinance and a listing of past and upcoming agendas of all ITOC meetings. The ITOC meets regularly every second Wednesday of the month at 9:30 a.m. The meetings are generally held in the SANDAG downtown office at 401 B Street, Suite 800, San Diego, CA 92101, and all meeting agendas are posted to the Web site. Attendance by the public is welcome and encouraged.

Inquiries to the ITOC can be directed to itoc@sandag.org. Any persons interested in serving on the committee, as vacancies occur, are encouraged to use this same contact to request being placed on the vacancy notification list.

ITOC Membership

Hamid Bahadori* - Incoming Chair; Traffic/Civil Engineering
Kevin Cummins** - Biology/Environmental Science
Jesus Garcia*** - Professional Licensed Engineer
Carolyn Lee - Real Estate/Right-of-Way Acquisition
Valerie Harrison** - Private Sector Senior Decision Maker
John Meyer - Chair – Municipal/Public Finance
Jim Ryan - Construction Project Management

* Term ends May 2013
** Term ends May 2011
*** Term ends December 2011

Notes: All current budgets have been reviewed by ITOC and approved by the Board of Directors. + Ordinance capital cost estimates escalated according to the California Construction Cost Index (60 percent). × The SR 52 Extension Ordinance cost estimate comes from the Sept. ’04 Quarterly Progress Report on Transportation Projects. The cost listed in the ordinance was the shortfall amount. ¤ Only projects that the full extent of improvements have been determined or are nearly determined are listed. △ Full extent of improvements for the I-15 Express Lanes and Transit Service and South Bay Bus Rapid Transit Service has not yet been determined.

Current Status of TransNet Early Action Projects (in $1,000s)

<table>
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<tbody>
<tr>
<td>Mid-Corridor Transit Service</td>
<td>$660,000</td>
<td>$1,056,000</td>
<td>$1,246,292</td>
<td>$190,292</td>
<td>18%</td>
</tr>
<tr>
<td>University Town Center Transit Service: Superloop</td>
<td>$30,000</td>
<td>$48,000</td>
<td>$39,187</td>
<td>$-8,813</td>
<td>-18%</td>
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<td>I-15 Express Lanes and Transit Service</td>
<td>$769,000</td>
<td>$1,230,400</td>
<td>$896,587</td>
<td>$-333,813</td>
<td>-27%</td>
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<tr>
<td>SR 52 Extension: SR 125 to SR 67</td>
<td>$333,000</td>
<td>$532,800</td>
<td>$548,905</td>
<td>$16,105</td>
<td>3%</td>
</tr>
<tr>
<td>SR 76 Extension: Melrose Drive to I-15</td>
<td>$164,000</td>
<td>$262,400</td>
<td>$469,772</td>
<td>$207,372</td>
<td>79%</td>
</tr>
<tr>
<td>Blue Line Trolley Ugrades</td>
<td>$268,000</td>
<td>$428,800</td>
<td>$354,863</td>
<td>$-73,937</td>
<td>-17%</td>
</tr>
<tr>
<td>Orange Line Trolley Ugrades</td>
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<td>$110,400</td>
<td>$99,331</td>
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<tr>
<td>Mid-City Transit Service</td>
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<td>$142,400</td>
<td>$44,526</td>
<td>$-97,874</td>
<td>-69%</td>
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<tr>
<td>South Bay Bus Rapid Transit Service</td>
<td>$497,000</td>
<td>$793,200</td>
<td>$109,627</td>
<td>$-685,573</td>
<td>-86%</td>
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</table>

In 2004, 67 percent of the region’s voters supported the extension of TransNet from 2008 to 2048 — thereby generating an additional $14 billion to be distributed among highway, transit, and local road projects in approximately equal thirds. The San Diego Association of Governments (SANDAG) administers the TransNet half-cent sales tax. This extension is the focus of the ITOC’s responsibilities. The 40-year extension will help fund major highway expansion projects along Interstates 5, 8, 15, and 805 as well as State Routes (SR) 52, 54, 56, 67, 75, 76, 78, 94, 125, and 905. In addition, it will support improvements to the public transportation system, including new Bus Rapid Transit (BRT) services and carpool/Managed Lanes along many of the major corridors. The TransNet extension also includes an extensive $850 million environmental mitigation program, and a $280 million smart growth incentive fund. Two percent of the available funds will be earmarked annually for bicycle paths and facilities, pedestrian improvements, and neighborhood safety projects. TransNet funds also help pay for senior, disabled, and youth discounted transit passes.

Independent Taxpayer Oversight Committee

2009 Annual Report

The Independent Taxpayer Oversight Committee (ITOC) monitors the expenditure of TransNet funds, the voter approved half-cent sales tax for transportation improvements. The Committee also helps ensure that all voter mandates are carried out and develops recommendations for improvements to the financial integrity and performance of the TransNet program. The Committee was established as a condition of the 2004 TransNet extension.

TransNet Extension 2008-2048

In October 2007, construction started at I-5 and Lomas Santa Fe that kicked-off an extensive project on I-5 and I-805 to widen and add Managed Lanes from Miramar Road to Interstate 15 and Vandegrift Boulevard at Camp Pendleton. Interchange improvements at Lomas Santa Fe and the HOV lane extension to Manchester Avenue were opened to users in February 2009, nearly a year ahead of schedule, easing the commute for thousands of motorists each day.

SuperLoop Transit Project

Superloop began interim bus service in June 2009 and provides transit service to major destinations in the University City area such as University of California, San Diego (UCSD) and University Towne Center (UTC). Expanded service is scheduled to open in late 2010.

I-15

Construction started on the south and north segments in March 2008 and September 2008, respectively. In March 2009, the last section of the middle segment opened to traffic, extending the existing lanes to 16 miles of “expressway-within-a freeway.” Changes include dynamic pricing and express and local bus service to the Del Lago, Rancho Bernardo, and Sabre Springs stations. In March 2009, the environmental document was completed for the Miramar/Scripps Ranch direct access ramp.

Safeguarding your TransNet dollars
Triennial Performance Audit
The TransNet Extension Ordinance requires that the ITOC conduct triennial performance audits of the program to review project delivery, cost control, schedule adherence, and related activities. The first triennial performance audit report was completed in May 2009 and is available on the SANDAG Web site at www.sandag.org/itoc.

The report revealed that SANDAG and Caltrans have launched a solid network with appropriate oversight, fiscal control, program management, and project delivery practices. In particular, the following was noted as part of the report:
- A robust governance structure is employed
- Solid management over TransNet exists
- Revenue and cost models are practical
- Project delivery methods are sound

However, the report also noted opportunities for improvement and made several recommendations regarding activities that could be enhanced at a program-wide as well as project-specific level as follows:
- Develop high-level project summary documents to capture project detail relating to key project budget, schedule, and scope changes;
- Standardize ITOC administrative documents, including meeting agendas and status reports used in the ITOC oversight and decision-making process;
- Revisit the intent and vision for the TransNet Dashboard to potentially include all TransNet projects as well as refine existing data to ensure accuracy and clarity of data nuances;
- Define and clarify project and program performance goals and targets to measure program performance;
- Continue to regularly monitor and review the debt to revenue ratio and report status monthly to the ITOC;
- Establish a mechanism to link and track TransNet Ordinance planned projects and amounts with current plans and budgets for all TransNet projects;
- Enhance current project management and delivery practices by ensuring post-evaluation forms are consistently used and completed for all projects after each project phase, as well as memorializing transit practices and development of uniform filing systems; and
- Ensure consistent implementation and reliance on best practices to tighten project delivery tools including risk assessment tools.

Examples of some of the performance monitoring reporting developed as a result of the performance audit are shown in the adjacent charts. The ITOC will continue to focus on the implementation of the performance audit recommendations over the next fiscal year and beyond.

TransNet Progress in FY 2008/2009
The SANDAG Board of Directors is responsible for selecting and prioritizing the timing of projects. The role of the ITOC is to assure that the projects carried out as a result of SANDAG Board actions meet all of the requirements of the TransNet Ordinance. Billions of dollars in TransNet funding have been allocated by the SANDAG Board of Directors to improve, expand, and better manage our well-traveled highways and expanding transit system. These funds are combined with state and federal dollars to maximize the effectiveness of transportation funding.

ITOC Activities for Fiscal Year 2008/2009
The ITOC reviewed and advised on many key TransNet-supported programs through this past fiscal year, including:
- Reviewed and recommended approval of the 2008 Regional Transportation Improvement Program (RTIP) - subsequently reviewed three quarterly amendments to the new 2008 RTIP
- Received updates from corridor directors/project managers on the following TransNet EAP Projects:
  - SR 52
  - SR 76
  - Mid-Coast Corridor Transit Project
  - Mid-City Rapid Bus
  - Mid-City Transit Stations
  - SPRINTER
  - I-15 Express Lanes
- Reviewed and recommended approval for the use of the commercial paper program for the City of La Mesa
- Received regular updates on the status of financial markets and the state budget situation and potential impacts to the TransNet program.
- Reviewed and recommended approval of the annual TransNet Plan of Finance update
- Welcomed new member Carolyn Lee and welcomed back John Meyer and Jim Ryan for a new term as members
- Involved in the planning for the use of new ARRA federal stimulus funding received by the region
- Reviewed the development of the TransNet Smart Growth Incentive Program through its first call for projects
- Continued to overse new developments in the Environmental Mitigation Program for both acquisition and management
- Reviewed and recommended approval of a TransNet amendment related to the Regional Transportation Congestion Improvement Program, making it more efficient for local agency reporting and compliance and linking it with the fiscal audit process
- The largest single effort for the year was the completion of the first triennial performance audit