Future ITOC Activities

Many of the projects and initiatives addressed by the ITOC in FY 2011 will continue in the coming year. This includes continued implementation of the TransNet Early Action Program (EAP), implementation of recommendations from the first triennial performance audit, conducting the second performance audit, and completion of the FY 2011 annual fiscal and compliance audits. The ITOC will continue to support continued progress on the EAP and work toward preparing additional “shovel-ready” projects to take advantage of future funding opportunities.

Future Challenges

FY 2011 TransNet revenues are projected to be six percent higher than actual FY 2010 revenues. Although the outlook for future sales tax revenue has improved, it is expected to take years before revenues reach precession levels. The ITOC continues to closely monitor the latest developments in financial markets and the economy to minimize possible impacts to the TransNet program. A modest 4 percent increase in TransNet revenues is projected in FY 2012.

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 also is 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 at SANDAG offices 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 welcomed 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* - Traffic/Civil Engineering
Paul Boerner** - Biology/Environmental Science
Jesus Garcia* - Professional Licensed Engineer
Carolyn Lee** - Chair - Real Estate/Right-of-Way Acquisition
David Lloyd* - Private Sector Senior Decision Maker
John Meyer** - Municipal/Public Finance
Jim Ryan** - Vice Chair - Construction Project Management

* Term ended May 2011
** Term ends May 2013
*** Term ends May 2015

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

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Ordinance 2002$ Estimate</th>
<th>Escalated Ordinance 2015 Estimate</th>
<th>Current Budget (Year of Expenditure)</th>
<th>Baseline Open to Public</th>
<th>Current Open to Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Coast Light Rail Transit (LRT)</td>
<td>$660,000</td>
<td>$947,100</td>
<td>$1,246,292 Dec-14</td>
<td>Dec-15</td>
<td></td>
</tr>
<tr>
<td>University Town Center Transit Service: SuperLoop</td>
<td>$30,000</td>
<td>$43,050</td>
<td>$36,349 Sep-08</td>
<td>Sep-09</td>
<td></td>
</tr>
<tr>
<td>I-15 Express Lanes and Transit Service</td>
<td>$769,000</td>
<td>$1,103,515</td>
<td>$961,544 Dec-12</td>
<td>Dec-15</td>
<td></td>
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<tr>
<td>SR 52 Extension: SR 125 to SR 67</td>
<td>$333,000</td>
<td>$477,855</td>
<td>$528,921 Dec-12</td>
<td>Mar-11</td>
<td></td>
</tr>
<tr>
<td>SR 76 Extension: Melrose Drive to I-15</td>
<td>$164,000</td>
<td>$235,340</td>
<td>$372,908 Dec-12</td>
<td>Aug-15</td>
<td></td>
</tr>
<tr>
<td>Orange and Blue Line Trolley Upgrades</td>
<td>$337,000</td>
<td>$483,595</td>
<td>$454,493 May-14</td>
<td>Jul-13</td>
<td></td>
</tr>
<tr>
<td>Mid-City Transit Service</td>
<td>$89,000</td>
<td>$127,715</td>
<td>$44,526 Jun-12</td>
<td>Dec-12</td>
<td></td>
</tr>
</tbody>
</table>

NOTES: All current budgets have been reviewed by ITOC and are listed in the SANDAG FY 2012 Budget. Ordinance capital cost estimates escalated according to the Caltrans construction index (43.5 percent increase between 2002 and 2003). The SR 52 Extension Ordinance 2002$ Estimates come from the Sept. ’04 Quarterly Progress Report on Transportation Projects. • The cost listed in the Ordinance was only the shortfall amount. • Only projects fully funded through construction are shown. • Baseline Open to Public date established when project construction fully funded. • Current Open to Public dates as of March 28, 2011, as listed in the TransNet Dashboard.

Independent Taxpayer Oversight Committee

2011 Annual Report

The Independent Taxpayer Oversight Committee (ITOC) monitors the expenditure of TransNet funds, the voter approved half-cent sales tax for transportation improvements in the San Diego region. 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 Ordinance.

TransNet

Extension 2008-2048

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.

The 40-year extension will help fund major highway expansion projects along Interstates 5, 8, 15, and 805 as well as State Routes 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 high-occupancy vehicle and Express Lanes along many of the major corridors. The TransNet Extension Ordinance 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.

SR 76 Middle Segment

Construction on the SR 76 between Melrose Drive in Oceanside and South Mission Road in Bonsall from two to four lanes began in January 2010. Once constructed, the middle segment will reduce congestion and enhance safety for SR 76 travelers. This project is expected to open in fall 2012.

SR 76 East Segment

Additional progress was made on the eastern segment of the SR 76 stretching from South Mission Road to just east of the I-15 with the release of the draft environmental document in September 2010 and announcement of the Existing Alignment as the Preferred Alternative in June 2011. Improvements to the SR 76 balance environmental effects, costs and project benefits. Completion is slated for 2015.
The ITOC Activities for Fiscal Year 2011

The ITOC reviewed and advised on many key TransNet-supported programs during the July 1, 2010, to June 30, 2011, fiscal year, including:
- Conducted the FY 2010 TransNet Fiscal and Compliance Audits
- Reviewed implementation of recommendations from the first Triennial Performance Audit
- Developed a Request for Proposals for the second Triennial Performance Audit
- Reviewed amendments to both the 2008 and the 2010 Regional Transportation Improvement Programs
- Reviewed the final 2010 Regional Transportation Improvement Program
- Continued to oversee new developments in the Environmental Mitigation Program for both acquisition and management
- Continued to receive regular updates on the status of financial markets, the state budget, and potential impacts on the TransNet program
- Reviewed TransNet FY 2011 program revenue revisions and FY 2012 to FY 2016 revenue estimates
- Recommended approval of the 2010 TransNet Plan of Finance
- Reviewed the proposed 2010 Bond Issuance
- Reviewed proposed amendments to SANDAG Board Policy No. O31
- Accepted annual Regional Transportation Congestion Improvement Program submittals from local jurisdictions
- Reviewed reports from project managers on the following activities:
  - 2010 Regional Transportation Plan
  - TransNet Smart Growth Incentive Program, Active Transportation Grant Program, and Senior Mini-Grant Program
  - Regional Bicycle Plan
  - 2010 Public Opinion Survey results
  - Encinitas Pedestrian Crossing Funding Exchange
  - I-15 Volition Enhancement System Study and I-15 Fastrak Funding Exchange
  - I-15 Direct Access Ramp and Transit Station Request for Letter of No Prejudice
  - Serrano to Miramar Double-Track (Phase 1) Request for Letter of No Prejudice
  - 2010 State of the Commute Report
  - Received updates from corridor directors/project managers on the following TransNet Early Action Project Programs:
    • SPRINTER
    • Inland Rail Trail
    • Mid-Coast Corridor Transit
    • State Route 76 (SR 76)
    • Orange and Blue Line Trolley Upgrades
    • I-15 Express Lanes and BRT
    • I-15 Mid-City BRT Stations
    • LOSSAN Rail Corridor

TransNet Progress in FY 2011

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

FY 2010 TransNet Annual Fiscal & Compliance Audit

The TransNet Extension Ordinance requires recipients of TransNet funds to comply with the requirement for an independent annual fiscal and compliance audit. The ITOC is responsible for issuing an annual audit statement on each jurisdiction’s compliance with this requirement. The fiscal and compliance audit report for the year ending June 30, 2010, is available on the SANDAG Web site at www.sandag.org/ito. Recipient agencies were in compliance with the major TransNet provisions as noted below. In particular, the following was noted as part of the report:

- As required by SANDAG Board Policy No. O31, each recipient agency accounted for TransNet activities in a separate fund, or as an alternative method, as approved by SANDAG.
- Expenditures claimed by all recipient agencies were allowable in accordance with the TransNet and the TransNet Extension Ordinance, and SANDAG Board Policy No. O31.
- SANDAG appropriately allocated TransNet revenues at least 70 percent for congestion relief purposes and no more than 30 percent for maintenance purposes – in accordance with the TransNet Extension Ordinance.
- Regional Transportation Congestion Improvement Program revenue collected by all recipient agencies was in compliance with Section 9 of the TransNet Extension Ordinance and SANDAG Board Policy.

In FY 2010, the second year recipient agencies were required to perform the agreed-upon procedures under the TransNet Extension Ordinance. Based upon the results of the procedures performed, the report also included the following:
- All recipient agencies, with the exception of the City of Oceanside, were in compliance with the Maintenance of Effort (MOE) requirements; the SANDAG Board of Directors approved three additional years for Oceanside to meet its MOE requirement, in accordance with the TransNet Extension Ordinance.
- All recipient agencies were in compliance with revenue and expenditure requirements, with the exception of the cities of La Mesa and Vista, which did not allocate interest to projects having a beginning balance; both La Mesa and Vista have addressed this requirement in their management responses stating they will allocate interest to active projects with a positive beginning balance.
- The North County Transit District met operator eligibility requirements, and while the Metropolitan Transit System (MTS) did not; the SANDAG Board approved an allowance excluding certain costs from the MTS FY 2010 bus services calculation bringing MTS into compliance with its TransNet compliance.
- Sixteen of the 20 reporting agencies were in compliance with Board Policy No. O31, Rule #20 on Section IV. Local Agency Balance Limitations, marking a noticeable improvement compared to last year when eight of the reporting agencies were in compliance.

Audit results for both the MOE and Local Street Improvement requirements are highlighted in the adjacent charts. The ITOC will continue to focus on overseeing the implementation of the compliance audit recommendations over the next fiscal year and beyond.

SR 52

In March 2011, the SR 52 extension from SR 125 to SR 67 opened amid a community-wide celebration of 20,000 people. The $231 million, four-lane extension completes the gap for East County travelers headed for the coast, helping to relieve traffic on I-8. The dedication of the final piece of the SR 52 marks the completion of this “lockbox” project.

COASTER/LOSSAN

Sweeping upgrades are in the works for the COASTER/LOSSAN Corridor, adding a second track and other enhancements to the coastal rail corridor between Oceanside and downtown San Diego. A dozen rail projects are now in development. In 2010, SANDAG began design on eight double-tracking projects from Carlsbad through Sorrento Valley. Together, these projects will add 12.4 miles of new tracks, resulting in faster service for COASTER riders.

Orange and Blue Line Trolley

Planned improvements to the Orange and Blue Line Trolley Corridor include low-floor vehicles, signal upgrades, and remodeled stations. A considerable amount of engineering has been completed and the first phase of construction has begun. Fifty-seven low-floor cars will be phased into the Orange Line in 2013 and into the Blue Line by early 2014.

1-15 Major upgrades are being made to the I-15 Express Lanes, a $1.3 billion corridor. After the lanes opened in 2009, construction accelerated along the southern segment – from SR 163 to SR 56 opening to traffic in June 2011, more than a year ahead of schedule. Work continues along the northern segment from Centre City Parkway to SR 78, with completion planned for late 2011.

186 I-25

The extension of the I-25 North Corridor project was approved under the SANDAG Extension Ordinance. Based upon the results of the procedures performed, the report also included the following:
- All recipient agencies, with the exception of the City of Oceanside, were in compliance with the Maintenance of Effort (MOE) requirements; the SANDAG Board of Directors approved three additional years for Oceanside to meet its MOE requirement, in accordance with the TransNet Extension Ordinance.
- All recipient agencies were in compliance with revenue and expenditure requirements, with the exception of the cities of La Mesa and Vista, which did not allocate interest to projects having a beginning balance; both La Mesa and Vista have addressed this requirement in their management responses stating they will allocate interest to active projects with a positive beginning balance.
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