

PROPOSITION A: SAN DIEGO TRANSPORTATION IMPROVEMENT PROGRAM

JULY 31, 1987

San Diego



**ASSOCIATION OF
GOVERNMENTS**

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Prepared by
The San Diego Association of Governments
Serving as the
San Diego County Regional Transportation Commission

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Abstract

TITLE: Proposition A: San Diego Transportation Improvement Program

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ABSTRACT: The report provides an overview, analysis, and description of the major highway, public transit, local street and road, and bicycle projects and programs which would be implemented with revenues made available through Proposition A. The report includes the Ordinance and Expenditure Plan and the enabling legislation (SB 361).

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Table of Contents

SECTION I: Overview

Introduction	1
The Region's Transportation Financing Needs	1
Development of the Local Transportation Sales Tax Recommendation	2
Local Transportation Sales Tax Enabling Legislation	3
Local Transportation Ballot Measure Development	4
Expenditure Plan for Proposition A	4

SECTION II: Expenditure Plan Analysis

Introduction	5
Highway Improvements	5
Regional Transportation Plan Highway Analysis	5
Expenditure Plan - Highway Project Listing	6
Implementation Process and Responsibilities	10
Public Transit Improvements	11
Regional Transportation Plan Recommendations for Public Transit	12
Expenditure Plan - Public Transit Project Listing	12
Implementation Process and Responsibilities	16
Bicycle Facility Improvements	16
Local Street and Road Improvements	16
Regional Transportation Plan - Local Street and Road Needs Analysis	17
Expenditure Plan - Local Street and Road Element	18
Fund Allocation Formula	18
Street and Road Ordinance Provisions	20
Project Approval Process	20

SECTION III: San Diego Transportation Improvement Program Ordinance and Expenditure Plan

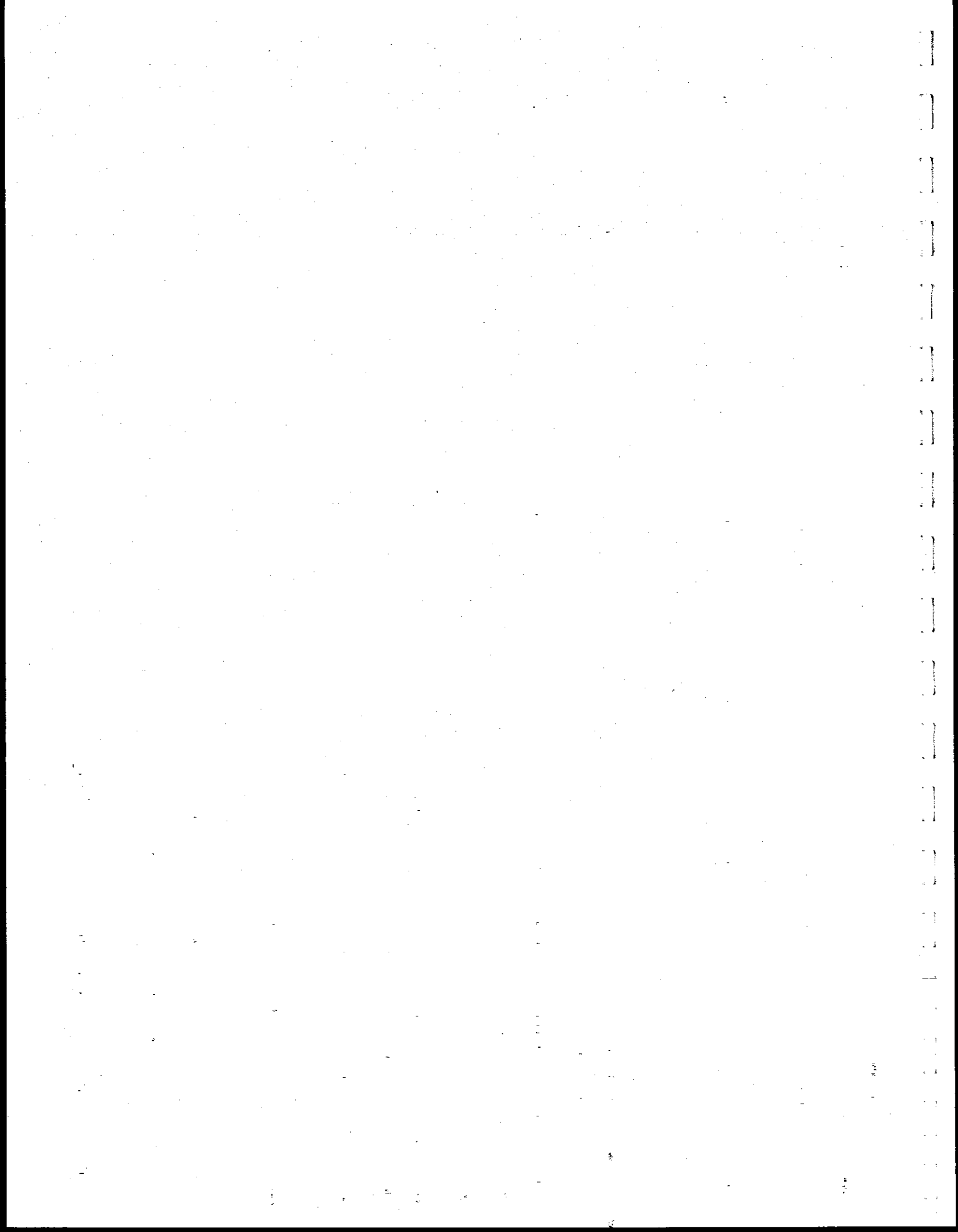
APPENDIX A - Ballot Proposition	37
APPENDIX B - Enabling Legislation (SB 361)	39

List of Tables

Table 1	Transportation Needs Summary	2
Table 2	Proposition A Expenditure Plan - Major Highway Projects	7
Table 3	Proposition A Expenditure Plan - Public Transit Projects	13
Table 4	20-Year Local Street and Road Cost Summary	17
Table 5	Proposition A Expenditure Plan - Estimated Local Street and Road Revenues	19

List of Figures

Figure 1	Major Highway and Transit Improvements Funded By Proposition A	8
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Section I: Overview

Introduction

The San Diego Association of Governments (SANDAG) Board of Directors, serving as the San Diego County Regional Transportation Commission, has recommended that a 1/2% local transportation sales tax ballot measure be placed before the voters of San Diego County in November, 1987. If approved, the measure, designated as Proposition A, would provide the revenues needed to implement the region's highest priority transportation projects.

The major projects to be funded by the proposed measure, as presented in the Expenditure Plan, have been drawn from the SANDAG Regional Transportation Plan (RTP), which is the result of over a decade of cooperative transportation planning efforts among the region's local jurisdictions. The projects contained in the Expenditure Plan are aimed at solving the region's most pressing transportation problems by completing the most critical segments of the region's planned highway and transit systems, providing additional capacity in the most heavily traveled corridors and improving and maintaining the region's local roadways. This section provides the background regarding the region's transportation needs, the process followed in developing Proposition A, and a general description of the measure. Following sections present the specific projects to be built with the revenues provided through the measure and the ordinance implementing the measure.

The Region's Transportation Financing Needs

Proposition A is an outgrowth of the detailed analysis of the costs and revenues for the region's transportation system over the next 20 years performed as part of the RTP. The RTP contains estimates of the costs of carrying out the transportation improvements recommended in the plan, as well as the costs of operating and maintaining the region's transportation facilities over the next 20 years. Projections also are made of all known revenue sources over the next 20 years, with available revenues compared to the estimated costs to determine the amount of the funding shortfall. The RTP recommends financial actions to be undertaken to address the identified funding shortfalls. The 1986 RTP contains the most recent regionwide estimates of costs and revenues. As shown in Table 1 below, the total costs of the transit, highway, and local street and road improvements recommended in the RTP for the next twenty years equal \$10.0 billion, with only \$5.4 billion in local, state, and federal revenues projected over the same period — leaving a shortfall in funding of \$4.6 billion.

TABLE 1

TRANSPORTATION NEEDS SUMMARY
(In Millions of 1985 Dollars)

	<u>Costs</u>	<u>Revenues</u>	<u>Shortfall</u>
Highways	\$2,800	\$1,640	\$1,160
Local Streets & Roads	3,700	1,310	2,390
Transit	<u>3,500</u>	<u>2,450</u>	<u>1,050</u>
Total	\$10,000	\$5,400	\$4,600

To address the serious shortfall identified, the RTP recommended that SANDAG place a 1/2% local sales tax on the ballot to provide funding for the highest priority projects recommended in the RTP.

Development of the Local Transportation Sales Tax Recommendation

The recommendation to pursue the local sales tax contained in the 1986 RTP was the culmination of a long and thorough development process which began with the adoption of the 1984 RTP. The 1984 RTP also identified significant shortfalls in the funds needed to implement the recommended highway, transit, and local street and road improvements. The recommended actions in the 1984 RTP focused on an evaluation of all potential revenue sources. It was recommended that, if voter approval of a long-range funding source was determined to be required, activities should be initiated to prepare such a funding measure for the ballot.

In response to the recommendations of the 1984 RTP, as well as a series of major statewide transportation needs studies and transportation financing legislative proposals in 1984, the SANDAG Board of Directors appointed a Transportation Financing Advisory Committee (TFAC) in January 1985. The TFAC consisted of an elected official from each of the sixteen cities in the region (prior to the incorporation of Encinitas and Solana Beach) and the County of San Diego, as well as resource members from the San Diego Taxpayers Association, the League of Women Voters, the Greater San Diego Chamber of Commerce, the San Diego Highway Development Association, the North County Transportation Coalition, and CALTRANS. The objective of TFAC was to review the region's transportation financing needs and to make recommendations to the SANDAG Board of Directors on actions necessary to meet the identified needs. The TFAC met from March 1985 through March 1986 in an effort to resolve the region's transportation funding problems.

The TFAC began its efforts by reviewing the costs of the region's needed transportation facilities, forecasts of available revenue, and the estimated funding shortfalls. Confronted with a funding shortfall of the magnitude shown in Table 1, the TFAC reviewed the potential of increased state and federal revenues making up the difference. Upon consideration of the major funding shortfall in the state highway program currently, the continuing delays in the implementation of important state highway projects, the lack of successful efforts to obtain a significant increase in the gas tax for highway and local street and road projects, and the on-

going cutbacks in federal transportation funding in the federal government's effort to reduce the nation's growing budget deficit, the TFAC determined that it was unlikely that any significant portion of the region's unmet needs would be met by increased state or federal revenues. In addition, given the dramatic fluctuations in state and federal funding in recent years and the great degree of uncertainty surrounding the future of many of the traditional state and federal transportation programs, the TFAC felt that a reliable, stable, and predictable local source of funding was necessary to provide the foundation for a long-range financing program to implement the region's needed transportation improvements. It was also felt to be important to have a revenue source with a viable bonding option in order to accelerate the construction of the most critical major capital projects.

The TFAC then began to examine the viability of alternative local funding sources. A number of sources were evaluated including a local sales tax, a local gas tax, a local payroll tax, increased developer fees and charges, benefit assessment districts, and tax increment financing. Overall, the local sales tax was considered to be the most appropriate source because it has the ability to generate the level of revenues necessary to meet the region's needs and because it grows with inflation, population growth, and income growth. An increase in the gas tax was not favored because it does not increase with inflation, causing the buying power of the gas tax to decline significantly over a long period of time. In addition, a gallonage-based gas tax fails to keep pace with the increase in travel demand due to increasing vehicle fuel efficiency. As an illustration, in order to generate the same amount of funds over a 20-year period as a 1/2% sales tax, the gas tax would have to be raised by 20¢ per gallon.

Local Transportation Sales Tax Enabling Legislation

In late April 1985, the TFAC recommended to the SANDAG Board of Directors that enabling legislation be pursued to allow a local sales tax measure to be placed on the ballot. The SANDAG Board of Directors approved the TFAC recommendation, as well as the draft enabling legislation language developed through the TFAC. The SANDAG-sponsored bill, SB 361 (see Appendix A) carried by Senator Deddeh, was passed by the legislature in September and signed by the Governor in October 1985. The legislation:

- o Creates the San Diego County Regional Transportation Commission, which would administer the sales tax revenues if the tax increase is approved by a majority of the voters;
- o Designates the SANDAG Board to act as the Commission and to provide staff to it;
- o Authorizes the Commission to determine the rate (up to 1%), purposes, and term (if any) of the tax to be included in the ballot measure and to have the County submit the measure to the voters;
- o Authorizes the Commission to allocate the revenues as per the terms of the ballot measure; and
- o Authorizes the Commission to issue bonds payable from the proceeds of the tax.

Local Transportation Ballot Measure Development

The enabling legislation provided the general authority for a local sales tax measure and the TFAC worked from the fall of 1985 through the spring of 1986 to develop a recommendation regarding key decisions such as the amount and duration of the tax and the specific uses of the tax revenues. The TFAC focused its efforts on developing a recommended ballot measure proposal which could be agreed to by all the local jurisdictions, could be supported by the public, and which would meet a significant portion of the region's needs. The structure of the ballot measure was based on updated needs information for transit, highway, and local street and road improvements, the experiences of other areas which had pursued local sales taxes (Los Angeles, Santa Clara, Orange County, and Phoenix), and the results of local public opinion surveys regarding the sales tax concept.

Based on these considerations, the TFAC approved forwarding a recommendation to the SANDAG Board of Directors for a 1/2% sales tax increase for a duration of 20 years with one-third of the revenues allocated for transit improvements, one-third for local street and road improvements, and one-third for highway improvements. This recommendation was accepted by the SANDAG Board of Directors in April, 1986 for review and comment by local jurisdictions and other interested agencies and groups. After substantial input from the local jurisdictions and other local groups, the SANDAG Board of Directors approved the ballot measure proposal, as recommended by the TFAC, in May, 1986 and in July, 1986 established the election date for the local transportation ballot measure for November 3, 1987. The measure has been designated as Proposition A for the November election.

Expenditure Plan for Proposition A

One of the requirements of SB 361 is that the Commission (SANDAG) must approve a retail transactions and use (sales) tax ordinance and expenditure plan. The Expenditure Plan is required to include the allocation of revenues by purpose, while the Ordinance specifies the amount and duration of the tax, the purposes for which the tax revenues will be used, and other legal requirements related to the implementation of the measure. The Ordinance becomes effective at the close of the polls on the day of the election at which the ballot measure is approved.

Over the last several months, the specific projects and programs to be included in the Expenditure Plan have been developed and refined with input from local jurisdictions, CALTRANS, the region's transit operators, and other groups. Various elements of the Ordinance have also been refined. Other refinements have been made as a result of the input received during the public review period on the draft Expenditure Plan and Ordinance. Section II - Expenditure Plan Analysis provides additional background information and details regarding the content of the Expenditure Plan. The full text of the San Diego Transportation Improvement Program Ordinance and Expenditure Plan is presented in Section III.

Section II: Expenditure Plan Analysis

Introduction

The revenues from Proposition A will be used for three primary purposes: highway improvements, public transit improvements, and local street and road improvements. The specific projects or types of projects to be implemented, the implementation process to be followed, and the general funding assumptions under each of the three categories are discussed below. The 1986 Regional Transportation Plan is the primary source of project cost estimates as well as projections of revenues from federal, state, and local sources. In some cases, these estimates have been refined based on subsequent more detailed studies or other more current information.

Highway Improvements

Proposition A will provide up to \$750 million for the region's most important highway improvements that are now unfunded. The timely construction of the major highways proposed for funding is essential in order to meet the region's travel needs while minimizing congestion and improving traffic safety. The major highway projects proposed for funding in the Expenditure Plan have been drawn from SANDAG's Regional Transportation Plan (RTP). The bonding authority provided to the Commission by SB 361 would provide for the completion of the proposed projects at the earliest possible date.

Regional Transportation Plan Highway Analysis: Currently, there are about 290 miles of major freeways and expressways in the San Diego region. The freeway system provides the highest level of regional travel service and carries about half of all the daily travel made in the region. In order to meet the region's travel needs, the RTP proposes the addition and upgrading of about 85 miles of freeways and expressways. These major projects have an estimated capital cost for right-of-way acquisition and construction totaling about \$2.2 billion over the next 20 years. The construction of these needed projects would increase the region's freeway and expressway mileage by about 30% during a period when population is forecast to increase by nearly 35%, vehicle trips by 50%, and highway traffic by nearly 65%. These important highway improvements will reduce the amount of projected heavy freeway congestion by more than half. If the projects are not built in a timely manner, the amount of heavy freeway congestion in the San Diego region will increase dramatically with many areas experiencing very heavy freeway traffic volumes and congestion levels.

Since the early 1960's, nearly 80% of all the major freeway expenditures in the San Diego region have been for the four Interstate highways (I-5, I-8, I-15, and I-805). While there are generally enough revenues for these Interstate routes, there remain major funding shortfalls for the non-Interstate highways. Most of the region's highest priority highway needs are along the designated Primary routes (SR52 and SR78) and Urban routes (SR54, SR56, SR76, and SR125) for which there is relatively

little state and federal highway funding available. Most of these non-Interstate highways are not considered a high priority for state and federal funding since they predominantly serve local traffic needs within the region.

With increasingly limited state and federal highway funds available, there has been an increasing need and reliance on local funding sources for non-Interstate highway projects. Both the Governor and Legislature have endorsed local sales tax measures to provide funding for locally needed highways.

The RTP highway financial analysis concluded that there was an estimated 20-year deficit for state highways of about \$1.2 billion with highway costs exceeding existing revenue sources. Failure to meet the unfunded state highway deficit will likely result in the elimination or deferral of most non-Interstate highway projects. The RTP recommends that the limited state and federal highway funds should be used to fully cover all state highway maintenance, administration, and operations costs. These costs, which total nearly \$600 million over the next 20 years, are clearly a state responsibility. State and federal funds should also fund all Interstate highway improvements identified in the RTP (over \$400 million) and all state highway rehabilitation, safety, and minor projects (\$300 million). These projects have the best chances of receiving state and federal funding. The revenues from the measure would be used exclusively for the high-priority non-Interstate highways as described in the following section. Without new revenues, many of these needed highway projects would not be completed for 30 to 40 years, if ever.

Expenditure Plan - Highway Project Listing: The proposed local transportation measure would provide up to \$750 million for the major highway projects described in this section. The projects and the recommended funding levels are summarized on Table 2 and shown on Figure 1.

If Proposition A is approved by the voters, the initial highway revenues will be used to get the projects ready for early construction. Most of the projects do not now have completed route location and environmental studies to enable their immediate construction. Getting the projects ready for right-of-way acquisition and construction is important in order to be able to use any other funds that might become available. It is also anticipated that the measure's bonding provisions will be pursued as needed to enable an early construction program for the highway projects.

The specific projects proposed for local sales tax funding are:

- o Route 52 Extension - Route 52 is a 4-lane freeway in the south University City area connecting I-5 and I-805, with a 5.5 mile extension to Santo Road in Tierrasanta now under construction. A total of \$240 million is required to further extend Route 52 as a 4-lane freeway an additional 8.6 miles to Route 67 in Santee. The Route 52 project will provide improved east-west travel service and significant traffic congestion relief to the I-8 travel corridor and numerous community-serving arterials. CALTRANS is nearing completion of their route location and environmental studies for the Route 52 project. This high priority project should qualify for partial state and federal funding and be ready for early construction with Proposition A funds.
- o Route 54 Widening - The 5.0 mile section of Route 54 from I-805 in National City to the Spring Valley area is currently a County maintained roadway referred to as the South Bay Freeway. The high traffic volumes and safety

TABLE 2

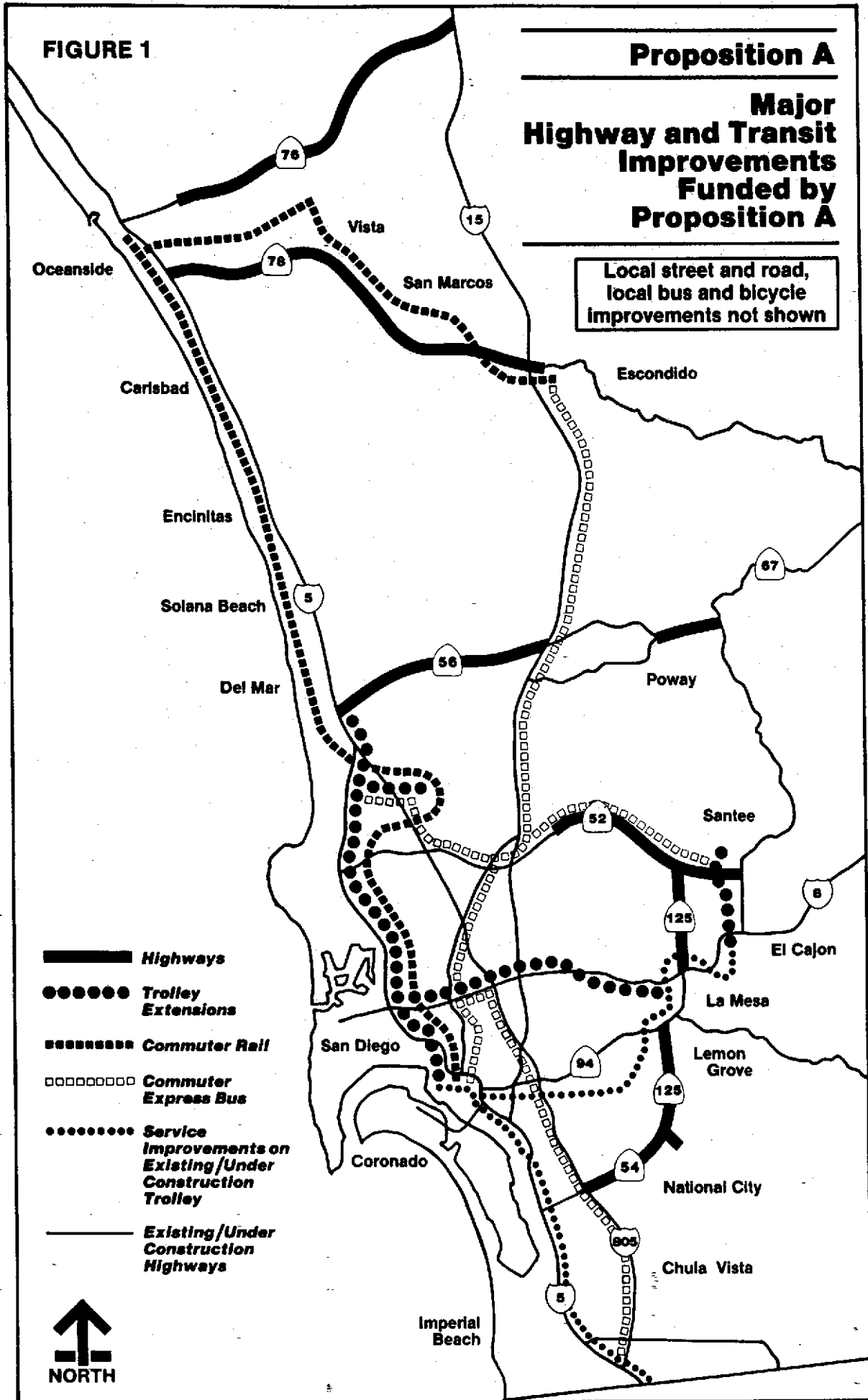
**PROPOSITION A EXPENDITURE PLAN
MAJOR HIGHWAY PROJECTS
(Funds in Millions of 1987 \$)**

<u>Project</u>	<u>Miles</u>	<u>Total Cost</u>
o Route 52: Construct an initial 4-lane freeway from Santo Road in Tierrasanta to Route 67 in Santee.	8.6	\$240
o Route 54: Widen South Bay Freeway to 8 lanes including Route 125 interchange and connector to San Miguel Road.	5.0	\$90
o Route 56: Upgrade an initial city arterial to a 4- and 6-lane freeway between I-5 and I-15, with no Proposition A expenditures in a designated "future urbanizing" area.	9.0	\$65
o Route 56: Widen the Poway Road grade to 4 lanes from Espola Road to Route 67 in Poway. (Cost-sharing project)	2.7	\$10
o Route 76: Widen to 4 lanes from Frontier Drive in Oceanside to I-15.	14.6	\$100
o Route 78: Widen freeway to 6 lanes from I-5 in Oceanside to I-15 in Escondido.	16.5	\$40
o Route 78 Corridor Reserve: Reserve for highway-related interchange and arterial improvements and additional Route 78 widening.	—	\$40
o Route 125: Construct an 8-lane freeway between Routes 54 and 94 in the Lemon Grove/Spring Valley area.	3.5	\$90
o Route 125: Construct a 6-lane freeway from Fletcher Parkway in La Mesa to Route 52 in Santee.	3.8	\$135
o Project Reserve Fund: Route location, right-of-way protection, environmental fund.	—	\$25
TOTAL COST:		\$835
Proposition A Funding:		\$750
Federal/State/Local/Private Funding:		\$85

FIGURE 1

Proposition A
Major Highway and Transit Improvements Funded by Proposition A

Local street and road, local bus and bicycle improvements not shown



- Highways**
- Trolley Extensions**
- Commuter Rail**
- Commuter Express Bus**
- Service Improvements on Existing/Under Construction Trolley**
- Existing/Under Construction Highways**



concerns warrant its immediate widening and improvement. A total of \$90 million is required to widen Route 54 to a full 8-lane divided freeway with interchanges at Reo Drive, Woodman Avenue, Briercrest Road, and future Route 125. The Route 54/125 interchange would include a connection to San Miguel Road to connect to the Route 125 local arterial being constructed in the Chula Vista area. Route 54 would provide needed congestion relief to the heavily traveled Route 94 while improving South Bay to East County travel.

- o Route 56 Upgrading - Route 56 is a proposed 9-mile, 4- and 6-lane freeway connecting I-5 at North City West with I-15. Route 56 is the only proposed east-west freeway in the 22-mile gap separating Routes 52 and 78. The route, which is now scheduled for initial development as a locally funded arterial, provides needed relief to many congested arterials including Miramar Road, Mira Mesa Boulevard, Del Dios Highway, and Route 78. A total of \$65 million will be required to upgrade the initial city arterial to a full limited access freeway. No Proposition A funds will be expended on this project within the area designated by the City of San Diego as "future urbanizing."
- o Route 56/Poway Grade Widening - The 2.7 mile portion of Poway Road from Espola Road to SR67, known as the Poway Grade, is currently a 2-lane local arterial within the City of Poway. The Poway Grade and other existing and planned streets in the Cities of Poway and San Diego parallel the adopted alignment of Route 56 between I-15 and SR67. If these streets are upgraded to state standards, they would constitute a traversable state highway and would be recommended by CALTRANS for adoption by the CTC as a state highway with CALTRANS assuming operations and maintenance. The widening of the Poway Grade to four lanes would provide relief for traffic congestion and safety concerns. The total cost of the project is estimated at \$10 million. The project is designated as a cost-sharing project, with funding to be shared between Proposition A highway funds and local street and road funds from affected local jurisdictions.
- o Route 76 Widening - Route 76 is a 2- and 4-lane conventional highway connecting I-5 in Oceanside with I-15 through the Bonsall area. The 2.9 mile Route 76 Mission Avenue bypass project from I-5 to Frontier Drive is scheduled for construction as a 4-lane expressway in 1989-90. A total of \$100 million is estimated to be needed to widen the remaining 14.6 miles of Route 76 to a full 4-lane highway from Frontier Drive to I-15. The project will improve travel service and safety along Route 76 and also reduce traffic and congestion on Route 78.
- o Route 78 Widening - The existing 16.5 mile, 4-lane freeway connecting I-5 in Oceanside and I-15 in Escondido is the major east-west highway serving the entire North County area. Growing recurrent congestion along Route 78 warrants its immediate widening to a 6-lane freeway. A total of \$40 million is estimated for the basic 6-lane Route 78 widening project. The Federal Aid Highway Act of 1987 provided \$15 million in federal demonstration project funding for Route 78 widening. The measure would provide the required local matching funds for the federal demonstration project funding.
- o Route 78 Corridor Reserve Fund - An additional \$40 million corridor reserve has been identified for highway interchange and arterial improvements. These reserve funds would cover high priority interchange improvements and addi-

tional widening of Route 78 as needed beyond the basic 6-lane widening project. Other eligible projects could include arterial improvements that provide relief to Route 78 traffic and congestion. The priority projects will be identified in SANDAG's current Route 78 Corridor Study project. Specific projects would require Commission approval through the Expenditure Plan update procedures.

- o Route 125 South Inner Loop Construction - A total of \$90 million is required to construct the 3.5 mile section of Route 125 connecting Routes 54 and 94 as an 8-lane freeway in the Spring Valley-Lemon Grove area. This portion of the South Inner Loop would connect with the Route 54 South Bay Freeway widening and provide major traffic congestion relief to Route 94 and existing Sweet-water Road. CALTRANS currently owns about 42% of the needed right-of-way and hopes to resume environmental studies in the near future.
- o Route 125 North Inner Loop Construction - The major I-8/SR125 Grossmont Summit interchange project now under construction in the La Mesa area will include a northern Route 125 connection to Fletcher Parkway. A total of \$135 million has been estimated to further extend Route 125 about 3.8 miles northward from Fletcher Parkway to future Route 52 in Santee. The 6-lane freeway is part of the North Inner Loop and would reduce congestion on I-8 and improve travel service in the La Mesa, El Cajon, and Santee areas. CALTRANS owns about 50% of the required right-of-way and is currently updating the environmental documents for the project.
- o Project Reserve Fund - The measure identifies a project reserve fund of \$25 million to be used exclusively for needed route location studies, right-of-way protection, and environmental analysis to support the proposed major projects. These reserve funds could also be used as local matching funds to maximize any other available local, state, or federal highway funds that might become available. Specific projects or programs would require Commission approval through the Expenditure Plan update procedures.

Implementation Process and Responsibilities: All of the major highway projects proposed for funding under the measure are designated as future state highway routes that would be under CALTRANS ownership and operation once constructed. To that extent, CALTRANS would be a lead agency along with the Commission in the development of the highway projects and overall project management. The Ordinance has been written to allow either CALTRANS staff or other public/private contractors to undertake the required project development activities. The project development activities include the required route location and environmental studies, preliminary and final design engineering, right-of-way acquisition, construction inspection, and project related contract administration. CALTRANS as the eventual owner-operator of these state highways would be jointly responsible with the Commission for approval of project designs, oversight of construction inspection regardless of who actually conducts the work. This action is necessary to insure that the projects will meet CALTRANS standards for design and construction and will be accepted into the State Highway System upon their completion.

The Ordinance includes a safeguard to insure that the San Diego region continues to receive a fair share of all other state and federal highway funds. The safeguard requires the Commission to annually certify that CALTRANS and the California Transportation Commission are providing the San Diego region its fair share of

state and federal highway funds and further that the state has not reduced any highway fund allocations as a result of the addition of the local revenues from the measure. The certification must be made prior to the allocation of any revenues from the measure for highway projects. The California Transportation Commission, CALTRANS, and the Legislature have all supported local sales tax programs to fund needed local highway projects that would otherwise go unfunded. They have all indicated that state and federal highway funds will not be reduced in any sales tax counties and further that such local revenues would provide an incentive to increase other state and federal highway funding in those areas. The California Transportation Commission has recently approved a policy that gives priority consideration in the allocation of any new additional state or federal highway funds to those areas with local sales tax funding of highway projects.

The actual scheduling of the highway project work would be done by the Commission each year as part of the Regional Transportation Improvement Program (RTIP) process and through the biennial updates of the Expenditure Plan. The RTIP will schedule by year all the major highway work activities including engineering, right-of-way acquisition, and construction. When each project will be constructed depends on a number of factors including:

- o The actual time it takes to deliver each project from preliminary engineering through construction.
- o The actual amount of revenues from the measure available each year for highway purposes.
- o The availability of CALTRANS or other public/private contract staff to do the required project development work.
- o The necessity for highway system continuity with early construction of usable highway segments which provide the greatest traffic service.
- o The desire to provide a balance of construction activity in all parts of the region.

The Commission is committed to undertake all the identified highway projects in the Expenditure Plan in the most timely, cost-effective manner possible, consistent with the project phasing identified in the RTP. At the same time, each project shall be subject to all pertinent project development activities to insure that the recommended projects provide the most public benefit with minimal negative impacts and all appropriate mitigations. The Commission will also most likely pursue the use of bonding as needed to enable early construction of the most important projects.

Public Transit Improvements

Proposition A will provide \$750 million for improvements to the region's public transit system, including extensions to the region's trolley system, the provision of commuter rail services, the implementation of new or improved express bus, local bus, rail, and dial-a-ride services, and the initiation of a new reduced price monthly transit pass program for seniors and the disabled and a monthly youth pass for students 18 years of age and under. The major projects proposed for funding in the Expenditure Plan have been drawn from the SANDAG Regional Transportation Plan

(RTP) and would be implemented in a manner consistent with the project phasing identified in the RTP. The projects also are consistent with the transit improvements recommended in the adopted Regional Air Quality Strategy. All projects and services will meet applicable state and federal accessibility requirements. As in the case of the major highway projects, the major rail capital projects are anticipated to be funded through the use of the bonding provisions of the measure as needed to provide for the earliest possible construction of these important projects.

Regional Transportation Plan Recommendations for Public Transit: The RTP recommended the implementation of a 106-mile system of trolley and commuter rail improvements over the next 20 years, as well as a near doubling of the level of bus service to provide both a high level of feeder service to the new rail services and improved express bus services in corridors where rail services are not currently planned. The proposed rail and bus improvements are expected to result in a tripling of transit ridership and will provide critically needed additional capacity in heavily congested highway corridors. Proposition A will provide the funding needed to implement the highest priority regional transit improvements.

The estimated costs of providing the capital improvements recommended in the RTP, as well as the costs of operating the region's transit services over the next 20 years, are estimated at \$3.5 billion. The best estimates of existing federal, state, and local revenues sources indicate that roughly \$2.45 billion can reasonably be expected to be available over the same 20-year period, leaving a funding shortfall of \$1.05 billion. Of the current transit funding sources, the sources of operating revenue — primarily fare revenues and local Transportation Development Act (TDA) funds — have been and are expected to continue to be the most stable and predictable. The sources of major capital support from federal and state programs have been subject to wide fluctuations in the past and are currently declining. With the current emphasis on reducing the federal budget deficit (Gramm-Rudman, etc.), large amounts of federal discretionary funding are not expected to be available for the major rail capital projects proposed in the RTP.

Given these trends in federal, state and local sources, the emphasis in the Expenditure Plan for transit projects has been placed on the provision of the major capital projects — trolley extensions and commuter rail facilities — for which adequate funding is not expected to be available. Funding from the measure has also been included for bus, dial-a-ride, and rail service improvements to augment other sources of operating revenue.

Expenditure Plan - Public Transit Project Listing: The specific listing of transit projects proposed for funding is presented in Table 3. The projects are also shown on Figure 1. The major rail improvements proposed are built upon the existing South and Euclid lines of the San Diego Trolley, including the extension to El Cajon currently under construction using federal, state, and local funds. The revenues from the measure of \$750 million would be combined with \$190 million in federal, state, local, and private sector funding to implement the proposed improvements. The amount of funding for individual projects will vary depending on which projects qualify in the future for partial state and federal funding and on the amount of funding attracted from private developers and other local sources. Based on the Ordinance, after the allocation of 1% of the funds allocated for transit purposes to expanded dial-a-ride services, at least 80% of the transit revenues will be allocated for major rail capital projects and no more than 20% will be allocated for the reduced price monthly pass programs and new and expanded bus and rail services. The specific projects and services proposed for funding through Proposition A are:

TABLE 3

**PROPOSITION A EXPENDITURE PLAN
PUBLIC TRANSIT PROJECTS
(Costs in Millions of 1987 \$)**

<u>Project</u>	<u>Miles</u>	<u>Total Cost</u>
Old Town Line (Downtown to Old Town)	2.8	\$55
Santee Extension (El Cajon to Santee)	3.3	\$35
Coastal Corridor Commuter Rail Service (Oceanside to Downtown)	43.0	\$70
Mission Valley Line (Old Town to Stadium)	5.6	\$150
Mid-Coast Line (Old Town to N. University City)	12.1	\$130
North County Commuter Rail Service (Oceanside to Escondido)	22.3	\$60
Mission Valley Line-East Extension (Stadium to La Mesa)	6.0	\$150
North Coast Line (N. University City to North City West)	3.8	\$100
Project Reserve Fund (Right-of-Way Protection, Project Studies, Environmental Work)	--	\$40
Public Transit Service Improvements (Senior/Disabled/Student Pass, New & Expanded Trolley, Commuter Express Bus, Local Bus and Dial-A-Ride Services)	--	\$150
TOTAL COST:		\$940
Proposition A Funding:		\$750
Federal/State/Local/Private Funding:*		\$190

*An annual average of \$9.5 million over the 20-year period is expected to be available from federal, state, local and private developer sources. This is a conservative assumption of future fund availability from these sources. Since 1980, an annual average of over \$20 million has been available for major capital projects from these sources.

- o Old Town Line - a 2.8 extension from Downtown San Diego to Old Town following Pacific Highway and the Santa Fe railroad right-of-way. This extension provides the first leg of further extensions of the Trolley to the north and through Mission Valley. Funding from the measure for this project will be combined with state funds and City of San Diego Transient Occupancy Tax (TOT) revenues.
- o Santee Extension - a 3.3 mile extension of the El Cajon Line from the El Cajon Transit Center to the Santee Town Center area. It is expected that funding from the measure will be combined with state and federal funding to complete this project.
- o Coastal Corridor Commuter Rail Service - a 43.0 mile commuter rail service between Oceanside and Downtown San Diego using diesel-powered vehicles along the existing railroad right-of-way. The project would provide high quality rail transit service as an alternative means of travel in the congested I-5 corridor. Funds from the measure would be the primary funding source with potential state and federal support.
- o Mission Valley Line - a 5.6 mile extension from Old Town to San Diego Jack Murphy Stadium serving the Fashion Valley and Mission Valley Shopping Centers and other activity centers in the Mission Valley area. Substantial funding from private sources through the City of San Diego facility benefit assessment program is anticipated to augment revenues from the measure and other funding for this project.
- o Mid-Coast Line - a 12.1 mile extension from Old Town to the North University City area along the I-5 corridor serving UCSD and the Golden Triangle area. The project includes a proposed spur along Executive Drive to provide a connection with the proposed commuter rail service to North County. Private sector funding, combined with funding from the measure and other revenues, is expected for this project.
- o North County Commuter Rail Service - a 22.3 mile commuter rail service between Oceanside and Escondido along the existing railroad right-of-way using diesel-powered vehicles. This project would provide rail service to all the communities along the State Route 78 corridor and a focus for all transit service improvements in the area. Potential federal, state, and local support would augment revenues from the measure as the primary funding source.
- o Mission Valley Line East Extension - a 6.0 mile extension of the Mission Valley Line from San Diego Jack Murphy Stadium to La Mesa, serving SDSU and connecting with the El Cajon Line at the Grossmont Center station. This project will provide a complete rail loop in the metropolitan San Diego area by connecting the East Line and Old Town/Mission Valley lines. Revenues from the measure would be combined with other sources including private sector support for completion of this project.
- o North Coast Line - a 3.8 mile extension of the Mid-Coast Line from the North University City area to the North City West area along the I-5 corridor to the junction with proposed State Route 56. This line would provide additional capacity through the heavily congested I-5/I-805 interchange area. Private

sector funding and other revenues would be combined with funding from the measure for completion of this project.

- o Project Reserve Fund - a contingency fund of roughly 5% of the funds available for transit purposes through the measure would be set aside for future uncertainties. These funds could be used for right-of-way protection for future facilities, project studies, and environmental studies, assessments, and related work. Up to \$1 million of these funds will be used to conduct a two-phase study of trolley extensions in the South Bay, with the first phase being a feasibility analysis of alternative extensions followed by a more detailed environmental evaluation and alternatives analysis of the extensions found feasible. These funds also could be used to provide local matching funds to maximize other available funding. Specific projects or programs would require Commission approval through the Expenditure Plan update procedures.
- o Senior/Disabled/Student Passes - a reduced price monthly transit pass program will be established for seniors (60 years of age and older) and the disabled at 25% of the regular monthly pass price and for students (18 years of age and under) at 50% of the regular monthly pass price.
- o Commuter Express Bus Services - a network of new or expanded commuter express bus services will be developed to provide high quality transit services in those corridors where trolley or commuter rail extensions are not planned. These services will be designed to provide the same high speed, reliable, and comfortable service offered by the San Diego Trolley. These services will include a significant expansion of express services in the I-15 corridor between Escondido and downtown San Diego to utilize the high occupancy vehicle (HOV) lanes now under construction, as well as new express services between the South Bay and the North University City area along the I-805 corridor and between East County and North University City along the Route 52 corridor. These and other express bus services will be developed and refined by the Metropolitan Transit Development Board (MTDB) and the North County Transit District (NCTD) through the short-range transit plan process.
- o Other Transit Service Improvements - additional rail and bus services will be provided including new and expanded service, such as route extensions and more frequent operation of heavily patronized routes. Such improvements will include frequency improvements and other service enhancements on the existing South and Euclid Lines of the San Diego Trolley, as well as on the extension to El Cajon currently under construction. These services will be developed by MTDB and NCTD in their short-range transit plans.
- o Dial-A-Ride Services - an amount equal to 1% of the funds made available for transit purposes by Proposition A will be used to expand the dial-a-ride programs providing services to seniors and the disabled throughout the urbanized portion of the region. These funds would be used to augment the Transportation Development Act (TDA) Article 4.5 funds currently being used to support these systems. Additional funding is urgently needed by the dial-a-ride operators in order to meet growing demand for these services.

Implementation Process and Responsibilities: As specified by SB 361 and the Ordinance, the revenues made available for public transit purposes will be allocated to the Metropolitan Transit Development Board and the North San Diego County

Transit Development Board (North County Transit District - NCTD) for transit purposes consistent with the RTP and the Regional Transportation Improvement Program (RTIP). The revenues will be allocated annually to MTDB and NCTD on a population basis. MTDB and NCTD will be responsible for the implementation of the public transit projects and programs as approved by SANDAG through the RTP and RTIP.

The Ordinance specifies that the Commission (SANDAG) shall annually approve a biennial Program of Projects to be funded during the succeeding two fiscal years with the revenues made available through the measure. This program of projects will be prepared as part of the five-year RTIP process. MTDB and NCTD will develop and submit to the Commission a proposed program of projects. After a public hearing, the Commission will take action on the program of projects.

Bicycle Facility Improvements

Proposition A will provide \$1 million per year for bicycle facilities throughout the region. The SANDAG Regional Transportation Plan contains a recommended regional bikeway system and supports the continued development of improved bicycle facilities to provide an effective alternative to auto travel. Improved bicycle facilities also are a major element of the adopted Regional Air Quality Strategy.

Currently, the primary funding source for bicycle improvements is the bicycle and pedestrian fund provided by the Transportation Development Act (TDA). In fiscal year 1987-88, \$935,500 is available for bicycle improvements through this program. Each year, the SANDAG Bicycle Facilities Committee reviews claims for these funds and develops a priority list of projects to be recommended for funding by the SANDAG Board of Directors. Claims for eligible projects generally exceed the funds available by two to three times each year.

Proposition A would provide for a doubling of the funds currently available for bicycle facility improvements. It is proposed that the Proposition A funds be used to augment the available TDA funds, following the existing Bicycle Facilities Committee process to evaluate and prioritize the projects requested for funding by local jurisdictions. Any project submitted for funding would be required to be consistent with the Five-Year Regional Transportation Improvement Program and the Regional Transportation Plan. The increased funding for bicycle improvements provided through Proposition A would provide a major commitment towards the implementation of the region's air quality improvement tactics.

Local Street and Road Improvements

A total of \$750 million will be provided from Proposition A to improve the region's local street and road network. These funds will be used to reduce the region's backlog of local street and road maintenance and construction projects and provide for on-going maintenance and construction of each jurisdiction's highest priority projects. The local street and road program was based on an analysis of local street and road needs in the 1986 Regional Transportation Plan.

Regional Transportation Plan - Local Street and Road Needs Analysis: Currently, the region's 18 cities and the County of San Diego maintain about 6,400 miles of local streets and roads. During the past 10 years, nearly 90 miles of new streets

and roads have been constructed each year requiring increased funding for roadway maintenance. In 1975, it cost about \$17 million to maintain the 5,400 miles of local streets and roads. Today, we are expending over \$40 million annually just to maintain our roadway system. At the same time, gas tax revenues have not kept pace with either inflation or the region's growing travel needs. In 1985, the total gas tax receipts to the region's cities were only slightly more than half of what it cost just to maintain the existing city streets. In the last 25 years, the legislature has increased the gas tax for local streets and roads only once and that was only a one cent increase in 1983. The shortage of street and road funding has caused the cities to allocate more general fund revenues to the city street program than they received in gas tax funds. In 1985, local General Fund revenues (\$27.9 million) allocated to the city street programs were about 28% more than the state subvented gas tax revenues (\$21.9 million). At the same time, there is a growing backlog of deferred maintenance work and postponed new construction projects. The adequate and timely maintenance and expansion of the local street and road system is essential to provide safe and convenient travel throughout the region.

In 1986, SANDAG, through the region's Federal Aid Urban Advisory Committee, prepared a local street and road needs evaluation. The local street maintenance and new construction needs survey was completed by each jurisdiction summarizing the existing deficiencies or backlog of deferred projects and 10-year program needs. The following table shows the region's 20-year publicly funded street and road program costs which total about \$3.7 billion.

TABLE 4
20-YEAR LOCAL STREET AND ROAD COST SUMMARY
(In Millions of Constant 1985 Dollars)

	<u>Maintenance Reconstruction</u>	<u>New Construction</u>	<u>Total</u>
Current Backlog	\$165	\$390	\$555
1986-1995 Needs	945	660	1,605
1996-2005 Estimate	<u>1,040</u>	<u>500</u>	<u>1,540</u>
20-Year Total	\$2,150	\$1,550	\$3,700

The current backlog of existing deficiencies shown in the table includes those street related improvements needed now that have been deferred or postponed primarily due to a lack of adequate funding. The estimated \$555 million backlog includes \$165 million of deferred maintenance (patching, overlay sealing, street lights and traffic signals), critical rehabilitation and reconstruction work, and about \$390 million of postponed but currently needed new construction projects. Maintenance and reconstruction work represents about 58% of the 20-year costs (\$2.15 billion) with new public street construction constituting the remaining 42% program need (\$1.55 billion).

The local street and road program costs are only for the public agency component of the local street and road system. The costs for local residential streets built by

private developers and other transportation facilities funded through Facilities Benefit Assessment (FBA) programs or traffic impact fees are in addition to the public costs identified. The street and road program analysis assumes that new development will continue to be responsible for and provide those transportation improvements required by that development.

The projected public street and road revenues over the next 20 years total only about \$1.3 billion compared to program costs of \$3.7 billion. The estimated revenues assumed a continuation of the existing 9 cent per gallon state gas tax and existing distribution formula. The gas tax revenues increase over time based on projected motor vehicle fuel consumption but not as fast as inflation and real travel growth. It is also assumed that the projected local General Fund revenues to the city street program will remain at today's current levels. The existing levels of funding are clearly inadequate to provide for the region's local street and road program needs. Without more funds, the backlog of deferred maintenance and postponed new construction projects will grow larger with a resulting degradation in the street and road system. Continued deferral of needed maintenance work will result in more expensive major reconstruction problems in the future.

Proposition A will provide critically needed funding for the region's local street and road program. The revenues from the measure of about \$750 million over 20 years would be enough to eliminate the current backlog of deferred maintenance projects (\$165 million) and still allow for an increased local street and road maintenance program. The program will allow each jurisdiction to fund its most important public street and road projects that are now unfunded.

Expenditure Plan - Local Street and Road Element: Under Proposition A, one-third of the total revenues would be used for street and road purposes. There are three major elements to the measure's program for streets and roads. They include the distribution formula for allocating revenues to local agencies, the Ordinance requirements regarding eligible projects and other program requirements, and the process for selecting specific projects to be funded with sales tax revenues. Following is a description of the major elements.

Fund Allocation Formula: In early 1986, the region's Federal Aid Urban Advisory Committee, the Transportation Financing Advisory Committee, and the SANDAG Board of Directors, acting as the San Diego County Regional Transportation Commission, all endorsed a recommended formula for allocating any potential street and road revenues from a ballot measure among the region's cities and the County of San Diego. The distribution formula which is specified in the Ordinance is based on a 2/3 population - 1/3 miles formula, with a \$50,000 annual base funding level. The relative distribution of revenues between city streets and county roads under the formula approximates actual historic maintenance expenditures per mile of street and road. A \$50,000 annual base provides the smaller cities with increased project funding to enable a usable project to be undertaken, while maintaining an acceptable per capita level of funding. The formula also provides equitable funding for county roads in future years even if major incorporations or annexations take place. SANDAG would be responsible for providing updated population and maintained miles data each year for use in the following years' fund distribution formula. Any newly incorporated city shall be eligible to receive sales tax revenues beginning with the start of the fiscal year (July 1) following their incorporation. Population revisions due to annexations will also take effect at the start of the fiscal year following the annexation. Table 5 provides a sample breakdown of local street and road revenues by jurisdiction.

TABLE 5

PROPOSITION A EXPENDITURE PLAN
ESTIMATED LOCAL STREET AND ROAD REVENUES
(Thousands of 1986 \$)

Jurisdiction	1/1/86 Total Population	1/1/86 Maintained Mileage	1st Year Estimate FY 1989	5 Year Total FY89-93	20 Year Total FY89-2008
Carlsbad	48,872	146.4 mi.	\$ 710	\$ 3,660	\$ 17,570
Chula Vista	116,325	219.8	1,420	7,350	35,540
Coronado	19,462	40.6	290	1,470	6,920
Del Mar	5,097	22.5	130	660	3,000
El Cajon	81,752	183.2	1,060	5,460	26,370
Encinitas	48,564	138.6	690	3,580	17,200
Escondido	79,605	236.6	1,120	5,780	27,920
Imperial Beach	24,918	42.6	340	1,740	8,230
La Mesa	51,785	129.1	710	3,650	17,570
Lemon Grove	21,798	64.8	340	1,770	8,370
National City	55,408	90.9	680	3,520	16,930
Oceanside	96,553	278.2	1,330	6,890	33,310
Poway	37,947	127.1	580	3,000	14,380
San Diego	1,002,895	2,393.0	12,640	65,350	317,740
San Marcos	20,902	95.9	380	1,970	9,350
Santee	49,258	114.9	660	3,430	16,460
Solana Beach	14,241	40.8	240	1,230	5,760
Vista	46,746	148.4	690	3,570	17,170
County	344,041	1,886.3	5,980	30,920	150,220
Regional Total	2,166,169	6,399.7 mi.	\$30,000	\$155,000	\$750,000

REVENUE ESTIMATES FOR PLANNING PURPOSES ONLY

1. Assumes 1/2% local sales tax with 1/3 of revenues for local streets and roads.
2. Local street and road revenues allocated by following formula:
 - a. Each jurisdiction receives a \$50,000 annual base funding.
 - b. Remaining revenues are annually distributed on a formula based 2/3 on total population and 1/3 on maintained street and road mileage.
3. The revenue distribution would be updated annually using current population and maintained mileage data.
4. Local agency population based on January 1, 1986 population estimates from the Dept. of Finance (DOF). Encinitas and Solana Beach population estimates (1/86) from SANDAG.
5. Note: Totals may not add due to rounding of the estimated revenue to the nearest \$10,000.

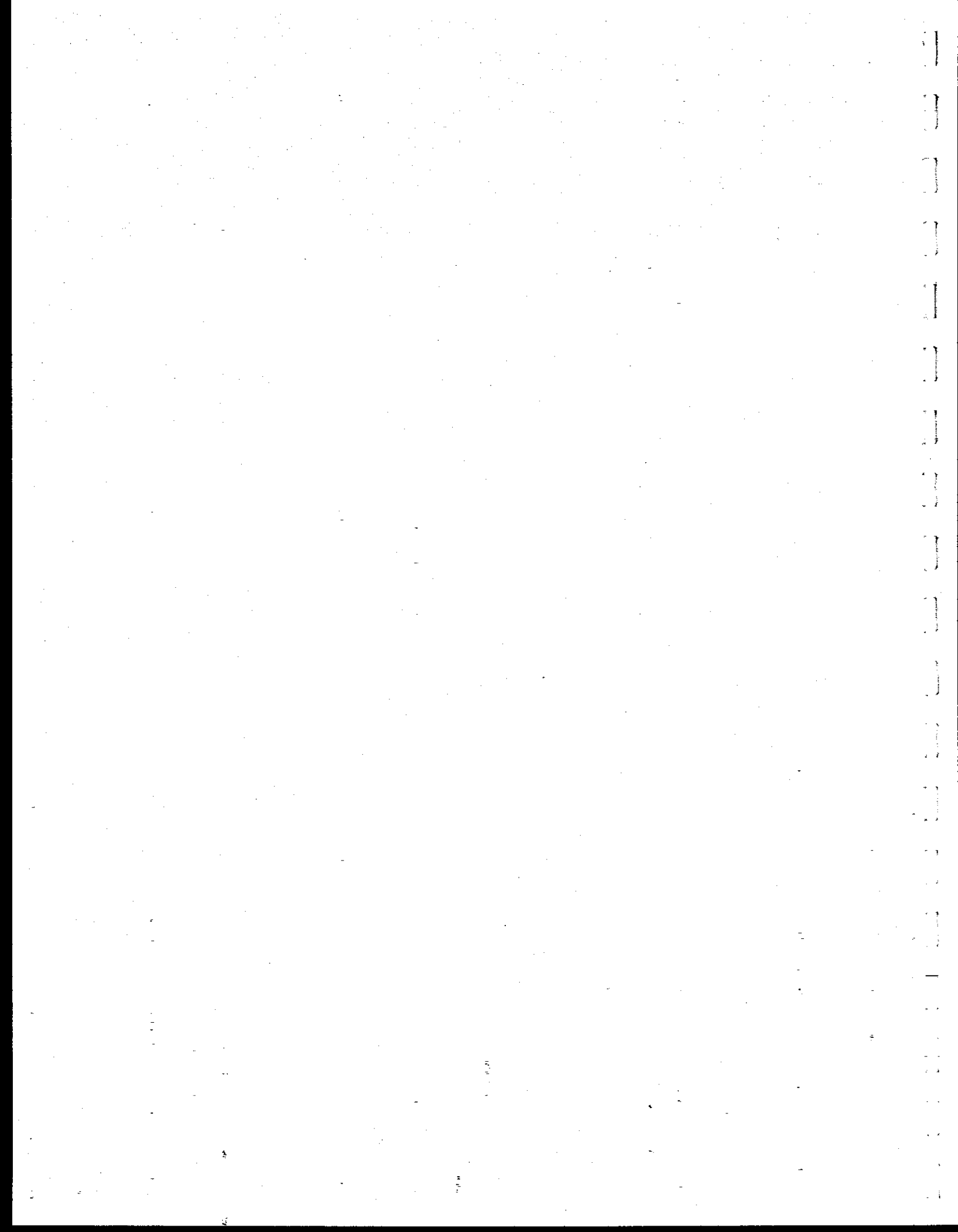
Street and Road Ordinance Provisions: The Ordinance defines the allowable uses for local street and road revenues to include maintenance, operations, and construction. These are the same allowable uses as described in the State Constitution for local gas tax funds. The Ordinance also states that the priorities for the revenues from the measure are to repair and rehabilitate existing roadways, to reduce congestion and improve safety, and to provide for the construction of needed facilities. The fund exchange provisions of the Ordinance are intended to allow local agencies, with Commission approval, to exchange revenues from the measure with other state or federal funds to maximize effectiveness in the use of revenues. Such fund exchanges such as with Federal Aid Urban funding should allow each agency more flexibility in funding the area's most important traffic improvement and safety projects in the most cost effective manner.

It is the intent of the Legislature and the Commission that any ballot measure revenues be used to supplement any existing revenues now being used for transportation purposes. The Ordinance includes a Maintenance of Effort (MOE) provision to insure that each local agency maintains as a minimum the same level of local discretionary funding (including local General Funds) as now being expended for street and road purposes. This provision is critical in light of Proposition 13 requirements to assure that new revenues are not being used to replace general fund revenues for the same purposes, but are in fact providing additional revenues for projects which would not otherwise be implemented. The Ordinance defines a "Base Year" MOE requirement for each agency and each agency is required to certify to the Commission that the required level of funding necessary to meet the maintenance of effort requirement will be budgeted prior to the Commission's allocation of revenues from the measure. The annual audit requirement would be used to verify that the required amount was actually expended. Any agency reducing their local discretionary funding to transportation purposes will have their subsequent years' revenues reduced accordingly. Any such forfeited funds shall be redistributed to the remaining eligible agencies.

Project Approval Process: The Ordinance defines the process which will be used in the selection and approval of the specific local street and road projects. Each year SANDAG will first provide each agency with an annual estimate of revenues for the succeeding five years. Each agency will then annually develop and submit to the Commission a five-year proposed project list for funding from funds made available by the measure. SANDAG, acting as the Commission, will annually approve a five-year Program of Projects in the Regional Transportation Improvement Program (RTIP). All projects funded through revenues from the measure would require Commission approval in the Biennial Element (first two years) of the Program of Projects. Both the Commission and local agencies would be required to hold a public hearing prior to the submittal or approval of any local project listings. All the local projects would be subject to the Commission's annual appropriations limit.

The project approval process should allow for a maximum level of local input at both the local agency level and at the SANDAG Board/Commission level. Using the existing Regional Transportation Improvement Program (RTIP) process for the local street and road project approvals should minimize any related administrative costs while ensuring that maximum effectiveness is made of both revenues from the measure and other state and federal funds. The Commission approval of the projects funded through the measure in the RTIP would also insure that all projects are consistent with the Regional Transportation Plan and that the expenditures would fall under the Commission's appropriations limit. If the voters approve Proposition

A in November 1987, the first Program of Projects for local street and road projects would be approved by the Commission in April 1988 as part of the 1988 Regional Transportation Improvement Program. Each local agency is now preparing candidate lists of proposed projects to identify the highest priority projects for early funding.



Section III: San Diego Transportation Improvement Program Ordinance and Expenditure Plan

The Ordinance and Expenditure Plan required to be adopted by the Commission by SB 361 is the legal document implementing the local sales tax and specifying the method of allocation of the local sales tax revenues and other requirements of the measure. The Ordinance and Expenditure Plan becomes effective at the close of the polls on the day of the election at which the local transportation measure is approved by the voters. The full text of the Ordinance and Expenditure Plan is provided on the following pages.

**SAN DIEGO TRANSPORTATION IMPROVEMENT PROGRAM
ORDINANCE AND EXPENDITURE PLAN**

The San Diego County Regional Transportation Commission ordains as follows:

SECTION 1. TITLE. This ordinance shall be known and may be cited as the San Diego Transportation Improvement Program Ordinance and Expenditure Plan. (Commission Ordinance 87-1). The Expenditure Plan is set forth in Sections 2 and 4 herein.

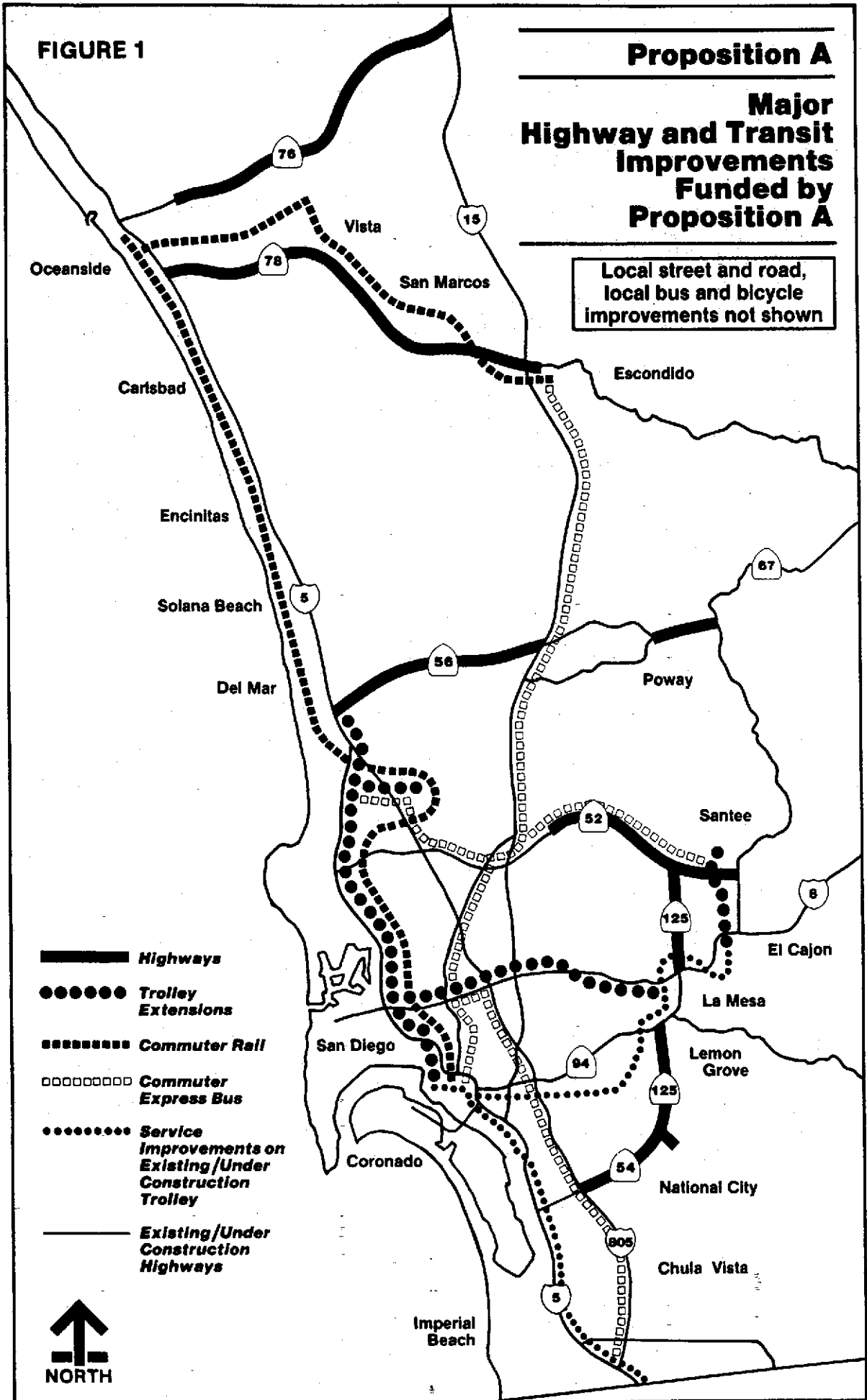
SECTION 2. EXPENDITURE PLAN SUMMARY. This ordinance provides for the implementation of the San Diego Transportation Improvement Program which will result in countywide transportation facility and service improvements including highway improvements, trolley extensions and public transit improvements, bicycle facility improvements, and local street and road improvements. These needed improvements shall be funded by a one-half of one percent transactions and use tax established for a period not to exceed twenty years. The revenues shall be deposited in a special fund and used solely for transportation improvements. The specific projects and programs to be funded shall be further identified in the Expenditure Plan Analysis which is set forth in Section II of the document titled Proposition A: San Diego Transportation Improvement Program and is hereby incorporated by reference as if fully set forth herein. A summary of the major projects and programs, including the major highway and transit improvements depicted on Figure 1, is provided as follows:

- A. Highway Improvements.** One-third of the available revenues (estimated \$750 million) will be combined with federal, state and local revenues (estimated \$85 million) to complete the following projects (see Figure 1):
1. Route 52: Construct an initial 4-lane freeway from Santo Road in Tierrasanta to Route 67 in Santee - \$240 million.
 2. Route 78: Widen freeway to 6 lanes from I-5 in Oceanside to I-15 in Escondido - \$40 million.
 3. Route 78 Corridor Reserve: Reserve fund for highway-related interchange and arterial improvements and additional Route 78 widening - \$40 million.
 4. Route 76: Widen to 4 lanes from Frontier Drive in Oceanside to I-15 - \$100 million.
 5. Route 54: Widen South Bay Freeway to 8 lanes including Route 125 interchange and connector to San Miguel Road - \$90 million.
 6. Route 56: Upgrade an initial city arterial to a 4- and 6-lane freeway between I-5 and I-15, with no Proposition A expenditures in a designated "future urbanizing" area - \$65 million.
 7. Route 56: Widen the Poway Road grade to 4 lanes from Espola Road to Route 67 in Poway (cost-sharing project) - \$10 million.
 8. Route 125: Construct an 8-lane freeway between Routes 54 and 94 in the Lemon Grove/Spring Valley area - \$90 million.

FIGURE 1

Proposition A
Major Highway and Transit Improvements Funded by Proposition A

Local street and road, local bus and bicycle improvements not shown



- Highways**
- Trolley Extensions**
- Commuter Rail**
- Commuter Express Bus**
- Service Improvements on Existing/Under Construction Trolley**
- Existing/Under Construction Highways**



9. Route 125: Construct a 6-lane freeway from Fletcher Parkway in La Mesa to Route 52 in Santee - \$135 million.
 10. Project Reserve Fund: Route location, right-of-way protection, environmental fund - \$25 million.
- B. Transit Improvements. One-third of the available revenues (estimated \$750 million) will be combined with federal, state, local and private funding (estimated \$190 million) for implementation of the following projects (see Figure 1):
1. Extensions of the San Diego Trolley:
 - a. From Downtown San Diego to Old Town - \$55 million.
 - b. From Old Town through Mission Valley to the Stadium - \$150 million.
 - c. From Old Town north to the North University City area - \$130 million.
 - d. From the Stadium east via San Diego State University to La Mesa - \$150 million.
 - e. From North University City to North City West - \$100 million.
 - f. From El Cajon to Santee - \$35 million.
 2. Commuter Rail Services:
 - a. Between Oceanside and Downtown San Diego - \$70 million.
 - b. Between Oceanside and Escondido - \$60 million.
 3. Transit Service Improvements: Total \$150 million
 - a. Reduced-price transit passes for seniors, the disabled, and students.
 - b. New and expanded trolley, commuter express bus, local bus, and dial-a-ride services.
 4. Project Reserve Fund: Total \$40 million - Right-of-way protection, project studies, environmental work, including up to \$1 million for a detailed analysis of trolley extensions in the South Bay.
- C. Bicycle Facility Improvements. A total of \$1 million per year will be allocated for the provision of improved bicycle routes throughout the region.
- D. Local Street and Road Improvements. One-third of the available revenues (estimated \$750 million) will be allocated on a fair and equitable formula basis (Section 4(c)) to each city and the County of San Diego (hereinafter referred to as local agencies) to supplement existing local revenues. These revenues will be used to repair and rehabilitate existing roadways, to reduce congestion and improve safety, and to provide for the construction of needed facilities. Each local agency will prepare a listing of the projects proposed for funding through the measure with public participation required.

SECTION 3. IMPOSITION OF TRANSACTIONS AND USE TAX. In addition to any other taxes authorized by law, there is hereby imposed in the incorporated and unincorporated territory of the County of San Diego, in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Division 12.5 of the Public Utilities Code commencing with Code Section 132000, a

transactions and use tax at the rate of one-half of one percent (1/2%) for a period not to exceed twenty years in addition to any existing or future authorized state or local transactions and use tax. If, during this time period, additional state or federal funds become available which would fund the projects and services contained in the Regional Transportation Plan, then the tax shall be reduced by action of the Commission.

SECTION 4. EXPENDITURE PLAN PURPOSES. The revenues received by the Commission from this measure, after deduction of required Board of Equalization costs for performing the functions specified in Section 132304(b) of the Public Utilities Code, shall be used to improve transportation facilities and services countywide as set forth in the Expenditure Plan and in a manner consistent with the Regional Transportation Plan and five-year Regional Transportation Improvement Program, and for the administration of the San Diego County Regional Transportation Commission Act (hereinafter referred to as the "Act") commencing with Public Utilities Code Section 132000. After the deduction of administrative expenses and the allocation of one million dollars annually for bicycle facilities, the revenues shall with the exception of the conditions set forth herein be allocated as follows:

- A. One-third for transit purposes;
One-third for local street and road purposes; and
One-third for highway purposes.
- B. The revenues made available for transit purposes shall be allocated and expended pursuant to the following distribution formula and priorities:
 1. One percent of the total funds made available annually for transit purposes shall be used to support improved transportation services for seniors and disabled persons. These funds shall be allocated in a similar manner as funds made available through Section 99275 of the Public Utilities Code.
 2. Remaining transit revenues shall be allocated annually to the North San Diego County Transit Development Board and the Metropolitan Transit Development Board based on the population within each board area of jurisdiction using the most recent Department of Finance population estimates. These funds shall be expended in the following manner:
 - a. Not less than eighty percent shall be used to implement the rail capital facilities identified in the Expenditure Plan. However, in no case, shall the use of revenues under this section preclude the use of revenues necessary to implement Section 4B(2)(b).
 - b. From the remaining revenues, there shall be expended such sums as necessary to guarantee in the North County and South County areas for the duration of the measure (1) a monthly regional transit pass for senior (60 years or older) and disabled riders priced at not more than 25 percent of the cost of the regular regional monthly transit pass, and (2) a monthly regional youth transit pass for students (18 years or under) priced at not more than 50 percent of the cost of the regular regional monthly transit pass.
 - c. Remaining revenues may be allocated for transit service improvements. Such improvements shall be limited to new services or extended or expanded services. Services in existence prior to the effective date of

this ordinance shall be funded through other funding sources. Revenues may be allocated to such existing services only in an amount equal to any reductions in state and federal annual funding levels for operating support below Fiscal Year 1986-87 levels.

- C. The revenues available for local street and road purposes shall be allocated and expended pursuant to the following distribution formula and priorities:
1. Each local agency shall receive an annual base sum of \$50,000.
 2. The remaining revenues after the base sum distribution shall be distributed to the each local agency on the following basis:
 - a. Two-thirds based on total population using the most recent Department of Finance population estimates.
 - b. One-third based on maintained street and road mileage.
 3. For the purposes of Section 4C(1) and (2), any new incorporations or annexations which take place after July 1 of any fiscal year shall be incorporated into the formula beginning with the subsequent fiscal year. The San Diego Association of Governments population estimates of such new incorporations or annexations shall be used until such time as Department of Finance population estimates are available.
 4. Funds shall be expended in accordance with the following priorities:
 - a. to repair and rehabilitate existing roadways;
 - b. to reduce congestion and improve safety;
 - c. to provide for the construction of needed facilities.
- D. The revenues available for highway purposes shall be allocated in accordance with the Expenditure Plan, subject to the following provisions:
1. No revenues as provided for in this section shall be allocated for any state highway projects until the Commission has certified that the San Diego region is receiving at a minimum its fair share of highway funds from the state. The determination of fair share shall consider all relevant factors including the degree to which the San Diego region is receiving its statutory county minimum funding for all budgeted, expended, and programmed state and federal highway funds. The policies and project approval actions of the California Transportation Commission and CALTRANS will also be reviewed to insure that the San Diego region is receiving full consideration in the allocation of any additional uncommitted state and federal highway funding. Part of the certification shall include a finding that the state has not reduced any state highway fund allocations to the San Diego region as a result of the addition of any local revenues as provided herein. The certification shall be made annually in the Regional Transportation Improvement Program.
 2. If, prior to the start of any fiscal year, the Commission does not make the certification finding required in Section 4(D)(1), then, except for previous commitments of the Commission, the Commission may redistribute remaining revenues for local street and road purposes as provided in Section 4(C)(2).

3. If the Commission finances the construction of highway facilities by the issuance of bonds or any similar financing device, the Commission shall first allocate the funds necessary to meet all debt service requirements prior to making any redistribution of funds as provided in Section 4(D)(2).
 4. Once any state highway facility or usable portion thereof is constructed to at least minimum acceptable state standards, the state shall be responsible for the maintenance and operation thereof.
 5. All new highway projects funded with revenues as provided in this measure, which also are identified as bikeway facilities in the Regional Transportation Plan, shall be required to include provisions for bicycle use.
 6. No revenues provided from this measure shall be used for the acquisition of rights-of-way for, or the construction of local streets and roads and/or highways in the Route 56 corridor connecting the communities of North City West and Penasquitos East within the area designated as "future urbanizing" as ratified by the San Diego City Council on 1/27/87 (Resolution No. 267565) provided that the area remains so designated.
 7. All state highway improvements to be funded with revenues as provided in this measure, including project development and overall project management, shall be a joint responsibility of CALTRANS and the Commission. All major project approval actions including the project concept, the project location, and any subsequent change in project scope shall be jointly agreed upon by CALTRANS and the Commission and, where appropriate, by the Federal Highway Administration and/or the California Transportation Commission.
- E. Except as provided for herein, the distribution of funds as set forth in Section 4(A) shall be met over the duration of the measure.

SECTION 5. EXPENDITURE PLAN PROCEDURES.

- A. Each local agency shall annually develop a five-year list of projects to be funded with revenues made available under Section 4(C). A local public hearing on the proposed list of projects shall be held by each local agency prior to submitting the project list to the Commission for approval pursuant to Section 6.
- B. All projects to be funded with revenues made available under Section 4(A) must be consistent with the Regional Transportation Plan. Project priorities or phasing shall also be consistent with the Regional Transportation Plan. The Expenditure Plan shall be reviewed on a biennial basis to coincide with the biennial update of the Regional Transportation Plan required by State law. The Expenditure Plan shall be amended as necessary to maintain consistency with the Regional Transportation Plan. As funds become available in excess of the amount allocated in the Expenditure Plan, additional projects shall be added to the Expenditure Plan consistent with the priorities in the Regional Transportation Plan (State Route 125 south of State Route 54 is a prime example of a project so identified in the Regional Transportation Plan). Any amendments to the Expenditure Plan shall be made in accordance with the procedures for amending this ordinance as provided for in Section 15.
- C. In the allocation of all revenues made available under 4(A), the Commission shall make every effort to maximize state and federal transportation funding to the

region. The Commission may amend the Expenditure Plan, in accordance with Section 15, as needed to maximize the transportation funding to the San Diego region.

SECTION 6. PROJECT PROGRAMMING APPROVAL. The Commission shall annually approve a five-year project list and a biennial program of projects to be funded during the succeeding two fiscal years with all revenues made available under Section 4(A) herein. The program of projects will be prepared as a part of the five-year Regional Transportation Improvement Program. A public hearing will be held prior to approval of the program of projects. The Commission may amend the program of projects as necessary in accordance with the Regional Transportation Improvement Program amendment procedures. No major projects shall be funded with the revenues made available under Section 4(A) unless the projects are in the approved program of projects.

SECTION 7. COOPERATIVE FUND AGREEMENTS. To maximize the effective use of funds, revenues may be transferred or exchanged under the following circumstances:

- A. Agencies receiving funds may, by annual or multi-year agreement, exchange funds provided that the percentage of funds allocated for each purpose as provided in Section 4(A) is maintained over the duration of the measure and that no more than 25% of the revenues allocated for each purpose during any five-year period is transferred from one purpose to another. Agreements to exchange funds, including fund repayment provisions, must be approved by the Commission and shall be consistent with any and all rules approved by the Commission relating thereto.
- B. The Commission may exchange revenues for state or federal funds allocated or granted to any public agency within or outside the area of jurisdiction of the Commission to maximize effectiveness in the use of revenues. Such federal or state funds shall be distributed in the same manner as the revenues from the measure.

SECTION 8. MAINTENANCE OF EFFORT. It is the intent of the Legislature and the Commission that revenues provided from this measure be used to supplement existing local revenues being used for the purposes set forth in Section 4 herein. Each local agency receiving revenues pursuant to Section 4(C) shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes as was reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads - Fiscal Year 1984-85. If any local agency had extraordinary local discretionary fund expenditures during FY1984-85, it may use, as a base for determining the minimum level of local discretionary funds, the average amount of such funds reported to the State Controller for the three-year period FY1982-83 through FY1984-85. The use of a three-year average for the base period shall be subject to Commission approval. The Commission shall not allocate any revenues pursuant to Section 4(C) to any eligible local agency in any fiscal year until that local agency has certified to the Commission that it will include in its budget for that fiscal year an amount of local discretionary funding for streets and roads purposes at least equal to the minimum maintenance of effort requirement. An annual independent audit shall be conducted to verify that the Maintenance of Effort requirements were met. Any local agency which does not meet its Maintenance of Effort requirement in any given year shall have its funding under Section 4(C) reduced in the following year by the amount by which the agency did not meet its required Maintenance of Effort level. Any local street and road revenues not allocated pursuant to the Maintenance of Effort requirement shall be redistributed to the remaining eligible agencies according to the formula described in Section 4(C)(2). The Maintenance of Effort requirement also shall apply to any local agency discretionary funds being used for the purposes specified under Section 4(B) and (D).

SECTION 9. PRIVATE SECTOR FUNDING: Revenues provided from this measure shall not be used to replace private developer funding which has been or will be committed for any project.

SECTION 10. BONDING AUTHORITY. Upon voter approval of the measure, the Commission shall have the authority to issue bonds payable from the proceeds of the tax to accelerate the construction of needed transportation facility improvements. The Commission, in allocating the annual revenues from the measure, shall meet all debt service requirements prior to allocating funds for other projects.

SECTION 11. ADMINISTRATIVE EXPENSES. Revenues may be expended by the Commission for salaries, wages, benefits, overhead, auditing and those services including contractual services necessary to administer the Act; however, in no case shall such expenditures exceed one percent of the annual revenues provided by the measure. Costs of performing or contracting for project related work shall be paid from the revenues allocated to the appropriate purpose as set forth in Section 4 herein. An annual independent audit shall be conducted to assure that the revenues expended by the Commission under this section are necessary and reasonable in carrying out its responsibilities under the Act.

SECTION 12. ESTABLISHMENT OF SEPARATE ACCOUNTS. Each agency receiving funds pursuant to Section 4 shall deposit said funds in a separate Transportation Improvement Account. Interest earned on funds allocated pursuant to this Ordinance shall be expended only for those purposes for which the funds were allocated.

SECTION 13. IMPLEMENTING ORDINANCES. Upon approval of this measure by the voters the Commission shall, in addition to the local rules required to be provided pursuant to this ordinance, adopt implementing ordinances and rules and take such other actions as may be necessary and appropriate to carry out its responsibilities.

SECTION 14. EFFECTIVE AND OPERATIVE DATES. This ordinance shall become effective on November 3, 1987 only if a majority of the electors voting on the measure at the election held on November 3, 1987 vote to approve the ordinance. If so approved, the provisions of this ordinance shall become operative on April 1, 1988, and the programs to be implemented with revenues provided through the measure will begin on July 1, 1988.

SECTION 15. AMENDMENTS. With the exception of Sections 3, 4(A), 4(D)(6), and 4(E) which require a majority vote of the electors of the County of San Diego to amend, this ordinance may be amended to further its purposes by ordinance, passed by roll call vote entered in the minutes, with two-thirds of the Commission concurring.

SECTION 16. DESIGNATION OF FACILITIES. Each project or program in excess of \$250,000 funded in whole or in part by revenues from the measure shall be clearly designated during its construction or implementation as being provided by revenues from the measure.

SECTION 17. SEVERABILITY. If any section, part, clause or phrase of this ordinance is for any reason held invalid or unconstitutional, the remaining portions shall not be affected but shall remain in full force and effect.

Appendix A Ballot Proposition

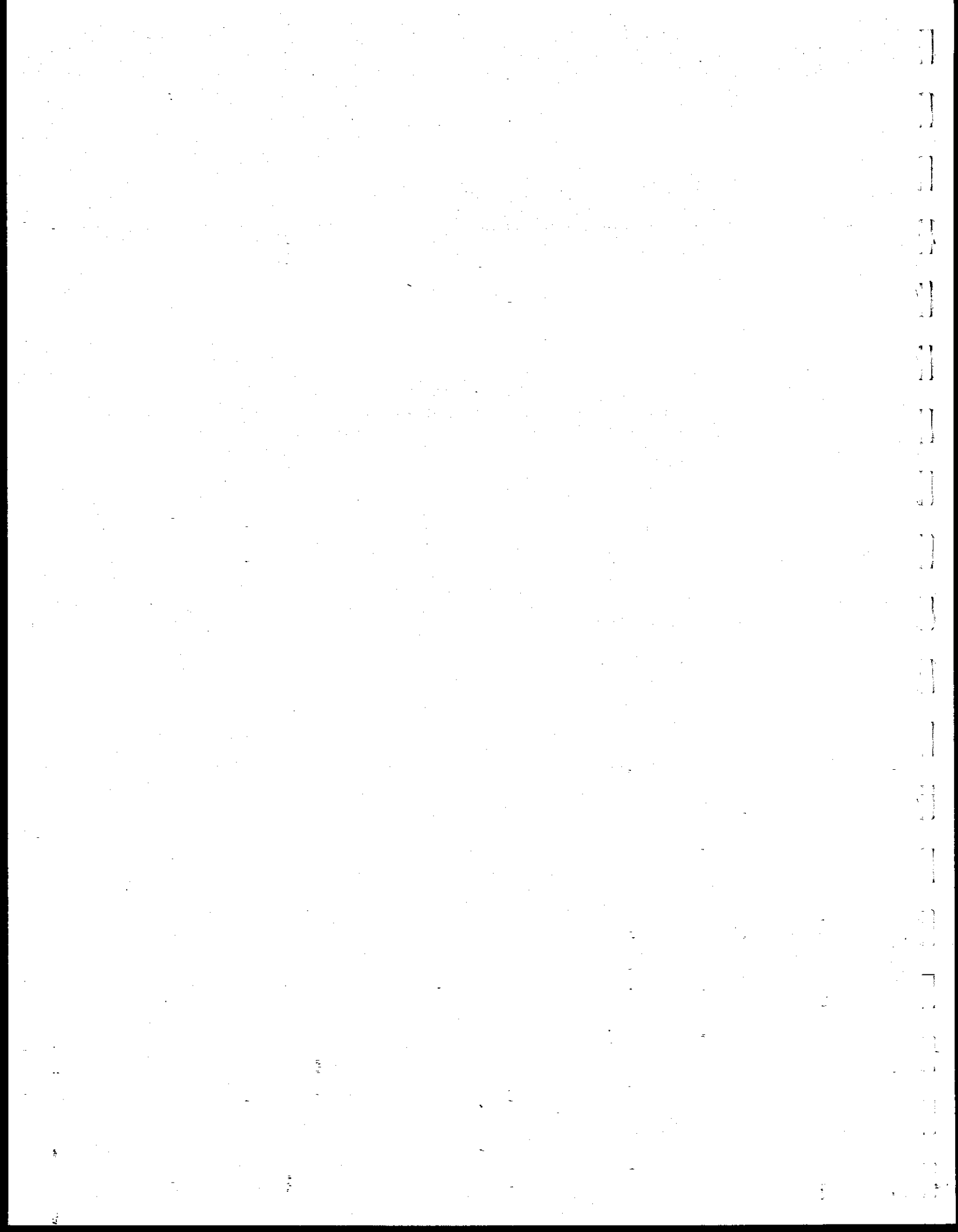
A **SAN DIEGO TRANSPORTATION IMPROVEMENT PROGRAM.**
To help relieve traffic congestion, increase safety, and improve air quality by providing essential countywide transportation improvements, including:

- Reduced traffic congestion by widening or building Highways 52, 78, 76, 56, 54 and 125;
- Reduced price transit passes for seniors, students, and the disabled;
- Expanded commuter transit services including trolley system extensions to north University City, San Diego Jack Murphy Stadium, San Diego State University, and Santee, commuter rail service to North County, trolley service improvements in South Bay and East County, and express and local bus improvements;
- Increased safety through repair and improvement of local streets and roads; and
- Construction of new bicycle routes

shall the San Diego County Regional Transportation Commission be authorized to establish by ordinance a one-half of one percent transactions and use tax for a period not to exceed twenty years, with the proceeds placed in a special fund solely for transportation improvements?

YES 000 →

NO 000 →



Appendix B Enabling Legislation (SB 361)

APPENDIX B

SB 361 - Senator Deddeh
(Chapter 1576 - Statutes of 1985)

DIVISION 125. COUNTY AND REGIONAL TRANSPORTATION COMMISSIONS

SEC. 53. Chapter 2 (commencing with Section 132000) is added to Division 125 of the Public Utilities Code, to read:

CHAPTER 2. SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

Article 1. General Provisions, Findings, and Definitions

132000. This chapter shall be known and may be cited as the San Diego County Regional Transportation Commission Act.
132001. The Legislature hereby finds and declares all of the following:

- (a) Recognizing the scarcity of resources available for all transportation development, alternative methods of financing provided in this chapter are needed to finance the cost of maintaining, acquiring, constructing, and developing facilities for transportation systems in the County of San Diego and these methods will increase economic opportunities, contribute to economic development, be in the public interest and serve a public purpose, and promote the health, safety, and welfare of the citizens within the County of San Diego.
 - (b) It is in the public interest to allow the voters of San Diego County to create the San Diego County Regional Transportation Commission so that local decisions can be implemented in a timely manner to provide improvements to the transportation system.
- 132002.** "Bonds" means indebtedness and securities of any kind or class, including bonds, notes, bond anticipation notes, and commercial paper.

132003. "Commission" means the San Diego County Regional Transportation Commission created pursuant to this chapter in the County of San Diego.

132004. "County" means the County of San Diego.

132005. "San Diego Association of Governments" means the joint powers agency established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code which is the transportation planning agency for the San Diego County region. Any board, commission, department, or officer succeeding to the functions of the association is granted the powers and duties of the association under this chapter.

132006. "Transit development boards" means the San Diego Metropolitan Transit Development Board and the North San Diego County Transit Development Board.

Article 2. Creation of the Commission

132007. There is hereby created the San Diego County Regional Transportation Commission in the county.

132008. The Board of Directors of the San Diego Association of Governments shall serve as the San Diego County Regional Transportation Commission.

132009. The commission shall not hire a staff, but shall use the staff of the San Diego Association of Governments and shall compensate the San Diego Association of Governments for the use of staff services as set forth in Section 132103.

Article 3. Administration

132100. The joint powers agreement, bylaws, and all rules and regulations of the San Diego Association of Governments shall be the established rules for the proceedings and administration of the commission except as provided otherwise in this chapter.

132101. Meetings of the commission shall be held at least annually and as often as determined necessary by the commission.

132102. The acts of the commission shall be expressed by motion, resolution, or ordinance.

132103. The commission shall expend only that amount of the funds generated pursuant to this chapter for staff support, audit, administrative expenses, and contract services that are necessary and reasonable to carry out its responsibilities pursuant to this chapter.

132104. The commission shall do all of the following:

- (a) Adopt an annual budget.
 - (b) Cause a postaudit of the financial transactions and records of the commission and of all revenues expended pursuant to this chapter to be made at least annually by a certified public accountant.
 - (c) Do any and all things necessary to carry out the purposes of this chapter.
- 132105.** (a) The commission shall publish, pursuant to Section 0061 of the Government Code, notice of the time and place of the

public hearing for the adoption of the annual budget not later than 15 days prior to the date of the hearing.

(b) The proposed annual budget shall be available for public inspection at least 15 days prior to the hearing.

132106. The initial meeting of the commission shall be held in the City of San Diego when called by the Board of Directors of the San Diego Association of Governments in order to approve a transactions and use tax ordinance and ballot proposition and call an election in accordance with Article 5 (commencing with Section 132300).

Article 4. Powers and Functions

132200. The commission may adopt a seal and alter it at its pleasure.

132201. The commission may sue and be sued, except as otherwise provided by law, in all actions and proceedings, in all courts and tribunals of competent jurisdiction.

132202. All claims for money or damages against the commission are governed by Division 3.6 (commencing with Section 810) of Title 1 of the Government Code except as provided therein, or by other statutes or regulations expressly applicable thereto.

132203. The commission may make contracts and enter into stipulations of any nature whatsoever, including, but not limited to, contracts and stipulations to indemnify and hold harmless, to employ labor, and to do all acts necessary and convenient for the full exercise of the powers granted in this chapter.

132204. The commission may contract with any department or agency of the United States of America, with any public agency, including, but not limited to, the Department of Transportation, the San Diego Association of Governments, or any transit development board, county, or city, or with any person upon any terms and conditions that the commission finds is in its best interest.

132205. The commission may provide and maintain, by contract with a public agency or by other means, a security force to enforce its regulations, preserve and protect any public transit system or project financed pursuant to this chapter, and preserve and protect the public peace, health, and safety with respect to its system or projects.

Article 5. Transactions and Use Tax

132300. The Legislature, by the enactment of this article, intends the additional funds provided government agencies by this article to supplement existing local revenues being used for public transportation purposes. The government agencies are further encouraged to maintain their existing commitment of local funds for public transportation purposes.

132301. A retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the county shall be imposed by the commission in accordance with Section 132307 and Part 1.6 (commencing with Section 7251) of Division 2 of the

Revenue and Taxation Code, if a majority of the electors voting on the measure vote to approve its imposition at a special election called for that purpose by the commission. The tax ordinance shall take effect at the close of the polls on the day of election at which the proposition is adopted. The initial collection of the transactions and use tax shall take place in accordance with Section 132304.

If, at any time, the voters do not approve the imposition of the transactions and use tax, this chapter remains in full force and effect. The commission may, at any time thereafter, submit the same, or a different, measure to the voters in accordance with this chapter.

132302. The commission, in the ordinance, shall state the nature of the tax to be imposed, the tax rate or the maximum tax rate, the purposes for which the revenue derived from the tax will be used, and may set a term during which the tax will be imposed. The purposes for which the tax revenues will be used may include, but are not limited to, the administration of this chapter, including legal actions related thereto, the construction, capital acquisition, maintenance, and operation of streets, roads, and highways, including state highways, and the construction, maintenance, and operation of public transit systems, including exclusive public mass transit guide-way systems. These purposes include expenditures for the planning, environmental reviews, engineering and design costs, and related right-of-way acquisition. The ordinance shall contain an expenditure plan which shall include the allocation of revenues for the purposes authorized by this section.

132303. (a) The county shall conduct an election called by the commission pursuant to Section 132301.

(b) The election shall be called and conducted in the same manner as provided by law for the conduct of elections by a county.

132304. (a) Any transactions and use tax ordinance adopted pursuant to this article shall be operative on the first day of the first calendar quarter commencing more than 120 days after adoption of the ordinance.

(b) Prior to the operative date of the ordinance, the commission shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of the ordinance.

132305. The revenues from the taxes imposed pursuant to this article may be allocated by the commission for public transportation purposes consistent with the adopted regional transportation improvement program and the regional transportation plan.

132306. If taxes are imposed pursuant to this article for expenditure for public transit purposes, the commission shall allocate revenues derived therefrom to the transit development boards for allocation within their respective areas of jurisdiction for transit purposes consistent with the adopted regional transportation improvement program and the regional transportation plan.

132307. (a) The commission, subject to the approval of the voters, may impose a maximum tax rate of 1 percent under this chapter and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, and the commission may state

the maximum tax rate in terms of not to exceed 1 percent, or any lesser percentage thereof. The commission shall not levy the tax at a rate other than 1 percent or three-fourths, one-half, or one-fourth of 1 percent, unless specifically authorized by the Legislature.

(b) The tax rate adopted pursuant to this article, unless otherwise prohibited, may be increased by the commission by ordinance adopted in the manner and by the vote stated in Section 132301 and approved by a majority of the electors voting on the measure at an election called for that purpose by the commission.

132308. The commission may reduce a tax rate to percentages lower than that approved by the voters and may further provide for an increase of the tax rate if it has previously been lowered. However, the tax rate may not be increased to a rate above the tax rate approved by the voters.

Any revised tax rate may be adopted only if the commission determines, by a two-thirds vote, that the proceeds of the taxes with the altered tax rate will be sufficient to provide for the payment of principal of, and interest on, any limited tax bonds and any other indebtedness incurred by the commission which was to be payable from the proceeds of the retail transactions and use tax.

132309. (a) The commission, as part of the ballot proposition to approve the imposition of a retail transactions and use tax, shall seek authorization to issue bonds payable from the proceeds of the tax and establish the appropriations limit of the commission.

(b) The maximum bonded indebtedness which may be outstanding at any one time shall be an amount equal to the sum of the principal of, and interest on, the bonds, but not to exceed the estimated proceeds of the transactions and use tax for a period of not more than the number of years for which the transactions and use tax authorized by this article is to be imposed.

132310. (a) The bonds authorized by the voters concurrently with the approval of the retail transactions and use tax may be issued by the commission at any time, and from time to time, payable from the proceeds of the tax. The bonds shall be referred to as "limited tax bonds." The bonds may be secured by a pledge of revenues from the proceeds of the tax.

(b) The pledge of retail transactions and use taxes to the limited tax bonds authorized under this article shall have priority over the use of any of the taxes for "pay-as-you-go" financing, except to the extent that the priority is expressly restricted in the resolution authorizing the issuance of the bonds.

132310.5. The commission may provide for the bonds to bear a variable interest rate, for the manner and intervals in which the rate shall vary, and for the dates on which the interest shall be payable.

132311. Limited tax bonds shall be issued pursuant to a resolution adopted at any time, and from time to time, by the commission by a two-thirds vote of all members of the commission.

The commission may from time to time issue bonds in accordance with the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code), for the purposes set forth in the ordinance adopted pursuant

to Section 132302, which shall constitute an "enterprise" within the meaning of Section 54309 of the Government Code. Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the Government Code and the limitations on the rate of interest set forth in subdivision (b) of Section 54402 of the Government Code do not apply to the issuance and sale of bonds pursuant to this chapter. Instead, the commission shall authorize the issuance of bonds by resolution, which resolution shall specify all of the following:

(a) The purposes for which the bonds are to be issued.

(b) The maximum principal amount of the bonds.

(c) The maximum term for the bonds.

(d) The maximum rate of interest to be payable upon the bonds shall not exceed the maximum rate permitted for bonds of the commission by Section 53531 of the Government Code or any other applicable provisions of law. In the case of bonds bearing a variable interest rate, the variable rate shall on no day exceed the maximum rate permitted for bonds of the commission on that day by Section 53531 of the Government Code or any other applicable provisions of law. However, the variable interest rate so permitted may on any day exceed that maximum rate if the interest paid on the bonds from their date of original issuance to that day does not exceed the total interest which would have been permitted to have been paid on the bonds if the bonds had borne interest at all times from the date of issuance to that day at the maximum rate permitted from time to time by Section 53531 of the Government Code or any other applicable provisions of law.

(e) The maximum discount on the sale of the bonds. However, the bonds shall not be sold at less than 95 percent of the principal amount in the manner determined by the commission. Each resolution shall provide for the issuance of bonds in the amounts as may be necessary, until the full amount of the bonds authorized has been issued. The full amount of bonds may be divided into two or more series with different dates of payment fixed for the bonds of each series. A bond need not mature on its anniversary date.

132312. Any bonds issued pursuant to this article are a legal investment for all trust funds; for the funds of insurance companies, commercial and savings banks, and trust companies; and for state school funds. Whenever any money or funds may, by any law now or hereafter enacted, be invested in bonds of cities, counties, school districts, or other districts within the state, those funds may be invested in the bonds issued pursuant to this article, and whenever bonds of cities, counties, school districts, or other districts within this state may, by any law now or hereafter enacted, be used as security for the performance of any act or the deposit of any public money, the bonds issued pursuant to this article may be so used. The provisions of this article are in addition to all other laws relating to legal investments and shall be controlling as the latest expression of the Legislature with respect thereto.

132313. Any action or proceeding wherein the validity of the adoption of the retail transactions and use tax ordinance provided for

In this article or the issuance of any bonds thereunder or any of the proceedings in relation thereto is contested, questioned, or denied, shall be commenced within six months from the date of the election at which the ordinance is approved; otherwise, the bonds and all proceedings in relation thereto, including the adoption and approval of the ordinance, shall be held to be valid and in every respect legal and incontestable.

132314. The commission has no power to impose any tax other than the transactions and use tax imposed upon approval of the voters in accordance with this chapter.

SEC. 24. Section 7252.7 is added to the Revenue and Taxation Code, to read:

7252.7. "District," as used in this part, also means the San Diego County Regional Transportation Commission, if authorized to impose transactions and use taxes pursuant to this part.

SEC. 25. Section 22 of this act shall become operative only if no statute is enacted during the 1985 portion of the 1985-86 Regular Session of the Legislature to add Division 12.5 (commencing with Section 131000) to the Public Utilities Code.

SEC. 26. No appropriation is made by this act pursuant to Section 6 of Article XIII B of the California Constitution because (1) this act is in accordance with the request of a local agency which desired legislative authority to carry out the program specified in this act, (2) self-financing authority is provided in Section 22003 of the Elections Code to cover any costs that may be incurred in carrying on any program or performing any service required to be carried on or performed by this act, and (3) the only other costs which may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, changes the definition of a crime or infraction, changes the penalty for a crime or infraction, or eliminates a crime or infraction.
