

TRANSPORTATION COMMITTEE

October 6, 2006

AGENDA ITEM NO.: **1**

Action Requested: APPROVE

TRANSPORTATION COMMITTEE DISCUSSION AND ACTIONS MEETING OF SEPTEMBER 1, 2006

The meeting of the Transportation Committee was called to order by Chair Joe Kellejian (North County Coastal) at 9:00 a.m. See the attached attendance sheet for Transportation Committee member attendance.

1. APPROVAL OF MEETING MINUTES

Action: Upon a motion by Councilmember Jim Madaffer (City of San Diego) and a second by Councilmember Jerome Stocks (North County Transit District [NCTD]), the Transportation Committee approved the minutes from the August 4, 2006, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Jim Schmidt, a member of the public, spoke in favor of Proposition 1A. He also added that state gas tax funds should not be borrowed for nontransportation purposes.

Chuck Lungerhausen, a member of the public, stated that he did not support a new stadium for the Chargers.

Councilmember Madaffer asked Paul Jablonski, Chief Executive Officer of the Metropolitan Transit System (MTS) for a status of trolley operations for the San Diego State University (SDSU) Aztec games. Mr. Jablonski said he did not receive any reports of unusual activity at the Thursday night Aztec game. MTS partnered with the House of Blues on a promotion to provide 5,000 trolley passes to the game; this was one reason for the high ridership last night. Mr. Jablonski added that during the first week of classes, ridership on the Green Line Trolley also was significantly higher than the same time last year.

CONSENT ITEMS (3 and 4)

Chair Kellejian noted that Item No. 3 was pulled from the Consent Agenda due to a request by a member of the public. He asked for action on Consent Item No. 4.

4. SEPTEMBER 2006 MTS TRANSIT SERVICE CHANGES (INFORMATION)

MTS and NCTD implement changes to bus, trolley, and COASTER service at various times throughout the year to improve the efficiency and effectiveness of transit service in the region. Last June, MTS began phased implementation of its Comprehensive Operational Analysis (COA). In September, MTS will implement the next phase of service changes resulting from the COA. This report provides the Transportation Committee with information on the upcoming MTS transit service changes.

Action: Upon a motion by Councilmember Madaffer and a second by Supervisor Bill Horn (County of San Diego), the Transportation Committee approved Consent Item 4.

3. 2007 REGIONAL TRANSPORTATION PLAN PUBLIC INVOLVEMENT PROGRAM (ACCEPT)

Chair Kellejian recognized Mr. Lungerhausen to comment on this item.

Chuck Lungerhausen, a member of the public, said that he is supportive of the transit system, including the recent improvements to convert to a low-floor system where people just walk on the bus or trolley. He stated that he did not support bus rapid transit (BRT) taking the place of trolley service in the Mid-Coast Corridor.

Chair Kellejian reported that staff has developed an integrated public involvement program to reach out to nontraditional and traditional audiences to raise their awareness of the transportation planning process and specific SANDAG programs and projects. Early public involvement and comment about the 2007 Regional Transportation Plan (RTP) is an important part of developing a transportation public policy blueprint that helps meet the travel needs of our residents. A draft public involvement program has been prepared, and the Transportation Committee is being asked to accept the draft for distribution and a 45-day public comment period.

Councilmember Phil Monroe (South County) supported this action. He asked if the primary reason for this program is to raise awareness and buy-in from the public into the current projects in our RTP. He also wondered if we will make changes to the RTP as a result of this public involvement strategy. Gary Gallegos, Executive Director, said that the RTP is updated every three years. We strive to get as much public involvement as possible during each update. Sometimes we get ideas from the public that we hadn't thought about before. The SANDAG Board of Directors and Transportation Committee can then weigh the public input received during policy decisions on the RTP.

Chair Kellejian noted that the full SANDAG Board will hear this item at its October 27, 2006, meeting.

Supervisor Ron Roberts (County of San Diego) said that he would like to see the proposed costs for the program included in any future staff report. Mr. Gallegos stated that the funding for the public involvement program is included as part of the RTP budget. Anne Steinberger, Acting Communications Director, said that she will make sure the costs are included in the next reports to the Transportation Committee and Board.

Action: Upon a motion by Councilmember Monroe and a second by Councilmember Madaffer, the Transportation Committee accepted the draft 2007 Regional Transportation Plan Public Involvement Program for distribution and a 45-day public comment period.

REPORTS (5 through 7)

5. DRAFT NEXUS STUDY FOR *TransNet* REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM (RECOMMEND)

Marney Cox, Chief Economist, stated that in November 2004 San Diego County voters approved Proposition A extending the *TransNet* half-cent sales tax for transportation through 2048. Included in this *TransNet* Ordinance is the Regional Transportation Congestion Improvement Program (RTCIP). The purpose of this program is to ensure that new development directly invests in the regional transportation system to offset the negative impacts of growth on congestion and mobility. The RTCIP provides for the collection of a fee for each new dwelling unit to ensure future development contributes its proportional share of the funding needed to pay for the Regional Arterial System (RAS) and related transportation facility improvements, as defined in SANDAG's most recently adopted RTP. One of the requirements of the *TransNet* Ordinance is for SANDAG to produce an RTCIP Nexus Study to help satisfy the legal requirements governing development impact fees in California. Cities and counties have the authority to impose impact fees under the state Mitigation Fee Act; however, in doing so, each local jurisdiction is required to make findings demonstrating a reasonable nexus between the collection of fees, the need for facilities created by new development, and the expenditure of fee revenues to benefit new development.

The purpose of this study is to provide a single Nexus Study that all local agencies in the San Diego region can use as a basis for adopting a funding program that could be used to fulfill their contribution to the RTCIP. The nexus analysis demonstrates that an average impact fee of \$2,071 per new residential unit is allowed under the California Mitigation Fee Act. Each local agency that wants to impose a development impact fee on the basis of this Nexus Study will need to verify the findings in the study before adopting those findings for the particular local agency's use in imposing a fee. The RTCIP is the first time a regionwide development impact fee has been recommended for regional facilities. As an update to the RTP, we will explore other fees that may be necessary to close the funding gap for necessary regional transportation projects.

Mr. Cox noted that MuniFinancial and Cambridge Systematics conducted the Nexus Study. He introduced Robert Spencer with MuniFinancial to provide a report.

Mr. Spencer stated that he will cover what the RTCIP does, the analysis approach and results, and comments on implementation. The Nexus Study was mandated by the *TransNet* Extension. Later in September, the SANDAG Board of Directors will be asked to accept the study, and then it will go out to local agencies that will need to adopt the funding program required by the *TransNet* Extension. Key components of the RTCIP are: beginning on July 1, 2008, local agencies must have a funding program in place to generate an average of \$2,071 per new residential unit; the sources of funding are not specified other than

“exactions from the private sector;” local agencies keep and expend these revenues independently, subject to RTCIP requirements; revenues must be invested in the Regional Arterial System and consistent with the most recently adopted RTP; the Independent Taxpayer Oversight Committee (ITOC) is responsible for monitoring local agency participation in the RTCIP; and failure to participate in this program could result in the loss of *TransNet* sales tax funding for local roads. He showed a map of the Regional Arterial System.

Mr. Spencer reviewed what the Nexus Study provides to local agencies, including relief from having to conduct an individual nexus study to adopt and implement the RTCIP, a defensible nexus analysis, a summary of typical statutory findings required by the Mitigation Fee Act, and a fee schedule for residential development.

Mr. Spencer stated that the nexus analysis approach was to determine growth projections, identify facility standards, determine what facility costs should be allocated to new growth, then determine the amount and cost of facilities needed to accommodate that growth. The methodology results in recommended fees of \$2,331 for a single-family home, \$1,865 for a multi-family home, and \$1,166 for a mobile home. The average fee for residential unit is \$2,071. The fees will need to be adjusted annually to account for inflation. If a local jurisdiction opts to use a different residential fee schedule, then it must prepare its own nexus study in order to adopt the required RTCIP funding program. Adoption of a nonresidential fee is not required for the RTCIP.

Mr. Spencer said that regarding collection and administration, there will be an annual review by the ITOC using the same reports that local agencies must prepare under the Mitigation Fee Act. The RTCIP allows for up to a 1 percent program administration charge for SANDAG, on top of the impact fee. The local agencies will be required to collect the fee at the building permit stage, maintain the funds in a separate account, credit the interest earned on fund balances, expend the fees on allowable projects, and submit an annual report to the ITOC. An additional 2 percent administrative charge for local agencies also is allowable under the RTCIP. Mr. Spencer reviewed the allowable expenditures and fee exemptions.

Sandy Shapery, Regional Planning Stakeholders Working Group Vice Chair, asked why there was such a difference in the fee per square foot between industrial uses and office services uses. Mr. Spencer said that there are two things going on: the trip rates and commercial reallocation. The trip rates for industrial areas are much lower than for office services uses. In addition, a portion of commercial impacts (from local-serving commercial uses) were reallocated to residential uses. The combination of the differing trip rates and the commercial reallocation results in higher fees per square foot of office services.

Councilmember Monroe said that the City of Coronado does not have a regional arterial on the map. Mr. Cox said that State Route 75 was added to the list of eligible improvements, even though it is not technically part of the Regional Arterial System.

Councilmember Monroe said that State Route 282 should be included as well. Mr. Gallegos said that as part of the RTP update, SANDAG will work with all of the jurisdictions to

determine whether new segments should be added to the adopted RAS. He noted that Coronado can request the addition of State Route 282 during the 2007 RTP update process.

Pedro Orso-Delgado, Caltrans District 11 Director, said there could be a time lag between when sufficient funds for RAS improvements are available and when these improvements are actually needed. He asked whether jurisdictions could borrow against future revenues to implement projects sooner. Mr. Gallegos said that some jurisdictions such as the City of Chula Vista already have programs in place to build facilities when they are needed.

Councilmember Madaffer asked if there is anything in the Ordinance language that would prevent charging a fee for nonresidential units. Mr. Spencer replied that the Ordinance doesn't disallow it; it just doesn't require a fee on nonresidential units.

Councilmember Madaffer asked how the average amount of \$2,071 per new residential unit was reached. It seems convenient that it matches the estimated amount in the *TransNet* Extension. Mr. Cox said different methodological approaches were used to estimate the average fee. SANDAG used a traditional methodology and came up with \$1,850 per new unit, which was rounded up to an even \$2,000. The consultant's methodology differed from our original methodology; it relates the fee to total trips. However, the resulting average fee of \$2,071 per residential unit is similar to the original estimate.

Councilmember Madaffer asked if the fee revenues are subject to the same ITOC audit as required for other *TransNet* funds. Mr. Spencer responded affirmatively.

Councilmember Madaffer asked whether local jurisdictions are required both to adopt a fee program and to expend the funds on RAS improvements. Mr. Cox said that both are required in order for a local agency to receive its share of *TransNet* local street and road funds.

Councilmember Madaffer asked when this fee on building permits for residential construction would be effective. Mr. Cox said that it begins when the current *TransNet* measure ends, on July 1, 2008. There are some jurisdictions in the region that already charge a fee today and use the money to improve the RAS. If a jurisdiction already is charging this kind of a fee and dedicating it for RAS improvements in their jurisdiction, then it would not be required to charge another fee on top of the existing one.

Councilmember Madaffer asked if a local jurisdiction would need an analysis to determine whether the requirement for a new fee program could be waived. Mr. Cox stated that the ITOC would be responsible for determining whether the RTCIP requirements were being met and whether a waiver would be appropriate.

Chair Kellejian clarified that if a jurisdiction is collecting an average of \$1,800 per residential unit, it would have to start charging an additional \$271 on the new date, not \$2,071 on top of the current \$1,800 amount.

Mr. Gallegos said that the fee has to be tied to a nexus study. Local agencies can use this Nexus Study or conduct their own nexus study.

Councilmember Madaffer said that this study recommends exemption of affordable housing and sanctuaries. The City of San Diego charges impact fees for those types of uses. Mr. Cox said that when we originally put this program together, it was the Board's wish at that time to exempt low-income housing. Each jurisdiction can opt to conduct its own nexus study, and can require a fee for certain residential uses excluded by this Nexus Study.

Mr. Spencer noted that you cannot adopt more than the average \$2,071 amount as adjusted for inflation.

Councilmember Madaffer said that the City of San Diego has been collecting fees for transportation facilities that haven't been built yet. He asked whether the City of San Diego would get credit for these existing fee programs. Mr. Spencer said that the RTCIP update applies to all building permits pulled after July 1, 2008.

Councilmember Madaffer noted that there is a lot of technical information in the Nexus Study that is important for jurisdictions to know.

Councilmember Madaffer asked if some of the funds can be used outside of the area collected. He stated that the City of San Diego has a practice of using impact fees only in the community in which they are collected. Mr. Spencer replied that the RTCIP requires fees to be spent within the jurisdictions in which they are collected, but it does not exclude neighboring jurisdictions from pooling their funds for projects that affect multiple jurisdictions.

Mr. Gallegos said that the *TransNet* Ordinance states that the fee is to be collected and held by local jurisdictions; however, if the money is not used by a certain time, then SANDAG will be entitled to use the funding for other regional purposes. If SANDAG doesn't use the funds for regional purposes, the funds are to be returned to the developers.

Mr. Spencer added that if you hold the money for more than seven years, you have to explain the reason for continuing to hold it.

Councilmember Madaffer asked if the ITOC needs to validate the amount of the administrative fees that are collected for administering the impact fee programs. He thought that the administrative fees should be justified. Mr. Spencer stated that the administrative charge has to be reasonable.

Chair Kellejian said that the ITOC would review the administrative fee on an annual basis. Mr. Gallegos added that these administrative fees would be subject to an audit as all of the other *TransNet* funding programs.

Councilmember Madaffer suggested that perhaps language should be included to clarify this. Mr. Spencer agreed to add language in the Nexus Study to clarify the purpose and allowable amount of the administrative fees.

Chair Kellejian agreed that we should include that comment in the report to the SANDAG Board.

Supervisor Horn said that history has shown that the money collected sits there for some time before it is spent on projects. He has a hard time with SANDAG adding a 1 percent administrative charge and having that continue to build. He said that the developers don't get the benefit of the interest this money earns.

Supervisor Roberts asked if facilities like hospitals are included. Mr. Cox said that hospitals were nonresidential uses, which are required under the RTCIP. The required funding program is for residential units only and specifically to fund the RAS. The data included in the Nexus Study for industrial and commercial development is only for information.

Supervisor Roberts stated that he does not understand why we are excluding nonresidential uses since they also are all adding trips to the RAS. Mr. Spencer stated that the Nexus Study looked at every trip generated, both for residential and nonresidential uses. The RTCIP only requires a funding program for residential uses. It is up to local jurisdictions whether to collect from nonresidential development.

Mr. Gallegos noted that when we did developed the *TransNet* Extension there was a debate on this issue and it was decided that the fee would only be required for residential units; however, it is up to each local jurisdiction.

Supervisor Roberts asked Mr. Spencer to review the trip ends. Mr. Spencer referred to Table 3 on page 10 of the report and reviewed the factors used to obtain the results.

Supervisor Roberts asked if there is a breakdown among different types of commercial uses, for example between a large shopping center and a smaller "7/11" commercial development. Mr. Spencer said that the commercial rate in the table is an average rate across all commercial land uses. Supervisor Roberts stated that this is not necessarily fair.

Chair Kellejian indicated that there was one request to speak on this item.

Matt Adams, representing the Building Industry Association (BIA), said that they would like an opportunity to meet with Marney Cox and his team in order to better understand the Nexus Study results.

Councilmember Dave Druker (North County Coastal) stated that he enjoyed this study, and felt that it should eventually be accepted by the Board. He stated that the City of Del Mar is not going to collect a lot of money under this program because it won't be building a whole lot of new housing. However, traffic in Del Mar is affected by surrounding communities, such as Torrey Pines Mesa and Carmel Valley. He recommended that the fee program be structured so that revenues could be used to mitigate impacts in adjoining cities.

Chair Kellejian expressed surprise that Del Mar did not include Camino Del Mar in the RAS. Councilmember Druker responded that money will not solve the traffic problem on Camino Del Mar. The number of vehicles using this arterial segment through Del Mar exceeds vehicles on any other segment of Highway 101. We need to have adjoining areas work together to solve these problems.

First Vice Chair Mary Sessom commented that this Nexus Study doesn't change anything; jurisdictions have always had to deal with impacts caused by development in adjoining communities. She expressed concern about using these funds for unintended purposes. This money is to mitigate impacts from new residential development on the RAS. She stated that she did not support an expansion of what is included in the *TransNet* Ordinance.

Councilmember Jack Dale (East County) said that he is struggling with requiring a fee for residential but not requiring one for nonresidential units.

Chair Kellejian pointed out that the original ad hoc committee on *TransNet* had a number of discussions about this very issue. He thought the reason not to include nonresidential development was because you would be double-charging. Mr. Gallegos said that the key point here is a funding program to pay for the impacts of new residential development on the RAS. This is the minimum needed for local agencies to comply with the *TransNet* Ordinance. However, local jurisdictions can broaden the scope of their funding program to include nonresidential units if desired.

Councilmember Stocks stated that we are not going to resolve the differences between the jurisdictions today. Encinitas is surrounded by jurisdictions building new residential developments. We are not an island. We need to try and improve the traffic flow and quality of life as best we can. Today's issue is adopting a nexus study, not rearguing whether to apply a fee to nonresidential development.

Councilmember Jerry Rindone (South County) said that this study does not preclude a local government agency from charging a fee for commercial units.

Councilmember Monroe said that California is a state that is not perceived as business friendly, and there is a huge movement within the state to try and change this perception. This was one of the original reasons for excluding nonresidential development from the required RTCIP funding program.

Councilmember Dale stated that California also is a state in need of affordable housing. Transportation is huge to this region and we are continually faced with identifying sources of revenue to help fund transportation improvements.

First Vice Chair Sessom asked if the *TransNet* Ordinance precludes a jurisdiction from charging a fee for industrial development. Mr. Cox responded that local government agencies are responsible for determining the type of funding program, so long as the money comes from private sources.

Mr. Cox responded to an earlier comment made by Supervisor Horn. He stated that the reason for the interest charge on development impact fees is to offset the impacts of inflation. Project costs will typically rise over time.

Mr. Cox also clarified that the fees collected may be spent on RAS improvements in other jurisdictions. He also referred to Page 23 of the report under Collection and Administration, and pointed out the last two sentences related to the purpose of the administrative fees. He offered to make this language stronger.

Supervisor Roberts noted that an environmental assessment is typically required for any major commercial project; that is when there will be an opportunity to exact fees or improvements to mitigate any impacts. He noted that therefore he was okay with not applying an across-the-board fee for nonresidential uses as part of this RTCIP.

Councilmember Madaffer stated there needs to be justification for charging administrative fees. Staff should note the comments made by this Committee and make changes to the Nexus Study and staff report to the Board accordingly.

Chair Kellejian reiterated that administrative fee charges will be reviewed as part of the ITOC's annual review.

Action: Upon a motion by Councilmember Madaffer and a second by Councilmember Monroe, the Transportation Committee recommended that the SANDAG Board of Directors accept the Nexus Study for the purpose of distributing it to the local jurisdictions for their use in implementing the funding program required by the *TransNet* Ordinance.

6. CAPITAL PROJECT BUDGET TRANSFERS (APPROVE)

Chair Kellejian stated that staff has pulled this item as the cumulative amount of the recommended budget transfers is over the Transportation Committee's \$500,000 approval threshold. This item will go to the Board of Directors for approval.

7. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 - CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION FOR ONE POTENTIAL CASE

Chair Kellejian convened the Transportation Committee into closed session at 10:21 a.m. and reconvened the meeting into open session at 10:31 a.m.

Julie Wiley, General Counsel, reported the following out of closed session: the Transportation Committee met in closed session and unanimously voted to execute a contract change order with Benold Construction Company, Inc., for the settlement of claims.

8. UPCOMING MEETINGS

Chair Kellejian noted that the meeting scheduled for Friday, September 15, 2006, has been cancelled. The next Transportation Committee meeting would be held on October 6.

9. ADJOURNMENT

Chair Kellejian adjourned the meeting at 10:33 a.m.

Attachment: Attendance Sheet

**CONFIRMED ATTENDANCE
SANDAG TRANSPORTATION COMMITTEE MEETING
SEPTEMBER 1, 2006**

GEOGRAPHICAL AREA/ ORGANIZATION	JURISDICTION	NAME	MEMBER/ ALTERNATE	ATTENDING
North County Coastal	City of Solana Beach	Joe Kellejian (Chair)	Member	Yes
	City of Del Mar	David Druker	Alternate	Yes
North County Inland	City of Escondido	Lori Holt Pfeiler	Member	Yes
	City of Vista	Bob Campbell	Alternate	No
East County	City of Santee	Jack Dale	Member	Yes
	City of La Mesa	Art Madrid	Alternate	No
South County	City of Coronado	Phil Monroe	Member	Yes
	City of Chula Vista	Jerry Rindone	Alternate	Yes
City of San Diego	----	Jim Madaffer	Member	Yes
	----	Toni Atkins	Alternate	No
	----	Jerry Sanders	Alternate	No
County of San Diego	----	Bill Horn	Member	Yes
	----	Ron Roberts	Alternate	Yes
	----	Greg Cox	Alternate	No
Metropolitan Transit System	City of Poway	Bob Emery	Member	Yes
	MTS	Harry Mathis	Alternate	No
North County Transit District	City of Encinitas	Jerome Stocks	Member	Yes
	City of Carlsbad	Norine Sigafoose	Alternate	No
	City of Solana Beach	Lesia Heebner	Alternate	No
San Diego County Regional Airport Authority	City of Lemon Grove	Mary Sessom	Member	Yes
	Governor's Appointee	Xema Jacobson	Alternate	No
ADVISORY/LIAISON Caltrans	----	Pedro Orso-Delgado	Member	Yes
	—	Bill Figge	Alternate	No
Regional Planning Stakeholders Working Group	—	Sandor Shapery	Member	Yes