

TRANSPORTATION COMMITTEE

April 6, 2007

AGENDA ITEM NO.: **1**

Action Requested: APPROVE

TRANSPORTATION COMMITTEE DISCUSSION AND ACTIONS MEETING OF MARCH 16, 2007

The meeting of the Transportation Committee was called to order by Chair Jim Madaffer (City of San Diego) at 9:07 a.m. See the attached attendance sheet for Transportation Committee member attendance.

Chair Madaffer noted that Item No 13, LIM-Rail™ Technology Demonstration Project, was being pulled from today's agenda.

1. APPROVAL OF MEETING MINUTES

Action: Upon a motion by Deputy Mayor Jerry Rindone (Chula Vista) and a second by Councilmember Bob Emery (Metropolitan Transit System [MTS]), the Transportation Committee approved the minutes from the March 2, 2007, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Chuck Lungerhausen, a member of the public, solicited donations for the 2007 Multiple Sclerosis (MS) Walk. On the public transportation front, at the recent MTS Access Committee and SANDAG's TAAC meetings he heard complaints regarding manual wheelchair access for the new low-floor trolley vehicles. He knows the designs of the low-floor vehicles meet Americans with Disabilities Act (ADA) requirements. Since he is in an electric wheelchair, he didn't understand why these individuals could not negotiate the ramp.

Clive Richard, a member of the public, said that he found a General Administration Office (GAO) report online that talked about the transportation disadvantaged population and what would be done to evaluate those individuals in case of an emergency or disaster. He ordered the report and will share it with the Transportation Committee as it involves challenges with this issue. He mentioned that Orange County puts all of its internal audit reports on its Web site. He hoped that the new SANDAG internal audit position will create an aura of public access. It's important that government be open.

CONSENT ITEMS (3 through 5)

3. ACCEPT SUPER LOOP ENVIRONMENTAL DOCUMENT FOR DISTRIBUTION (ACCEPT)

The Super Loop is a *TransNet* Early Action project that implements a new circulator route in the North University City area of the City of San Diego. The Transportation Committee is asked to accept the draft Initial Study/Negative Declaration for a 30-day public review and comment period.

4. METROPOLITAN TRANSIT SYSTEM AND NORTH COUNTY TRANSIT DISTRICT FEDERAL TRANSIT ADMINISTRATION SECTION 5311 (F) GRANT APPLICATIONS (APPROVE)

Federal Transit Administration (FTA) Section 5311 (f) provides funding for operations and capital projects that help individuals in rural communities access services in suburban and urban centers. This is a competitive program administered by the State through Caltrans. MTS and the North County Transit District (NCTD) plan to submit applications, which require SANDAG's certification that the funds, if approved, will be programmed. The Transportation Committee is asked to adopt Resolution Nos. 2007-17 and 2007-18, approving the MTS and NCTD Section 5311(f) applications and authorize the Executive Director to sign the certifications required for the application process.

5. FY 2008 TRANSIT CAPITAL IMPROVEMENT PROGRAM (RECOMMEND)

MTS and NCTD have developed their Capital Improvement Programs for FY 2008, which forms the basis for the Federal Transit Administration Section 5307 Urbanized Area formula fund grant, the Section 5309 Rail Modernization formula fund grant, and the Regional Transportation Improvement Program (RTIP) amendment for transportation projects. SANDAG is responsible for programming these funds and approving these grants. The Transportation Committee is asked to recommend that the SANDAG Board of Directors approve: (1) the FY 2008 Capital Improvement Program for the San Diego region (MTS and NCTD) including the transfer of funds from MTS to SANDAG for planning studies; (2) the submittal of FTA Sections 5307 and 5309 applications for the San Diego region (SANDAG, MTS, and NCTD); and (3) Resolution No. 2007-19, adopting Amendment No. 3 to the 2006 RTIP.

Action: Upon a motion by Deputy Mayor Rindone and a second by Councilmember Emery, the Transportation Committee approved Consent Items 3 through 5 including Resolution Nos. 2006-17 and 2006-18.

REPORTS (6 through 13)

6. LAKE HODGES BICYCLE AND PEDESTRIAN BRIDGE FUNDING (RECOMMEND)

Coleen Clementson, Principal Planner, provided a staff report that explained the funding of this project and the request for FY 2009 *TransNet* Bicycle, Pedestrian, and Neighborhood Safety monies to complete the funding gap. She noted there is some urgency to the requested action as monies will be lost if a contract award is not completed by this summer. She added that the Bicycle/Pedestrian Working Group supported this project. She stated that Susan Carter from the San Dieguito River Park was in attendance for questions.

Deputy Mayor Rindone asked why we would put a bridge across the lake. Ms. Clementson said that this is part of the regional bicycle network. Now bicyclists ride on Interstate 15 (I-15). This bridge would provide a connection through the River Park. She noted that the bridge has a fairly low-profile design.

Deputy Mayor Rindone wondered why bicyclists wouldn't want to ride around the lake. He expressed difficulty in supporting this funding request without rationale. Ms. Clementson said that if you are using a bicycle for your primary mode of transportation, you want the most direct route. This bridge would open bicycling up as an alternate mode of transportation, and we have to make sure there are direct connections on the regional system.

Kathy Keehan, representing the Regional Planning Stakeholders Working Group, stated that the detour around the lake is 13 miles in one direction over two hill ranges and 25 miles in the other direction.

Chair Madaffer asked about the length of the bridge. Ms. Clementson replied that it would be 1,000 feet long.

Susan Carter, Deputy Director of the San Dieguito River Park and Project Manager, said they believe this will be a beautiful project with a stress ribbon design. The project would have only two piers in the lake. She said that SANDAG Engineering staff had some questions on the project budget. She offered to meet with them to discuss their concerns. Ms. Carter reiterated the timing urgency on this project. They have begun the first phase and need SANDAG's help to continue.

Deputy Mayor Rindone expressed general concern about feeling pressured to vote on an item with the threat of losing funding if action is not taken. Staff needs to bring these items to us earlier. He stated that he will not support this because he still has questions.

Chair Madaffer mentioned that this item will come back to the SANDAG Board of Directors next Friday. This is not the final stop for this issue. We will review the numbers between now and then.

First Vice Chair Lori Holt Pfeiler (Escondido) commented that this would not be the only bridge that crosses this lake.

Councilmember Ed Gallo (NCTD) said that it is time to take action on this. He didn't feel the Committee was being pressured to act.

Deputy Mayor David Druker (Del Mar) agreed with Deputy Mayor Rindone in terms of the concept of using the threat of losing funding as an impetus to act. However, that is not the case with this project. This item has come before the Transportation Committee before. Because of the funding shortfall, and the request to use *TransNet* funding, this item had to go before the independent Taxpayers Oversight Committee (ITOC). This project has been around for quite some time.

Councilmember Jerry Kern (Oceanside) asked how wide the bridge would be. Ms. Clementson responded that it would be 12-foot-wide.

Second Vice Chair Jerome Stocks said that what you are lacking in the staff report is the context regarding the roads that connect to the bridge. He suggested that this information be added to the agenda report when this comes before the full Board.

Diane Eidam, Chief Deputy Executive Director, noted that this item will go before the ITOC on Wednesday, March 21, prior to the SANDAG Board meeting.

Chair Madaffer said that for the next report to the full Board, staff should provide better bridge renderings showing road connections, and the project timeline. This will help to provide an understanding of the project's progress, especially for the new Board members.

Action: Upon a motion by Deputy Mayor Druker and a second by Councilmember Emery, the Transportation Committee recommended that the SANDAG Board of Directors approve programming an additional \$1.875 million in FY 2009 *TransNet* Bicycle, Pedestrian, and Neighborhood Safety funds for the Lake Hodges Bicycle and Pedestrian Bridge. The motion passed with Deputy Mayor Rindone voting in opposition.

7. 2007 REGIONAL TRANSPORTATION PLAN: INITIAL REVENUE CONSTRAINED AND REASONABLY EXPECTED REVENUE SCENARIOS (DISCUSSION/POSSIBLE ACTION)

Mike Hix, Principal Planner, and Linda Culp, Senior Planner, provided a staff report to introduce this item. Mr. Hix stated that in developing the 2007 Regional Transportation Plan (RTP), staff prepared the Unconstrained Network, which represents the region's vision for reasonable transit, highway, and arterial improvements and operations to meet travel demand in 2030. Recognizing that transportation funds are limited, the Unconstrained Network establishes the baseline for identifying two funding scenarios that will build and operate as much of the network as possible, given revenue availability, flexibility, and project commitments. The two funding scenarios are Revenue Constrained, limited to traditional funding sources, and Reasonably Expected, a more aggressive scenario that includes new potential funding sources. The MOBILITY 2030 RTP, adopted in 2003, was based on a Reasonably Expected revenue scenario.

Chair Madaffer noted that there was one request to speak on this item.

Jay Powell, City Heights Community Development Corporation, expressed support for the RTP and the Revenue Constrained scenario that will include a phased-in service lane that brings bus rapid transit (BRT) stations and transit lanes on-line in this decade. Project No. 610 is the North-South Escondido to Centre City project, listed in Attachment 4 for funding in 2014. This is a date for air conformity performance. They would like to see this project completed sooner. He supported Project No. 611, an El Cajon Boulevard project. He also supported the improved connections to I-805, SR 94, and I-15, linking the rest of the region to the South Bay. These connections will promote smart growth plans and improve transportation options to employees for urban core-related jobs.

Councilmember Emery said that Option B in the Reasonably Expected Scenario talks about the enhanced Revenue Constrained network and would invest in existing transit services. This is extremely important. We can't forget the existing infrastructure and services. He supported Option B.

Councilmember Monroe said that on slide 11 there is a phrase that indicated support by the Board for a sales tax increase. He wondered where that came from. Mr. Hix replied that this was taken from the results of the interactive survey from the Board and from surveys of the public.

Councilmember Monroe noted that when given forced choices, the result cannot be called support. The Board is not ready for an increased sales tax. Mr. Hix stated that an increased sales tax option was supported by the public, and it generated by far the most money.

Councilmember Monroe countered by saying that the phrase indicating the Board supported increased sales tax is inaccurate.

Chair Madaffer clarified that if the Transportation Committee chooses to continue moving forward with the Revenue Constrained scenario, only expected revenues with the infrastructure bond will be included, and it does not contemplate funding from other sources.

Deputy Mayor Druker asked about the changes on the Major Capital Improvement in the Revenue Constrained Scenario from 2006 to 2007 and how the revised figures were derived. Ms. Culp replied that in some cases, the figures reflect project studies completed and cost escalations from moving projects around.

Deputy Mayor Druker asked for a copy of the criteria being used to rank the projects. Ms. Culp agreed to provide that information to him.

Deputy Mayor Druker mentioned that one of the projects not in the 2030 plan is the new "blue line" for goods movement from the border to San Bernardino. That line needs to be included in our plans at some point. If freight can use an Inland corridor, then we can redesign the coastal corridor. On the Reasonably Expected Scenario, what would the impact be if we were to move more money to transit? In other words, what would our network look like with an improved transit option?

Mr. Hix stated that an inland rail would include a goods movement action plan to the RTP; however, it would not rank high for funding in the Reasonably Expected Scenario.

Deputy Mayor Druker suggested the possibility of other types of funding for the project that might not affect the *TransNet* bottom line.

Supervisor Roberts expressed concern that the suggestion of increased sales tax has been raised. There are some fundamental decisions related to that suggestion that have not been made. He said that at a recent state-level meeting while looking at ports and goods movement, it became clear to him that staff has left out one of the most serious issues in terms of goods movement and that is the major land port at the border. The state has been focusing on sea ports. There is an enormous volume of goods that will come through the border, and the question is will it come through land or sea. There is no way for us to consider an inland freight train if it is not in our plans. This will be one of the most important decisions for this area. A discussion needs to take place regarding goods movement throughout the county.

Diane Eidam, Chief Deputy Executive Director, apologized for the phrase regarding Board support for an increased sales tax. Staff understands that is not a done deal. That particular source would provide a substantial amount of money and give the Board funding latitude. The input provided to staff will help us determine how much support there is for a variety

of funding sources and to craft the next steps. Regarding goods movement and air quality, the Executive Director is attending a meeting today with the California Transportation Commission (CTC) to discuss that very issue. The economic benefits of an inland corridor need to be identified.

Chair Madaffer stated that what is in front of us today is the \$40.6 billion contained in the Revenue Constrained Scenario. There are no other monies that have been identified. The *TransNet* Extension included language related to another possible vote on quality of life issues. When we look at these additional revenue sources for regional transportation, it is important that we hear and understand the available options. We are constantly hearing the need for transit, bicycle, and open space commitments.

Deputy Mayor Rindone said that the concern of the South Bay cities is the support that area gave to the *TransNet* Ordinance and the proportion of those monies being spent in this segment of the county. He asked about the delay or the elimination of the HOV lanes south of Palomar Street. He was not able to tell when this work would be rescheduled. That is a key factor and continually exacerbates the disproportionate view of the amount of monies to be spent in the South Bay.

Mr. Hix stated that if we want to include the additional monies for the HOV lanes south of Palomar, the funding would have to be swapped from a different project than the Revenue Constrained Scenario, or generated from additional revenues. Deputy Mayor Rindone was concerned that this project had been removed from the list. He asked that these options be examined.

Mr. Hix stated that the down scoping was based on Caltrans, SANDAG, and local jurisdictions based on demand and funding constraints. When we finalize the project rankings, we will show the impacts with and without this South Bay HOV segment on the Revenue Constrained Scenario.

Deputy Mayor Rindone noted a positive for the South Bay is the high priority ranking for the BRT Otay Mesa to Sorrento Valley project. That will help to stem the South Bay's growing disenchantment with how the *TransNet* projects are portrayed and phased in.

Ms. Keehan noted that there were several errors on the information provided. Mr. Hix agreed to fix those errors when this item goes before the Board.

Ms. Keehan asked about a significant decrease in funding for transit projects compared to highway projects between the previous MOBILITY 2030 and this report. Ms. Culp explained that part of the difference is related to the inclusion of direct access ramps in the transit budget last time. For this time around, they have been added to the highway budget. Other changes are related to adjustments on some of the projects. Ms. Keehan stated that it is helpful to have this clarified.

Ms. Keehan asked if we will spend all of the 40-year *TransNet* dollars by 2030 in this Revenue Constrained Scenario. Mr. Hix responded negatively.

Ms. Keehan asked how much will be left over after 2030. Jose Nuncio, Senior Engineer/Financial Programming, replied that the balance will include the revenues collected and the borrowing proceeds.

Ms. Keehan expressed concern about the apparent emphasis on highway and managed lanes and not on transit.

Councilmember Monroe suggested that the Coordinated Transit Service Agency (CTSA) should be added to the RTP. Ms. Culp said staff agrees with that suggestion and will add that in.

Action: The Transportation Committee provided direction to staff on the draft scenarios contained in this report.

8. *TransNet* BUDGET UPDATE: PROPOSED METHODOLOGY AND PROCESS (APPROVE)

Richard Chavez, Principal Engineer, reported that construction price increases have resulted in increased costs for large capital transportation improvement projects throughout the region, and at other levels. Historically, the Caltrans Construction Index has been used to inflate *TransNet* project budgets. He outlined a proposed methodology and process for escalating *TransNet* budgets. The proposed methodology would use the *TransNet* Ordinance to establish the budgets, escalate the amounts to the current year, then use the Revenue or Caltrans Index, whichever is less, or a 2 percent minimum. The budgets would then be escalated to the year of expenditure using a figure of 3.6 percent per year. He noted that we would ensure a 50 percent funding match from state and/or federal sources for these projects. Mr. Chavez stated that the projects would be presented with three options: Option A would stay within the *TransNet* budget according to the proposed methodology; Option B would be more costly, but would better meet the mobility demands in the corridor; and Option C would include project features that are nice to have, but are not necessary for mobility purposes.

Chair Madaffer commented that with the way projects are going up in cost, we may never get to the options.

Deputy Mayor Druker asked why we would use the Caltrans Construction Index or the *TransNet* index in terms of escalating the current year. Mr. Chavez replied that because of rapid escalation, the Construction Index may not fit those budgets within the expected revenues.

Deputy Mayor Druker wondered why we would use a lower number to cover the construction costs from 2002 to today. Mr. Chavez said that the analysis of the *TransNet* Ordinance used all of the expected revenues for the 40-year revenues. It is difficult to assume that we can escalate all of the budgets according to the Caltrans index.

Ms. Eidam said that one of the factors is that the Caltrans cost index has followed the traditional line and has only seen the spikes over the recent past. We've underestimated what these costs will be in the future by minimizing the revenue. Mr. Chavez added that one of the factors is that at the statewide level the cost of the Bay Bridge skews the Caltrans index, and we don't have 100 percent faith in the Construction Index at the local level.

Deputy Mayor Druker suggested that we create an index for only San Diego that is based on real numbers.

Pedro Orso-Delgado, Caltrans District 11 Director, said that Caltrans is in the process of reviewing its own cost index.

Second Vice Chair Jerome Stocks suggested that we use the projects that have been constructed between 2002 and 2007 to establish the construction rates. Using a 6 percent inflation factor is reasonable, but it is based on past information.

Chair Madaffer suggested that this item come back at the April 6 Committee meeting. We need to be cognizant of the fact that there are a lot of projects being bid on now. Too much work can affect the price.

Jack Boda, Director of Mobility Management and Project Implementation, stated that when you take a look at the Caltrans cost index, it is a statewide look. The Bay Bridge really spiked a lot of costs. We cannot take a look at the historical perspective as a result

Mr. Orso-Delgado commented that we could pull the actual construction bids on a local basis and provide that information.

Supervisor Roberts said it seems that we are projecting costs on the basis of what our revenues are even though the two figures are not related. What we want are realistic cost estimates so that we have a basis for making decisions.

Action: The Transportation Committee directed staff to report back with additional information at the April 6 meeting.

Chair Madaffer called a break at 10:47 a.m. The meeting was reconvened into open session at 10:58 a.m.

9. COST IMPLICATIONS OF NEW EMISSION REQUIREMENTS FOR OFF-ROAD DIESEL ENGINES (APPROVE)

Mr. Chavez referred to a blue sheet for this item.

Chair Madaffer noted that the recommended action has been changed from "approve" to "information." He outlined the order of this item that called for the staff report, a report from the California Air Resources Board (CARB) representative, and public comment.

Mr. Chavez said that in a report presented to the Committee in November 2006, he provided information on the cost implications of new regulations being proposed by CARB for off-road diesel equipment. The regulations address health concerns caused by Particulate Matter (PM) and Oxides of Nitrogen (NOx) in emissions from off-road, diesel-powered equipment. Costs to comply with the rule include retrofitting existing engines and replacing older engines with newer, less-polluting engines. It is estimated that the new regulations will cost transportation projects in the San Diego region \$200 million between the effective date of 2009 and 2019. Mr. Chavez showed a comparison of contractor and

CARB equipment turnover rates. The CARB's proposed regulation will require fleet turnover within a 10-year period. This will dramatically devalue contractor's equipment for bonding purposes. The Carl Moyer Grant Program is a publicly funded program retrofitting construction equipment. No credit is being given for contractors who volunteer to take part in this program.

Tony Brasil, representing the CARB, said that the air quality problems in California are severe, and the deadline for air quality attainment is 2015. The cost of the regulation is estimated at \$3 billion. He acknowledged that there are a number of new equipment fleets, and this regulation won't have much effect. The statewide average annual turnover rate is about 5 percent. The 40-year turnover is the extreme on the oldest fleets. We set up the regulations to create as much flexibility as possible. Contractors can buy used equipment to replace old equipment, engine re-power and NOx control devices to place on equipment, and particulate matter vents. There are provisions for small businesses. He acknowledged that it will be more difficult for companies with large engine fleets to take advantage of the Carl Moyer program. Smaller companies can continue to apply for this program

Deputy Mayor Druker asked if equipment has been available over the last 3 to 4 years to meet the standards of 2014. Mr. Brasil replied that as far as PM devices are concerned, there are three for the off-road sector. For the on-road sector, there are 30 PM devices. Companies can replace equipment with new or used.

Deputy Mayor Druker asked if engines are available today that meet the new standards. Mr. Brasil responded negatively. The way the rule is proposed prompts us to look at engines going forward.

Supervisor Roberts asked if a contractor buys equipment this year would he be required to get new equipment by 2015. Mr. Brasil replied that a maximum of 10 percent turnover per year is required. No vehicle less than 10 years old would have to be turned over in less than 10 years.

Supervisor Roberts asked about the availability of new technology. Mr. Brasil stated that new engine standards will be available in the future, and we are trying to accelerate those purchases. To the extent the NOX control devices are approved, they will improve the standards. Manufacturers have concerns about certifying technology that won't be available for several years.

Kevin Siva, representing the Southern California Tribal Chairmen's Association (SCTCA), asked if CARB took into consideration the cost of new equipment in its impact cost estimate. Mr. Brasil responded affirmatively, and said that the cost estimate included factors such as the cost of maintenance of filters, down time of vehicles to install new equipment, some increased costs of the new technology engines, and an estimate for some loss of value of the older equipment. He noted that half of the engine fleets average less than 12 years old.

Councilmember Gallo asked if any thought had been given to replacing engines with alternative fuels. That would be a lot less expensive. Mr. Brasil said that would only work for the PM; however, there is a concern that biodiesel would increase the amount of NOx. Companies can use alternative fuels as part of their strategies to comply with the regulations. The verification strategy will include consideration for fuel.

Councilmember Gallo asked if vehicles crossing the border from Mexico will have to meet these regulations. Mr. Brasil answered that they will.

Second Vice Chair Jerome Stocks asked if CARB is working with the Mexican government on its off-road equipment requirements. Mr. Brasil responded negatively.

Second Vice Chair Stocks commented that this county shares an air basin with Mexico, and he expressed frustration that CARB has not worked with Mexico on the implementation of these regulations. Old equipment will be rolled south of the border, and we will be impacted by them on this side.

Supervisor Roberts stated that we maintain air monitoring stations south of the border. The history of air quality improvement for the State of California is a model for the world. About 70 percent of the air quality problem is from off-road equipment. This is one component of a much larger program. There will be a process with a lot of hearings.

Mr. Brasil acknowledged that there will be substantial costs, but the need for improved air quality is great.

Ms. Keehan asked if we have an estimate of the health care costs or other improvements to our economy as a result of these new regulations. Mr. Brasil replied that they have not yet completed their research on that.

Councilmember Jerry Kern (Oceanside) asked about the wide disparity between the cost impact estimates between CARB and the construction industry. Mr. Brasil answered that if you look at the inventory, by 2020 roughly half of the vehicles will be turned over. The cost is attributable to people buying new equipment.

Councilmember Kern asked if there is an average equipment turnover rate. Mr. Brasil said that they have a useful life measurement for different types of equipment. We include that in the inventory. The Contractor cost estimate might reflect the worst case, which is only a small percentage of the inventory.

Mr. Brasil noted that a small fleet with less than 1,000 horsepower would only have to comply with the regulations for 2015 and only for PM.

Chair Madaffer indicated that there are a number of requests to speak on this item.

Mike Buckantz, with Justice and Associates/Construction Industry Air Quality Coalition, mentioned the experience of a local contractor, Perry & Shaw. This company has 175 people and has taken advantage of the Carl Moyer program. Now it has re-powered 50 of its oldest engines at a cost of \$5.5 million. This was a voluntary action. The regulations established a fleet average target for NOx and PM that even proactive contractors cannot meet. Companies will have to turnover more than 10 percent of their fleets and retrofit 20 percent of them. The latest used equipment will only meet the Tier 2 requirement, and there is a very limited market for that equipment. The regulations require an equivalent of Tier 4 engines by 2015. Manufacturers are not required to produce the new engines until 2011. This doesn't provide sufficient time to get compliant engines into the fleet. No contractor

will be able to meet these regulations. Because of the 10 percent turnover requirement for equipment that has an expected 20 to 30 year life, the equipment will have to be replaced at least once, and perhaps twice. All of the speakers believe in cleaning up the air and have demonstrated commitment to doing this early. They believe the targets are achievable, just not by the timelines set. These regulations will cost Mr. Buckantz' company \$1.5 million to \$2 million per year. This will put his company out of business within three years of implementation of this regulation.

Chair Madaffer announced that this matter will go before the CARB on May 25, 2007.

Councilmember Bob Campbell (Vista) asked what time frames are achievable.

Ralph Potter, CIT Group, said that CIT has been financing contractors for 32 years. The impact of these regulations is going to be huge to the construction industry. A lot of companies will not survive, and employees will be in the unemployment line. They will not be able to finance this is to add debt. Adding debt is limited by your financial statement. Every year on a five-year financial basis you will be continually increasing debt. Lenders will not be able to advance funds. As they run out of alternatives, companies will shrink, retire, and leave the state. There is a financial limit for a business to add debt based upon their financial statement.

Mike Carcioppolo, Hawthorne Machinery, stated that they will sell new equipment but there will be a lot less customers to buy it. We don't have solutions. Of the 600 different models in San Diego County, only 77 of them meet the Tier 1 solutions and only 4 percent meet the Tier 2 solutions. The manufacturers don't have solutions. Going through the certification protocol takes time and money and the technology has to be approved by the Environmental Protection Agency. We have been actively involved in repowering machines. We are the largest rental fleet in San Diego, but we cannot meet the regulation's timelines. He suggested that the timelines be pushed out.

Glen Dethloff, a surety broker representing Allen Brooke Insurance, expressed concern about the cost of this regulation and how it will affect the surety capacity that these companies need. If the pool of contractors reduces, which it will, you will have a smaller bid pool and that will bring prices up. The regulations will result in bids coming in that will reduce the bid pool by 30 to 40 percent higher during the next three years. It will cost \$10 million to pay for \$1 million of costs.

Dan Fauchier, EGCA, said that he has asthma, wants clean air, and appreciates the reduction in air pollution. However, with these new CARB regulations, the bonding capacity will shrink, and there will be fewer bidders. He personally took a look at 50 projects in San Diego in 2003 and 2004, the number of bidders, and how prices compared with the engineer's estimate. There was a 23 percent cost increase on construction projects when you go from seven bidders to three bidders. And, you're lucky if you get three.

Scott Erreca, a highway contractor in San Diego since 1955, provided an example of what the contractor looks at with regard to using its equipment value as a bonding asset. With these new regulations, instead of having an asset, the contractor will have a piece of equipment that cannot comply to Tier 2 requirements, which will make it worthless for bonding purposes.

Brad Barnum, Associated General Contractors (AGC), stated that if these regulations are implemented in this time frame, a number of construction companies will go out of business, resulting in less contractors bidding on job, which will dry up the capital improvement program. There will be an outcry from voters for the infrastructure bonds. The construction industry needs your help. He suggested that Committee members go back to their jurisdictions and take a position on this.

Mr. Carcioppolo stated that they need an additional 5 to 7 years to be able to achieve compliance with these regulations. The difference between off-road diesel equipment and cars is that no one said you would have to turn in your car or turn over your car fleet. It happened by natural attrition. That will happen in this industry as well. There needs to be time for the technology and fuel to mature.

Ms. Eidam noted that there is a strong move on the part of policy makers at the state level to expand our horizons to include environmental stakeholders. The trend is to now look at the environmental benefits of transportation projects.

Supervisor Roberts said that CARB will work with major stakeholders to ferret out the legitimate concerns and to have an effective regulation that takes into consideration the costs. He served for 12 years on the CARB, and it has a lot to show for the improved air quality. There will be a hearing on May 24 and 25, at the Marriott Hotel in Del Mar. We can take a position on this, but we need to understand what is happening at the state level. The regulation is applicable to any engine. We should continue to work with the construction industry on this before final regulations are approved. His experience is that those concerns are easy to resolve once we start talking about them.

Chair Madaffer showed sympathy toward the speakers. He said that even though contractors knew this regulation was coming along, the indication is that they need more time. Perhaps this negotiation period will result in a mutually agreeable time period.

Action: This item was presented for information only.

10. BUDGET INCREASE TO AUTOMATED FARE COLLECTION PROJECT (RECOMMEND)

James Dreisbach-Towle, Integrated Transportation Systems Administrator, provided a report on the automated fare collection project, focusing on project goals, scope, and duration. He said that we are looking for simplification and ease of use for transit patrons and to improve transit information and collection. We will collect information about passengers so that we can better plan services for them. The project scope is made up of multiple contractors for the bus and the overall fare system for smart cards. There will be three project phases: Phase 1 will be implementation of smart cards for North County Transit District (NCTD); Phase 2 is fare media for the trolley; and Phase 3 is for contract bus services. We currently have over 200 fare products in use in San Diego. We will outfit code enforcement and conductors with an inspection device for valid pass or fare. There will be ticket office terminals at transit stores for the Metropolitan Transit System (MTS) and NCTD. Passenger will be able to purchase smart passes as well as load additional money onto them from a variety of sources. He reviewed the project schedule. We will conduct a series of pilot programs with employees and the public on the rail equipment. If everything goes well, there will be a public launch and a phase-out of the monthly paper passes.

Mr. Dreisbach-Towle described the budget increase request and noted that a financial plan has been developed for a comprehensive program. There are two funding strategies: \$700,000 of the \$3.5 million budget increase is from bond interest and the remaining \$2.8 million would come from the State Transportation Improvement Program (STIP) Augmentation.

Deputy Mayor Druker commented that this is an extremely important project.

Action: Upon a motion by Councilmember Emery and a second by Deputy Mayor Druker, the Transportation Committee recommended that the SANDAG Board of Directors approve a \$3.5 million budget increase to the Automated Fare Collection project, also known as the Compass Card (smart card) project.

11. *TransNet* AND TDA FY 2006 AUDIT STATUS (APPROVE)

Renée Wasmund, Director of Finance, reported that Policy No. 31 requires all audits be completed by March 31. We have one outstanding Caltrans audit, and it is expected to be complete by April 30. The Transportation Committee can approve a time extension for the Caltrans *TransNet* audit. If the audit is not completed in time, Caltrans can request another extension; if another extension is not approved, then no additional funding will be released until the audit is completed.

Action: Upon a motion by Councilmember Emery and a second by Deputy Mayor Druker, the Transportation Committee approved a *TransNet* audit extension for Caltrans through April 30, 2007. This action would allow Caltrans to continue to receive *TransNet* funds up until the extension date. If the audit is not completed by the approved extension date, Caltrans would not receive any additional *TransNet* funds until the audit is completed or the Transportation Committee approves another extension.

12. SPRINTER PROJECT STATUS REPORT AND SANDAG INDEPENDENT ASSESSMENT (INFORMATION)

This item was postponed to the next Committee meeting.

13. LIM-Rail™ TECHNOLOGY DEMONSTRATION PROJECT (DISCUSSION/POSSIBLE ACTION)

This item was postponed to the next Committee meeting.

14. UPCOMING MEETINGS

The next meeting of the Transportation Committee is scheduled for Friday, April 6, 2007, at 9 a.m.

15. ADJOURNMENT

Vice Chair Jack Dale adjourned the meeting at 11:59 a.m.

Attachment: Attendance Sheet

**CONFIRMED ATTENDANCE
SANDAG TRANSPORTATION COMMITTEE MEETING
March 16, 2007**

GEOGRAPHICAL AREA/ ORGANIZATION	JURISDICTION	NAME	MEMBER/ ALTERNATE	ATTENDING
North County Coastal	City of Del Mar	David Druker	Member	Yes
	City of Oceanside	Jerry Kern	Alternate	Yes
North County Inland	City of Escondido	Lori Holt Pfeiler	Member	yes
	City of Vista	Bob Campbell	Alternate	Yes
East County	City of Santee	Jack Dale, Vice Chair	Member	yes
	City of La Mesa	Art Madrid	Alternate	No
South County	City of Chula Vista	Jerry Rindone	Member	Yes
	City of Coronado	Phil Monroe	Alternate	Yes
City of San Diego	----	Jim Madaffer, Chair	Member	Yes
	----	Scott Peters	Alternate	no
	----	Ben Hueso	Alternate	no
County of San Diego	----	Ron Roberts	Member	Yes
	----	Bill Horn	Alternate	no
	----	Greg Cox	Alternate	no
Metropolitan Transit System	City of Poway	Bob Emery	Member	Yes
	MTS	Harry Mathis	Alternate	Yes
North County Transit District		Ed Gallo	Member	yes
		Jerome Stocks	Alternate	yes
		David Druker	Alternate	yes
San Diego County Regional Airport Authority		Paul Nieto	Member	no
		Vacant	Alternate	?
ADVISORY/LIAISON Caltrans	----	Pedro Orso-Delgado	Member	yes
	---	Bill Figge	Alternate	Yes
Regional Planning Stakeholders Working Group	---	Sandor Shapery	Member	No
		Gary Nordstrom	Alternate	No
		Kathy Keehan	Alternate	Yes
SCTCA	---	Kevin Siva	Member	yes
		Albert Phoenix	Alternate	yes