

TRANSPORTATION COMMITTEE

March 20, 2009

AGENDA ITEM NO.: **1**

Action Requested: APPROVE

TRANSPORTATION COMMITTEE DISCUSSION AND ACTIONS MEETING OF FEBRUARY 20, 2009

The meeting of the Transportation Committee was called to order by Chair Jack Dale (East County) at 8:58 a.m. See the attached attendance sheet for Transportation Committee member attendance.

1. APPROVAL OF MEETING MINUTES

Action: Upon a motion by Councilmember Matt Hall (North County Coastal) and a second by Supervisor Ron Roberts (County of San Diego), the Transportation Committee approved the minutes from the February 6, 2009, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Southern California Tribal Chairmen's Association (SCTCA) Board member Albert "Boxie" Phoenix said that he was pleased to announce the kickoff ceremony held at Harrah's Rincon for Route 388. This was a collaborative effort between the Reservation Transportation Authority (RTA) and the tribes in the region as well as with SANDAG and the North County Transit District (NCTD). The \$475,000 funding for this route came from the Federal Transportation Administration's (FTA) Tribal Transit Program.

CONSENT ITEM (3)

3. FEDERAL SECTION 5310 PROGRAM AWARDS (INFORMATION)

A State Review Committee has released the recommendations of projects to be funded through the Elderly and Disabled Transit Program to be considered by the California Transportation Commission. This report will summarize the projects recommended for funding in San Diego County.

Action: This item was presented for information only.

CHAIR'S REPORT

4. STATE ROUTES 905 AND 11 STATUS UPDATE (INFORMATION)

Pedro Orso-Delgado, Caltrans District 11 Director, stated that Phase 1A on State Route (SR) 905 is moving ahead. About 25 percent of time has elapsed with 31 percent of the work completed. This project faced eminent stoppage due to the state budget crisis. However,

now that the State Budget has been approved, we are moving ahead and the project is progressing. We had suspended the bid opening for Phase 1B. We now have the ability to move ahead with that bid opening. We hope to report back within the next several months that we have a successful contractor.

Mr. Orso-Delgado said there is not much to report on SR 11. We continue to negotiate with property owners, and we had several joint meetings with Mexican officials to coordinate schedules.

Mr. Orso-Delgado presented an Excellence in Transportation Award to SANDAG *TransNet* Principal Engineer Richard Chavez for submitting an entry for the Olive Hill project on SR 76. Mr. Orso-Delgado also presented an Excellence in Transportation Award to Charles "Muggs" Stoll, *TransNet* Program Manager, for his efforts on the SR 125 toll road segment.

3. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS (Continued)

Chuck Lungerhausen, a member of the public, solicited sponsorships for the upcoming Multiple Sclerosis Walk on April 25-26. His team "Team Water Walkers" will walk on April 17 at the Mission Beach plunge. He also thanked previous sponsors.

Mr. Lungerhausen said he hoped that SANDAG will use federal stimulus funding to purchase more low-floor trolley cars and retrofit all trolley stations to accommodate those vehicles. He expressed dismay that the state is again taking money from transit systems, which will lead to more service reductions. That will result in people not riding the transit system as often, and will hurt San Diego's economy.

Clive Richard, a member of the public, said he felt betrayed by state legislators and federal Congressional representatives over funding cuts for public transit when they had said they supported a "green" alternative.

Chair Dale mentioned that we have been trying to work out a solution regarding funding for the Sorrento Valley Coaster Connection service, and the transit operators believe they have developed a solution; however, due to timing issues that information will be presented to the Board of Directors at its meeting next week rather than bringing it back to the Transportation Committee.

REPORTS (5 through 12)

5. TRANSPORTATION DEVELOPMENT ACT FY 2009 CLAIM AMENDMENTS (APPROVE)

At its November 2008 meeting, the Board of Directors approved revisions to the FY 2009 Transportation Development Act (TDA) and *TransNet* estimates. This TDA amendment reduces the claims based on the revised TDA apportionment.

Chair Dale pointed out that this issue was discussed several months ago.

Action: Upon a motion by Mayor Jim Desmond (North County Inland) and a second by Councilmember Carrie Downey (South County), the Transportation Committee recommended that the Board of Directors adopt Resolution Nos. 2009-15, 2009-16, and

2009-17, revising the FY 2009 TDA claims and authorizing the Executive Director to transmit appropriate instructions to the County of San Diego.

6. 2008 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM: AMENDMENT NO. 5 (APPROVE)

Sookyung Kim, Financial Programming Manager, reported that one of the requirements for the use of the federal Economic Stimulus (ES) funds is that both the revenues and projects must be included in an approved Regional Transportation Improvement Program (RTIP). Although the final passage of the ES package is still pending, the state Department of Transportation (Caltrans), the Federal Transit Administration (FTA), and the Federal Highway Administration (FHWA) have issued guidance to program the revenue portion of the ES in the RTIP based on initial estimates. Upon final passage of the legislation, agencies can then program projects against those revenues. Federal requirements indicate that specifics of the funding have 21 days to be published in the Federal Register. There is also pending legislation for distribution of FTA funds. We know that the state must obligate funds within 120 days for FHWA projects and 180 days for FTA projects. There is no regulatory relief for federal transportation projects. Projects must have a federal environmental plan and be included in an RTIP.

Ms. Kim stated that there are two types of amendments: formal and administrative. Formal amendments require projects that are new, have significant changes in scope, or changes in funding. They require approval by the state, FTA, and FHWA. It could take up to eight weeks for final approval. This is required before an agency can obligate federal funds. An administrative amendment does not require federal approval but does need a state RTIP amendment. Today we are requesting a formal amendment. In January, Caltrans provided guidance to regions to program estimated revenues that may be available into a formal RTIP amendment. FHWA and FTA have agreed to accelerate approval of this amendment. With administrative amendments, agencies can obligate funds to meet the time requirements. These revenues were estimated by Caltrans in January 2009. However, things have changed and the numbers are slightly higher than in this amendment. We will be able to release the funds with the next amendment for specific projects. This is the first of multiple steps the region needs to take. We are reviewing existing projects and identifying those that are good candidates for this funding. We are hoping to obligate 100 percent of the available funding.

Mayor Desmond reiterated that we don't know the exact funding amount, but will approve that at a later date. Ms. Kim stated that the figures were estimated based on the House of Representatives' version of the ES package. We don't anticipate the numbers will be much different. Staff requests that the Transportation Committee approve this action with the understanding that we will come back with projects for final approval of this funding request.

Action: Upon a motion by Mayor Desmond and a second by First Vice Chair Jerome Stocks (North County Coastal), the Transportation Committee adopted Resolution No. 2009-18, approving amendment No. 5 to the 2008 RTIP adding the federal Economic Stimulus revenues.

7. STATE BUDGET CRISIS – UPDATE ON CASH MANAGEMENT STRATEGY (APPROVE)

Char Dale noted that because of the approval of a State Budget, you have received a revised agenda sheet for this item.

José Nuncio, Manager of Financial Programming and Project Control, stated that in response to the potential suspension of construction contracts on major corridors across the region resulting from the continuing state budget crisis, the Board of Directors approved a Cash Management Option. However, since the State Legislature has reached agreement on a State Budget, the state Department of Finance has rescinded its order to Caltrans to suspend construction contracts, thus a major obstacle has been removed. Caltrans, the California Transportation Commission (CTC), and the Department of Finance are confident there is sufficient funding for contracts for the remainder of this fiscal year. As a result, the Cash Management Option is no longer required for the time being. The CTC approved the Board's recommendation to consolidate the federal and *TransNet* funds across the entire I-15 corridor and to shift \$80 million in Corridor Mobility Investment Account (CMIA) funds between various segments of the corridor. While the programming action approved by both the Board of Directors and the CTC remains in effect, staff will work with the CTC to undo the programming action, and will include the programming changes in a subsequent amendment to the RTIP. As we pursue this programming exercise, progress on I-15 will not slow down. SR 52 and SR 905 corridor programming changes for the Cash Management Option were contingent on CTC action. The CTC tabled this approval due to passage of the State Budget. Since the changes for SR 52 and SR 905 were contingent upon CTC approval, the existing programming for both these corridors will remain as it was before the state budget crisis.

Mr. Nuncio stated that the award of a contract for Phase 1B of SR 905 remains suspended. At the February 10 special CTC meeting, Caltrans Director Kempton did commit to funding this project from the state's share of federal Economic Stimulus funds should bond revenue not be available for this project.

Mr. Nuncio said that although SR 76 was not included in original discussions with the Board of Directors on January 23, subsequent discussions with the CTC required amendments to the SR 76 (Middle) project that were associated with approval of the SR 52 corridor programming amendment. Since amendments to SR 52 are no longer required, neither are amendments required for the SR 76 (Middle) project. This project will remain fully programmed for construction with federal and local *TransNet* funds as a high regional priority project. SANDAG is working with Caltrans to ensure that advertisement for construction proceeds on schedule.

Mr. Nuncio mentioned that the strategy adopted by the Board of Directors to address the potential suspension of ongoing construction contracts through the consolidation of other existing programmed funds remains sound. Should the state once again find itself unable to pay its bills, SANDAG is poised to take the necessary actions to keep these ongoing projects underway and not incur suspension costs or lead to the loss of jobs. He noted that the region's aggressive approach to forestall the suspension of construction contracts and associated job losses was noticed and appreciated at the state level. This approach required the California Transportation Commission to be willing to be flexible and we are appreciative of that. The next steps will be to continue to monitor the funding situation as

the state must still issue bonds. The timing and amount of issuance of those bonds remains to be seen. He added that the state also needs to issue bonds for other types of projects including water, schools, and prisons.

Commissioner John Chalker, CTC, expressed his appreciation to the Transportation Committee as a body for the work and effort in putting together a plan to keep SANDAG construction projects moving. This was the only plan provided from anywhere in the state. He thanked SANDAG for stepping up and providing local funds to keep these construction projects moving and to provide a solution for a difficult problem. It is still uncertain at this point as to when and how much in the way of General Obligation bonds the State Treasurer will be able to sell. It is likely we will continue to have uncertainty on the timing of funding. However, he believed SANDAG will be will prepared to react to this uncertainty. SANDAG has proven capable of that. He applauded SANDAG as the only regional agency in the state that was ready to go.

Councilmember Hall said he hoped Commissioner Chalker's comments would be on the headline of tomorrow's paper. We have correspondents questioning us about the Cash Management Option. Unfortunately, the story that didn't get told is how we were proactive and the only agency in the state to come up with a proposed solution to the funding problem.

Chair Dale recognized several requests to speak on this item.

Gerald Walson, a member of the public, commended Mr. Chavez for his work on SR 76. Since the State Budget has been approved, most of his comments are moot. If funding does not materialize, we will address these issues in the future. The proposed state tax increases will have to be approved by the voters. He said that SANDAG promised that SR 76 would be built. He felt that SANDAG reneged on that promise and reprogrammed those funds to higher priority projects. SR 76 was the first of three Tier 1 projects identified in the *TransNet* Early Action Program. The cost of the project has ballooned and the schedule has slipped. SANDAG is on record that SR 76 is a critical connection in North County. He noted that SR 76 is one of the worst highways in California for fatalities, and has exceeded its capacity. During the 2007 wildfires SR 76 was gridlocked and residents could not use it for evacuation purposes.

Robert Leon, a member of the public, stated that he has participated in a number of community organizations. He supported the SR 76 widening project from Melrose to I-15. He thanked staff for updating item No. 7 so we can see results of the passage of the State Budget. He asked that funds for SR 76 not be transferred to other projects.

Sheila Walson, a member of the public, said that Fallbrook is landlocked and the major problem is an evacuation route in case of fire. We need more lanes in each direction to be able to get out of the area. SR 76 has too many fatalities because it is too narrow and the shoulders are not wide enough. Ms. Walson also commented that she recently purchased a California State Bond and she encouraged others to do so as well.

Mr. Orso-Delgado thanked SANDAG on behalf of Department of Transportation Director Will Kempton for the actions taken related to the Cash Management Option. We saw this as an opportunity and it helped us to form a stronger bond with the contractors. A couple of

the contractors expressed a willingness to forego any payment until we could get that option implemented. On another note, our current schedule on SR 76 is to finish design plans around June so that we can start construction by the end of this calendar year.

Warren Savage, representing the Santee Chamber of Commerce, expressed his appreciation to SANDAG and Caltrans District 11 for the effort to keep the construction projects moving and looking out for our community.

Action: This item was presented for information only.

8. TRANSIT REVENUE APPORTIONMENTS AND PROJECTIONS (RECOMMEND)

Ms. Kim reported that SANDAG is responsible for the apportionment of various federal, state, and local revenues to support both ongoing operations and capital projects. Each year SANDAG provides estimates for the upcoming fiscal year and projections over the next four years to allow agencies to allow transit and local agencies to plan for capital projects and determine operating subsidies. The report provides the apportionments for FY 2010 and the projection of revenue for FY 2011 to FY 2014 for each fund type. Ms. Kim stated that one funding source missing from this report is the State Transit Assistance (STA) fund. This program has been suspended by the state and its future is uncertain. Should that situation change, we will report back.

Ms. Kim said that TDA is the major subsidy source for transit operators and capital projects. This apportionment is developed by the County of San Diego in consultation with SANDAG staff and is based on actual sales tax receipts through December and escalated by the projected growth in retail sales. SANDAG is required to notify prospective claimants of the apportionment by March 1. The County has forecast a 1 percent decline in FY 2010 sales tax revenues. SANDAG's staff forecast is a 2 percent increase for *TransNet* sales tax revenues. Both TDA and *TransNet* rely on regional sales tax growth. Staff is in discussions with County staff regarding this difference. If things change we will report back to the Transportation Committee and Board of Directors. FTA has two formula programs, Section 5307 and Section 5309. This funding is available through the Federal Register. The FY 2010 apportionment is the same as FY 2009, pending a final federal budget. The estimates for FY 2011 to FY 2014 show a 4 percent increase from the FY 2010 apportionment.

Chair Dale clarified that for the TDA estimates we will use the County Auditor's projections and for *TransNet* we will use SANDAG's projections.

First Vice Chair Stocks reiterated that we are hedging our bets using both numbers. TDA is the largest and most flexible source of funding for transit operators. Projecting reductions rather than increases will have serious funding impacts. We don't want to fall into the trap of negative consequences. He would like to discuss the implications of this decision.

Metropolitan Transit System (MTS) Executive Director Paul Jablonski said that the STA funding for this fiscal year was reduced by 50 percent, and STA has been de-funded for the next five years. This is a loss of \$14 million a year in operating funds to MTS and \$5 million to NCTD.

Supervisor Roberts commented that Marney Cox, SANDAG's Chief Economist, recently provided a presentation to the MTS Executive Committee. His forecast is really a range of 0-4 percent. The percentages forecast by SANDAG and the County are not far off in terms of numbers. He suggested that we look at plus 2 percent with the understanding we may have to make a negative mid-course correction. We don't want to do what the state has done. He agreed we need to understand the implications of this action.

Ms. Kim reminded the Committee that state law requires the County to develop the apportionment figures. We would not be able to revise this apportionment. The claims processed this June would be based on the County Auditor's figures. We can come back with a correction in mid-year, which we have done in the past.

Gary Gallegos, Executive Director, said that we have met with County staff, and will continue to provide regular reports. We have to monitor this situation on a month-to-month basis and be willing to make changes.

Supervisor Roberts said to let him know if he could be of help in this situation.

Action: Upon a motion by Councilmember Downey and a second by Supervisor Roberts, the Transportation Committee recommended that the Board of Directors: (1) adopt the FY 2010 apportionments for various federal and local programs; and (2) approve the revenue projections for FY 2011 and FY 2014 for these programs.

9. FUNDING RECOMMENDATIONS FOR FY 2009 JOB ACCESS AND REVERSE COMMUTE PROJECTS (RECOMMEND)

Danielle Kochman, Regional Planner, reported that SANDAG was selected by the Governor to be the designated recipient of the Job Access and Reverse Commute (JARC) federal funding program for the San Diego urbanized area. The purpose of this program is to provide funding for operations, capital, and mobility management projects aimed at reverse commuters and low-income individuals for travel to jobs and employment-related activities. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) requires that SANDAG conduct a competitive selection process to distribute the funds. This process will recommend to the FTA which projects should be funded.

Ms. Kochman stated that the evaluation criteria and process for 2008 was approved by the Transportation Committee in September 2008. Announcement of available funds was transmitted, and four outreach meetings were held throughout the County. The process closed on December 12, 2008, and a total of four proposals were received totaling a \$349,311 request. An amendment will be added to the 2008 RTIP to include all JARC projects approved by the Board of Directors before the projects are forwarded to FTA. There is a 20 percent matching fund requirement for capital and mobility improvements and a 50 percent match for operating projects. One result of a previous JARC competitive process was a contingency allocation for MTS Route 905 for FY 2008 in the amount of \$353,843. This project was also eligible for state funding. SANDAG did not have sufficient funds to cover this project, so MTS applied to the state. MTS was recently notified that it was awarded \$205,000 for Route 905. There still remains a \$153,843 shortfall for this project. The recommendation is to modify the previous contingency allocation approved by SANDAG for this shortfall.

Ms. Kochman said that the applications were reviewed by an outside evaluation committee. After the MTS Route 905 allocation, \$127,625 is available to be awarded through competition. The evaluation committee recommends funding of the two highest-ranked projects: ComLink Transportation and Employment Transportation for Refugees. Additional funding may become available later in the year. If that occurs, staff recommends a contingency account to fund the next highest-ranked projects. If no further funds are received for FY 2010, then the remaining \$75,000 of unallocated monies would roll over into a future year cycle. Next steps are to include these projects in the RTIP, forward the funding recommendations to the FTA, and execute contracts with the grant recipients.

Mayor Desmond asked about the Employment Transportation for Refugees project. Ms. Kochman said that the program would provide assistance to people who are usually political refugees.

Councilmember Todd Gloria (City of San Diego) added that some of these folks are fleeing war in East Africa. These refugees are legal immigrants to be integrated into our society.

Mayor Desmond said that the scoring criteria and the rankings were provided, but not the scores. He asked that the next time this item comes before the Transportation Committee staff should include the scores.

Ms. Kochman responded that each evaluator ranks the projects. We don't take the average of the evaluator's scores.

Councilmember Gloria said he would like to see how this came out. It seems that the cheaper projects came out on top.

Action: Upon a motion by Councilmember Downey and a second by Mayor Desmond, the Transportation Committee recommended that the Board of Directors: (1) approve an allocation of \$153,843 for the MTS Route 905 project based on the contingency allocation previously approved by the Board of Directors, (2) approve an allocation of \$120,101 to fully fund the two highest-ranked projects selected by the evaluation committee, and (3) approve a contingency allocation of all remaining FY 2009 JARC funds to the projects in Attachment 1 to the agenda report, based on rankings should additional funding become available.

10. DRAFT REGIONAL TRANSIT FARE STRUCTURE AND REVENUE SHARING STUDY (RECEIVE FOR INFORMATION)

Dan Levy, Senior Planner, introduced Dan Fleshman with TranSystems Corporation, the consultant for this study. The purpose of this study was to recommend a simplified, unified fare structure and new revenue-sharing technologies. TranSystems and Parsons began work in 2008. The team was led by SANDAG, but MTS and NCTD also participated in this effort. On the fare structure part of the study we obtained stakeholder input, conducted a peer and industry review, developed evaluation criteria, and fare structure options and recommendations. For the revenue-sharing portion, we conducted a peer system review, identified issues, developed a set of revenue-sharing options, evaluated those options and recommended a strategy, and identified the impacts of the recommended option.

Mr. Levy reported that more than half of the study recommendations have already been implemented through fare changes in 2007-2009. The consultant recommendations have been modified to meet the needs of all three agencies. He showed the study recommendations that have been adopted by SANDAG and the additional consultant recommendations.

Mr. Levy said that with simplification of the fare structure, fewer revenues are subject to revenue-sharing. The consultant developed five options: Option A, reflects a continuation of the current regional revenue-sharing strategy with a flat rate (5%) for premium (e.g., COASTER/Premium Express) services; Option B, would have SANDAG allocate revenue each year as part of the general transit budgeting process; and Options C, D, and E would allocate revenue from passes used entirely on one system entirely to that system. The differences between the options are in how regional pass revenue is shared for the relatively small number of passengers who travel between NCTD and MTS services. Staff from all three agencies has worked together throughout this process. Discussions are continuing on the remaining consultant recommendations. The results of the study will be presented to the MTS and NCTD committees over the next month and are open to a period of public comment until April 3, 2009. Staff will report back with recommendations on both segments of this study. If approved, we would present the changes for action at the May or June Board of Directors meeting along with other Fare Ordinance changes.

Matt Tucker, NCTD Executive Director, thanked SANDAG staff for working collaboratively with NCTD on this study. He stated that the additional consultant recommendations do not reflect agreement on the remaining items. We are making progress but we will have further comments.

Councilmember Anthony Young (City of San Diego) said that we understand that we are to raise revenue and operate our system. However, this study should not dictate how we operate our system. He asked how this study affects our ability to make decisions on our fares.

Mr. Levy noted that one delivery from this study is a fare model. Over the past couple of weeks, MTS has used that model to look at the current funding situation.

First Vice Chair Stocks commented that the NCTD Board shares the MTS Board's concerns. He complimented both transit operator staffs and SANDAG staff for working together. We have been working for a long time on this effort and we are making headway. He expressed discomfort with raising the fare for Breeze and SPRINTER 30-day passes. NCTD is not comfortable with eliminating the NCTD-only pass. Most of their customers do not come to San Diego.

MTS Board member Jerry Rindone commented that the MTS Budget Development Committee will be meeting next week. No decisions have been made on whether further fare adjustments will be made. We want to hold those options available to us should the entire MTS Board decide to do that. SANDAG and MTS staff should work together on this so we are not at cross-purposes. We will look at all options and impacts. A \$14 million shortfall will require serious recommendations.

Mr. Jablonski stated that the primary reason why implementation of this study was delayed was to ensure that when the Compass Card system is implemented it will work appropriately.

Action: Upon a motion by Councilmember Young and a second by Councilmember Downey, the Transportation Committee received the Draft Regional Transit Fare Structure and Revenue Sharing Study and opened a period of public comment until April 3, 2009. Staff is directed to bring back to the Transportation Committee recommendations on proposed amendments to the Regional Fare Ordinance following the public comment period and after consultation with MTS and NCTD.

11. *TransNet* PLAN OF FINANCE UPDATE (INFORMATION)

Charles "Muggs" Stoll, *TransNet* Program Manager, reported that it has been about a year since the last report on the Plan of Finance (POF). He provided an overview of key changes that have occurred over that time. The largest change is in the projected costs and revenues. What we found when we put in all the factors is that the model results were surprisingly similar to where we were last year. We have not had any changes to *TransNet* priority projects. He reviewed the *TransNet* Extension revenues of \$14 billion over 40 years. This report focuses on about half of the total program, and includes programs in the major corridors and the Environmental Mitigation Program (EMP). He stated that SANDAG and Caltrans developed a joint effort to update the costs from 2002 to 2008 dollars. The financial model was escalated to the year of expenditure and incorporates the recent trends in the Construction Cost Index. He noted that there was an unprecedented rise in construction costs during 2004-2007 as well as unprecedented declines in costs in 2007-2008. He presented figures related to construction escalation rates in 2008 versus 2009.

On the revenue side, we make various assumptions for funds in years 2009-2013 based on what we have programmed. We assumed a 50 percent match for any federal new starts program. There is a substantial downward pressure on sales tax recently and our forecast for those revenues has changed substantially. In past years we looked at 3.81 percent, and now project a negative 4 percent for this fiscal year.

Marney Cox, Chief Economist, explained the difference between the two forecasts. The top figures for January 2008 used a long-range demographic model. That model was built on demographic projections but is not sensitive to price changes, the realities of inflation, or interest rate changes. We developed another model for February 2009 to produce the second column. This is a better model that projects changes in interest rates and quarterly changes rather than on an annual basis.

Councilmember Young asked about the difference between FY 2010 and FY 2011. Mr. Cox said that conceptually speaking, we saw unprecedented price increases and unprecedented price decreases in a short period of time. The long-term model cannot accommodate those kinds of changes. Small fluctuations in prices should not be used because we are producing numbers on a quarterly basis. The structure of the two models is completely different. Interest rates are more volatile than demographic figures.

Councilmember Young said it did not look as if inflation was included in the construction costs. Mr. Cox replied that we chose to show the figures without inflation. That way we are

able to determine figures in today's dollars that are relevant to what we spend today. We do include an estimate for inflation in the Plan of Finance.

Mr. Stoll stated that when we update the costs and revenues, we also update project schedules. We had a minor change on the Mid-Coast project. All other schedules have remained the same as last year. He showed a graph of the cash balance of the program over the years. What we had last year is a need for additional cash of just under \$2.8 billion for the program over the long term. The program went negative in year 2026. This was approved in the Plan of Finance last year. This year there is an additional cash need growing to \$4.1 million, but it doesn't go negative until 2036. What has occurred is that by maintaining the schedules the substantial downturn in revenues projected into the middle years are now offset by lower construction costs. He noted that we ran the model without accounting for the potential delay of Proposition 1B funding. The good news is that the State Budget has been passed but we don't know when the bonds will be sold. He assumed funding would be restored before there is any suspension of projects. We did not make any assumptions about where to program projects for any federal Economic Stimulus money. We will likely report back once we obtain more information about that program. Mr. Stoll said that final review of the POF update will be presented to the ITOC at its meeting on March 11 and at the Transportation Committee meeting on March 20. It will then be presented to the Board of Directors at its March 27 meeting.

First Vice Chair Stocks said that we were recently awarded funds for goods movement projects, and asked if that has been factored into this model. Mr. Stoll replied that it was factored in, but a lot of goods movement projects that received those funds are not in the *TransNet* EAP.

Mr. Gallegos said that in looking at the Economic Stimulus piece, if we can get \$200-\$300 million that will have a big impact on helping us fill that future need. We are trying to fund as many projects as possible.

Mayor Desmond asked if all of those projects could be funded since we need less matching funds. Mr. Stoll answered that this Plan of Finance is only related to the *TransNet* program not the entire Regional Transportation Plan (RTP), so it does not address the entire RTP revenue shortfall. We will always be on the lookout for matching dollars. The sooner we can bring money into the program the better that picture will look over time. We have to be vigilant in finding additional matching funds.

Mr. Gallegos noted that we have a disconnect between the period for the RTP (2030) and for the *TransNet* program (2048). In the next RTP update we are counting on our forecasters to make it a 2050 RTP so the dates between these two plans are relatively close. One of the challenges of forecasting is related to land use plans. The General Plans for the County and the cities only go out to 2020 or 2030. We are trying to go beyond what is being planned at the cities/county level and are working with city managers and planning directors to see if we can synchronize these dates.

Councilmember Downey said that the good news for the *TransNet* Environmental Mitigation Program (EMP) is that real estate prices decreased. She wondered what that means to the EMP share of the money in the future. Mr. Stoll said that in the Plan of Finance the EMP dollars are programmed into the model based on the settlement

agreement in the first ten years of the program. How much can be purchased in the program will depend on how prices fluctuate over the first ten years.

MTS Chair Harry Mathis asked for clarification on the relationship between the Construction Cost Index and the revenue forecast. Mr. Cox said that the cost escalation curve is based on actual data. Construction escalation rates that have been monitored historically indicate a 3 percent growth rate to 2048. However, it is not likely to be 3 percent each year.

MTS Chair Mathis said that it would be helpful to see that cost escalation rate superimposed on the projected figures.

Mr. Gallegos agreed to expand the chart. If you look at the Caltrans numbers from 2002-2004, that is a pretty realistic account of what has happened over that period. We can superimpose those figures and show more data points to determine how close we will be to historical figures.

MTS Chair Mathis noted that the upper trend in the escalation factor was driven by forces related to competition for construction materials and the dip was an unexpected consequence driven by other factors. He wondered if there will be a higher rate in the future based on competition when we get to a more stable economic level. Mr. Gallegos stated that there is no way the world can sustain itself at 12 percent rates. We can bring some of those numbers back. Also this Plan of Finance is not cast in stone. The idea is that it gives you what is happening now and how that affects the overall program in the future.

Mr. Cox stated that in using the Caltrans index we saw a huge escalation rate, but it has not dropped down to the 2002 level. This will begin a new trend line. The world demand has grown. It will go up from there if there are no other world conditions that might affect that. Typically, over long periods of time the United States has grown at 2 percent per year. In other words, 2 percent over 30 years is doubling the standard of living.

Mr. Jablonski noted that we are getting close to understanding how much we are getting from the federal Economic Stimulus package. We hope we will get clarity on those funds for projects like the Blue Line Rehabilitation project.

Mr. Stoll said that we will update the POF to include the Economic Stimulus money.

Mr. Orso-Delgado noted that the new Transportation authorization bill is proposing to change the tax structure to use the Vehicle Miles Traveled (VMT) method as opposed to the traditional gas tax.

Action: This item was presented for information only.

12. SPRINTER PROJECT STATUS REPORT (INFORMATION)

Jim Linthicum, Division Director of Engineering & Construction, provided a status report on the SPRINTER. The mainline contractor has some punch list work remaining, but this will not affect service. NCTD continues to maintain storm water protection measures. The goal is to be relieved of that permit this spring. The portion of the Inland Rail Trail is complete and maintenance and operations are ongoing. The financial closeout of the mainline contract

will hopefully be this spring. Outstanding issues include close-out of quantities and change orders, impacts of the signal and communication changes, and delay and associated costs. All parties are negotiating in good faith. The projected final cost of the project is \$479.3 million and includes full value of the May 2007 settlement agreement. The SPRINTER project budget is \$484.1 million. The risks to the budget are the current outstanding issues; the potential for a total cost claim should negotiations fail; and the cost to analyze, negotiate, and defend any claim.

Action: This item was presented for information only.

13. UPCOMING MEETINGS

Chair Dale announced that the March 6 Transportation Committee meeting will be cancelled. The next Transportation Committee meeting will be on March 20 at 9 a.m.

14. ADJOURNMENT

Chair Dale adjourned the meeting at 10:45 a.m.

Attachment: Attendance Sheet

**CONFIRMED ATTENDANCE
SANDAG TRANSPORTATION COMMITTEE MEETING
FEBRUARY 20, 2009**

GEOGRAPHICAL AREA/ ORGANIZATION	JURISDICTION	NAME	MEMBER/ ALTERNATE	ATTENDING
North County Coastal	City of Carlsbad	Matt Hall	Member	Yes
	City of Del Mar	Carl Hilliard	Alternate	Yes
North County Inland	City of San Marcos	Jim Desmond	Member	Yes
	City of Vista	Judy Ritter	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 Coronado	Carrie Downey	Member	Yes
	City of Imperial Beach	Jim King	Alternate	Yes
City of San Diego	----	Anthony Young	Member	Yes
	----	Todd Gloria	Alternate	Yes
	----	Marti Emerald	Alternate	No
County of San Diego	----	Ron Roberts	Member	Yes
	----	Greg Cox	Alternate	No
	----	Bill Horn/Slater-Price	Alternate	No
Metropolitan Transit System	MTS	Harry Mathis	Member	Yes
	MTS	Jerry Rindone	Alternate	Yes
North County Transit District	NCTD	Bob Campbell	Member	No
	NCTD	Dave Roberts	Alternate	No
	NCTD	Jerome Stocks	Alternate	Yes
San Diego County Regional Airport Authority		Charlene Zettel	Alternate	No
		Tom Smisek	Alternate	Yes
ADVISORY/LIAISON Caltrans	----	Pedro Orso-Delgado	Member	Yes
	---	Bill Figge	Alternate	Yes
SCTCA	---	Albert Phoenix	Member	Yes
	---	Francine Kupsch	Alternate	No