



**BOARD OF DIRECTORS**  
**JULY 25, 2003**

**AGENDA ITEM NO. 03-07- 3-B**  
**ACTION REQUESTED - APPROVE**

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**TRANSPORTATION COMMITTEE DISCUSSION AND ACTIONS**  
**SPECIAL MEETING**

Meeting of July 21, 2003

The special meeting of the Transportation Committee was called to order by Chair Joe Kellejian (North County Coastal). Other voting Committee members in attendance were Vice Chair Dick Murphy (City of San Diego), Corky Smith (North County Inland), Art Madrid (East County), Jerry Rindone (South Bay), Leon Williams (San Diego Metropolitan Transit Development Board), Judy Ritter (North San Diego County Transit Development Board) and Terry Johnson (San Diego County Regional Airport Authority). Also in attendance were alternate Christy Guerin (North County Coastal) and ex-officio member Pedro Orso-Delgado (Caltrans).

Chair Kellejian explained the reason for having to call this special meeting. He announced that the County of San Diego has submitted a letter requesting that this meeting be postponed. He noted that he attempted to contact Supervisor Roberts and that the SANDAG Chair contacted Supervisor Cox to point out the importance of this meeting. Chair Kellejian read the County's letter, dated July 18, 2003, to the Transportation Committee.

**1. PUBLIC COMMENTS/COMMUNICATIONS**

There were no public speakers.

**2. POTENTIAL SHORT-TERM LOAN OF *TransNet* FUNDS TO KEEP CRITICAL TRANSPORTATION PROJECTS ON SCHEDULE PENDING A STATE BUDGET (APPROVE)**

Staff made a PowerPoint presentation which summarized the impact of the state budget crisis on transportation projects in the region and outlined the staff's recommended solution to loan TransNet funds on a short-term basis to keep ongoing construction contracts moving.

Public Comment

Clive Richard, a San Diego resident, was glad to hear that this proposed loan would be bound by a legally binding contract. He noted that there are projects in the region that have to be completed and supports this proposal if the state will agree to repay the monies.

The Transportation Committee members discussed this issue and expressed concern about whether the state would repay the funds; would the funds be repaid with interest; how much money would SANDAG be willing to loan the state; what would be the loss to SANDAG if the state is unable to pay back the monies; and would SANDAG be liable if there were an accident on any of the projects during the time that SANDAG is funding the projects.

Staff indicated that SANDAG would enter into a cooperative agreement with the state to repay the monies. This cooperative agreement should include an indemnification clause that would protect SANDAG from any additional liability. Staff added that the amount that SANDAG would loan the state would be up to \$10 million per month to cover the estimated monthly costs of ongoing projects in the San Diego region. The estimated interest cost to SANDAG would be approximately 1% per annum. However, the state has indicated that it is constitutionally prohibited from paying interest, so including interest payment in the cooperative agreement will be challenging.

The Transportation Committee members supported the \$10 million per month funding level for up to three months. Additionally, Transportation Committee members requested that staff research SANDAG's liability should the state file for bankruptcy. Committee members also expressed interest in discussing the issue of changing the provisions for passing the state budget from a two-thirds vote to a majority vote at a future Transportation Committee meeting.

Chair Kellejian noted that the following letters were received and distributed to each member: (1) a letter dated July 10, 2003, from Jeff Morales, Director of the California Department of Transportation, to the Chief Executive Officer of the Associated General Contractors indicating that due to the lack of a state budget, Caltrans may have to curtail construction and maintenance work statewide after July 20, 2003; (2) a letter dated July 18, 2003, from Jeff Morales to the Chair of the California Transportation Commission summarizing actions taken to temporarily avert the suspension of ongoing construction projects statewide; (3) a letter dated July 18, 2003, from Tony Harris, Chief Deputy Director of the California Department of Transportation, to the Regional Transportation Planning Agencies, Metropolitan Planning Organizations, and the Public Works Departments of Cities and Counties, summarizing actions taken by the state that would limit any new obligations for regional and local projects; and (4) a letter of support dated July 21, 2003, for the staff recommendations from Pardee Homes.

Action: The Transportation Committee voted, subject to the concurrence of the SANDAG Board of Directors, to enter into negotiations with Caltrans regarding a loan agreement allowing TransNet funds to be used to continue payments to contractors on ongoing highway, transit, and other related contracts until a state budget is adopted. The loan agreement would be for up to three months, with any extensions beyond three months being subject to the review and approval by the Transportation Committee. The agreement also would include necessary repayment provisions, including recovery of interest costs if commercial paper proceeds are used, or recovery of lost interest earnings if current cash on hand is used. The Executive Director also should be authorized to use TransNet commercial paper proceeds, if necessary, for this purpose with any funds borrowed to be paid off as soon as the reimbursement from the state is received.

The motion was adopted with seven affirmative votes; the North County Inland member abstained.

**3. ADJOURNMENT AND UPCOMING MEETINGS (INFORMATION)**

The SANDAG Board of Directors will meet on Friday, July 25, 2003, to discuss this issue. The next meeting of the Transportation Committee will be held on August 1, 2003.

GARY L. GALLEGOS  
Executive Director