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Supervisor, County of San Diego

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(Representing **North County Coastal**)

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Jerry Jones
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(Representing **East County**)

Steve Vaus
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(Representing **North County Inland**)

Ron Morrison
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(Representing **South County**)

Alternates

Dianne Jacob
Chair, County of San Diego

Jim Wood
Mayor, City of Oceanside
(Representing **North County Coastal**)

Barbara Bry
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Lorie Zapf
Councilmember, City of San Diego

Bill Wells
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Sam Abed
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(Representing **North County Inland**)

Ed Spriggs
Mayor Pro Tem, City of Imperial Beach
(Representing **South County**)

Advisory Members

Serge Dedina
Mayor, City of Imperial Beach
(Chair, **Borders Committee**)

John Minto
Mayor, City of Santee
(Chair, **Public Safety Committee**)

Mary Salas
Mayor, City of Chula Vista
(Chair, **Regional Planning Committee**)

Jim Desmond
Mayor, City of San Marcos
(Chair, **Transportation Committee**)

Kim Kawada
Chief Deputy Executive Director, SANDAG



EXECUTIVE COMMITTEE AGENDA

Friday, December 1, 2017

9 to 10 a.m.

**SANDAG, 7th Floor Conference Room
401 B Street
San Diego**

AGENDA HIGHLIGHTS

- **ANNUAL REVIEW AND PROPOSED AMENDMENTS TO BOARD POLICIES**
- **PROPOSED NEW BOARD POLICY NO. 039: AUDIT POLICY ADVISORY COMMITTEE AND AUDIT ACTIVITIES**
- **SERVICE BUREAU: FY 2017 YEAR-END STATUS REPORT**

PLEASE SILENCE ALL ELECTRONIC DEVICES DURING THE MEETING

MISSION STATEMENT

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus; makes strategic plans; obtains and allocates resources; plans, engineers, and builds public transit; and provides information on a broad range of topics pertinent to the region's quality of life.

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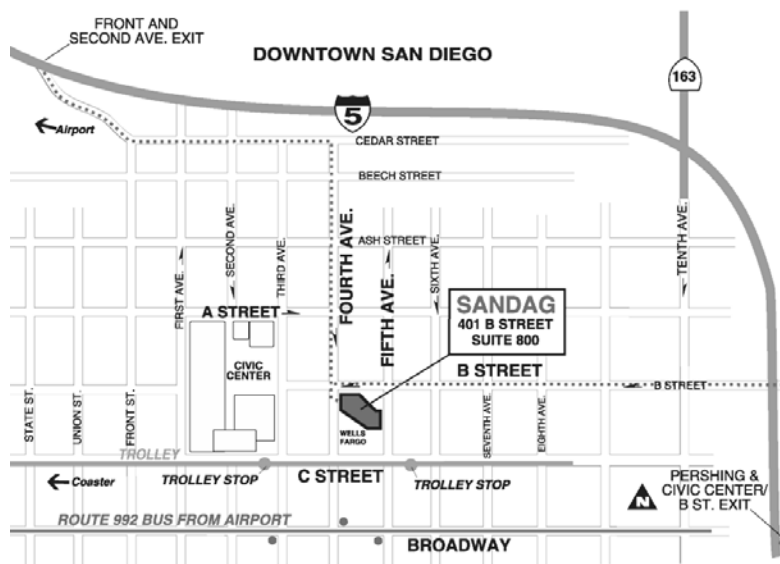
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EXECUTIVE COMMITTEE

Friday, December 1, 2017

ITEM NO.

RECOMMENDATION

+1. APPROVAL OF MEETING MINUTES

APPROVE

The Executive Committee is asked to review and approve the minutes from its November 3, 2017, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Executive Committee on any issue within the jurisdiction of the Committee that is not on this agenda. Other public comments will be heard during the items under the heading "Reports." Anyone desiring to speak shall reserve time by completing a "Request to Speak" form and giving it to the Clerk prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Committee members. Public speakers are limited to three minutes or less per person. Committee members also may provide information and announcements under this agenda item.

CONSENT

+3. LEGISLATIVE STATUS REPORT (Victoria Stackwick)

INFORMATION

Periodic status reports on legislative activities are reported to the Executive Committee throughout the year. This report provides a summary of the various federal activities.

REPORTS

+4. REVIEW OF DRAFT BOARD AGENDAS (Victoria Stackwick)

APPROVE

The Executive Committee is asked to approve the draft agenda for the December 15, 2017, Board Business meeting. Staff also will provide a verbal update on the January 12, 2018, Board Policy meeting.

+5. ANNUAL REVIEW AND PROPOSED AMENDMENTS TO BOARD POLICIES (John Kirk)

**DISCUSSION/
POSSIBLE ACTION**

The Executive Committee is asked to: (1) discuss the proposed Board Policy amendments, and either recommend that the Board of Directors approve the proposed amendments, or direct staff to return to the Executive Committee for further discussion or review; and (2) recommend that the Board of Directors renew the annual delegation of authority to the Executive Director pursuant to Board Policy No. 003: Investment Policy, and its approval of Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy.

+6. PROPOSED NEW BOARD POLICY NO. 039: AUDIT POLICY ADVISORY COMMITTEE AND AUDIT ACTIVITIES (John Kirk, Diane Eidam) DISCUSSION/ POSSIBLE ACTION

The Executive Committee is asked to discuss proposed new Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities, and either recommend that the Board of Directors approve the new policy or direct staff to return to the Executive Committee for further discussion or review.

+7. SERVICE BUREAU: FY 2017 YEAR-END STATUS REPORT (Cheryl Mason, Ray Major) DISCUSSION/ POSSIBLE ACTION

Staff will present highlights from the FY 2017 Service Bureau year-end report, including an update on key projects.

8. CONTINUED PUBLIC COMMENTS

If the five-speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

9. UPCOMING MEETINGS INFORMATION

The next meeting of the Executive Committee is scheduled for Friday, January 12, 2018, at 9 a.m.

10. ADJOURNMENT

+ next to an agenda item indicates an attachment



**EXECUTIVE COMMITTEE
DECEMBER 1, 2017**

ACTION REQUESTED: APPROVE

EXECUTIVE COMMITTEE DISCUSSION AND ACTIONS

NOVEMBER 3, 2017

Chair Ron Roberts, Supervisor, County of San Diego, called the meeting of the SANDAG Executive Committee to order at 8:03 a.m.

1. APPROVAL OF MEETING MINUTES (APPROVE)

Action: Upon a motion by Mayor Steve Vaus (North County Inland), and a second by Councilmember Jerry Jones (East County), the minutes of the October 13, 2017, Executive Committee meeting were approved. Yes – Chair Roberts, Vice Chair Terry Sinnott (North County Coastal), Mayor Vaus, Councilmember Jones, and Council President Myrtle Cole (City of San Diego). No – None. Abstain – None. Absent – South County.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS (INFORMATION)

Kathryn Rhodes, a member of the public, spoke regarding housing issues in San Diego.

REPORTS

3. REVIEW OF DRAFT BOARD AGENDAS (APPROVE)

The Executive Committee was asked to approve the draft agendas for the November 17, 2017, Board Business meeting, and the December 1, 2017, Board Policy meeting.

Victoria Stackwick, Principal Legislative Analyst, presented the item.

Kathryn Rhodes, a member of the public, spoke regarding the fault investigation for the Downtown Bus Stopover and Multiuse Facility.

Action: Upon a motion by Mayor Vaus, and a second by Council President Cole, the Executive Committee approved the draft agenda for the November 17, 2017, Board Business meeting, and the of the December 1, 2017, Board Policy meeting, as amended. Yes – Chair Roberts, Vice Chair Sinnott, Mayor Vaus, Councilmember Jones, and Council President Cole. No – None. Abstain – None. Absent – South County.

4. UPDATE ON GREENHOUSE GAS REDUCTION TARGET SETTING PROCESS (DISCUSSION/POSSIBLE ACTION)

The California Air Resources Board (ARB) was scheduled to consider the approval of new 2035 per capita greenhouse gas emissions (GHG) reduction targets at its November 16, 2017, meeting. The Executive Committee was asked to provide direction on next steps related to a revised target for the San Diego region.

Charles "Muggs" Stoll, Director of Land Use and Transportation Planning, presented the item.

Jack Shu, Cleveland National Forest Foundation, spoke in opposition to this item.

Action: Upon a motion by Mayor Morrison, and a second by Mayor Vaus, the Executive Committee approved a revision of the 2035 per capita GHG emission reduction target for the San Diego region from 18 percent to up to 19 percent, and authorized the Executive Director to work with the other statewide regional agencies in developing a target recommendation for submittal to ARB pursuant to Senate Bill 375 for its use in the GHG emissions reduction target setting process. Yes – Chair Roberts, Vice Chair Sinnott, Mayor Ron Morrison (South County), Mayor Vaus, Councilmember Jones, and Council President Cole. No – None. Abstain – None. Absent – None.

5. FY 2017 PROGRAM BUDGET: YEAR-END REPORT (INFORMATION)

André Douzjian, Director of Finance; Sandi Craig, Senior Budget Program Analyst; and Jim Linthicum, Director of Project Implementation and Mobility Management; presented the significant accomplishments and findings from the FY 2017 Program Budget year-end report.

Action: This item was presented for information.

6. LEGISLATIVE STATUS REPORT (INFORMATION)

Periodic status reports on legislative activities are reported to the Executive Committee throughout the year.

Robyn Wapner, Senior Legislative Analyst, provided a summary of the various state activities.

Ms. Rhodes spoke regarding Assembly Bill 805 (Gonzalez Fletcher).

Action: This item was presented for information.

7. CONTINUED PUBLIC COMMENTS

There were no public comments.

8. UPCOMING MEETINGS

The next meeting of the Executive Committee is scheduled for Friday, December 1, 2017, at 9 a.m. Please note, this meeting is scheduled for the first Friday of the month due to the holiday schedule.

9. ADJOURNMENT

Chair Roberts adjourned the meeting at 8:54 a.m.

**CONFIRMED ATTENDANCE
SANDAG EXECUTIVE COMMITTEE MEETING
NOVEMBER 03, 2017**

JURISDICTION	NAME	MEMBER/ ALTERNATE	ATTENDING OPEN SESSION
North County Inland	Steve Vaus	Primary	Yes
	Sam Abed	Alternate	Yes
North County Coastal	Terry Sinnott, Vice Chair	Primary	Yes
	Jim Wood	Alternate	No
South County	Ron Morrison	Primary	Yes
	Ed Spriggs	Alternate	No
East County	Jerry Jones	Primary	Yes
	Bill Wells	Alternate	Yes
City of San Diego	Myrtle Cole	Primary	Yes
	Barbara Bry	Alternate	No
	Lorie Zapf	Alternate	No
County of San Diego	Ron Roberts, Chair	Primary	Yes
	Dianne Jacob	Alternate	No
PAC Chairs	Serge Dedina	Advisory	No
	John Minto	Advisory	Yes
	Mary Salas	Advisory	No
	Jim Desmond	Advisory	Yes



AGENDA ITEM NO. 17-12-3

**EXECUTIVE COMMITTEE
DECEMBER 1, 2017**

ACTION REQUESTED: INFORMATION

LEGISLATIVE STATUS REPORT

File Number 7300400

Introduction

Monthly status reports on legislative activities are provided to the Executive Committee. Attachment 1 includes a summary from Peyser Associates LLC on federal legislative activity related to SANDAG.

VICTORIA STACKWICK
Principal Legislative Analyst

Attachments: 1. Report from Peyser Associates LLC

Key Staff Contact: Victoria Stackwick, (619) 699-6926, victoria.stackwick@sandag.org

PEYSERASSOCIATES

LLC

Peter A. Peyser

Transportation Update from Peyser Associates

October 27, 2017

Budget Approval Paves the Way for Tax Cuts and Reform

The House on Thursday narrowly approved a congressional budget resolution for FY 2018 that paves the way for action on legislation to cut and reform taxes. The House voted on the same resolution passed last week by the Senate. The vote was 216-212.

Twenty Republican Members voted no on the budget. Twelve of those 20 came from high-tax states New York, New Jersey, and Pennsylvania. They withheld their support because of the uncertainty over the fate of the state and local tax deduction. The resolution as passed in the Senate suggests, but does not require, that new limitations be placed on the deductibility of state and local tax payments by taxpayers. The dissenting Republican House Members continue to seek a deal from tax writers that will protect their states. It remains to be seen how much leverage they have now that the budget has been approved.

Now that the budget has been approved, the House Ways and Means Committee is expected to release its draft of tax legislation next week. As this is written it appears some major issues are still outstanding. Those include the addition to the previously announced outline of a fourth tax bracket for high-income taxpayers; potential limits on 401(K) contributions, the corporate tax rate, and others.

Passage of the tax legislation is a prerequisite for the consideration of an infrastructure package. Transportation Secretary Elaine Chao reiterated that in a speech to the American Trucking Associations, saying she expects the Administration to release an infrastructure proposal probably in early 2018.

Year-End Spending Deal Under Discussion

Both House Speaker Paul Ryan (R-WI) and Minority Leader Nancy Pelosi (D-CA) publicly indicated they are making progress on reaching a deal to lift spending caps for both Defense and non-Defense spending for FY 2018. Such a deal would ease the path for an omnibus spending bill to be completed before the December 8 expiration of the current continuing resolution. The discussion is taking place across party lines because Republican leaders believe they will need some Democratic votes to pass a spending package.

If the talks continue to make progress, Speaker Ryan may not have to reiterate his threat from earlier this week to keep Congress in session until Christmas if that is what is required to get the tax and spending bills approved.

Key Trump Administration Official Raises Potential of Gas Tax Increase

Gary Cohn, Director of the National Economic Council, indicated the Trump Administration might support a gas tax increase as part of the “pay-for” for an infrastructure plan. Cohn said this in a meeting with the bipartisan Problem Solvers Caucus. If the idea gains traction in the weeks ahead, the infrastructure package could serve as a vehicle for “fixing” the Highway Trust Fund.

Transportation advocacy groups, most notably the American Association of State Highway and Transportation Officials, have been emphasizing on Capitol Hill the importance of using an infrastructure package to address the chronic shortfall of Highway Trust Fund revenues in funding the authorizations in the FAST Act and its predecessor authorizing bills. Cohn’s creation of an opening for considering a gas tax increase may put a Highway Trust Fund fix squarely on the agenda.

Reaction from Capitol Hill to Cohn’s trial balloon has been muted. It remains to be seen if any enthusiasm develops for it.

November 3, 2017

GOP Tax Plan Would Diminish Transportation Financing Options

The Republican House leadership released its long-awaited tax proposal, called “The Tax Cuts and Jobs Act.” Along with the highly publicized provisions to collapse tax brackets, raise the standard deduction, phase out the estate tax and others, are a few provisions that could limit financing opportunities for infrastructure projects.

The most highly publicized of such provisions is the one that would significantly limit the deductibility of state and local taxes paid by taxpayers. The proposal would allow the deductibility of property taxes to continue with a cap of \$10,000 per year, but would eliminate the deductibility of state and local income taxes and sales taxes. This provision is not as onerous as the full elimination of deductibility that many feared, but it still may limit the political viability of efforts to raise additional taxes in states where income and sales taxes are prominent sources of income. State and local government advocates have indicated the proposed provision may have an impact on the ability of many states and localities to continue or increase support for key government functions, including infrastructure.

Another provision of the bill targets tax free municipal borrowing for privately operated infrastructure projects. This provision would eliminate the deductibility of interest on private activity bonds. Such bonds have been used for many years to support toll roads, airports, railroads, and other infrastructure facilities where at least a portion of the benefit of the debt goes to private entities. The proposed elimination of this tool would appear to run directly counter to the Trump Administration’s stated goal to increase private investment in infrastructure. According to the Council of Development Finance Agencies, in 2016 states and localities issued \$14.7 billion of private activity bonds for “exempt facilities,” the category that includes infrastructure projects. The bulk of that activity was for multifamily housing, but \$700 million was for projects other than housing, such as transportation infrastructure. A notable recent use of private activity bonds for a transportation project was the approval of \$600 million in private activity bonds this fall for the Brightline rail project between Miami and West Palm Beach in Florida.

The third provision that creates problems in the infrastructure world involved an omission. As expected, the proposal creates lower tax rates on repatriated foreign profits of U.S. corporations but does not reserve the additional revenue realized from that change for infrastructure. Using this potential source of revenue for infrastructure has received significant bipartisan support on Capitol Hill for several years. However, it appears the revenue was more urgently needed as part of the “pay fors” for revenue lost due to tax cuts. This means Congress and the Administration will need to hunt for other revenue sources to pay for the \$200 billion in federal spending anticipated to be included in the Administration’s infrastructure plan.

The tax plan will see its first substantive action in the House in the coming week. The Committee on Ways and Means is planning four days of mark-up and the consideration of numerous amendments to the plan. After that, leadership expects to bring the bill to the House floor as early as the following week with no opportunity for amendment on the floor. The Senate Finance Committee is expected to take up a similar bill the following week.

Shutdown Threat Continues to Loom over Appropriations Process

Demands by congressional Democrats that Congress save the Deferred Action for Childhood Arrivals (DACA) immigration program by the end of the year are raising the specter of a government shutdown when the current Continuing Resolution expires on December 8.

The Ranking Member of the House Appropriations Committee, Representative Nita Lowey (D-NY), this week re-iterated the position of House Democrats that the legislation to protect “dreamers” from deportation must be completed by the end of the year. Senate Minority Whip Dick Durbin (D-IL) made the same point. The Democrats have significant leverage over the year-end spending battle in the Senate, where 60 votes are required to pass a spending package. The same may also be true in the House, where the final FY 2017 spending package required more votes from Democrats than from Republicans to pass.

President Trump on Thursday told Republican Senators that there should be no connection between the DACA legislation and the appropriations process. Senate Majority Whip John Cornyn (R-TX) said DACA legislation would not come up until after the turn of the year. The current DACA program expires next March. Cornyn indicated if the government shuts down over this issue it will be the Democrats’ fault.

Given that the President has expressed a desire to see the DACA program saved in some form, it would appear the ingredients are in place for a compromise on this issue. But if the overall tenor of relations between the White House and Democrats in Congress deteriorates further, the potential for a disruption in government services may grow.

November 10, 2017

Senate GOP Releases its Tax Plan: Mixed Bag on Infrastructure-related Issues

Senate Finance Committee Chairman Orrin Hatch (R-UT) released his “chairman’s mark” of a bill entitled “The Tax Cuts and Jobs Act.” This is the same title of the bill introduced last week by House Republican leaders. While the titles are the same, there are a number of differences between the two bills.

In crafting the bill, Chairman Hatch had to hew to the Senate's rules on taking up a bill under reconciliation—the process that allows legislation to advance with 51 votes instead of 60. Those rules required Hatch to trim some of the tax cuts included in the House bill. For example, instead of collapsing the number of tax brackets to only four as in the House bill, the Senate version has six. And unlike the House bill, the Senate phases in the reduction of the corporate tax rate to 20 percent.

There also are a few changes in provisions of relevance to infrastructure financing. The Senate proposal does not eliminate the deductibility of interest earned on private activity bonds. That is a major relief to agencies planning infrastructure projects such as airports, ports, toll roads, transit, and other projects that might include a variety of public-private partnership features. The Senate bill, however, is even more stringent than the House in the repeal of the deduction for state and local taxes paid by taxpayers. The House allowed limited deductibility (\$10,000 per year) on property tax paid. The Senate includes no such exception to its repeal provision.

In two areas, the House and Senate bills are very much alike. Both include provisions designed to encourage corporations to repatriate foreign profits without setting aside the revenue gained from those provisions for infrastructure. Both bills eliminate the deductibility of interest paid on advance refunding bonds. Such bonds are used frequently by public agencies when interest rates have declined since the original issuance of a bond.

The Senate Finance Committee will begin work on the legislation next week and it is expected on the Senate floor before Thanksgiving. While it may get on to the Senate floor before Thanksgiving, the potential that it will be passed before the holiday is slim.

Over on the House side, the Ways and Means Committee approved its version of the "Tax Cuts and Jobs Act." There were no changes in Committee to the provisions discussed in last week's report affecting infrastructure.

The bill will come to the House floor next week in a political environment very much different from the one in which it was introduced just a week ago. Sweeping victories by Democrats in a number of states in Tuesday's election have been interpreted as a rebuke to the President and his party. House Republican Members in suburban districts are demonstrably more nervous this week than they were last week. The could mean that House Republican members whose constituents are affected by the demise of the state and local tax deduction may feel the need to vote no on the bill on the House floor. According to statements by House leaders, there will be no opportunity to amend the bill on the floor. While these defections could make the vote closer than expected, it still appears the votes are there on the Republican side to pass the measure.

On the Senate side, there also is some added queasiness among Republican leaders. In a chamber where they can only spare two votes on their side, a few Republican Senators have expressed some misgivings about the tax cuts on the basis that they may increase the deficits. One Republican Senator, Rand Paul, has said he will be absent for several weeks to recover from injuries sustained in an altercation with a neighbor in Kentucky. So, it appears there will be time required to tweak the Senate version to satisfy a sufficient numbers of Senators. As with the House, it is a good bet that leaders will find at least 50 votes. With Vice President Pence in the wings waiting to cast the deciding vote, that would be sufficient.

A House-Senate conference will not be a cakewalk. The Senate will insist on the provisions it included which it feels are essential to complying with their reconciliation rules. Many House Members will object to that, particularly with regard to the phase-in over the corporate income tax reduction.

The combination of the tax cut debate and the spending debate will make for a very interesting holiday season in Washington.

Shutdown Threat Continues with “Dreamers” at the Center

Legislation to appropriate funds for all government agencies may be held hostage in December if Congress fails to pass a bill to provide relief for “dreamers” under the DACA program. The pressure for a deal on the immigration issue ratcheted up this week as groups of House Members on both sides of the aisle urged action on DACA by the end of the year.

A group of 24 House Democrats signed an op-ed in “The Hill” newspaper saying they would not support a year-end spending package unless the DACA fix is accomplished. From the Republican side came a letter from 14 Members which, while not threatening to withhold votes for the spending bill, called for a solution to the DACA issue by the end of the year.

These two demonstrations of support for a DACA fix demonstrate the challenge House leaders will have in getting a spending bill done at the end of the year if they do not deal with DACA. Omnibus spending bills typically do not fare well on the Republican side of the House because of their sheer size and the inclusion of spending distasteful to numerous Members. The need of Republican leaders to find Democratic votes for the measure may well drive them to solve the dreamers issue.

Some Republican leaders have demonstrated an interest in calling the Democrats’ bluff on the assumption Democrats would be blamed for a shutdown, but this week’s election results in Virginia, Washington, New York suburbs, Maine, and elsewhere will most likely cause leadership to be cautious about risking any blame for a shutdown falling on their shoulders. The safer bet will be for them to enact the DACA fix—which is widely popular—and prevent any blowback on that issue for their Members.

Potential Grows for Continuing Resolution

As another week has passed without agreement among congressional leaders on the top line spending numbers in FY 2018 for defense and non-defense discretionary spending, it is becoming less likely that a final spending package for the fiscal year can be finished by the December 8 expiration of the current continuing resolution. If a continuing resolution is needed, it is unlikely there will be sufficient support for anything that extends beyond December 31.



DECEMBER 15, 2017, DRAFT BOARD BUSINESS AGENDA

ITEM NO.	RECOMMENDATION
<p>+1. APPROVAL OF MEETING MINUTES</p> <p>+1A. November 3, 2017, Board Policy Meeting Minutes +1B. November 17, 2017, Board Business Meeting Minutes</p>	<p>APPROVE</p>
<p>2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS</p> <p>Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Other public comments will be heard during the items under the heading "Reports." Anyone desiring to speak shall reserve time by completing a "Request to Speak" form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Public speakers are limited to three minutes or less per person. Board members also may provide information and announcements under this agenda item.</p>	
<p>+3. ACTIONS FROM POLICY ADVISORY COMMITTEES (Victoria Stackwick)</p> <p>This item summarizes the actions taken by the Policy Advisory Committees since the last Board Business Meeting. The Board of Directors is asked to ratify these actions.</p>	<p>APPROVE</p>
CONSENT	
<p>+4. APPROVAL OF PROPOSED SOLICITATIONS AND CONTRACT AWARDS (Laura Coté)</p> <p>The Board of Directors is asked to review and approve the proposed solicitations and contract awards summarized in the attached reports.</p> <p>+4A. Solicitations +4B. Contract Awards</p>	<p>APPROVE</p>

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|-----|---|-------------|
| +5. | REVISED 2018 BOARD OF DIRECTORS AND POLICY ADVISORY COMMITTEE ANNUAL MEETING CALENDAR (Victoria Stackwick) | APPROVE |
| | The Board of Directors is asked to approve the revised 2018 Board and Policy Advisory Committee annual meeting calendar. | |
| +6. | FY 2017 TRANSPORTATION DEVELOPMENT ACT AUDIT EXTENSION REQUEST (Lisa Kondrat-Dauphin) | APPROVE |
| | The Board of Directors is asked to approve the proposed FY 2017 Transportation Development Act audit extension request. | |
| +7. | REVISED FY 2018 WEIGHTED VOTING FORMULA (Julie Wiley)* | INFORMATION |
| | In accordance with Assembly Bill 805, this report outlines the recomputed weighted voting formula for the Board of Directors as of January 1, 2018. | |
| +8. | REPORT ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG (Victoria Stackwick) | INFORMATION |
| | Board members will provide brief reports orally or in writing on external meetings and events attended on behalf of SANDAG since the last Board Business meeting. | |
| +9. | REPORT SUMMARIZING DELEGATED ACTIONS TAKEN BY THE EXECUTIVE DIRECTOR (André Douzdjian)* | INFORMATION |
| | In accordance with various SANDAG Board Policies, this report summarizes certain delegated actions taken by the Executive Director since the last Board Business meeting. | |

CHAIR'S REPORT

- | | | |
|------|--|---------|
| +10. | ELECTION OF 2018 SANDAG BOARD OFFICERS* | APPROVE |
| | Nominations for any officer position may be made by Board members at the meeting. The Board of Directors is asked to elect the 2018 SANDAG Chair and Vice Chair. | |

REPORTS

- | | | |
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| +11. | PROPOSED NEW BOARD POLICY NO. 039: AUDIT POLICY ADVISORY COMMITTEE AND AUDIT ACTIVITIES (Vice Chair Terry Sinnott; Julie Wiley, Diane Eidam)* | APPROVE |
| | The Executive Committee recommends that the Board of Directors approve the proposed new Board Policy No. 039: SANDAG Audit Policy Advisory Committee and Audit Activities. | |

- +12. **TransNet TEN-YEAR COMPREHENSIVE PROGRAM REVIEW** DISCUSSION
 (Mayor Jim Desmond, Transportation Committee Chair; Ariana zur Nieden; Cathy Brady, Sjoberg Evashenk Consulting, Inc.)*
 The *TransNet* Extension Ordinance requires that the Board of Directors, acting as the San Diego County Regional Transportation Commission, periodically evaluate the performance of the overall *TransNet* Program.
- +13. **REGIONAL GROWTH FORECAST METHODOLOGY – SAN DIEGO FORWARD: THE 2019 REGIONAL PLAN** INFORMATION
 (Mayor Mary Salas, Regional Planning Committee Chair; Ray Major, Charles "Muggs" Stoll)
 Staff will present the methodology being used to develop the Regional Growth Forecast for San Diego Forward: The 2019 Regional Plan.
- +14. **TransNet SMART GROWTH INCENTIVE PROGRAM AND ACTIVE TRANSPORTATION GRANT PROGRAM: CYCLE 4 CALLS FOR PROJECTS** APPROVE
 (Mayor Jim Desmond, Transportation Committee Chair; Mayor Mary Salas, Regional Planning Committee Chair; Carolina Ilic)
 The Board of Directors is asked to approve the evaluation criteria, and release the Calls for Projects for the Cycle 4 *TransNet* Smart Growth Incentive Program and Active Transportation Grant Program.
- +15. **AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM: PROPOSED SANDAG PROJECT SUBMITTAL** APPROVE
 (Mayor Mary Salas, Regional Planning Committee Chair; Coleen Clementson)
 The Regional Planning Committee recommends that the Board of Directors: (1) approve the proposed SANDAG role in the Affordable Housing and Sustainable Communities (AHSC) evaluation process; and (2) approve the submission of the proposed application to the AHSC Program in collaboration with Community Housing Works.
- +16. **MEMORANDUM OF AGREEMENT WITH CITY OF LA MESA: TransNet DEBT FINANCING PROGRAM** APPROVE
 (Mayor Jim Desmond, Transportation Committee Chair; Lisa Kondrat-Dauphin)*
 The Transportation Committee recommends that the Board of Directors authorize the Executive Director to execute a Memorandum of Agreement with the City of La Mesa to issue \$2 million in commercial paper through the *TransNet* Debt Financing Program.
17. **CONTINUED PUBLIC COMMENTS**
 If the five-speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

18. UPCOMING MEETINGS

INFORMATION

The next Board Policy meeting is scheduled for Friday, January 12, 2018, at 10 a.m. The next Board Business meeting is scheduled for Friday, January 26, 2018, at 9 a.m.

19. ADJOURNMENT

+ next to an agenda item indicates an attachment

* next to an agenda item indicates that the Board of Directors also is acting as the San Diego County Regional Transportation Commission for that item



**EXECUTIVE COMMITTEE
DECEMBER 1, 2017**

**ACTION REQUESTED: DISCUSSION/
POSSIBLE ACTION**

**ANNUAL REVIEW AND PROPOSED AMENDMENTS
TO BOARD POLICIES**

File Number 8000100

Introduction

Each year the Office of General Counsel solicits requests from Board leadership and staff for any suggested changes to Board Policies or Bylaws, and reviews these documents to determine if updates or changes should be recommended to the Board of Directors. This report outlines proposed Board Policy amendments for review by the Executive Committee, including both general proposed updates to Board Policies as well as proposed improvements specifically related to the Plan of Excellence. In particular, amendments to Board Policies No. 015: Records Management, and No. 025: Public Participation Plan Policy are proposed to support the transparency and document retention and training elements of the Plan.

Item No. 6 on the Executive Committee agenda proposes a new Board Policy related to the creation of an Audit Policy Advisory Committee and independent performance auditor position. All other proposed amendments to Board Policies and Bylaws related to Assembly Bill 805 (Gonzalez Fletcher) are scheduled to be presented to the Executive Committee for review in January 2018.

Discussion

The significant changes for each of the Board Policies proposed for amendment are discussed below. The actual language changes are tracked in the attached draft versions of the Board Policies.

Proposed General Board Policy Amendments

Board Policy No. 003: Investment Policy (Attachment 1)

The Director of Finance, in consultation with the SANDAG investment advisors, Public Financial Management (PFM), and Cutwater Asset Management, has reviewed Board Policy No. 003. Based on that review, amendments to various sections of this policy are proposed pertaining to required credit

Recommendation

The Executive Committee is asked to: (1) discuss the proposed Board Policy amendments (Attachments 1 through 7), and either recommend that the Board of Directors approve the proposed amendments, or direct staff to return to the Executive Committee for further discussion or review; and (2) recommend that the Board of Directors renew the annual delegation of authority to the Executive Director pursuant to Board Policy No. 003: Investment Policy (Attachment 1), and its approval of Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy (Attachment 5).

ratings of specified investment instruments. These proposed changes are consistent with recent amendments to Government Code Section 53601, which addresses allowable investment instruments for local agencies, and allows local officials to invest in some investment instruments only if the instrument receives a specified rating from a nationally recognized statistical rating organization like Fitch, Moody's, or Standard & Poor's. Neither the Government Code amendments nor the proposed amendments to the Policy loosen any of the specified investment ratings requirements. Instead, these amendments are intended to clarify ambiguities in how to apply the mandated investment ratings requirements.

Section 5.1 of Board Policy No. 003 calls for the Board to renew its delegation of authority to the Executive Director for conducting investments on behalf of SANDAG on an annual basis subject to the limitations set forth in the policy. The Executive Committee is asked to recommend that the Board of Directors renew this delegation for the coming year.

Board Policy No. 007: Equal Employment Opportunity (EEO) And Disadvantaged Business Enterprise (DBE) Programs (Attachment 2)

Amendments are proposed to Section 2.7 of Board Policy No. 007 to delete reference to Employment Utilization Reports. A recent review of the EEO process noted a duplicative procedure whereby similar EEO information already was available via another form and process. By deleting this form, SANDAG is able to manage a more efficient process. Contractual language will continue to be included in agreements that allow for SANDAG to request additional EEO information if necessary. The requirement for submittal of DBE Final Utilization Reports would remain in place.

Board Policy No. 011: Travel Expenses (Attachment 3)

The proposed amendments to Board Policy No. 011 would update the maximum reimbursement rates for lodging and food expenses for Sacramento (from \$300 to \$350 per day) and Washington, D.C. (from \$352 to \$380 per day). These are the cities where SANDAG staff and Board members travel most frequently, and the proposed updated rates are reflective of actual expenses incurred in the recent past.

Board Policy No. 012: SANDAG Service Bureau (Attachment 4)

Amendments are proposed to various sections of this policy. Under the "Project Priorities and Procedures" section, a new Paragraph 3 is proposed to be added that would reserve the right to deny any request for service that is beyond the capabilities of SANDAG staff, data, or models. This is based on a recognition that the Service Bureau's models are not designed to be applied to smaller-scale development projects. Additionally, Paragraph 5 is proposed to be amended to clarify that final work products of the Service Bureau are subject to public disclosure in accordance with the mandates and limitations of the California Public Records Act (CPRA).

A new Paragraph 6 is proposed to be added to this section to implement direction from the Executive Committee at its May 12, 2017, meeting establishing an Eight-Year Lifecycle Policy for transportation modeling services requested through the SANDAG Service Bureau, effectively limiting Service Bureau support to the current version of the transportation model and one prior release.

Under the "Fees, Charges, and Pricing Policies" portion of the policy, current language calls for use of a written agreement only when the cost of Service Bureau work exceeds \$10,000. Recognizing that written agreements provide clarity on the conditions under which work is undertaken, proposed

amendments would provide that all Service Bureau work shall be done pursuant to a written agreement specifying, at a minimum, the cost, scope, and schedule of the work to be performed. These agreements would be scaled relative to the complexity of each project to provide a balance of administrative efficiency and risk mitigation.

Paragraph 2 of the "Conflicts" section of the policy currently sets forth limitations on providing products and services "directly dealing with legislative matters, propositions, or candidates for public office." Proposed amendments to this section would increase the scope of what is recognized as a political conflict, thereby prohibiting Service Bureau work "if the subject matter of the request is or is reasonably expected to be the subject of any filing with the San Diego County Registrar of Voters or applicable filing authority regarding an upcoming election." Because application of this standard would involve a measure of staff discretion, a new Section 4 is proposed that would allow a right of appeal to be submitted to the Executive Committee (as the Service Bureau's governing body) of any denial of a Service Bureau project request.

Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy (Attachment 5)

All Board Policies typically are reviewed by SANDAG management on an annual basis for potential changes, but Board Policy No. 032 has a specific requirement for annual review. Section 1 of the Policy provides in part: "The Interest Rate Swap Policy shall be reviewed and updated at least annually and presented to the Board of Directors for approval."

This Policy was reviewed by management and the SANDAG Financial Advisor, PFM. Based on this review, no changes are proposed.

Proposed Board Policy Amendments Supporting the Plan of Excellence

Board Policy No. 015: Records Management (Attachment 6)

As part of the Plan of Excellence presented to the Board of Directors on November 3, 2017, and in response to recent case law related to the CPRA, SANDAG staff has completed a comprehensive review of Board Policy No. 015, which outlines procedures for management of SANDAG records. Extensive amendments are being proposed; many of the edits are minor and can be considered reorganizing or clean-up based upon changes to current law and SANDAG practices. The more significant proposed changes to the policy help to implement the "Transparency of Data and Processes" and "Document Retention and Training" elements of the Plan of Excellence and are described in more detail below.

- Language is proposed in Section 1 to clarify that Board Policy No. 015 is applicable to both SANDAG employees and non-SANDAG employees who act on SANDAG's behalf. Non-SANDAG employees generally are defined as the Board of Directors and committee members as well as those who do business with SANDAG, such as consultants and contractors.
- The term "SANDAG Business Record" is proposed to Section 3.1 to better define the types of records SANDAG staff would collect and review in response to a CPRA request. Additionally, information was added to better define what California law does not consider to be public records, such as personal correspondence unrelated to work.
- Clarification to Section 3.1 is proposed regarding the potential disclosure of records on personal devices that are used for work purposes. Both SANDAG employees and non-SANDAG employees

using personal devices for work purposes are expected to provide requested records to SANDAG staff after conducting a reasonable search of their own personal files, accounts, and devices for responsive material.

- Additional language is proposed for Sections 3.2 through 3.6 regarding records retention and disposal of records, including the need to preserve records when a CPRA request is received (Section 3.6).
- An amendment to Section 3.5 is proposed to formalize the requirement for annual public records training for all employees to ensure all staff are aware of SANDAG retention policies and procedures.
- Language is proposed for Sections 3.7 and 4 to better inform staff of proper file maintenance including keeping files organized and in approved locations.

Board Policy No. 025: Public Participation Plan Policy (Attachment 7)

SANDAG Board Policy No. 025 provides an overview of the principles and practices SANDAG uses to engage the public. The proposed amendment to this policy supports implementation of the Plan of Excellence. The focus of the amendment is on increased transparency and a recognition that the public has a right to expect SANDAG to conduct business in an efficient, fair, and impartial manner and with the upmost integrity to promote and maintain the public's confidence and trust.

As required under 23 CFR Section 450.316, changes to this policy are subject to a 45-day public comment period prior to final approval. Pending consideration by the Executive Committee, the proposed amendments to this Policy will be released for public comment through newspapers, the SANDAG website, and social media. Any public comments received would be included for the Board's consideration when it reviews the proposed amendments to this Policy in early 2018.

JOHN F. KIRK
General Counsel

- Attachments:
1. Board Policy No. 003: Investment Policy
 2. Board Policy No. 007: Equal Employment Opportunity (EEO) and Disadvantaged Business Enterprise (DBE) Programs
 3. Board Policy No. 011: Travel Expenses
 4. Board Policy No. 012: SANDAG Service Bureau
 5. Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy
 6. Board Policy No. 015: Records Management
 7. Board Policy No. 025: Public Participation Plan Policy

Key Staff Contact: John F. Kirk, General Counsel, (619) 699-1997, john.kirk@sandag.org

**BOARD POLICY No. 003****INVESTMENT POLICY****1. Introduction**

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy, and to organize and formalize investment-related activities.

The investment policies and practices of the San Diego Association of Governments (SANDAG) are based upon state law and prudent money management. All funds will be invested in accordance with the SANDAG Investment Policy and the California Government Code. The investment of bond proceeds will be further governed by the provisions of relevant bond documents.

2. Scope

It is intended that this policy cover all funds and investment activities, with the exception of bond proceeds, under the direction or care of SANDAG, including funds of the San Diego County Regional Transportation Commission, SourcePoint, the SANDAG chartered nonprofit corporation, and the Automated Regional Justice Information System (ARJIS). Investment of bond proceeds shall be subject to the conditions and restrictions of bond documents and Treasury regulations related to arbitrage restrictions on tax-exempt bonds.

3. Prudence

All persons authorized to make investment decisions on behalf of SANDAG are trustees and therefore fiduciaries subject to the prudent investor standard: "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4. Objectives

- 4.1 *Safety.* Safety of principal is the foremost objective of the investment program. Investments of SANDAG shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- 4.2 *Liquidity.* The investment portfolio of SANDAG will remain sufficiently liquid to enable SANDAG to meet its cash flow requirements.
- 4.3 *Return on Investment.* The investment portfolio of SANDAG shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

5. Delegation of Authority

- 5.1. The Board of Directors delegates the authority to invest or to reinvest funds, or to sell or exchange securities so purchased, to the Executive Director for a one-year period. The Executive Director is charged with the responsibility for carrying out the policies of the Board of Directors and shall assume full responsibility for investment transactions until the delegation of authority is revoked or expires. In accordance with the SANDAG established system for internal control, all financial transactions of SANDAG require the signature of at least two individuals authorized by the Executive Director.
- 5.2. For the purposes of carrying out this investment policy, any two of the following individuals, unless delegated per Section 5.5, are hereby authorized to make investment decisions, in strict accordance with this investment policy, on behalf of SANDAG:

Executive Director

Chief Deputy Executive Director

Director of Finance

Finance Manager

TransNet Department Director

Such other individuals authorized, in writing, by the Executive Director

- 5.3. All accounts established for the purpose of investing SANDAG funds shall require the written authorization of the Executive Director.
- 5.4. No single individual, acting alone, may engage in an investment activity, except for an authorized investment advisor/manager with discretionary authority delegated per Section 5.5.
- 5.5. The Executive Director may delegate investment management and decision authority, via written agreement, to one or more professional investment advisors/managers who are duly qualified and registered with the Securities and Exchange Commission under the

Investment Advisers Act of 1940. All agents engaged in this capacity shall make all investment decisions and transactions in strict accordance with state law and this investment policy.

- 5.6. The daily management responsibility for the investment program is assigned to the Director of Finance, who shall monitor and review all investments for consistency with this investment policy.

6. Ethics (Conflict of Interest)

Officers, employees and agents thereof involved in the investment process shall comply with state law and refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

7. Selection of Financial Institutions and Broker/Dealers

- 7.1. SANDAG shall transact business only with banks, savings and loan associations, and registered investment securities dealers. The purchase by SANDAG of any investment other than those purchased directly from the issuer shall be either from an institution licensed by the State as a broker/dealer, as defined in Section 25004 of the Corporation Code, who is a member of the Financial Industry Regulatory Authority, or a member of a federally regulated securities exchange, a National or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank. The Director of Finance shall investigate all institutions that wish to do business with SANDAG, in order to determine if they are adequately capitalized, make markets in securities appropriate to the needs of SANDAG, and agree to abide by the conditions set forth in the SANDAG Investment Policy.
- 7.2. The Director of Finance shall maintain a list of authorized broker/dealers and financial institutions which are approved for investment purposes, and it shall be the policy of SANDAG to purchase securities only from those authorized institutions and firms. If SANDAG has contracted investment advisors/managers, the Director of Finance may approve and use a list of authorized broker/dealers provided by the investment advisor/manager.

8. Permitted Investment Instruments

- 8.1. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Government Code §53601 states that when there is a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Credit requirements listed in the investment policy apply at the time of purchase. In the event a security held by SANDAG is subject to a credit rating change that brings it below the minimum credit ratings specified for purchase, the Director of Finance shall review the security. The course of action to be followed will then be decided by the Director of Finance and either the Executive Director or the Chief Deputy Executive Director on a case-by-case basis, considering such factors as the reason for the change,

prognosis for recovery or further rate drops, and the market price of the security. Any credit rating changes below the minimum credit ratings specified for purchase will be reported to the Board of Directors with the next Quarterly Investment Report, along with the findings and any actions taken.

- 8.2. **Treasury Obligations:** notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- 8.3. **Federal Agencies and U.S. Government Sponsored Enterprises:** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- 8.4. **State Municipal Obligations:** Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the states. Such obligations must be rated A-1/P-1, or its equivalent or better short-term; or in a rating category of Aa/AA or its equivalent or better long-term by at least one of the nationally recognized statistical-rating organizations.
- 8.5. **Local Agency Obligations:** Bonds, notes, warrants, or other evidences of indebtedness issued by any local agency within the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Such obligations must be rated A-1/P-1, or its equivalent or better short-term; or in a rating category of Aa/AA or its equivalent or better long-term by one of the nationally recognized statistical-rating organizations.
- 8.6. **Repurchase Agreements:** Repurchase Agreements used solely as short-term investments not to exceed 90 days.
 - 8.6.1 The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to SANDAG's custodian bank or handled under a properly executed tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102 percent of the total dollar value of the money invested by SANDAG for the term of the investment. Since the market value of the underlying securities is subject to daily fluctuation, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.
 - 8.6.2 Market value must be calculated each time there is a substitution of collateral.
 - 8.6.3 SANDAG or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

8.6.4 SANDAG may enter into Repurchase Agreements with (1) primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York, and (2) California and non-California banking institutions having assets in excess of \$1 billion and in the highest short-term rating category, as provided by one of the nationally recognized statistical-rating organizations.

8.6.5 SANDAG will have properly executed a Securities Industry and Financial Markets Association (SIFMA) agreement with each firm with which it enters into Repurchase Agreements.

8.7. **Bankers' Acceptances:** Bankers' Acceptances issued by domestic banks or domestic branches of foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest rating category by one of the nationally recognized statistical-rating organizations. Purchases of Bankers' Acceptances may not exceed 180 days maturity or 40 percent of SANDAG surplus money. No more than 10 percent of SANDAG surplus funds may be invested in the Bankers' Acceptances of any one commercial bank.

8.8. **Commercial Paper:** Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

a) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a nationally recognized statistical-rating organization.

b) The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. No more than 10 percent of SANDAG surplus funds may be invested in Commercial Paper of any one U.S. corporation.

Purchases of commercial paper may not exceed 25 percent of SANDAG surplus money which may be invested.

8.9. **Medium-Term Notes:** Medium-term notes, defined as all corporate and depository institution securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or depository institutions licensed by the United States or any state and operating within the United States.

Medium-term notes shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized statistical-rating organization.

Purchase of medium-term corporate notes may not exceed 30 percent of SANDAG surplus money. No more than 10 percent of SANDAG surplus funds may be invested in the Medium-Term Notes of any one corporation.

8.10. **Certificates of Deposit:** The maximum term for certificates of deposit shall be five years. The combined amount invested in negotiable certificates of deposit and certificates of deposit shall not exceed 30 percent of SANDAG surplus money.

8.10.1 **Negotiable Certificates of Deposit:** Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank or by a federally licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated in a rating category of "A" or its equivalent or better by one of the nationally recognized statistical-rating organizations.

8.10.2 **Nonnegotiable Certificates of Deposit:** Nonnegotiable certificates of deposit shall meet the conditions in either paragraph (a) or paragraph (b):

(a) Certificates of deposit shall meet the requirements for deposit under Government Code Section 53635 et. seq. To be eligible to receive SANDAG deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided in Government Code Section 53635.2. Deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The Director of Finance, at his or her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. SANDAG shall have a signed agreement with the depository per Government Code Section 53649.

(b) Certificates of deposit placed through a deposit placement service shall meet the requirements of Government Code Section 53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance.

8.11. **State of California's Local Agency Investment Fund:** State of California's Local Agency Investment Fund (LAIF) may be invested in for the benefit of local agencies up to the current limit set by LAIF for regular accounts. For ongoing due diligence, the Director of Finance shall maintain on file a copy of LAIF's current investment policy and its requirements for participation, including limitations on deposits or withdrawals.

8.12. **San Diego County Treasurer's Pooled Investment Fund:** Deposits in the County pooled investment fund shall be limited to the dollar maximums of the State LAIF. For ongoing due diligence, the Director of Finance shall maintain on file a copy of the County

pool's current investment policy and its requirements for participation, including limitations on deposits or withdrawals.

- 8.13. **Savings/Money Market Accounts:** Savings/Money Market Accounts deposits placed with commercial banks and savings and loans in California. The amount on deposit shall not exceed the shareholder's equity in the financial institution. To be eligible to receive SANDAG deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided in Government Code Section 53635.2. Deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The Director of Finance, at his or her discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. SANDAG shall have a signed agreement with the depository per Government Code Section 53649.
- 8.14. **California Asset Management Program:** Shares in a portfolio of the California Asset Management Program, so long as the portfolio is rated among the top two rating categories by one of the nationally recognized statistical-rating organizations. For ongoing due diligence, the Director of Finance shall maintain on file a copy of the Program's current information statement to include its requirements for participation, including limitations on deposits or withdrawals.
- 8.15. **Money Market Funds:** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally-recognized statistical-rating organizations, or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of \$500,000,000.

The purchase price of shares shall not include any commission that the companies may charge. The purchase of shares may not exceed 20 percent of SANDAG surplus money. For ongoing due diligence, the Director of Finance shall maintain on file a copy of the money market fund's current information statement to include its requirements for participation, including limitations on deposits or withdrawals.

- 8.16. **Mortgage and Asset-Backed Obligations:** Any mortgage pass-through security collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable-pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of having an "A" or its equivalent or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchases of securities authorized by this section may not exceed 20 percent of SANDAG surplus funds that may be invested pursuant to this section.

- 8.17. **Supranationals:** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the SANDAG funds that may be invested pursuant to this section.
- 8.18. **Ineligible Investments:** Security types which are thereby prohibited include, but are not restricted to:
- (a) Reverse repurchase agreements.
 - (b) "Complex" derivative securities such as range notes, dual index notes, inverse floating-rate notes, leveraged or deleveraged floating-rate notes, or any other complex variable-rate or structured note.
 - (c) Interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.
 - (d) Securities lending.

In the event that SANDAG possesses ineligible investments purchased prior to the adoption of this policy, SANDAG may hold these investments to their maturity dates. The limitation in this section shall not apply to SANDAG investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940.

9. Maximum Maturity

- 9.1. Investment maturities shall be based upon a review of cash flow forecasts. Maturities will be scheduled so as to permit SANDAG to meet all projected obligations.
- 9.2. Where the investment policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment. The Board authorizes the investment of endowment funds in securities exceeding five (5) years, as long as the investment has been approved by the Director of Finance and either the Executive Director or the Chief Deputy Executive Director, and the maturity of such investments does not exceed the expected use of funds.

10. Performance Standards

The investment performance of the SANDAG portfolio shall be evaluated and compared to appropriate indices in order to assess the success of the investment program. The comparable

benchmarks should be consistent with the SANDAG portfolio in terms of maturity and composition, which includes credit quality and security type.

11. Reporting Requirements

- 11.1. The Director of Finance shall submit to the Board annually a statement of investment policy, which the Board shall consider at a public meeting.
- 11.2. A monthly report of all investment transactions shall be submitted to the Board Members.
- 11.3. A quarterly investment report shall be submitted to the Board Members. The reports should include information in accordance with Section 53646(b) of the California Government Code.

12. Safekeeping and Custody

- 12.1. All security transactions, including collateral for repurchase agreements, entered into by SANDAG shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian and evidenced by safekeeping receipts.
- 12.2. The only exception to the foregoing shall be securities purchases made with: (i) LAIF, (ii) San Diego County Treasurer's Investment Pool, (iii) CAMP pool, (iv) Nonnegotiable Certificates of Deposit, (v) bank deposits, and, (vi) money market mutual funds, since the purchased securities are not deliverable. The Director of Finance shall keep a record of any funds in any of these investments.

Adopted January 2003
Amended November 2004
Amended September 2005
Amended December 2007
Amended July 2008
Amended July 2009
Amended November 2010
Amended February 2012
Amended October 2013
Amended November 2014
Amended November 2015
Amended _____



BOARD POLICY No. **007**

EQUAL EMPLOYMENT OPPORTUNITY (EEO) AND DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAMS

The purpose of this policy is to establish an equal employment opportunity program for employees and contractors.

Federal regulations require the adoption of an Equal Employment Opportunity (EEO) Program as a condition of receipt of federal funds. The SANDAG administrative manuals, policies, and procedures mandate equal employment opportunities in recruitment, hiring, and employment for applicants to, and employees of, SANDAG. SANDAG also has separate written policies which forbid discrimination and provide grievance procedures for employees and visitors to SANDAG who believe they have been a victim of discrimination. In addition, SANDAG incorporates an EEO requirement and Disadvantaged Business Enterprise (DBE) requirements in its contracts with third parties.

1. EEO and DBE Programs

- 1.1 It is the policy of SANDAG to actively recruit, hire, train, promote, and make all other employment decisions for all applicants and employees in accordance with Title VII of the Civil Rights Act of 1964, as amended. SANDAG will ensure that procedures for recruiting, selecting, hiring, promoting, training, termination, compensation, benefits, as well as decisions regarding terms and conditions of employment do not adversely affect the employment of persons protected by Title VII and, in addition, that all SANDAG hiring and promoting criteria, requirements, and tests are job-related. SANDAG will adhere to the affirmative action provisions of Executive Order 11246, the Office of Federal Contract Compliance Programs (OFCCP), the Equal Employment Opportunity Commission (EEOC) Guidelines, and all other applicable standards to the extent required by applicable law.
- 1.2 It is SANDAG policy to assure that discrimination based on race, color, religious creed (including religious dress and grooming practices), national origin, ancestry, age, gender (including gender identity and gender expression), sex (including pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), medical condition (including AIDS/HIV, history of cancer), disability (including mental or physical), genetic information, sexual orientation, marital status, military or veteran's status, or any other category protected under federal or state law does not occur in relationships that may exist between SANDAG and any employee or applicant for employment. Such relationships include, but are not limited to, recruitment, selection, hiring, promotion, compensation, benefits, terminations, transfers, layoffs, recalls, or SANDAG-sponsored training, education, or social and recreational programs.
- 1.3 It is SANDAG policy to require the contractors and consultants that it contracts with to have EEO policies in place that forbid discrimination in violation of Title VII.

- 1.4 SANDAG maintains a DBE Program as required by the Federal Transit Administration and Federal Highway Administration that sets forth a triennial goal for participation by DBEs. The Director of Administration shall serve as the Disadvantaged Business Enterprise Liaison Officer.
- 1.5 Responsibility for implementation of the EEO Program is assigned to the Director of Administration. All management personnel within SANDAG are expected to support and implement this EEO Program in performance of their job duties and responsibilities. Any employee or applicant who feels they have been discriminated against, has a right to file a complaint under SANDAG policies.
- 1.6 When developing and implementing its employment and contracting policies, SANDAG will base its decisions solely on the individual's qualifications and merit, the evaluation criteria in the solicitation, and the feasibility of any necessary accommodations.

2. Procedures

- 2.1 The Director of Administration will review employment statistics to determine whether there is a need to set goals for any under-represented groups and then recommend goals to the Executive Director if necessary.
- 2.2 The Executive Director will approve or disapprove the Director of Administration's recommendation(s) at his/her discretion.
- 2.3 The Director of Administration will maintain current contact lists of community resource organizations, community leaders, media sources, and colleges/vocational schools for the use of SANDAG staff in recruiting for employees, consultants, and contractors.
- 2.4 The Director of Administration will communicate the EEO and DBE Programs to all employees.
- 2.5 SANDAG staff will solicit community involvement by under-represented groups on issues of importance to the region that fall within its jurisdiction.
- 2.6 All SANDAG requests for proposals, requests for qualifications, and invitations for bids with federal funding will contain language encouraging participation by DBE consultants, contractors, and subcontractors.
- 2.7 Consultants and contractors awarded contracts with DBE Program goals will be required to submit ~~Employment Utilization Reports with their invoices and/or~~ a DBE Final Utilization Report with their final invoice.
- 2.8 A report on DBE Program results will be provided to the Board of Directors on an annual basis.

- 2.9 The Director of Administration will maintain records on recruitment efforts, new employees, promotional opportunities, and employee separations which document whether the affected individuals are in a class protected by Title VII.
- 2.10 The Board of Directors will review an EEO report prepared by the Director of Administration on an annual basis. The report will include employment results and a review of EEO Program goals for the upcoming year.
- 2.11 This EEO Program will be posted in employee breakrooms and will be incorporated into the SANDAG employee website.
- 2.12 All employment ads and job postings will contain a reference that SANDAG is an equal employment opportunity employer.
- 2.13 Required federal and state posters concerning EEO will be displayed in employee breakrooms.
- 2.14 All successful consultants and contractors will be notified of their obligations under the EEO and DBE Programs in their contracts with SANDAG.

Adopted June 2003

Amended November 2004

Amended December 2006

Amended December 2008

Amended November 2010

Amended February 2012

Amended January 2017

Amended



BOARD POLICY NO. **011**

TRAVEL EXPENSES

This policy is intended to establish a basis for budgeting Board member and employee attendance at conferences, training, seminars, or other meetings and provide guidelines for Board members and employees who have been approved to travel on behalf of SANDAG.

It is desirable and beneficial to SANDAG and its constituents to have Board members and employees participate in state and national activities, training, and conferences related to SANDAG's subject matter jurisdiction.

Procedures

1. Budgeting

- 1.1 Each year the Executive Director will survey the Board and committee (Board) members to ascertain their interest in attending upcoming conferences and meetings. These conferences may include legislative and annual meetings for the California Transit Association, the American Public Transit Association, and the National Association of Regional Councils, as well as California Transportation Commission meetings and legislative hearings. The Chair of the Board will make the final decision regarding who should attend all conferences and meetings. Upon return, Board members will be asked to present their experiences to the Board in order to share the knowledge obtained from their attendance.
- 1.2 Employees also may attend conferences related to their respective disciplines. The Executive Director will make the final decision regarding which employees should attend conferences and meetings within the adopted budget. Upon return, employees will submit a report to their director in order to share the knowledge obtained from their attendance.
- 1.3 Board member and employee attendance will be funded in the annual budget subject to the availability of funds and based on the results reported by previous attendees. As part of the budgeting process, the Executive Director or his/her designee will set objectives to ensure minimum representation at key conferences, and to make sure that cumulative attendance by Board members and employees at any one conference is not excessive.
- 1.4 The number of Board members or committee members attending any conference or meeting should not exceed a quorum unless this provision is specifically waived by the Board after seeking advice from legal counsel.
- 1.5 Basic travel arrangements for flights, hotels, and rental cars will be made by the Clerk of the Board or other designated staff. Board members and employees are responsible for contacting the Clerk of the Board or the designated staff if itinerary changes are

needed. Board members or employees desiring different travel arrangements will contact the Clerk of the Board or other designated staff to place her/him on notice and will be financially responsible for any costs over and above those determined by SANDAG's travel agent for the basic trip.

- 1.6 If a Board member or employee initiates a change in travel plans that is not due to a medical/death emergency by the Board member or employee, or his/her immediate family, then the Board member or employee will be responsible for the cost impacts of those changes.
- 1.7 Employees must fill out a travel request form prior to traveling out of San Diego County on SANDAG business. The project code, purpose of travel, and trip budget must be filled in on the form. The form must be approved by the Executive Director or Chief Deputy Executive Director prior to the time of travel. The Clerk of the Board or Executive Assistant will fill out the top portion of the travel request form for Board members and the Executive Director or Chief Deputy Executive Director shall determine whether to approve it. The expense report must document that expenses meet existing SANDAG policy. All documents related to reimbursable expenditures are public records subject to disclosure under state and federal law.
- 1.8 Penalties for falsifying expense reports include, but are not limited to the following:
 - 1.8.1 Loss of reimbursement privileges
 - 1.8.2 Restitution to SANDAG
 - 1.8.3 Civil penalties for misuse of public resources
 - 1.8.4 Prosecution for misuse of public funds
 - 1.8.5 Disciplinary action for employees

2. Out-of-Town Travel Expense Reimbursement

- 2.1 The lower portion of the travel request form must be used by Board members and employees to record actual trip expenses. The report must be completed within one week from the return date. For employees, the actual expenses must be approved by a department director unless a department director is the traveler, in which case the Chief Deputy Executive Director must approve the expenses. For Board members, the actual expenses must be approved by the Chief Deputy Executive Director. The form should then be forwarded to the Finance Department for processing, with a personal check attached for any funds due to SANDAG. Failure to submit expense reports within the required time frame may result in the traveler not being reimbursed or collection action being taken if money is owed to SANDAG. Late expense reports must be approved by the Chief Deputy Executive Director.
- 2.2 All expenses should be itemized, including items SANDAG may have paid for in advance so that the report provides a complete record of expenses. It is the

traveler's responsibility to submit a completed report in order to receive prompt reimbursement.

- 2.3 Receipts for expenditures must be attached to the expense report for all expenses where a receipt is practicably attainable. A receipt is mandatory for all expenses in excess of \$10 unless a written satisfactory explanation is provided. Such written explanations are subject to approval by the Finance Department.
- 2.4 Travel advances may be requested. Any travel advance shall not exceed the total estimated amount of the trip, minus any items prepaid by SANDAG, such as airfare and registration.
- 2.5 Board members and employees will be reimbursed for reasonable travel expenses up to the reimbursement amounts as stated in IRS Revenue Procedure 2011-47 Section 5. The expenditure guidelines in ~~the current IRS Revenue Procedure Notice Notice 2012-63~~ should be observed as upper limits unless the circumstances dictate otherwise and the expense is approved by a department director or the Chief Deputy Executive Director. Notwithstanding the foregoing, travel to Sacramento, California ~~and Washington, D.C.~~ will be reimbursed up to a maximum daily rate of ~~\$300-350~~ per day for lodging and food expenses and Washington, D.C. will be reimbursed up to a maximum daily rate of \$380 per day for lodging and food expenses. instead of the amounts listed in ~~the current IRS Notice 2012-63~~ Revenue Procedure Notice.
 - 2.5.1 Air Travel – Air travel is to be coach class for the most direct route. Travelers are encouraged to book at least 21 to 14 days in advance to qualify for the lowest airfares. SANDAG will cover the cost if it is more cost-effective (i.e., difference in airfare as compared to the additional cost for hotel and meals) to include a Saturday stay. Travelers should consider this option, when practical.
 - 2.5.2 Personal Auto Use – In the event that a private auto is used for the trip, mileage shall be paid at the currently established Internal Revenue Service rate. Maximum reimbursement shall not exceed the cost of using a rental car, train, or commercial airline to reach the same destination.
 - 2.5.3 Ground Transportation – In using surface transportation, the least expensive alternative must be utilized where practical. For example, an airport shuttle should be used instead of a taxi. Such transportation should be used for travel to and from the airport and for reasonable business-related trips at the location.
 - 2.5.4 Parking – SANDAG will reimburse the lesser of the parking cost for a personal auto left at the airport or the cost of a shuttle service or cab to and from the airport.
 - 2.5.5 Personal Travel – If a traveler wishes to combine SANDAG travel with personal travel, or to travel with family members, the traveler may do so, provided that it does not exceed the cost equivalent of a single-person trip.

- 2.5.6 Rental Car – Use of rental cars must be pre-approved. SANDAG only will reimburse for the cost of renting the least expensive size vehicle necessary for the number of people traveling, as well as liability insurance.
- 2.5.7 Meals – SANDAG will pay for meals while the traveler is in travel status. The maximum reimbursement amount for meals will be calculated by multiplying the applicable per diem rate in the most recent IRS Notice regarding per diem rates by the number of days of travel.
- 2.5.8 Business Meals – Reasonable business meals involving outside persons or when necessary to conduct SANDAG-related business are permitted. All such meals must be itemized with justification on the Expense Report to determine if eligible for reimbursement.
- 2.5.9 Hotel – Travelers will be reimbursed for the cost of a moderate and reasonably priced single occupancy hotel room. Travelers should request the “government rate” when making hotel reservations. If a hotel stay is needed in connection with a conference or other education activity, lodging costs shall not exceed the maximum group rate published for the conference. If the group rate is not available, the traveler must use comparable lodging.
- 2.5.10 Other Business-Related Expenses – Other business-related expenses that arise when traveling such as supplies, equipment rental, reprographics, facsimiles, and other documented business-related expenses may be reimbursed when traveling on SANDAG business and used for SANDAG purposes.
- 2.5.11 Travel Outside of the U.S. – Reimbursement for travel to a foreign country will be calculated at the average exchange rate during the trip as posted by the Federal Reserve. All reimbursement for any Value Added Taxes (VAT) charged for hotel accommodations must be reimbursed to SANDAG.
- 2.5.12 Telephone Calls – Reimbursement for telephone calls made while traveling are permitted, provided that such calls are directly related to SANDAG business. Personal calls are permitted to a maximum of \$10 per day. Calls charged to personal calling cards or wireless phone accounts may be submitted for reimbursement no later than thirty days for the time that the expense report is submitted.
- 2.5.13 Registration – Travelers requesting to attend a conference or training that requires registration should do so in sufficient time to take advantage of any discounts.
- 2.5.14 Cancellation Penalties – In the event that registration, airfare, hotel deposit, or similar items that require prepayment are paid and nonrefundable and the traveler is unable to attend, then the traveler will be responsible for reimbursing SANDAG for all prepaid amounts, unless the inability to attend is for valid medical reasons or personal emergencies, as approved by the

Executive Director for employees or the Executive Committee for Board members.

2.5.15 Nonallowable Expenses – SANDAG will not provide any reimbursement for personal entertainment expenses, travel expense for family members, movies in hotels, personal items, charitable contributions, alcohol, air travel insurance, or any other expenses not deemed necessary for business purposes. SANDAG also will not provide reimbursement for the purpose of attending political events or for expenses incurred with any private club that discriminates on the basis of race, gender, religion, sexual orientation, disability, or any other discriminatory criteria in its membership policy.

3. Local Expense Reimbursement

- 3.1 Expense reports must be submitted that record any potentially eligible expenses. The form must be submitted together with all receipts and should be submitted within thirty days of the expense being incurred. The report must describe the item or the destination (if mileage reimbursement is requested) and the purpose. The traveler should indicate which project number each item should be charged to.
- 3.2 Expenses are eligible for reimbursement if they are related to and necessary to carrying out SANDAG business. They may include, but are not limited to: phone calls, business meals or meetings, mileage, parking, and miscellaneous out-of-pocket expenses. The Director of Finance or Executive Director may disallow any extraordinary or inappropriate expense. Whenever possible, travel should be by public transportation.
- 3.3 All necessary approvals must be obtained in advance and the form must be submitted to the Finance Department for processing. Reimbursement will ordinarily occur within thirty days.

Adopted June 2003

Amended January 2006

Amended December 2006

Amended December 2008

Amended January 2010

Amended November 2012

Amended November 2015

Amended _____



BOARD POLICY NO. 012

SANDAG SERVICE BUREAU

The SANDAG Service Bureau provides informational and technical services to member agencies, nonmember government agencies, and private organizations and individuals. It is the purpose of the Service Bureau to offer products and services that meet the needs of decision makers in the public and private sectors while enhancing the quality and extent of demographic, economic, transportation, land use, criminal justice, and other information maintained in our Regional Information System (RIS). The Service Bureau may provide services through SANDAG and the SourcePoint Corporation.

The SANDAG Executive Committee serves as the Service Bureau's governing body and the Board of Directors of SourcePoint.

Project Priorities and Procedures

1. In the event that the Service Bureau is unable to respond to the number of requests for service with the available staff and other resources, the Executive Committee will be asked to set project priorities.
2. Should the meeting schedule for the Service Bureau Board cause delay that might be detrimental to the request, SANDAG's Executive Director will direct project priorities and report back to the Executive Committee at its next meeting.
3. The Service Bureau reserves the right to deny any request for service that is beyond the capabilities of SANDAG staff, data, or models.
4. The Service Bureau may respond to Requests for Proposals from public and private sources. Where appropriate, the Service Bureau may subcontract with consulting firms, following established fair business practices and SANDAG's procurement procedures.
5. All ~~Other~~ policies and procedures of SANDAG, including the Records Retention Schedule and the California Public Records Act, also will be followed, and all final work products of the Service Bureau will be subject to public disclosure pursuant to the California Public Records Act.
6. Travel demand models used for Service Bureau requests will be supported for an eight-year lifecycle. The Service Bureau will support the current version of the travel demand model adopted by the SANDAG Board of Directors as part of the most recent Regional Plan, as well as the most recent previous travel demand model. Model expiration dates will be tied to the adoption dates of regional plans. All new requests for modeling services will be conducted using the current version of the transportation model.

Fees, Charges, and Pricing Policies

1. It is the Board’s policy that the Service Bureau will seek compensation for the direct and indirect costs necessary to provide services and to maintain and enhance the Regional Information System (RIS).
2. SANDAG’s Executive Director will be responsible for establishing a fee schedule for all services provided by the Service Bureau.
3. SANDAG’s Executive Director will review the fee schedule annually and revise as necessary to ensure full cost recovery of services rendered.
4. Fees will be based upon competitive market rates. The elements that will be used to calculate the cost of any service provided through the Service Bureau will include, but are not limited to, the following:

Direct Costs

- Direct Labor
- Fringe Benefits
- Materials and Supplies
- Printing and Graphics

Indirect Costs

- General and Administrative Overhead
- Program Management
- Program Marketing
- Regional Information System Maintenance and Enhancement Fee

- ~~5. Service Bureau clients will be provided with a cost estimate for all requested products and services. This estimate and will be signed acknowledged and accepted by the client in writing or via e-mail prior to commencing any work.~~
- ~~6.5. All agreements to perform Service Bureau work requests for service in excess of \$10,000 will be in writing and implemented in the form of an agreement signed by an authorized officer of the client and SANDAG or SourcePoint prior to commencing any work. At a minimum all such agreements will include the cost, scope, and schedule of the work to be performed.~~
- ~~7.6. There will be appropriate charges made to cover costs for administration of all contracts or services that pass through funds to other organizations.~~

SANDAG Member Agencies

For voting member agencies of the SANDAG Board of Directors, projects requiring three hours or less of SANDAG staff time will be completed at no charge. All projects requiring more than three hours of SANDAG staff time will be fully reimbursed by the requesting agency.

Conflicts

1. Nothing in these policy guidelines is intended to prevent or delay the efficient and effective delivery of service to any client. SANDAG’s Executive Director has the responsibility of interpreting the policy in as fair and practical a manner as possible.

2. The Service Bureau will deny all requests for services ~~directly~~ dealing with a legislative matters, propositions, initiative, referendum, or candidates for public office if the subject matter of the request is or is reasonably expected to be the subject of any filing with the San Diego County Registrar of Voters or applicable filing authority regarding an upcoming election.
3. The Service Bureau reserves the right to refuse any request for service that it determines is, or may be, in conflict with SANDAG and SourcePoint policies and bylaws.
4. Any denial of a Service Bureau project request may be appealed to the Executive Committee.

SourcePoint: Nonprofit Arm of the Service Bureau

SourcePoint was created by SANDAG in 1982 as a nonprofit corporation. SourcePoint operates within the Service Bureau as an option for those who are required or prefer to contract with a nonprofit agency. Maintaining a nonprofit status also provides flexibility for SANDAG in applying for and accepting certain grants.

1. SourcePoint fees, services, and project priorities will be identical to those for other Service Bureau projects.
2. By mutual agreement, SANDAG will provide staff and other services to SourcePoint on a project-by-project basis, subject to full cost reimbursement for said services.
3. SourcePoint will provide SANDAG any service, assistance, or information requested by SANDAG at no cost to SANDAG.

Progress Reports

The Executive Director will periodically provide progress reports on the project activities and financial status of the Service Bureau to the Executive Committee. The Executive Committee will provide an annual progress report to the SANDAG Board of Directors.

Adopted June 2003
Amended May 2005
Amended January 2010
Amended



BOARD POLICY No. **032**

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION INTEREST RATE SWAP POLICY

The purpose of the Interest Rate Swap Policy of the San Diego County Regional Transportation Commission (SANDAG) is to establish guidelines for the use and management of interest rate swaps and options. The "Interest Rate Swap Policy" or the "Policy" is intended to provide general procedural direction regarding the use, procurement and execution of interest rate swaps. The Policy is intended to relate to various interest rate hedging techniques, including the contractual exchange of different fixed and variable rate payment streams through interest rate swap agreements and is not intended to relate to other derivative products that SANDAG may consider.

SANDAG is authorized under California Government Code Section 5922 to enter into interest rate swaps to manage the amount and duration of rate, spread, or risk when used in combination with the issuance of bonds or notes.

1. Scope and Authority

This Interest Rate Swap Policy shall govern SANDAG's use and management of all interest rate swaps and options. While adherence to this Policy is required in applicable circumstances, SANDAG recognizes that changes in the capital markets, SANDAG's programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Policy and will require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate provided specific authorization from the Board of Directors is obtained.

The Interest Rate Swap Policy shall be reviewed and updated at least annually and presented to the Board of Directors for approval. Day-to-day responsibility for management of interest rate swaps shall fall within the responsibilities of the Director of Finance.

SANDAG shall be authorized to enter into interest rate swap transactions only with qualified swap counterparties. The Director of Finance, in consultation with SANDAG's bond counsel and financial advisor, shall have authority to select the counterparties, so long as the criteria set forth in the Interest Rate Swap Policy are met.

2. Approach and Objectives

Interest rate swaps and options are appropriate interest rate management tools that can help SANDAG meet important financial objectives. Properly used, these instruments can increase SANDAG's financial flexibility, hedge exposure to interest rate risk, provide opportunities for interest rate savings or enhanced investment yields, and help SANDAG manage its balance sheet through better matching of assets and liabilities. Swaps should be integrated into SANDAG's overall debt program and should not be used for speculation or leverage.

Swaps are appropriate to use when they achieve a specific objective consistent with SANDAG's overall financial strategies. They may be used, for example, to lock in a current market fixed rate or create additional variable rate exposure. They may also be used to produce interest rate savings, to limit or hedge variable rate exposure, to alter the pattern of debt service payments or for asset/liability matching purposes. Swaps may be used to cap, limit or hedge variable rate payments. Options granting the right to commence or cancel an underlying swap may be used to the extent the swap itself is consistent with these guidelines or SANDAG determines there are other advantages to be derived in purchasing or granting the option; however, SANDAG must determine if the use of any such option is appropriate and warranted given the potential benefit, risks, and SANDAG's objectives. SANDAG, together with SANDAG's financial advisor and bond counsel, shall periodically review SANDAG's swap guidelines and recommend appropriate changes.

3. Conditions for Use of Interest Rate Swaps and Options

3.1. Rationale

SANDAG may use interest rate swaps and options if it is reasonably determined that the proposed transaction is expected to:

- 3.1.1 Optimize capital structure, including schedule of debt service payments and/ or fixed vs. variable rate allocations.
- 3.1.2 Achieve appropriate asset/liability match.
- 3.1.3 Reduce risk, including:
 - 3.1.3.1 Interest rate risk;
 - 3.1.3.2 Tax risk; or
 - 3.1.3.3 Liquidity renewal risk.
- 3.1.4 Provide greater financial flexibility.
- 3.1.5 Generate interest rate savings.
- 3.1.6 Enhance investment yields.
- 3.1.7 Manage exposure to changing markets in advance of anticipated bond issuances (through the use of anticipatory hedging instruments).

3.2. Benefit Expectation

Financial transactions, using fixed rate swaps or other derivative products, should result in debt service savings of at least 2% when compared to the projected debt service SANDAG would consider for traditional bonds or notes. This threshold will serve as a guideline and will not apply should the transaction, in SANDAG's sole judgment, meet any of the other objectives outlined herein. The debt service savings target reflects the

greater complexity and higher risk of derivative financial instruments. Such comparative savings analyses shall include, where applicable, the consideration of the probability (based on historical interest rate indices, where applicable, or other accepted analytic techniques) of the realization of savings for both the derivative and traditional structures.

For example, assuming a refunding of \$100 million of existing bonds, if a traditional fixed rate advance refunding that does not use derivative products would have a present value savings threshold of \$5.0 million, which is 5.0% of the refunded par, then a refunding structure utilizing a derivative product would have to achieve a threshold of \$7.0 million in present value savings, or 7.0% of the refunded par. Therefore, the transaction utilizing a swap or other derivative product would have to generate an additional \$2.0 million to meet the target. Such analysis should consider structural differences in comparing traditional vs. derivative alternatives, e.g., the non-callable nature of derivative transactions.

For variable rate or other swap transactions that do not result in a fixed interest rate, SANDAG will evaluate any additional value generated through the transaction in assessing the benefits of proceeding, including the ability to meet the objectives outlined herein. These benefits include, for example, managing interest rate or tax risk, optimizing the capital structure or further reducing interest expense.

In determining any benefit in implementing a fixed-to-variable swap, the cost of remarketing, in addition to the cost of credit enhancement or liquidity fees, must be added to the projected variable rate of the bonds or notes. Such a calculation should consider the trading performance of comparable bonds or notes and any trading premium resulting from a specific form of credit enhancement or liquidity and/or any impact related to broader industry trends.

3.3. Maximum Notional Amount

SANDAG will limit the total notional amount of outstanding interest rate swaps based on the proper management of risks, calculation of termination exposure, and development of a contingency plan. The total "net notional amount" of all swaps related to a bond or note issue should not exceed the outstanding or expected to be issued par amount of the related bonds or notes. For purposes of calculating the net notional amount, credit shall be given to any fixed versus variable rate swaps that offset for a specific bond or note transaction

3.4. Maximum Maturity

SANDAG shall determine the appropriate term for an interest rate swap agreement on a case-by-case basis. In connection with the issuance or carrying of bonds or notes, the term of the swap agreement between SANDAG and a qualified swap counterparty shall not extend beyond the final maturity date of the related bonds or notes.

3.5. Liquidity Considerations

SANDAG shall consider the impact of any variable rate bonds or notes issued in combination with an interest rate swap on the availability and cost of liquidity support for other variable rate programs. SANDAG recognizes that there is a limited supply of letter of credit or liquidity facility support for SANDAG's variable rate bonds or notes, and the usage of liquidity support in connection with an interest rate swap may result in higher overall financing costs. SANDAG shall consider the benefits of not using liquidity when using a fixed rate bond in conjunction with a swap to variable to create synthetic variable rate debt.

3.6. Call Option Value Considerations

When considering the relative advantage of an interest rate swap to fixed rate bonds, SANDAG will consider the value of the call option on fixed rate bonds, or the cost of including a call or cancellation option in a swap. The value derived from the ability to call bonds at a future date is foregone when using a "non-callable" swap for the remaining term of the bonds. While fixed rate bonds are typically structured with a call provision at a certain time, after which the bonds may be refunded, this opportunity may be lost through the utilization of a long-dated "non-callable" swap, impairing SANDAG's ability to reap economic savings, unless this option is specifically included under the swap.

4. Interest Rate Swap Features

4.1 Interest Rate Swap Agreement

SANDAG will use terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement. The swap agreement between SANDAG and each swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions, provisions and safeguards as SANDAG, in consultation with its bond and general counsel and financial advisor, deems necessary or desirable.

Subject to the provisions contained herein, the terms of SANDAG's swap agreement shall use the following guidelines:

4.1.1 SANDAG's downgrade provisions triggering termination shall in no event be worse than those affecting the counterparty.

4.1.2 Governing law for swaps will be New York or California.

4.1.3 The specified indebtedness related to credit events in any swap agreement should be narrowly defined and refer only to indebtedness of SANDAG that could have a materially adverse affect on SANDAG's ability to perform its obligations under the swap.

4.1.4 Collateral thresholds for the swap provider, and for SANDAG if applicable, should be set on a sliding scale reflective of credit ratings of the swap provider or guarantor. Collateral should be held by an independent third party.

4.1.5 Eligible collateral is outlined in Appendix A.

4.1.6 Termination value should be set by a "market quotation" methodology, unless SANDAG deems an alternative methodology to be appropriate.

4.1.7 SANDAG will consider the use of swap insurance to mitigate possible termination risk and also to mitigate the need for SANDAG to post collateral under the Credit Support Annex.

4.2 Interest Rate Swap Counterparties

4.2.1 Credit Criteria

SANDAG will only do business with highly rated counterparties or counterparties whose obligations are supported by highly rated parties. SANDAG will structure swap agreements to protect itself from credit deterioration of counterparties, including the use of credit support annexes or other forms of credit enhancement to secure counterparty performance. Such protection shall include any terms and conditions in SANDAG's sole discretion are necessary or appropriate or in SANDAG's best interest.

SANDAG will make its best efforts to work with qualified swap counterparties that at the time of execution of a swap transaction have a general credit rating of: (i) at least "Aa3" or "AA-" by one of the nationally recognized rating agencies and not rated lower than "A2" or "A" by any nationally recognized rating agency, or (ii) have a "AAA" subsidiary as rated by at least one nationally recognized credit rating agency. The nationally recognized rating agencies are Moody's Investors Services, Inc., Standard and Poor's Rating Services, and Fitch Ratings.

For lower rated (below "AA-") counterparties, SANDAG will seek credit enhancement in the form of:

4.2.1.1 Contingent credit support or enhancement;

4.2.1.2 Collateral consistent with the policies contained herein;

4.2.1.3 Ratings downgrade triggers; or

4.2.1.4 Guaranty of parent, if any.

In addition, qualified swap counterparties must have a demonstrated record of successfully executing swap transactions as well as creating and implementing innovative ideas in the swap market.

4.2.2 Swap Dealers

Each swap counterparty with which SANDAG executes a swap transaction will be registered with the Commodity Futures Trading Commission (“CFTC”) as a “swap dealer.”

4.3 Limitations on Termination Exposure to a Single Counterparty

In order to diversify SANDAG’s counterparty credit risk, and to limit SANDAG’s credit exposure to any one counterparty, limits will be established for each counterparty based upon both the credit rating of the counterparty as well as the relative level of risk associated with each existing and proposed swap transaction. The guidelines below provide general termination exposure guidelines with respect to whether SANDAG should enter into an additional transaction with an existing counterparty. SANDAG may make exceptions to the guidelines at any time to the extent that the execution of a swap achieves one or more of the goals outlined in these guidelines or provides other benefits to SANDAG. In general, the maximum Net Termination Exposure, as defined below, to any single counterparty should be set so that it does not exceed a prudent level as measured against the available financial resources of SANDAG.

Such guidelines will also not mandate or otherwise force automatic termination by SANDAG or the counterparty. Maximum Net Termination Exposure is not intended to impose retroactively any terms and conditions on existing transactions. Such provisions will only act as guidelines in making a determination as to whether or not a proposed transaction should be executed given certain levels of existing and projected net termination exposure to a specific counterparty. Additionally, the guidelines below are not intended to require retroactively additional collateral posting for existing transactions. Collateral posting guidelines are described in the “Collateral Requirements” section below. The calculation of net termination exposure per counterparty will take into consideration multiple transactions, some of which may offset the overall exposure to SANDAG.

Under this approach, SANDAG will set limits on individual counterparty exposure based on existing as well as new or proposed transactions. The sum of the current market value and the projected exposure shall constitute the Maximum Net Termination Exposure. For outstanding transactions, current exposure will be based on the market value as of the last quarterly swap valuation report provided by the financial advisor. Projected exposure shall be calculated based on the swap’s potential termination value taking into account possible adverse changes in interest rates as implied by historical or projected measures of potential rate changes applied over the remaining term of the swap.

For purposes of this calculation, SANDAG shall include all existing and projected transactions of an individual counterparty and all transactions will be analyzed in aggregate such that the maximum exposure will be additive.

The exposure thresholds, which will be reviewed periodically by SANDAG to ensure that they remain appropriate, will also be tied to credit ratings of the counterparties and whether or not collateral has been posted as shown in the table below. If a counterparty

has more than one rating, the lowest rating will govern for purposes of the calculating the level of exposure.

The following chart provides the Maximum Net Termination Exposure to a swap counterparty given the lowest credit rating.

Credit Rating Category	Maximum Collateralized Exposure	Maximum Uncollateralized Exposure	Maximum Total Termination Exposure
AAA	Not applicable	\$50 million	\$100 million
AA	\$50 million	\$50 million	\$100 million
A	\$30 million	\$15 million	\$45 million
Below A	\$30 million	None	\$30 million

If the exposure limit is exceeded by a counterparty, SANDAG shall conduct a review of the exposure limit per counterparty. SANDAG, in consultation with its bond counsel and financial advisor, shall explore remedial strategies to mitigate this exposure.

4.4 Collateral Requirements

As part of any swap agreement, SANDAG may require collateralization or other forms of credit enhancements to secure any or all swap payment obligations. As appropriate, SANDAG may require collateral or other credit enhancement to be posted by each swap counterparty under the following circumstances:

4.4.1 Each counterparty to SANDAG may be required to post collateral (subject to applicable thresholds) if the credit rating of the counterparty or parent falls below the "AA" category. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the Credit Support Annex of the ISDA Agreement between each counterparty and SANDAG.

4.4.2 Threshold amounts shall be determined by SANDAG on a case-by-case basis. SANDAG will determine the reasonable threshold limits for the initial deposit and for increments of collateral posting thereafter.

4.4.3 In determining maximum uncollateralized exposure, SANDAG shall also consider and include, as applicable, financial exposure to the same corporate entities that it may have through other forms of financial dealings, such as securities lending agreements and commercial paper investments.

4.4.4 Collateral shall be deposited with a third party trustee, or as mutually agreed upon between SANDAG and the counterparty.

4.4.5 A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of

the swap agreement with each swap counterparty. A complete list of acceptable securities and valuation percentages are included as Attachment A.

4.4.6 The market value of the collateral shall be determined on at least a weekly basis, or more frequently if SANDAG determines it is in SANDAG's best interest given the specific collateral security.

4.4.7 SANDAG shall determine on a case-by-case basis whether other forms of credit enhancement are more beneficial to SANDAG.

4.5 Swap Insurance

If, after a cost/benefit analysis, it is determined that it would be beneficial to insure the interest rate swap, swap insurance will be pursued.

4.6 Security and Source of Repayment

SANDAG will generally use the same security and source of repayment (pledged revenues) for the interest rate swap as is used for the related bond or note issue.

4.7 Prohibited Interest Rate Swap Features

SANDAG will not use interest rate swaps that are: (i) speculative or create extraordinary leverage or risk, (ii) lack adequate liquidity to terminate without incurring a significant bid/ask spread, (iii) provide insufficient price transparency to allow reasonable valuation, or (iv) are used as investments.

5. Evaluation and Management of Interest Rate Swap Risks

Prior to the execution of any swap transaction, SANDAG's Director of Finance, financial advisor and bond counsel shall evaluate the proposed transaction and report the findings to SANDAG's Board. Such a review shall include the identification of the proposed benefit and potential risks. As part of this evaluation, SANDAG shall compute the Maximum Net Termination Exposure to the proposed swap counterparty.

5.1 Evaluation Methodology

SANDAG will review the following areas of potential risk for new and existing interest rate swaps:

Type of Risk
Basis Risk
Tax Risk
Counterparty Risk
Termination Risk

Type of Risk
Rollover Risk
Liquidity Risk
Credit Risk

5.2 Managing Interest Rate Swap Risks

5.2.1 Annual Report to the Board

Staff will evaluate the risks associated with outstanding interest rate swaps at least annually and provide a written evaluation to the Board of Directors. This evaluation will include the following information:

- 5.2.1.1 A description of all outstanding interest rate swaps, including related bond series, types of swaps, rates paid and received by SANDAG, existing notional amount, average life and remaining term of each swap agreement and the current termination value of outstanding swaps.
- 5.2.1.2 Separately for each swap, the actual debt service requirements versus the projected debt service on the swap transaction. For any swap used as part of a refunding, the actual cumulative savings versus the projected savings at the time the swap was executed.
- 5.2.1.3 The credit ratings of each swap counterparty, parent, guarantor and credit enhancer insuring the swap payments, if any.
- 5.2.1.4 Actual collateral posting by swap counterparty, if any, per swap agreement and in total by swap counterparty.
- 5.2.1.5 Information concerning any material event involving outstanding swap agreements, including a default by a swap counterparty, counterparty downgrade or termination.
- 5.2.1.6 An updated contingency plan to replace, or fund a termination payment in the event an outstanding swap is terminated.
- 5.2.1.7 The status of any liquidity support used in connection with interest rate swaps, including the remaining term and current fee.

SANDAG shall review the Interest Rate Swap Policy with the Board at least annually.

5.2.2 Contingency Plan

SANDAG shall determine the termination exposure of each of its swaps and its total swap termination payment exposure at least annually and prepare a contingency

plan to either replace the swaps or fund the termination payments, if any, in the event one or more outstanding swaps are terminated. SANDAG shall assess its ability to obtain replacement swaps and identify revenue sources to fund potential termination payments.

5.3 Terminating Interest Rate Swaps

5.3.1 Optional Termination

SANDAG will structure interest rate swaps to include optional termination at the current market valuation, which would allow SANDAG to terminate a swap prior to its maturity if it is determined that it is financially advantageous to do so, but will not provide this right to the counterparty.

5.3.2 Mandatory Termination

In the event a swap is terminated as a result of a termination event such as a default or credit downgrade of either counterparty, SANDAG will evaluate whether it is financially advantageous to obtain a replacement swap or, depending on market value, make or receive a termination payment.

In the event SANDAG makes a swap termination payment, SANDAG shall attempt to follow the process identified in its swap contingency plan. SANDAG shall also evaluate the economic costs and benefits of incorporating a provision into the swap agreement that will allow SANDAG to make termination payments over time.

6. Disclosure and Financial Reporting

SANDAG will take steps to ensure that there is full and complete disclosure of all interest rate swaps to the SANDAG Board of Directors, rating agencies and in disclosure documents. With respect to its financial statements, SANDAG will adhere to the guidelines for the financial reporting of interest rate swaps as set forth by the Government Accounting Standards Board.

7. Dodd-Frank Act

7.1 Conformance to Dodd-Frank

It is the intent of SANDAG to conform this Policy to the requirements relating to legislation and regulations for derivatives transactions under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as supplemented and amended from time to time, including any regulations promulgated in connection therewith (herein collectively referred to as "Dodd-Frank"). Pursuant to such intent, it is the policy of SANDAG that, with respect to each interest rate swap: (i) each swap advisor engaged or to be engaged by SANDAG will function as the designated qualified independent representative of SANDAG, sometimes referred to as the "Designated QIR"; (ii) each swap advisor will agree to meet and meets the requirements specified in CFTC Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the "Representative Regulation"); (iii) each swap advisor will provide a written certification to SANDAG to the effect that such swap advisor agrees to meet and meets the requirements specified in the Representative Regulation; (iv) SANDAG will monitor the performance of each swap

advisor consistent with the requirements specified in the Representative Regulation; (v) SANDAG will exercise independent judgment in consultation with its swap advisor in evaluating all recommendations, if any, presented by any swap dealer with respect to transactions authorized pursuant to this Policy; and (vi) SANDAG will rely on the advice of its swap advisor with respect to interest rate swaps authorized pursuant to this Policy and will not rely on recommendations, if any, presented by any swap dealer with respect to interest rate swaps authorized pursuant to this Policy.

7.2 Legal Entity Identifier

SANDAG shall obtain and maintain current at all times a “legal entity identifier” from a firm designated by the CFTC to provide such numbers.

7.3 Clearing

In connection with the execution of any swap entered into on or after September 9, 2013, SANDAG shall complete and maintain, as required by the CFTC, an annual filing regarding how it generally meets its financial obligations associated with entering into uncleared swaps.

7.4 Recordkeeping

Comprehensive records shall be maintained, either in paper or electronic form, of any interest rate swap entered into by SANDAG for at least five (5) years following the termination thereof. Such records shall be retrievable within five (5) business days and shall be open to inspection by the CFTC.

Adopted November 2005

Amended November 2013

Amended November 2014

APPENDIX A: ACCEPTABLE COLLATERAL

SECURITY	VALUATION PERCENTAGE
(A) Cash	100%
(B) (x) Negotiable debt obligations issued by the U.S. Treasury Department or the Government National Mortgage Association ("Ginnie Mae"), or (y) mortgage backed securities issued by Ginnie Mae (but with respect to either (x) or (y) excluding interest only or principal only stripped securities, securities representing residual interests in mortgage pools, or securities that are not listed on a national securities exchange or regularly quoted in a national quotation service) and in each case having a remaining maturity of:	
(i) less than one year	99%
(ii) greater than one year but less than 10 years	98%
(iii) greater than 10 years	95%
(C) (x) Negotiable debt obligations issued by the Federal Home Loan Mortgage Corporation ("Freddie Mac") or the Federal Home Loan Mortgage Association ("Fannie Mae") or (y) mortgage backed securities issued by Freddie Mac or Fannie Mae but excluding interest only or principal only stripped securities, securities representing residual interests in mortgage pools, or securities that are not listed on a national securities exchange or regularly quoted in a national quotation service.	95%
(D) Any other collateral acceptable to SANDAG's sole discretion.	The valuation percentage shall be determined by the Valuation Agent from time to time and in its reasonable discretion.

For example, if a counterparty is required to post \$1.0 million of collateral and wished to use Ginnie Mae's with five years remaining to maturity, it would be required to post \$1,052,632 ($\$1.0 \text{ million} / 0.95$) to satisfy the collateral requirement.

APPENDIX B: GLOSSARY OF TERMS

Asset/Liability Matching

Matching the term and amount of assets and liabilities in order to mitigate the impact of changes in interest rates.

Bid/Ask Spread

The difference between the bid price (at which a market maker is willing to buy) and the ask price (at which a market maker is willing to sell).

Call Option

The right to buy an underlying asset (e.g. a municipal bond) after a certain date at a certain price. A call option is frequently embedded in a municipal bond, giving the issuer the right to buy, or redeem, the bonds at a certain price.

Collateral

Assets pledged to secure an obligation. The assets are potentially subject to seizure in event of default.

Downgrade

A negative change in credit ratings.

Forward Starting Swap

Interest rate swap that starts at some time in the future. Used to lock-in current interest rates.

Hedge

A transaction that reduces the interest rate risk of an underlying security.

Interest Rate Exchange Agreement

An agreement detailing the contractual exchange of interest payment streams between counterparties. Often the exchange of a fixed and a floating interest rate between two parties. Also called an interest rate swap.

Interest Rate Swap

An agreement detailing the contractual exchange of interest payment streams between counterparties. Often the exchange of a fixed and a floating interest rate between two parties. Also called an interest rate exchange agreement.

Liquidity Support:

An agreement by a bank to make payment on a variable rate security to assure investors that the security can be sold.

LIBOR

London Interbank Offered Rate. Often used as an index to compute the variable rate paid on an interest rate swap.

Maximum Net Termination Exposure

The aggregate termination payment for all existing and projected swap transactions that would be paid by an individual counterparty. For purposes of this calculation, the aggregate termination payment is equal to: (i) the termination payment based on the market value of all existing swaps, plus (ii) the expected worst-case termination payment of the proposed transaction. The expected worst-case termination payment shall be

calculated assuming interest rates, as measured by the appropriate index (typically the Bond Buyer Revenue Bond Index or Bond Market Association), increase (or decrease) by two standard deviations from the sample mean over a period of time corresponding to the term of the swap.

Notional Amount

The amount used to determine the interest payments on a swap.

Termination Payment

A payment made by a counterparty that is required to terminate the swap. The payment is commonly based on the market value of the swap, which is computed using the rate of the initial swap and the rate on a replacement swap.



BOARD POLICY No. **015**

RECORDS MANAGEMENT

These procedures are intended to ensure the safekeeping of SANDAG records with administrative, legal, fiscal, programmatic, or historical value; provide ease of access to SANDAG records by staff; provide ease of access to SANDAG records by members of the public in accordance with SANDAG's Public Records Request Guidelines; ensure compliance with [the California Public Records Act \(CPRA\)](#) and Government Code section 60201 et seq., and provide the necessary guidance to ensure proper records management, including retention and disposition.

SANDAG's records are a valuable resource. This policy provides procedures to ensure SANDAG's records are maintained in a consistent, orderly, secure, and accessible manner.

Procedures

1. Applicability

This policy applies to SANDAG employees and non-SANDAG employees (NSEs) who create business records. NSEs include, but are not limited to officials, such as the Board of Directors and committee members as well as consultants, contractors, partners, affiliates, volunteers and SANDAG member agency employees.

1.2. Policy Statement

1.12.1 Records kept by ~~a~~-SANDAG ~~employee~~employees or NSEs because they are necessary or convenient to the discharge of ~~that employee's duties for SANDAG business~~ business are public records. Any and all records generated in the course of SANDAG business are the property of SANDAG, unless otherwise agreed to in a contract document. Public records include, but are not limited to, correspondence through email, text message, voicemail, memoranda, ~~emails, phone logs, reports, maps, tapes or other means; audio or video recordings~~, contracts, project files, ~~photographic files, reports~~, digital imagery data, prints, charts, maps and drawings, ~~machine-readable records, videos, and audio recordings~~. Persons to whom this policy applies should pay particular attention when using email or other less formal forms of communication to ensure that matters discussed are handled with due care and reviewed for professionalism, accuracy, and objectivity as they are discoverable public records that can be used as evidence in litigation.

1.22.2 Records must be maintained in accordance with the SANDAG Records Retention Schedule (Schedule) until their retention period expires, after which the records should be disposed of promptly and appropriately. The periods shown in the ~~Records Retention~~-Schedule are minimum time periods that do not start until the document and/or project is complete. Records can be maintained for time periods in excess of the retention period in the ~~schedule~~Schedule if the records are still needed for reference, but should be disposed of as soon as possible to conserve storage space.

~~2.1. Applicability~~

~~This policy applies to all persons, including employees, consultants, and contractors, responsible for the generation and/or maintenance of SANDAG records.~~

3. Public Records

~~3.1 SANDAG Business Records are records that contain information relating to the conduct of SANDAG business and generally include any record kept because it is prepared, owned, used, or retained by SANDAG in furtherance of official SANDAG duties. A record prepared by a SANDAG employee or NSE conducting SANDAG business has been "prepared by" SANDAG within the meaning of the CPRA even if the record is prepared using a personal account, on a personal device for which the SANDAG employee or NSE, receives no public reimbursement or on off-duty hours. SANDAG Business Records are subject to disclosure if they are in SANDAG's actual or constructive possession. Constructive possession includes SANDAG Business Records in the possession of an employee or NSE. If a public records request seeks SANDAG Business Records held in a SANDAG employees' or NSE's non-SANDAG email, phone, or accounts, SANDAG may reasonably rely on its employees, officials or NSE's to search their own personal files, accounts, and devices for responsive material.~~

~~3.2 Records that pertain to "housekeeping" matters that will not be needed for future reference may should be disposed of immediately. For example as soon as possible. Communications that are primarily personal, containing no more than incidental mentions of SANDAG business, generally will not constitute public records. In addition, records that are purely personal in nature such as personal email or correspondence from a friend should not be treated as SANDAG Business Records. In order to prevent a claim that such records are subject to disclosure, and to prevent an unnecessary burden on SANDAG resources, records unrelated to SANDAG business should be purged from SANDAG computers and files.~~

~~3.13.3 SANDAG employees and NSEs may determine that certain records are not needed for future use or reference because they are notes or drafts that have been superseded by later versions. Consistent with the Secretary of State Records Management Guidelines, which recommends that records that have fulfilled their administrative, fiscal, or legal function should be disposed of as soon as possible, preliminary drafts, notes, and interagency and intra-agency memoranda that have been retained for less than 60 days and that are no longer needed for use or reference should be disposed of immediately prior to the end of the 60 day time period. All such records that are kept for more than 60 days for use or reference by an employee, and that are not otherwise exempt, must be treated as a public record. All public records must be kept for a minimum of two years after the date they are finalized. Some records must be kept for longer than two years and the retention period for most records is contained in the Records Retention Schedule. The time periods shown in the Records Retention Schedule should be followed unless a document needs to be retained for a longer time period than that shown because the custodian believes the record is still needed for reference. All of the time periods shown for retention begin no sooner than the date the record is put in its final form. Records that are purely personal in nature~~

~~such as shopping lists, personal email, or correspondence from a friend should not be treated as public records. In order to prevent a claim that such records are subject to disclosure, and to prevent an unnecessary burden on SANDAG resources, however, records unrelated to~~

~~3.33.4 After a SANDAG business should be purged from SANDAG computers and files. After a public record has been maintained for the required time period it should be disposed of promptly consistent with the Schedule. If records contain confidential or trade secret information, steps should be taken to ensure the records are not disclosed when they are destroyed.~~

~~3.33.5 At least once each year the Records Retention Schedule will be reviewed and revised as needed. The Schedule will be circulated to the department ~~and division~~ directors for recommended changes and additions and reviewed by the Office of General Counsel. Changes to the Records Retention Schedule must be approved by the Executive Director and Office of General Counsel. and substantive changes shall be communicated to all SANDAG employees. Information regarding the Schedule will be included in the annual public records training conducted for employees. The most recent version of the Schedule shall be made available on the SANDAG website at www.sandag.org/legal.~~

~~3.43.6 Retention periods for records required for ~~current~~ litigation, ~~audit, or auditing~~, environmental review, or public records requests must be suspended and the records maintained in their original condition and format until the matter is resolved through consultation with the Office of General Counsel.~~

~~3.53.7 SANDAG is required to undertake reasonable efforts to assist the public in identifying records or information sought. In response to public records requests the Office of General Counsel works with employees and NSEs to identify responsive records. Records should be kept in an organized fashion and be easily identifiable. Electronic SANDAG Business Records shall be stored in a file storage location approved for active use by the SANDAG Information Systems Manager. Records that have been saved in electronic format do not need to be maintained in hardcopy unless otherwise stated in the Records Retention Schedule.~~

Project

4. File Maintenance

~~The All SANDAG Business Records should be maintained in an organized fashion in a location that is easily identifiable in the event of a public records request. For example, project manager(s) for a project and Contracts and Procurement personnel (“project team members”) shall maintain centralized files for each project. The project files or procurement. Files should not contain records that are not needed for future use or reference such as preliminary drafts, working papers, or notes that have been superseded and are less than 60 days old, or “housekeeping” memoranda or emails that are not needed for future use or reference. The contents of the file for each project shall be set forth in the SANDAG Procurement Manual, which shall be reviewed and updated on a regular basis.~~

5. Records Containing Confidential or Trade Secret Information

Records created at or received by SANDAG containing confidential or trade secret information must be marked as such and filed in a location where the records will be secure and inaccessible to third parties. ~~Staff~~Employees and NSEs should take all necessary steps to ensure that such records are not copied or disclosed to third parties. Once a record is submitted to SANDAG by a company or individual it immediately becomes a public record unless that party has expressly designated the record or portion thereof as confidential, proprietary, or trade secret. For example, unless a proposal or price list from a consultant or contractor is clearly marked as confidential or trade secret it will automatically become a public record. Note, however, that even if a consultant or contractor marks a document as "confidential," "proprietary," or "trade secret" this will not necessarily exempt the document from disclosure under the California Public Records Act or other applicable laws.

6. Public Records~~CPRA~~ Requests

6.1 Responses to records requests shall be fully compliant with the ~~California Public Records Act~~CPRA and all other applicable laws.

6.2 All ~~records~~CPRA requests received from members of the public shall be treated as urgent and immediately referred to the Office of General Counsel. Timing on responses to ~~public records~~CPRA requests is very important. Under the law ~~a response generally must be provided to the requester~~SANDAG shall determine within ten (10) calendar days ~~from receipt of the CPRA request if the request, in whole or in part, seeks disclosable records in the possession of SANDAG.~~

6.3 SANDAG's Public Records Request Guidelines shall be available to view on the SANDAG website, and shall be consistent with this policy and applicable law.

Adopted June 2003
Amended December 2004
Amended December 2006
Amended January 2017
Amended _____



PUBLIC PARTICIPATION PLAN POLICY

Purpose

This policy establishes a process for obtaining input from and providing information to the public concerning agency programs, projects, and program funding in order to ensure the public is informed and has the opportunity to provide SANDAG with input so plans can reflect the public's desire. SANDAG will review and update its Public Participation Plan and this policy periodically as required by law, but no less often than every five years. Various federal and state laws and regulations require that an agency such as SANDAG conduct and establish a Public Participation Plan to ensure that the public is involved and that community concerns are addressed. For example, planning of mass transit capital projects, development of short-range service policies and plans, and fare policy and structure changes to public transportation require public participation. The California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) also have public information components that require an agency such as SANDAG to conduct public participation programs to ensure that the public is involved and that community concerns are addressed.

A significant component of the SANDAG mission is a strong commitment to public participation and involvement to include all residents and stakeholders in the regional planning process. SANDAG recognizes that the public has a right to expect the business of SANDAG to be conducted with efficiency, fairness, impartiality, and integrity. SANDAG's work carries with it an obligation to the public interest. SANDAG officials and employees are expected to have high standards of honesty and professionalism, as well as a straightforward and transparent communication approach, in order to promote and maintain public confidence and trust.

This policy is consistent with the requirements of Section 450.316(a)(1)(x) of Title 23 in the Code of Federal Regulations and Public Utility Code Section 132360.1, which reads as follows:

(c) The agency shall engage in a public collaborative planning process; recommendations from that process shall be made available and considered for integration into the plan. A procedure to carry out this process including a method of addressing and responding to recommendations from the public shall be adopted.

Social Equity and Environmental Justice

Ensuring the meaningful involvement of low income, minority, disabled, senior, and other traditionally underrepresented communities is a key component of SANDAG public participation activities. SANDAG policies, procedures, and programs are consistent with federal and state environmental justice laws, regulations, and requirements, Title VI, related nondiscrimination requirements, and reflect the principles of social equity and environmental justice. Social equity means ensuring that all people are treated fairly and are given equal opportunity to participate in the planning and decision-making process, with an emphasis on ensuring that traditionally disadvantaged groups are not left behind. Environmental justice means ensuring that plans, policies, and actions do not disproportionately affect low income and minority communities.

Data Collection

SANDAG collects and uses racial and ethnic data showing the extent to which members of minority groups are beneficiaries of programs receiving Federal financial assistance through SANDAG programs and projects. The agency uses the data to confirm that populations protected by Title VI are not subject to discrimination or disparate impacts by SANDAG.

Title VI Training

SANDAG provides training on Title VI, social equity, and environmental justice matters to its employees near the time of hire. Updates to Title VI training are provided periodically thereafter on an as-needed basis.

Complaint Process and Title VI Compliance Officer Contact Information

SANDAG does not discriminate on the basis of race, color, sex, creed, religion, national origin, age, marital status, ancestry, medical condition, disability, veteran status, or sexual orientation in conducting government business. Persons who believe they have been subjected to discrimination or have been denied access to services or accommodations required by law, have the right to use the discrimination complaint procedures in Board Policy No. 009. The SANDAG Office of General Counsel is the Title VI Compliance Officer for this policy and is responsible for administering this complaint procedure, as well as ensuring compliance with applicable laws. The Compliance Officer can be reached at: SANDAG, 401 B Street, Suite 800, San Diego, California 92101; (619) 699-1900.

Scope of Public Participation Efforts

The policy addresses public participation policies and public information efforts in the following areas:

- A. Overall Public Participation Plan
- B. Short Range Program – Regional Transportation Improvement Program
- C. Development Planning
- D. Design and Construction
- E. Fare Changes
- F. Short Range Transit Planning
- G. Native American Consultation

A. Overall Public Participation Plan -- *Unless otherwise noted or required, the Public Participation Plan provides SANDAG general policies for public participation for major planning initiatives such as the Regional Plan, Regional Short Range Transit Plan, and other planning and programming projects, including any tailored public involvement plans associated with them.*

1. The SANDAG Public Participation Plan is designed to inform and involve the region's residents in the decision-making process on issues such as growth, transportation, environmental management, housing, open space, air quality, energy, fiscal management, economic development, and public safety.

2. The Public Participation Plan seeks to involve all citizens, including but not limited to low income households, limited English proficient individuals, Hispanic, African American, Asian, Native American, senior, and other communities, persons with disabilities, as well as community and civic organizations, public agencies, business groups and associations, environmental organizations, and other stakeholders.
3. SANDAG Board meetings provide the public forum and decision point for significant regional issues. SANDAG Directors usually hold one or two Board meetings each month: a Board Policy Meeting the second Friday of each month and a Board Business Meeting the fourth Friday of each month. Meetings held at the SANDAG office are accessible by public transit. During these meetings, Directors adopt plans, allocate transportation funds, approve transit construction plans, approve transit fare changes, and establish policies and develop programs that are used by local governments as well as other public and private organizations.
4. The SANDAG Public Participation/Involvement Program shall comply with the Americans with Disabilities Act (ADA). SANDAG shall hold public meetings in buildings, rooms, or locations that are accessible to persons with disabilities. SANDAG shall provide public meeting information in alternate formats and shall provide special accommodations at public meetings with three business days notice.
5. The SANDAG Public Participation Plan is carried out as an integrated work element of the agency's Overall Work Program and Budget and as part of other programming, development, and implementation processes such as the Regional Plan, Regional Short Range Transit Plan, Regional Transportation Improvement Program, Environmental Impact Reports, transit capital project development, project construction, transit fare changes, corridor studies, and other projects.
6. SANDAG shall proactively seek and promote public participation in SANDAG workshops and public hearings, as well as participation and attendance at committees, working groups, and task forces. SANDAG shall follow local, state, and federal guidelines for posting public meeting and hearing notices. Depending upon the specific project, SANDAG shall endeavor to hold meetings at times that can attract as many participants as possible, including evenings and weekends and at locations in communities throughout the region. SANDAG shall endeavor to hold these meetings in locations that are accessible by public transit.
7. SANDAG shall inform the public in a timely manner about regional issues, actions, and pending decisions through a number of efforts. As needed or required, SANDAG shall post public notices in newspapers of general circulation for publication of legal notices. Other publication and distribution efforts can include mail distribution to residents, agencies, and city/county governments, the SANDAG website, email lists, text messaging, the SANDAG social media channels, and Region – the SANDAG monthly electronic newsletter. As needed, SANDAG also shall distribute press releases and media alerts to local, regional, and Mexico border area print and broadcast media.
8. SANDAG shall regularly inform local print, online, and broadcast media about SANDAG decisions, events, research, and other issues. SANDAG shall regularly

distribute press releases to news services, Daily Transcript, East County Californian, El Latino, La Prensa, Los Angeles Times, San Diego Business Journal, San Diego Metropolitan, San Diego Union-Tribune, San Diego Voice & Viewpoint, The Star News, and numerous community newspapers. SANDAG shall also distribute information to local and Mexico radio and television stations.

9. SANDAG shall use its website and social media channels to provide the public with useful and timely information, including: project updates and construction information; meeting schedules and agendas; plans and environmental documents; reports and other publications; demographic profiles and data downloads; and interactive database and mapping applications.
10. As appropriate and as required by local, state, and federal guidelines, SANDAG shall translate into Spanish, and other languages, publications, announcements, and web content. In addition, numerous staff members are bilingual Spanish-English speakers and participate in public outreach and conduct presentations in Spanish. Translators shall be hired as outlined in the SANDAG Language Assistance Plan and as required by local, state, and federal guidelines to provide services in Spanish and other languages as appropriate.
11. SANDAG conducts periodic public opinion surveys as part of the outreach and citizen participation component of the SANDAG work program. These surveys shall be designed to include the San Diego region's residents in the regional planning process and to keep SANDAG officials aware of issues that are of concern to the people who live here.
12. SANDAG will endeavor to respond to general comments received by phone, fax, letter, or email within five (5) business days of receipt. Comments shall be routed to the SANDAG staff person who is responsible for that issue. Comments may be responded to in writing (email or letter) or may be resolved with the initial phone call. Some comments may need to be resolved by another agency or jurisdiction so the customer is referred to the appropriate entity. When a comment is submitted as part of a public review process (e.g., a plan or environmental report) the comment and response is logged into a database. Comments, concerns, and responses received as part of a public review process shall be included in the final plan or report. Comments received via SANDAG social media channels will be addressed as stated in the SANDAG Social Media Policy.

B. Short Range Program – Regional Transportation Improvement Program (RTIP) – *document updated every two years outlining major transportation projects to be implemented during a five-year period.*

1. SANDAG shall follow the latest federal and state regulations regarding participation by interested parties.
2. As the document that implements the long range plan, the RTIP shall be incorporated as part of the Board-adopted public involvement process established for the Regional Plan, including participating in public outreach efforts, providing adequate public notice (legal notice publications), employing visualization techniques, and holding

public meetings at convenient and accessible locations.

3. SANDAG shall respond to any significant public input or comment received during the development of the biennial update and/or during the amendment cycle as part of its report to the Board or Transportation Committee (as appropriate).
4. The biennial RTIP update will be noticed in newspapers of general circulation, including in alternate languages, and a public hearing shall be held prior to final adoption by the Board of Directors.
5. During the amendment cycle, SANDAG will provide a draft of the amendment to all interested parties for a 15-day comment period.

C. Development Planning – *Planning, environmental, preliminary engineering activities on major capital projects.*

1. SANDAG shall follow current federal and state regulations regarding public involvement processes and procedures. SANDAG shall develop public involvement programs tailored to meet specific project needs which address the unique challenges presented by each project. Programs shall be developed using the joint Federal Highway Administration and Federal Transit Administration (FHWA/FTA) guidelines titled “Public Involvement Techniques for Transportation Decision-Making.”
2. The public involvement program shall set objectives, identify people to be reached, develop public involvement strategy, and define specific outreach techniques.
3. The public involvement program shall be developed so that critical community concerns and technical issues are identified in the study. The issues need to address the engineering, environmental, economic, and financial analyses that respond effectively to community needs and preferences and satisfy local, state, and federal environmental clearance requirements.
4. To facilitate community participation, lists of individuals, agencies, and organizations shall be developed for distribution of agency materials. These lists will include persons who have indicated an interest in transportation planning projects during previous public information efforts and/or focused on the specific project. Project information will be distributed to the persons on this list in conjunction with public meetings and workshops, to solicit comments and recommendations.
5. Environmental documents shall be prepared in accordance with California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA), as appropriate, and in coordination and consultation with various federal, state, and local agencies, and with elected officials, community leaders, organizations, and other individuals from the neighborhoods and communities potentially affected by the proposed action. Coordination and public involvement shall be achieved through a variety of means, such as formal public hearings and meetings, circulation of draft documents, mailings, focus group meetings, workshops, and individual/group contacts.

6. Formal scoping meetings, public hearings, and/or other meetings during the comment period and environmental document certification shall be held in accordance with the requisite environmental document. As required, meetings shall be announced in the Federal Register, local publications, and on the SANDAG website. Persons and organizations on the project mailing list and social media channels also will be notified. SANDAG shall endeavor to hold public meetings in locations accessible by public transit.
7. SANDAG shall prepare and distribute appropriate notices and communications to comply with CEQA and NEPA requirements.
8. A public information program shall be developed to inform the community of factors related to the project. The information program may include briefings for the news media, informational meetings, presentations to include community and professional associations and educational institutions, business groups and associations, environmental organizations, outreach via social media, and other public forums.
9. A project working group may be organized to review and comment on the project to build understanding and identify support for feasible alternatives. This group may consist of various elected officials/staff, community and neighborhood organizations, business organizations, property owners, and other stakeholders and interested parties. This group would be formed to provide comment and guidance regarding technical issues, review study alternatives and evaluation results, and provide community input regarding the alternatives. This iterative process would allow for identified issues and concerns to receive follow-up responses. Meeting summaries of project working group activities shall be produced. Meeting notices, agendas, and/or other information shall be posted to the SANDAG website.
10. Other public input opportunities include SANDAG Board of Directors meetings and meetings of SANDAG policy committees: Executive, Transportation, Regional Planning, Borders, and Public Safety. Other opportunities for public participation are at working group meetings, general public meetings, and presentations to planning and community groups.

D. Design and Construction – *Design and construction of capital projects.*

1. For all capital improvement projects with significant community impacts, SANDAG shall provide opportunities for members of the public to provide input and express concerns. SANDAG also shall implement a program designed to inform the public of progress, as well as safety and community impacts in the event of construction.
2. SANDAG shall hold publicly noticed meetings at key stages of project development and implementation in the area(s) being impacted. The location of the meetings shall depend upon the geographic location of the project. Meetings concerning projects exclusively within the North County Transit District (NCTD) service area shall be held in North County locations, and if appropriate, at SANDAG offices. Meetings concerning projects exclusively within the Metropolitan Transit System (MTS) service area shall be held in MTS service areas affected, and if appropriate, at SANDAG offices. Meetings concerning all other projects shall be held at SANDAG offices or other

locations specified in SANDAG agendas. SANDAG, MTS, and NCTD offices are accessible by public transit. SANDAG shall endeavor to hold off-site public meetings at locations accessible by public transit.

3. SANDAG shall solicit input from the representatives of interest groups of the local population, such as community groups, planning groups, business groups and associations, business improvement districts, environmental organizations, neighborhood associations, limited English proficient populations, and senior and disabled riders. These stakeholders will be consulted during the design and construction of capital projects.
4. SANDAG shall work to advise the public regarding actual and perceived disruption during construction of capital projects by distributing informational, educational, and public information materials, and by using other traditional community relations tools.
5. SANDAG shall endeavor to meet citizen concerns as they arise and attempt to resolve those concerns.
6. For all projects requiring environmental review under CEQA and NEPA, such as major capital improvement projects, SANDAG shall provide opportunities for members of the public to provide input and comply with all related legal requirements.
 - 6.1 SANDAG shall solicit input from the representatives of interest groups of the local population, such as community groups, planning groups, business groups and associations, and neighborhood associations.
 - 6.2 SANDAG shall incorporate public input into project planning and development where practical and feasible.
 - 6.3 SANDAG shall hold a public hearing to seek public comment whenever required under CEQA and/or NEPA.
 - 6.3.1 Published notifications for such hearings shall be published in newspapers of general circulation for publication of legal notices. Notices also may be published in regional, community, or Spanish-language newspapers to reach the affected area.
 - 6.3.2 Any item subject to a public hearing will be listed and described in the Board's published agenda, which shall be posted at least 72 hours in advance of the meeting at the Board's meeting place and on the SANDAG website.
 - 6.3.3 Public hearings shall be conducted by SANDAG at the published date, time, and place. The public hearing will allow for interested parties to be heard. The Board also will consider any written comments that were forwarded to the Board prior to the hearing.

E. Fare Changes

1. SANDAG has adopted Board Policy No. 029 to provide policy guidance for fare changes. This section of this policy is designed to inform and involve public transit riders, stakeholders, and the general public about proposed changes in transit fares. It is not intended to apply to transit route changes within the purview of the transit operators.
 - 1.1 Consistent with Board Policy No. 004, SANDAG staff shall hold one or more public meetings to provide the public an opportunity to comment on proposed fare changes. A minimum of two public meetings shall be held prior to the first reading of any proposed fare change that affects services operating in both the MTS and NCTD service areas. At least one public meeting shall be held in the MTS service area, and at least one public meeting shall be held in the NCTD service area. If one or more public meetings are conducted by a public meeting officer pursuant to Board Policy No. 004, at least one of the public meetings shall be held with a starting time no earlier than 6 p.m. A public meeting for proposed fare changes that do not affect the entire region may be held exclusively within the general geographic area that is being affected by the fare change. Such public meeting shall be held at a time convenient for users and potential users of the affected service. Public meetings at which formal public testimony will be taken shall be held at locations that are accessible by users of public transit. An official transcriber or other means of recording all public input received shall be utilized at all public hearings, meetings, workshops or open-houses at which formal public testimony is taken. A record of the input received shall be provided to the Transportation Committee or Board of Directors at the time of the first and second readings of amendments to the fare ordinance for the purpose of adjusting fare prices.
 - 1.2 Public comments on proposed fare changes also shall be accepted at the SANDAG Board or Transportation Committee meeting before any final action is taken.
 - 1.3 *Take One*, Rider Alerts, or other public notices in both English and Spanish will be posted on all affected public transit vehicles within the affected area at least 15 calendar days prior to the public hearing and will include a description of the proposed fare change, the date, time, intent and location of the public meeting, and the deadline for written, email, and phone comments from the public. The notices will be posted to the SANDAG and Transit Agency website(s).
 - 1.4 Print notice of public meetings at which formal public testimony will be taken will be provided at least 15 calendar days prior to the public meeting date in newspapers of general circulation in the affected area(s), including appropriate minority and community publications. Public notices will be printed in Spanish in Spanish-language newspapers. Such public meeting notices will include a description of proposed fare changes, the date, time,

intent, and location of the public meeting(s), and the deadline for written, email, and phone comments from the public.

- 1.5 An open phone line will be made available to take public comments at least 15 calendar days prior to adoption of fare changes.
 - 1.6 A Transportation Committee and/or Board report (as appropriate) will be completed and available for public review at least 72 hours prior to the public meeting at which the fare changes are proposed for adoption and posted to the SANDAG website(s).
2. After a fare change is approved by SANDAG:
 - 2.1. The public will be notified via news release(s)
 - 2.2. *Take One*, Rider Alerts, or other public notices in both English and Spanish will be posted on all affected transit vehicles at least 15 calendar days prior to changes going into effect and posted to the SANDAG and Transit Agency website(s).
 3. SANDAG shall follow federal Title VI and environmental justice requirements when implementing transit fare changes.
 - 3.1. Residential, employment, and transportation patterns of low-income, limited English speaking, and minority populations shall be identified so that their needs can be identified and addressed, and the benefits and burdens of transportation investments can be fairly distributed. SANDAG shall endeavor to involve the affected communities in evaluating the benefits and burdens of transportation investments.
 - 3.2. SANDAG shall evaluate and - where necessary - improve the public involvement processes to eliminate participation barriers and engage minority and low-income populations in transportation decision making.

F. Short Range Transit Planning

1. Public information and involvement programs for the Regional Short Range Transit Plan and the Coordinated Human Resources and Public Transit Transportation Plan shall be the responsibility of SANDAG.
2. Public information and involvement programs for transit service changes will fall under adopted policies of MTS and NCTD.

G. Native American Consultation

1. SANDAG shall establish and adhere to government-to-government relationships when interacting with Tribal Governments, acknowledging these tribes as unique and separate governments within the United States.

2. SANDAG shall recognize and respect important California Native American rights, sites, traditions, and practices.
3. SANDAG engages in “consultation” with Tribal Governments prior to making decisions, taking actions, or implementing programs that may impact their communities.
4. To facilitate effective consultation with Tribal Governments, SANDAG has established a Tribal Government Liaison. The Liaison shall serve as an initial contact for Tribal Governments and communicates with tribal governments regarding SANDAG activities.
 - 4.1. “Consultation” is the active, affirmative process of: (1) identifying and seeking input from appropriate American Indian government bodies, community groups, and individuals; and (2) considering their interests as a necessary and integral part of the decision-making process.

Adopted November 2004
Amended March 2005
Amended January 2006
Amended December 2007
Amended December 2008
Amended January 2010
Amended November 2012
Amended September 2017
Amended



**EXECUTIVE COMMITTEE
DECEMBER 1, 2017**

**ACTION REQUESTED: DISCUSSION/
POSSIBLE ACTION**

**PROPOSED NEW BOARD POLICY NO. 039: AUDIT POLICY
ADVISORY COMMITTEE AND AUDIT ACTIVITIES**

File Number 8000102

Introduction

As discussed at the November 3, 2017, Board of Directors meeting, Assembly Bill 805 (AB 805) (Gonzalez Fletcher) goes into effect on January 1, 2018, and there are many steps to carry out over the following months to implement its provisions. This report concerns the new provisions AB 805 adds to Public Utilities Code Sections 132351.4 and 132354.1, which require the creation of a new Policy Advisory Committee, known as the Audit Committee, and independent performance auditor position.

Recommendation

The Executive Committee is asked to discuss proposed new Board Policy No 039: Audit Policy Advisory Committee and Audit Activities (Attachment 1), and either recommend that the Board of Directors approve the new policy, or direct staff to return to the Executive Committee for further discussion or review.

Discussion

The proposed new Board Policy No. 39: Audit Policy Advisory Committee and Audit Activities, is provided as Attachment 1. The discussion below summarizes each section of the policy.

Audit Committee Provisions

Section 1

This section states that the purpose of the policy is to specify the functions of the Audit Committee and the agency's independent performance auditor.

Section 2

Pursuant to AB 805, this section provides that the Audit Committee is to consist of five voting members, with two Board members and three members of the public, all of which are to be appointed by the Board of Directors. AB 805 does not discuss how officer positions of the Committee will be filled, or whether there will be alternates. The language in the proposed policy is consistent with the process used for other SANDAG Policy Advisory Committees, under which the Chair of the Board would select who will serve as the Chair and Vice Chair of the Committee. Unlike the other Policy Advisory Committees, the term of office for the Chair and Vice Chair is proposed to be two years

instead of one, and primary members would not be able to select their own alternates. This approach is recommended because of the unique learning curve associated with serving on the Audit Committee as compared to other Policy Advisory Committees, and the goal of ensuring that the voting members, whether they be primary or alternate members, have the desired qualifications.

Section 3

Section 3 focuses on the responsibilities of the Audit Committee. Most of the responsibilities listed are specified in AB 805; these include making recommendations to the Board of Directors regarding the selection of the audit firm to be hired to conduct the annual SANDAG independent financial audit and hiring of the independent performance auditor, and approval of the annual audit plan. In addition, Sections 3.1.3, 3.1.6, 3.1.8, and 3.1.9 authorize the Committee to oversee the implementation of corrective actions as necessary.

AB 805 specifies that the independent performance auditor can only be removed for cause by a two-thirds vote of the Board and the Audit Committee; however, it does not state what constitutes cause. In Section 3.1.11, the draft policy proposes that sufficient cause include, but not be limited to, incompetence, dishonesty, unethical behavior, violation of state or federal laws, or failure to maintain required professional certifications.

Section 4

Section 4 is broken out into two parts. Section 4.1 describes the criteria for selection of the Board members, and Section 4.2 describes the criteria for selection of the public members on the Audit Committee. The draft policy requires that Board members who serve on the Committee have served on the Board of Directors for at least three years, have a basic understanding of the role of the Committee, and are willing to work through the Committee to pursue opportunities for improvements identified through the agency's audit products.

On the other SANDAG Policy Advisory Committees, each subregion (North County Coastal, North County Inland, East County, South County), the City of San Diego, and County of San Diego have a representative; however, per AB 805, only two Board members may serve on the Audit Committee. For this reason, the policy proposes that the SANDAG Chair recommend the Board members and alternates who will serve on the Committee, subject to approval by a majority vote of the Board.

Section 4.2 of the proposed new policy would require that the three public members who serve on the Committee have accounting, financial or auditing experience, including at least ten years of experience as a certified public accountant or as a certified internal auditor, or ten years of other professional accounting, financial, or legal experience in audit management.

The proposed public member criteria and selection process in Section 4.2 are a hybrid of the process used by the City of San Diego to select its audit committee members and the process SANDAG currently uses to select members of the *TransNet* Independent Taxpayer Oversight Committee. The selection process for public members allows for a screening committee to recommend applicants for both the primary and alternate seats if enough qualified candidates submit applications. Public members on the Audit Committee would be subject to approval by a majority vote of the Board, following an application and screening process.

Independent Performance Auditor Provisions

Section 5

This section of the draft policy contains the process for selecting the independent performance auditor. Rather than focusing on financial matters, performance auditing generally refers to the independent examination of a program, function, operation, or management systems and procedures to assess whether the entity is achieving economy, efficiency, and effectiveness in the employment of available resources. AB 805 requires that SANDAG “hire” an independent performance auditor. It does not dictate whether the independent performance auditor be a consultant firm or a contract employee of the agency. Staff is in the process of gathering information on the pros and cons of the two options and plans to bring the information to the Board at a future meeting for direction. The section delineates a two-year term and significant qualifications and experience criteria that would be used by the Committee to select the independent performance auditor.

Section 6

The purpose of Section 6 is to list the scope of authority and responsibilities of the independent performance auditor. Most of the responsibilities are specified in AB 805, such as the requirement that the independent performance auditor annually prepare an audit plan and perform planned audits in accordance with Government Auditing Standards, and that the independent performance auditor has unrestricted access to employees, information, and records for both audits and investigations into material claims of financial fraud, waste, or impropriety. In addition, this section requires that the independent performance auditor follow procedures recommended by the Association of Certified Fraud Examiners’ manual for investigations into allegations of financial fraud, waste, or impropriety.

AB 805 also provides that the independent performance auditor may examine any agency officer, agent, or employee; any claimant; or other person under oath. The proposed policy includes steps the independent performance auditor must take in coordination with the Committee and legal counsel to invoke this provision in order to mitigate risk exposure to the agency. Additionally, this section would require that the independent performance auditor coordinate audit functions with audits performed by the Independent Taxpayer Oversight Committee to avoid duplication and requires the independent auditor to employ existing SANDAG procedures for hiring, firing, and procurements when acting within the auditor’s area of purview.

Next Steps

An initial timeline for the creation of the Audit Committee and hiring of the independent performance auditor was presented to the Board of Directors at its meeting on November 3, 2017. This initial timeline concluded implementation in December 2018. At that meeting, the Board expressed a desire to significantly reduce the time necessary for implementation. In response to that direction, staff proposes a new scenario.

Pending action by the Executive Committee, the Board is anticipated to consider the proposed new Board Policy No. 039 at its December 15 meeting. If the policy is approved at that time, it is likely that the creation of the Audit Committee could be completed by the Board in spring 2018. This could make it possible for the independent performance auditor to be hired by late summer/early fall 2018,

reducing the original timeline by up to six months. Additionally, upon convening the Audit Committee in the spring, the existing SANDAG Principal Management Internal Auditor could begin reporting to the Audit Committee. Such a move would allow the Committee to oversee the existing internal audit effort.

Additional information on the costs associated with the creation of the Audit Committee and independent performance auditor position will be provided at a future meeting.

JOHN F. KIRK
General Counsel

Attachment: 1. Draft Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities

Key Staff Contact: Julie Wiley, (619) 699-6966, julie.wiley@sandag.org
Diane Eidam, (916) 300-2267, diane.eidam@sandag.org



BOARD POLICY No. **039**

AUDIT POLICY ADVISORY COMMITTEE AND AUDIT ACTIVITIES

1. Purpose

The purpose of this policy is to specify the functions of the Audit Committee and the SANDAG independent performance auditor.

2. Governance and Role of the Audit Committee

- 2.1. The Audit Committee shall be overseen by the SANDAG Board of Directors and shall govern itself in accordance with Public Utilities Code Sections 132351.4 and 132354.1, and the policies and procedures applicable to all SANDAG Policy Advisory Committees.
- 2.2. Membership of the Audit Committee shall be as set forth in Board Policy No. 002: Policy Advisory Committee Membership. The Audit Committee shall consist of five voting members with two members of the Board of Directors and three members of the public, all of which shall be appointed by the Board of Directors. Due to the qualification requirements and selection process described in this policy, Audit Committee members and alternates shall be selected according to the processes below.
- 2.3. The Chair of the Board will select which members of the Audit Committee will hold the Chair and Vice Chair positions on the Audit Committee every two years or whenever a position is vacant.
- 2.4. The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities and provide a forum for pursuing the opportunities for improvements in operations, financial reporting and internal controls identified through the agency's audit products.

3. Authority of the Audit Committee

- 3.1 The Audit Committee may hear items within the subject areas of audits, internal controls and investigations into fraud, waste, or impropriety, and may be asked to provide actions or recommendations on other matters within the Audit Committee's purview. The responsibilities of the Audit Committee include:
 - 3.1.1 Recommend to the Board which firm to contract with to conduct the annual financial statement audits.
 - 3.1.2 Meet with management and the independent performance auditor to review and discuss SANDAG's annual financial statement audits, internal control reports and other audits performed by external auditors.
 - 3.1.3 Review and oversee the implementation of corrective action to address noted audit deficiencies.

- 3.1.4 Based on the Board's direction regarding whether to hire an individual or firm, recommend to the Board which individual or firm to hire to carry out independent performance auditor responsibilities.
- 3.1.5 Recommend to the Board the annual compensation of the independent performance auditor.
- 3.1.6 Oversee the work of the independent performance auditor in preparing and issuing audit and investigative reports and other audit, review or attest activities.
- 3.1.7 Approve the annual audit plan after discussion with the independent performance auditor pursuant to Public Utilities Code Section 132354.1(b), and make recommendations to the Board regarding the budget needed to carry out the annual audit plan of the independent performance auditor.
- 3.1.8 Monitor the implementation of the annual audit plan and provide an annual report the Board.
- 3.1.9 Monitor the implementation of corrective action identified in audit and investigative reports and inform the Board when corrective action is insufficient or untimely.
- 3.1.10 Conduct the independent performance auditor's annual performance evaluation against performance measures established and adopted by the Audit Committee.
- 3.1.11 Vote on whether to remove the independent performance auditor for cause including, but not limited to incompetence, dishonesty, unethical behavior, violation of state or federal laws, or failure to maintain required professional certifications; such removal being subject to an approving vote by two-thirds of the Audit Committee and the Board.
- 3.1.12 Recommend internal control guidelines to be adopted by the Board to prevent and detect financial errors and fraud based on the internal control guidelines developed by the State Controller pursuant to Government Code Section 12422.5 and the standards adopted by the American Institute of Certified Public Accountants.

4. Selection of Audit Committee Members

- 4.1 The Board members serving on the Audit Committee shall be appointed by the Board using the procedures in this subsection 4.1.
 - 4.1.1 The two Board members and any Board member alternates serving on the Audit Committee shall be recommended for appointment by the Chair of the Board. The Chair of the Board shall select Board members to recommend to the Board based on the following criteria:
 - 4.1.1.1 The Board member shall have served on the Board for at least three years;
 - 4.1.1.2 The Board member shall have a basic understanding of the role of the Audit Committee; and

- 4.1.1.3 The Board member shall express a willingness to work through the Audit Committee to pursue opportunities for improvements in operations, financial reporting, and internal controls identified through the agency's audit products.
 - 4.1.2 The Board members recommended by the Chair of the Board shall be subject to approval by a majority vote of the Board.
 - 4.1.3 Audit Committee members shall serve until their successors are appointed. In the event that the Board member who has been appointed to serve on the Audit Committee is no longer a primary or alternate member of the Board of Directors, the position shall be considered vacant. If and when vacancies in the voting membership of the Audit Committee occur, the same selection process as outlined above shall be followed to select a replacement.
 - 4.1.4 Board members appointed to the Audit Committee shall serve a term of two years. At the completion of a term, eligible incumbent members will need to apply for reappointment for another term. In no case shall any member serve more than five years on the Audit Committee.
- 4.2 The public members serving on the Audit Committee shall be appointed by the Board using the procedures in this subsection 4.2.
 - 4.2.1 Whenever there is a vacancy for a public member seat on the Audit Committee, application forms will be made available on the SANDAG website for persons interested in applying for an Audit Committee position. Applications shall be due within 30 days after the application forms are posted. Only candidates who submit an application by the deadline will be considered.
 - 4.2.2 Applicants shall possess the independence, experience, and technical expertise necessary to carry out the duties of the Audit Committee. This expertise includes, but is not limited to, knowledge of accounting, auditing, and financial reporting. The minimum professional standards for public members shall include at least ten years of experience as a certified public accountant or as a certified internal auditor, or ten years of other professional accounting, financial, or legal experience in audit management.
 - 4.2.3 The candidates shall be recommended by a majority vote of a screening committee composed of a member of the Board selected by the Chair of the Board, the chief financial officer or finance director of a SANDAG member agency, and at least one outside financial expert appointed by the other two members of the screening committee and confirmed by the Board. Persons serving on the screening committee shall sign a declaration establishing that they do not have a conflict of interest.
 - 4.2.4 The screening committee may interview one or more of the candidates. The screening committee shall submit its recommended nominee(s) for the position(s). The screening committee also may nominate alternates from among the applicants.
 - 4.2.5 In the event that the screening committee is unable to recommend any of the applicants for any or all positions, or an insufficient number of applications have been received, the screening committee may recommend a supplemental process, subject

to Board approval. The constraints set forth in the normal nomination process shall not be mandated to apply to the supplemental process.

- 4.2.6 The public members nominated by the screening committee shall be subject to approval by a majority vote of the Board.
- 4.2.7 Audit Committee members shall serve until their successors are appointed. If and when vacancies in the voting membership of the Audit Committee occur, the same selection process as outlined above shall be followed to select a replacement to fill the remainder of the term.
- 4.2.8 Public members appointed to the Audit Committee shall serve a term of two years. At the completion of a term, eligible incumbent members will need to apply for reappointment for another term. In no case shall any member serve more than five years on the Audit Committee.

5. Selection of Independent Performance Auditor

- 5.1 The independent performance auditor shall serve a two-year term and shall be selected on the basis of qualifications and experience, which include, but are not limited to:
 - 5.1.1 At least ten years of experience performing audits under Government Audit Standards;
 - 5.1.2 At least five years of management experience;
 - 5.1.3 A Bachelors or higher degree in business, public administration, finance, accounting or a related field; and
 - 5.1.4 Possession of a Certified Public Accountant or Certified Internal Auditor license or certificate.

6. Scope of Authority and Responsibilities of Independent Performance Auditor

- 6.1 The independent performance auditor shall annually prepare an audit plan and conduct audits in accordance therewith and perform those other duties as may be required by the Board or as provided by the California Constitution and general laws of the state. The independent performance auditor shall follow Government Auditing Standards.
- 6.2 All officers and employees of SANDAG shall furnish to the independent performance auditor unrestricted access to employees, information, and records, including electronic data, within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts, and methods of business required to conduct an audit or otherwise perform audit duties. It is also the duty of any consolidated agency officer, employee, or agent to fully cooperate with the auditor, and to make full disclosure of all pertinent information, with the exception of information that is protected by law from disclosure.
- 6.3 The independent performance auditor shall prepare a proposed budget and submit it to the Audit Committee for a recommendation to the Board of Directors for its approval 180

days prior to the beginning of each fiscal year or as otherwise requested by the Director of Finance.

- 6.4 The independent performance auditor shall have the power to appoint, employ, and remove assistants, employees, and personnel as deemed necessary for the efficient and effective administration of the affairs of the independent performance auditor. The independent performance auditor may prescribe the duties, scope of authority, and qualifications of employees and consultants overseen by the independent performance auditor. The independent performance auditor's authority shall be subject to the annual audit plan and the budget approved by the Board, SANDAG rules and policies related to the management and hiring of SANDAG employees and consultants, and the scope of the independent performance auditor's purview as determined by the Board.
- 6.5 The independent performance auditor may investigate any material claim of financial fraud, waste, or impropriety within SANDAG and for that purpose may summon any officer, agent, or employee of the consolidated agency, any claimant, or other person, and examine him or her upon oath or affirmation relative thereto. The independent performance auditor will conduct investigations generally following the procedures recommended by the Association of Certified Fraud Examiners' Fraud Examiners Manual for any allegations of financial fraud, waste or impropriety. Prior to questioning any person under oath, the independent performance auditor shall advise the members of the Audit Committee of that intention, seek legal counsel from the Office of General Counsel or outside counsel under contract to SANDAG regarding the relevant legal issues, and document the reasons why the questioning must be done under oath instead of by some other form of affirmation.
- 6.6 The independent performance auditor shall coordinate audit functions such that there is no duplication of effort between the audits undertaken by the independent performance auditor and audits undertaken by the Independent Taxpayer Oversight Committee.
- 6.7 All SANDAG contracts with consultants, vendors, or agencies will be prepared with an adequate audit provision to allow the independent performance auditor access to the entity's records needed to verify compliance with the terms specified in the contract.
- 6.8 Results of all audits and reports shall be made available to the public in accordance with the requirements of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of the Title 1 of the Government Code). Final versions of formal reports also shall be posted on the SANDAG website.
- 6.9 All materials or services needed by the independent performance auditor shall be procured using an open and competitive basis with solicitation of proposals from the widest possible number of qualified firms as prescribed by SANDAG's procedures for procurement. The scope of work of all such consultant work shall be subject to approval by the independent performance auditor prior to any such solicitation.

Adopted _____ 2018



**EXECUTIVE COMMITTEE
DECEMBER 1, 2017**

**ACTION REQUESTED: DISCUSSION/
POSSIBLE ACTION**

SERVICE BUREAU: FY 2017 YEAR-END STATUS REPORT

File Number 7500000

Introduction

In accordance with SANDAG Board Policy No. 012: SANDAG Service Bureau, periodic progress reports on the project activities and financial status of the Service Bureau are provided to the Executive Committee. The Service Bureau provides informational and technical services through SANDAG and its nonprofit public-benefit corporation, SourcePoint. The Executive Committee serves as the governing body of the Service Bureau and the Board of Directors of SourcePoint. This report summarizes the financial performance of the Service Bureau during FY 2017 and highlights some of the key projects worked on during the year.

Discussion

The SANDAG Service Bureau is a fee-based operation that provides informational and technical services to member agencies, nonmember government agencies, private organizations, and individuals. The purpose of the Service Bureau is to offer products and services that meet the needs of decision-makers in the public and private sectors, while enhancing the quality and extent of demographic, economic, transportation, land use, criminal justice, and other information maintained in the SANDAG Regional Information System and the technology used to support it. One of the goals of the Service Bureau is to generate revenue to update and enhance the Regional Information System.

Financial Status

As of June 30, 2017, the Service Bureau earned revenues of \$524,017 from projects begun during FY 2017 and projects carried over from previous fiscal years. Expenses related to performing these projects were \$493,495, meaning that revenues exceeded expenses by \$30,522 or 6.2 percent. Nonrecoverable costs related to management and business development are covered by these revenues. When those costs are taken into account, revenues exceeded expenses by \$22,988 or 4.6 percent (see Table 1).

Table 1
SANDAG Service Bureau
Revenues and Expenses as of 6/30/2017

Type of Project	Revenue	Expenses	Change in Net Position	Percent Change ¹
Feasibility Studies and Comprehensive Plans	\$215,966	\$212,460	\$3,506	1.7%
Other Services	\$166,996	\$163,834	\$3,162	1.9%
Transportation Modeling	\$140,680	\$116,954	\$23,726	20.3%
Demographic Data, GIS Services	\$375	\$247	\$128	51.9%
Total All Projects	<u>\$524,017</u>	<u>\$493,495</u>	<u>\$30,522</u>	<u>6.2%</u>
Non-Project Expenses	\$0	\$7,534	(\$7,534)	-
Net Total	\$524,017	\$501,029	\$22,988	4.6%

Non-RIS-Generating Projects

Construction Contract Management Services to Member Agencies ²	\$243,266	\$243,266	\$ 0	-
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¹ Percent change is calculated based on expenses.

² In 2011, the City of Santee requested that SourcePoint enter into a multi-year contract with it to provide access to SANDAG on-call engineering contracts, conduct competitive procurements, and serve as the contract administrator for the construction of certain projects in the City of Santee. The Executive Committee approved a waiver of the RIS fee.

Overview of Projects

A total of 55 projects were started or carried over from the previous fiscal year. The services provided this fiscal year are concentrated in the areas of feasibility studies and comprehensive plans, other services, transportation modeling, and a couple of projects in the demographic and Geographic Information System (GIS) services category.

The largest revenue-generating category is feasibility studies and comprehensive plans. The Service Bureau worked with the City of Carlsbad to develop a parking study for the Village, Barrio, and beach area, and to help develop a Transportation Demand Management (TDM) program.

The next largest category is other services. This category includes supportive services for member agencies that do not fit into the main Service Bureau categories. Currently, staff is facilitating a pilot project between the California Coastal Commission and Carlsbad for early coordination on projects that fall within the Coastal Commission jurisdiction. As described in previous staff reports, Carlsbad provided funding to the Coastal Commission to hire an additional analyst, and in

exchange, is receiving enhanced services and expedited project review. The funding and agreements are processed through the Service Bureau. The pilot, which officially began in January 2016, is going well.

Transportation modeling services continues to be the mainstay of Service Bureau, with 48 projects (87% of total projects) concentrated in this category. Staff worked on a number of smaller requests for estimating traffic impacts due to development projects as well as some larger projects to assist the City of San Diego with community plan updates.

Transportation Modeling Services for Potential Development at Qualcomm Stadium Site in Mission Valley

At its May 12, 2017, meeting, the Executive Committee approved a request for the Service Bureau to produce a Series 13 transportation modeling run for the Qualcomm Stadium site in Mission Valley. Staff provided a progress report to the Executive Committee at its September 8, 2017, meeting summarizing the work that had been completed to date, as well as informing the Executive Committee of agreed-upon project details to be incorporated into the final run.

Since the September meeting, staff has continued to respond to technical questions raised by one of the clients (Linscott, Law & Greenspan) on the transportation model. Staff met with both clients to review the questions and has prepared written responses to address them. In addition, staff received a request for modeling output data for areas surrounding the Qualcomm development site from FS Investors, and pursuant to the California Public Records Act, provided the requested data.

The final model run for the Qualcomm Stadium site was completed on October 19. FS Investors continues to raise questions about the underlying data. After careful consideration, staff has determined that the final model run is sound. The results from the final model run are planned to be released to the clients on December 1.

Planned Projects in FY 2018 and Upcoming Service Bureau Improvements

Requests for services have been steady in FY 2018. Staff began work on a high-level feasibility study for constructing a skyway from the San Diego Convention Center to the San Diego International Airport, and currently is processing agreements to study the feasibility of a quiet zone in the Middletown-Old Town segment of the Los Angeles-San Diego-San Luis Obispo rail corridor. Work will continue this fiscal year to help the City of Carlsbad establish a TDM program.

Requests for transportation modeling from various private and public agencies have been steady as well. Staff began transportation modeling work to assist the City of Escondido with its Centre City Parkway corridor study. The City of San Diego amended its on-call transportation modeling agreement with the Service Bureau, and discussions regarding the first two task orders for modeling for community plan updates are ongoing. In addition, staff is discussing a scope of work for transportation modeling for a Harbor Drive Corridor Study.

There are several time-sensitive modeling requirements that need to be met to support the development of San Diego Forward: The 2019 Regional Plan, as well as other agency efforts such as the Regional Housing Needs Assessment in FY 2018. Given the likelihood of workload challenges going forward, the Executive Committee is asked to set the following project priorities:

- First priority: San Diego Forward: The 2019 Regional Plan and other agency priorities
- Second priority: Member and other government agency project requests
- Third priority: Private-sector development project requests

Pending action by the Executive Committee and Board of Directors (see Agenda Item No. 5), other changes related to the Service Bureau in FY 2018 include implementation of a refined scope of work that the Service Bureau may provide and development of a standard contract form to be required for all Service Bureau work. Lastly, based on a review of the costs of providing transportation modeling services using the Activity Based Model, an increase in fees is anticipated in FY 2018 to ensure full cost recovery of services rendered, including the additional staff time required to run the model and perform extensive quality control on the inputs and outputs.

RAY MAJOR

Chief Economist and Director of Technical Services

Key Staff Contact: Cheryl Mason, (619) 699-1951, cheryl.mason@sandag.org