



San Diego's Regional Planning Agency

401 B Street, Suite 800
San Diego, CA 92101-4231
(619) 595-5300
Fax (619) 595-5305
www.sandag.org

MEETING NOTICE AND AGENDA

MEMBER AGENCIES

Cities of
Carlsbad
Chula Vista
Coronado
Del Mar
El Cajon
Encinitas
Escondido
Imperial Beach
La Mesa
Lemon Grove
National City
Oceanside
Poway
San Diego
San Marcos
Santee
Solana Beach
Vista
and
County of San Diego

ADVISORY MEMBERS

California Department
of Transportation

Metropolitan Transit
Development Board

North San Diego County
Transit Development Board

United States
Department of Defense

San Diego
Unified Port District

San Diego County
Water Authority

Baja California/Mexico

SAN DIEGO CONFORMITY WORKING GROUP

The San Diego Conformity Working Group may take action on any item appearing on this agenda.

Wednesday, February 18, 2004

10:00 a.m. to 11:30 a.m.

SANDAG, Conference Room A
401 B Street, Suite 800
San Diego, CA 92101-4231

Staff Contact: Elisa Arias
(619) 699-1936
ear@sandag.org

Please contact Sookyung Kim (ski@sandag.org) prior to the meeting if you wish to participate by conference call.

SANDAG offices are accessible by public transit. Phone 1-800-COMMUTE or see www.sdcommute.com for route information.

SAN DIEGO CONFORMITY WORKING GROUP (CWG)

Wednesday, February 18, 2004

ITEM #		ACTION
1.	Introductions	
+2.	Summary of January 21, 2004 Meeting	INFORMATION
3.	Public Comments/Communications	
+4.	2004 State Transportation Improvement Program (STIP) Development On February 6, 2004, SANDAG's Transportation Committee further discussed alternatives for the preparation of the draft 2004 STIP, which is part of the 2004 Regional Transportation Improvement Program (RTIP). The attached report describes those alternatives. Staff will inform the CWG on the direction provided by the Transportation Committee.	INFORMATION
+5	2004 RTIP Development SANDAG continues the development of the 2004 RTIP, which covers the five-year period from FY 2005 to FY 2009. The attached correspondence to the Tribal governments requested the submission of projects for inclusion in the 2004 RTIP. A map showing Tribal lands in San Diego County also is attached. The deadline for project submittals from all agencies and jurisdictions is March 5, 2004.	INFORMATION
6.	2004 RTIP Conformity Criteria and Procedures The CWG will continue the discussion on criteria and procedures to determine conformity of the 2004 RTIP and to redetermine conformity of the 2030 Regional Transportation Plan (RTP). a) Emissions Budget and Carbon Monoxide (CO) Maintenance Plan The California Air Resources Board (ARB) will be asked to adopt the CO Maintenance Plan in May 2004 for submittal to the U.S. Environmental Protection Agency (EPA). The CWG will discuss the potential for a new applicable CO emissions budget prior to the 2004 RTIP adoption scheduled for June 25, 2004.	DISCUSSION
7.	8-Hour Ozone Standard Designations Staff from the U.S. EPA will update the CWG on the upcoming publication of the final rule related to air basin classifications and transition from the 1-Hour to the 8-Hour Ozone standard.	INFORMATION

ITEM #

ACTION

8. Other Business

INFORMATION

+ next to agenda item indicates an attachment

The next meeting of the San Diego Region Conformity Working Group will be held on
Wednesday, March 17, 2004 from 10:00 a.m. to 11:30 a.m. at SANDAG.

February 18, 2004

TO: San Diego Region Conformity Working Group
FROM: SANDAG Staff
SUBJECT: Summary of January 21, 2004 Meeting
ACTION: INFORMATION

Item #1: Introductions

Self-introductions were made. See attached attendance list.

Item #2: Summary of December 17, 2003 Meeting

There were no comments or corrections.

Item #3: Public Comments/Communications

There were none.

Agenda order was changed to accommodate late arrivals.

Item #6: 2004 State Transportation Improvement Program (STIP) Development

Mr. Jose Nuncio, SANDAG, reviewed the staff report to the SANDAG Transportation Committee. He explained that since no new financial capacity is allowed in the 2004 STIP, existing funds would extend into FY 2008/09. As a result, projects are anticipated to be delayed which would result in increased project costs, which in turn would lead to additional funding shortfalls. For the existing projects, Mr. Nuncio stated that SANDAG established three criteria for funding: 1) fund existing prior commitments; 2) fund projects ready for construction; and 3) fund projects ready for right-of-way acquisition. In addition, the region would continue current operational projects. Mr. Nuncio then reviewed the three funding options presented to the Transportation Committee: one is a "pay as you go" approach and the other two involve issuing GARVEE bonds. The Transportation Committee is scheduled to discuss the STIP further at its meetings in February, with SANDAG Board adoption for the STIP scheduled for the March 26, 2004 meeting.

Mr. Wade Hobbs, FHWA, stated that FHWA/FTA/Caltrans have discussed the use the draft Fund Estimate as the basis for developing the 2004. RTIP. A letter stating the use of these assumptions is forthcoming from Caltrans programming office.

Item #7: 2004 RTIP Development

Ms. Sookyung Kim, SANDAG, reviewed the 2004 RTIP process, which was initiated with a memorandum requesting all agencies in the region to submit their projects for inclusion in the 2004 RTIP by March 5, 2004.

Item #8: 2004 RTIP Conformity Criteria and Procedures

Item 8a: Use of Latest Planning Assumptions

Mr. Ed Schafer, SANDAG, reviewed the population estimates included in Table C.1 (handout). He explained that the final 2030 growth forecast was adopted by the SANDAG Board of Directors in December 2003. The differences between the preliminary forecast, which was used in the development of the 2030 Regional Transportation Plan (RTP), and the final version are twofold: (1) the final forecast assumes the jurisdictions' current plans and policies resulting in fewer housing units and less population; and (2) the final forecast relied on the updated national economic forecast which considered the recent recession.

Mr. Bill McFarlane, SANDAG, reviewed the travel demand model. The modeling methodology has not changed since the preparation of the 2030 RTP. SANDAG did update the model by validating against the most recent 2000 Census and other data.

Ms. Elisa Arias, SANDAG, stated that SANDAG will use the vehicle inventory data included the EMFAC2002 emissions model. Mr. Mike Brady, Caltrans, asked if vehicles from Mexico are being accounted for. Ms. Arias stated that EMFAC2002 includes data for Mexican vehicles based on surveys conducted in El Paso-Juarez and San Diego-Tijuana. She also mentioned that SANDAG submitted comments related to the NAFTA EIS and General Conformity Evaluation that the Federal Motor Carrier Safety Administration is conducting for NAFTA Mexican truck regulations.

Item 8b: Transportation Control Measures (TCM)

Ms. Arias reported that the four TCMs identified in the 1982 State Implementation Plan (SIP) have been fully implemented and continue to be funded. They include ridesharing, transit service improvements, traffic flow improvements and bicycle facilities program. No TCMs have been removed or substituted from the 1-Hour Ozone Maintenance Plan, which is the applicable SIP.

Item 8c: Latest Emissions Model

Ms. Arias reiterated that SANDAG plans to use EMFAC 2002.

Item 8d: Emissions Budget

Ms. Arias stated that SANDAG will use the approved 1-Hour Ozone Maintenance Plan budgets (2010 and 2014) and the 1993 Carbon Monoxide budget. Regional emissions forecasts will be prepared for 2010, 2014, 2020, and 2030.

Item 8e: Consultation and Public Involvement

Ms. Kim reviewed the various external and internal committees that are involved and notified in the 2004 RTIP process. Mr. Hobbs asked if Tribal communities had been notified and suggested that an effort be made to include the Tribal communities in the process. Ms. Kim agreed and would report at the next meeting.

Item #5: Proposed Transportation Conformity Rule Amendments for the New 8-hour Ozone and PM2.5 Standards

Ms. Karina O'Connor, U.S. Environmental Protection Agency (EPA) reported that over 11,000 comments were received and are being processed for responses. EPA is still on schedule for the final rule to be issued in summer 2004.

Item #9: Carbon Monoxide (CO) Maintenance Plan

Mr. Doug Ito, California Air Resources Board (ARB), reported that the current schedule is to adopt the plan by May 2004. Discussion ensued regarding whether there would be sufficient time to use the budget from the updated plan for the 2004 RTIP.

Item #10: Other Business

Ms. Arias asked members if the current San Diego CWG schedule should be changed since there seemed to be some conflicting schedules for certain members. Members were encouraged to notify Ms. Arias with alternate dates/times. She also mentioned the upcoming statewide CWG meeting scheduled for January 29, 2004.

Ms. Sandy Johnson, Caltrans, brought information related to Tribal lands in San Diego County. Staff agreed to include a map showing those lands in the agenda for the February meeting.

Ms. Kim notified the members that SANDAG staff will be relocating offices in the next five months and that the phone and fax numbers will change beginning January 26, 2004.

Item #4: 8-hour Ozone Standard Designation

Mr. John Kelly, EPA, was unable to participate. Ms. O'Connor stated that the 8-Hour Ozone implementation rule related to classifications will likely be delayed until February 2004.

San Diego Conformity Working Group

Meeting Attendance

January 21, 2004

Name	Agency
Carl Selnick	San Diego Air Pollution Control District
Wade Hobbs (phone)	U.S. Federal Highway Administration (FHWA)
Karina O'Connor (via phone)	U.S. Environmental Protection Agency (EPA)
Doug Ito (via phone)	California Air Resources Board
Mike Brady (via phone)	Caltrans Headquarters
Sandy Johnson	Caltrans District 11
Elisa Arias	SANDAG
Sookyung Kim	SANDAG
Jose Nuncio	SANDAG
Ed Schafer	SANDAG
Bill McFarlane	SANDAG
Leo Miras	SANDAG

TRANSPORTATION COMMITTEE

February 6, 2004

AGENDA ITEM NO.: **8****Action Requested: INFORMATION**

2004 STATE TRANSPORTATION IMPROVEMENT PROGRAM ALTERNATIVES

Introduction

The State Transportation Improvement Program (STIP) is a five year transportation funding program that is updated biennially. At the January 16, 2004 meeting, staff discussed the \$203.8 million 2004 STIP programming capacity, which includes no additional funds and is made up entirely of the programmed funds for the remaining 2002 STIP projects. Additionally, projects will need to be delayed since the available funds are to a great extent not available until FY 2007/08 and 2008/09. Staff presented three options for the 2004 STIP, together with an analysis on the remaining potential shortfalls and risks associated with each option. Suspension of the Traffic Congestion Relief Program (TCRP) and its impact on on-going construction and procurement contracts is now included in the options. Additional information on delay and Grant Anticipation Revenue Vehicle (GARVEE) bond financing costs was requested and is included in this report. Additionally, information on previous evaluation and prioritization exercises to determine programming for the 2004 STIP projects is included in this report.

Approximately \$506.7 million in transportation funds are needed at this time to address the programming needs for regionally significant highway and transit projects. This includes potentially lost TCRP funds on on-going construction and procurement contracts, as well as funds to cover anticipated right of way acquisition and construction inflation costs resulting from the unavailability of STIP funds in the near term. The 2004 STIP provides \$203.8 million, thus leaving \$302.9 million in potential shortfalls. As mentioned previously, a tool to partially bridge this \$302.9 million shortfall is to issue GARVEE bonds. This allows projects to be implemented with minimal delay, thus reducing potential right of way acquisition and construction inflation costs. This tool, however, comes with financing costs associated with it, which reduces future funds available for transportation projects.

The three programming options presented on January 16 have been refined and now include a more thorough analysis on cost of financing vs. cost of delay. The options have also been updated to include these costs as part of the programming options. The three programming options range from issuing GARVEE bonds to rescheduling projects to match the delayed cash flow projections. All three options carry certain risks in terms of final approval by the California Transportation Commission (CTC) as well as additional costs associated with debt service or costs from delays. The options are as follows:

- Option A: Follow the "pay as you go" approach with no additional GARVEE bonds.
- Option B: Issue some additional GARVEE bonds, which still leaves some projects with funding gaps.
- Option C: Maximize the use of GARVEE bonds.

Attachment 1 shows a simplified comparison of the programming options including their impact on project delays. Staff requests additional feedback to prepare the final draft of the 2004 STIP for recommendation, and to take it to the Board of Directors at their February 27 meeting.

Discussion

2004 STIP Funding

As discussed at the January 16 meeting, Table 1 shows the 2002 STIP as it is currently programmed, and the 2004 STIP programming annual targets. Although two additional years have been added to the remaining 2002 STIP (Fiscal Years 2007/08 and 2008/09), there are no additional funds available, with the total available remaining at \$203.8 million. Further, the funds available will need to be re-spread to future years, resulting in project delays.

**Table 1
2002 STIP Current Program and 2004 STIP Annual Targets (\$000's)**

	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09	Total
2002 STIP Current Program	\$113,280	\$16,876	\$73,693	\$0	\$0	\$203,849
2004 STIP Annual Targets	\$4,133	\$39,984	\$33,825	\$33,150	\$92,757	\$203,849
Adjustments	(\$109,147)	\$23,108	(\$39,868)	\$33,150	\$92,757	\$0
Cumulative Adjustments	(\$109,147)	(\$86,039)	(\$125,907)	(\$92,757)	\$0	

Note: FY 2003/04 unallocated funds have been rolled over and are shown under FY 2004/05.

Priority Setting

In the Summer of 2001, the Transportation Committee evaluated and prioritized a series of projects that culminated in November 2001 with the approval by the Board of Directors of the 2002 STIP. The projects that are included in each of the draft 2004 STIP options and referenced as Projects #1-14 in Attachment 2 are the remaining projects that were prioritized and programmed as part of that 2002 STIP exercise.

In 2002 and 2003, the Board of Directors had another opportunity to re-prioritize projects through the development of the 2030 Regional Transportation Plan (RTP). The Board of Directors approved criteria for the selection of transportation projects for the 2030 RTP in March 2002. These criteria are shown below in Table 2. The draft list of projects, which included the proposed phasing of completion, was reviewed in October 2002, and approved with minor revisions in January 2003. The 2030 RTP, including the prioritized list and phasing of projects, was adopted by the Board of Directors in March 2003. It should be noted that the Board of Directors re-affirmed the priorities originally established in the 2002 STIP by including them in the 2030 RTP.

**Table 2
Summary of Highway Project Evaluation Criteria**

Quantitative Criteria	Percent of Total Score (Weight Factor)
1. Total Cost Divided By Person-Miles Traveled	35%
2. Total Cost Divided By Travel Time Savings	35%
Qualitative Criteria	Percent of Total Score (Weight Factor)
3. Critical Linkage	3.75%
4. Addresses High Accident Rate	3.75%
5. High Truck Usage	3.75%
6. Serves Employment/Education	3.75%
7. Serves Smart Growth	3.75%
8. Facilitates Carpool and Transit Mobility	3.75%
9. Minimizes Habitat Impacts	3.75%
10. Minimizes Residential Impacts	3.75%

The 2030 RTP identified, within the Revenue Constrained Plan, which projects were the region's highest priorities to be completed at the earliest possible time. While some of the highest priority projects identified in the first ten-year time period (through 2010) have been completed or are well under way in construction, there are others that are not yet completed, including the I-15 Managed Lanes and the Sprinter. In addition, completion of the SR 52 freeway from SR 125 to SR 67 and the SR 905 projects are among the top five projects to be completed by 2020. It should be noted that these two latter projects are phased to be completed by 2010 in the Mobility 2030 Plan, which assumes a Reasonably Expected Revenue Scenario.

The programming priorities included in the draft 2004 STIP funding options are consistent with the priorities established in both the 2002 STIP and the 2030 RTP. Given the programming limitations of the 2004 STIP, the intent of the options presented in this report is to carry to completion at the earliest possible time these previously established programming priorities.

The projects that are included in the draft 2004 STIP options and referenced as Projects A-H in the attachments are either experiencing budget shortfalls due to the suspension of the Traffic Congestion Relief Program (TCRP) on unallocated TCRP funds, as is the case of the Sprinter, or that have potential but very likely budget shortfalls from suspension of allocated TCRP funds on on-going construction or procurement contracts, as is the case of the East Village Transit Stations Access Improvements project,

the I-5/I-805 "Merge" project or the MTS Bus procurement contract. The costs of delay associated with suspending an on-going contract may quickly escalate beyond the additional cost of construction inflation due to legal costs and contractual commitments. Staff is not recommending programming funds to make up this potential shortfall on on-going construction or procurement contracts through the 2004 STIP, as proposals to make up these shortfalls are in the development stage in Sacramento and few details are available at this time. As more details are available, it may become necessary to re-direct funding to these on-going construction or procurement contracts.

In developing the three 2004 STIP options, the following guidelines were used to help determine in which year(s) projects would receive their funds. These guidelines, shown below, were presented to and used by the Transportation Committee in October 2003 which resulted in funding re-directions from savings and future construction of SR 52 to the acquisition of right of way for SR 52 and SR 56 and construction of the SR 52/Forester Creek channel, among others, as the region evaluated how best to address the transportation budget shortfalls at that time. The annual targets shown in Table 1 play a critical role as the demands on the program need to fit reasonably well within the established targets. An underlying factor is the CTC's request that no new projects be added to the STIP beyond projects #1-14.

1. *Program previous financial commitments.* This includes GARVEE bond debt service and AB 3090 reimbursements. The CTC has already subtracted the GARVEE bond debt service commitments from our STIP targets. The AB 3090 reimbursement for the Regional Automated Fare System needs to be programmed according to the guidelines that dictate reimbursements.
2. *Construction for major projects that are ready to go.* The major projects in this category are the I-15 Managed Lanes, SR 905 and the Sprinter.
3. *Right of way acquisition for major projects.* This would include SR 52 and the Mid-Coast Light Rail Transit line.
4. *Project Development for major projects.* This would include the Mid-Coast Light Rail Transit line and the HOV lanes on SR 54/SR 125 from I-805 to SR 94.
5. *Operations projects.* These include changeable message signs, speed monitoring stations and ramp meters.
6. *Region-wide Programs.* This includes the Planning, Programming and Monitoring that contribute to SANDAG staffing, the Rideshare Program and the RSTP/CMAQ matching program that facilitates the use of other federal funds. These tend to be lower amount, multi-year programming.

In the case where additional programming capacity was generated through the use of GARVEE bonds, this additional capacity is proposed to complete the I-15 Managed Lanes Bus Rapid Transit project, the Sprinter and the SR 56 permit-required landscaping project. While not included as part of Projects #1-14, these projects are considered of very high regional priority: The I-15 BRT system is the critical transit element of the managed lanes; the Sprinter is a commitment from the original *TransNet* measure; and, the SR 56 landscaping project is required as a condition of the freeway's permit from the California Coastal Commission. These projects are experiencing funding shortfalls as a direct result of the suspension of the Traffic Congestion Relief Program (TCRP). The draft 2004 STIP attempts to bridge the TCRP gap and allow these previous regional commitment projects to be completed.

Programming Options

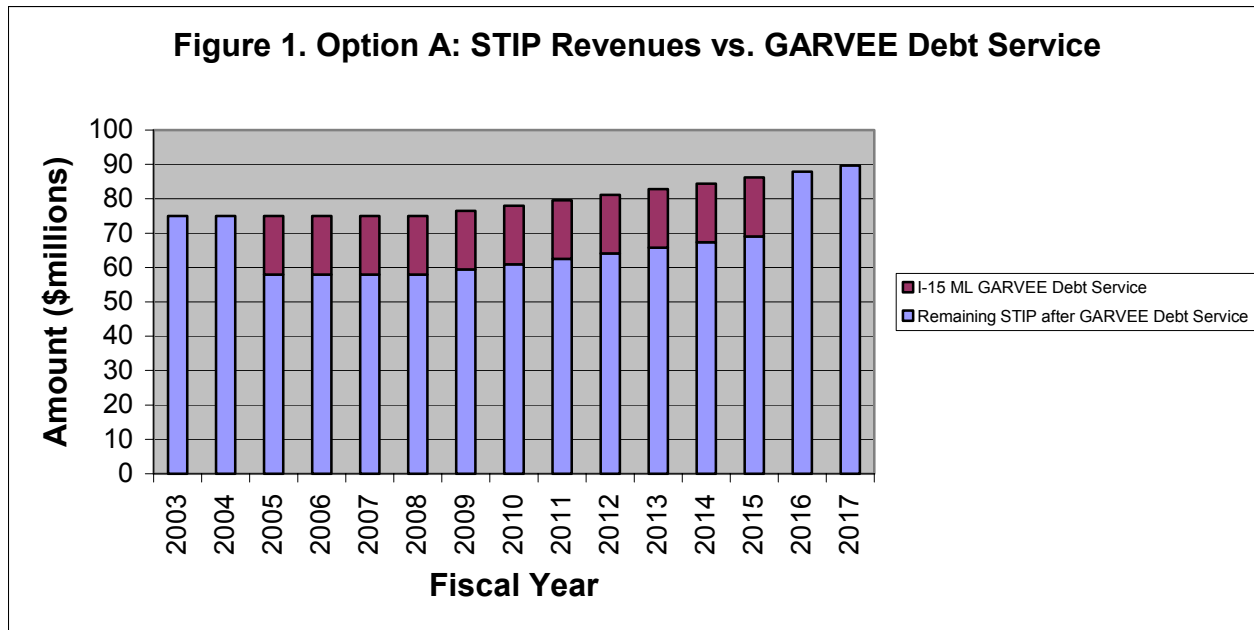
Option A – No Additional GARVEE bonding or the “Houston, we have a problem” by Tom Hanks as Cmdr. Jim Lovell in Apollo XIII alternative

Option A has been updated from that initially presented at the January 16 meeting to account for right of way and construction escalation costs and recent programming actions by the CTC. The changes are shown in summarized form in Attachment 3A, with more details shown in Attachment 3B. Option A assumes that due to the state’s financial constraints no additional GARVEE bonds beyond those already approved for the I-15 Managed Lanes will be approved by the CTC or the Department of Finance. The projects would need to be programmed on a “pay as you go” basis and stay within the annual targets. As mentioned earlier, the 2004 STIP shifts the programming capacity from the early to the last years of the STIP. Programming on a “pay as you go” basis would delay many construction projects, including SR 905 and SR 52, to FY 2007/08 and FY 2008/09, respectively. Table 3 shows the impact of the existing GARVEE bonds on the region’s annual targets.

**Table 3
Option A - GARVEE Debt Service and Impacts to Annual Targets (\$000’s)**

	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09	Total
Original Annual STIP Target	\$21,213	\$57,064	\$50,905	\$50,230	\$109,837	\$289,249
I-15 ML Approved GARVEE	\$17,080	\$17,080	\$17,080	\$17,080	\$17,080	\$85,400
Remaining 2004 STIP Target Capacity	\$4,133	\$39,984	\$33,825	\$33,150	\$92,757	\$203,849

Figure 1 shows the relative size of the GARVEE debt service load to the average STIP revenue stream. This GARVEE debt service load corresponds to the bonds already approved by the CTC for the I-15 Managed Lanes. During the highest debt service years, the annual debt service would total approximately \$17 million compared to the average of \$75 million in regional STIP funds, leaving potential STIP programming capacity in future years.



The costs associated with project delays for Projects #1-14 are estimated to be \$61.2 million, see Attachment 3C. Projects delayed include SR 52 right of way acquisition and construction, SR 905 construction, Mid-Coast LRT right of way acquisition, plus the construction of the three freeway operations projects. These costs include the higher cost of right of way acquisition and construction due to inflation as compared to current costs within the existing programmed schedule for the projects.

In addition to these project delay costs, other high priority projects are facing actual or very likely budget shortfalls of \$303 million, see Attachment 3B. These projects include the SR 52 construction project, the Sprinter, the SR 56 Middle Freeway project, the I-5/I-805 "Merge" project, the I-15 Managed Lanes Bus Rapid Transit project, the East Village Transit Station Access Improvements project, and the MTS Bus Procurement Contract. If these budget shortfalls are not addressed until the 2006 STIP cycle, they would generate an additional \$19.6 million in project delay costs, see Attachment 3C. Total potential delay costs between STIP and non-STIP funded projects would therefore amount to \$80.8 million, see Table 6 on page 12.

Certain existing programmed projects, including the Oceanside Transit Center Parking Structure and the I-5/Del Mar Heights to Via de la Valle Auxiliary Lane were addressed at the October 2003 meeting that dealt with FY 2003/04 project budget shortfalls. Other regional funds were used to maintain the schedule of these projects.

Option B – Limited Additional GARVEE bonding or "I have always depended on the kindness of strangers" by Vivian Leigh as Blanche DuBois in A Streetcar Named Desire alternative

Option B has also been updated from that initially presented at the January 16 meeting to account for right of way and construction escalation costs and recent programming actions by the CTC. The changes are shown in summarized form in Attachment 4A, with more details shown in Attachment 4B. This option would recommend GARVEE bonds on a limited basis only for the acquisition of right of way for the SR 52 freeway and the construction of SR 905. See Attachment 4B for associated debt

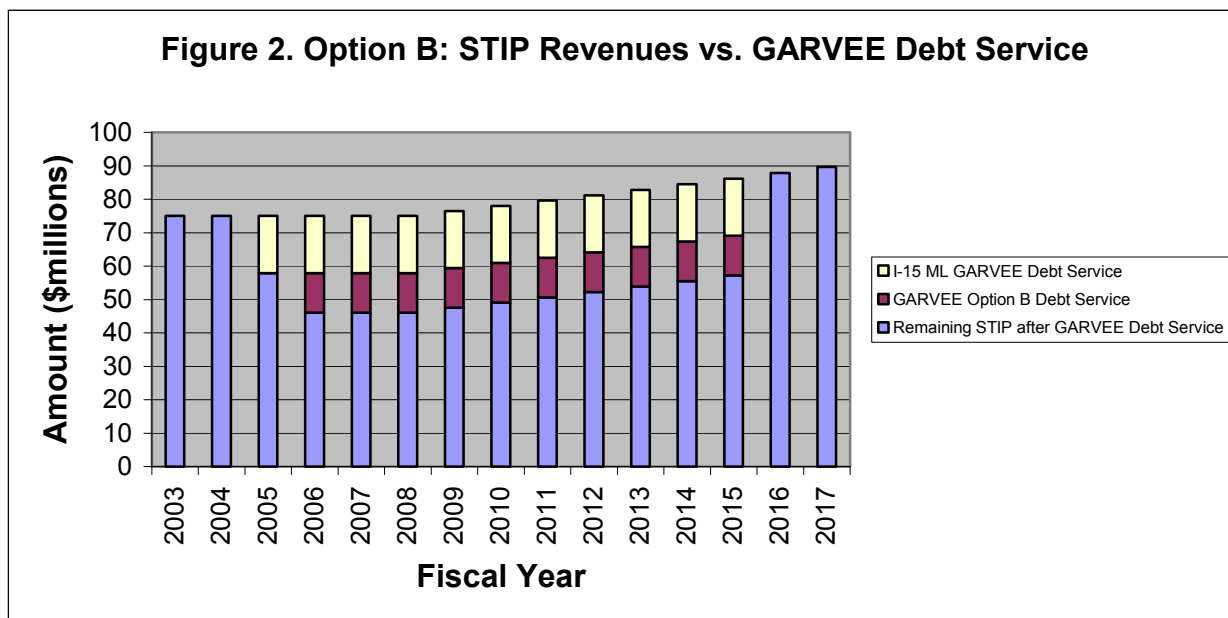
service amounts for these projects, referenced as projects 1 and 3. The likelihood that these projects would be selected by the CTC for GARVEE bonding may be higher than for the other projects as they meet the CTC's criteria for GARVEE bonds and they are already included in the current STIP (i.e., they are included as part of Projects #1-14). Allowing the acquisition of right of way is a critical path item required for completion of the SR 52 freeway project.

SR 905, on the other hand, will be ready to go to construction within twelve months and is a gateway project of international goods movement significance. An additional \$17.5 million of unexpended TCRP funds are no longer available. The GARVEE bond for SR 905 would cover both the \$22.5 and \$17.5 million in lost TCRP for a total bond proceed amount of \$39.9 million, see Attachment 4C. As a complement to the \$22.5 million of regional STIP funds, SR 905 has approximately \$79 million in interregional STIP funds that Caltrans would need to support to be GARVEE bonded. It should be noted that if Caltrans is not willing to GARVEE bond its interregional share of the programmed amount, GARVEE bonding the regional share would have little practical value to the implementation of the project. Limiting GARVEE bonds to these two projects also keeps the level of debt service to about \$29.2 million. Table 4 shows the impact of the debt service from these two additional GARVEE bonded projects on the annual STIP programming capacity.

Table 4
Option B - GARVEE Debt Service and Impacts to Annual Targets (\$000's)

	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09	Total
Original Annual STIP Target	\$21,213	\$57,064	\$50,905	\$50,230	\$109,837	\$289,249
I-15 ML Approved GARVEE	\$17,080	\$17,080	\$17,080	\$17,080	\$17,080	\$85,400
2004 STIP Target	\$4,133	\$39,984	\$33,825	\$33,150	\$92,757	\$203,849
GARVEE SR 52 Right of Way Acquisition Debt Service	\$0	\$6,490	\$6,490	\$6,490	\$6,490	\$25,961
GARVEE SR 905 Construction	\$0	\$5,382	\$5,382	\$5,382	\$5,382	\$21,528
Remaining 2004 STIP Capacity	\$4,133	\$28,112	\$21,953	\$21,278	\$80,885	\$156,360

Figure 2 shows the relative size of the GARVEE debt service load to the average STIP revenue stream. It includes the CTC-approved debt service for the I-15 Managed Lanes plus the additional debt service that would be incurred under Option B. During the highest debt service years, the debt service would total nearly \$29 million compared to the average of \$75 million in regional STIP funds.



As with Option A, there are costs associated with project delays for Projects #1-14, and they are estimated to be \$20.4 million, see Attachment 4C. Projects delayed include SR 52 construction, Mid-Coast LRT right of way acquisition plus the construction of the three freeway operations projects. Option B, however, minimizes the delay on SR 52 right of way acquisition and significantly reduces the delay on SR 905 construction from four years to one. The \$20.4 million cost figure includes the higher cost of right of way acquisition and construction due to inflation as compared to current costs within the existing programmed schedule for the projects.

In addition to these project delay costs, other high priority projects are facing actual or very likely budget shortfalls of \$256.2 million, see Attachment 4B. These projects include the SR 52 construction project, the Sprinter, the SR 56 Middle Freeway project, the I-5/I-805 “Merge” project, the I-15 Managed Lanes Bus Rapid Transit project, the East Village Transit Station Access Improvements project, and the MTS Bus Procurement Contract. If these budget shortfalls are not addressed until the 2006 STIP cycle, they would generate an additional \$19.6 million in project delay costs, see Attachment 4C (the \$19.6 million figure remains the same as Option A since it only includes the cost of delay of projects A-H). Total potential delay costs between STIP and non-STIP funded projects would therefore amount to \$40 million, see Table 6 on page 12.

Option C – Maximize GARVEE and other Bonds or the “Life’s a box of chocolates, Forrest. You never know what you’re gonna get” by Sally Field as Mrs. Gump in Forrest Gump alternative

Option C has also been updated from that initially presented at the January 16 meeting to account for right of way and construction escalation costs and recent programming actions by the CTC. The changes are shown in summarized form in Attachment 5A, with more details shown in Attachment 5B. In Option C, in addition to the right of way acquisition for SR 52 and the construction of SR 905 as described in Option B, there are several other projects that will require funds in the next 18 months, but that due to the near-term cash flow deficit in the STIP would not be addressed in the near term. These include the Sprinter light rail transit line between Oceanside and Escondido and the I-15 Bus Rapid Transit system. NCTD could issue a 20-year bond for the Sprinter in order to secure the funds in

the near term and the region could nominate additional GARVEE bonds for the I-15 Bus Rapid Transit System in the near term, with additional GARVEE bonds later in the STIP cycle for SR 52 construction. Although nominating GARVEE bonds for the construction of SR 52 would prevent the schedule from being delayed by one to two years, the additional financing costs and long term debt burden may outweigh the benefits and not warrant this action. Attachment 5B shows the anticipated debt service payments, assuming a 5% interest rate over a period of ten years.

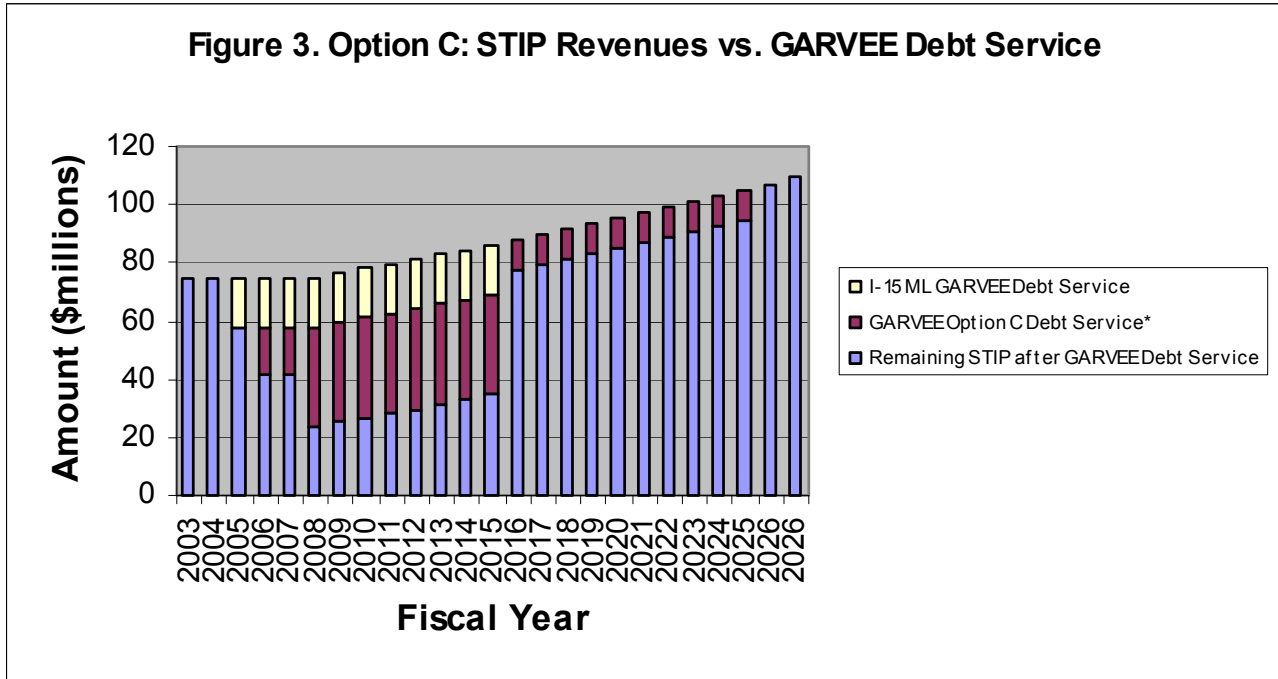
Table 5 shows the programmatic impact of implementing GARVEE bonds aggressively on the annual 2004 STIP targets. The debt service load can significantly reduce the programming capacity.

Table 5
Option C - GARVEE Debt Service and Impacts to Annual Targets (\$000's)

	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09	Total
Original Annual STIP Target	\$21,213	\$57,064	\$50,905	\$50,230	\$109,837	\$289,249
I-15 ML Approved GARVEE	\$17,080	\$17,080	\$17,080	\$17,080	\$17,080	\$85,400
2004 STIP Target	\$4,133	\$39,984	\$33,825	\$33,150	\$92,757	\$203,849
GARVEE "Existing" Projects 1, 2, and 3	\$0	\$11,872	\$11,872	\$30,223	\$30,223	\$84,190
GARVEE/NCTD "New" Projects B, C	\$0	\$4,117	\$4,117	\$4,117	\$4,117	\$16,468
Remaining 2004 STIP Capacity	\$4,133	\$23,995	\$17,836	(\$1,190)	\$58,417	\$103,191

Option C has the benefit of securing the funds for the projects in the near term, allowing them to proceed with minimal schedule delays. However, it raises the annual amount that is used for debt service from the current \$17 million for the I-15 Managed Lanes to over \$51 million per year by FY 2008, significantly limiting the contribution from the STIP to the overall menu of transportation funding options over the next decade, see Figure 3. Additionally, there is the risk that while the region may nominate these projects for GARVEE bonding, the CTC may not approve the nomination for all of them. This could be the case for the I-15 Bus Rapid Transit since it is not included in the list of remaining 2002 STIP projects, shown in Attachment 2.

Figure 3. Option C: STIP Revenues vs. GARVEE Debt Service



*NCTD Bond 20-Year Debt Service is included under the GARVEE Option C Debt Service

As with Options A and B, there are costs associated with project delays for Projects #1-14, and they are estimated to be \$14.6 million, see Attachment 5C. Projects delayed include Mid-Coast LRT right of way acquisition plus the construction of the three freeway operations projects. Option C, however, minimizes the delay on SR 52 right of way acquisition and construction and significantly reduces the delay on SR 905 construction from four years to one. The \$14.6 million cost figure includes the higher cost of right of way acquisition and construction due to inflation as compared to current costs within the existing programmed schedule for the projects.

In addition to these project delay costs, other high priority projects are facing actual or very likely budget shortfalls of \$59.5 million, see Attachment 5B. These projects include the SR 56 Middle Freeway project, the I-5/I-805 "Merge" project, the I-15 Managed Lanes Bus Rapid Transit project, the East Village Transit Station Access Improvements project, and the MTS Bus Procurement Contract. If these budget shortfalls are not addressed until the 2006 STIP cycle, they would generate an additional \$3.4 million in project delay costs, see Attachment 5C. Total potential delay costs between STIP and non-STIP funded projects would therefore amount to \$18 million, see Table 6.

Regarding GARVEE bonds for the Sprinter, CTC staff has indicated that, in their opinion, the Sprinter does not qualify for GARVEE bonds. They have indicated that GARVEE bonds can only be used for Title 23 projects, i.e. highway projects. Transit projects, however, are included in Title 49. Option C, therefore, includes NCTD bond financing of the Sprinter as an alternate strategy to the GARVEE bond strategy initially presented at the January 16 meeting. This is a similar strategy to GARVEE bonds in that the STIP would be used to pay for the debt service, but it would not rely on CTC approval of the bonds. The estimated debt service over the 2004 STIP period is shown under Project C of Attachment 5B. The twenty-year debt service impact on future STIP revenues is also included in Figure 3.

Other Considerations

Delay Costs

The costs associated with delaying a project include four main components: (1.) The cost of inflation on construction contracts. Although the cost of construction in California varies year to year, the CTC is currently using a Department of Finance escalation factor of 3% through the 2004 STIP period. Anecdotal evidence in the San Diego region suggests, however, that in the past year bid prices have gone up significantly higher than 3%, with estimates as high as 40% above the engineer's construction cost estimate in some cases; (2.) The cost of right of way acquisition in San Diego continues to experience double digit annual increases. Recent increases in the cost of real estate on other projects have been significant. As an example, the Transportation Committee recently approved increasing the budget for the SR 56 freeway project by \$24 million, or an increase of approximately 49% over the past two years; (3.) There may be the need to re-do some of the work, especially in the area of environmental documents and permits. As there are changes to law, the environmental documents and permits may have to be re-done and in some cases, the design may have to be changed to accommodate new requirements. This takes both time and money; and (4.) The economic and environmental impact to the region from lost productivity, additional fuel consumption and time delays can be significant.

GARVEE Debt Service vs. Future Revenues

GARVEE debt service annual payments are assumed for a 10 year repayment period at 5%. Although rates are currently lower, hovering just above 4%, if the GARVEE bonds are approved and sold as proposed in either Option B or Option C, the earliest they would be sold would be February 2005. Thus, a 5% interest rate is a reasonable assumption given that economic conditions may change that could push financing costs higher. The repayment period is also subject to change, although CTC guidelines set a limit of 12 years. Figures 1 through 3 earlier in the report show the debt service load under Options A, B and C, respectively through the life of the debt service, assuming a 10 year repayment period at 5%.

Future revenues are difficult to forecast, especially at this time of fiscal uncertainty. If average historical revenues are extended into the future, however, it becomes evident that although the GARVEE bond debt service would take a significant amount of future programming flexibility, as shown in Figure 3 for Option C, the most aggressive bonding option, there would remain programming capacity to implement other regional priority projects. The average STIP was calculated by taking the 1989-2008 twenty year period of known county shares, see Attachment 6. These yield \$75 million per year. It should be noted that these are not adjusted for inflation. Future average STIP revenues are assumed to increase by 2% per year beyond 2008. It should be noted that these STIP funds only include the regional share. The interregional share of the STIP is not included in this \$75 million annual average. Given the interregional nature of many of the county's facilities, including access to the international border, seaports, military installations and major interstates, it is reasonable to assume that an additional \$25 million per year, consistent with the SB 45 breakdown between regional and interregional shares, would be available to the region.

Table 6 compares the delay and financing costs for all three options. Option A would experience approximately \$81 million in project delay costs but it would not incur additional GARVEE bond financing costs. Option B would experience approximately \$40 million in project delays plus an additional \$29 million in financing costs for SR 52 right of way acquisition and SR 905 freeway

construction, for a total of \$69 million. Option C would experience approximately \$18 million in delay costs, but to accomplish this, a total of \$115 million in financing costs would need to be paid, for a total of \$133 million.

**Table 6
Delay and Finance Cost Comparison Table (\$000's)**

Costs	STIP Option A No Additional GARVEE	STIP Option B Limited Additional GARVEE	STIP Option C Maximize GARVEE
Delay Costs			
STIP Option Funded Projects	61,236	20,449	14,558
Other non-STIP Option Funded Projects	19,647	19,647	3,417
Total Delay Costs	80,833	40,096	17,975
GARVEE Bond Financing Costs over 10-year Repayment Period	0	29,153	115,080*
Total Delay and Financing Costs	80,883	69,250	133,055

*Includes the NCTD Bond Financing Cost for the Sprinter over a 20-year period

Other Potential Funds: RSTP/CMAQ and TransNet Extension

Table 7 shows a summary of the shortfalls that remain even after the 2004 STIP funds are programmed. It should be reiterated that a significant component of the potential shortfalls correspond to on-going construction or procurement contracts that may lose their TCRP funds as this program has been suspended. This discussion is for information purposes only and does not require specific programming action at this time.

**Table 7
Remaining Shortfalls (\$000's)**

	STIP Option A No Additional GARVEE	STIP Option B Limited Additional GARVEE	STIP Option C Maximize GARVEE
Shortfall Amount	302,880	256,211	59,531

In order to address these potential shortfalls, the following fund sources are available. Two sources of funds that the region receives are the Regional Surface Transportation Program (RSTP) and the Congestion Mitigation and Air Quality (CMAQ) program. These funds provide additional flexibility as they are programmed at the discretion of the region, subject to project eligibility requirements. These sources began as part of the Intermodal Surface Transportation Efficiency Act (ISTEA) and continued under the recently expired Transportation Equity Act of the 21st Century (TEA-21). It is anticipated that these programs will be continued under the re-authorized transportation bill making its way through Congress. The expected apportionments for federal fiscal years (FFY) 2004 and 2005 have for the most part already been programmed. Unprogrammed balances of anticipated apportionments for FY 2006

through 2009 remain, as shown in Attachment 7. The region can choose to use these unprogrammed sources of funds to close the gap on the 2004 STIP projects. However, by utilizing these funds, the region may preclude the funding of other programs that have historically been supported by either the RSTP or CMAQ programs, including the Regional Arterial System and the Traffic Signal Program. Historical obligations for these and all other programs are also shown in Attachment 7.

An additional potential source of funds is bonds backed by anticipated revenues from an extended TransNet sales tax. The TransNet sales tax extension is currently scheduled to be placed before the voters in the November 2004 election.

If these potential sources are tapped, there are several risks that need to be considered. Firstly, the level of federal revenues from a re-authorized transportation bill will remain unknown until it is passed by Congress. The assumption of future revenues made in this report may not accurately represent the actual revenues. A conservative assumption of the average of the last three years was used as the forecast for future revenues. Secondly, the TransNet extension is subject to approval by a two thirds majority in November. If the voters do not pass the measure, we would have projects such as the I-15 Managed Lanes with short term needs that would likely need to be addressed by re-directing funds from other lower priority projects. The risk to the construction of SR 52 is lower given that construction of this facility is still a few years away and there would still be time to attempt approval of the TransNet extension measure at least one more time. Thirdly, both the CTC and the Federal Highway Administration may challenge the use of anticipated revenues, whether federal or TransNet extension, in assuming the financially constrained status of the STIP project or of the Regional Transportation Improvement Program (RTIP).

An impact from using future federal revenues on the projects with funding gaps would be that the regional flexibility to support programs such as the Regional Arterial System would be curtailed through at least FY 2006/07. The impact from advancing TransNet extension funds would be the added financing costs as the revenues to pay for the financing would not be available until the extension of TransNet goes into effect in 2008.

Calendar

A final draft will be prepared for Recommendation at the February 20, 2004 Transportation Committee meeting. The Transportation Committee Recommendation will be taken to the Board of Directors in February for discussion and then for their approval at the March 26, 2004 Board meeting to meet the April 12, 2004 deadline to submit to the CTC.

RENEE WASMUND
Director of Finance

Attachments

Key Staff Contact: Jose Nuncio, (619) 699-1908; jnu@sandag.org



401 B Street, Suite 800
San Diego, CA 92101-4231
(619) 699-1900
Fax (619) 699-1905
www.sandag.org

February 6, 2004

Mr. Ralph Goff
Chairman
Campo Tribal Office
36190 Church Road, Suite 1
Campo, CA 91906

Subject: 2004 Regional Transportation Improvement Program (RTIP)

Dear Mr. Goff:

SANDAG is required by state and federal laws to develop and adopt a Regional Transportation Improvement Program (RTIP) every two years. The 2004 RTIP is a multi-year program of proposed major highway, arterial, transit, and bikeway projects being developed in the San Diego region from FY 2004/05 to FY 2008/09.

We are seeking the participation of all tribal governments in San Diego County in the development of the RTIP. If your community has plans to build, expand, or improve roadways, SANDAG requests that you work with us to include these projects into the 2004 RTIP. The attached Tables 1 and 2 are used to provide project information. These tables along with additional information related to the RTIP process can be found on the SANDAG web site: www.sandag.org/2004RTIP. The projects are due to SANDAG by March 5, 2004. By providing information about any projects you have planned for that time period, we can ensure greater regional coordination in transportation planning.

SANDAG staff is available to meet with tribal governments concerning the 2004 RTIP. Information about this request also will be presented at Caltrans' upcoming Tribal Transportation Academy scheduled for February 18, 2004.

We look forward to working with you on this project. If you have any questions, please contact our tribal government liaison, Rebecca Davis at (619) 699-1944, or by e-mail at rda@sandag.org.

Sincerely,

GARY L. GALLEGOS
Executive Director

GLG/crd

Attachment/Enclosure

MEMBER AGENCIES

- Cities of
- Carlsbad
- Chula Vista
- Coronado
- Del Mar
- El Cajon
- Encinitas
- Escondido
- Imperial Beach
- La Mesa
- Lemon Grove
- National City
- Oceanside
- Poway
- San Diego
- San Marcos
- Santee
- Solana Beach
- Vista
- and
- County of San Diego

ADVISORY MEMBERS

- Imperial County
- California Department of Transportation
- Metropolitan Transit System
- North San Diego County Transit Development Board
- United States Department of Defense
- San Diego Unified Port District
- San Diego County Water Authority
- Baja California/Mexico

2004 RTIP Letter: Tribal Government Mailing List

Tribes

Barona

Campo

Cuyapaipe

Inaja-Cosmit

Jamul

La Jolla

La Posta

Los Coyotes

Manzanita

Mesa Grande

Pala

Pauma

Rincon

San Pascual

Santa Ysabel

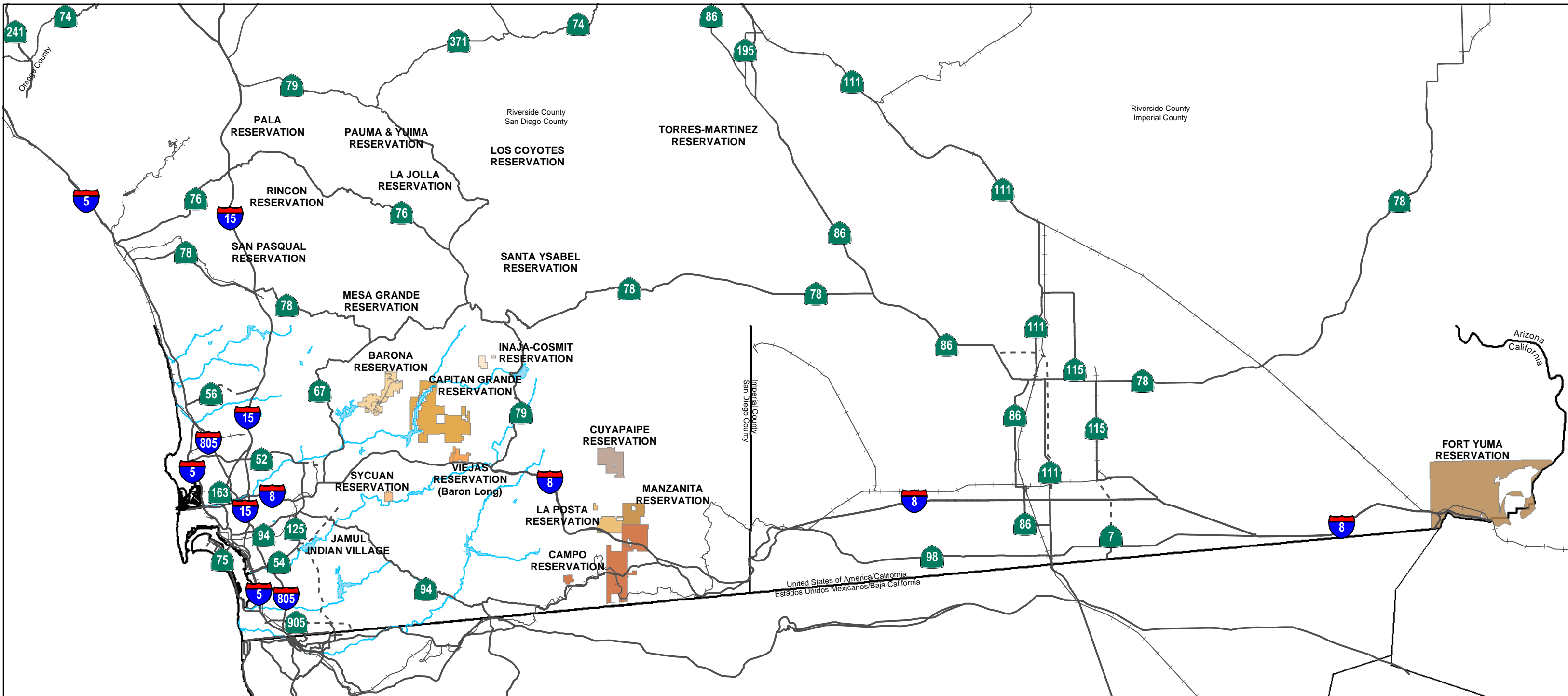
Sycuan

Viejas

Other

Reservation Transportation Authority

TRIBAL LANDS in District 11



Tribal Affiliation/Tribe	Population ¹	Acres ²	Tribal Affiliation/Tribe	Population ¹	Acres ²
Kumeyaay (Diegueño)			Luiseno		
Barona **	536	5,664	La Jolla * **	390	8,98
Campo * **	351	15,336	Pauma & Yuima **	186	5,826
Capitan Grande	0	15,615	Rincon **	1,495	3,918
Cuyapaipe	0	4,156	Cahuilla		
Inaja-Cosmit	0	846	Los Coyotes	70	24,762
Jamul **	---	6	Torres-Martinez * **	4,146	24,024
La Posta **	18	3,471	Cupeño and Luiseno		
Manzanita **	69	3,563	Pala	1,573	12,333
Mesa Grande	75	1,820	Quechan (Kamia)		
San Pasqual *	752	1,412	Fort Yuma * **	2,376	50,667 ³
Santa Ysabel **	250	15,270 ³			
Sycuan **	33	632			
Viejas **	394	1,572			

* TERO Tribes
 ** Tribes with Gaming Compacts
 1 United States Census 2000
 2 Reservation Transportation Authority
 3 Calculation using SanGIS data

