



Executive Committee Agenda

Friday, October 14, 2022

8 a.m.

Welcome to SANDAG. The Executive Committee meeting scheduled for Friday, October 14, 2022, will be held in person in the SANDAG Conference Room No. 7. While Executive Committee members will attend in person, members of the public will have the option of participating either in person or virtually.

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Persons who wish to address the members on an item to be considered at this meeting, or on non-agendized issues, may email comments to the Clerk at clerkoftheboard@sandag.org (please reference the "October 14, 2022, Executive Committee meeting," in your subject line and identify the item number(s) to which your comments pertain). Comments received by 4 p.m. the business day before the meeting will be provided to members prior to the meeting. All comments received prior to the close of the meeting will be made part of the meeting record.

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Vision Statement: *Pursuing a brighter future for all*

Mission Statement: *We are the regional agency that connects people, places, and innovative ideas by implementing solutions with our unique and diverse communities.*

Our Commitment to Equity: *We hold ourselves accountable to the communities we serve. We acknowledge we have much to learn and much to change; and we firmly uphold equity and inclusion for every person in the San Diego region. This includes historically underserved, systemically marginalized groups impacted by actions and inactions at all levels of our government and society.*

We have an obligation to eliminate disparities and ensure that safe, healthy, accessible, and inclusive opportunities are available to everyone. The SANDAG equity action plan will inform how we plan, prioritize, fund, and build projects and programs; frame how we work with our communities; define how we recruit and develop our employees; guide our efforts to conduct unbiased research and interpret data; and set expectations for companies and stakeholders that work with us.

We are committed to creating a San Diego region where every person who visits, works, and lives can thrive.



Executive Committee

Friday, October 14, 2022

Item No.

Action

1. 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 SANDAG that is not on this agenda. Public speakers are limited to three minutes or less per person. Committee members also may provide information and announcements under this agenda item. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Subjects of previous agenda items may not again be addressed under public comment.

Consent

+2. Approval of Meeting Minutes

Francesca Webb, SANDAG

Approve

The Executive Committee is asked to approve the minutes from its July 8, 2022, meeting.

+3. Review of Draft Board Agenda

Jack Christensen, SANDAG

Approve

The Executive Committee is asked to approve the Draft October 28, 2022, Board of Directors meeting agenda.

+4. FY 2023 Program Budget Amendment: Amendment to 2021 Regional Plan

Antoinette Meier, SANDAG

Recommend

The Executive Committee is asked to recommend that the Board of Directors approve the allocation of \$1,500,000 from the Contingency Reserve in FY 2023 to fund costs associated with an amendment to the 2021 Regional Plan (Overall Work Program Project No. 3102008).

Reports

+5. Annual Review and Proposed Amendments to Board Policies

Amberlynn Deaton, SANDAG

Discussion/
Possible Action

The Executive Committee is asked to provide feedback on proposed amendments to the Board Policies.

- | | | |
|------------|---|------------------|
| +6. | Proposed FY 2023 Program Budget Amendment:
Los Peñasquitos Lagoon Bridge Replacement Project
<i>Angela Anderson, SANDAG</i> | Recommend |
|------------|---|------------------|

The Executive Committee is asked to recommend the allocation of \$2,069,000 from the Contingency Reserve in FY 2023 to fund costs associated with the pending litigation pertaining to the Los Peñasquitos Lagoon Bridge Replacement Project (Capital Improvement Program Project No. 1145000).

- | | | |
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| +7. | Legislative Status Report
<i>Hector Vanegas, Hannah Stern, and Jose Alvarez, SANDAG</i> | Information |
|------------|---|--------------------|

Staff will present an update on SANDAG legislative and policy activities.

8. Upcoming Meetings

The next Executive Committee meeting is scheduled for Friday, November 4, 2022, at 8 a.m.

9. Adjournment

+ next to an agenda item indicates an attachment

October 14, 2022

July 8, 2022, Meeting Minutes

Chair Catherine Blakespear (North County Coastal) called the meeting of the Executive Committee to order at 8 a.m.

Action: Approve

The Executive Committee is asked to approve the minutes from its July 8, 2022, meeting.

1. Public Comments/Communication Member Comments

Mike Bullock, member of the public, spoke regarding greenhouse gas reduction efforts and climate stabilization.

Mary D., member of the public, spoke in opposition to virtual meetings.

Dr. Tim Bilash, member of the public, spoke regarding regional planning.

Consent

2. Approval of Meeting Minutes (Approve)

The Executive Committee was asked to approve the minutes from its May 13, 2022, meeting.

3. Review of Draft Board Agendas (Approve)

The Executive Committee was asked to approve the draft July 22, 2022, and September 9, 2022, Board of Directors meeting agendas.

4. Updated Restructure of SANDAG Working Groups (Approve)

The Executive Committee was asked to approve the updated committee structure and updated charters for the Shoreline Preservation, Social Services Transportation Advisory Council, and San Diego Regional Military Working Groups.

There were no public comments on any items on the consent agenda.

Action: Upon a motion by Second Vice Chair Alejandra Sotelo-Solis (South County) and a second by Vice Chair Todd Gloria (City of San Diego), the Executive Committee voted to approve Consent Items Nos. 2 through 4.

The motion passed.

Yes: Chair Blakespear, Vice Chair Todd Gloria, Second Vice Chair Sotelo-Solis, Supervisor Terra Lawson-Remer (County of San Diego), Mayor John Minto (East County), and Mayor Steve Vaus (North County Inland).

No: None.

Abstain: None.

Absent: None.

Reports

5. Legislative Status Report (Information)

Director of Public Affairs Robyn Wapner and Borders Program Manager Hector Vanegas provided an update on SANDAG legislative and policy activities.

Mike Bullock spoke regarding climate stabilization efforts.

Action: Information only.

6. Senate Bill 1105 (Discussion/Possible Action)

Chief of Staff Victoria Stackwick and Supervisor Lawson-Remer presented the item.

Mike Bullock spoke regarding climate stabilization.

Dr. Tim Bilash spoke regarding housing issues in the region.

Mary D. spoke in opposition to the item.

Action: Upon a motion by Second Vice Chair Sotelo-Solis, and a second by Supervisor Lawson-Remer, the Executive Committee voted to approve taking a support position on Senate Bill 1105 (Hueso).

The motion passed.

Yes: Chair Blakespear, Vice Chair Gloria, Second Vice Chair Sotelo-Solis, and Supervisor Lawson-Remer.

No: Mayor Minto and Mayor Vaus.

Abstain: None.

Absent: None.

7. Upcoming Meetings

The Executive Committee meeting scheduled for Friday, August 5, 2022, will be cancelled. The next Executive Committee meeting will be Friday, September 9, 2022, at 8 a.m.

8. Adjournment

Chair Blakespear adjourned the meeting at 9:02 a.m.

Confirmed Attendance at SANDAG Executive Committee Meeting

July 8, 2022

Jurisdiction	Name	Member/ Alternate	Attend
City of San Diego	Todd Gloria, Vice Chair	Primary	Yes
	Vivian Moreno	Alternate	No
	Marni von Wilpert	Alternate	No
County of San Diego	Terra Lawson-Remer	Primary	Yes
	Joel Anderson	Alternate	Yes
East County	Racquel Vasquez	Primary	No
	John Minto	Alternate	Yes
North County Coastal	Catherine Blakespear, Chair	Primary	Yes
	Lesa Heebner	Alternate	Yes
North County Inland	Steve Vaus	Primary	Yes
	Rebecca Jones	Alternate	Yes
South County	Alejandra Sotelo-Solis, Second Vice Chair	Primary	Yes
	Serge Dedina	Alternate	No

October 14, 2022

Action: **Approve****October 28, 2022, Draft Board of Directors Agenda**

Item No.		Action
1.	Public Comments/Communications 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. Public speakers are limited to three minutes or less per person. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Subjects of previous agenda items may not again be addressed under public comments.	
2.	Chief Executive Officer's Report <i>Hasan Ikhata, SANDAG</i> Chief Executive Officer Hasan Ikhata will present an update on key programs, projects, and agency initiatives.	Discussion
Consent		
+3.	Approval of Meeting Minutes <i>Francesca Webb, SANDAG</i> +3A. September 22, 2022, meeting minutes +3B. October 14, 2022, meeting minutes	Approve
+4.	Policy Advisory Committee Actions <i>Francesca Webb, SANDAG</i> The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees since the last Board meeting.	Approve
+5.	Housing Acceleration Program Evaluation Criteria <i>Tuere Fa'aola & Jenny Russo, SANDAG</i> The Board of Directors is asked to approve the program eligibility and evaluation criteria for the Cycle 2 Housing Acceleration Grant Program Call for Projects.	Approve
+6.	Approval of Proposed Solicitations and Contract Awards <i>Kelly Mikhail, SANDAG</i> The Board of Directors is asked to review and approve the proposed solicitations and contract awards.	Approve

- | | | |
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| +7. | <p>Distribution Of Funds from the California Coastal Commission Beach Sand Mitigation Fund
 <i>Courtney Pesce, SANDAG</i></p> <p>The Board of Directors is asked to approve the distribution of up to \$740,000 from the California Coastal Commission Beach Sand Mitigation Fund for the construction of the Encinitas-Solana Beach Coastal Damage Reduction Project for the City of Solana Beach to continue implementing the Project.</p> | Approve |
| +8. | <p>TransNet Environmental Mitigation Program Land Management Grant Program Cycle 10 Call for Projects: Funding Recommendations*
 <i>Courtney Pesce, SANDAG</i></p> <p>The Transportation Committee recommends that the Board of Directors approve the funding recommendations for the Cycle 10 Environmental Mitigation Program Land Management Grant Program.</p> | Approve |
| +9. | <p>FY 2023 Program Budget Amendment: 2021 Regional Plan Amendment*
 <i>Antoinette Meier, SANDAG</i></p> <p>The Executive Committee recommends that the Board of Directors approve the allocation of \$1.5 million from the FY 2023 Contingency Reserve to fund costs associated with the amendment that would remove the Road Usage Charge from the 2021 Regional Plan.</p> | Approve |
| +10. | <p>Proposed FY 2023 Program Budget Amendment: San Dieguito Lagoon Double-Track Design*
 <i>Angela Anderson, SANDAG</i></p> <p>The Transportation Committee recommends that the Board of Directors approve a budget amendment to add matching funds of \$1.3 million to the existing Federal Transit Administration funding to complete the design phase of the San Dieguito Lagoon Double-Track Project (Capital Improvement Program Project No. 1239813).</p> | Approve |
| +11. | <p>2023 Board of Directors and Policy Advisory Committee Annual Meeting Calendar
 <i>Tessa Lero, SANDAG</i></p> <p>The Board of Directors is asked to approve the calendar of meetings of the Board and the Policy Advisory Committees for the upcoming year.</p> | Approve |

+12.	SANDAG Smart Growth Incentive Program: Requested Schedule Extensions* <i>Tracy Ferchaw, Courtney Pesce, and Kim Smith, SANDAG</i> The Board of Directors is asked to approve a 12-month schedule extension for the City of El Cajon Main Street – Green Street Gateway Smart Growth Incentive Program (SGIP) project and a 14-month schedule extension for its El Cajon Transit Center Community Connections Improvement SGIP project. The Board is also asked to approve a six-month schedule extension for the County of San Diego's Valley Center Community Plan Update SGIP project.	Approve
+13.	Access For All Cycle 1 Call for Projects <i>Benjamin Gembler, SANDAG</i> The Board of Directors is asked to approve the proposed funding recommendations for the Access for All Grant Program Cycle 1 Call for Projects.	Approve
+14.	Office of the Independent Auditor - 1st Quarter Fraud, Waste and Abuse Report for FY 2022-23 <i>Mary Khoshmashrab, Independent Performance Auditor</i> The Board of Directors is provided this report as information.	Information
+15.	Quarterly Progress Report on SANDAG's Capital Program Through June 2022 <i>Michelle Smith, SANDAG</i> This quarterly report provides an update on the status of the projects that make up SANDAG's Capital Program as approved in the FY 2022 Program Budget.	Information
+16.	Chief Executive Officer Delegated Actions* <i>Kim Monasi, SANDAG</i> In accordance with various Board Policies, this report summarizes delegated actions taken by the Chief Executive Officer.	Information
+17.	Meetings and Events Attended on Behalf of SANDAG <i>Francesca Webb, SANDAG</i> This report summarizes external meetings and events attended by Board members on behalf of SANDAG.	Information
+18.	Quarterly Finance Report and Update on Financial Markets Through June 2022* <i>Andre Douzджian and Ray Major, SANDAG</i> This quarterly report provides various finance-related items to the Board of Directors, including: (1) a quarterly report of investments, including all money under the direction or care of SANDAG; (2) an update on the SANDAG debt portfolio; and (3) information about the	Information

latest developments in the financial markets, the economy, and sales tax revenues.

Chair's Report

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| +19. | 2022 iCommute Diamond Award Recipients

The Board of Directors will recognize the recipients of the 2022 Diamond Awards for their commitment to sustainable transportation choices that reduce regional traffic congestion and greenhouse gas emissions. | Information |
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Reports

- | | | |
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| +20. | Purchase Card Audit

+20A. Purchase Card Action Plan Progress Report
<i>Ray Major, SANDAG</i>

Staff will present a report summarizing recent actions including an update on the full completion of the Purchase Card Audit Action Plan.

+20B. Corrective Action Plan Reporting Results
<i>Mary Khoshmashrab, Independent Performance Auditor</i>

The Board of Directors is asked to discuss the results of Corrective Action Plan actions that occurred for the period ending August 31, 2022. | Discussion |
| +21. | 2021 Regional Plan Implementation: Planning for the Future of Transportation

+21A. Regional Digital Equity Strategy and Action Plan
<i>Krystal Ayala, SANDAG</i>

Staff will present an update on preparing the region for the future connectivity needs of imminent transportation technologies.

+21B. Next OS: Technology Pilots and Public Private Partnerships
<i>Cecily Taylor, SANDAG</i>

Staff will present an update on the Next OS, a fundamental component of the future of transportation, in addition to innovative pilot projects, and collaboration with the private sector.

+21C. Electric Vehicle Charging
<i>Jeff Hoyos, SANDAG</i>

Staff will present an overview of regional electric vehicle planning, incentive programs and the partnerships required to support electrified transportation. | Information |
| +22. | Regional Economic Update*
<i>Ray Major, SANDAG</i> | Information |

Staff will present an update on the regional economy, including TransNet revenue forecasts and estimates.

+23. TransNet Amendments Draft Workplan and Schedule*
Ariana zur Nieden, SANDAG

Information

Staff will present the draft workplan for proposed amendments to the TransNet Extension Ordinance.

24. Member Comments

Board members shall have the opportunity to provide information and announcements on any issue within the jurisdiction of SANDAG that is not on this agenda. Subjects of previous agenda items may not again be addressed under member comments.

25. Upcoming Meetings

The next Board of Directors meeting is scheduled for Friday, November 4, 2022.

26. 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

October 14, 2022

2023 Program Budget Amendment: Amendment to 2021 Regional Plan

Key Considerations

On September 23, 2022, the Board of Directors directed staff to prepare a focused amendment of the 2021 Regional Plan without the regional road usage charge and a supplemental CEQA analysis for Board consideration within one year.

Developing an amendment to the 2021 Regional Plan was not included in the FY 2023 Program Budget and, as such, an amendment of \$1,500,000 from the contingency reserve fund is being requested. Consistent with Board Policy No. 030, the contingency reserve fund may be used for one-time, non-recurring purposes, unless otherwise approved by the Executive Committee, including the following potential eligible uses: (1) opportunities to advance urgent, high-priority needs; and (2) unanticipated needs relating to a crucial existing commitment. Work to amend the 2021 Regional Plan pursuant to the Board of Directors' direction would qualify for use of the contingency funds.

There are no other funding sources available currently to fund these costs. The remaining uncommitted balance in the contingency reserve fund would be approximately \$4.1 million, or 5.4% of the amended FY 2023 Overall Work Program (OWP) Budget, which is below the minimum target of 10% of the OWP established by Board Policy No. 030. Any unused funds will be used to reimburse the Contingency Reserve. Any further needed replenishment, up to the minimum target of 10% of the OWP, will be planned in the FY 2024 budget process as directed by the Board.

Next Steps

If approved by the Board of Directors at its October 28, 2022 meeting, a new Overall Work Program would be created, and budget as reflected in Attachment 1, to fund the work of developing an amendment to the Regional Plan.

Antoinette Meier, Senior Director of Regional Planning

Key Staff Contact: Keith Greer, (619) 236-7258, keith.greer@sandag.org

Attachments: 1. Proposed Program Budget Amendment for OWP 3102008, Amendment to the 2021 Regional Plan

Action: **Recommend**

The Executive Committee is asked to recommend that the Board of Directors approve the allocation of \$1,500,000 from the OWP Contingency Reserve in FY 2023 to fund costs associated with an amendment to the 2021 Regional Plan.

WORK ELEMENT: **3102008 Amendment to 2021 Regional Plan**

FY 2022 BUDGET: **\$1,500,000**

AREA OF EMPHASIS: **Plan for a Vibrant Future**

Note: On September 23, 2022, the Board of Directors directed staff to prepare a focused amendment of the 2021 Regional Plan without the regional road usage charge and a supplemental CEQA analysis for Board consideration within one year.

Funds Source		
	FY 2023	Total
SANDAG Contingency Reserve Fund	\$1,500,000	\$1,500,000
TOTAL	\$1,500,000	\$1,500,000

Funds Application		
	FY 2023	Total
Salaries, Benefits, Indirect	\$476,002	\$476,002
Other Direct Costs	\$15,000	\$15,000
Contracted Services	\$1,008,562	\$1,008,562
TOTAL	\$1,500,000	\$1,500,000

OBJECTIVE

The objective of this work element is to develop an amendment to the 2021 Regional Plan to remove the regional road usage charge, update the revenue assumptions, and conduct a supplemental CEQA analysis and air quality conformity analysis. Emphasis in FY 2023: travel demand modeling to determine the change in vehicle miles traveled and the associated greenhouse gas emissions, air quality conformity analysis, updates to the technical reports, preparation of a supplement to the Environmental Impact Report (SEIR) previously prepared for the 2021 Regional Plan, and public review of the SEIR.

PREVIOUS ACCOMPLISHMENTS

On December 10, 2021, the SANDAG Board of Directors adopted the 2021 Regional Plan. The 2021 Regional Plan received federal and state approval.

JUSTIFICATION

This project will ensure state and federal laws and regulations governing the adoption of an amendment to the 2021 Regional Plan are met, including the development of a SEIR as required under the California Environmental Quality Act (CEQA), federal air quality conformity analysis, and the requirements of Senate Bill 375 (Steinberg, 2008) related to the 2021 Regional Plan.

FUTURE ACTIVITIES

The SEIR is expected to be completed in early summer 2023 and sent out for the required 45-day public review. Board action on the amended Regional Plan and final SEIR is expected to occur in late summer/early fall 2023.

The next update of the Regional Plan will be due in 2025 and is covered in other work elements in the Overall Work Program and Budget.

Project Manager: Keith Greer, Manager Environmental Compliance
Committee(s): Regional Planning Committee
 Transportation Committee
Working Group(s): Sustainable Communities Working Group
 Mobility Working Group

PRODUCTS, TASKS, AND SCHEDULES FOR FY2023

Task No.	% of Effort	Task Description / Product / Schedule
1	20	Task Description: Air Quality Modeling by Consultants Product: Updated air quality technical report for the 2025, 2035, and 2050 Completion Date: 2/28/2023
2	30	Task Description: Draft Supplement to EIR: Update all section of the EIR and prepared supplement for public review Product: Public review draft of SEIR Completion Date: 4/1/2023
3	20	Task Description: Travel Demand Modeling: Run ABM 2+ on 15 scenarios Product: Performance Metric (VTM, GHG, etc.) and EMFAC model results for the following years 2023, 2025, 2026, 2029, 2032, 2035, 2040, 2050. Including a No build and 2 alternatives for the years 2025, 2035, 2050). Completion Date: 6/1/2023
4	10	Task Description: Prepare updated social equity analysis Product: Updated social equity analysis Completion Date: 6/1/2023
5	20	Task Description: Response to Comments and Final SEIR Product: Final SEIR and Findings, SOC and MMR&P Completion Date: 6/15/2023

October 14, 2022

Annual Review and Proposed Amendments to Board Policies

Overview

The Office of General Counsel annually reviews Board Policies with staff and leadership to determine if updates should be recommended to the Board of Directors. In addition, Board Policy calls for the Board to annually approve Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy (Attachment 8).

Action: **Discussion/Possible Action**

The Executive Committee is asked to provide feedback on proposed amendments to the SANDAG Board Policies.

Fiscal Impact:

None.

Schedule/Scope Impact:

None.

Key Considerations

The proposed amendments are summarized below and shown in tracked changes in Attachments 1 through 10:

Board Policy No. 001: Allocation of Responsibilities (Attachment 1)

Delegates to the Transportation Committee the authority to approve Federal Highway and Federal Transit Administrations' transportation performance management targets, subject to ratification by the Board of Directors.

Board Policy No. 003: Investment Policy (Attachment 2)

Updates to align with Senate Bill 998 (2020), which revised the allowable investment balances of public agencies. The recommendation from SANDAG's investment advisor PFM Asset Management supporting the proposed amendments is included as Attachment 3.

Board Policy No. 007: Equal Employment Opportunity (EEO) and Disadvantaged Business Enterprise (DBE) Programs (Attachment 4)

Reorganize to better delineate the responsibilities of SANDAG contractors, consultants and subrecipients, and to clarify the roles and responsibilities of SANDAG in ensuring compliance.

Board Policy No. 009: Discrimination Complaint Procedures (Attachment 5)

Updates to reflect current classifications protected by state and federal law and to clarify the roles and responsibilities of SANDAG in addressing discrimination complaints.

Board Policy No. 011: Travel Expenses (Attachment 6)

Modifies the definition of "out of town" travel to align with the Government Services Administration policy regarding same.

Board Policy No. 018: Regional Transit Service Planning and Implementation (Attachment 7)

Aligns the development of the five-year Coordinated Plan with the development of the Regional Plan and eliminates out of date baseline service levels.

Board Policy No. 033: Implementation Guidelines for SANDAG Regional Housing Needs Assessment Funding Initiatives (Attachment 9)

Establish guidelines for incentivizing local participation in the achievement of regional housing goals, utilizing discretionary funding allocated by SANDAG through a competitive process.

Board Policy No. 035: Competitive Grant Program Procedures (Attachment 10)

Eliminate interim milestone requirements for grant recipients, while maintaining grant completion dates; modify the authority of the Chief Executive Officer to grant time extensions from six months to up to twelve months aggregate.

Next Steps

Staff will return to the Executive Committee to address any requested revisions and seek a recommendation for approval by the Board of Directors at a future meeting.

John Kirk, General Counsel

Key Staff Contact: Amberlynn Deaton, (619) 595-1405, Amberlynn.Deaton@sandag.org

Attachments:

1. Board Policy No. 001: Allocation of Responsibilities
2. Board Policy No. 003: Investment Policy
3. Memorandum – 2022 Investment Policy Review
4. Board Policy No. 007: Equal Employment Opportunity (EEO) and Disadvantaged Business Enterprise (DBE) Programs
5. Board Policy No. 009: Discrimination Complaint Procedures
6. Board Policy No. 011: Travel Expenses
7. Board Policy No. 018: Regional Transit Service Planning and Implementation
8. Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy
9. Board Policy No. 033: Implementation Guidelines for SANDAG Regional Housing Needs Assessment Funding Initiatives
10. Board Policy No. 035: Competitive Grant Program Procedures



BOARD POLICY NO. 001

ALLOCATION OF RESPONSIBILITIES

1. Board and Policy Advisory Committees Responsibilities

Shown below are responsibilities for the Board of Directors and each of the six Policy Advisory Committees (Executive, Transportation, Regional Planning, Borders, Public Safety, and Audit). Selected responsibilities are delegated by the Board to the Policy Advisory Committees to allow SANDAG to effectively address key public policy and funding responsibilities. All items delegated to the Policy Advisory Committees are subject to Board ratification.

All functions not specifically delegated by the Board to a Policy Advisory Committee may be delegated to a Policy Advisory Committee on a one-time basis upon request by the Chief Executive Officer and approval by the Chair. Such actions shall be reported to the Board at its next regular meeting.

2. Board Responsibilities

- 2.1 Approve the Regional Plan, which merges the Regional Comprehensive Plan (RCP), the Regional Transportation Plan, and the Sustainable Communities Strategy as well as plan components and other regional plans (e.g., Regional Energy Plan, MHCP, etc.)
- 2.2 Approve Regional Transportation Improvement Program (RTIP) and corridor studies
- 2.3 Fulfill responsibilities of the consolidated agency as set forth in the San Diego Regional Transportation Consolidation Act (Public Utilities Code §132350 *et seq.*)
- 2.4 Fulfill the responsibilities of the San Diego Regional Transportation Commission (RTC)
- 2.5 Approve programming of funds (TDA, CMAQ, STIP, etc.)
- 2.6 Certify/adopt project environmental documents pursuant to the National Environmental Policy Act or the California Environmental Quality Act
- 2.7 Approve Overall Work Program and Program Budget
- 2.8 Approve amendments to the Program Budget and Overall Work Program and authorize contracts with consultants for amounts equal to or greater than the amounts to be determined for administrative and policy committee authorization.
- 2.9 Approve the annual legislative agenda
- 2.10 Provide policy direction through Policy Development Board meetings
- 2.11 Appoint Committees and Board officers

- 2.12 Delegate responsibilities to Policy Advisory Committees and ratify Committee actions. All items delegated to the five Policy Advisory Committees are subject to direct Board action upon request of any members.
- 2.13 Delegate responsibilities to Board Chair consistent with Board criteria. Conference sponsorships and proclamations are hereby delegated subject to current or subsequently approved criteria.
- 2.14 Develop and adopt an administration policy that includes a process to conduct staff performance evaluations on a regular basis to determine if the knowledge, skills, and abilities of staff members are sufficient to perform their respective functions and monitor the evaluation process on a regular basis.
- 2.15 Provide a report, developed by the Transportation Committee, to the Legislature consistent with Government Code section 9795 on or before July 1 of each year that outlines the public transit needs, transit funding criteria, recommended transit funding levels, and additional work on public transit, as delegated to the Transportation Committee by the Board, and specifying the funds spent explicitly on public transportation.
- 2.16 Develop and adopt internal control guidelines based on recommendations from the Audit Committee 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.
- 2.17 Vote on whether to remove the independent performance auditor for cause, such removal being subject to an approving vote by two-thirds of the Audit Committee and the Board.
- 2.18 Approve which firm to contract with to conduct the annual financial statement audits.
- 2.19 Approve the individual or firm to hire to carry out independent performance auditor responsibilities.
- 2.20 Approve the budget needed to carry out the annual audit plan of the independent performance auditor.

3. Executive Committee Membership and Responsibilities

- 3.1 The Executive Committee shall consist of six voting members with board members representing East County, North County Coastal, North County Inland, South County, and the representative, or the representative's alternate in their absence, from the City of San Diego and the County. The Chair, First Vice Chair and Second Vice Chair of the Board shall serve as voting members of the Executive Committee. Additionally, any Chair of any other Policy Advisory Committee who is not otherwise a member of the Executive Committee shall serve as an advisory, non-voting member of the Executive Committee.
- 3.1.1 Set agenda for Board. Any Board member requesting that an item be considered for inclusion on the agenda must present such request in writing to the Chairperson prior to the Executive Committee's consideration of such agenda.
 - 3.1.2 Review and recommend Overall Work Program and Program Budget
 - 3.1.3 Approve amendments to the Program Budget and Overall Work Program and authorize contracts up to amount approved by the Board
 - 3.1.4 Review and act on state and federal legislation
 - 3.1.5 Comment on behalf of SANDAG or provide recommendations to the Board regarding comments on third party environmental documents
 - 3.1.6 Act upon and evaluate dispute resolution
 - 3.1.7 Advise on personnel actions
 - 3.1.8 Act on behalf of Board when timing requires
 - 3.1.9 Make policy recommendations to the Board
 - 3.1.10 Perform other duties as assigned by the Board
 - 3.1.11 Approve financial/contracting transactions, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment up to \$500,000, subject to increase by Board action.
 - 3.1.12 Annually review a list of all the SANDAG lower-level committees and working groups to determine the need to maintain the committee or working group and approve any revisions in functions or membership.
 - 3.1.13 Review all proposed amendments to the Bylaws or Board Policies and make recommendations to the Board regarding those amendments.
 - 3.1.14 Conduct expedited reviews and approvals of Energy Working Group actions on an as-needed basis.

- 3.1.15 If timing requires and if, in the exercise of due diligence a quorum of the Executive Committee cannot be convened to act to address such time-sensitive issue, with written concurrence from the First Vice Chair and Second Vice Chair, the Chair may act on behalf of the Executive Committee with regard to all items delegated to the Executive Committee. The Chair shall report any actions taken on behalf of the Executive Committee at its next meeting.

4. Transportation Committee Membership and Responsibilities

- 4.1 The Transportation Committee shall consist of ten voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County and the mayor or a council member from the City of San Diego, a supervisor from the County of San Diego, a member of the board of the MTS appointed by the board of the MTS, a member of the board of the NCTD appointed by the board of the NCTD, a member of the board of the San Diego County Regional Airport Authority appointed by the board of the Airport Authority, and a member of the board of the San Diego Unified Port District appointed by the board of the Port District.
 - 4.1.1 Provide oversight for consolidated transit responsibilities
 - 4.1.2 Provide policy oversight for transportation plans and corridor and systems studies
 - 4.1.3 Establish/approve transportation prioritization criteria for SANDAG programs
 - 4.1.4 Approve TDA and STA claim amendments and RTIP and STIP amendments
 - 4.1.5 Recommend funding allocations to the Board
 - 4.1.6 Approve transit operator budgets for funding
 - 4.1.7 Approve Regional Short Range Transit Plan and Coordinated Human Service and Public Transportation Plan
 - 4.1.8 Make recommendations regarding changes to Board Policy No. 018: Transit Service Policy and Board Policy No. 029: Regional Fare Policy and Comprehensive Fare Ordinance
 - 4.1.9 Conduct public hearings as delegated by Board
 - 4.1.10 Approve contracts for transit up to amount approved by the Board
 - 4.1.11 Advise Board on other transportation policy-level issues
 - 4.1.12 Recommend legislative program for transportation and transit
 - 4.1.13 Approve financial/contracting transactions, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment up to \$500,000 for transportation items, subject to increase by Board action
 - 4.1.14 Convene closed sessions and make final decisions with regard to real property transactions related to transportation projects; however, this delegation does not include the authority to make a Resolution of Necessity

or to commence litigation

- 4.1.15 Conduct hearings and authorize additional public meetings when appropriate pursuant to Board Policy No. 025 to hear official testimony from the public regarding Comprehensive Fare Ordinance amendments
- 4.1.16 Approve amendments to the Comprehensive Fare Ordinance
- 4.1.17 Accept for distribution, hold public hearings regarding, and adopt/certify environmental documents for projects within the Transportation Committee's Responsibilities
- 4.1.18 Approve loans of *TransNet* funds when such loans are incorporated into an RTIP amendment requiring an exchange of *TransNet* funds for funds from another source
- 4.1.19 Provide oversight and approvals for Coordinated Transportation Services Agency (CTSA) matters and appoint Transportation Committee representative to the CTSA Board
- 4.1.20 Approve revisions to funding allocations for Federal Transit Administration Section 5311 funding
- 4.1.21 Review the draft *TransNet* compliance audits consistent with Board Policy No. 031:
TransNet Ordinance and Expenditure Plan Rules
- 4.1.22 Provide input on project selection criteria for, and recommend projects for funding under, the statewide and *TransNet* active transportation programs, and other *TransNet* grant programs such as the Smart Growth Incentive Program and Environmental Mitigation Program
- 4.1.23 Provide oversight for Service Authority for Freeway Emergencies responsibilities and related motorist aid programs
- 4.1.24 Provide coordinated oversight with the Regional Planning Committee for recommendations on the preparation and implementation of components of the Regional Plan
- 4.1.25 Develop a report by July 1 of each year that specifies the funds spent explicitly on public transportation, outlines the public transit needs, transit funding criteria, recommended transit funding levels, and additional work on public transit, and recommend acceptance of such report to the Board.
- 4.1.26 Approve Federal Highway and Federal Transit Administrations' Transportation Performance Management targets required of Metropolitan Planning Organizations.

5. Regional Planning Committee Membership and Responsibilities

- 5.1 The Regional Planning Committee shall consist of six voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County, and the mayor or a council member from the City of San Diego, and a supervisor from the County of San Diego.
 - 5.1.1 Provide coordinated oversight with the Transportation Committee for recommendations on the preparation and implementation of components of the Regional Plan
 - 5.1.2 Recommend regional infrastructure financing strategies to the Board
 - 5.1.3 Represent the Board for outreach and public information on the Regional Plan and its components
 - 5.1.4 Advise Board on regional planning policy issues
 - 5.1.5 Approve distribution of funds from the California Coastal Commission Beach Sand Mitigation Fund and California Coastal Commission Public Recreational Beach Impact Mitigation Fund.
 - 5.1.6 Recommend project selection criteria for, and recommend projects for funding under, the *TransNet* Smart Growth Incentive Program and Environmental Mitigation Program

6. Borders Committee Membership and Responsibilities

- 6.1 The Borders Committee shall consist of seven voting members with board members or alternates representing East County, North County Coastal, North County Inland, South County and the mayor or a council member from the City of San Diego, a supervisor from the County of San Diego, and a mayor, council member, or supervisor from the County of Imperial.
 - 6.1.1 Provide oversight for planning activities that impact the borders
 - 6.1.2 Provide oversight for the preparation of binational, interregional, and tribal planning programs
 - 6.1.3 Recommend border infrastructure financing strategies to the Board
 - 6.1.4 Establish closer SANDAG working relations with surrounding counties, Mexico, and the region's tribal nations
 - 6.1.5 Advise Board on binational, interregional, and tribal policy-level issues
 - 6.1.6 Review and comment on regionally significant projects in adjoining counties

7. Audit Committee Membership and Responsibilities

The membership, authority and responsibilities for this committee are set forth in Board Policy No. 039.

8. Public Safety Committee Membership and Responsibilities

The membership, authority and responsibilities for this committee are set forth in Board Policy No. 026.

9. Distribution of Meeting Materials

- 9.1 All agendas for meetings of the Board of Directors, Policy Advisory Committees, and all other SANDAG legislative bodies covered by the Brown Act (Government Code § 54950 *et seq.*) shall be posted on the SANDAG website, and copies of such agendas will be available for viewing by the public in the SANDAG business office reception area.
- 9.2 All closed session items shall be provided to appropriate Board and/or Policy Advisory Committee members prior to the closed session. Closed session meeting materials will be sent by a secure method and clearly labeled as confidential. If a representative will not be able to attend a meeting he/she should ensure the closed session materials are forwarded to the appropriate alternate to review prior to the meeting. All closed session meeting materials must be deleted or returned to the Office of General Counsel at the end of the closed session.

10. Work Assigned to Staff

Requests for staff to perform work on a project that is not specified in the Overall Work Program or Program Budget shall only be conducted following approval by the Board if the work is estimated to exceed four hours of staff time.

Adopted January 2003
Amended November 2004
Amended January 2006
Amended December 2006
Amended January 2010
Amended December 2012
Amended October 2013
Amended March 2014
Amended November 2014
Amended December 2015
Amended January 2017
Amended February 2018
Amended January 2019
Amended February 2021
Amended June 2021
Amended 2022



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 Chief Executive Officer for a one-year period. The Chief Executive Officer 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 Chief Executive Officer.
- 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:
 - Chief Executive Officer
 - Senior Leadership Team member
 - Chief Financial Officer
 - Finance Manager
 - *TransNet* Department Director
 - Such other individuals authorized, in writing, by the Chief Executive Officer
- 5.3. All accounts established for the purpose of investing SANDAG funds shall require the written authorization of the Chief Executive Officer.
- 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 Chief Executive Officer 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 Chief Financial Officer, 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 Chief Financial Officer 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 Chief Financial Officer 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 Chief Financial Officer 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. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type; with the exception of U.S. Treasuries, federal agencies, supranationals, and pooled investments such as LAIF, the County pool, CAMP, and money market funds. 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 Chief Financial Officer shall review the security. The course of action to be followed will then be decided by the Chief Financial Officer and either the Chief Executive

Officer or the Senior Leadership Team member 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 or its equivalent or better short-term; or in a rating category of 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 or its equivalent or better short-term; or in a rating category of 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 2540 percent of SANDAG surplus money which may be invested. If SANDAG's surplus moneys fall under \$100 million then the amount invested in commercial paper shall not exceed 25 percent of SANDAG surplus moneys 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 Chief Financial Officer, 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 Chief Financial Officer 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 Chief Financial Officer 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 Chief Financial Officer, 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 Chief Financial Officer 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 Chief Financial Officer 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 "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, except as allowed by Government Code Section 53601.6.
 - (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 Chief Financial Officer and either the Chief Executive Officer or the Senior Leadership Team member, 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 Chief Financial Officer shall submit to the Board annually a statement of investment policy, which the Board shall consider at a public meeting. Any change in the investment policy shall also be considered by the Board 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 Chief Financial Officer 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 February 2018
Amended June 2021
Amended 2022

June 17, 2022

Memorandum

To: Leeanne Wallace, Finance Manager
San Diego Association of Governments

From: Sarah Meacham, Managing Director
Richard Babbe, Senior Managing Consultant
PFM Asset Management LLC

Re: 2022 Investment Policy Review

PFM Asset Management LLC completed its review of the San Diego Association of Governments ("SANDAG") Investment Policy (the "Policy"). The Policy is comprehensive and in compliance with the sections of California Government Code (the "Code") that govern the investment of public funds.

We are, however, recommending several revisions to the Policy related to Senate Bill 998, which took effect on January 1, 2021. There were no changes to the Code effective January 1, 2022. Our recommendations are summarized below. In addition, we have attached a marked-up version of the Policy illustrating our recommendations.

The Bill's amendments to Code that apply to SANDAG, and our Policy recommendations are described below. As revised, the Code:

- Allows local agencies that have more than \$100 million of investment assets under management to invest up to 40% of their investment assets in commercial paper (the prior limit was 25%). As SANDAG fulfills this asset requirement, we recommend SANDAG incorporate this Code change into the Policy to provide SANDAG with additional investment flexibility.
- Eliminates the 10% limit on the outstanding commercial paper of any one issuer and establishes a new combined 10% per issuer limit on commercial paper and corporate notes. We recommend that SANDAG eliminate the 10% limit on the outstanding commercial paper as it is no longer in the Code. Although the Policy currently has 10% per issuer limit that applies to individual sectors, we recommend SANDAG implement a new per issuer limit that would apply across all corporate sectors. In addition, to promote additional diversification, we recommend lowering the per issuer limit to 5%.
- Allows local agencies to invest in securities issued or backed by the U.S. government that could result in zero or negative interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. While we do not anticipate negative market interest rates, we recommend SANDAG incorporate this Code provision into the Policy, so SANDAG has the flexibility to invest if market rates go negative.

Please let us know if you have any questions or if would like to setup a time to discuss our recommendations.



BOARD POLICY NO. 007

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

~~The purpose of this policy is to establish and~~ documents the purpose of the SANDAG ~~e~~Equal ~~e~~Employment ~~e~~Opportunity program ~~and Disadvantaged Business Enterprise program~~ for employees and contractors. This policy is consistent with SANDAG's Commitment to Equity statement.

Federal regulations require the adoption of an Equal Employment Opportunity (EEO) Program as a condition of receipt of federal funds. The SANDAG Employment Handbook and other 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)~~ the requirements for fair and equitable employment practices in its U.S. Department of Transportation (DOT) funded 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, and other relevant federal and state statutes. SANDAG will ensure that procedures for recruiting, selecting, hiring, promoting, training, terminating, compensating, providing 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 EEO requirements of FTA Circular 4704.1A, 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, religion, creed, national origin, ancestry, age (~~over 40~~ or older), gender identity or expression, sex (including pregnancy, childbirth, breastfeeding or related medical conditions), medical condition, physical or mental disability, genetic information, sexual orientation, marital status, registered domestic partner status, military or veteran or current or prospective services in the uniformed services, status or any other category protected under federal, state, or local 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 SANDAG complies with the Americans with Disabilities Act regarding the employment of individuals with disabilities. When requested, SANDAG shall provide reasonable accommodations to applicants and employees who are qualified for a job, so that they may perform the essential job duties of the position.
- ~~1.3.1.4 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.~~
SANDAG is prohibited from retaliating against any person because they reported discrimination, made charges, testified, or participated in any complaint under Title VII.
- ~~1.4.1.1 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 Diversity and Equity shall serve as the Disadvantaged Business Enterprise Liaison Officer.~~
- 1.5 The Senior Director of Organization Effectiveness is designated as the SANDAG EEO Officer and is Responsible for assuring diversity in employment, including oversight for fair and equitable recruitment, selection, and employment practices, assuring compliance with applicable laws and regulations, and overseeing the development, maintenance, and implementation of the EEO Program is assigned to the Director of Organization Effectiveness. All management personnel within SANDAG share in the responsibility for upholding the principles of fairness, equity, and non-discrimination with respect to employment are expected to support, and for implementing the practices outlined in the 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. Any employee or applicant who feels they have been discriminated against, has a right to file a complaint under SANDAG policies.
- 1.7 With respect to contractors, consultants, and subrecipients:
 - 1.7.1. It is SANDAG policy to require the contractors and consultants that it contracts with to have EEO policies in place that ensure fair and equitable employment practices and forbid discrimination in violation of Title VII.
 - 1.7.2. Responsibility for ensuring contractors, consultants, and subrecipients comply with this requirement is assigned to the Director of Diversity and Equity.
 - 1.7.3. Capital construction projects greater than \$10,000 funded with federal financial assistance must comply with EEO requirements set forth by the Office of Federal Contract Compliance Programs (OFCCP).
 - ~~1.5.1.1.7.4.~~ SANDAG is responsible for EEO oversight as required in FTA Circular 4704.1A for subrecipients or transit delivery contractors receiving federal

funding of at least \$250,000 for planning-related projects or \$1 million for capital projects.

2. DBE Program

2.1 SANDAG maintains a DBE Program as required by the Federal Transit Administration. SANDAG also uses the California Department of Transportation's (Caltrans) DBE Program for ~~and~~ Federal Highway Administration funded contracts. Each DBE Program that sets forth a triennial goal for participation by DBEs. The Director of Diversity and Equity shall serve as the Disadvantaged Business Enterprise Liaison Officer (DBELO).

2.2 Responsibility for implementation of the DBE Program is assigned to the Director of Diversity and Equity. All management personnel within SANDAG are expected to support and implement the DBE Program in performance of their job duties and responsibilities.

2.3 When developing and implementing its contracting policies, SANDAG will base its contract selection decisions solely on the bidder's qualifications and merit, the evaluation criteria in the solicitation, and the bidder's compliance with DBE Program requirements.

2.3. EEO Procedures

~~2.13.1~~ The Senior Director of Organization Effectiveness will review employment statistics to determine whether there is a need to set goals for any under-represented groups and, ~~if necessary, then~~ recommend goals to the Chief Executive Officer ~~if necessary~~.

~~2.23.2~~ The Chief Executive Officer will approve or disapprove the Senior Director of Organization Effectiveness' recommendation(s) at ~~their~~his/her discretion.

~~2.33.3~~ The Senior Director of Organization Effectiveness will maintain current contact lists of community resource organizations, community leaders, media sources, and colleges/vocational schools for ~~the use of~~ SANDAG staff to use in recruiting for employees, ~~consultants, and contractors~~.

~~2.43.4~~ The Senior Director of Organization Effectiveness will communicate the EEO ~~and DBE~~ Programs to all employees.

3.5 SANDAG staff will solicit community involvement by under-represented groups on issues of importance to the region that fall within its jurisdiction.

3.6 The Senior Director of Organization Effectiveness will maintain records on recruitment efforts, new employees, promotional opportunities, disciplinary actions, training, and employee separations which document whether the affected individuals are in a class protected by Title VII.

~~2.53.7~~ The Board of Directors will review an EEO report prepared by the Senior Director of Organization Effectiveness, or designee, on an annual basis. The report will include employment results and a review of EEO Program goals for the upcoming year.

- 3.8 The Senior Director of Organization Effectiveness will ensure ~~the EEO policy is~~ will be posted in employee breakrooms, other suitable locations throughout the SANDAG offices, and to an Intranet site accessible to ~~and will be incorporated into the SANDAG employees website.~~
- 3.9 All employment ads and job postings will contain a reference that SANDAG is an equal employment opportunity employer.
- 3.10 The Senior Director of Organization Effectiveness will ensure all ~~Required~~ federal and state posters concerning EEO will be displayed in employee breakrooms or other suitable locations throughout the SANDAG offices.
- 3.11 With respect to contractors, consultants and subrecipients:
- 3.11.1 The Director of Diversity and Equity shall notify OFCCP each time a construction contract is awarded for a value of more than \$10,000 and includes federal financial assistance. Each contract shall require the contractor to notify the OFCCP of each subcontract of a least \$10,000.
- 3.11.2 The Director of Diversity and Equity shall ensure that SANDAG contracts include the requirement for the contractor in federally-assisted construction contracts, and their subcontracts with a value of at least \$10,000, to take affirmative action steps as required by OFCCP to ensure equal employment opportunities in all aspects of their employment practices and this requirement shall be in each contract and non-exempt subcontract.
- 3.11.3 The SANDAG Contracts Division shall ensure that each subrecipient meeting the FTA thresholds is required to sign certificates and assurances that they will meet the FTA EEO requirements and the Office of Diversity and Equity shall monitor their compliance.
- 3.11.4 The SANDAG Contracts Division shall ensure that each transit service delivery contractor meeting the FTA thresholds is required by contract to adhere to the FTA EEO requirements and the Office of Diversity and Equity shall monitor their compliance.

4. DBE Procedures

- 4.1 The Director of Diversity and Equity will develop triennial overall DBE goals for FTA-funded contracts in accordance with DBE regulations. SANDAG overall DBE goals will be reviewed annually to determine if DBE commitments meet the established overall DBE goal. If a shortfall exists, ODE will prepare a shortfall analysis and determine the best course of action to ensure SANDAG is able to meet the triennial goal or revise the triennial goal based on the shortfall analysis.
- 4.2 The Chief Executive Officer will approve or disapprove the triennial overall DBE goal prepared by the Director of Diversity and Equity.
- 4.3 The Director of Diversity and Equity will ensure SANDAG complies with the Caltrans DBE Program and the Caltrans Local Agency Procedures Manual (LAPM) requirements for all FHWA-funded contracts passed through to SANDAG by Caltrans.

- 4.4 The Director of Diversity and Equity will be responsible for setting contract goals on FTA and FHWA-funded projects when appropriate. The ODE staff will conduct reviews of proposals and bids to determine if DBE contract goals are met or if good faith efforts (GFE) evaluations are required. GFE evaluations shall be conducted by the ODE.
- 4.5 The Director of Diversity and Equity will be responsible for monitoring compliance with the DBE Program for all FTA and FHWA-funded contracts. ODE staff will monitor performance of DBE firms, payments to DBE firms, and ensure contractors fulfill their commitments to use listed DBE firms on FTA and FHWA-funded contracts.
- 4.6 The Director of Diversity and Equity will communicate the DBE Program and its requirements to all SANDAG employees and applicable contractors and consultants.
- 4.7 The Office of Diversity and Equity staff will conduct outreach to small businesses, minorities, women, disabled veterans, and other groups to notify these businesses about SANDAG contracting opportunities. Outreach efforts may include, attending outreach events and professional association conferences, participating in pre-bid meetings, and conducting procurement networking events.
- 2.64.8 All SANDAG requests for proposals, requests for qualifications, and invitations for bids with FTA and FHWA federal funding will contain required language based on 49 CFR Part 26, and encouraging participation by DBE consultants, contractors, and subcontractors.
- 2.74.9 Consultants and contractors awarded contracts with DBE Program goals will be required to submit DBE commitment forms, report monthly payments to DBE subcontractors (currently through a web-based system), and complete a DBE Final Utilization Report with their final invoice.
- 2.84.10 A report on DBE Program results will be provided to the SANDAG Board of Directors when a new Triennial DBE goal is developed and also for review in subsequent years as needed on an annual basis.
- ~~2.91.1 The Director of Organization Effectiveness will maintain records on recruitment efforts, new employees, promotional opportunities, disciplinary actions, training, and employee separations which document whether the affected individuals are in a class protected by Title VII.~~
- ~~2.104.11 The Board of Directors will review an EEO report prepared by the Director of Organization Effectiveness on an annual basis. The report will include employment results and a review of EEO Program goals for the upcoming year.~~
- ~~2.111.1 The EEO policy will be posted in employee breakrooms and will be incorporated into the SANDAG employee website.~~
- ~~2.121.1 All employment ads and job postings will contain a reference that SANDAG is an equal employment opportunity employer.~~
- ~~2.131.1 Required federal and state posters concerning EEO will be displayed in employee breakrooms.~~

2.14.12 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 February 2018

Amended January 2019

Amended June 2021

Amended 2022

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BOARD POLICY NO. 009

DISCRIMINATION COMPLAINT PROCEDURES

This policy is intended to establish a procedure under which complaints alleging discrimination in SANDAG's provision of services or SANDAG activities can be made by persons who are not employees of SANDAG.

Background

It is SANDAG policy to comply with state and federal laws and regulations including the Americans with Disabilities Act of 1990 (ADA), ~~Title VI of~~ the Civil Rights Act of 1964 (Title VI and VII) and other federal and state discrimination laws. SANDAG prohibits discrimination by its employees, contractors, and consultants and in its programs, activities and facilities. SANDAG does not discriminate on the basis of race, color, sex (including pregnancy, childbirth, breastfeeding and/or related medical conditions), ~~creed~~, religion (includes religious dress and grooming practices), national origin (including language use and possession of a driver's license issued to persons unable to provide their presence in the United State is authorized under federal law), age, marital status, ancestry, medical condition (including genetic characteristics, cancer or a record or history of cancer), disability (mental and physical including HIV/AIDS, cancer, and genetic characteristics), military or veteran status, low-income status, English language proficiency, genetic information, gender identity or expression, or sexual orientation or any other category protected by federal, state or local law in conducting government business. Persons who believe they have been subjected to discrimination or have been denied access to services or accommodations as required by law, have the right to use this grievance procedure.

The procedures below are the same for complaints of any type of prohibited discrimination; ~~however, because SANDAG has a designated ADA Coordinator, a separate complaint form and contact information are referenced below for complaints relating to medical condition or disability. All other complaints under this policy should be addressed to the SANDAG Office of General Counsel, as described below.~~

Procedures

Applicability

This complaint procedure is applicable to all persons who are not employees of SANDAG. This includes, but is not limited to, visitors to SANDAG, members of the public ~~viewing SANDAG publications~~, Board, committee, and working group members, vendors, or any other person transacting business with SANDAG or using SANDAG's services who believe that they have been subjected to discrimination by SANDAG employees, contractors, or consultants. In general, it is designed to address disputes, including but not limited to the following:

Disagreements regarding a requested service, accommodation, or modification of a SANDAG practice or requirement;

Inaccessibility of a program, publication, or activity; and

Harassment or discrimination prohibited by California or federal law.

Identification of Compliance Officer, ~~and~~ ADA Coordinator and Title VI Coordinator

~~With the exception of laws relating to discrimination on the basis of medical condition or disability, the SANDAG Office of General Counsel~~ The Director of Diversity and Equity is the Compliance Officer and ADA Coordinator for this policy and Title VI Coordinator required by FHWA regulations (collectively referred to throughout as "Compliance Officer") 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.

~~The ADA Coordinator is the person responsible for administering this complaint procedure as well as ensuring compliance with applicable laws related to medical condition or disability. The ADA Coordinator can be reached at: SANDAG, 401 B Street, Suite 800, San Diego, California 92101; (619) 699-1900.~~

Preliminary Review Process

Informal Resolution - Prior to initiating the formal complaint procedure set forth below, and as a prerequisite to it, the complaining party shall contact the Compliance Officer ~~or ADA Coordinator as applicable~~ for assistance in resolving the matter informally as soon as is reasonably practicable, generally within approximately fifteen (15) calendar days of the time the grievant became aware of the SANDAG act or omission that is the subject of the complaint. If the Compliance Officer ~~or ADA Coordinator~~ is not successful in quickly achieving a satisfactory resolution (that is, generally within approximately thirty [30] calendar days), the Compliance Officer ~~or ADA Coordinator~~ will take the steps described in subparagraph 3.2.

Review Panel - The Compliance Officer ~~or ADA Coordinator~~ will convene an ad hoc review panel to review the issue(s) raised. The panel will consist of the following (or their designees): the Compliance Officer ~~or ADA Coordinator as applicable~~, a member of the management staff, a Deputy Chief Executive Officer, and (depending upon the issues) such other personnel as may be appropriate. This panel will review the request, investigate and attempt to resolve the issues within approximately thirty (30) calendar days of the request for or initiation of a second review. No formal report need be issued by the panel, but the panel will document the outcome of its review in a letter to the complaining party. If the complaining party is not satisfied with the panel's disposition of the matter, the complaining party may file a formal complaint in accordance with the procedure described below.

Formal Complaint

If the procedure set forth above for preliminary review does not yield a successful resolution, then the complaining party may file a formal complaint in the following manner:

When To File a Formal Complaint – Formal Complaints must be in writing and must be filed within ten (10) calendar days of the complaining party's receipt of notice of the end of the preliminary review process described above.

What To File - A complaint must be in writing and include the information requested in one of the two attached Discrimination Complaint Forms, entitled:

Discrimination Complaint Form

Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973
Discrimination Complaint Form

Complainant also must attach a copy of the letter from the Review Panel setting forth the outcome of the preliminary review procedure described above.

Where To File Complaint - The complaint shall be filed with the Compliance Officer ~~or ADA Coordinator as applicable~~, at SANDAG, 401 B Street, Suite 800, San Diego, California 92101; Fax number (619) 699-1995; TTY (619) 699-1904.

Notice of Receipt - Upon receipt of the complaint, the Compliance Officer ~~or ADA Coordinator as applicable~~, will review the complaint for timeliness and appropriateness for this grievance procedure and will provide the complaining party with written notice acknowledging its receipt.

Investigation - The Compliance Officer, ~~ADA Coordinator~~, or his or her designee shall promptly initiate an investigation. In undertaking the investigation, the Compliance Officer ~~or ADA Coordinator~~ may interview, consult with, and/or request a written response to the issues raised in the complaint from any individual the Compliance Officer ~~or ADA Coordinator~~ believes to have relevant information, including staff and members of the public. The Compliance Office ~~or ADA Coordinator~~ also may hold an informal hearing at ~~his or her~~ their discretion.

Representation - The complaining party and any party against whom the grievance is directed shall have the right to have a representative. The party shall indicate whether ~~he or she is~~ they are to be assisted by a representative and, if so, the name of that representative. For purposes of this procedure, the representative may be an attorney so long as the Office of General Counsel ~~serves as the Compliance Officer or~~ is ~~otherwise~~ present during proceedings.

Findings And Notification - Upon completion of the investigation, the Compliance Officer ~~or ADA Coordinator~~ will prepare and transmit to the complaining party, and to any party against whom the complaint is directed, a final report containing a summary of the investigation, written findings and a proposed disposition. This transmission will be expected within forty-five (45) calendar days of the filing of the formal complaint. The deadline may be extended by the SANDAG ~~General Counsel~~ Chief Executive Officer for good cause. The final report shall also be provided, where appropriate, to any person whose authority will be needed to carry out the proposed disposition or to determine whether any personnel action is appropriate.

Final Disposition - The disposition proposed by the Compliance Officer ~~or ADA Coordinator~~ shall be put into effect promptly. The complaining party or any party against whom the complaint or the proposed disposition is directed may appeal.

The appeal to the Chief Executive Officer (as set forth below) will not suspend the implementation of the disposition proposed by the Compliance Officer ~~or ADA Coordinator~~, except in those circumstances where the Chief Executive Officer decides that good cause exists making the suspension of implementation appropriate.

Urgent Matters

Whenever the application of any of the time deadlines or procedures set forth in this complaint procedure creates a problem due to the nature of the complaint, the urgency of the matter, or the proximity of the upcoming event, the Compliance Officer ~~or ADA Coordinator as applicable~~, will, at the request of the complaining party, determine whether an appropriate expedited procedure can be fashioned.

Remedies

Possible remedies under this complaint procedure include corrective steps, actions to reverse the effects of discrimination or to end harassment, and measures to provide a reasonable accommodation or proper ongoing treatment. As stated above, a copy of the Compliance Officer's ~~or ADA Coordinator's~~ report may, where appropriate, be sent to appropriate persons to determine whether any personnel action should be pursued.

Appeal

Within ten (10) calendar days of the issuance of the final report, the complaining party or any party against whom the complaint is directed may appeal to the Chief Executive Officer the Compliance Officer's ~~or ADA Coordinator's~~ determination.

An appeal is taken by filing a written request for review with the SANDAG Chief Executive Officer, 401 B Street, Suite 800, San Diego, California 92101; Fax number (619) 699-1995; TTY (619) 699-1904.

The written request for review must specify the particular substantive and or procedural basis for the appeal, and must be made on grounds other than general dissatisfaction with the proposed disposition. Furthermore, the appeal must be directed only to issues raised in the formal complaint as filed or to procedural errors in the conduct of the complaint procedure itself, and not to new issues.

The review by the Chief Executive Officer or ~~his or her~~their designee normally shall be limited to the following considerations: Were the proper facts and criteria brought to bear on the decision? Were improper or extraneous facts or criteria brought to bear on the decision that substantially affected the decision to the detriment of the complaining party? Were there any procedural irregularities that substantially affected the outcome of the matter to the detriment of the complaining party? Given proper facts, criteria, and procedure, was the decision one that a person in the position of the decision-maker might reasonably have made?

A copy of the Chief Executive Officer or their designee's written decision will be expected within thirty (30) calendar days of the filing of the appeal and shall be sent to the parties, the Compliance Officer ~~or ADA Coordinator~~, and, if appropriate, to

persons whose authority will be needed to carry out the disposition. The deadline may be extended by the Chief Executive Officer for good cause. The decision of the Chief Executive Officer or their designee on the appeal is final.

Title VI Complaints

SANDAG operates programs without regard to race, color, and national origin in compliance with Title VI of the Civil Rights Act. In order to comply with 49 CFR Section 21.9(b), recipients and subrecipients of Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) funding such as SANDAG are required to develop procedures for investigating and tracking Title VI complaints and to make the procedures for filing a complaint available to members of the public upon request. This policy contains the procedures that members of the public should follow in order to request additional information regarding SANDAG's nondiscrimination obligations or file a discrimination complaint against SANDAG. Any person who believes himself or herself or any specific class of persons to be subjected to discrimination prohibited by Title VI also may file a written complaint with the FTA or FHWA. A complaint should be filed no later than 180 days after the date of the alleged discrimination, unless the time for filing is extended by FTA or FHWA. Title VI complaints regarding federally funded programs at SANDAG can be sent to the applicable funding agency below:

Federal Transit Administration Office of Civil Rights
Attention: ~~Title VI Program Coordinator~~ Complaint Team
East Building, 5th Floor - TCR
1200 New Jersey Ave., SE
Washington, DC 20590

Federal Highway Administration
Attention: Office of Civil Rights
1200 New Jersey Avenue, SE
8th Floor E81-105
Washington, DC 20590

Confidentiality

SANDAG will take reasonable measures to protect the privacy of the complaining party and those individuals who may be the subject of a complaint. SANDAG cannot guaranty privacy, however, particularly if disclosure is necessary for a complete investigation or is required by law.

Adopted June 2003

Amended November 2004

Amended January 2010

Amended February 2012

Amended October 2013

Amended January 2017

Amended June 2021

Amended ____ 2022

[Free Language Assistance | Ayuda gratuita con el idioma | Libreng Tulong sa Wika | Hỗ trợ ngôn ngữ miễn phí | 免費語言協助 | 免費語言協助 | مساعدة لغوية مجانية | 무료 언어 지원 | کمک زبان رایگان | 無料の言語支援 | Бесплатная языковая помощь | Assistência linguística gratuita | मुफ्त भाषा सहायता | Assistance linguistique gratuite | ස්ත්‍රීයභාෂාභාෂිතයාගේ සහය | ఉచిత భాషా సహాయం | ການຊ່ວຍເຫຼືອດ້ານພາສາພາສາ | Kaalmada Luqadda ee Bilaashka ah | Безкоштовна мовна допомога sandaq.org/LanguageAssistance | \(619\) 699-1900](#)

[SANDAG Notice of Non-Discrimination | Aviso de no discriminación de SANDAG | Abiso sa Hindi Pandiskrimina ng SANDAG | Thông cáo Không phân biệt đối xử của SANDAG | SANDAG 非歧视通知 | SANDAG: إشعار عدم التمييز](#)

Discrimination Complaint Form

Instructions: If you believe SANDAG has engaged in discrimination against one or more persons based on a basis other than medical condition or disability, please fill out this form completely, in black ink or type. Sign and return to the address on page 2. Alternative means of filing complaints, such as personal interviews or a tape recording of the complaint, will be made available for persons with disabilities upon request.

Complainant: _____

Address: _____

City: _____ State: _____ ZIP ~~ip~~ Code: _____

Telephone: Home: _____ Business: _____

Person Discriminated Against: (if other than the complainant)

Address: _____

City: _____ State: _____ ZIP ~~ip~~ Code: _____

Telephone: Home: _____ Business: _____

When did the discrimination occur?

Date: _____

Describe the alleged acts of discrimination providing the name(s) where possible of the responsible individuals ~~who discriminated~~ (use space on page 3 if necessary). Include the category upon which you believe the discrimination was based (race, color, disability, medical condition, etc.):

Has a complaint been filed with another bureau of the Department of Justice or any other Federal, State, or local civil rights agency or court?

Yes: _____ No: _____

If Yes:

Agency or Court: _____

Contact Person: _____

Address: _____

City: _____ State: _____ ZIP Code: _____

Telephone: _____

Date Filed: _____

Additional space for answers:

Signature: _____

Date: _____

Return to:

~~Discrimination~~ Compliance Officer – Office of Diversity and Equity ~~Special Office of General Counsel~~

SANDAG

401 B Street, Suite 800

San Diego, CA 92101

Phone: (619) 699-1900; Fax: (619) 699-1995

TTY: (619) 699-1904

OfficeofDiversityandEquity@sandag.org

**Americans with Disabilities Act and Section 504 of the Rehabilitation Act
of 1973 Discrimination Complaint Form**

Instructions: If you believe SANDAG has engaged in discrimination against one or more persons based on medical condition or disability, please fill out this form completely, in black ink or type. Sign and return to the address on page 2. Alternative means of filing complaints, such as personal interviews or a tape recording of the complaint, will be made available for persons with disabilities upon request.

Complainant: _____

Address: _____

City: _____ State: _____ ZIP Code: _____

Telephone: Home: _____ Business: _____

Person Discriminated Against: (if other than the complainant) _____

Address: _____

City: _____ State: _____ ZIP Code: _____

Telephone: Home: _____ Business: _____

When did the discrimination occur? _____ Date: _____

Describe the acts of discrimination providing the name(s) where possible of the individuals who discriminated (use space on page 3 if necessary):

Has a complaint been filed with another bureau of the Department of Justice or any other Federal, State, or local civil rights agency or court?

Yes: _____ No: _____

If Yes:

Agency or Court: _____

Contact Person: _____

Address: _____

City: _____ State: _____ ZIP Code: _____

Telephone: _____

Date Filed: _____

Additional space for answers:

Signature: _____

Date: _____

Return to:
ADA Coordinator
SANDAG
401 B Street, Suite 800
San Diego, CA 92101
Phone: (619) 699-1900; Fax: (619) 699-1995
TTY: (619) 699-1904



BOARD POLICY NO. 011

TRAVEL EXPENSES

This policy is intended to establish ~~poliies-processes and procedures~~ regulating Out-of-Town Travel by SANDAG Board and -Committee members and employees while on SANDAG business, and to provide a basis for budgeting Board member and employee attendance at conferences, training, seminars, or other meetings. Employees should refer to the Administrative Guidelines/Procedures for Employee Business Travel for additional information.

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

1. Definitions Applicable to Policy

- 1.1 Out-of-Town Travel – Any travel outside San Diego County.
 - 1.1.1 One-day trips ~~not exceeding 200 miles one way~~ within San Diego County will be treated as in-town _expenses and not Out-of-Town Travel.
- 1.2 Authorizing Authority – SANDAG Board Chair for Board and Committee member travel, or SANDAG Chief Executive Officer (CEO) and those delegated authority by the CEO to ensure SANDAG compliance with this Policy, but not to include _positions lower than a Director for SANDAG employee travel.
- 1.3 U.S. General Services Administration (GSA) – GSA establishes the per diem rates for the lower 48 Continental United States (CONUS), which are the maximum allowances that federal employees are reimbursed for expenses incurred while on official travel. (See ~~www~~-gsa.gov.) The GSA's Federal Travel Regulation shall be used in interpreting this Policy.

2. Budgeting

- 2.1 Each year the CEO will survey the Board and Committee 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 which Board and Committee members 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.
- 2.2 Employees may attend conferences related to their respective disciplines consistent with this Policy's procedures. The CEO or ~~his/her~~ their designee 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~~ Director in order to share the knowledge obtained from their attendance.

- 2.3 Board and Committee 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 CEO or ~~his/her~~their designee will set objectives to ensure minimum representation at key conferences, and to make sure that cumulative attendance by Board and Committee members and employees at any one conference is not excessive.

3. Procedures

- 3.1 Requests for Out-of-Town Travel in all cases shall be limited to SANDAG business, conferences, and meetings, legislative hearings, and training classes from which SANDAG will derive a specific benefit through the attendance of a representative and must be approved in advance by an Authorizing Authority.
- 3.2 Out-of-Town ~~conference~~ Travel by SANDAG employees ~~in excess of 200 miles one-way~~ shall be limited to positions of a highly technical or professional nature as designated by the Authorizing Authority.
- 3.3 Any reimbursable Out-of-Town Travel expenses must be properly documented in accordance with a travel request form and shall be submitted for reimbursement within 10 (ten) business days following the completion of travel.
- 3.4 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 Authorizing Authority prior to travel arrangements being made.
- 3.5 For Board and Committee member travel, the Clerk of the Board or Executive Assistant will fill out the top portion of the travel request form and the Chair of the Board, or upon ~~his/her~~their written delegation the CEO, shall determine whether to approve it based upon the standards in this Policy.
- 3.6 Basic travel arrangements for flights, hotels, and rental cars will be made by the Clerk of the Board, Executive Assistant, or other designated staff. Board and Committee members and employees are responsible for contacting the Clerk of the Board, Executive Assistant, or other designated staff if itinerary changes are needed. Board and Committee members or employees desiring different travel arrangements will contact the Clerk of the Board or other designated staff to place ~~her/him~~them on notice and will be financially responsible for any costs over and above those costs for the basic trip.
- 3.7 If a Board or Committee member or employee initiates a change in travel plans that is not due to a medical/death emergency by the Board or Committee member or employee, or ~~his/her~~their immediate family, then the Board or Committee member or employee will be responsible for the cost impacts of those changes.
- 3.8 Use of air, train, private vehicle, bus, SANDAG vehicle, or other travel mode shall be selected on the basis of the lowest reasonable cost to SANDAG after all expense items are tabulated, including but not limited to travel time salary costs. The responsibility for this consideration rests with the respective Authorizing Authority in approving the proposed travel and may be based upon the assessment of the Clerk of the Board, Executive Assistant, or other staff member or agency charged with making travel arrangements.
- 3.9 When the use of public air carrier transportation is approved, travel expense will only be reimbursed for the equivalent of reserved coach class service. Airfare will be

reimbursed for actual expenses; the use of personal mileage or vouchers for airfare will not be reimbursed.

- 3.10 Authorized travel time shall be based on that required by the most appropriate mode of transportation. Should an employee desire travel time in excess of the above, such time must be approved by the respective Authorizing Authority.
- 3.11 Additional fees such as luggage fees will be reimbursed on the basis of one ~~luggage~~ bag fee per traveler. Extended travel that requires extra luggage may be approved by the respective Authorizing Authority ~~and in accordance with applicable employee leave policies.~~
- 3.12 Board and Committee members and employees will be reimbursed for meals and incidentals using the per diem rates established by the GSA. There are circumstances where these guidelines may not be appropriate. Examples of these circumstances include, but are not limited to the following, and such exceptions must be approved by the Authorizing Authority for reimbursement at actual expense:
 - 3.12.1 Meal costs incurred in connection with training, travel, civic/professional group meetings, etc., which have a set price and for which the individual has little or no choice in the amount paid. These costs usually include speaker, facility, and meal costs.
 - 3.12.2 Circumstances specifically identified in the GSA's Federal Travel Regulation as allowing actual expense reimbursement instead of per diem rates.
- 3.13 Lodging will be reimbursed at actual expenses, not to exceed the guidelines set by the GSA, ~~www~~.gsa.gov. Exceptions will be granted at the discretion of the Authorizing Authority for hotels included with training, travel, civic/professional group meetings, etc., which have a set price and for which the individual has little or no choice in the amount paid, or where specifically allowed in the GSA's Federal Travel Regulation. The use of personal mileage/points or vouchers for lodging will not be reimbursed.
- 3.14 It is the responsibility of Board and Committee members and employees to ensure that expenses are within the guidelines of this Policy.
- 3.15 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.
- 3.16 The CEO shall develop and implement administrative travel policies and procedures consistent with this Policy.
- 3.17 The CEO shall report any exceptions granted under this Policy to the Board of Directors on a regular basis.

Adopted June 2003

Amended January 2006

Amended December 2006

Amended December 2008

Amended January 2010

Amended November 2012

Amended November 2015

Amended February 2018

Amended June 2021

Amended _____ 2022



BOARD POLICY NO. 018

REGIONAL TRANSIT SERVICE PLANNING AND IMPLEMENTATION

This policy specifies the transit service planning and transit development project planning responsibilities of SANDAG (the consolidated agency) and the transit agencies (Metropolitan Transit System and North San Diego County Transit Development Board), and outlines a framework for transit service planning and roles and responsibilities for project development planning. Figure 1.1 includes a flow chart, based on the framework that documents the processes for transit service planning and implementation, for new services and adjustments to existing services. Figure 1.2 identifies the lead and support (active participant) agency responsibilities for both long and short-range transit service planning and development project planning.

This policy will allow the transit system to quickly and efficiently respond to changes in travel demand and operating/fiscal environment, while ensuring that the system is adjusted and developed consistent with longer range regional transportation and land use goals as incorporated into the Regional Plan (the combined Regional Comprehensive Plan (RCP) and the Regional Transportation Plan/Sustainable Communities Strategy [RTP/SCS]), the *TransNet* Ordinance, the Coordinated Plan (the Regional Short-Range Transit Plan & Coordinated Public-Transit-Human Services Transportation Plan), or any other regional planning or legislative documents concerning regional projects (collectively referred to in this Policy as “Regional Planning Documents”). As a result, transit service changes that relate directly to implementation of regional policies, goals, and objectives (service changes with regional significance) are generally those that:

- Serve regional travel demand corridors that cross transit agency jurisdictional boundaries;
 - Significantly affect passenger trip making (as defined by the guidelines contained in the Coordinated Plan; for example, would be found to potentially have a detrimental impact on geographic connections, timed transfers, and the frequency/service span consistency of such services);
 - Require additional regional operating funds above the overall transit agency-adopted budget and projected budget capacity; and
 - Affect the policies, projects, services, and facilities included in Regional Planning Documents.
1. **Agency Responsibilities** – SANDAG and transit agency responsibilities are described below and further specified in Figure 1.2. There is an inherent overlap of some of the responsibilities between SANDAG and the transit agencies in conducting transit service planning and development project planning, as exhibited in Figure 1.2. In addition, SANDAG responsibilities pursuant to the Title VI Requirements and Guidelines for Federal Transit Administration Recipients (Circular 4702.1B) and Environmental Justice Policy Guidance for Federal Transit Administration Recipients (Circular 4703.1) should be coordinated with the related Title VI responsibilities of the transit agencies. Therefore, all planning responsibilities shall be conducted with coordination and consultation between SANDAG and the transit agencies. SANDAG responsibilities are described in Sections 1.1 and 1.2. Transit agency responsibilities are described in Section 1.3.

- 1.1 **SANDAG Planning Responsibilities** – carried out in collaboration with the transit agencies:
- 1.1.1 Prepare long-range transit plans and corridor studies consistent with Regional Planning Documents.
 - 1.1.2 Prepare, no less often than every ~~two-four~~ years, the five-year Coordinated Plan that: (1) establishes the goals and objectives for short-range transit services and human services transportation; (2) defines the existing transit and human services transportation system; (3) sets the framework for a transit operations performance monitoring program as required by the Transportation Development Act and a monitoring program for human services transportation as defined by the Federal Transit Administration (FTA); (4) identifies transit and human service gaps and deficiencies; (5) evaluates existing transit and human services transportation services and programs; (6) establishes parameters for short-range (0-5 years) new and revised service development, as well as regionally significant and all other service adjustments; (7) defines a methodology for evaluating proposals for new and revised service; (8) identifies and prioritizes regional and subarea transit planning studies; and (9) evaluates and prioritizes new and revised services for implementation, including the adoption of an annual Regional Service Implementation Plan. ~~SANDAG will initially maintain the existing service concepts upon which the service is based in order to preserve and improve mobility. FY 2003 budgeted revenue hours/miles will be considered as minimum levels of service for each transit agency with the addition of net service levels for the SPRINTER and Mission Valley East rail projects. If future funding shortfalls occur, necessitating cutbacks in service, then there will be a regionwide process of examination of service levels in order to ensure that service reductions are equitably distributed.~~
 - 1.1.3 Conduct regional and subarea planning studies as prioritized in the Regional Planning Documents.
 - 1.1.4 Develop proposals and service plans for new services or for service adjustments with regional significance, with active participation from the transit agencies, in response to changes in regional travel demand, to address regional service gaps and deficiencies, and to implement plans and programs identified in Regional Planning Documents.
 - 1.1.5 Plan, locate, and design transit infrastructure and facilities (stations, priority treatments, supporting facilities, etc.) for regionally significant transit projects and services identified in Regional Planning Documents with active participation from the transit agencies.
 - 1.1.6 Develop proposals for new and revised services to be included in the Regional Service Implementation Plan.
 - 1.1.7 Ensure that all new and revised services and service adjustments of regional significance are consistent with the goals and objectives of the Coordinated Plan.
 - 1.1.8 Coordinate with transit agencies to provide community outreach and conduct market research.

- 1.1.9 Conduct regional performance monitoring to provide input into the Coordinated Plan and other short-range transit studies. The regional performance monitoring will be based on the type of service and type of service area. ~~Any net service reduction in a specific transit agency area resulting from the service evaluation process that takes that transit agency below its FY 03 service level (pursuant to Section 1.1.2) will be reprogrammed to that transit agency service area for other improvements up to the FY 03 base level of service.~~
- 1.1.10 Provide technical assistance to transit operators for local route planning.
- 1.1.11 Develop and update, as required, with input from the transit agencies, the Coordinated Transportation Plan for San Diego County as required by legislation. SANDAG also will manage the competitive process for granting FTA funds available as a result of production of a Coordinated Transportation Plan.
- 1.1.12 Participate in development of transit vehicle specifications for vehicles acquired for regionally significant projects and services that are funded through projects identified in Regional Planning Documents.
- 1.1.13 Collaborate with the transit agencies on a branding framework, compatible with the transit agencies' individual branding programs, that incorporates regionally significant projects and services identified in the Regional Planning Documents. The transit agencies and SANDAG will undertake a study to develop a mutually agreed upon branding framework for the region.
- 1.2 **SANDAG FTA Responsibilities** – carried out in collaboration with the transit agencies:
 - 1.2.1 Fare Changes. SANDAG recognizes that the revenues generated from customer fares are a critical part of the respective transit agencies achieving a balanced budget that supports the provision of the highest levels of service. To the maximum extent possible, SANDAG will conduct its analyses in a manner that is consistent with the budget goals established by the transit agencies while adhering to the requirements specified by the FTA. SANDAG will evaluate, prior to implementation in the Fare Ordinance, all fare changes, to determine whether those changes will have a disparate impact on minorities (based on race, color, or national origin) or result in a disproportionate burden on low-income persons. SANDAG will prepare Environmental Justice or Title VI reports in accordance with SANDAG disparate impact and disproportionate burden analysis methodologies, which are defined below.

- 1.2.1.1 SANDAG will determine the existence of disparate impacts to **minority** populations for all Fare Ordinance changes. Pursuant to Title VI of the Civil Rights Act, disparate impacts are found when there is a difference in adverse effects between minority and non-minority areas of ten percent (10%) or more. Minority populations will be deemed adversely affected when the proportion of minority persons adversely affected by the change exceeds the average proportion of minority persons in the analysis service area. If SANDAG, in consultation with the transit operators, chooses to implement a proposed fare change in the Fare Ordinance despite a finding of disparate impact on minority populations, or if SANDAG finds, in consultation with the transit operators, even after the revisions, that minority populations will continue to bear a disproportionate share of the adverse effects of a proposed fare change, SANDAG may implement the fare change only if:
- 1.2.1.1.1 There is a substantial legitimate justification¹ for the proposed fare change, and
 - 1.2.1.1.2 A finding is made that there are no alternatives that would have a less disparate impact on minority populations and still accomplish the legitimate goals of the fare change.
- 1.2.1.2 SANDAG will determine the existence of disproportionate burdens on **low-income** populations for all Fare Ordinance changes. Pursuant to Executive Order 12898 (Clinton 1994), disproportionate burdens are found when there is a difference in adverse effects between low-income and non-low income populations of ten percent (10%) or more. Low-income populations will be deemed adversely affected when the proportion of low-income persons (using a threshold of at or below 200 percent of the U.S. Department of Health and Human Services poverty guidelines) adversely affected exceeds the average proportion of low-income persons in the analysis service area. If SANDAG chooses, in consultation with the transit operators, to implement a proposed fare change in the Fare Ordinance despite a finding of disproportionate burden on low-income ridership, or if SANDAG finds, in consultation with the transit operators, even after the revisions, that low-income riders will continue to bear a disproportionate burden due to the proposed fare change, SANDAG may implement the fare change only if the transit agency(ies) show that they will:
- 1.2.1.2.1 Take steps to avoid, minimize, or mitigate impacts where practicable, and
 - 1.2.1.2.2 Provide a description of alternatives available to low-income populations affected by the fare changes.

¹ This standard is met if the fare change is needed to meet a goal that is legitimate, important, and integral to the agency.

- 1.2.2 Reporting. SANDAG will prepare Title VI reports in accordance with this policy, which shall be posted to the SANDAG website, as required by FTA for Metropolitan Planning Organizations and transit agencies.
- 1.2.3 Service Changes. SANDAG will notify the transit agencies of any service changes that may be required as a result of New Start, Small Start, or other new transit capital projects that will be constructed by SANDAG in adequate time to allow the transit agency(ies) to conduct a service change equity analysis at least six months prior to the beginning of revenue operations. SANDAG will provide information and cooperate with the transit agency(ies) on any service change equity analyses that are needed as a result of such construction.
- 1.3 ***Transit Agency Responsibilities*** – carried out in collaboration with SANDAG:
 - 1.3.1 Develop service and schedule adjustments to ensure system optimization and to respond to immediate operational issues (e.g., detours, overcrowding, on-time performance, and minor out-of-direction routing changes).
 - 1.3.2 Conduct local transit studies and analyses within the transit agency's service area in response to changes in local travel demand, to address service gaps and deficiencies, to develop service reductions/efficiencies, to address operating budget deficits, and to address goals and implement plans developed in the Coordinated Plan.
 - 1.3.3 Develop proposals for new and revised services to be included in the Regional Service Implementation Plan.
 - 1.3.4 Develop proposals to reallocate unproductive resources to implement unfunded services identified as high priority in the Regional Service Implementation Plan or consistent with the Coordinated Plan.
 - 1.3.5 Develop a public input process and hold required public hearings for service changes. The transit agencies should ensure that the public input process for public hearings on service changes would be conducted in a manner to facilitate public input from the affected area.
 - 1.3.6 Develop marketing and branding programs for the transit services within its jurisdiction and collaborate with SANDAG on a compatible branding framework that incorporates regionally significant projects and services identified in Regional Planning Documents. The transit agencies and SANDAG will undertake a study to develop a mutually agreed upon branding framework for the region.
 - 1.3.7 Provide community outreach and conduct market research, in coordination with SANDAG.
 - 1.3.8 Develop operating plans for special event transit service and service contingencies.
 - 1.3.9 Monitor existing operations and services to provide input into service analyses and short-range transit studies.
 - 1.3.10 Conduct bus stop location planning.

- 1.3.11 Implement service, including scheduling, run-cutting, operations, contract services, service management, and labor contract administration.
- 1.3.12 Provide input on long- and short-range transit plans, and regional performance monitoring.
- 1.3.13 If a service addition or change will last longer than twelve months and qualifies as a major service change, or if a New Starts, Small Starts, or other new fixed guideway capital project is proposed, conduct a service change equity analysis consistent with the FTA Circulars if required by FTA for transit agencies, and provide the reports to SANDAG and FTA.
- 1.3.14 Actively participate in the development of service plans for service adjustments with regional significance, in response to changes in regional travel demand, to address regional service gaps and deficiencies and to implement plans and programs identified in Regional Planning Documents.
- 1.3.15 Actively participate in the planning, location and design of transit infrastructure and facilities (stations, priority treatments, supporting facilities, etc.) for regionally significant transit projects and services identified in Regional Planning Documents.
- 1.3.16 Develop transit vehicle specifications, with active participation from SANDAG, for vehicles for all service types, including local bus, shuttles, bus rapid transit, rail, and others.
- 1.3.17 Conduct a fare equity analysis for promotional or temporary fare changes when required by FTA and provide the analysis to SANDAG in the event the fare change must be incorporated into the Fare Ordinance.

2. **Transit Service Planning Framework** – This framework allows the transit system to quickly and efficiently respond to changes in travel demand and operating/fiscal environment, while ensuring that the system is adjusted and developed consistent with longer range regional transportation and land use goals.

Step 1: Guidance

A Coordinated Plan, consistent with SANDAG's RTP and RCP, will be drafted ~~annually every four years~~ by SANDAG, with active participation from the transit agencies. The Coordinated Plan will establish goals and objectives and provide guidance for service planning ~~during the upcoming year~~ and will balance the ~~immediate~~ needs of optimizing the transit system in response to operational and financial constraints, with the mid- and long-range system development goals established in the long-range plans.

Step 2: Develop Service Adjustments

Throughout the year, transit agency and SANDAG staff develop proposals, in accordance with the Coordinated Plan, to adjust existing services and develop new services. These service adjustments help to optimize existing services, reflect changes to the operating and fiscal environment, respond to customer comments and requests, and begin to implement and support services envisioned in the long-range plans. Service adjustments can be a result of such things as schedule analysis, trip and route level evaluation, and subregional and regional transit studies. Service adjustments with regional significance should be developed as collaborative efforts between SANDAG and transit agency staff.

Step 3: Evaluation and Approval

Prior to approval for implementation, all service adjustments should be:

- Consistent with the Coordinated Plan;
- Presented for public hearing in the impacted service area if required by SANDAG, the appropriate transit agency, or by FTA policies and regulations; and
- Fully funded either through a reallocation of resources or as part of the budget process.

Service adjustments with regional significance should be endorsed by the appropriate transit agency and determined to be consistent with regional policies, goals and objectives by SANDAG prior to public hearing and implementation, while local and minor service adjustments may be approved for implementation by the transit agencies after advising SANDAG of the proposed changes.

Step 4: Implementation

As a general practice, service changes should be implemented during a regularly scheduled service change date (scheduled for winter, spring, and summer). Implementation of major service changes should be preceded by community outreach, a marketing campaign, and public notices, as appropriate. Service implementation is the responsibility of the transit agencies.

Step 5: Monitoring

Performance monitoring will be conducted on an ongoing basis to evaluate new and existing services and service adjustments. SANDAG will monitor the transit system performance on a systemwide and transit agency level on an annual and quarterly basis. Transit agencies will monitor their operations performance on an annual, quarterly, and monthly basis, as appropriate. Performance measures will evaluate productivity, cost-effectiveness, and quality of service. Performance results will be used as a basis for developing the Coordinated Plan, and other planning studies and analysis.

Attachments: Figure 1.1 – Regional Transit Service Planning and Implementation Process
Figure 1.2 – Roles and Responsibilities for Service Planning Activities

Adopted June 2003
Amended September 2004
Amended March 2005
Amended August 2006
Amended December 2008
Amended February 2012
Amended May 2013
Amended January 2017
Amended 2022

Figure 1.1
Regional Transit Service Planning and Implementation Process

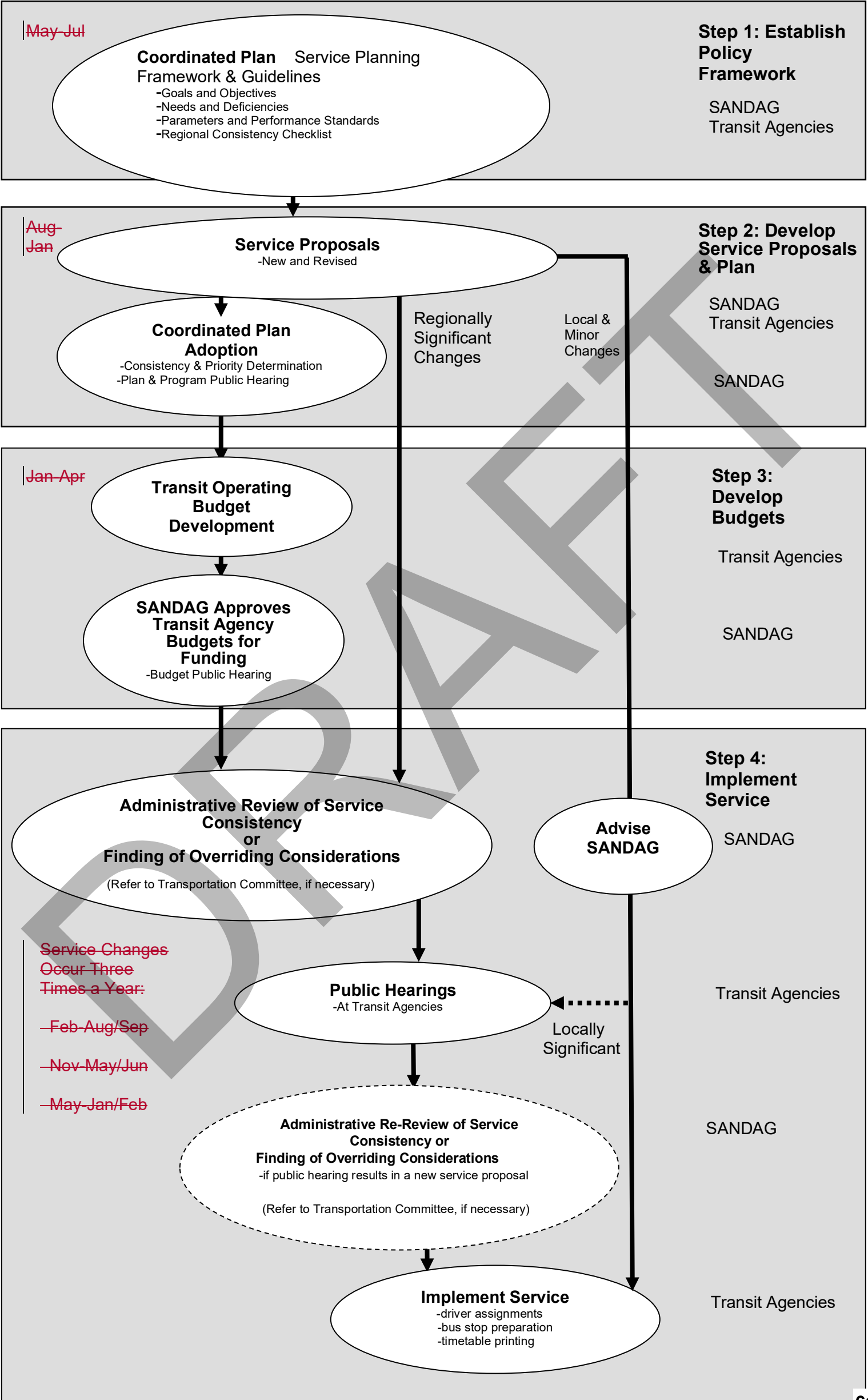


FIGURE 1.2
ROLES AND RESPONSIBILITIES FOR TRANSIT PLANNING AND IMPLEMENTATION ACTIVITIES

	TRANSIT AGENCY			SANDAG	
	Operations	Marketing	Service Planning	Development Planning	Long Range Planning
POLICY AND GUIDANCE					
Regional Transportation Plan (RTP)					Lead
Short Range Transit Plan (SRTTP)			Lead		
LONG-RANGE SERVICE DEVELOPMENT					
Subarea Studies					Lead
MID-RANGE SERVICE DEVELOPMENT					
BRT/Rail System Development (Service Plan)*				Lead	
Transit Centers (Station Location/Facility Design)				Lead	
Regional Branding Framework			Shared		
SHORT RANGE SERVICE RESTRUCTURING					
Feeder Bus Studies/BRT Supporting Networks			Lead		
Subarea Studies (e.g. Downtown, NB/PB/LJ, Univ. Ave)			Shared		
Systemwide Service Optimization (e.g. COA)			Lead		
COMMUNITY OUTREACH					
Service Change Public Hearings			Lead		
Developer Plan Review - land use, regional plan conformity				Lead	
Developer Plan Review - community liaison			Lead		
Market Research		Shared			
Transit Liaison to Communities		Shared			
Respond to Community Service Requests			Shared		
Respond to Operational Issues	Lead				
Marketing/Branding Jurisdiction Services		Lead			
PERFORMANCE MONITORING					
Annual Route Monitoring			Lead		
New Service Proposal Evaluation			Shared		
Performance Improvement Program				Lead	
Quarterly Operations Evaluation			Lead		
Operational Data Collection			Lead		
Assistance to Transit Operators (ATO) Data Collection				Lead	
Monthly Operations Reporting			Lead		
National Transit Database (NTD) Reporting			Lead		
ROUTE SPECIFIC ADJUSTMENTS					
Bus Stop Location Planning			Lead		
Trip Level Schedule Adjustments			Lead		
Minor Route Changes			Lead		
Service Reductions - Minor			Lead		
Service Reductions - Regionally Significant				Lead	
OPERATIONS AND MAINTENANCE					
Scheduling			Lead		
Runcutting	Lead		Lead		
Driver Bids	Lead				
Ensure Implementation of Service Plans	Lead				
Service Provision	Lead				
Vehicle Specification/Procurement	Lead				

* Includes Mid-Coast LRT/BRT and South Bay to Sorrento Mesa BRT
Revised December 2016

Lead	- Primary or Lead Function
	- Active Participation and Support



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 Chief Financial Officer.

SANDAG shall be authorized to enter into interest rate swap transactions only with qualified swap counterparties. The Chief Financial Officer, 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 Chief Financial Officer, 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	Description	Evaluation Methodology
Basis Risk	The mismatch between actual variable rate debt service and variable rate indices used to determine swap payments.	SANDAG will review historical trading differentials between the variable rate bonds or notes and the index.
Tax Risk	The risk created by potential tax events that could affect swap payments.	SANDAG will review the tax events in proposed swap agreements. It will also evaluate the impact of potential changes in tax law on LIBOR indexed swaps.
Counterparty Risk	The risk that the counterparty fails to make required payments.	SANDAG will monitor exposure levels, ratings thresholds and collateralization requirements.
Termination Risk	The risk that the transaction is terminated in a market dictating termination payment by SANDAG.	SANDAG will compute its termination exposure for all existing and proposed swaps at market value and under a worst-case scenario. SANDAG will consider use of swap insurance to mitigate this risk.
Rollover Risk	The mismatch of the maturity of the swap and the maturity of the underlying bonds or notes.	SANDAG will determine its capacity to issue variable rate bonds or notes that may be outstanding after the maturity of the swap.
Liquidity Risk	The inability to continue or renew a liquidity facility.	SANDAG will evaluate the expected availability of liquidity support for swapped and unhedged variable rate debt and will consider the use of variable rate debt that does not require liquidity (e.g., auction rate securities)
Credit Risk	The occurrence of an event modifying the credit rating of the issuer or its counterparty.	SANDAG will monitor the ratings of its counterparties and insurers.

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:

5.2.2 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.

5.2.2.1 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.

- 5.2.2.2 The credit ratings of each swap counterparty, parent, guarantor and credit enhancer insuring the swap payments, if any.
 - 5.2.2.3 Actual collateral posting by swap counterparty, if any, per swap agreement and in total by swap counterparty.
 - 5.2.2.4 Information concerning any material event involving outstanding swap agreements, including a default by a swap counterparty, counterparty downgrade or termination.
 - 5.2.2.5 An updated contingency plan to replace, or fund a termination payment in the event an outstanding swap is terminated.
 - 5.2.2.6 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.

5.2.3 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
Amended June 2021

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 (ii) greater than one year but less than 10 years (iii) greater than 10 years	99% 98% 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 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. 033

SANDAG GRANT FUNDING INCENTIVES TO ACCELERATE HOUSING PRODUCTION IMPLEMENTATION GUIDELINES FOR SANDAG REGIONAL HOUSING NEEDS ASSESSMENT FUNDING INCENTIVES

Applicability and Purpose of Policy

Board Policy No. 033 establishes guidelines for incentivizing local participation in the achievement of regional housing goals. The Policy only applies to discretionary funding allocated by SANDAG through a competitive process to the cities and the County in the San Diego region ("local jurisdictions"), including but not limited to the Housing Acceleration Program grants, TransNet Active Transportation Grant Program, and TransNet Smart Growth Incentive Program. Funding programs that are not subject to this Policy include those: (1) awarded on a formula-basis, (2) allocated by agencies other than SANDAG, (3) that award to entities other than local jurisdictions, or (4) that do not have the potential to accelerate housing production. For new grant programs, the Policy Advisory Committee providing oversight for the relevant policy area will review and make a recommendation to the Board of Directors about whether a particular funding source should be subject to this Policy.

Procedures

1. Eligibility. A local jurisdiction must meet the following criteria at the time of the funding program's application deadline for award of points under this Policy.
 - 1.1. Housing Element Compliance: an adopted Housing Element found compliant by the California Department of Housing and Community Development (HCD) for the current planning period as defined by Government Code Section 65588.
 - 1.2. Annual Housing Element Progress Reports: an annual report submitted to SANDAG by April 1 each year demonstrating the status and progress a local jurisdiction has made in implementing its Housing Element that includes the information required by Government Code Section 65400, et seq.
2. Scoring Criteria. A minimum of 25 points out of 100, or 25 percent of the total points in a funding program will be awarded under this Policy based on jurisdictions' adoption of prohousing policies and demonstrated commitment to advancing housing equity. The specific number of points to be allocated in accordance with this Policy will be determined for each competitive process and will be described in the corresponding call for projects.
 - 2.1. Prohousing Policies. A local jurisdiction may earn up to half of the total points awarded under this Policy by demonstrating that it has implemented policies that accelerate the production of housing in the four categories listed below. A jurisdiction which has received a Prohousing Designation from HCD will receive full points under this Prohousing Policies Section.
 - 2.1.1. Favorable Zoning and Land Use. A local jurisdiction may earn points in this category by demonstrating zoning and land use actions that measurably support the Acceleration of Housing Production.
 - 2.1.2. Acceleration of Housing Production Timeframes. A local jurisdiction may earn points in this category by demonstrating actions that decrease production timeframes or

promote the streamlining of approval processes.

1.1.2.2.1.3. Reduction of Construction and Development Costs. A local jurisdiction may earn points in this category by demonstrating actions that quantifiably reduce construction or development costs.

2.1.4. Providing Financial Subsidies. A local jurisdiction may earn points in this category by demonstrating actions that promote, develop, or leverage financial resources for housing.

1.2.2.2. Housing Equity/Affirmatively Furthering Fair Housing (AFFH). A local jurisdiction may earn up to half of the total points awarded under this Policy by addressing housing inequity and providing solutions to foster equitable and inclusive communities.

~~Board Policy No. 033 sets forth specific provisions regarding the allocation by SANDAG of discretionary funding to local agency projects, e.g., the Smart Growth Incentive Program and Active Transportation Grant Program, in relation to local jurisdiction housing element compliance and factors related to lower income housing.~~

~~This policy shall be reviewed and evaluated annually or as necessary to determine if amendments are needed. Issues to be considered during the review include but are not limited to the relationship between the Regional Housing Needs Assessment (RHNA) allocation and achievement of SANDAG smart growth goals and new or changed funding sources.~~

~~Board Policy No. 033 was initially approved by the SANDAG Board in April 2006, following the adoption of the RHNA for the fourth housing element cycle. The policy was first amended in November 2008. The second set of amendments to Board Policy No. 033 (January 2012) was undertaken following the adoption of the RHNA for the fifth housing element cycle, which occurred on October 28, 2011.~~

~~**1.** "Discretionary funding allocated to local agency projects by SANDAG" shall be defined as: those funds allocated by SANDAG through a competitive process to local jurisdictions only (i.e., cities or the County). These funds are listed in Table 1 (Exhibit 1) and include the TransNet Smart Growth Incentive Program and Active Transportation Grant Program (formerly known as the Transportation Development Act (TDA) Non-motorized Program, and TransNet Bicycle Program).~~

~~**2.** The following funds are not subject to the provisions of Board Policy No. 033:~~

~~**2.1** Formula funds allocated by population or number of miles because they are not allocated on a competitive basis.~~

~~**2.2** Discretionary funds allocated to Caltrans, the two transit agencies (Metropolitan Transit System and North County Transit District), or SANDAG as they are not considered local jurisdictions.~~

~~**2.3** Funds allocated directly by Caltrans to local jurisdictions because SANDAG is not involved in their allocation.~~

~~**2.4** Funds that can be allocated to entities other than local jurisdictions (e.g., TransNet Environmental Mitigation Program Regional Habitat Conservation Fund and the Senior Transportation Mini-grant Program).~~

~~Table 2 (Exhibit 2) provides a more detailed list of funding sources/programs that are not subject to Board Policy No. 033.~~

- ~~3. As new funding sources become available, the Regional Planning Committee (RPC) shall review and make a recommendation to the Board of Directors if these new funding sources should be subject to Board Policy No. 033.~~
- ~~4. To be eligible to apply for future discretionary funding (see examples in Table 1) allocated by SANDAG to local jurisdiction projects, local jurisdictions shall meet the following thresholds:~~
- ~~4.1 Housing Element Compliance: In order to qualify for points under Board Policy No. 033, a jurisdiction must have an adopted Housing Element found to be in compliance by the California Department of Housing and Community Development (HCD) or its equivalent at the time of the funding program's application deadline. No Board Policy No. 033 points will be awarded to projects in jurisdictions that have not received a letter of compliance from HCD prior to the funding program's application deadline. A court-upheld Housing Element qualifies a jurisdiction to receive Board Policy No. 033 points.~~
- ~~4.2 Annual Housing Element Progress Reports: Jurisdictions shall be required to submit an annual report with the information described below in order to be eligible for funding programs for the following calendar year. This annual report shall include the same information that HCD requests in the Annual Housing Element Progress reports required by housing element law, as well as the information described below, and shall be submitted to SANDAG by the deadline in state law, which is April 1 of each year. SANDAG will prepare a report with this information for review by the Regional Planning Technical Working Group, and Regional Planning Committee each year. Funding applications subject to this Policy shall be evaluated based on the annual report for the preceding year that was submitted to SANDAG and HCD:~~
- ~~4.3 The annual report shall provide information regarding the number of building permits issued for new residential construction by income category (very low, low, moderate, and above moderate) using the forms provided by HCD for its Annual Housing Element Progress Report. If the report is submitted for the first time in years two, three, four, or five of the housing element cycle, it shall include the total number of building permits issued for new residential construction by income category during each year of the housing element cycle (including the two and a half years preceding the housing element due date). The annual report also shall indicate how many acquired/rehabilitated/deed restricted units were permitted and how many "at risk" units were preserved during each year.~~
- ~~5. Board Policy No. 033 ties the allocation of funding to four criteria related to each local jurisdiction's efforts to plan for and produce lower income housing through the award of incentive points (a minimum of 25 points out of 100, or 25 percent of the total points in a funding program). Each criterion is assigned a value of one-fourth of the total points. The four criteria are: (1) Greater RHNA Share Taken, (2) Regional Share of Cumulative Total of Lower Income Units Produced, (3) Total Number of Affordable Housing Units, and (4) Percent of Lower Income Households.~~
- ~~5.1 The Scoring Criteria in Exhibit 3 describes in detail how the incentive points are calculated for each of the four criteria.~~

~~Exhibits: 1. Table 1, Discretionary Funding Programs Subject to Board Policy No. 033—
(Local Jurisdiction Projects)~~

~~2. Table 2, Funding Programs Not Subject to Board Policy No. 033~~

~~3. Scoring Criteria Concerning Calculation of Board Policy No. 033 Incentive Points~~

Adopted April 2006

Amended November 2008

Amended January 2012

Amended November 2015

Amended 2022

DRAFT

EXHIBIT 1

TABLE 1- DISCRETIONARY FUNDING- PROGRAMS SUBJECT TO BOARD POLICY NO.- 033 (LOCAL JURISDICTION PROJECTS)		
Funding- Programs	Total Funding	Timeframe- Available
Current		
Federal • Transportation Enhancements (TE) Program	TBD	TBD
State • Transportation Development Act (TDA) Article 3- Non-motorized Program	TBD	TBD
Local • TransNet Bicycle, Pedestrian and Neighborhood Safety Program • TransNet Smart Growth Incentive Program	\$280-M* \$285-M*	2009 to 2048
Local Regional Rail Grade Separation Program- (Funding source TBD)	TBD	TBD

* In 2002 dollars

EXHIBIT 2

**TABLE 2-
FUNDING PROGRAMS
NOT
SUBJECT TO BOARD POLICY NO. 033**

Funding Programs
<p>Federal¹</p> <ul style="list-style-type: none"> • Regional Surface Transportation Program (RSTP)² • Congestion Mitigation & Air Quality (CMAQ)² • Transportation Enhancement (TE) Program² • Federal Transit Administration (FTA) Urbanized Area Formula Program (Section 5307) • FTA Fixed Guideway Modernization Program (Section 5309 Rail Mod) • FTA Section 5310 Elderly & Disabled Program • FTA New Freedom Program • FTA Job Access and Reverse Commute (JARC) Program
<p>State²</p> <ul style="list-style-type: none"> • State Transportation Improvement Program (STIP)—Regional Improvement Program (RIP)² • STIP—Interregional Improvement Program (IIP) • State Highway Operation and Protection Program (SHOPP) • TDA Article 4—General Public Transit Services (Fixed Transit Route Services) • TDA Article 4.5—Community Transit Service (Accessible Service for the Disabled) • TDA Article 8—Special Provisions (Express Bus and Ferry Services) • TDA Planning and Administration • State Transit Assistance (STA)
<p>Local</p> <ul style="list-style-type: none"> • TransNet Senior Transportation Mini-grant Program • TransNet Congestion Relief Program—Major Transportation Corridor Improvements <ul style="list-style-type: none"> ◦ Highway & transit capital projects ◦ Operating support for bus rapid transit (BRT) & rail transit capital improvements • TransNet Congestion Relief Program—Transit System Services Improvements & Related Programs • TransNet Congestion Relief Program—Local System Improvements & Related Programs <ul style="list-style-type: none"> ◦ Local Street & Road Program • Environmental Mitigation Program (EMP)² • TransNet Administration and Independent Taxpayer Oversight Committee (ITOC)

¹ There are a variety of federal and state discretionary funding programs allocated directly by Caltrans that provide funding to local jurisdictions (e.g., Highway Bridge Repair & Replacement (HBRR), Safe Routes to School, etc.) Because SANDAG does not have decision-making authority over these funding programs, they would not be subject to the Board Policy No. 033.

² With the exception of the EMP funds, these funds (STIP-RIP, RSTP, CMAQ, TE) are being used to match the TransNet Early Action Program (EAP) and other high-priority regional projects. If, however, some portion of these funds were allocated by the SANDAG Board of Directors to local jurisdictions through a competitive process, they would be subject to Board Policy No. 033.

EXHIBIT 3

SCORING CRITERIA

Concerning Calculation of Board Policy No. 033 Incentive Points

The following four criteria, weighted equally, will be used to calculate the incentive points

(25 percent of the total points) for each program subject to Board Policy No. 033.

1. ~~Greater RHNA Share Taken: Jurisdictions with an assigned Lower Income RHNA percentage that is higher than the regional average of lower income households shall eligible to receive these points using the following percentages:~~

- ~~• Jurisdictions at or above 39.6 percent (the regional average) shall be eligible for the total number of points for this criterion~~
- ~~• Jurisdictions below 39.6 percent shall not be eligible for any points for this criterion~~

2. ~~Regional Share of Cumulative Total of Lower Income* Units Produced: Jurisdictions shall be eligible to receive up to one fourth of the total Board Policy No. 033 points awarded based on each jurisdiction's share of the total number of lower income units produced in the region over the most recent five years using the following percentages:~~

- ~~• 0 percent share or no units produced (0 points)~~
- ~~• >0 – 5 percent (1/3 of the points)~~
- ~~• >5 – 10 percent (2/3 of the points)~~
- ~~• greater than 10 percent (the total number of points available for this criterion)~~

~~Units that are acquired/rehabilitated and deed restricted at affordable levels for lower income households or “at risk” units that are preserved for a period of 30 years or longer shall be included for the purposes of the above calculation at full credit (i.e., one unit each).~~

~~*Units will be counted that are deed restricted to lower income households at affordable prices as defined in the instructions for the HCD Annual Housing Element Progress Report. This number will be taken from the “Deed Restricted” rows in HCD Annual Housing Element Progress Report Table B.~~

3. ~~Total Number of Affordable Housing Units: This criterion will be based on the actual number of Lower Income Housing Units** in a jurisdiction as a percentage of the total number of housing units in a jurisdiction. Jurisdictions shall be eligible to receive up to one fourth of the total Board Policy No. 033 points for this criterion using the following percentages:~~

- ~~→0—3 percent (1/4 of the points)~~
- ~~→3—6 percent (1/2 of the points)~~
- ~~→6—10 percent (3/4 of the points)~~
- ~~→Greater than 10 percent (the total number of points available for this criterion)~~

~~**This number will be taken from the most current version of the Affordable Housing Inventory as updated by the San Diego Housing Federation, and it will be provided to each local jurisdiction to review for accuracy.~~

~~4. Percent of Lower Income Households: Jurisdictions shall be eligible to receive up to one-fourth of the total Board Policy No. 033 points for this criterion based on the percent of lower income households residing in each jurisdiction (based on the most recent American Community Survey data) using the following percentages:~~

- ~~→0—40 percent lower income households (1/3 of the points)~~
- ~~→40—50 percent lower income households (2/3 of the points)~~
- ~~→50 percent lower income households (the total number of points available for this criterion)~~



BOARD POLICY NO. 035

COMPETITIVE GRANT PROGRAM PROCEDURES

Applicability and Purpose of Policy

This Policy applies to all competitive grant programs administered through SANDAG, whether from *TransNet* or another source, including but not limited to the Smart Growth Incentive Program, Environmental Mitigation Program, ~~Bike and Pedestrian~~ Active Transportation Grant Program, Senior Mini-Grant Program, Federal Transit Administration grant programs, and California Active Transportation ~~Grant~~ Program.

Nothing in this Policy is intended to supersede federal or state grant rules, regulations, statutes, or contract documents that conflict with the requirements in this Policy.

There are never enough government grant funds to pay for all of the projects worthy of funding in the San Diego region. For this reason, SANDAG awards grant funds on a competitive basis that takes the ~~grantees'~~ applicant's ability to perform their proposed project on a timely basis into account. SANDAG intends to hold grantees accountable to the project schedules they have proposed in their application in order to ensure fairness in the competitive process and encourage grantees to ~~get their projects~~ implemented projects quickly so ~~that~~ the public can benefit from ~~the~~ project deliverables as soon as possible.

Procedures

1. Call for Projects Schedule and Applicant Resolution

1.1. When SANDAG issues a call for projects for a competitive grant program, it will allow at least 90 days between the call for projects release date and the grant application submission deadline.

1.2. Within 30 days following the grant application deadline, applicants must submit a resolution from their authorized governing body that includes the provisions in this Subsection 1.2. If an applicant fails to provide a resolution that meets the requirements of this Subsection 1.2, that application will be considered nonresponsive and will no longer be considered in the competitive process.

1.2.1 Applicant's governing body commits to providing minimum match percentage set forth in the call for projects.

1.2.2 Applicant's governing body authorizes staff to accept grant funding and execute a grant agreement if an award is made by SANDAG.

2. Grant Award and Grant Agreement

2.1 After the funding recommendations resulting from a call for projects are approved, SANDAG shall present a grant agreement to the awarded applicant.

2.2 An authorized representative of the awarded applicant must sign the grant agreement within 45 days from the date SANDAG presents the grant agreement to

the awarded applicant. Failure to meet this requirement may result in revocation of the grant award.

13. Project Milestone and Completion Deadlines

13.1. When signing a grant agreement for a competitive program funded and/or administered by SANDAG, grant recipients-grantees must agree to the project delivery objectives-deliverables and schedules in the agreement. In addition, a grantee's proposal-project schedule in its application and grant agreement must contain a schedule that falls within-adhere to the following deadlines. Failure to meet the deadlines below following SANDAG's issuance of the Notice to Proceed on the project may result in revocation of all grant funds not already expended. The final invoice for capital, planning, or operations grants must be submitted prior to the applicable deadline. Project schedules may include interim milestones in addition to those described below.

13.1.1. Funding for Capital Projects. If the grant will fund the construction of a capital project-public facility, the project must be completed according to the schedule provided in the grant agreement, but at the latest;

3.1.1.1. aAny necessary capital project requiring a construction contract must be awarded within two years following execution of the grant agreement, and construction must be completed open to the public within eighteen months-three and a half years -following SANDAG's issuance of the Notice to Proceed on the project-award of the construction contract. Completion of construction for purposes of this policy shall be when the prime construction contractor is relieved from its maintenance responsibilities.

3.1.1.2. If no construction contract award is necessary, the construction project must be complete-open to the public within eighteen months following execution of the grant agreement SANDAG's issuance of the Notice to Proceed on the project.

13.1.2. Funding for Planning Grants-Projects. If the grant will fund planning activities, the project must be completed according to the schedule provided in the grant agreement, but at the latest;

3.1.2.1. aAny necessary planning project requiring a consultant contract must be awarded within one year following execution of the grant agreement, and the planning project must be completed within two three years following award of the consultant contract SANDAG's issuance of the Notice to Proceed on the project. Completion of planning for purposes of this policy shall be when grantee approves the final planning project deliverable specified in the grant agreement.

3.1.2.2. If no consultant contract award is necessary, the planning project must be completed within two years of execution of the grant agreement SANDAG's issuance of the Notice to Proceed on the project.

- ~~13.1.3~~ ~~Funding for Operations Grants Projects~~. If the grant will fund operations, the project must be completed ~~according to the schedule provided in the grant agreement, but at the latest;~~
- ~~3.1.3.1.~~ ~~Any operations project requiring a necessary services contract for operations must be awarded within one year following execution of the grant agreement, and the operations must commence within six eighteen months following award of the operations contract SANDAG's issuance of the Notice to Proceed on the project.~~
- ~~3.1.3.2.~~ If no services contract ~~for operations~~ is necessary, the ~~operations~~ project must commence within one year of ~~execution of the grant agreement SANDAG's issuance of the Notice to Proceed on the project.~~
- ~~13.1.4~~ ~~Funding for Equipment or Vehicles Grants Projects~~. If the grant will fund ~~the purchase of~~ equipment or vehicles, ~~the project must be completed according to the schedule provided in the grant agreement, but at the latest;~~ any necessary purchase contracts ~~for equipment or vehicles must be awarded within one year six months following execution of the grant agreement SANDAG's issuance of the Notice to Proceed on the project,~~ and use of the equipment or vehicles for the benefit of the public must commence within ~~six three~~ months following ~~award of the purchase contract acceptance of the equipment or vehicles.~~

~~24.~~ Project Milestone and Completion Deadline Extensions

- ~~4.1.~~ For an extension to be granted under this Section 4, the grantee must sufficiently document previous efforts undertaken to maintain the project schedule, explain the reasons for the delay, explain why the delay is unavoidable, and demonstrate an ability to succeed in the extended time frame the grantee is requesting.
- ~~4.2.~~ Extension requests that are rejected by the Policy Advisory Committee will result in termination of the grant agreement and revocation of any unexpended funds from the date of the rejection. Unexpended funds are funds for project costs not incurred prior to rejection of the extension request by the Policy Advisory Committee.

~~24.13.~~ Extensions Requests of up to Twelve Months Aggregate

- ~~4.3.1.~~ Schedules within grant agreements may include project scopes and schedules that will identify interim milestones in addition to those described in Section 1 of this Policy. ~~Grantees recipients~~ may receive time extensions on their project schedules of up to ~~six twelve~~ months aggregate for good cause ~~if the. Extensions of up to six months aggregate that would not cause the project to miss a completion deadline in Section 13. These extensions~~ may be approved by the SANDAG Chief Executive Officer.
- ~~4.3.2.~~ For extension requests of up to twelve months aggregate, the grantee must request the extension in writing to the SANDAG Program Manager no later than three months prior to the earliest project milestone or completion deadline for which an extension is being requested.

4.3.3. The Chief Executive Officer or designee will determine whether the extension should be granted. The Chief Executive Officer's action will be reported out to the Board in following month's report of delegated actions.

4.3.4. If the Chief Executive Officer denies an extension request under this Section 4, the grantee may appeal within ten business days of receiving the Chief Executive Officer's response to the responsible Policy Advisory Committee by sending the appeal to the SANDAG Program Manager.

4.4 Extension Requests Beyond Twelve Months Aggregate

4.4.1. For ~~E~~extensions requests beyond ~~six~~ twelve months aggregate or that would cause the project to miss a completion deadline in Section ~~13~~, including those projects that were already granted extensions by the Chief Executive Officer and are again falling behind schedule, these extension requests must be approved by the Policy Advisory Committee that has been delegated the necessary authority by the Board. The Policy Advisory Committee will only grant an extension under this Section 4.4 for extenuating circumstances that the grantee could not have reasonably foreseen.

~~For an extension to be granted under this Section 2, the following conditions must be met:~~

~~2.1.1. For extension requests of up to six months, the grantee must request the extension in writing to the SANDAG Program Manager at least two weeks prior to the earliest project schedule milestone deadline for which an extension is being requested. The Chief Executive Officer or designee will determine whether the extension should be granted. The Chief Executive Officer's action will be reported out to the Board in following month's report of delegated actions.~~

~~2.1.2. A grantee seeking an extension must document previous efforts undertaken to maintain the project schedule, explain the reasons for the delay, explain why the delay is unavoidable, and demonstrate an ability to succeed in the extended time frame the grantee proposes.~~

~~2.1.3. If the Chief Executive Officer denies an extension request under this Section 2, the grantee may appeal within ten business days of receiving the Chief Executive Officer's response to the responsible Policy Advisory Committee by sending the appeal to the SANDAG Program Manager.~~

~~2.1.4. Extension requests that are rejected by the Policy Advisory Committee will result in termination of the grant agreement and obligation by the grantee to return to SANDAG any unexpended funds within 30 days. Unexpended funds are funds for project costs not incurred prior to rejection of the extension request by the Policy Advisory Committee.~~

~~3. Project Delays and Extensions in Excess of Six Months~~

~~3.1. Requests for extensions in excess of six months, or that will cause a project to miss a completion deadline in Section 1 (including those projects that were already granted extensions by the Chief Executive Officer and are again~~

falling behind schedule), will be considered by the Policy Advisory Committee upon request to the SANDAG Program Manager.

~~3.24.4.2~~ A grantee seeking an extension must document previous efforts undertaken to maintain the project schedule, explain the reasons for the delay, explain why the delay is unavoidable, and demonstrate an ability to succeed in the extended time frame the grantee proposes. The grantee must provide the necessary information to SANDAG staff to place in a report to the Policy Advisory Committee. If sufficient time is available, and the grant utilized TransNet funds, the request will first be taken to the Independent Taxpayer Advisory Committee (ITOC) for a recommendation. The grantee should make a representative available at the meeting to present the information to, and/or answer questions from, the ITOC and Policy Advisory Committee.

~~3.3~~ The Policy Advisory Committee will only grant an extension under this Section 3 for extenuating circumstances that the grantee could not have reasonably foreseen.

~~4.~~ Resolution and Execution of the Grant Agreement

~~4.1~~ Two weeks prior to the review by the Policy Advisory Committee of the proposed grants, prospective grantees must submit a resolution from their authorized governing body that includes the provisions in this Subsection 4.1. Failure to provide a resolution that meets the requirements in this Subsection 4.1 will result in rejection of the application and the application will be dropped from consideration with funding going to the next project as scored by the evaluation committee. In order to assist grantees in meeting this resolution deadline, when SANDAG issues the call for projects it will allow at least 90 days for grant application submission.

~~4.1.1~~ Grantee governing body commits to providing the amount of matching funds set forth in the grant application.

~~4.1.2~~ Grantee governing body authorizes staff to accept the grant funding and execute a grant agreement if an award is made by SANDAG.

~~4.2~~ Grantee's authorized representative must execute the grant agreement within 45 days from the date SANDAG presents the grant agreement to the prospective grantee for execution. Failure to meet the requirements in this Subsection 4.2 may result in revocation of the grant award.

~~55.~~ Increased Availability of Funding Under this Policy

~~55.1.~~ Additional Grant funds made available as a result of the procedures in this Policy or other circumstances may be awarded to the next highest-ranked project on the recommended project priority list from the most recent project selection process call for projects, or may be added to the funds available for the next call for projects project funding cycle, at the responsible Policy Advisory Committee's discretion or as noted in the call for projects. Any project that loses funding due to failure to meet the deadlines specified in this Policy may be resubmitted to compete for funding in a future call for grant applications projects.

Adopted: January 2010
Amended: November 2014
Amended June 2021
Amended _____2022

October 14, 2022

Proposed FY 2023 Program Budget Amendment: Los Peñasquitos Lagoon Bridge Replacement Project

Overview

The Los Peñasquitos Lagoon Bridge Replacement Project (Project) is located in the City of San Diego, in the Los Peñasquitos Lagoon. The Project included the replacement of four aging timber trestle bridges with new concrete bridges. Settlement of the new bridges was observed during construction of the Project, resulting in substantial retrofit work, and litigation over responsibility for the bridge settlement and the costs of the repairs (Retrofit Cost Claims). The Retrofit Cost Claims consist of claims for the costs of the retrofit work brought by: SANDAG; the Resident Engineer, Caltrop Corporation; SANDAG's contractor, Skanska USA Civil West California District, Inc. (Contractor); the pile installation subcontractor, Hayward Baker, Inc.; the designer, HDR, Inc.; and, the geotechnical engineering subcontractor, Ninyo & Moore. There is also a secondary dispute in which the Contractor is claiming damages under the construction contract arising out of delays allegedly caused by SANDAG in the amount of \$2.46 million (Delay Claims). On May 23, 2022, the Board of Directors approved a proposed partial settlement of the litigation, under which SANDAG would pay the Contractor \$850,000 to settle the Delay Claims while the parties continue to litigate the Retrofit Cost Claims. An action is pending in the Orange County Superior Court to resolve the Retrofit Cost Claims and the Delay Claims, and a jury trial is currently scheduled for May 1, 2023.

Due to the lack of funding remaining in the Project budget, SANDAG staff requests \$2,069,000 from the Contingency Reserve to fund the estimated litigation budget, administrative costs pertaining to the litigation, and the approved settlement of the Delay Claims. Any funds recovered on the Retrofit Cost Claims in the future will first be used to reimburse the Contingency Reserve.

Key Considerations

The Project is located in the City of San Diego and is part of a larger effort to improve rail infrastructure along the Los Angeles-San Diego-San Luis Obispo Rail Corridor. The Project replaced four wooden trestle railway bridges that cross the Los Peñasquitos Lagoon with single-track, concrete bridges. The new bridges provide more efficient passenger and freight service and avoid the costly maintenance of the old bridges that had aged beyond their

Action: Recommend

The Executive Committee is asked to recommend the allocation of \$2,069,000 from the Contingency Reserve in FY 2023 to fund costs associated with the pending litigation pertaining to the Los Peñasquitos Lagoon Bridge Replacement Project (SANDAG Capital Improvement Program Project No. 1145000).

Fiscal Impact:

Approval of the proposed budget amendment will add \$2,069,000 to the FY 2023 Program Budget to fund costs associated with pending litigation pertaining to the Los Peñasquitos Lagoon Bridge Replacement Project (SANDAG Capital Improvement Program Project No. 1145000).

Schedule/Scope Impact:

Approval of this action will not have any schedule nor scope impacts on the FY 2023 Program Budget.

75-year operating life. The Project was originally designed by the North County Transit District (NCTD) and SANDAG updated the design and completed the construction of the Project.

Following the construction of the most northern bridge, the Resident Engineer observed significant settlement (between 6 and 10 inches) after the first train passed over it. The contract documents and plans prohibited settlement greater than one-half inch. The result of the settlement caused bowing in the metal train tracks, requiring repairs.

A team of technical experts was consulted to conduct peer reviews and validate the constructability of the retrofit options. Final retrofit plans were prepared by the Engineer of Record and agreed to by the peer reviewers and SANDAG, with concurrence from NCTD. The retrofit work was successfully completed in September 2017. The Project was completed in April 2018. No further settlement was observed after the tracks were placed back into service for commuter and freight trains. SANDAG retained outside legal counsel, Best, Best & Krieger, to represent SANDAG in the litigation regarding the Retrofit Cost Claims and the Contractor's Delay Claims.

Staff seeks a recommendation to allocate \$2,069,000 from the Contingency Reserve to fund: (i) the estimated litigation budget in the amount of \$1,131,000; (ii) the estimated administrative costs through trial in the amount of \$141,000; and (iii) \$803,000 to the construction budget to support the Board-approved settlement of the \$850,000 Delay Claim.

Consistent with Board Policy No. 030, the contingency fund may be used for one-time, non-recurring purposes, unless otherwise approved by the Executive Committee, including the following potential eligible uses: (1) opportunities to advance urgent, high-priority needs; and (2) unanticipated needs relating to a crucial existing commitment. The additional costs associated with the pending litigation qualify as potential eligible uses. The Project is not eligible for TransNet funding, and other federal and local sources are not available at this time to fund these costs. The remaining uncommitted balance in the contingency reserve fund would be approximately \$4.1 million, or 5.4% of the amended FY 2023 Overall Work Program (OWP) Budget, which is below the minimum target of 10% of the OWP established by Board Policy No. 030. SANDAG is seeking over \$10 million on its Retrofit Cost Claims in the litigation. Any funds recovered on the Retrofit Cost Claims will be used to first reimburse the Contingency Reserve. Any further needed replenishment, up to the minimum target of 10% of the OWP, will be planned in the FY 2024 budget process as directed by the Board.

Next Steps

Staff will seek approval from the Board at its September 23, 2022, meeting for the allocation of \$2,069,000 from the Contingency Reserve to the Los Peñasquitos Lagoon Bridge Replacement Project (Capital Improvement Program [CIP] Project No. 1145000) and take all steps necessary to finalize the Board-approved settlement of the Delay Claims and resolve the Retrofit Cost Claims. In the future, any funds recovered on the Retrofit Cost Claims will be used to first reimburse the Contingency Reserve.

Sharon Humphreys, Director of Engineering and Construction

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Sandi Craig, (619) 699-6998, sandi.craig@sandag.org

Attachment: 1. Proposed Program Budget Amendment for CIP Project No. 1145000, Los Peñasquitos Lagoon Bridge Replacement Project

Proposed FY 23 Capital Budget Amendment in '000's

Project Number: 1145000


Corridor Director: Bruce Smith

RTIP Number: SAN163

Project Manager: Angela Anderson

Project Name: Los Peñasquitos Lagoon Bridge Replacement

PM Phone Number: (619) 699-6934

Project Scope	Site Location	Progress to Date												
This project will replace four aging timber trestle railway bridges.		Construction is completed. Post construction mitigation ongoing.												
Project Limits		Major Milestones												
Bridges 246.1, 246.9, 247.1, and 247.7 in the Los Peñasquitos Lagoon.		<table><tr><td>Draft Environmental Document</td><td>Jun-10</td></tr><tr><td>Final Environmental Document</td><td>Jan-11</td></tr><tr><td>Ready to Advertise</td><td>Apr-14</td></tr><tr><td>Begin Construction</td><td>Dec-14</td></tr><tr><td>Open to Public</td><td>Apr-18</td></tr><tr><td>Construction Complete</td><td>Apr-18</td></tr></table>	Draft Environmental Document	Jun-10	Final Environmental Document	Jan-11	Ready to Advertise	Apr-14	Begin Construction	Dec-14	Open to Public	Apr-18	Construction Complete	Apr-18
Draft Environmental Document	Jun-10													
Final Environmental Document	Jan-11													
Ready to Advertise	Apr-14													
Begin Construction	Dec-14													
Open to Public	Apr-18													
Construction Complete	Apr-18													

SANDAG Expenditure Plan (\$000)

Budget Phase	Prior Years	FY 22		FY 23		FY 24		FY 25		FY 26		Total	
Administration	\$2,192	\$10	\$54	\$39	\$100	\$0	\$36	\$0	\$0	\$0	\$0	2,241	\$2,382
Environmental Document	0	0	0	0	0	0	0	0	0	0	0	0	0
Design	1,256	0	0	0	0	0	0	0	0	0	0	1,256	1,256
Right-of-Way Support	0	0	0	0	0	0	0	0	0	0	0	0	0
Right-of-Way Capital	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Support	8,808	0	0	6	6	0	0	0	0	0	0	8,814	8,814
Construction Capital	32,804	0	0	62	865	0	0	0	0	0	0	32,866	33,669
Professional Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Legal Services	496	100	213	150	1,168	0	0	0	0	0	0	746	1,877
Communications	76	0	0	0	0	0	0	0	0	0	0	76	76
Project Contingency	0	0	0	5	0	0	0	0	0	0	0	5	0
Total SANDAG	\$45,632	\$110	\$267	\$262	\$2,139	\$0	\$36	\$0	\$0	\$0	\$0	\$46,005	\$48,074

Outside Agency

Outside Agency		Prior Years		FY 22		FY 23		FY 24		FY 25		FY 26		Total	
Budget Phase															
Environmental Document	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Design	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Right-of-Way Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Right-of-Way Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Support incl Flaggir	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Outside Agency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	\$0	\$0
Total SANDAG & Outside Agency	\$45,632	\$110	\$267	\$262	\$2,139	\$0	\$36	\$0	\$0	\$0	\$0	\$0	\$46,005	\$48,074	

Funding Plan (\$000)

Funding Source	Prior Years	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Federal							
74060001 FTA TIGER Grant CA-79	\$14,000	\$0	\$0	\$0	\$0	\$0	\$14,000
FTA Section 5307	12,672	0	0	0	0	0	12,672
Local							
91000100 TransNet MC	5,079	110	267	177	20	0	5,366
91040000 TDA	4,742	0	0	2,034	36	0	4,742
91060000 NCTD	9,139	0	0	85	85	0	9,224
Total	\$45,632	\$110	\$267	\$262	\$2,139	\$0	\$46,004

October 14, 2022

Legislative Status Report

Overview

Status reports on SANDAG legislative activities are provided to the Executive Committee on a regular basis.

Action: **Information**

This report provides an update on SANDAG legislative and policy activities.

Attachment 1 includes a summary from Ellison Wilson, LLC, on state legislative activity related to SANDAG for September 2022.

Attachment 2 includes a summary from Peyser Associates, LLC, on federal legislative activity related to SANDAG for September 2022.

Robyn Wapner, Director of Public Affairs

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Hector Vanegas, (619) 699-1972, hector.vanegas@sandag.org

Attachments: 1. Report from Ellison Wilson Advocacy, LLC
2. Report from Peter Peyser Associates, LLC



TO: SANDAG BOARD OF DIRECTORS
FROM: ELLISON WILSON ADVOCACY, LLC
SUBJECT: SANDAG LEGISLATIVE ACTIVITY REPORT – SEPTEMBER 2022

LEGISLATIVE UPDATE

Legislative Overview

Final Recess for the 2021-22 Legislative Session began upon adjournment on August 31. Sept. 30 is the last day for the Governor to sign or veto bills passed by the Legislature before September 1 and in the Governor's possession on or after September 1. The new Legislature will return to Sacramento on December 5 to formally convene the 2023-24 Regular Session.

Governor Signs SANDAG-sponsored Otay Mesa East Port of Entry Legislation

- On September 19, the Governor signed SB 985 authored by Senator Ben Hueso. As such, the bill will go into effect on January 1, 2023. SB 985 will provide necessary updates to the Otay Mesa East Toll Facility Act in order to facilitate quicker and more cost-effective development of the project. The law pertaining to the project had not been updated since its original implementing legislation, SB 1486 (Ducheny), was signed into law in 2008.

Other Key Chaptered Legislation in 2022

- **AB 1833 (Ward): Raised Procurement Thresholds for SANDAG, MTS, and NCTD.** On July 19, the SANDAG-sponsored AB 1833 was signed by Governor Newsom and will go into effect on January 1, 2023. AB 1833, authored by Assembly Member Chris Ward, will allow for more contract procurements to fall into micro-purchase or small acquisition thresholds, thus reducing the administrative burden surrounding procurement procedures for SANDAG, MTS, and NCTD. SANDAG procurement thresholds had not been changed since the passage of SB 1703 in January 2003. Since this time, costs have increased significantly, and updating the permissible thresholds will provide MTS, NCTD, and SANDAG with more efficient and appropriate bidding flexibility.
- **AB 2367 (Ward): Clarified SANDAG's authorization to fund and implement its 2021 Regional Plan.** On July 19, the SANDAG-sponsored AB 2367 was signed by Governor Newsom and will go into effect on January 1, 2023. AB 2367, authored by Assembly Member Chris Ward, will expressly provide SANDAG with the flexibility and authorization to invest and implement projects and programs in its 2021 Regional Plan, including those identified in the sustainable communities strategy like habitat conservation projects, water quality improvement projects, and other environmental mitigation projects.

- **AB 180 (Ting): Included \$300 million in the State Budget for LOSSAN realignment.** Following more than a year of negotiations, on June 26 the Legislature unveiled AB/SB 180, which amongst many changes to the Budget Act of 2021, included \$3.65 billion for investments in transit infrastructure. Of this amount, \$300 million was specifically set aside for SANDAG to initiate project development activities for the LOSSAN realignment project. An additional \$1.83 billion is made available for additional projects in Southern California, including San Diego County. On June 30, Governor Newsom signed AB 180.
- **AB 178 (Ting) & AB 179 (Ting): Included \$20 million in the State Budget for SR-125 Bond Debt.** Originally included in AB 178 at the request of Senator Ben Hueso, and subsequently clarified in AB 179, which was signed by the Governor on September 6, \$20 million was included within the State Budget for SANDAG to “reduce the outstanding bond balance of the SR-125 Fund to support efforts to eliminate bond debt by 2027.”

SANDAG-supported Legislation Vetoed by the Governor

While the Governor still has until midnight on September 30 to sign or veto any remaining bills on his desk, he unfortunately elected to veto the following SANDAG-supported bills:

- **AB 1919 (Holden): Would have created the Youth Transit Pass Pilot Program.** On September 13, Governor Newsom vetoed the SANDAG-supported AB 1919, noting that while he agreed with “the intent of this bill to supplement and expand those existing programs, the bill requires the creation of a new grant program that was not funded in the budget. Instead, it requires a future appropriation from an unidentified fund source, which creates a significant cost pressure for either the General Fund or the redirection of existing state transportation resources. These costs will likely exceed \$115 million annually.”
- **AB 117 (Boerner Horvath):** Would have added incentives for purchasing e-bikes. On September 28, Governor Newsom vetoed the SANDAG-supported AB 117, noting that he supports “the author’s intent and goals of this program, which is why the 2021-22 Budget Act included \$10 million in one-time funding for this Project. However, there is no ongoing source of funding for this Project.”

PEYSER ASSOCIATES

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Peter A. Peyser

September 2, 2022

Transportation Update from Peyser Associates

FRA Releases Notice of Funding Opportunity for CRISI Grants

The Federal Railroad Administration yesterday released the Notice of Funding Opportunity (NOFO) for the Consolidate Rail Infrastructure and Safety Improvement program (CRISI). Applications are due on December 1.

In this funding round, the FRA will allocate \$1.43 billion with the following set-asides:

- \$376 million (25% of total funds) for rural areas.
- \$150 million for passenger rail projects
- \$25 million for anti-trespassing measures
- \$2 million for MagLev.

In discussing Biden Administration priorities, the NOFO uses language now familiar to potential DOT grantees : “In addition to prioritizing projects that address climate change, proactively address racial equity, and reduce barriers to opportunity, FRA will also prioritize projects that support the creation of good-paying jobs with the free and fair choice to join a union and the incorporation of strong labor standards and worker training and placement programs, especially registered apprenticeships and local hire agreements, in development.”

FRA will hold a webinar on September 15 for potential applicants to the program. Click [HERE](#) to see information on the webinar and to register.

Click [HERE](#) to see the NOFO

Congress Returns Next Week – At Least Partially

The Senate will resume its session next Tuesday. The House will be in “Committee Work Days” next week with no floor action. The House returns for votes on Tuesday evening, September 13. A key agenda item upon their return will be the appropriations process for fiscal year 2023. When Members left a month ago, the Senate was still at loggerheads on how to advance spending bills. Unless an agreement is reached very soon, Congress will turn its attention to enactment of a Continuing Resolution to fund government agencies and programs after September 30. The House and Senate plan to recess for the election on September 30. This means the likelihood is very strong that a “lame duck” Congress – possibly anticipating GOP control of one or both Houses – would have to take the next steps on the appropriations process.

September 9, 2022

Transportation Update from Peyser Associates

Congress Returns to A Busy Three-Week Workplan

The Senate returned to work this week and the House will resume legislative activity next week as Congress sprints to its planned September 30 recess for the fall elections.

The main agenda item over the next three weeks is passing a Continuing Resolution to keep the government running past September 30. In order to accomplish this, leadership must agree on two fundamental things: how long will the resolution be in effect and what funding in addition to that needed to continue programs at existing levels will be included in the package.

On the issue of the length of the resolution, the House is propounding the idea of mid-December as the termination date. This would essentially give Congress about five weeks between the election and the holidays to either complete work on annual spending bills or kick the can down the road until the new year. According to Sen. Richard Shelby (R-AL), Ranking Minority Member on the Senate Appropriations Committee, this would be a reasonable approach.

With regard to the contents of the resolution a few candidates for additional funding are in play. At the top of the list appear to be aid to Ukraine and flood relief in Kentucky. Also possible are aid to Jackson, Mississippi to address its water crisis and the Biden Administration's requests for funds to address Covid and Monkeypox.

As for what happens after the CR expires, Senate Minority Leader Mitch McConnell (R-KY) this week said the GOP would be loathe to allow passage of annual appropriation bills this year if it takes back one or both Houses of Congress. This report has been telegraphing that intention for weeks.

Infra Grant Awards Expected Next Week

All signs point to an announcement next week of awards from the INFRA grant program for fiscal 2022. Sources in the Administration and on Capitol Hill have indicated that to your reporter this week.

September 16, 2022

Transportation Update from Peyser Associates

Biden Administration Announces INFRA Grant Awards

Secretary of Transportation Pete Buttigieg yesterday announced the award of \$1.5 billion in INFRA grants for fiscal 2022 to 26 projects nationwide.

Among the notable awards:

- \$150 million (the largest award) to the Otay Mesa East Port of Entry project in San Diego. This project fits the Administration's priority on addressing supply chain issues.
- \$104.7 million to the I-375 Community Reconnection project in Detroit. This project tracks closely with the goals of the Reconnecting Communities Pilot Program.
- \$59.7 million for the North Baton Rouge Mobility Projects in Louisiana. This grant combines highway expansion with pedestrian improvements and the development of a bike/ped trail. Given the Administration's avowed position of skepticism towards highway expansion, this project points the way to other project sponsors for how to advance highway projects.

Awards for Rural grants and the Mega grant program – which were part of the same NOFO as INFRA – are expected in October and November, respectively.

Click [HERE](#) to see the Administration's press release on the awards, which contains a link to a fact sheet on each project.

Talks Continue on Make-up of Continuing Resolution

Behind the scenes conversations among congressional leaders continued this week on the issue of the contents of a Continuing Resolution to keep the government running after September 30. As noted in recent updates, in addition to the plain vanilla continuation of existing spending levels, Congress is considering adding spending for aid to Ukraine, flood relief in Kentucky, the water crisis in Jackson, MI and Covid and Monkeypox response.

Another issue in play now is the effort by Senator Joe Manchin (D-WV) to gain approval for streamlining the permitting of energy development projects. Senate Majority Leader Chuck Schumer (D-NY) promised Manchin a vote on that issue as part of the deal that got Manchin's support on the Inflation Reduction Act. Schumer had planned to add that provision to the CR. That plan ran into a snag this week when 70 House Democrats signed on to a letter objecting to that provision. That means a CR with that provision might require significant GOP support in House in order to pass. Republican Members may be loathe to help the Democrats pass the CR for any reason.

With just two weeks remaining before Congress recesses for the election, time is short to reach an agreement on the makeup of the CR.

September 23, 2022

Transportation Update from Peyser Associates

Stopgap Funding Bill in Jeopardy Because of Manchin Demands

For most of 2022, Sen. Joe Manchin (D-WV) has vexed Democrats and pleased Republicans on Capitol Hill with his demands – successful in the end – to scale back significantly the proposed “Build Back Better” plan put forward by President Biden. Now he has pulled off the more

challenging trick of angering both Democrats and Republicans with his demand to pass energy project permitting legislation as part of the stopgap funding bill needed by September 30 to keep the government running.

Manchin secured a pledge last month from Majority Leader Chuck Schumer (D-NY) that Manchin's bill to ease the process for issuing environmental permits for energy production and transmission projects would be attached to the Continuing Resolution which is now being drafted in the Senate. Schumer is preparing to make good on that pledge, but Senators on both sides of the aisle have expressed objections – Democrats because they think the bill goes too far in short-cutting the permit process and Republicans because it doesn't go far enough. As a result, it does not appear the CR with the Manchin bill attached could get the 60 votes needed for passage in the Senate.

Republicans in the Senate are indicating they do not think the CR is the right place for this legislation and would like to move as a separate piece of legislation a more aggressive permitting reform bill sponsored by Manchin's West Virginia colleague Shelly Moore Capito (R).

The controversy over the Manchin proposal will likely cause the process to approve a CR to go right down to – and possibly slightly past – the deadline to approve a bill by midnight next Friday. But given Manchin's isolation on this issue, it is unlikely he will place himself in the position of being the reason a CR does not pass.

Duration of Continuing Resolution Under Debate in the GOP

As Democrats work on a CR until December 15, Republicans are debating internally over a proposal to push the expiration date into 2023. As this report has pointed out in recent weeks, the prospect that the GOP might take control of one or both Houses of Congress is leading some in the party to push for a CR into 2023, when they believe they will have more leverage over the process. This effort has most recently taken the form of a push from the conservative House Freedom Caucus to convince GOP leaders to go for the longer CR.

Key GOP Appropriators pushed back this week with comments by high-ranking Members such as Sen. Richard Shelby (R-AL) and Rep. Tom Cole (R-OK). Shelby's comments were particularly important since his Leader, Sen. Mitch McConnell (R-KY) has teased the idea of a longer CR recently.

This internal debate is unlikely to affect the outcome on this CR because there will always be a chance to revisit the conversation after the election. It is of interest though because it lays bare the fissures in the House GOP caucus that are likely to make any attempt to lead that caucus in the new Congress – be they in the majority or the minority – very difficult.

FRA Extends Deadline for RR Crossing Elimination Grant Applications

The Federal Railroad Administration yesterday extended from October 4 to October 11 the deadline for applications for Railroad Crossing Elimination Grants. The stated reason was that the grants.gov website will be down for maintenance from today through September 29.

September 30, 2022

Transportation Update from Peyser Associates

Congress Poised to Approve Stopgap Spending until December 16

A Continuing Resolution to keep the government running after the fiscal year ends at midnight tonight is poised for final passage by the House today. The Senate yesterday approved by a vote of 72-25 a CR through December 16.

Senate passage by Friday's deadline looked problematic as the week began due to Sen. Joe Manchin's (D-WV) continued insistence on including in the measure legislation to ease permitting for energy projects. However, in the face of bipartisan opposition – some Democrats thinking the language went too far and many Republicans thinking it didn't go far enough – Manchin withdrew the language on Tuesday. That cleared the way for Senate passage yesterday with the GOP caucus split right down the middle on the vote and all Democrats voting for it.

In addition to a straight continuation of fiscal year 2022 spending amounts for existing programs, the measure includes funding for Ukraine, disaster relief, New Mexico wildfires and home heating assistance. It also extends for five years the Food and Drug Administration's authority to charge user fees to companies seeking approvals from the agency.

The House vote is expected to be close, but passage today is likely. Minority Leader Kevin McCarthy (R-CA), in a bow to the conservative Freedom Caucus, is urging all his Members to vote against the CR and support an alternative that would extend into the New Year – when Mr. McCarthy expects to be Speaker of the House. Last week, some senior House GOP appropriators expressed their support for the December expiration deadline. So we'll see if McCarthy can keep his whole caucus together on this issue. Even if he does, Speaker Nancy Pelosi (D-CA) appears to have Democrats united to pass the measure already approved by the Senate.

President Biden is expected to sign the bill as soon as it arrives at his desk to avoid even a brief government shutdown.

Congress Set to Recess until November 15

Assuming the aforementioned CR does pass today, Congress is likely to be in recess until November 15. The House published an official schedule early in the year showing a recess from October 1 until November 15. The official Senate calendar still leaves open the potential for a session in the middle two weeks of October, but Majority Leader Chuck Schumer (D-NY) is widely expected to announce that the "upper body" will follow the House's lead.

In addition to appropriations, the agenda on their return will likely include the defense authorization bill and additional disaster aid, in light of Hurricane Ian.