

# **SANDAG**

## ***Board of Directors Agenda***

**Friday, June 11, 2021**

**9 a.m.**

**\*\*Teleconference Meeting\*\***

### MEETING ANNOUNCEMENT AMIDST COVID-19 PANDEMIC:

The Board of Directors meeting scheduled for Friday, June 11, 2021, will be conducted virtually in accordance with Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak, Executive Order N-29-20, and the Guidance for Gatherings issued by the California Department of Public Health. Board Members will primarily participate in the meeting virtually, while practicing social distancing, from individual remote locations.

To participate via Zoom webinar, click the link to join the meeting: <https://zoom.us/j/95814076744>

Webinar ID: 958 1407 6744

To participate via Telephone, dial a number based on your current location:

iPhone one-tap: US: +16699006833, 95814076744# or +12532158782, 95814076744#

Telephone: Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 929 205 6099 or +1 301 715 8592  
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International numbers available: <https://zoom.us/u/abwklSWjEI>

SANDAG is relying on commercial technology to broadcast the meeting via Zoom. With the recent increase of virtual meetings, platforms such as Microsoft Teams, WebEx, GoToMeeting, and Zoom are working to scale their systems to meet the new demand. If we experience technical difficulty or you are unexpectedly disconnected from the broadcast, please close and reopen your browser and click the link to rejoin the meeting. SANDAG staff will take all possible measures to ensure a publicly accessible experience.

**Public Comments:** 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](mailto:clerkoftheboard@sandag.org) (please reference June 11 BOD meeting in your subject line and identify the item number(s) to which your comments pertain). Comments received by 4 p.m. on Thursday, June 10, will be provided to members prior to the meeting.

If you desire to provide live verbal comment during the meeting, please join the Zoom meeting by computer or phone and use the "Raise Hand" function to request to provide public comment. On a computer, the "Raise Hand" feature is on the Zoom toolbar. By phone, enter \*9 to "Raise Hand" and \*6 to unmute. Requests to provide live public comment must be made at the beginning of the relevant item, and no later than the end of any staff presentation on the item. The Clerk will call on members of the public who have timely requested to provide comment by name for those joining via a computer and by the last three digits of for those joining via telephone. All comments received prior to the close of the meeting will be made part of the meeting record. Please note that any available chat feature on the Zoom meeting platform should be used by panelists and attendees solely for procedural or other "housekeeping" matters as comments provided via the chat feature will not be retained as part of the meeting record. All comments to be provided for the record must be made via email or orally per the instructions above.

# SANDAG

Welcome to SANDAG. Members of the public may speak to the Board of Directors on any item at the time the Board is considering the item. Public speakers are limited to three minutes or less per person. The Board may only take action on any item appearing on the agenda.

In order to keep the public informed in an efficient manner and facilitate public participation, SANDAG also provides access to all agenda and meeting materials online at [sandag.org/meetings](http://sandag.org/meetings). Additionally, interested persons can sign up for email notifications at [sandag.org/subscribe](http://sandag.org/subscribe).

SANDAG operates its programs without regard to race, color, and national origin in compliance with Title VI of the Civil Rights Act. SANDAG has developed procedures for investigating and tracking Title VI complaints, and the procedures for filing a complaint are available to the public upon request. Questions concerning SANDAG nondiscrimination obligations or complaint procedures should be directed to the SANDAG General Counsel, John Kirk, at (619) 699-1997 or [john.kirk@sandag.org](mailto:john.kirk@sandag.org). 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 Federal Transit Administration.

In compliance with the Americans with Disabilities Act (ADA), SANDAG will accommodate persons who require assistance in order to participate in SANDAG meetings. If such assistance is required, please contact the Clerk of the Board at [ClerkoftheBoard@sandag.org](mailto:ClerkoftheBoard@sandag.org) or at (619) 699-1985, at least 72 hours in advance of the meeting. To request this document or related reports in an alternative format, please call (619) 699-1900 or (619) 699-1904 (TTY), or fax (619) 699-1905 at least 72 hours in advance of the meeting.

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Los materiales de la agenda de SANDAG están disponibles en otros idiomas. Para hacer una solicitud, llame al (619) 699-1900.

如有需要, 我们可以把SANDAG议程材料翻译成其他语言.

请在会议前至少 72 小时打电话 (619) 699-1900 提出请求.



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- Click the closed caption icon on the toolbar at the top of your screen and follow the prompts, or
- Open your browser and paste the link: [streamtext.net/player?event=SANDAG-BOD](http://streamtext.net/player?event=SANDAG-BOD)

## Message from the Clerk

*In compliance with Government Code §54952.3, the Clerk hereby announces that the compensation for legislative body members attending the following simultaneous or serial meetings is: Executive Committee (EC) \$100, Board of Directors (BOD) \$150, and Regional Transportation Commission (RTC) \$100. Compensation rates for the EC and BOD are set pursuant to the SANDAG Bylaws, and the compensation rate for the RTC is set pursuant to state law.*

## 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. In 2021, SANDAG will develop an equity action plan that 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.*

San Diego Association of Governments

401 B Street, Suite 800, San Diego, CA 92101-4231 x (619) 699-1900 x Fax (619) 699-1905 x [sandag.org](http://sandag.org)

# Board of Directors

Friday, June 11, 2021

Item No.	Action
1. <b>Public Comments/Communications/Member Comments</b> 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. Board 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.	
2. <b>Executive Director's Report</b> <i>Hasan Ikhata, SANDAG</i> An update on key programs, projects, and agency initiatives will be provided.	Discussion
<b>Consent</b>	
+3. <b>Approval of Meeting Minutes</b> The Board of Directors is asked to approve the minutes from its May 14, 2021, meeting.	Approve
+4. <b>Policy Advisory Committee Actions</b> <i>Francesca Webb, SANDAG</i> The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees.	Approve
+5. <b>Acceptance of Grant Funding for Bayshore Bikeway Barrio Logan Segment</b> <i>Jenny Russo, SANDAG</i> The Board of Directors is asked to: <ol style="list-style-type: none"><li>1. Ratify the Executive Director's acceptance of a \$350,000 grant from the California Coastal Conservancy, pursuant to Section No. 3 of Board Policy No. 017, and</li><li>2. Approve an amendment to the FY 2022 Program Budget adding \$350,000 in funding from the California State Coastal Conservancy to CIP No. 1223055, Bayshore Bikeway: Barrio Logan.</li></ol>	Approve
+6. <b>Transportation Development Act: FY 2021 Productivity Improvement Program and FY 2022 Allocations</b> <i>Lisa Madsen, SANDAG</i> The Board of Directors is asked to approve the eligibility of the Metropolitan Transit System and North County Transit District to receive their FY 2022 allocations of Transportation Development Act funds.	Approve

- |      |  |             |
|------|--|-------------|
| +7.  | <p><b>America Rescue Plan Act: Federal Transit Administration Apportionment Grant Applications</b><br/> <i>Michelle Smith, SANDAG</i></p> <p>The Board of Directors is asked to approve the submittal of Federal Transit Administration (FTA) grant applications for the San Diego region for the American Rescue Plan Act FTA apportionments.</p>   | Approve     |
| +8.  | <p><b>Federal Section 5310 Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act Funding Allocation</b><br/> <i>Zach Rivera, SANDAG</i></p> <p>The Board of Directors is asked to:</p> <ol style="list-style-type: none"> <li>1. Approve an amendment to the FY 2022 Program Budget adding \$825,640 in funding from Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and American Rescue Plan Act of 2021 (ARPA) to OWP Nos. 3321400 and 3320200; and</li> </ol> <p>Authorize staff to:</p> <ol style="list-style-type: none"> <li>2. Offer CRRSAA and ARPA funding to Cycle 11 Section 5310 grantees with non-vehicle projects in proportion to their total awarded project funding if they establish a need for COVID-19 relief;</li> <li>3. Allocate any remaining funding to Facilitating Access to Coordinated Transportation if there are any grantees that do not establish a need for COVID-19 relief; and</li> <li>4. Allocate future COVID-19 relief or stimulus funding received through December 2021 and with similar program requirements consistent with the recommended action.</li> </ol> | Approve     |
| +9.  | <p><b>FY 2020 Audited Comprehensive Annual Financial Report and Other Financial and Compliance Audit</b><br/> <i>André Douzdjian, SANDAG</i></p> <p>In accordance with SANDAG Bylaws, this report presents the FY 2020 Comprehensive Annual Financial Report and other matters in compliance with the Statement of Auditing Standards 114. An overview of the other remaining finalized reports will also be provided.</p>   | Information |
| +10. | <p><b>Progress Report on Major Transportation Projects – Through March 2021</b><br/> <i>Michelle Smith, SANDAG</i></p> <p>This progress report provides an update on the status of major SANDAG and Caltrans projects and programs in the San Diego region.</p>  | Information |
| +11. | <p><b>Quarterly Finance Report and Update on Financial Markets – Through March 2021</b><br/> <i>André Douzdjian and Ray Major, SANDAG</i></p> <p>An update on the latest developments in the financial markets, economy, sales tax revenues, and strategies being explored and implemented to minimize possible impacts to the <i>TransNet</i> program will be presented.</p>  | Information |
| +12. | <p><b>Executive Director Delegated Actions*</b><br/> <i>Kim Monasi, SANDAG</i></p> <p>In accordance with various SANDAG Board Policies, this report summarizes certain delegated actions taken by the Executive Director since the last Board meeting.</p>   | Information |

## Reports

- +13. **Remote Working in the San Diego Region: A Survey of Businesses and Employees** Discussion  
*Antoinette Meier, Dr. Cindy Burke, and Ray Major, SANDAG*  
An overview of research and data on remote work practices in the region before, during, and after the pandemic will be presented.
- +14. **Crossborder Transportation: Impacts of Border Delays and State Route 11/Otay Mesa East Port of Entry Update** Information  
*Zachary Hernandez, Maria Rodriguez-Molina and Keri Robinson, SANDAG*  
*Mario Orso, Caltrans*  
An overview and highlights of the Impacts of Border Delays at California-Baja California Land Ports of Entry study and an update on the State Route 11/Otay Mesa East Port of Entry Corridor Program will be presented.
- +15. **Audit Committee and Compensation Ad Hoc Subcommittee** Discussion/  
Possible Action  
The Board of Directors is asked to discuss the recommendations of the Audit Committee and Compensation Ad Hoc Subcommittee and consider taking action.
- +16. **Annual Review and Proposed Amendments to Board Policies and Bylaws\*** Approve  
*Executive Committee Vice Chair Todd Gloria*  
*John Kirk, SANDAG*  
The Board of Directors is asked to approve the proposed amendments to the SANDAG Bylaws and Board Policies.
17. **Continued Public Comments**  
If the five-speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.
18. **Upcoming Meetings** Information  
The next Board meeting is scheduled for Friday, June 25, 2021, at 9 a.m.
19. **Adjournment**

+ next to an agenda item indicates an attachment

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

## May 14, 2021, Board of Directors Meeting Minutes

Vice Chair Todd Gloria (City of San Diego) called the meeting of the Board of Directors to order at 9:02 a.m.

### 2. Executive Director's Report (Discussion)

Executive Director Hasan Ikhtrata presented an update on key programs, projects, and agency initiatives.

There were no public comments on this item.

Action: **Approve**

The Board of Directors is asked to approve the minutes from its May 14, 2021, meeting.

### Consent

### 3. Approval of Meeting Minutes (Approve)

The Board of Directors was asked to approve the minutes from its April 30, 2021, meeting.

There were no public comments on this item.

### 4. Policy Advisory Committee Actions (Approve)

The Board of Directors was asked to ratify the delegated actions taken by the Policy Advisory Committees.

There were no public comments on this item.

### 5. Proposed FY 2021 Program Budget Amendment: SR 67 Fiber Deployment (Approve)

The Board of Directors is asked to:

1. Approve an amendment to the FY 2021 Program Budget to create a new Work Element No. 3322200 for SR 67 Fiber Deployment authorizing use of \$1.3 million of Motorist Aid Services Reserve funding; and
2. Accept \$1.4 million from the County of San Diego to partially fund the Project (Work Element No. 3322200).

### 6. Federal Transit Administration Draft FFY 2022-2024 Disadvantaged Business Enterprise Program Triennial Goal (Accept)

The Board of Directors is asked to accept the Draft Proposed Triennial Federal Transit Administration Overall Disadvantaged Business Enterprise Goal and Methodology (FFY 2022-2024) for release to the public for a 30-day comment period.

### 7. FY 2022 Weighted Vote Distribution (Information)

This report provides the weighted vote distribution for FY 2022, which has been recomputed based on updated population figures certified by the California Department of Finance.

### 8. Executive Director Delegated Actions (Information)

In accordance with various Board Policies, this report summarized delegated actions taken by the Executive Director.

There were no public comments on this item.

## 9. Quarterly FY 2021 Program Budget Update (Information)

This quarterly report provides an update on revenues and expenditures for the FY 2021 Program Budget.

There were no public comments on this item.

Action: Upon a motion by Second Vice Chair Sotelo-Solis and a second by Vice Chair Todd Gloria (City of San Diego) the Board of Directors voted to approve Consent Item Nos. 3 through 6.

The motion passed.

Yes: Vice Chair Gloria, Second Vice Chair Sotelo-Solis, Mayor Matt Hall (City of Carlsbad), Mayor Mary Salas (City of Chula Vista), Mayor Richard Bailey (City of Coronado), Supervisor Terra Lawson-Remer (County of San Diego), Mayor Terry Gaasterland (City of Del Mar), Mayor Bill Wells (City of El Cajon), Councilmember Joe Mosca (City of Encinitas), Mayor Paul McNamara (City of Escondido), Mayor Serge Dedina (City of Imperial Beach), Councilmember Jack Shu (City of La Mesa), Mayor Racquel Vasquez (City of Lemon Grove), Councilmember Christopher Rodriguez (City of Oceanside), Mayor Steve Vaus (City of Poway), Mayor Rebecca Jones (City of San Marcos), Mayor John Minto (City of Santee), Mayor Lesa Heebner (City of Solana Beach), and Mayor Judy Ritter (City of Vista).

No: None.

Abstain: None.

Absent: None.

## Chair's Report

### 10. SANDAG Audit Committee: Appointment of Public Members (Adopt)

The Board of Directors is asked to approve the public members of the SANDAG Audit Policy Advisory Committee as nominated by the Public Member Screening Committee.

## Reports

### 11. Proposed Amendment to the *TransNet* Extension Ordinance (Adopt)

Chief Financial Officer André Douzjian, Chief Planning and Innovation Officer Ray Traynor, and Senior Financial Programming and Project Control Analyst Ariana zur Nieden presented the item.

Mike Bullock, member of the public, spoke regarding freeway congestion, climate change stabilization, and in support of the amendment.

Nicole Burgess, member of the public, spoke in support of Active Transportation investment.

Paula Gandolfo, member of the public, spoke in support of SANDAG adopting a Vision Zero policy.

Action Upon the recommendation of the Independent Taxpayers Oversight Committee, the Board of Directors, acting as the San Diego County Regional Transportation Commission, is asked to adopt Resolution No. CO-2021-01 related to administrative expenses.

The motion failed.

Yes: Vice Chair Gloria, Second Vice Chair Sotelo-Solis, Mayor Salas, Supervisor Lawson-Remer, Mayor Gaasterland, Councilmember Mosca, Mayor McNamara, Mayor Dedina, Councilmember Shu, Councilmember Mendoza, Mayor Heebner.

No: Mayor Hall, Mayor Bailey, Mayor Wells, Councilmember Rodriguez, Mayor Vaus, Mayor Jones, Mayor Minto, and Mayor Ritter.

Abstain: None.

Absent: None.

Second Vice Chair Sotelo Solis and Mayor Dedina called for the weighted vote.

The motion passed.

Yes: Vice Chair Gloria, Second Vice Chair Sotelo-Solis, Mayor Salas, Supervisor Lawson-Remer, Mayor Gaasterland, Councilmember Mosca, Mayor McNamara, Mayor Dedina, Councilmember Shu, Councilmember Mendoza, Council President Jen Campbell (City of San Diego – Seat B), and Mayor Heebner.

No: None.

Abstain: None.

Absent: City of Carlsbad, City of Coronado, County of San Diego – Seat B, City of El Cajon, City of Oceanside, City of Poway, City of San Marcos, City of Santee, City of Vista.

## **12. Proposed Final FY 2022 Program Budget (Adopt)**

Vice Chair Gloria introduced the item. André Douzdjian presented the item.

Action: The Board of Directors voted to adopt Regional Transportation Commission (RTC) Resolution No. RTC-2021-07, adopting the Final FY 2022 Program Budget.

Yes: Vice Chair Gloria, Second Vice Chair Sotelo-Solis, Mayor Salas, Supervisor Lawson-Remer, Mayor Gaasterland, Councilmember Mosca, Mayor McNamara, Mayor Dedina, Councilmember Shu, Councilmember Mendoza, Mayor Heebner.

No: Mayor Hall, Mayor Bailey, Mayor Wells, Councilmember Rodriguez, Mayor Vaus, Mayor Jones, Mayor Minto, and Mayor Ritter.

Abstain: None.

Absent: None.

## **13. SD–LOSSAN Regional Rail Corridor Improvements Study Update (Information)**

Principal Regional Planner Linda Culp presented an overview of the SD-LOSSAN Regional Rail Corridor Improvements Study.

David Schonbrunn, Train Rider’s Association, spoke in support of tunnels as an alternative for the bluffs.

Noah Harris, Climate Action Campaign, spoke in support of realignment to move trains off the bluffs.

Udo Wahn, Surfrider Foundation, spoke regarding the need to plan for sea-level rise.

Mike Bullock spoke regarding alternative sources of energy for trains.

### **1. Public Comments/Communications/Member Comments\***

*\*This item was taken out of order.*

Mike Bullock spoke regarding reduction of Vehicle Miles Traveled, climate change goals, sea-level rise, and climate stabilization.

Nicole Burgess, member of the public, spoke regarding the LOSSAN corridor, bike month, COASTER service, and recommended University/Education stakeholder involvement on the Board of Directors.

## **14. Upcoming Meetings**

The next Board meeting is scheduled for Friday, May 28, 2021, at 9 a.m.

## **15. Adjournment**

Chair Blakespear adjourned the meeting at 12:20 p.m.

## Confirmed Attendance at Board of Directors Meeting

May 14, 2021

Board of Directors	Title	Name	Attend Virtually
City of Carlsbad	Mayor	Matt Hall (Primary)	Yes
City of Chula Vista	Mayor	Mary Salas (Primary)	Yes
City of Coronado	Mayor	Richard Bailey (Primary)	Yes
County of San Diego	Supervisor	Terra Lawson-Remer (Primary)	Yes
County of San Diego	Supervisor	Joel Anderson (Primary)	No
City of Del Mar	Mayor	Terry Gaasterland (Primary)	Yes
City of El Cajon	Mayor	Bill Wells (Primary)	Yes
City of Encinitas	Chair	Catherine Blakespear (Primary)	Yes
City of Escondido	Mayor	Paul McNamara (Primary)	Yes
City of Imperial Beach	Mayor	Serge Dedina (Primary)	Yes
City of La Mesa	Councilmember	Jack Shu (Primary)	Yes
City of Lemon Grove	Mayor	Racquel Vasquez (Primary)	Yes
City of National City	Second Vice Chair	Alejandra Sotelo-Solis (Primary)	Yes
City of Oceanside	Councilmember	Christopher Rodriguez (Primary)	Yes
City of Poway	Mayor	Steve Vaus (Primary)	Yes
City of San Diego	Vice Chair	Todd Gloria (Primary)	Yes
City of San Diego	Council President	Jen Campbell (Primary)	Yes
City of San Marcos	Mayor	Rebecca Jones (Primary)	Yes
City of Santee	Mayor	John Minto (Primary)	Yes
City of Solana Beach	Mayor	Lesia Heebner (Primary)	Yes
City of Vista	Mayor	Judy Ritter (Primary)	Yes
Caltrans		Gustavo Dallarda (1st Alt.)	Yes
Metropolitan Transit System	Councilmember	Paloma Aguirre (Primary)	Yes
North County Transit District	NCTD Chair	Tony Kranz (Primary)	Yes
Imperial County	Supervisor	Sup. Jesus Escobar (Primary)	No
U.S. Department of Defense	Executive Director	Dennis Keck (Primary)	Yes
Port of San Diego	Commissioner	Garry Bonelli (Primary)	Yes
San Diego County Water Authority	Councilmember	Mel Katz (Primary)	Yes
San Diego County Regional Airport Authority		Johanna Schiavoni (Primary)	Yes
Mexico	Consul General	Natalia Figueroa (Alternate)	Yes
SCTCA	Chairman	Cody Martinez	Yes

## Policy Advisory Committee Actions

### Overview

SANDAG Board Policy No. 001 delegates certain responsibilities 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. Below are the delegated actions taken by the Policy Advisory Committees that are subject to ratification.

### Action: **Approve**

The Board of Directors is asked to ratify the delegated actions taken by the Policy Advisory Committees.

### **Executive Committee: May 14, 2021**

Approved the draft agendas for the May 28 and June 11 Board of Directors meetings.

### ***Hasan Ikhata, Executive Director***

Key Staff Contact: Francesca Webb, (619) 699-1985, francesca.webb@sandag.org

## Acceptance of Grant Funding for Bayshore Bikeway Barrio Logan Segment

### Overview

On March 25, 2021, the California Coastal Conservancy (Conservancy) authorized the disbursement of \$350,000 in cap and trade funding for SANDAG to construct the Barrio Logan segment of the Bayshore Bikeway. On May 27, 2021, SANDAG was notified by the Conservancy that they would be submitting the grant agreement to SANDAG for signature and the grant must be returned no later than June 1, 2021, or the grant funds would be revoked.

### Key Considerations

The Bayshore Bikeway is a proposed 24-mile bikeway around San Diego Bay that also serves as the California Coastal Trail. Approximately 16 miles of the bikeway has been constructed as a Class I bikeway separated from motor vehicle traffic. Construction of the Barrio Logan segment (Project) will complete another 2.5 miles of Class I bikeway, one of the last major gaps in the bikeway. The Conservancy's funds will go toward enhancing the Project with urban greening components that will capture stormwater, provide shade, and reduce the urban heat island effect. The \$350,000 Conservancy grant will replace \$350,000 in *TransNet* funds as shown in Attachment 1 and result in no net increase to the Project budget.

[SANDAG Board Policy No. 017](#) establishes the authority granted by the Board of Directors to the Executive Director. Section 4.1 of the Policy states the Executive Director is authorized to "enter into agreements not currently incorporated in the budget and make other modifications to the budget in an amount up to \$300,000 per transaction so long as the overall budget remains in balance." Due to this limitation, signing of the grant agreement with the Conservancy by the June 1, 2021, deadline would not be possible, resulting in a loss of \$350,000 in funding to the agency. Section No. 3 of Policy No. 017 authorizes the Executive Director to "take all necessary actions to prevent significant unnecessary loss to SANDAG in the event of emergency or an urgent need." Due to the anticipated revocation of the \$350,000 grant, the Executive Director entered into the grant agreement on May 28, 2021. The Board Chair was immediately notified of this action.

### Action: **Approve**

The Board of Directors is asked to:

1. Ratify the Executive Director's acceptance of a \$350,000 grant from the California Coastal Conservancy, pursuant to Section No. 3 of Board Policy No. 017, and
2. Approve an amendment to the FY 2022 Program Budget adding \$350,000 in funding from the California State Coastal Conservancy to CIP No. 1223055, Bayshore Bikeway: Barrio Logan.

### Fiscal Impact:

\$350,000 in state cap and trade funds will be added to the FY2022 budget for CIP No. 1223055, Bayshore Bikeway: Barrio Logan.

### Schedule/Scope Impact:

The Project is expected to be advertised for construction in summer 2021.

**Next Steps**

Pending ratification from the Board, staff will prepare and advertise a solicitation to obtain a construction contractor to build the Project. Construction is expected to begin in early 2022.

***Hasan Ikhata, Executive Director***

Key Staff Contact: Jenny Russo, (619) 699-7314, [jenny.russo@sandag.org](mailto:jenny.russo@sandag.org)

Attachment: 1. Proposed FY 22 Budget Amendment for Capital Improvement Project No. 1223055,  
Bayshore Bikeway – Barrio Logan

### FY22 Capital Budget Amendment in '000's

Project Number: 1223055	Corridor Director: Linda Culp
RTIP Number: SAN195 (Part of SAN147)	Project Manager: Chris Carterette
Project Name: Bayshore Bikeway: Barrio Logan	PM Phone Number: (619) 699-7319

Project Scope	Site Location	Progress to Date												
Final design and construction of a new 2.1 mile bike path.		Right-of-way phase is complete and project will be advertised summer 2021.												
Project Limits		Major Milestones												
On Harbor Drive from Park Boulevard to 32nd Street in San Diego		<table border="0" style="width: 100%;"> <tr> <td>Draft Environmental Document</td> <td style="text-align: right;">N/A</td> </tr> <tr> <td>Final Environmental Document</td> <td style="text-align: right;">Dec-18</td> </tr> <tr> <td>Ready to Advertise</td> <td style="text-align: right;">Jul-21</td> </tr> <tr> <td>Begin Construction</td> <td style="text-align: right;">Jan-22</td> </tr> <tr> <td>Open to Public</td> <td style="text-align: right;">Jan-24</td> </tr> <tr> <td>Construction Complete</td> <td style="text-align: right;">Jan-25</td> </tr> </table>	Draft Environmental Document	N/A	Final Environmental Document	Dec-18	Ready to Advertise	Jul-21	Begin Construction	Jan-22	Open to Public	Jan-24	Construction Complete	Jan-25
Draft Environmental Document	N/A													
Final Environmental Document	Dec-18													
Ready to Advertise	Jul-21													
Begin Construction	Jan-22													
Open to Public	Jan-24													
Construction Complete	Jan-25													

**SANDAG Expenditure Plan (\$000)**

Budget Phase	Prior Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Total	
Administration	\$1,011	\$200	<del>\$175</del>	\$175	\$200	\$175	\$24	\$0	\$0	\$0	\$0	<del>\$1,785</del>	\$1,785
Environmental Document	1,039	0	0	0	0	0	0	0	0	0	0	<del>1,039</del>	1,039
Design	2,491	509	0	0	0	0	0	0	0	0	0	<del>3,000</del>	3,000
Right-of-Way Support	195	54	0	0	0	0	0	0	0	0	0	<del>249</del>	249
Right-of-Way Capital	0	550	0	0	0	0	0	0	0	0	0	<del>550</del>	550
Construction Support	0	75	<del>817</del>	817	1,634	817	0	0	0	0	0	<del>3,343</del>	3,343
Construction Capital	0	0	<del>3,856</del>	3,856	7,713	3,856	0	0	0	0	0	<del>15,425</del>	15,425
Vehicles	0	0	0	0	0	0	0	0	0	0	0	<del>0</del>	0
Legal Services	78	42	0	0	0	0	0	0	0	0	0	<del>120</del>	120
Communications	15	17	0	0	0	0	0	0	0	0	0	<del>32</del>	32
Project Contingency	0	0	<del>299</del>	299	775	330	0	0	0	0	0	<del>1,404</del>	1,404
<b>Total SANDAG</b>	<b>\$4,829</b>	<b>\$1,447</b>	<b><del>\$5,147</del></b>	<b>\$5,147</b>	<b>\$10,322</b>	<b>\$5,178</b>	<b>\$24</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b><del>\$26,947</del></b>	<b>\$26,947</b>

**Caltrans Expenditure Plan (\$000)**

Budget Phase	Prior Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Total	
Environmental Document	\$0	\$0	<del>\$0</del>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<del>\$0</del>	\$0
Design	0	0	0	0	0	0	0	0	0	0	0	<del>0</del>	0
Right-of-Way Support	0	0	0	0	0	0	0	0	0	0	0	<del>0</del>	0
Right-of-Way Capital	0	0	0	0	0	0	0	0	0	0	0	<del>0</del>	0
Construction Support	0	0	0	0	0	0	0	0	0	0	0	<del>0</del>	0
Construction Capital	0	0	0	0	0	0	0	0	0	0	0	<del>0</del>	0
<b>Total Caltrans</b>	<b>\$0</b>	<b>\$0</b>	<b><del>\$0</del></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b><del>\$0</del></b>	<b>\$0</b>
<b>Total SANDAG &amp; Caltrans</b>	<b>\$4,829</b>	<b>\$1,447</b>	<b><del>\$5,147</del></b>	<b>\$5,147</b>	<b>\$10,322</b>	<b>\$5,178</b>	<b>\$24</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b><del>\$26,947</del></b>	<b>\$26,947</b>

**Funding Plan (\$000)**

Funding Source	Prior Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Total	
<b>Federal</b>													
74030003 ATP-R	\$0	\$0	<del>\$2,539</del>	\$2,539	\$2,405	\$0	\$0	\$0	\$0	\$0	\$0	<del>\$4,944</del>	\$4,944
75500001 CRRSAA	0	0	0	0	5,200	4,000	0	0	0	0	0	<del>9,200</del>	9,200
<b>State</b>													
85160000 Coastal Conservancy	0	0	0	350	0	0	0	0	0	0	0	<del>0</del>	350
<b>Local</b>													
91000100 TransNet-BPNS	4,829	1,437	<del>2,608</del>	2,258	2,717	1,178	24	0	0	0	0	<del>12,793</del>	12,443
91080001 County of San Diego	0	10	0	0	0	0	0	0	0	0	0	<del>10</del>	10
<b>Total</b>	<b>\$4,829</b>	<b>\$1,447</b>	<b><del>\$5,147</del></b>	<b>\$5,147</b>	<b>\$10,322</b>	<b>\$5,178</b>	<b>\$24</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b><del>\$26,947</del></b>	<b>\$26,947</b>

## Transportation Development Act: FY 2021 Productivity Improvement Program and FY 2022 Allocations

### Overview

The Transportation Development Act (TDA) provides one-quarter percent of the state sales tax for operating and capital support of public transportation systems and non-motorized transportation projects. SANDAG, as the designated Regional Transportation Planning Agency, is responsible for the allocation of TDA funds to the region's cities, county, transit operators, and the Consolidated Transportation Service Agency (CTSA).

Pursuant to California Public Utilities Code Section 99244, a transit operator can be allocated no more in FY 2022 than it was allocated in FY 2021 unless the region's transportation planning agency determines that the operator made a reasonable effort to implement the productivity improvement recommendations adopted after the last triennial TDA audit (completed in June 2019). SANDAG evaluates operator effort by tracking performance measures over a rolling three-year period, as well as an annual review of actions taken by each operator to address recommendations received during the triennial audit.

Based on the performance measures monitored as part of the TDA Productivity Improvement Program, and the agencies responses to the audit recommendations, staff has determined that the Metropolitan Transit System (MTS) and the North County Transit District (NCTD) have made reasonable efforts toward achieving their FY 2019 productivity improvements and should be allocated their full allocation of FY 2022 TDA Funds.

The transit industry has faced many challenges since the outbreak of the COVID-19 pandemic last year. Ridership (and revenue) declined sharply since March 2020 when the Governor of California signed [Executive Order N-33-20](#) ordering Californians to stay at home to protect public health. Recognizing the effect of the pandemic on transit revenues as well as the requirements set forth in the TDA, the Governor of California signed [Assembly Bill 90](#) (A.B. 90) on June 29, 2020, which prohibits the imposition of penalties on transit operators who do not maintain their required ratios of fare revenues to operating costs in the 2019-20 or 2020-21 fiscal years.

Additionally, SANDAG has monitored the performance of the CTSA in accordance with the performance measures set forth in its contract and determined that it is meeting those goals.

### Action: **Approve**

The Board of Directors is asked to approve the eligibility of the Metropolitan Transit System and North County Transit District to receive their FY 2022 allocations of Transportation Development Act funds.

### Fiscal Impact:

Approval of the requests will allow the requesting agencies to receive their full FY 2022 Transportation Development Act (TDA) revenue apportionment. Denial of the eligibility request may result in a potential reduction of funding in a future fiscal year.

### Schedule/Scope Impact:

The Metropolitan Transit System and North County Transit District can be allocated no more in FY 2022 than they were in FY 2021 unless it is determined that they made a reasonable effort to implement the productivity improvement recommendations adopted after the last triennial TDA audit.

## **Key Considerations**

The TDA Productivity Improvement Program includes all of the performance measures included in the state TDA Guidebook Section 99246(d). Additionally, SANDAG tracks multiyear trend analysis since it is recognized that steps taken by the transit agencies to improve system performance often take several years to be fully realized. The Productivity Improvement Program for FY 2021 included an evaluation of the following six TDA performance measures over a three-year period (Quarter 2 FY 2018 to Quarter 2 FY 2021):

- Operating Cost Per Passenger (adjusted for annual inflation) – measures cost-effectiveness
- Operating Cost Per Revenue Hour (adjusted for annual inflation) – measures cost-efficiency
- Passengers Per Revenue Hour – measures service productivity
- Passengers Per Revenue Mile – measures service productivity
- Revenue Hours Per Employee – measures labor productivity
- Farebox Recovery Ratio – measures cost-efficiency

Attachments 1 and 2 include the summary and charts for each of the six performance measures by mode.

The performance measures, which are reviewed quarterly by the Regional Short-Range Transit Planning Task Force, help determine if the agency is obtaining the desired results from the system and if overall performance is improving based on updated regional strategies, fare changes, and/or service operation plans. These performance measures also help the transit agencies determine where improvements can be made. Improvements can then be incorporated into each operator's service implementation plan, which are included in the Coordinated Public Transit – Human Services Transportation Plan prepared by SANDAG.

### *TDA Triennial Audit Recommendations*

In addition to the three-year performance measures monitoring associated with the annual TDA claim, the TDA Triennial Performance Audit included the development of improvement recommendations for the transit agencies. The most recent performance audit completed in June 2019 included one recommendation for MTS, and two for NCTD. These recommendations have been addressed by NCTD and MTS. Their action plans, the progress made to date to implement them, and updated responses (from Form B of the 2021 TDA Claim) are included in Attachments 3 and 4, respectively.

### *CTSA Performance Review*

At the direction of the Transportation Committee, SANDAG amended its contract agreement with Full Access to Coordinated Transportation (FACT), the designated CTSA for San Diego County, in June of 2019 to add performance measures. FACT's FY 2021 Quarter 2 report is included in Attachment 5. Since there have only been six full quarters of data received since the new contract was implemented, a long-term analysis of the data like the one that is completed for the transit operators is not yet possible. However, the monitoring report shows that FACT is fully complying with all requirements in the agreement.

## **Next Steps**

SANDAG staff will continue to monitor the performance indicators on a quarterly basis.

### ***Coleen Clementson, Director of Regional Planning***

Key Staff Contact: Lisa Madsen, (619) 595-1432, Lisa.Madsen@sandag.org

- Attachments:
1. FY 2021 Productivity Improvement Performance Measure Summary
  2. FY 2021 Productivity Improvement Performance Measure Results by Mode
  3. MTS Annual TDA Claim Form (Form B)
  4. NCTD Annual TDA Claim Form (Form B)
  5. CTSA Performance Monitoring Report FY 2021 Q2

## FY 2021 Productivity Improvement Performance Measures Summary

This summary provides an overview of the Metropolitan Transit System (MTS) and the North County Transit District's (NCTD) performance through Quarter 2 of FY 2021. Attachment 2 includes charts for each of the six performance measures by mode. In recent years, both MTS and NCTD have worked to improve ridership after years of decline. This downward trend was not unique to the San Diego region. MTS implemented its Transit Optimization Plan, while NCTD also implemented significant service changes to increase productivity. Both agencies also looked to stabilize ridership and revenue metrics by updating the regional fare ordinance and reinvesting resources from underutilized services into more productive areas and routes with high demand.

However, with the outbreak of the COVID-19 global pandemic in early 2020, the agencies are again facing declines in ridership while working to protect the health and safety of their employees and riders. While average weekday ridership declined to approximately 92,000 passengers in April 2020, as of April 2021, average weekday ridership has increased to approximately 149,000 passengers – an increase of nearly 62%. As the State of California moves toward fully reopening, the transit operators anticipate that ridership will continue to increase back to pre-pandemic levels.

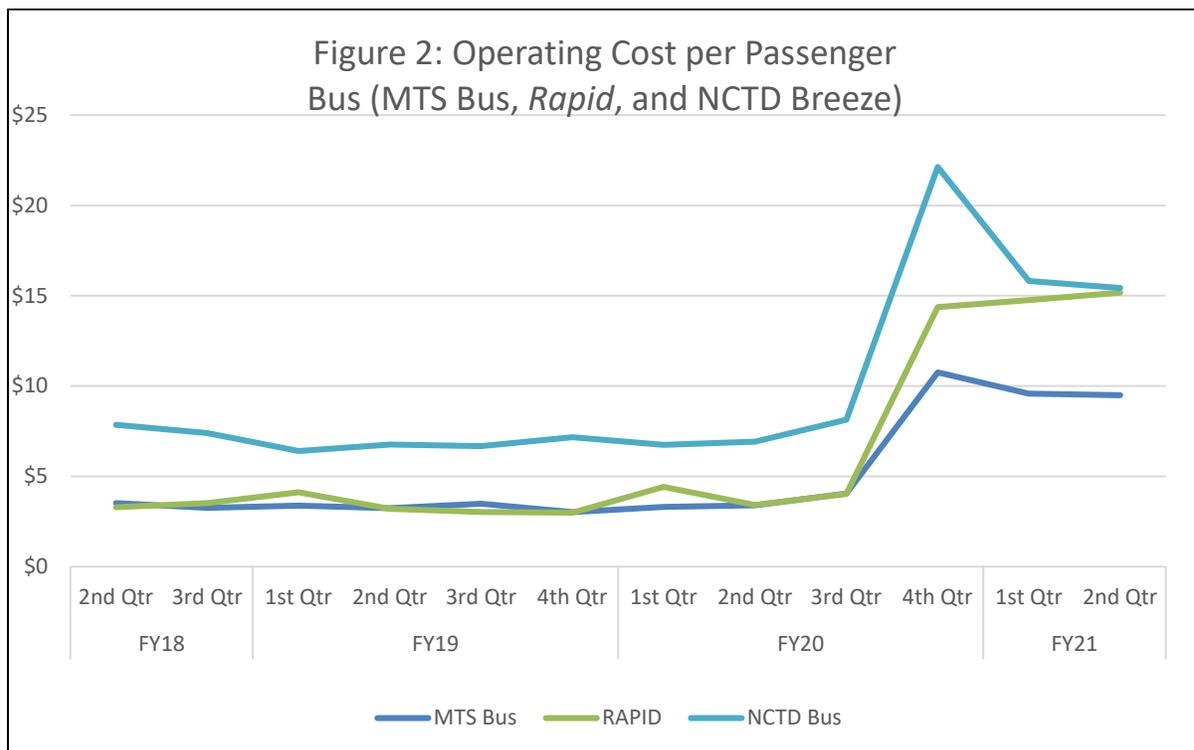
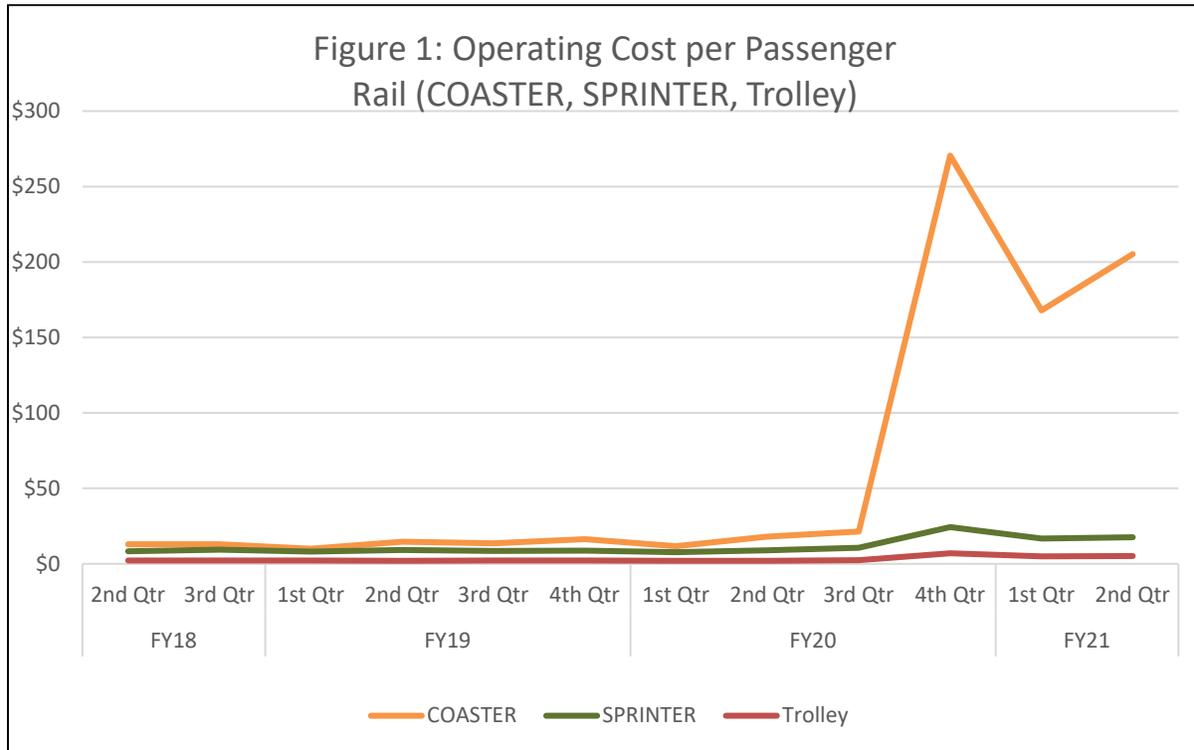
### *MTS FY 2021 Performance*

- *Summary:* The MTS farebox recovery ratio for MTS Fixed-Route services ended the quarter at 16%. This is below the 20% TDA minimum threshold requirement. For Americans with Disabilities Act (ADA) services, the farebox recovery rate ended the quarter at -10.3% and is also below the TDA minimum threshold of 10%. The farebox recovery rate for ADA services is reported as a negative for the quarter due to NTD requirements; revenue for ADA is recorded based on reported ticket counts, and in Quarter 2, MTS had to reclass prepaid ticket sales as unearned revenue. MTS is working to improve the efficiency of both the fixed-route and ADA service, which is outlined in their response in Attachment 3.
- *MTS Trolley* has seen a 148.7% increase in the operating cost per passenger, a 15.9% increase in the operating cost per revenue hour, a 53.4% decrease in passengers per revenue hour, and a 56.4% decrease in passengers per revenue mile since Quarter 2 in FY 2020.
- *MTS Bus* has seen a 179.7% increase in the operating cost per passenger, a 17.2% increase in the operating cost per revenue hour, a 58.1% decrease in passengers per revenue hour, and a 57.7% decrease in passengers per revenue mile since Quarter 2 in FY 2020.
- *Rapid (Routes 201, 202, 204, 215, 225, 235, and 237)* has seen a 343.3% increase in the operating cost per passenger, a 12.3% increase in the operating cost per revenue hour, a 74.7% decrease in passengers per revenue hour, and a 74.6% decrease in passengers per revenue mile since Quarter 2 in FY 2020.
- *MTS ADA* has seen a 160.2% increase in the operating cost per passenger, a 79.6% increase in the operating cost per revenue hour, a 30.1% decrease in passengers per revenue hour, and a 36.7% decrease in passengers per revenue mile since Quarter 2 in FY 2020.

## *NCTD FY 2021 Performance*

- *Summary:* NCTD farebox recovery rate for fixed-route services has decreased, ending the quarter at 3.9%, which is below the 18.8% TDA minimum threshold requirement. For ADA services, the farebox recovery rate ended the quarter at 5%, which is below the TDA minimum threshold of 10%. However, NCTD is working to improve the operating efficiency of both the fixed-route and ADA service, as evidenced in their response in Attachment 4.
- *NCTD COASTER* has seen a 1,040.9% increase in the operating cost per passenger, a 156.2% increase in the operating cost per revenue hour, a 77.6% decrease in passengers per revenue hour, and an 82.3% increase in passengers per revenue mile since Quarter 2 in FY 2020.
- *NCTD SPRINTER* has seen a 98% increase in the operating cost per passenger, a 0.4% increase in the operating cost per revenue hour, a 50% decrease in passengers per revenue hour, and a 53% decrease in passengers per revenue mile since Quarter 2 in FY 2020.
- *NCTD BREEZE* (including FLEX) has seen a 123.3% increase in the operating cost per passenger, an 8.4% increase in the operating cost per revenue hour, a 51.4% decrease in passengers per revenue hour, and a 51.5% decrease in passengers per revenue mile since Quarter 2 in FY 2020.
- *NCTD ADA* has seen a 120.7% increase in the operating cost per passenger, a 63.7% increase in the operating cost per revenue hour, a 25.9% decrease in passengers per revenue hour, and a 31.3% decrease in passengers per revenue mile since Quarter 2 in FY 2020.

## FY 2021 Productivity Improvement Performance Measure Results by Mode



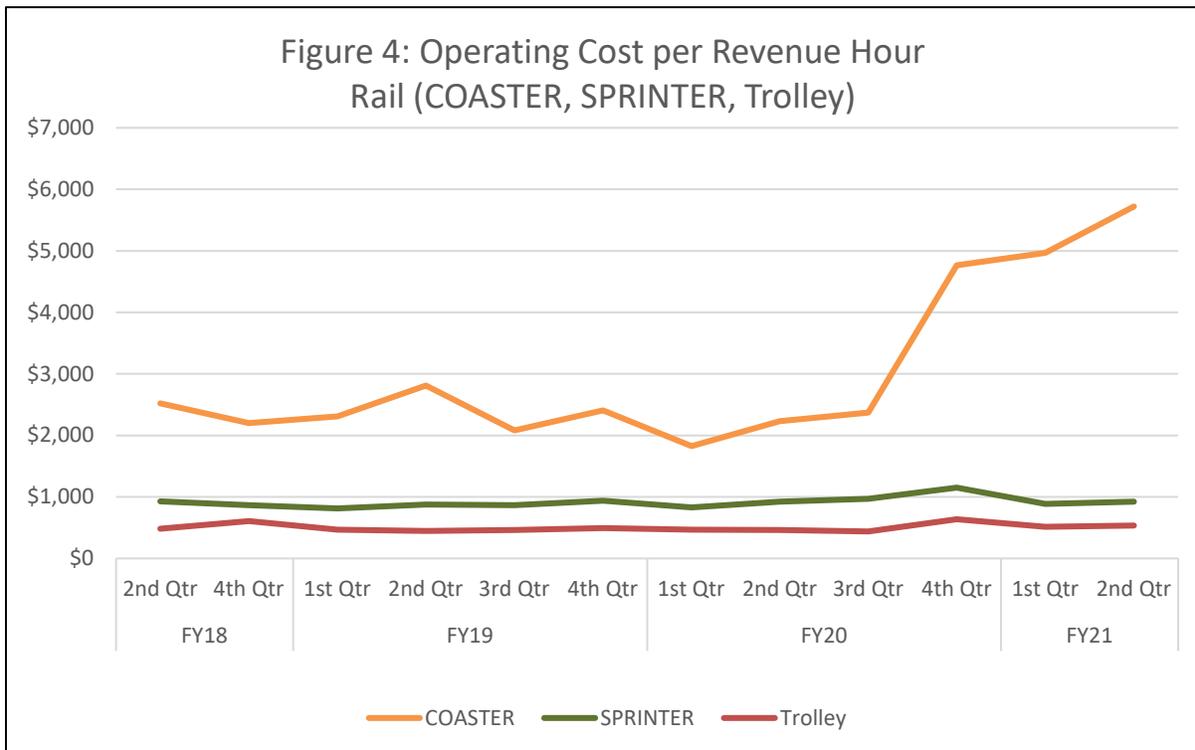
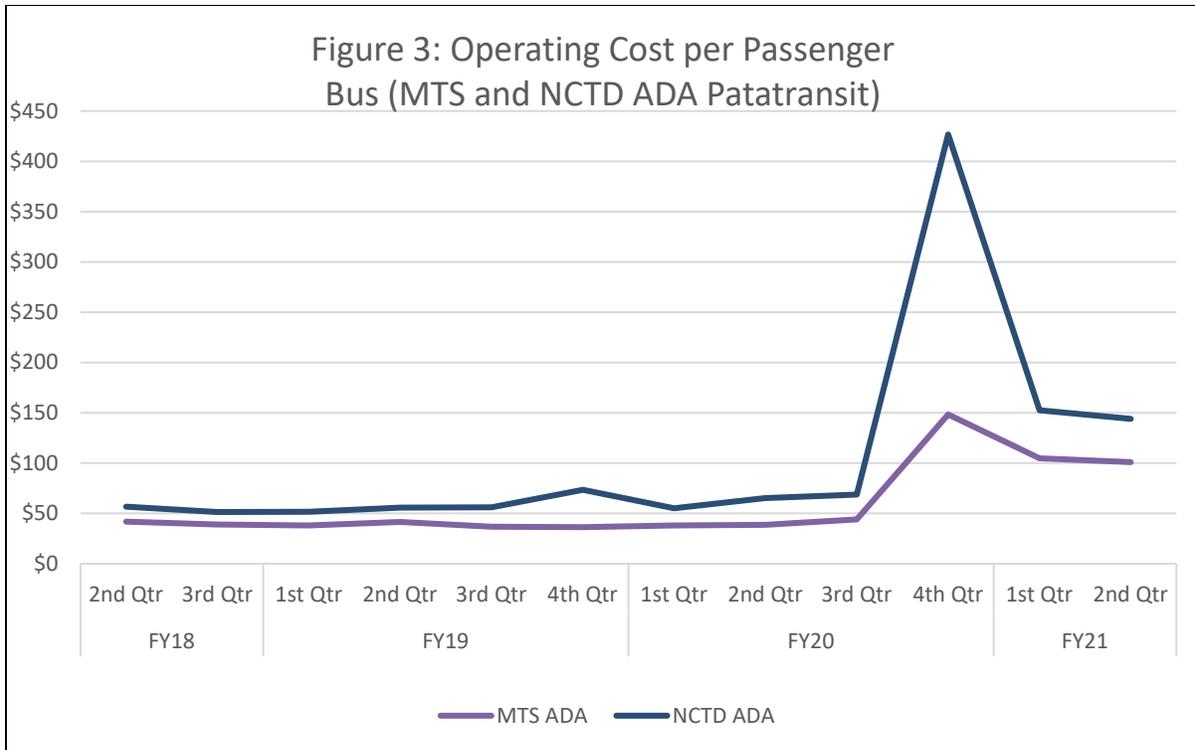


Figure 5: Operating Cost per Revenue Hour Bus (MTS Bus, Rapid, and NCTD Breeze)

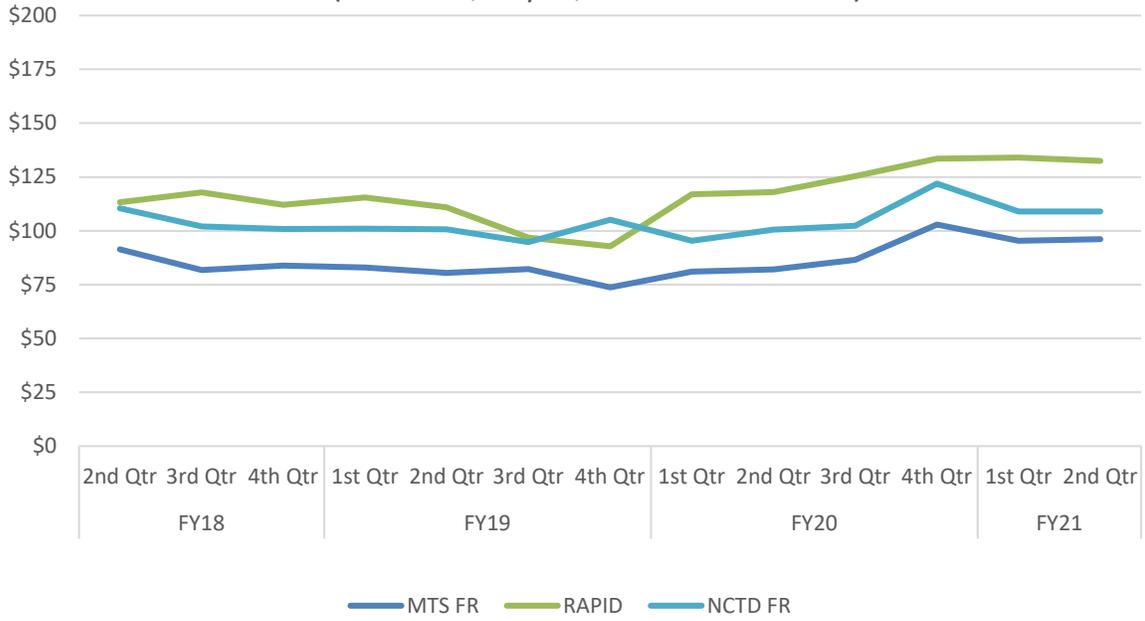


Figure 6: Operating Cost per Revenue Hour Bus (MTS and NCTD ADA Paratransit)

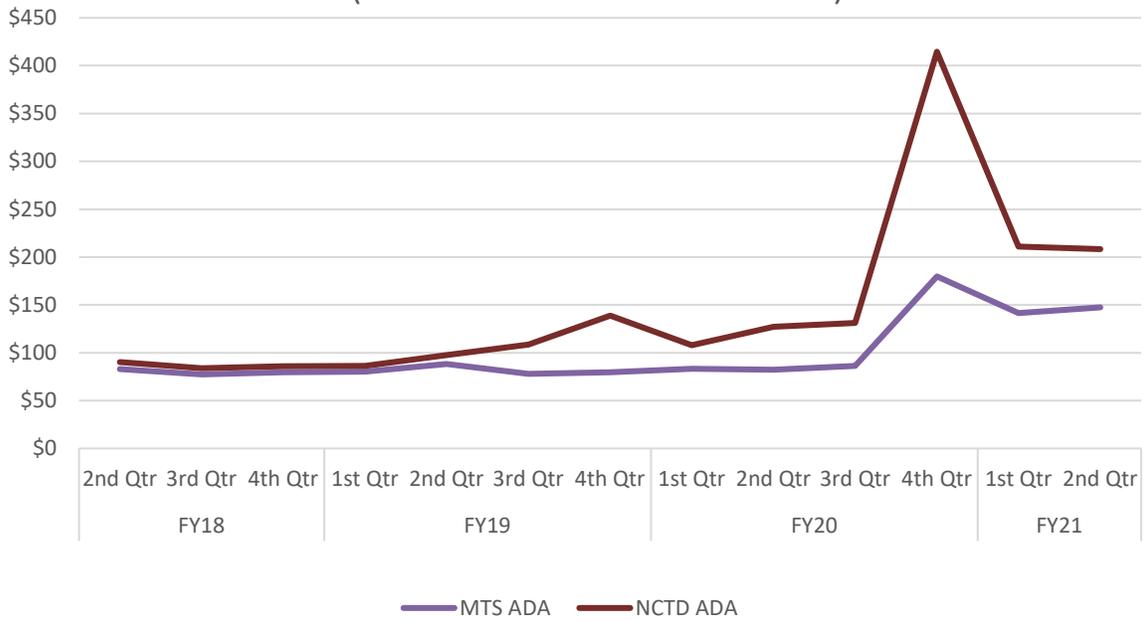


Figure 7: Passengers per Revenue Hour  
Rail (COASTER, SPRINTER, Trolley)

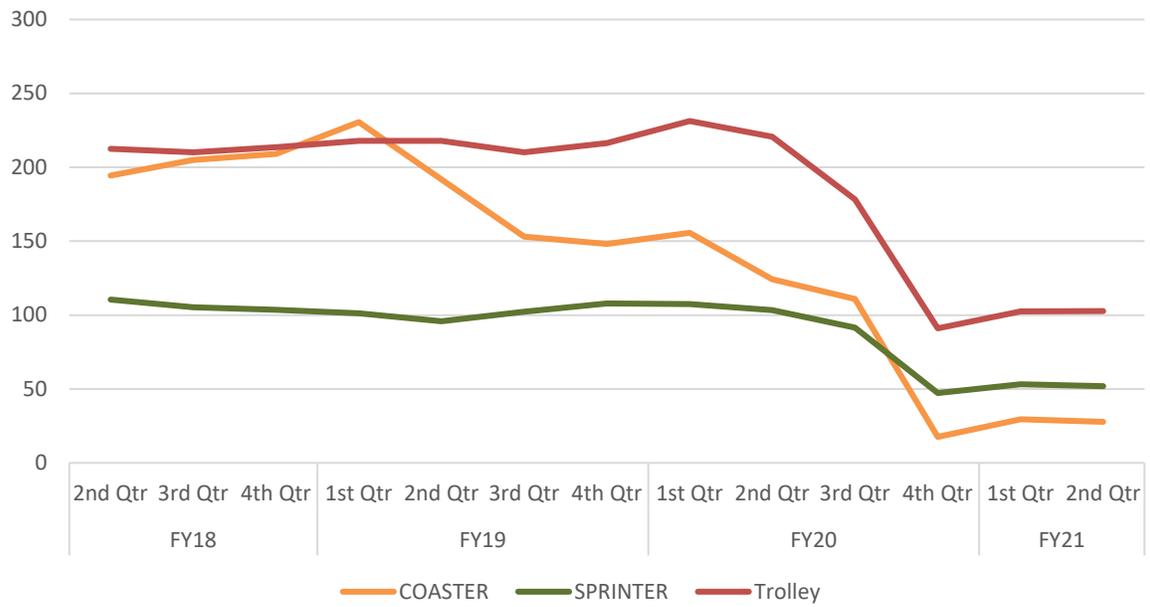
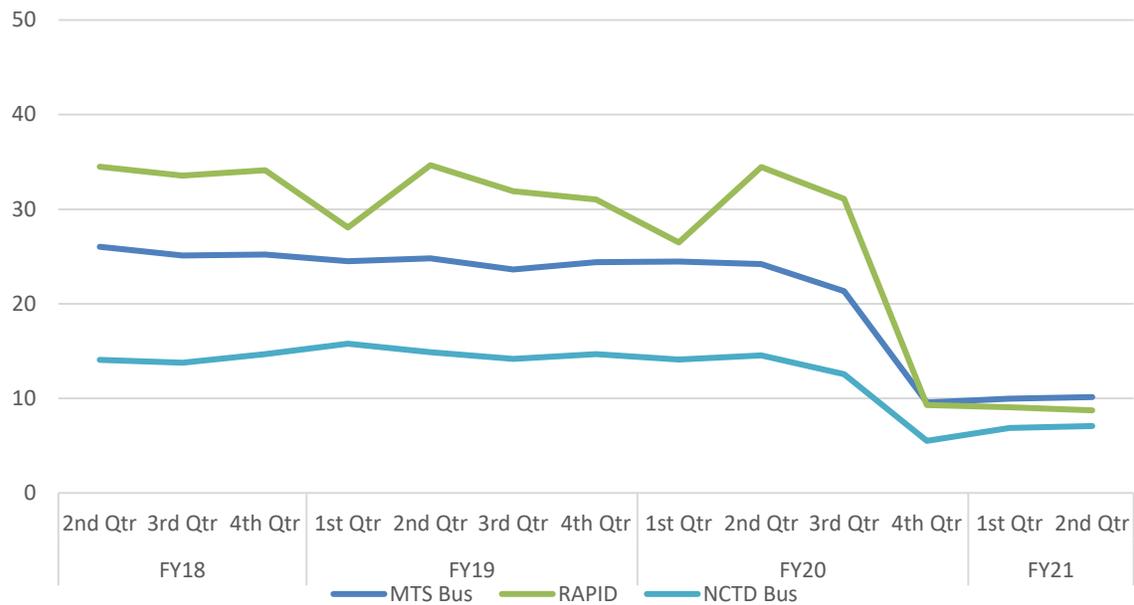
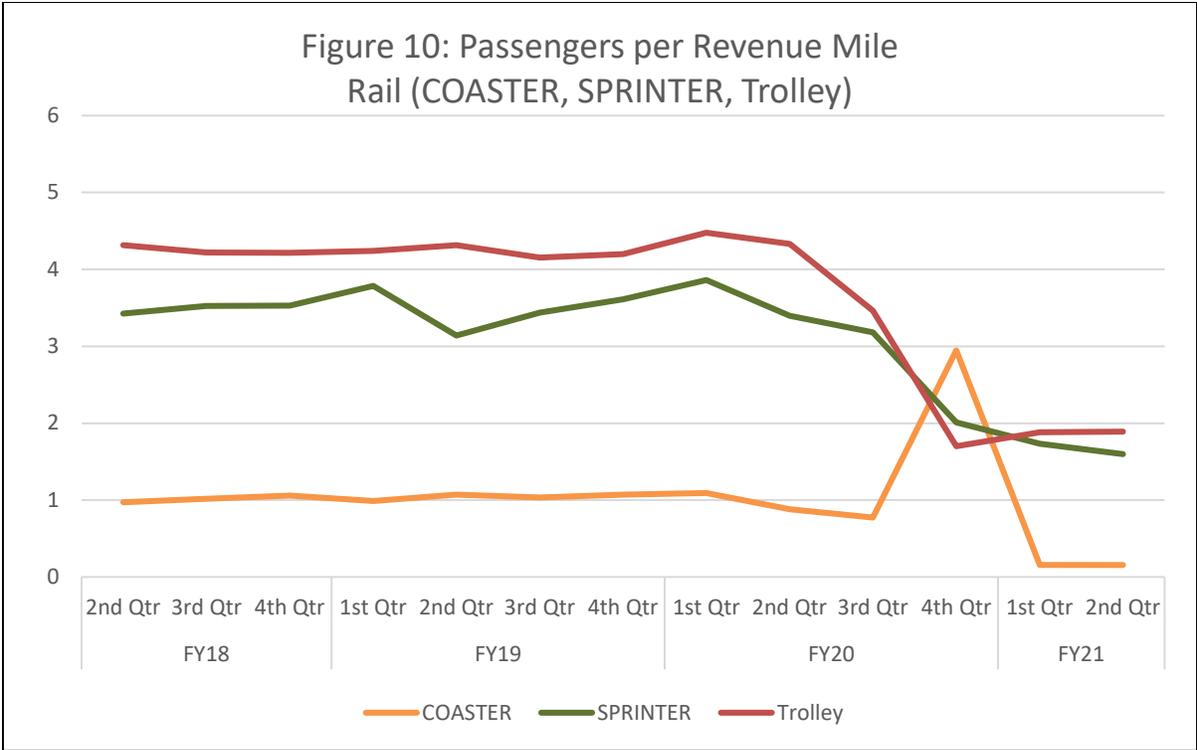
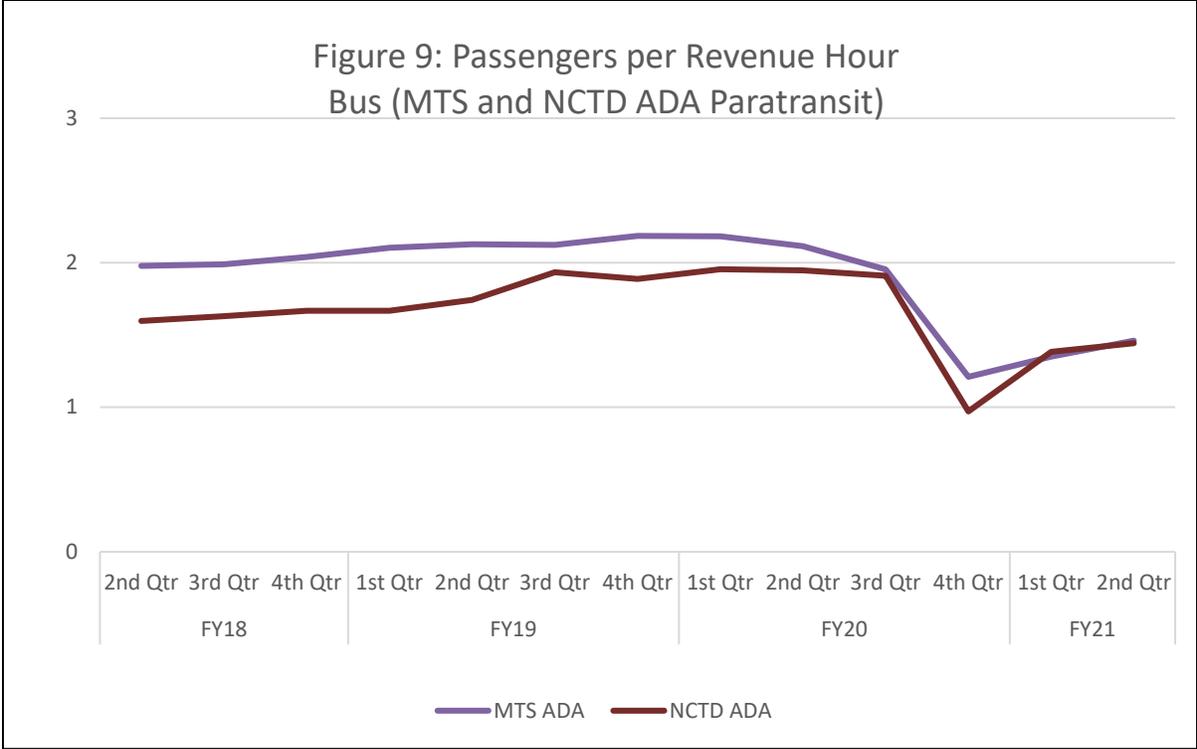


Figure 8: Passengers per Revenue Hour  
Bus (MTS Bus, Rapid, and NCTD Breeze)





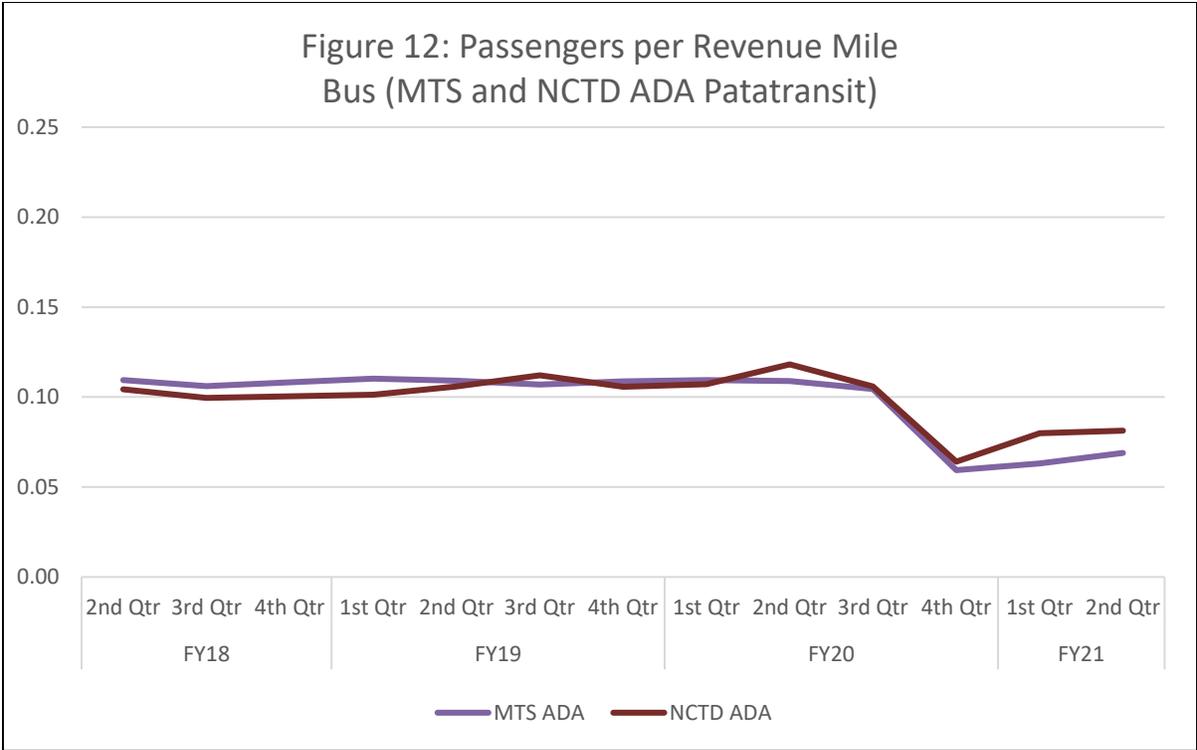
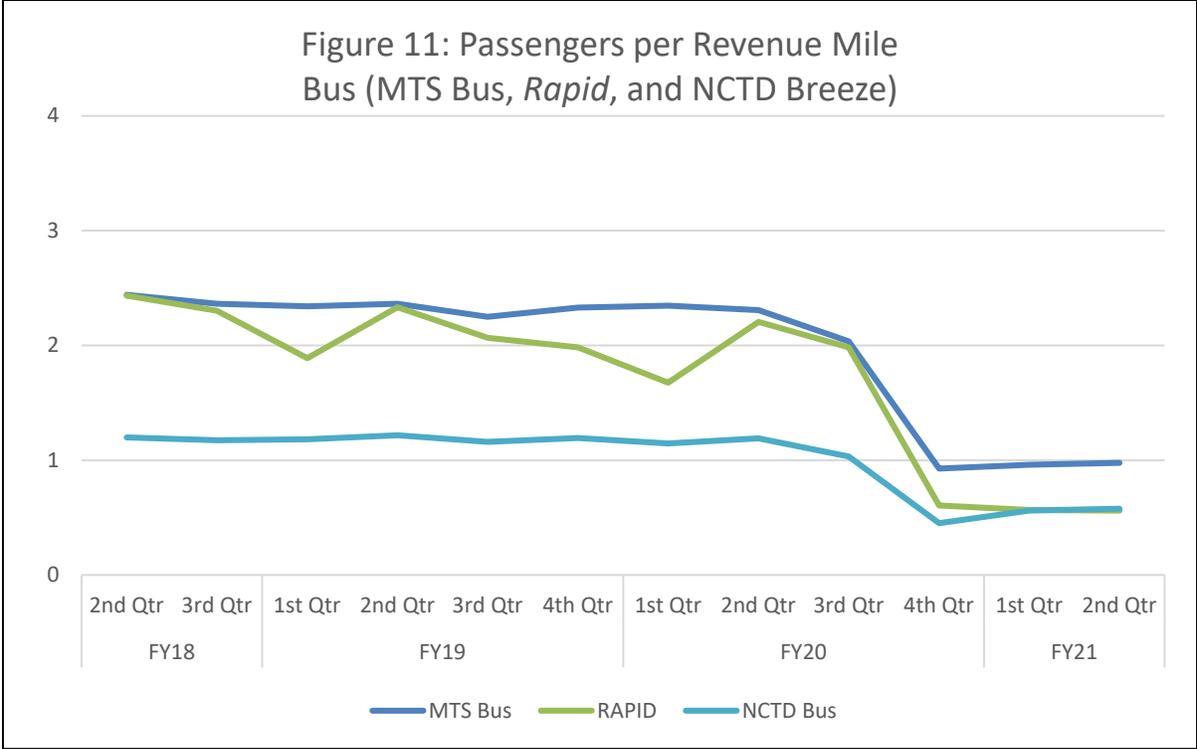


Figure 13: Revenue Hours per Employee  
Rail (COASTER, SPRINTER, Trolley)

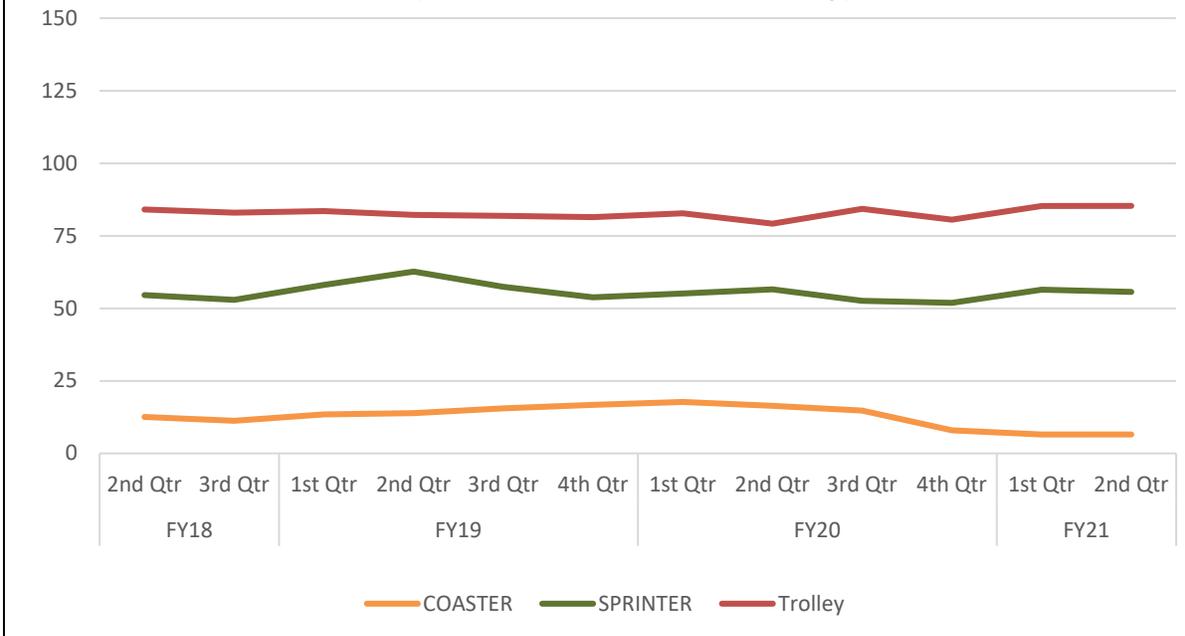
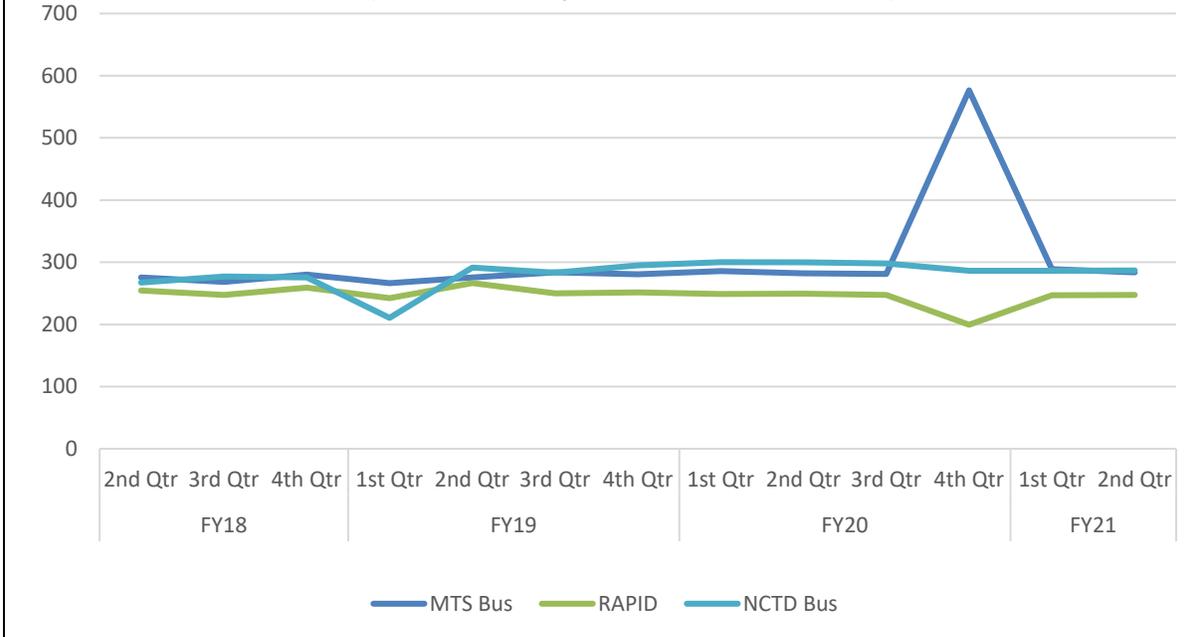


Figure 14: Revenue Hours per Employee  
Bus (MTS Bus, Rapid, and NCTD Breeze)



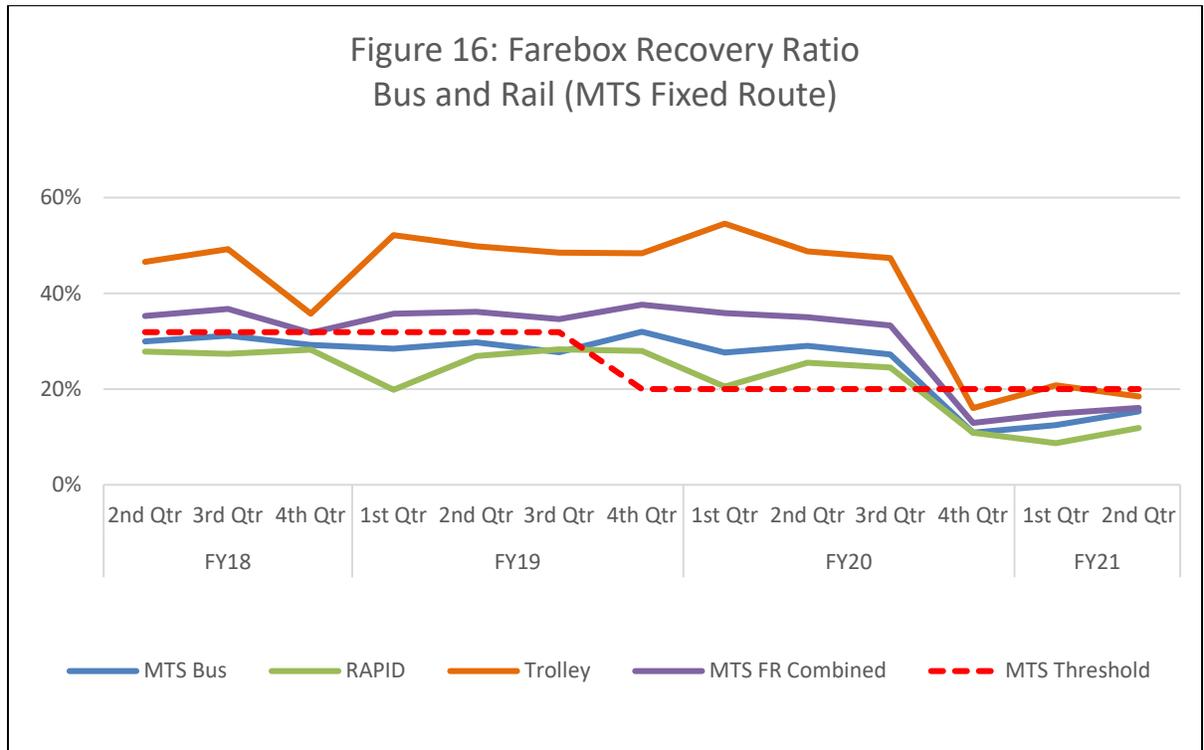
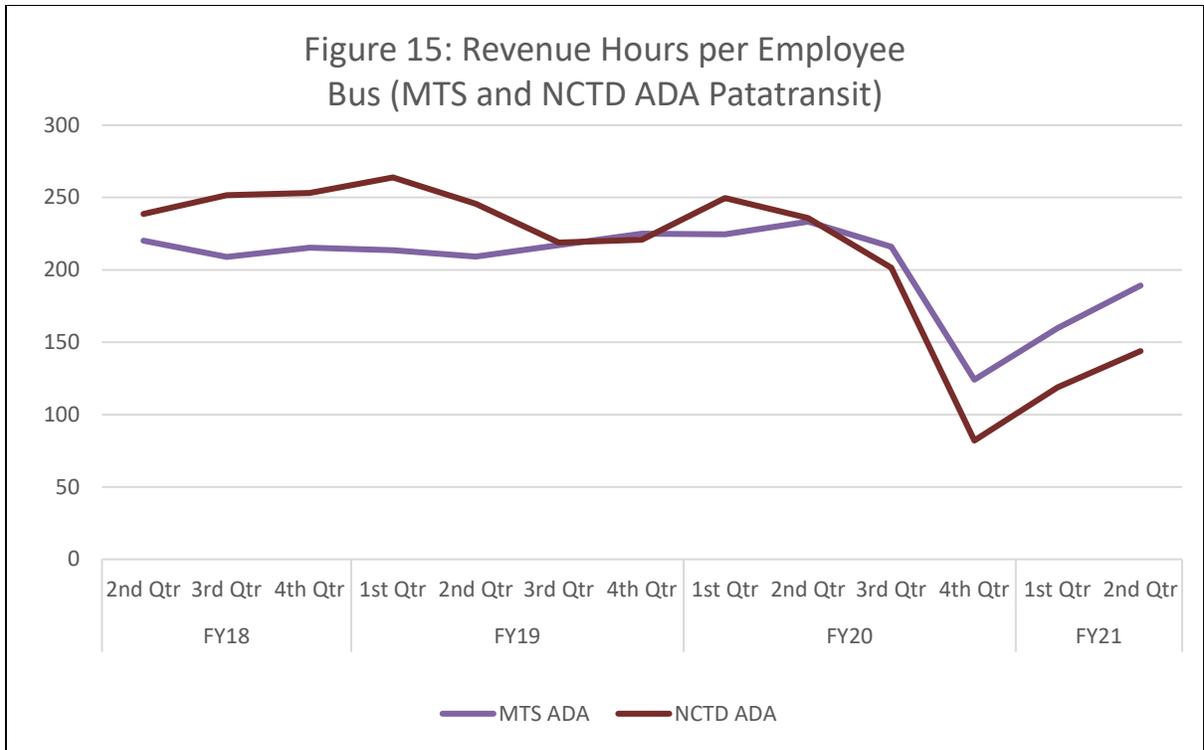


Figure 17: Farebox Recovery Ratio  
Bus and Rail (NCTD Fixed Route)

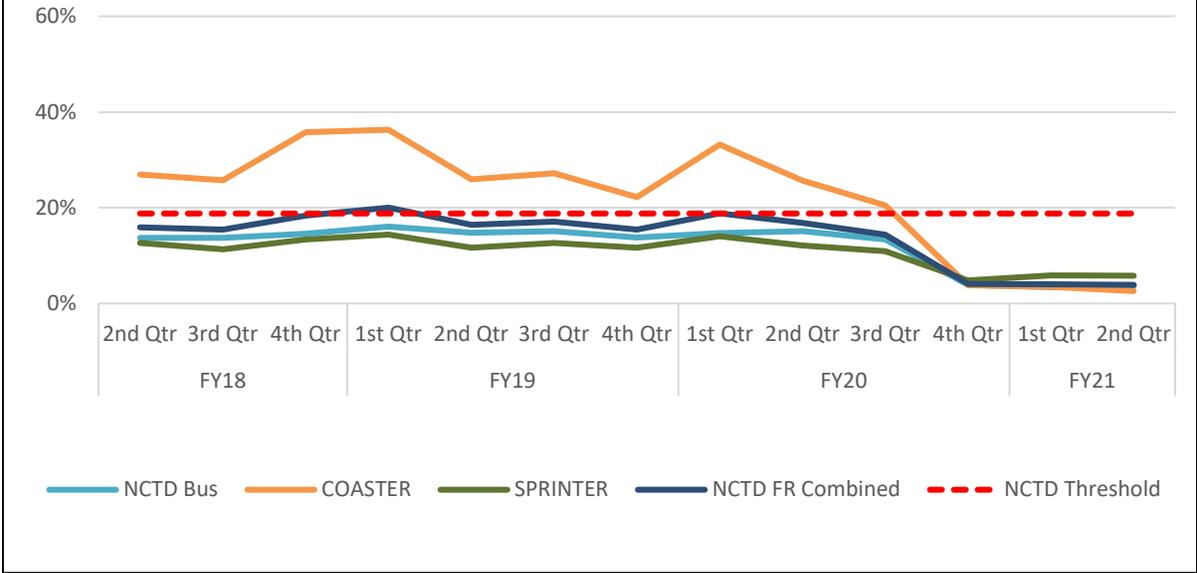
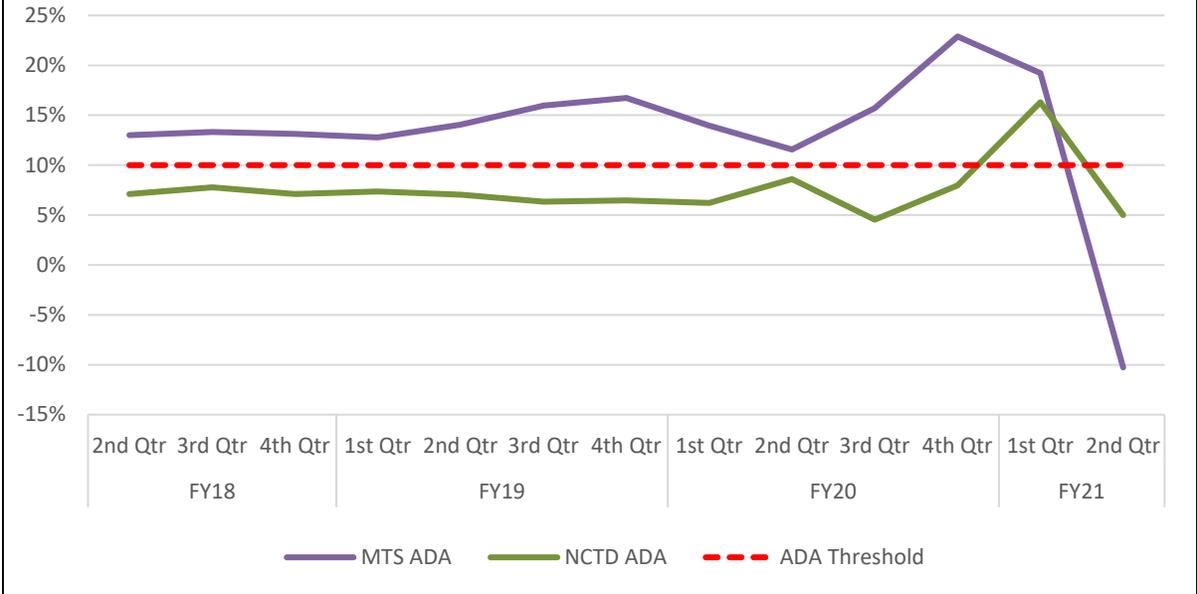


Figure 18: Farebox Recovery Ratio  
Bus (MTS and NCTD ADA Paratransit)



**STATEMENT OF EFFORTS MADE TO IMPLEMENT  
PERFORMANCE AUDIT RECOMMENDATIONS**

SANDAG Staff Member: Lisa Madsen Date Completed: May 5, 2021

Operator: Metropolitan Transit System (MTS)

Date of Last Performance Audit: June 2019

Page	Performance Audit Recommendation(s)	Actions Taken to Implement Recommendations
40	<p><b><u>Recommendations</u></b></p> <p>The auditor recommended that the Metropolitan Transit System track and document the farebox recovery ratio very closely over the next several years both with Senate Bill 508 reporting and without. The auditor offered that a fare increase would bring farebox revenue back to historical averages and ought to be considered at the earliest opportunity.</p>	<p>The auditor notes an erosion of the Metropolitan Transit System’s (MTS’) systemwide farebox recovery ratio (FRR) during the audit period, from 40.5% in FY 2015 to 31.7% in FY 2018. In spite of the reduction, MTS is still in compliance with the Transportation Development Act (TDA) FRR thresholds. The decline over the audit period was partially a result of costs increasing faster than revenues, but also due to changes in Governmental Accounting Standards Board (GASB) accounting rules that added costs to the balance sheet.</p> <p>GASB Statement 68 now requires reporting of the net pension liability in accrual-based financial statements, compared to the previous method in which funding and accounting were aligned. Further, GASB Statement 75 requires the balance sheet to report the total Unfunded Actuarial Accrued Liability for other post-employment benefits other than pensions, rather than the annual contribution expected based on a calculated long-term liability. These are accounting changes that have no impact on costs or revenues, simply in how future liabilities are reported.</p> <p>MTS also notes that there are other “local funds” that are allowable through Section 99268.19 of the Public Utilities Code that were not included within the FRR calculation. Together they amounted to over \$12 million in revenue for FY 2018 and FY 2019. Incorporating these, as MTS could do in the future, would result in a relatively significant increase in FRR of over 4 percentage points for MTS rail services and nearly 5 percentage points for MTS bus services, resulting in a system wide FRR of 39.1% in FY 2019. These items include advertising revenues, energy credits, and naming rights. Since historically we haven’t had challenges meeting the FRR target and thus have not needed to look at other “local funds” to enhance our revenue streams, we can track these sources of revenues and determine the impacts on FRR with and without these revenue sources.</p> <p>Lastly, during the TDA audit process in early 2019, MTS was seeking approval from its Board of Directors and the SANDAG Board of Directors to adjust and simplify fares, with recommended changes that would increase annual revenues by approximately \$5 million (primarily driven by the \$1 increase in the day pass). Both MTS and NCTD Boards approved the changes and they were implemented in September 2019.</p> <p>The Covid-19 situation has had, and is expected to continue having, a significant impact on MTS’ operating revenues beginning in FY 2020 through at least FY 2022. Due to the pandemic, most transit agencies in the state, including MTS, are unlikely to meet TDA farebox recovery minimums until impacts of the pandemic are behind us, so proposals for legislative relief may prove necessary. Additionally, MTS notes that there are increasing cost pressures from other mandates and issues outside its control, such as the California Air Resources Board’s Innovative Clean Transit rule, rising energy costs, and various increases to the minimum wage throughout its jurisdiction.</p>

**STATEMENT OF EFFORTS MADE TO IMPLEMENT  
PERFORMANCE AUDIT RECOMMENDATIONS**

SANDAG Staff Member:     Lisa Madsen     Date Completed:     May 7, 2021    

Operator:     North County Transit District (NCTD)    

Date of Last Performance Audit:     June 2019    

Page	Performance Audit Recommendation(s)	Actions Taken to Implement Recommendations
	<b><u>Recommendation 1</u></b>	<b><u>Actions Taken to Implement Recommendations</u></b>
	Expand efforts to understand what riders want and how to grow demand.	<p>The North County Transit District (NCTD) has worked with outside consultants to develop a Strategic Multimodal Transit Implementation Plan (SMTIP). This is a ten-year strategic plan that provides insight over current and future travel patterns and demand within NCTD’s service area and identifies service and capital improvements that will support NCTD’s efforts to provide high quality transit services to North County residents and visitors over the long-term. Since the Transportation Development Act (TDA) audit, NCTD has completed the following:</p> <ul style="list-style-type: none"> <li>• A review of existing plans, policies, and transit data to provide an up-to-date profile of existing conditions, as well as to track current and future initiatives to consider and integrate into the strategic plan.</li> <li>• A Transfer Survey, where surveyors went to busy intermodal stations to talk to transit riders and document their trips, with a special focus on origin and destination, as well as the modal combinations that compose their everyday trips.</li> <li>• A Location-Based Services (LBS) Travel Demand Analysis, anonymous cellphone-based data was used to identify overall trip characteristics within and around NCTD’s service area to understand the volume, length, and destinations of all trips in the region.</li> <li>• An online survey targeted at riders and non-riders within NCTD’s service area to understand key barriers to transit use, mobility considerations related to COVID-19, and priorities related to transit service.</li> <li>• Three Technical Working Group meetings, which participants heard: (1) a summary of results from the Land Use Transit Integration Study analysis and how it will be used as the foundation for the SMTIP; (2) the key takeaways from the Transfer Study and the LBS Travel-Demand Analysis; and (3) key components of the proposed Service and Capital Plan.</li> <li>• Two Stakeholder Working Group meetings, where participants from local community based organizations, school districts, chambers of commerce, and other local organizations heard (1) key takeaways from analyses conducted through the SMTIP and (2) key components of the proposed Service and Capital Plan for review and feedback.</li> </ul>

Page	Performance Audit Recommendation(s)	Actions Taken to Implement Recommendations
		<p>The information gathered over the past two years were used to develop service and capital improvement recommendations, including high-level cost and implementation considerations. These recommendations were incorporated into a draft final plan for NCTD and stakeholder review.</p> <p>Over the course of the upcoming year, NCTD will continue to refine the SMTIP through additional rounds of community engagement, targeted in three phases. The first phase will consist of focus groups conducted in Spring-Summer 2021 to gather input from local employers on anticipated remote work arrangements and future commuting patterns post COVID-19. The second phase will consist of focus groups conducted in Fall 2021 to gather input from local school districts on family travel patterns related to school transportation, with a particular focus on middle and high schools within North County. The third phase will include an online survey conducted in Fall 2021 to gather input from the general public on post-COVID-19 related travel trends and patterns.</p> <p>Additionally, NCTD will kick off the BREEZE Speed and Reliability Study in Summer 2021. After consistent feedback over the last several years on the speed and duration of BREEZE bus trips, NCTD will work with local jurisdictions to identify opportunities to improve the reliability of the BREEZE bus network.</p>
	<p><b><u>Recommendation 2</u></b></p> <p>Closely track and document Farebox recovery ratio both with traditional calculation and according to SB 508 provisions.</p>	<p>NCTD calculates the farebox recovery ratio under two methods: (1) the method allowed under Public Utilities Code (PUC § 99270.1), which divides fare revenues to operating costs; and (2) the method allowed under Senate Bill 508 (Section 99268.19), where local funds can be used to supplement fare revenue for the purpose of meeting the applicable farebox recovery ratio. In addition, NCTD deducts from operating expenses the exclusions allowed under PUC 99268.17. The second method is reported to the State Controller’s Office.</p> <p>NCTD and SANDAG have not yet reevaluated whether the 18.8% farebox recovery ratio (blended rate of urban/rural rate determined by legislation) should continue to be applicable to NCTD. During the 2019 legislative session the State legislature had discussions regarding a TDA reform that could have modified or eliminated the farebox recovery ratio. That effort did not move forward. Subsequently, in June 2020, in response to the impact on ridership and transit fares due to COVID-19, the California Budget Act of 2020 Assembly Bill (AB) 90 suspended for fiscal years 2019-2020 and 2020-2021, the financial penalties associated with the Transportation Development Act’s requirements that transit agencies obtain specified fixed percentages of their operating budgets from passenger fares. NCTD and SANDAG will continue to track these efforts at the State level.</p>



CTSA Performance Monitoring Report		
<b>Consolidated Transportation Services Agency (CTSA)</b>  <b>Contact Information:</b> Arun Prem, Executive Director Full Access and Coordinated Transportation, Inc. (FACT) 760-754-1252 <a href="mailto:aprem@factsd.org">aprem@factsd.org</a> 516 Civic Center Dr., Oceanside, CA 92054		<b>QUARTER: 2</b> 10/01/20 - 12/31/20 mm/dd/yy - mm/dd/yy  <b>Contract Number:</b> 5000644  TDA Article 4.5 Funds
		<b>Notes:</b>
<b>TASK PERFORMANCE MEASURE/DELIVERABLE</b>		<b>QUARTERLY DATA</b>
<b>1. Provide information and referral services.</b>		
Number of referrals	100% referrals number reported (by agency)	1,429 referrals (See Attachment A, Pg. 1 for a breakdown by agency)
<b>2. Facilitate at least 4 Council on Access and Mobility (CAM) Meetings annually.</b>		
Manage CAM meetings and agendas	At least 4 CAM meetings held annually	<ul style="list-style-type: none"> <li>•CAM COVID-19 Teleconference:               <ul style="list-style-type: none"> <li>-October 6</li> <li>-November 10</li> <li>-December 15 - FACT 2020 Annual Meeting</li> </ul> </li> </ul>
CAM meeting agendas	Report agenda and attendance from each CAM meeting	<ul style="list-style-type: none"> <li>• See Attachment A, Pg. 2 for Agendas</li> <li>• CAM Attendance: 25 to 30 participants each Teleconference.</li> <li>• FACT Annual Meeting Attendance: Approximately 85 participants</li> </ul>
1 technical training workshop per year, and 6 training/education items on CAM agenda	Report all training items	<ul style="list-style-type: none"> <li>•Online Sexual Harassment Prevention Training made available to members free of cost to help agencies meet the new employee training requirements.</li> <li>•Group Training: Customer Service and Age Sensitivity Training was postponed due to COVID-19 crisis.</li> <li>•CAM COVID-19 Teleconference: Included information on safety procedures and supplies, funding, returning to work protocols, and updates from agencies.</li> <li>•FACT 2020 Annual Meeting: Speakers included Hon. Catherine Blakespear, Hasan Ikhtrata, Coleen Clementson, Ray Tellis, Sharon Cooney, and Robert Calix.</li> </ul>
<b>3. Maintain a public webpage that hosts a comprehensive and up to date database of specialized transportation providers, including options for seniors and persons with disabilities.</b>		
Number of web hits to FACT website	100% documentation of web hits	4,918 web hits
Number of web hits for "Find a Ride" page	100% documentation of web hits	195 web hits
Number of providers in the database	Maintain contact with 100% of the agencies in the database each year	<ul style="list-style-type: none"> <li>•Current number of agencies: 189</li> <li>•Approximately 25% of agencies in the database are contacted each quarter to verify annually that all agencies' information is accurate. List of agencies contacted this quarter (Attachment A, Pg.5)</li> <li>•Number of agencies added: 9</li> <li>•Number of agencies removed: 1</li> </ul>
<b>4. Increase/leverage available funding for senior/disabled transportation in the San Diego Region.</b>		
List of identified sources of funding.	Update funding inventory at least annually	Caltrans' FTA 5310 program, FTA 5339 (b) and (c) programs, FTA Mobility for All Grants, NCMM Grants, County of San Diego Community Enhancement Grant (CE) and Neighborhood Reinvestment Program (NRP), SANDAG's Specialized Transportation Program (STGP): TransNet SMG and FTA 5310), Sustainable Transportation Equity Project (STEP) Grant, Paycheck Protection Program (PPP), County Community Development Block Grant, California Small Business COVID-19 Relief Grant, and Coordinated Agency Services (Currently 8 contracts); New contracts: City of Escondido began 11/1/19 and Scripps Healthcare to begin 1/15/20. Other contracts are currently under discussion.
Number of applications to SANDAG, DOT and other funding sources	Provide list of annual applications submitted and dollar amount of successful applications.	<ul style="list-style-type: none"> <li>•Sustainable Transportation Equity Project (STEP) - Applied for \$190,000 in August in partnership with NCTD, ARS, and Universidad Popular. - Not Awarded</li> <li>•SD County Community Enhancement Program (CE) application - Applied for \$50,000 in May</li> <li>•Paycheck Protection Program (PPP) – Submitted 7/20/20, \$111,3000 available</li> </ul> *Note: As a non-profit FACT is not eligible to apply for many FTA grant programs.



ATTACHMENT A

OCTOBER - DECEMBER 2020	
AGENCY NAME	# OF REFERRALS TO AGENCY
City of La Mesa - Rides4Neighbors	4
City of Oceanside - Go Oceanside	5
FACT - RideFACT	1,366
City of San Marcos - Catch a Ride!	2
Elderhelp - Seniors - A - Go - Go	3
Jewish Family Service - On the Go	6
NCTD LIFT	9
MTS ACCESS	18
Scripps Mercy Shuttle	2
Sol Transportation	2
SHARP Healthcare Transportation	10
VA Transportation Network	2
<b>TOTAL</b>	<b>1429</b>

\*RideFACT provided 4,035 trips in October and 3,716 trips in November for seniors and/or individuals with disabilities who had no other transportation options. In response to COVID-19, FACT began providing meal and grocery delivery services to assist clients during stay at home orders.

## MEETING AGENDA AND NOTICE

### COVID-19 Response CAM Teleconference

Tuesday, October 6, 2020 1:30p.m. – 2:00p.m.

\*In order to limit travel and social interaction the meeting will be held virtually\*

#### [Join Microsoft Teams Meeting](#)

[+1 619-468-5670](tel:+16194685670)

Conference ID: 631 138 911#

1. FACT Board Approval of CAM Member:
  - Scott Jaeger, Department of Rehabilitation
2. General discussion regarding response to COVID-19
  - Participant updates
  - Meeting schedule
  - CTSA and FACT Services updates
3. FACT Annual Meeting

#### **Helpful Links/Resources:**

##### COVID-19 Related:

- [County of San Diego Coronavirus Dashboard](#)
- [Older Adult and Disability Service Providers Telebriefings](#)
- [Great Plates Programs - Enrollment is Open!](#)
  
- [FTA's COVID-19 Resource Tool for Public Transportation](#)
- [Ride Well to Age Well Guide: Special COVID-19 Edition](#)
- [CALACT COVID-19 Resources](#)
- [APTA Public Transit Response to Coronavirus](#)
- [California Department of Public Health](#)

##### General:

- CalACT virtual conference November 3-6, 2020: <https://calact.org/conferences>
- [State's web page regarding the TNC: Accessibility for Persons with Disabilities Program \(SB1376\)](#)

## MEETING AGENDA AND NOTICE

### COVID-19 Response CAM Teleconference

Tuesday, November 10, 2020 1:30p.m. – 2:00p.m.

\*In order to limit travel and social interaction the meeting will be held virtually\*

#### [Join Microsoft Teams Meeting](#)

[+1 619-468-5670](tel:+16194685670) United States, San Diego (Toll)

Conference ID: 631 138 911#

1. Introductions and Participant updates
2. AARP Challenge Grant Project –Transportation Information Resources
  - Jana Schwartz, Circulate San Diego
3. "5 Big Moves" RTP Survey
  - Craig Jones, Alliance for Regional Solutions (ARS)
4. New CAM Member Approval
  - Christy Patch, County of San Diego HHSA
5. General discussion regarding response to COVID-19
6. CTSA and FACT Services updates
  - FACT Annual Meeting

#### Helpful Links/Resources:

##### COVID-19 Related:

- [County of San Diego Coronavirus Dashboard](#)
- [Older Adult and Disability Service Providers Telebriefings](#)
- [Great Plates Programs - Enrollment is Open!](#)
- [FTA's COVID-19 Resource Tool for Public Transportation](#)
- [Ride Well to Age Well Guide: Special COVID-19 Edition](#)
- [CALACT COVID-19 Resources](#)
- [APTA Public Transit Response to Coronavirus](#)
- [California Department of Public Health](#)

##### General:

- [State's web page regarding the TNC: Accessibility for Persons with Disabilities Program \(SB1376\)](#)
- [Alliance "5 Big Moves" RTP Survey – English and Spanish](#)

FACT | 516 Civic Center Dr. Oceanside CA 92054 | Ph: (760) 754 1252 | Fax: (760) 757 3226

E-mail: Budd Anderson, CAM Liaison, [banderson@factsd.org](mailto:banderson@factsd.org)

FACT is a 501 (c) (3) Non-Profit Corporation



AGENDA  
2020 ANNUAL BOARD of DIRECTORS MEETING  
Call to Order 9:30 AM

Welcoming Remarks, Introductions, Public Comment

PRESENTATION  
Fiscal Year 2020 Annual Report

PRESENTATION  
REPORT - Council on Access & Mobility  
Ms. Catherine Manis, City of San Marcos  
Mr. C J Palmer, City of Oceanside

PRESENTATION  
Report on Covid Impacts/New Services

GUEST SPEAKERS  
Mr. Robert Calix, NCTD  
Ms. Sharon Cooney, MTS  
Mr. Ray Tellis, FTA  
Ms. Coleen Clementson, SANDAG  
Mr. Hasan Ikhata, SANDAG

KEYNOTE ADDRESS  
Hon. Catherine Blakespear  
Mayor, City of Encinitas

AWARDS  
Vendor of the Year – Furaat Transportation  
FACT 2020 Norine Sigafoose Partner of the Year  
JFS

CLOSING REMARKS

ADJOURNMENT  
11:00 AM

**UPDATED OCT-DEC**

Scripps Mercy Hillcrest  
Scripps Hospital Chula Vista  
BOUNCE  
Scripps La Jolla Shuttle  
No Vacancy Transportation  
NCTD Travel Training (Mobility Management Program)  
Presbyterian Urban Ministries  
ELITE TRANSPORTATION SOLUTIONS  
CLUB-ABLE  
Ability Center Accessible Vans  
After Dawn  
At Your Home Familycare transportation  
Lenora's Homecare Services Transpo  
Ryan White Care Act  
Neighborhood House Senior Center Transportation  
Samahan Senior Center  
Salvation Army Senior Nutrition Prog  
San Diego Center for the Blind  
GO Oceanside  
GO Oceanside- Go Grocery  
GO Oceanside- Go Walk  
GO Oceanside- Volunteer Driver Service  
Oceanside Senior Nutrition Transport  
Marquee Medical Transport  
Mountain Health Transportation Campo Clinic  
Mountain Shadows Community Homes Transportation Program  
LIFT Transportation ADA Paratransit  
Ramona Senior Center  
Poway Senior Care Transportation  
Project CARE Taxi Voucher Program  
aNeededRide.com Inc  
Blind Community Center Transportation  
Rancho Bernardo Community Presbyterian Church Transport  
Sharp Health Care  
Sharp Senior Health Center

TOTAL # AGENCIES:	189
AGENCIES ADDED:	9
AGENCIES DELETED:	1

## **American Rescue Plan Act: Federal Transit Administration Apportionment Grant Applications**

### **Overview**

On March 11, 2021, President Biden signed the American Rescue Plan (ARP) Act into law. The ARP Act provides emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. The Federal Transit Administration (FTA) is allocating \$26.5 billion to recipients of urbanized area and rural area formula funds, with \$26.1 billion to large and small urban areas and \$417 million to rural areas. Approximately \$200.5 million will be made available to the two operators in the San Diego region, Metropolitan Transit System (MTS) and North County Transit District (NCTD).

### **Action: Approve**

The Board of Directors is asked to approve the submittal of Federal Transit Administration (FTA) grant applications for the San Diego region for the ARP Act FTA apportionments.

### **Fiscal Impact:**

Federal Transit Administration Section 5307 will allocate \$200,581,346 to the San Diego region for recovery efforts due to impacts from COVID-19.

### **Schedule/Scope Impact:**

None.

### **Key Considerations**

As the Metropolitan Planning Organization for the San Diego region, SANDAG is the designated recipient for FTA formula funds and is responsible for approving the grant applications for the San Diego region. The ARP Act is providing these additional funds through the Section 5307 program to the San Diego region for capital and operating assistance covering expenses beginning as of January 20, 2020. Funding will be provided at a 100% federal share, with no local match required, and will be available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19 impacts.

Section 5307 funds are allocated to the operators on a 70/30 basis. The more populous MTS area receives 70%, while a 30% share goes to the NCTD.<sup>1</sup> Based on the ARP Act, there is \$200,581,346 of Section 5307 funds available for the San Diego region. Therefore, MTS is estimated to receive \$140,406,942 (70%) and NCTD is estimated to receive \$60,174,403 (30%) based on the allocation formula.

Eligible expenses include operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency. Both MTS and NCTD plan to use the available funding for operations and preventative maintenance.

### **Next Steps**

Upon approval by the Board of Directors, MTS and NCTD will then submit their FFY 2020 ARP Act FTA Section 5307 grant application to FTA for obligation.

### **Hasan Ikhmeta, Executive Director**

Key Staff Contact: Michelle Smith, (619) 595-5608, [michelle.smith@sandag.org](mailto:michelle.smith@sandag.org)

<sup>1</sup> This methodology was approved by the Board at its February 23, 2007, meeting.

## **Federal Section 5310 Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act Funding Allocation**

### **Overview**

Through the SANDAG Specialized Transportation Grant Program (STGP), SANDAG distributes Federal Transit Administration (FTA) Section 5310 funding to support specialized transportation projects that improve mobility for seniors and individuals with disabilities. The most recent project rankings and funding recommendations were approved by the Board of Directors in March 2021, (Attachment 1). Additional Section 5310 funding is available from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and the American Rescue Plan Act of 2021 (ARPA) (Attachment 1). This report, which was presented to the Transportation Committee at its June 4, 2021, meeting, describes staff's recommendation to distribute this funding to Cycle 11 STGP grantees.

### **Key Considerations**

COVID-19 has impacted not only the demand for specialized transportation services, but also the ways in which STGP grantees have responded to the essential needs of seniors and individuals with disabilities caused by COVID-19. The intent of CRRSAA and ARPA is to provide COVID-19 relief and support specialized transportation services. All regular Section 5310 requirements apply except for those specified by the FTA.

SANDAG key considerations for the allocation of this additional funding are detailed in Attachment 1. Facilitating Access to Coordinated Transportation (FACT), the County Transportation Services Agency, is an STGP grantee and has notified SANDAG it has a significant funding shortfall due to COVID-19. Staff proposes to offer funding to Cycle 11 Section 5310 grantees with non-vehicle projects in proportion to their total awarded funding if they establish a need for COVID-19 relief, and allocate any remaining funding to FACT if grantees do not establish a need for COVID-19 relief. The amount of funding that would be available to each grantee is summarized in Attachment 1.

### **Action: Approve**

The Board of Directors is asked to:

1. Approve an amendment to the FY 2022 Program Budget adding \$825,640 in funding from Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and American Rescue Plan Act of 2021 (ARPA) to OWP Nos. 3321400 and 3320200; and

Authorize staff to:

2. Offer CRRSAA and ARPA funding to Cycle 11 Section 5310 grantees with non-vehicle projects in proportion to their total awarded project funding if they establish a need for COVID-19 relief;
3. Allocate any remaining funding to Facilitating Access to Coordinated Transportation if there are any grantees that do not establish a need for COVID-19 relief; and
4. Allocate future COVID-19 relief or stimulus funding received through December 2021 and with similar program requirements consistent with the recommended action.

### **Fiscal Impact:**

\$743,077 in available CRRSAA and ARPA funding would be awarded to specialized transportation projects through OWP No. 3321400; \$82,563 would be allocated for SANDAG administration of these projects in OWP No. 3320200.

### **Schedule/Scope Impact:**

Staff would submit a grant application to the FTA to obligate CRRSAA and ARPA funds for the region. Staff would also offer CRRSAA and ARPA funding to Section 5310 Cycle 11 grantees with non-vehicle projects through the contracting process. Grantees could begin using CRRSAA and ARPA funding after SANDAG's contracting process concludes.

## **Next Steps**

Pending Board approval, staff would submit a grant application to the FTA to obligate CRRSAA and ARPA funding. Staff would then allocate available CRRSAA and ARPA funding to Cycle 11 Section 5310 grantees with non-vehicle projects through the SANDAG contracting process. Grantees could begin using CRRSAA and ARPA funding after the SANDAG contracting process concludes.

Should there be any future COVID-19 relief or stimulus funding provided to the region through December 2021 with similar program requirements as the CRRSAA and ARPA, staff would disburse those funds consistent with the recommended action. Any additional funding provided to the region after December 2021 would be disbursed through the Cycle 12 STGP call for projects.

### ***Hasan Ikhata, Executive Director***

Key Staff Contact: Zachary Rivera, (619) 699-4892, zachary.rivera@sandag.org

Attachments:

1. Discussion Memo
2. Work Element No. 3321400 Enhanced Mobility for Seniors and Disabled Pass-Through Budget Amendment
3. Work Element No. 3320200 Specialized Transportation Grant Program Budget Amendment

## Discussion Memo

### Specialized Transportation Grant Program Background

The [SANDAG Specialized Transportation Grant Program \(STGP\)](#) distributes Federal Transit Administration (FTA) Section 5310 funding and *TransNet* Senior Mini-Grant (SMG) funding to support specialized transportation projects that improve mobility for seniors and individuals with disabilities. Through a biennial competitive process, SANDAG distributes two years of funding from both funding sources, historically totaling approximately \$7 million per cycle. At its [March 26, 2021](#), meeting, the Board of Directors approved, the award of approximately \$7.2 million in STGP funding through the [STGP Cycle 11 call for projects](#). Through this action, the Board allocated \$3.3 million in FY 2022 and 2023 SMG funding and \$3.9 million in FFY 2019 and 2020 Section 5310 funding. Awarded projects include, but are not limited to, support for volunteer driver programs, information and referral services, and purchase of accessible vehicles.

### Impacts of COVID-19 on the STGP

At the January 22, 2021, Board meeting, staff provided a report detailing the impacts of COVID-19 on the STGP and how grantees and SANDAG responded to challenges brought about by COVID-19. While some grantees have recently reported an increase in the number of seniors and individuals with disabilities requesting rides, many of the challenges and impacts identified in the January 12, 2021, report remain. As of March 31, 2021, 8 of the 12 active operating and mobility management STGP projects and 4 of 12 active vehicle grantees had been granted amendments to their scopes of work. These amendments have helped meet essential and urgent needs of seniors and individuals with disabilities by permitting grantees to provide alternative services such as delivery of meals and personal protective equipment in response to COVID-19. The impacts of COVID-19 on the STGP are considerably great and varied by grantee and project.

### CRRSAA and ARPA Background

The [Coronavirus Response and Relief Supplemental Appropriations Act of 2021 \(CRRSAA\)](#) and the [American Rescue Plan Act of 2021 \(ARPA\)](#) were signed into law on December 27, 2020, and March 11, 2021, respectively. Both measures included approximately \$50 million in additional Federal Transit Administration (FTA) Section 5310 FFY2021 funding. Of that national total, the San Diego urbanized region was apportioned \$412,817 in CRRSAA funding and \$412,823 in ARPA funding. As the designated recipient of Section 5310 funding for the San Diego urbanized area, SANDAG is authorized to receive CRRSAA and ARPA funding apportioned to the region and use 10% of the \$825,640 for administration and oversight purposes. The remaining 90%, or \$743,077, is available as pass-through funding to subrecipients.

The intent of both measures is to provide COVID-19 relief, including to those that provide specialized transportation services to seniors and individuals with disabilities through the Section 5310 program. Both measures direct recipients to prioritize payroll and operational needs, including the purchase of items that have a useful life of less than one year such as personal protective equipment (PPE) and cleaning supplies. CRRSAA and ARPA funding may also be used to pay for the operational costs of providing essential services such as transportation to vaccination sites and meal deliveries. Both measures waive the Section 5310 matching funds requirement and the requirement that 55% of funds be used for traditional projects, meaning funding can go towards non-vehicle projects at 100% federal share. FTA guidance also allows for reimbursement of eligible expenses retroactive to January 20, 2020, for both CRRSAA and ARPA funding. ARPA funding is available until September 2024, whereas there is no lapse date for CRRSAA funding.

### FTA Guidance on CRRSAA and ARPA Funding Allocation

The [SANDAG Program Management Plan \(PMP\)](#), which details SANDAG's policies and procedures for administering the STGP, calls for funding to be allocated through a competitive process. The FTA, however, allows for recipients to deviate from their FTA-approved procedures, as outlined in the PMP, to allocate CRRSAA and ARPA funds so long as the funds are allocated in a fair and equitable manner. Therefore, SANDAG has flexibility in how it decides to distribute CRRSAA and ARPA funding.

## Request for Funding from Facilitating Access to Coordinated Transportation

On March 19, 2021, Facilitating Access to Coordinated Transportation (FACT) submitted a written request to SANDAG for \$300,000 in CRRSAA funding to “address COVID-19 related specialized transportation needs,” including increased demand for its RideFACT program. FACT is a current grantee of the STGP and serves as the Consolidated Transportation Services Agency for SANDAG. Through the STGP Cycle 10 call for projects, FACT was awarded Section 5310 funding to support three projects. The grant agreement for FACT’s Section 5310 operating project, RideFACT, was executed in November 2019 and was scheduled to terminate in November 2021. As of March 31, 2021, however, the RideFACT project had expended all funds, due in large part to providing rides for free due to COVID-19. FACT was successfully awarded funding for its RideFACT project through the STGP Cycle 11 call for projects, though Section 5310 funding is not anticipated to become available until October 1, 2021. Based on meetings with FACT, staff surmised that if FACT was awarded funding at the requested amount, FACT would provide approximately 17,600 trips through its RideFACT program at a cost per trip of \$17.04, retroactive to April 1, 2021. For comparison, FACT’s effective cost per trip for its Cycle 10 RideFACT project was proposed to be \$16.67, though its actual effective cost per trip was \$20.22. FACT provided 82% of the one-way passenger trips that it proposed through its Cycle 10 grant agreements with SANDAG.

### STGP Stakeholder Survey

Given the flexibility afforded SANDAG to allocate CRRSAA and ARPA funding, staff developed a survey to further assess the needs of the region’s specialized transportation providers brought about by COVID-19 and gather input on how SANDAG should allocate CRRSAA funding, which could inform its decision on the allocation of ARPA funding to FACT and other subrecipients. On April 13, 2021, staff released the survey, emailing it to a distribution list of more than 250 STGP stakeholders, including current and former grantees, former applicants, and members of the [Social Services Transportation Advisory Council](#). Through the survey, staff presented four potential options for survey respondents to rank and provided space for other suggestions for how SANDAG should allocate CRRSAA funding. There were multiple survey options that received a plurality of support, which shows that there was not a specific preference among survey respondents. The input received, however, has helped inform staff’s recommendation.

### Recommendation

Informed by survey input, staff analyzed the advantages and disadvantages of each approach, considering the legislative intent to bring about urgent COVID-19 relief, the FTA requirement that funds be allocated in a fair and equitable manner, and the potential distribution of funds. Based on the legislative intent and the flexibility given to SANDAG, it is recommended that staff not hold a competitive process, and instead offer funding to Cycle 11 Section 5310 grantees with non-vehicle projects in proportion to their total awarded funding if they establish a need for COVID-19 relief. To the extent a grantee cannot establish need for COVID-19 relief, any remaining funding would be allocated to FACT. The amount of funding that would be available to each grantee using the Cycle 11 allocation percentages is summarized below.

Grantee	Recommended Funding Amount
City of Vista	\$12,459
FACT	\$352,271
Jewish Family Service (JFS)	\$183,743
St. Madeleine Sophie’s Center (SMSC)	\$73,391
The Arc of San Diego	\$84,874
Travelers Aid Society	\$36,333
Total	\$743,071

**WORK ELEMENT:** 3321400 Enhanced Mobility for Seniors and Disabled Pass Through  
**FY 2022 BUDGET:** ~~\$3,077,505~~ **\$3,820,582**  
**AREA OF EMPHASIS:** Sustainable Mobility Programs and Services

Amendment Title: Amendment to Add \$743,077 in Section 5310 Pass-Through Funding Made Available Through CRRSAA and ARP

Funds Source				
	Prior	FY 2022	FY 2023	Total
FTA 5310 Enhanced Mobility of Seniors & Individuals with Disabilities	\$11,461,067	<del>\$2,871,794</del> \$3,614,871	\$1,514,059	<del>\$15,846,920</del> \$16,589,997
Other Local Funds	\$2,078,670	\$205,711	\$0	\$2,284,381
Insurance Settlement	\$29,917	\$0	\$0	\$29,917
<b>TOTAL</b>	<b>\$13,569,654</b>	<del><b>\$3,077,505</b></del> <b>\$3,820,582</b>	<b>\$1,514,059</b>	<del><b>\$18,161,218</b></del> <b>\$18,904,295</b>

Funds Application				
	Prior	FY 2022	FY 2023	Total
Other Direct Costs	\$8,351,533	\$1,028,556	\$0	\$9,380,089
Pass Through to Other Agencies	\$5,218,121	<del>\$2,048,949</del> \$2,792,026	\$1,514,059	<del>\$8,781,129</del> \$9,524,206
<b>TOTAL</b>	<b>\$13,569,654</b>	<del><b>\$3,077,505</b></del> <b>\$3,820,582</b>	<b>\$1,514,059</b>	<del><b>\$18,161,218</b></del> <b>\$18,904,295</b>

## OBJECTIVE

The objective of this work element is to facilitate pass-through funding for Federal Transit Administration (FTA) Section 5310 grants. The administration and oversight of these grants is funded separately in Work Element No. 3320200 Specialized Transportation Grant Program. Emphasis in FY 2022 will be on procuring vehicles awarded through the Cycle 11 Specialized Transportation Grant Program Call for Projects on behalf of grantees and providing funding to grantees for operating and mobility management projects. Cycle 11 funding recommendations were approved by the Board of Directors on March 26, 2021.

## PREVIOUS ACCOMPLISHMENTS

Projects awarded through the Cycle 9 call for projects have been completed and Cycle 10 projects are ongoing. SANDAG staff performed site visits or desk reviews to ensure compliance with grant agreements and funding requirements.

**Project Manager:** Rivera, Zachary  
**Committee(s):** Transportation Committee  
**Working Group(s):**

**PRODUCTS, TASKS, AND SCHEDULES FOR FY2022**

Task No.	% of Effort	Task Description / Product / Schedule	
1	45	<b>Task Description:</b> <b>Product:</b> <b>Completion Date:</b>	Pass-through Section 5310 funding for operating and mobility management projects Pass-through funding on a monthly/quarterly reimbursement basis 6/30/2022
2	55	<b>Task Description:</b> <b>Product:</b> <b>Completion Date:</b>	Purchase vehicles for Section 5310 grantees Accessible vehicles procured on behalf of subrecipients 6/30/2022

**FUTURE ACTIVITIES**

Pass-through funding for operating and mobility management projects will continue along with vehicle purchases resulting from the Cycle 11 call for projects.

Note: The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and the American Rescue Plan Act of 2021 (ARPA) make \$743,077 in Section 5310 FFY 21 funding available as pass-through to subrecipients.

**WORK ELEMENT:** 3320200 Specialized Transportation Grant Program  
**FY 2022 BUDGET:** ~~\$255,381~~ \$337,944  
**AREA OF EMPHASIS:** Sustainable Mobility Programs and Services

Amendment Title: SANDAG Staff Administration of CRRSAA and ARPA Section 5310 projects

Funds Source		
	FY 2022	Total
FTA 5310 Enhanced Mobility of Seniors & Individuals with Disabilities	<del>\$155,381</del> \$237,944	<del>\$155,381</del> \$237,944
TransNet Senior Grants Program Monitoring	\$100,000	\$100,000
<b>TOTAL</b>	<del>\$255,381</del> \$337,944	<del>\$255,381</del> \$337,944

Funds Application		
	FY 2022	Total
Salaries, Benefits, Indirect	\$254,381	\$254,381
Other Direct Costs	<del>\$1,000</del> \$83,563	<del>\$1,000</del> \$83,563
<b>TOTAL</b>	<del>\$255,381</del> \$337,944	<del>\$255,381</del> \$337,944

## OBJECTIVE

The objective of this work element is to administer grants for the Federal Transit Administration (FTA) Enhanced Mobility of Seniors and Individuals with Disabilities (FTA Section 5310) and TransNet Senior Mini-Grant programs. Emphasis in FY 2022 will be on writing the FTA Grant for Section 5310 funding, executing grants with successful applicants through the Cycle 11 Call for Projects, implementing enhanced performance measures, streamlining grant monitoring procedures, producing data-driven performance reports, and preparing a call for projects for future competitive funding cycles.

## PREVIOUS ACCOMPLISHMENTS

Since 2006, SANDAG has administered eleven competitive cycles to distribute specialized transportation funds, including funds through the former FTA New Freedom and Job Access and Reverse Commute grant programs, the current Section 5310 Grant Program, and the TransNet Senior Mini-Grant program. In FY 2021, SANDAG awarded approximately \$7 million in Specialized Transportation Grant Program funding through the Cycle 11 call for projects.

**Project Manager:** [Rivera, Zachary](#)

**Committee(s):** Transportation Committee

**Working Group(s):** Social Services Transportation Advisory Council, Independent Taxpayer Oversight Committee

**PRODUCTS, TASKS, AND SCHEDULES FOR FY2022**

Task No.	% of Effort	Task Description / Product / Schedule
1	25	<p><b>Task Description:</b> Develop and submit Section 5310 grant application to the FTA for Cycle 11-funded projects; execute grant agreements with subrecipients; procure vehicles on behalf of subrecipients</p> <p><b>Product:</b> FTA award; grant agreements and vehicle lease agreements; completed procurement of vehicles</p> <p><b>Completion Date:</b> 3/31/2022</p>
2	15	<p><b>Task Description:</b> Evaluate and refine grant program management procedures; coordinate with other SANDAG grant programs to seek opportunities for greater efficiencies, streamlining, and consistency; explore software solutions for project management and performance monitoring; highlight program performance and outcomes through enhanced progress reports and SANDAG website</p> <p><b>Product:</b> Draft revision to the Program Management Plan with robust vehicle disposition procedures; uniform forms and templates applicable to SANDAG grant programs; initial database/tracking enhancement options; website updates and program marketing materials</p> <p><b>Completion Date:</b> 6/30/2022</p>
3	30	<p><b>Task Description:</b> Continue monitoring grantee progress and performance</p> <p><b>Product:</b> Completed monitoring checklists and vehicle audits, budget tracking worksheets, subrecipient Title VI Plans, and quarterly grant status update reports</p> <p><b>Completion Date:</b> 6/30/2022</p>
4	30	<p><b>Task Description:</b> Update evaluation criteria and develop call for project materials for a subsequent call for projects</p> <p><b>Product:</b> Call for project materials; staff reports and presentations</p> <p><b>Completion Date:</b> 6/30/2022</p>

**FUTURE ACTIVITIES**

Future activities include administering the competitive process for a subsequent grant cycle and continuing to monitor and report on grantee performance.

Note: This amendment adds the maximum allowable \$82,563 or 10% for SANDAG staff to administer Section 5310 projects funded by the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and the American Rescue Plan Act of 2021 (ARPA).

## FY 2020 Audited Comprehensive Annual Financial Report and Other Financial and Compliance Audit

### Overview

The independent certified public accounting firm of Crowe LLP has concluded the annual financial audit of SANDAG for the fiscal year ended June 30, 2020. The Comprehensive Annual Financial Report (CAFR) can be downloaded at [sandag.org/FY20 CAFR](https://sandag.org/FY20_CAFR).

In addition to the CAFR, Crowe LLP has issued the reports of other annual financial audits of SANDAG for the fiscal year ended June 30, 2020. The Transportation Development Act audits, SANDAG Single Audit Report, SANDAG Agreed-Upon Procedures Performed with Respect to the National Transit Database Report, and the Report on Applying Agreed-Upon Procedures for the Coronado Toll Revenues are provided as attachments to this report.

### Key Considerations

#### *Comprehensive Annual Financial Report*

The CAFR presents the financial position and activity of SANDAG and the three component units, which include the San Diego County Regional Transportation Commission, SourcePoint, and the Automated Regional Justice Information System. The independent auditor has expressed an unqualified (clean) opinion on these basic financial statements.

In compliance with Generally Accepted Government Auditing Standards, the independent auditor assessed SANDAG's internal control over financial reporting and performed tests of the agency's compliance with certain provisions of laws and regulations during the FY 2020 audit. The Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards is included as Attachment 1.

#### *Transportation Development Act*

The TDA audit includes recipients of TDA funds, State Transit Assistance (STA) funds, and County of San Diego Local Transportation Fund (LTF), all of which are required to be submitted to the State Controller's Office within 180 days after fiscal year-end.

TDA fund audits are required under California Public Utilities Code Section 9924. An additional 90 days may be approved by SANDAG for those TDA recipients that require more time to complete the audit.

A total of 17 audits were performed, including the claimants that requested an extension. At the December 18, 2020, Board of Directors meeting, extension requests were approved for the cities of

### Action: Information

In accordance with SANDAG Bylaws, this report presents the FY 2020 Comprehensive Annual Financial Report and other matters in compliance with the Statement of Auditing Standards 114. An overview of the other remaining finalized reports will also be provided.

### Fiscal Impact:

In FY 2020, approximately \$2.1 billion was the balance of construction in progress for various regional transportation infrastructure improvement projects.

### Schedule/Scope Impact:

The Comprehensive Annual Financial Report presents the financial position and activity of SANDAG and the three component units, which include the San Diego County Regional Transportation Commission, SourcePoint, and the Automated Regional Justice Information System. All other audit reports were issued, resulting in no delays of funding.

Chula Vista, San Diego, National City, Solana Beach, and La Mesa until March 27, 2021. All claimants were issued an unmodified (clean) opinion.

The STA audits are required under California Code of Regulations Section 6751. There were no exceptions to the County STAF or Metropolitan Transit System STAF reports.

The County LTF audit is required under California Code of Regulations Section 6661. There were no exceptions to this report.

### ***SANDAG Single Audit***

In accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, a Single Audit must be performed for any organization that expends \$750,000 or more of federal funds.

SANDAG had two Single Audit findings in FY 2020 and a corrective action plan is in place to ensure the improvement of the controls in the future.

### ***National Transit Database***

In accordance with standards set by the FTA, agreed upon procedures were performed for data reported in the Federal Funding Allocation Statistics form (FFA-10) of the SANDAG annual National Transit Database (NTD) report. There were no exceptions to this report.

### ***Coronado Toll Revenues***

Agreed upon procedures were performed in accordance with the agreement between SANDAG and the City of Coronado to review that expenditures were used for the appropriate purpose. There were no exceptions to this report.

### **Next Steps**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to SANDAG for its CAFR for the fiscal year ended June 30, 2019. This was the thirteenth consecutive year that SANDAG has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is only valid for a period of one year. The FY 2020 CAFR is expected to continue to meet the Certificate of Achievement Program requirements, and has therefore been submitted to the GFOA to determine its eligibility for another certificate.

Since no modified opinions were issued for TDA, SANDAG will continue to administer TDA allocations to all claimants who participated in the audit.

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Leeanne Wallace, (619) 699-0728, [leanne.wallace@sandag.org](mailto:leanne.wallace@sandag.org)

Attachments:           1. FY 2020 SANDAG Generally Accepted Government Auditing Standards Report  
                              2. FY 2020 SANDAG Single Audit Report  
                              3. FY 2020 SANDAG NTD AUP Report  
                              4. FY 2020 Coronado Toll Brige Report  
                              5. FY 2020 SANDAG SAS 114 Letter  
                              6. Corrective Action Plan for the Findings of FY 2020 Single Audit



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
San Diego Association of Governments  
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the San Diego Association of Governments (SANDAG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SANDAG's basic financial statements, and have issued our report thereon dated December 23, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SANDAG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SANDAG's internal control. Accordingly, we do not express an opinion on the effectiveness of SANDAG's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

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(Continued)

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether SANDAG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements including §6662 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6662 of Part 21 of the California Code of Regulations.

## SANDAG's Response to Findings

SANDAG's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. SANDAG's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Costa Mesa, California  
December 23, 2020

SAN DIEGO ASSOCIATION OF GOVERNMENTS  
SCHEDULE OF FINDINGS AND RESPONSES  
Year ended June 30, 2020

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**Finding 2020-001 – Preparation of the Schedule of Expenditures of Federal Awards (Material Weakness)**

Criteria

2 CFR 200 requires that proper internal controls are in place over the Schedule of Expenditures of Federal Awards (SEFA) to ensure that all federal grant expenditures are properly classified by CFDA number.

Condition

During our review over the SEFA, we noted the following errors:

1. The Enhanced Mobility of Seniors and Individuals with Disabilities program was incorrectly included as part of the Federal Transit cluster (CFDA 20.507). Rather, the program should have been included as a program within the Transit Services Programs cluster (CFDA 20.513). As a result, the Transit Services Programs cluster was understated by \$164,689.
2. Expenditures passed through to subrecipients for the Metropolitan Transportation Planning and State and Non-Metropolitan Planning program (CFDA 20.505) was understated by \$219,072.

Effect

As a result of correcting the error in the classification of the Enhanced Mobility of Seniors and Individuals with Disabilities program, the Transit Services Programs cluster exceeded the Type A threshold and was required to be assessed for testing as a major program. Ultimately the Transit Services Programs cluster was not required to be tested as a major program as it had been audited as a major program in 2018.

Likewise, in correcting the subrecipient expenditures for the Metropolitan Transportation Planning and State and Non-Metropolitan Planning program, subrecipient monitoring became a material compliance attribute that was required to be tested.

Cause

The process for preparing and reviewing the SEFA did not include tracing the federal award number to the grant agreement or other source documents to verify the accuracy of the CFDA number presented. In addition, the detailed expenditure listing for each program was not properly reconciled to the SEFA.

Recommendation

We recommend that management design and implement an internal control to review the accuracy of the CFDA number presented for each grant listed on the SEFA. This should include tracing the CFDA number to the related grant award agreement. In addition, we recommend that management strengthen their review to ensure that subrecipient expenditures are appropriately reflected on the SEFA.

Management's Response

We concur with the above-mentioned errors discovered during the audit, and accept the recommendation provided by the auditor. We will add additional procedures of tracing the federal award number to the grant agreement when preparing and reviewing the SEFA. We will also perform detailed review to ensure the subrecipient expenditures are correctly included in the SEFA.

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
San Diego, California

**SINGLE AUDIT**  
Year ended June 30, 2020

SAN DIEGO ASSOCIATION OF GOVERNMENTS  
San Diego, California

SINGLE AUDIT  
Year ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
San Diego Association of Governments  
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the San Diego Association of Governments (SANDAG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SANDAG's basic financial statements, and have issued our report thereon dated December 23, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SANDAG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SANDAG's internal control. Accordingly, we do not express an opinion on the effectiveness of SANDAG's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
San Diego Association of Governments  
San Diego, California

**Report on Compliance for Each Major Federal Program**

We have audited the San Diego Association of Government's (SANDAG) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SANDAG's major federal programs for the year ended June 30, 2020. SANDAG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of SANDAG's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SANDAG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SANDAG's compliance.

***Opinion on Each Major Federal Program***

In our opinion, SANDAG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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(Continued)

## Report on Internal Control over Compliance

Management of SANDAG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SANDAG's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SANDAG's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of SANDAG as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SANDAG's basic financial statements. We issued our report thereon dated December 23, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Costa Mesa, California  
March 2, 2021

SAN DIEGO ASSOCIATION OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2020

Federal Grantor/ Program or Cluster Title	CFDA Number	Grant Pass- Through Number	Federal Expenditures	Passed Through to Subrecipients
<b>Department of Transportation</b>				
<b>Federal Highway Administration</b>				
Passed through California Department of Transportation:				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	74A0817	\$ 4,727,929	\$ -
Highway Planning and Construction	20.205	CMLG-6066(138)	8,636	-
Highway Planning and Construction	20.205	CMLG-6066(145)	6,572,449	-
Highway Planning and Construction	20.205	ATPL-6066(130)	888,313	-
Highway Planning and Construction	20.205	RPSTLE-6066(104)	2,996,056	-
Highway Planning and Construction	20.205	RSTPL-6066(158)	1,742,675	-
Highway Planning and Construction	20.205	RSTPL-6066(161)	21,056	-
Highway Planning and Construction	20.205	STPBIPL-6066(154)	2,476	-
Highway Planning and Construction	20.205	STPBIPL-6066(155)	10,663	-
Total Highway Planning and Construction Cluster			16,970,253	-
<b>Federal Transit Administration</b>				
Passed through California Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
	20.505	74A0817	2,810,944	247,158
Direct Programs:				
Federal Transit Cluster				
Federal Transit - Capital Investment Grants	20.500	n/a	170,240	-
Federal Transit - Formula Grants	20.507	n/a	13,795,646	-
Total Federal Transit Cluster			13,965,886	-
Transit Services Programs Cluster				
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	n/a	1,152,603	477,793
Total Department of Transportation			34,899,686	724,951
<b>Department of Justice</b>				
Passed through North County Lifeline:				
Services for Trafficking Victims	16.320	2015-VT-BX-K026	3,853	-
Services for Trafficking Victims	16.320	2017-VT-BX-K016	3,956	-
Total Services for Trafficking Victims			7,809	-
Direct Programs:				
Smart Prosecution Initiative	16.825	n/a	(306)	-
Second Chance Act Reentry Initiative	16.812	n/a	216,162	54,335
Total Department of Justice			223,665	54,335
<b>Department of Health and Human Services</b>				
Passed through from the San Diego Youth and Community Services:				
Teenage Pregnancy Prevention Program	93.297	1 TP1 AH000110-04-00	36,364	-
Teenage Pregnancy Prevention Program	93.297	1 TP1 AH000200-01-00	36,317	-
Total Department of Health and Human Services			72,681	-
<b>Department of Education</b>				
Passed through South Bay Community Services:				
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods				
	84.215	U215N120024	38,667	-
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods				
	84.215	U215N180049	33,212	-
Total Department of Education			71,879	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 35,267,911</b>	<b>\$ 779,286</b>

See accompanying notes to the schedule of expenditures of federal awards

SAN DIEGO ASSOCIATION OF GOVERNMENTS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2020

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of SANDAG for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of SANDAG, it is not intended to and does not present the financial position, changes in net position, or cash flows of SANDAG.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. SANDAG has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or the principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

SANDAG utilizes local funds when federal funds are not received in a timely manner. Upon receipt of federal funds, SANDAG reimburses local funds that were utilized for expenditures for federal programs. Reimbursements are shown as credit balances in the Schedule. Expenditures incurred before a federal grant is executed are included on the Schedule in the year the grant was executed.

**NOTE 2 – MATCHING COSTS**

The nonfederal share of program costs (matching costs) are not included in the accompanying Schedule.

SAN DIEGO ASSOCIATION OF GOVERNMENTS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year ended June 30, 2020

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes             No

Significant deficiency(ies) identified?

       Yes        X   None reported

Noncompliance material to financial statements noted?

       Yes        X   No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?

       Yes        X   No

Significant deficiencies identified not considered to be material weaknesses?

       Yes        X   None reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       Yes        X   No

Identification of major federal programs:

CFDA Number(s)  
 20.500, 20.507  
 20.505

Program/Cluster Title  
 Federal Transit Cluster  
 Metropolitan Transportation Planning  
 and State and Non-Metropolitan  
 Planning and Research

Dollar threshold used to distinguish between type A and type B programs:

\$1,058,037

Auditee qualified as low-risk auditee?

  X   Yes             No

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Finding 2020-001 – Preparation of the Schedule of Expenditures of Federal Awards (Material Weakness)**

Criteria: 2 CFR 200 requires that proper internal controls are in place over the Schedule of Expenditures of Federal Awards (SEFA) to ensure that all federal grant expenditures are properly classified by CFDA number.

Condition: During our review over the SEFA, we noted the following errors:

1. The Enhanced Mobility of Seniors and Individuals with Disabilities program was incorrectly included as part of the Federal Transit cluster (CFDA 20.507). Rather, the program should have been included as a program within the Transit Services Programs cluster (CFDA 20.513). As a result, the Transit Services Programs cluster was understated by \$164,689.
2. Expenditures passed through to subrecipients for the Metropolitan Transportation Planning and State and Non-Metropolitan Planning program (CFDA 20.505) was understated by \$219,072.

Effect: As a result of correcting the error in the classification of the Enhanced Mobility of Seniors and Individuals with Disabilities program, the Transit Services Programs cluster exceeded the Type A threshold and was required to be assessed for testing as a major program. Ultimately the Transit Services Programs cluster was not required to be tested as a major program as it had been audited as a major program in 2018.

Likewise, in correcting the subrecipient expenditures for the Metropolitan Transportation Planning and State and Non-Metropolitan Planning program, subrecipient monitoring became a material compliance attribute that was required to be tested.

Cause: The process for preparing and reviewing the SEFA did not include tracing the federal award number to the grant agreement or other source documents to verify the accuracy of the CFDA number presented. In addition, the detailed expenditure listing for each program was not properly reconciled to the SEFA.

Recommendation: We recommend that management design and implement an internal control to review the accuracy of the CFDA number presented for each grant listed on the SEFA. This should include tracing the CFDA number to the related grant award agreement. In addition, we recommend that management strengthen their review to ensure that subrecipient expenditures are appropriately reflected on the SEFA.

Management's Response: We concur with the above-mentioned errors discovered during the audit, and accept the recommendation provided by the auditor. We will add additional procedures of tracing the federal award number to the grant agreement when preparing and reviewing the SEFA. We will also perform detailed review to ensure the subrecipient expenditures are correctly included in the SEFA.

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**

None reported.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SANDAG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements including §6662 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6662 of Part 21 of the California Code of Regulations.

## **SANDAG's Response to Findings**

SANDAG's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. SANDAG's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Costa Mesa, California  
December 23, 2020

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

Fiscal year ended June 30, 2020

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

Management  
San Diego Association of Governments  
San Diego, California

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics form (FFA-10) of the San Diego Association of Governments (SANDAG) annual National Transit Database (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles (VRM) data, appear to be accurate.
- Data is consistent with prior reporting periods and other facts known about SANDAG's operations.

We have applied the procedures, as described in Attachment A, to the data contained in the accompanying FFA-10 for the fiscal year ending June 30, 2020. Such procedures, which were agreed to and specified by FTA in the Declarations section of the *2020 Policy Manual* and were agreed to by SANDAG, were applied to assist SANDAG in evaluating whether SANDAG complied with the standards described in the first paragraph of this part and that the information included in the NTD report FFA-10 for the fiscal year ending June 30, 2020 is presented in conformity with the requirements of the *Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule*, as specified in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the *2020 Policy Manual*. SANDAG's management is responsible for the FFA-10 and compliance with NTD requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures in Attachment A were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles (VRM), fixed guideway (FG), directional route miles (DRM), passenger miles traveled (PMT) and operating expenses (OE) of SANDAG for the fiscal year ending June 30, 2020 for each of the following modes:

- Vanpool – Purchased Transportation

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(Continued)

In performing the procedures, except for the information identified in Attachment A to this report, no matters came to our attention that would be required to be reported to you regarding the information included in the NTD report on the FFA-10 Form for the fiscal year ending June 30, 2020. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on conformity with the requirements of the *Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule*, as specified in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the *2020 Policy Manual*. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the information described above and does not extend to SANDAG's financial statements taken as a whole, or the forms in SANDAG's NTD report other than the FFA-10 form, for any date or period.

This report is intended solely for the information and use of management of SANDAG and the FTA and is not intended to be and should not be used by anyone other than these specified parties.



Crowe LLP

Costa Mesa, California  
March 8, 2021

## Attachment A

- a. Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the *2020 Policy Manual*. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

### **Procedure performed without exception.**

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:
  - The extent to which the transit agency followed the procedures on a continuous basis; and
  - Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the *2020 Policy Manual*.

### **Procedure performed without exception.**

- c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form.

### **Per inquiry with SANDAG Vanpool Staff ("Staff"), NTD source documentation is maintained for a minimum of 10 years.**

- d. Based on a description of the transit agency's procedures from items (A) and (B) above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, haphazardly select three months out of the year and determine whether the document exists for each of these periods.

### **Selected source documents from three different months from fiscal years 2017, 2018, and 2019 to verify documents were retained for a minimum of three years. Procedure performed without exception.**

- e. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

### **Per inquiry with SANDAG Staff, Staff are responsible for compiling and processing NTD data. SANDAG's Senior Business Analyst reviews monthly vanpool vendor activity and annually reviews and approves spreadsheets summarizing passenger mile and vehicle revenue mile data for NTD reporting purposes, which is prepared by Staff.**

- f. Select a random sample of three source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.

### **Selected three source documents from October 2019, May 2020, and June 2020. Per inquiry with SANDAG staff, signatures are not required on source documents due to them being in electronic format. Summarized NTD data reports are prepared on a quarterly basis for the Board members to review as a means to track progression of the NTD Division of SANDAG. The Senior Business Analyst reviews the spreadsheets summarizing data from source documents prior to the submission to NTD annually.**

- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Recalculate the arithmetical accuracy of the summaries.

**Procedure performed without exception.**

- h. Discuss the procedure for accumulating and recording Passenger Miles Traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the *2020 Policy Manual*.

**Per inquiry with SANDAG Staff, the sampling method is in accordance with NTD requirements.**

- i. Discuss with transit agency staff the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:
- According to the 2010 Census, the public transit agency serves an UZA with a population less than 500,000.
  - The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
  - Service purchased from a seller is included in the transit agency's NTD report.
  - For transit agencies that meet one of the above criteria, observe the NTD documentation for the most recent mandatory sampling year (2017) and determine that statistical sampling was conducted and meets the 95 percent confidence and  $\pm 10$  percent precision requirements.
  - Determine how the transit agency estimated annual PMT for the current report year.

**Per inquiry with SANDAG Staff, SANDAG is not eligible to conduct statistical sampling for PMT data every third year.**

- j. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.

**Obtained the sampling procedure and methodology for PMT data noting software generates random selections each month. Per inquiry with SANDAG Staff, if a selected sample run is missed, the vanpool driver is asked to complete the trip information the following business day that the vanpool is operating.**

- k. Select a random sample of three source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulations periods that were tested. Test the arithmetical accuracy of the summary.

**Selected source documents from October 2019, May 2020, and June 2020, and recalculated PMT. Procedure performed without exception.**

- I. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and determine that they follow the stated procedures. Select a random sample of three source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.

**Per inquiry with SANDAG Staff, SANDAG does not operate charter or school bus services. As such, the procedure was not performed.**

- m. For actual vehicle revenue mile (VRM) data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:
  - If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of three days that service is operated and re-compute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.
  - If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of three hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.
  - If actual VRMs are calculated from vehicle logs, select random samples of three vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

**Per inquiry with SANDAG Staff, VRMs are calculated from vehicles logs. From the vehicle logs, deadhead mileage is automatically excluded because only commuter miles are entered into the calculation of VRMs. We obtained the vehicle logs and observed that deadhead mileage was properly excluded from the calculation of VRMs.**

- n. For rail modes, observe the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.

**This procedure was not applicable as SANDAG does not have rail modes. As such, the procedure was not performed.**

- o. If fixed guideway or High Intensity Bus directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting the NTD data whether the operations meet FTA definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:
  - Rail, Trolleybus (TB), Ferryboat (FB), or Aerial Tramway (TR); or
  - Bus (MB, CB, or RB) service operating over exclusive or controlled access rights-of-way (ROW); and
    - Access is restricted;
    - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on parallel adjacent highway; and
    - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation.

**This procedure was not applicable as SANDAG does not report FG or HIB. As such, the procedure was not performed.**

- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that the he or she computed mileage in accordance with FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and compare the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.

**This procedure was not applicable as SANDAG does not report FG or HIB. As such, the procedure was not performed.**

- q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to FG segment(s), the following apply:

- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
- If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. FTA will make a determination on how to report the DRMs.

**This procedure was not applicable as SANDAG does not report FG or HIB. As such, the procedure was not performed.**

- r. Measure FG/HIB DRM from maps or by retracing route.

**This procedure was not applicable as SANDAG does not report FG or HIB. As such, the procedure was not performed.**

- s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and OE for the service operated over the same FG/HIB.

**This procedure was not applicable as SANDAG does not report FG or HIB. As such, the procedure was not performed.**

- t. Obtain and observe the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2020 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2020 report year, the Agency Revenue Service Date must occur within the transit agency's 2020 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Busway segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, FTA will only consider segments continuously reported to the NTD.

**This procedure was not applicable as SANDAG does not report FG or HIB. As such, the procedure was not performed.**

- u. Compare operating expenses with audited financial data after reconciling items are removed.

**Procedure performed without exception.**

- v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of purchased transportation generated fare revenues. The purchased transportation fare revenues should equal the amount reported on the Contractual Relationship form.

**This procedure was not applicable as SANDAG does not report PT fare revenue on the Contractual Relationship Form for the vanpool program. As such, the procedure was not performed.**

- w. If the transit agency's report contains data for purchased transportation services and the procedures in this accountant's review were not applied to the purchased transportation services, obtain a copy of the IAS-FFA regarding data of the purchased transportation service. Attach a copy of the statement to the report. Note as a negative finding if the purchased transportation services were not included in the accountant's review, and the transit agency also does not have a separate Independent Accountant's Statement for the purchased transportation data.

**SANDAG's report contains data for PT services, therefore the IAS-FFA is not applicable.**

- x. If the transit agency purchases transportation services, obtain a copy of the purchased transportation contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract and determine that copies of the contracts are retained for three years.

**SANDAG contracts with three vendors for Vanpool services. Procedure performed without exception.**

- y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and observe the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

**SANDAG provides service in more than one UZA and non-UZA. Per inquiry with SANDAG Staff, SANDAG reports its statistics under the Primary UZA: 15 – San Diego, CA.**

- z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10 percent, or FG DRM data that have increased or decreased. Interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

**Compared the current year FFA-10 data to the prior year report and calculated the percentage change from the prior year to the current year. There were no changes in PMT or OE data greater than 10%. VRM decreased 14.52% due to the COVID-19 pandemic impacting ridership, as well as a 40% decrease in the number of operational vans during the period March 2020 to June 2020, per inquiry with SANDAG staff.**

- aa. The accountant should document the specific procedures followed, documents observed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The accountant may perform additional procedures, which are agreed to by the accountant and the transit agency, if desired. The accountant should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the accountant but not by FTA.

**Procedure performed without exception.**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Year Ended June 30, 2020

INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES

Management  
San Diego Association of Governments  
San Diego, California

We have performed the procedures enumerated below, which were agreed to by management of the San Diego Association of Governments ("SANDAG"), related to compliance with the agreement between SANDAG and the City of Coronado entered on June 30, 2000 ("Agreement") and the reporting requirements for the Annual Schedule of Status of Funds by Project (Schedule A) and the Cumulative Schedule of Status of Funds by Project (Schedule B) for the fiscal year ended June 30, 2020. SANDAG's management is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and findings are as follows:

1. Obtain the agreement between SANDAG and the City, entered on June 30, 2000 (the "Agreement").

**Procedure performed without exception.**

2. Obtain from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

**Procedure performed without exception.**

3. Inquire of the City's management to determine if the City maintains a separate fund for Toll Bridge revenues. If no separate fund is maintained, interview City management and inquire how the City maintains separate accountability for Toll Bridge revenues.

**Per inquiry with City accounting staff, a separate fund, Fund 215, is used for Toll Bridge revenues.**

4. Obtain the detailed general ledger for Toll Bridge fund revenues and expenditures from the City of the fiscal year ended June 30, 2020.

**Procedure performed without exception.**

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(Continued)

5. Obtain from the City the Annual Schedule of Status of Funds by Project (Schedule A) for the fiscal year ended June 30, 2020. Observe that Schedule A includes a beginning balance, funds received, expenditures, interest income, appropriations, fund returns, adjustments, and an ending balance listed alpha-numerically by Metropolitan Planning Organization Identification Number (MPO ID) and project name.

**Procedure performed without exception.**

- a. Trace the projects reported on Schedule A to the RTIP.

**Procedure performed without exception.**

- b. Read footnotes to Schedule A and inquire with SANDAG management if footnotes are sufficient and appropriate. Obtain revised footnotes to Schedule A if requested by SANDAG management.

**No footnotes were present in Schedule A. As such, the procedure was not performed.**

- c. Tie the beginning balance to the prior year ending balance. If variances exist, observe that a footnote to Schedule A addresses the difference. Inquire whether reasons for differences are valid with SANDAG management.

**Procedure performed without exception. No variances were identified.**

- d. Obtain a listing of Toll Bridge payments made to the City from SANDAG for the fiscal year ended June 30, 2020, if any. Compare the revenue recorded in the fund by the City to the listing of payments received.

**This procedure was not applicable as there were no Toll Bridge payments made to the City from SANDAG during the year ended June 30, 2020. As such, the procedure was not performed.**

- e. Inquire with the City if non-Toll Bridge activity is reported separate from Toll Bridge activity in Schedule A.

**Per inquiry with City accounting staff, non-Toll Bridge activity is reported separate from Toll Bridge activity on Schedule A.**

- f. Tie the interest income reported on Schedule A and to the City's general ledger.

**Procedure performed without exception.**

- g. Obtain the listing of Toll Bridge expenditures for the fiscal year ended June 30, 2020.

**Procedure performed without exception.**

- i. Agree the total project expenditures per Schedule A to the City's general ledger.

**Procedure performed without exception.**

- ii. Select individual expenditures from the general ledger that are greater than 25% of the total dollar amount of expenditures and trace to supporting documentation (i.e. invoice, copy of check or EFT wire).

**Five expenditures were selected totaling \$1,560,460.50 or 91% of the total dollar amount of expenditures. Procedure performed without exception.**

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(Continued)

- iii. For the expenditures selected, identify the MPO ID that the expenditures are charged against. Observe that the MPO ID is included in the RTIP. Compare the category of the expenditure selected to the categories of allowable expenditures per the Agreement.

**Procedure performed without exception.**

- iv. If expenditures identified in step 5.g.iii are not within the categories of allowable expenditures, inquire and document the City management's plan to cure such expenditures. Select the next 5 largest dollar transactions and perform procedures in ii and iii above. If the additional expenditure selections are not within the categories of allowable expenditures, inquire with SANDAG management to determine whether additional procedures are required.

**This procedure was not applicable as the expenditures selected in procedure 5.g.iii. above were within the categories of allowable expenditures. As such, the procedure was not performed.**

- v. Inquire with management whether indirect costs are allocated to projects included in the RTIP. Inquire and document the indirect cost rate allocated and the basis of the allocation and whether the City's indirect cost plan has been reviewed by a cognizant agency. If not, then inquire and document the year the indirect cost plan was last updated, the methodology used, and the year the methodology was last reviewed by SANDAG.

**Per inquiry with City accounting staff, indirect costs are not allocated to projects included in the RTIP.**

- h. Obtain a list of completed projects by the project number and MPO ID and their ending balances from the City for the fiscal year ended June 30, 2020.

**This procedure was not applicable as there were no projects completed during the year ended June 30, 2020. As such, procedures i. through iv. below were not performed.**

- i. If the balance of a completed project has been transferred to another Toll Bridge-eligible project, observe that a footnote to Schedule A is presented and obtain a signed staff report or resolution from the City's governing body that gives consent to the transfer of funds from one project to another in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.
- ii. If the balance of a completed project has not been transferred to another Toll Bridge-eligible project, observe that a footnote to Schedule A is presented that includes the subsequent fiscal year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.
- iii. If the ending balance of a completed project is negative, observe that a footnote to Schedule A is provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, rule #17, Section III.
- iv. Observe that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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(Continued)

6. Obtain the Cumulative Schedule of Status of Funds by Project (Schedule B) from the City that includes columns for funds received, expenditures incurred, interest income, appropriations, fund returns, and an ending balance listed alpha-numerically by MPO ID.

**Procedure performed without exception.**

- a. Observe that all Coronado Toll bridge projects are listed by comparing the list of projects to the previous year's Schedule B and any new projects listed in the RTIP.

**Procedure performed without exception.**

- a. Observe that projects are appropriately classified as "open" or "completed" based on the classification in the previous year's Schedule B and current year Schedule A.

**Procedure performed without exception.**

- b. Tie the ending balances for each open project to Schedule A.

**Procedure performed without exception.**

7. Obtain the prior year's agreed-upon procedures report. Inquire with City and SANDAG management and document status of exceptions noted in the prior year report.

**This procedure was not applicable as there were no exceptions noted in the prior year agreed-upon procedures report. As such, the procedure was not performed.**

8. Inquire with the City's management and document the response to exceptions noted in the procedures above.

**This procedure was not applicable as there were no exceptions noted in the procedures above. As such, the procedure was not performed.**

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of SANDAG and is not intended to be, and should not be, used by anyone other than the specified parties.



Crowe LLP

Costa Mesa, California  
March 2, 2021

CITY OF CORONADO, CALIFORNIA  
CORONADO TOLL BRIDGE FUND  
SCHEDULE OF STATUS OF FUNDS BY PROJECT  
YEAR ENDED JUNE 30, 2020  
SCHEDULE A

MPO ID	CIP Number	Project Name	Project Status	Funds	Interest	Project	City	Funds	Adjustments	Project Status
			July 1, 2019	Received	Income	Expenditures	Appropriations	Returned		June 30, 2020
<b>Coronado Toll Bridge Fund</b>										
		<i>Toll Funds Available</i>	\$ 5,458,146	-	\$ 260,260	-	\$ (5,443,464)	-	-	\$ 274,942
<b>Programmed Projects</b>										
COR 14	12010	Third Street, Fourth Street, and I Avenue Drainage Improvements	950,946	-	-	(1,678,708)	1,823,450	-	-	1,095,688
COR 19	10011	Coronado Gateway (SR 75/282 Toll Removal Mitigation Toll Plaza)	2,408,732	-	-	(27)	2,471,504	-	-	4,880,209
COR 23	17024	Street Lighting 3rd & 4th	456,167	-	-	(28,050)	-	-	-	428,117
		Total Programmed Projects	3,815,845	-	-	(1,706,786)	4,294,954	-	-	6,404,014
		Reconciling Item for GASB 31	20,214	-	46,397	-	-	-	-	66,611
		Total	<u>\$ 9,294,205</u>	<u>-</u>	<u>\$ 306,657</u>	<u>\$ (1,706,786)</u>	<u>\$ (1,148,510)</u>	<u>-</u>	<u>-</u>	<u>\$ 6,745,567</u>

CITY OF CORONADO, CALIFORNIA  
CORONADO TOLL BRIDGE FUND  
CUMULATIVE SCHEDULE OF STATUS OF FUNDS BY PROJECT  
JUNE 30, 2020  
SCHEDULE B

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Appropriations	Funds Returned	Adjustments	Project Status June 30, 2020
<b>Coronado Toll Bridge Fund</b>									
<i>Toll Funds</i>			\$ 10,626,251	\$ 2,519,369	\$ -	\$ (19,240,051)	\$ 6,369,373	\$ -	\$ 274,942
Open Projects:									
<b>Programmed Projects</b>									
COR 14	12010	Third Street, Fourth Street, and I Avenue Drainage Improvements	-	-	(1,776,272)	2,871,960	-	-	\$ 1,095,688
COR 19	10011	SR 75/282 Toll Removal Mitigation (Toll Plaza)	-	-	(430,479)	5,310,688	-	-	4,880,209
COR 23	17024	Street Lighting at 3rd & 4th	-	-	(121,883)	550,000	-	-	428,117
Total programmed projects			-	-	(2,328,633)	8,732,648	-	-	6,404,014
Completed Projects:									
<b>Programmed Projects</b>									
		Bus Shelters	-	-	(600)	600	-	-	-
		Inroad Crosswalk Lighting	-	-	(4,966)	4,966	-	-	-
		Semi-Diverter Program	-	-	(57,717)	57,717	-	-	-
	03003	City-Wide Major Traffic Study	-	-	(157,235)	157,235	-	-	-
	04502	6th & Orange Drainage Improvements	147,000	-	(363,584)	369,000	(152,416)	-	-
	09902	Orange Ave. - Extension of Left Turn Lane	-	-	(77,182)	145,000	(67,818)	-	-
COR 05	00901	SR 75 Tunnel	64,661	-	(1,783,239)	7,212,000	(5,493,422)	-	-
COR 06	10009	SR 75/282 Toll Removal Mitigation (Bulbouts)	-	-	(587,393)	1,050,000	(462,607)	-	-
COR 06	10010	SR 75/282 Toll Removal Mitigation (Traffic Signals)	125,000	-	(335,885)	210,885	-	-	-
COR 13	08011	Pomona, Seventh and Adella Roundabout	-	-	(1,008,585)	1,200,000	(191,415)	-	-
COR 15	12002	Traffic Modeling Study	-	-	(48,305)	50,000	(1,695)	-	-
COR16	14026	Traffic Calming Study	-	-	(50,000)	50,000	-	-	-
Total Completed Projects			336,661	-	(4,474,691)	10,507,403	(6,369,373)	-	-
Sub-Total Funds Received & Project Expenditures			10,962,912	2,519,369	(6,803,324)	-	-	-	6,678,956
Reconciling Item for GASB 31			-	66,611	-	-	-	-	66,611
Total Cumulative Toll Bridge Fund Programmed Projects			\$ 10,962,912	\$ 2,585,980	\$ (6,803,324)	\$ -	\$ -	\$ -	\$ 6,745,567



Audit Committee  
San Diego Association of Governments  
401 B Street, Suite 800  
San Diego, California 92101

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report, which covers the following audit deliverables:

- Audit of the SANDAG Comprehensive Annual Financial Report (SANDAG CAFR)
- Audit of the San Diego County Regional Transportation Commission (Commission)
- Audit of the South Bay Expressway (SR-125)
- Audit of the Automated Regional Justice Information System Joint Powers Agency (ARJIS)
- Audit of SourcePoint

#### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with SANDAG for further information on the responsibilities of management and of Crowe LLP.

#### **AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS**

As part of obtaining reasonable assurance about whether SANDAG's financial statements are free of material misstatement, we performed tests of SANDAG's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We direct your attention to our report issued under Government Auditing Standards for matters required to be reported under the standards.

## PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you on July 24, 2020.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- Where the entity has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications with regulators.
  - Other matters you believe are relevant to the audit of the financial statements.

## SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: The Audit Committee should be informed of the initial selection of and changes in significant accounting policies or their application. Also, the Audit Committee should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform the Audit Committee about such matters. To assist the Audit Committee in its oversight role, we also provide the following.

<b>Accounting Standard</b>	<b>Impact of Adoption</b>
<b>Significant Unusual Transactions.</b>	No such matters noted
<b>Significant Accounting Policies in Controversial or Emerging Areas.</b>	No such matters noted

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in SANDAG's year end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Derivatives and Hedging	SANDAG uses derivatives to hedge the cash flows of variable rate debt. Management has determined certain hedges as effective hedges under the accounting standards and recorded the change in fair value as a deferred inflow or deferred outflow. Ineffective hedges have recorded changes in fair value through earnings.	We tested the reasonableness of management's assumptions in determining the overall effectiveness of the hedge, the amount of ineffectiveness included in earnings and the method used to determine the fair value of the interest rate swaps, and the documentation maintained by management at inception and each reporting period. We also evaluated the resulting financial statement disclosures for completeness.
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.

**AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES**

We are to discuss with you our comments about the following matters related to SANDAG's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the entity, considering the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the entity's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

## CORRECTED AND UNCORRECTED MISSTATEMENTS

**Corrected Misstatements:** We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures. No material corrected misstatements were identified.

**Uncorrected Misstatements:** We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

1. One known misstatement was waived by management for the prior period impact of FY2019 sales tax revenue received in September 2019 and October 2019 that was inadvertently recorded in FY2020. The effect of the uncorrected misstatement is an overstatement of FY2020 revenue and an understatement of beginning net position/fund balance of governmental activities and the San Diego County Regional Transportation Commission Sales Tax Projects fund of \$6.8 million.

## OTHER COMMUNICATIONS

Communication Item	Results
<p><b>Other Information In Documents Containing Audited Financial Statements</b> Information may be prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.</p>	<p>We understand that management has not prepared such information to accompany the audited financial statements.</p>
<p><b>Significant Difficulties Encountered During the Audit</b> We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p><b>Disagreements With Management</b> We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to SANDAG's financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p><b>Consultations With Other Accountants</b> If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>

Communication Item	Results
<b>Representations The Auditor Is Requesting From Management</b> We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letters of management's representation to us provided separately.
<b>Significant Issues Discussed, or Subject to Correspondence, With Management</b> We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	There were no such significant issues discussed, or subject to correspondence, with management.
<b>Significant Related Party Findings and Issues</b> We are to communicate to you significant findings and issues arising during the audit in connection with SANDAG's related parties.	There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.
<b>Other Findings or Issues We Find Relevant or Significant</b> We are to communicate to you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.

We are pleased to serve SANDAG as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Audit Committee and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.



Crowe LLP

Costa Mesa, California  
 December 23, 2020



401 B Street, Suite 800  
San Diego, CA 92101-4231  
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sandag.org

## MEMBER AGENCIES

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

## ADVISORY MEMBERS

Imperial County  
San Diego County  
Regional Airport Authority  
California Department  
of Transportation  
Metropolitan  
Transit System  
North County  
Transit District  
United States  
Department of Defense  
Port of San Diego  
San Diego County  
Water Authority  
Southern California  
Tribal Chairmen's Association  
Mexico

## Corrective Action Plan

**Finding:** 2020-001

**CFDA number and name:** 20.513

**Federal agency:** U.S. Department Transportation

**Compliance Requirement:** Internal Controls

**Criteria:** 2 CFR 200 requires that proper internal controls are in place over the Schedule of Expenditures of Federal Awards (SEFA) to ensure that all federal grant expenditures are properly classified by CFDA number.

**Condition and Context:**

During our review over the SEFA, we noted the following errors:

1. The Enhanced Mobility of Seniors and Individuals with Disabilities program was incorrectly included as part of the Federal Transit cluster (CFDA 20.507). Rather, the program should have been included as a program within the Transit Services Programs cluster (CFDA 20.513). As a result, the Transit Services Programs cluster was understated by \$164,689.
2. Expenditures passed through to subrecipients for the Metropolitan Transportation Planning and State and Non-Metropolitan Planning program (CFDA 20.505) was understated by \$219,072.

**Effect:**

As a result of correcting the error in the classification of the Enhanced Mobility of Seniors and Individuals with Disabilities program, the Transit Services Programs cluster exceeded the Type A threshold and was required to be assessed for testing as a major program. Ultimately the Transit Services Programs cluster was not required to be tested as a major program as it had been audited as a major program in 2018.

Likewise, in correcting the subrecipient expenditures for the Metropolitan Transportation Planning and State and Non-Metropolitan Planning program, subrecipient monitoring became a material compliance attribute that was required to be tested.

**Cause:** The process for preparing and reviewing the SEFA did not include tracing the federal award number to the grant agreement or other source documents to verify the accuracy of the CFDA number presented. In addition, the detailed expenditure listing for each program was not properly reconciled to the SEFA.

**Recommendation:** We recommend that management design and implement an internal control to review the accuracy of the CFDA number presented for each grant listed on the SEFA. This should include tracing the CFDA number to the related grant award agreement. In addition, we recommend that management strengthen their review to ensure that subrecipient expenditures are appropriately reflected on the SEFA.

**Corrective Action Plan:**

**Finding:** 2020-001

**Agency:** San Diego Association of Governments

**Name of contact person and title:** S. Craig, Senior Program Budget Analyst

**Anticipated completion date:** 12/20/2020

**Agency's response:** Concur

**The Agency agrees with this finding and will implement the following:**

- add additional procedures of tracing the federal award number to the grant agreement when preparing and reviewing the SEFA.
- perform detailed review to ensure the subrecipient expenditures are correctly included in the SEFA.

## Progress Report on Major Transportation Projects – Through March 2021

### Overview

This report provides an update on the status of major SANDAG and Caltrans projects and programs funded by the *TransNet* one-half cent local sales tax and other local, state, and federal revenue sources.<sup>1</sup>

### Key Considerations

Through March 2021, approximately 47% of the projected FY 2021 Capital Program Budget has been spent (Attachment 1). Many projects began work in Quarter 3, with expenditures expected to ramp higher in Quarter 4. Additional budget information on specific projects can be found in Attachment 2.

### Major Project/Program Highlights

- In February, the State Route 11 (SR 11) and Otay Mesa East Port of Entry: Siempre Viva Interchange Construction Project began construction.
- There are currently 11 planned milestones for the Quarter 4 of FY 2021.
- Attachment 3 provides detail on the total estimated cost for the capital program. Approximately \$1.2 billion in additional funds is needed to close the gap between how much is in the budget and how much is needed to complete projects for which estimates are known at this time.

### Schedule Changes

Schedule updates and milestone definitions can be found in Attachment 4. Page 1 provides an overview of Quarter 3 actual milestone attainment and Quarter 4 planned milestones, while pages 2 through 4 provide updated schedules and comments if the current milestone completion dates varies from the fiscal year baseline complete date.

- The City of San Diego continues to review final designs for several bikeway projects. Schedule milestones have been updated in alignment with progress at the City. Together, the four projects that are currently with the City of San Diego for review will open to the public 14 additional miles of new bikeways.
- The open to traffic phase for the Interstate 805 (I-805)/State Route 94 (SR 94) Bus on Shoulder Demonstration Project has been delayed due to COVID-19. The open to traffic phase for this project represents the testing phase for operating *Rapid* buses freeway shoulder along I-805 and SR 94.
- Only projects with an upcoming milestone are included in Attachment 4. Those projects whose next milestones are *to be determined* or *non-applicable* do not appear in this report. Once a milestone is established it will be added to the report.

### Action: Information

This progress report provides an update on the status of major SANDAG and Caltrans projects and programs in the San Diego region.

### Fiscal Impact:

The major projects summarized in this report represent an investment of approximately \$851 million for FY 2021 in the San Diego regional transportation system.

### Schedule/Scope Impact:

In Quarter 3, two milestones were completed, with 11 milestones expected to be achieved during Quarter 4 of FY 2021.

<sup>1</sup> The projects in this report are a subset of projects shown in the Final FY 2021 Program Budget. This report does not include minor capital projects or projects in the close out phase.

## **Next Steps**

The next progress report will be presented in September and will provide data through the end of FY 2021. During that time, one project is expected to complete the Final Environmental phase, two projects are expected to complete the Design phase, three projects are expected to Open to Traffic, and five projects—already opened to the public—are expected to close-out entirely before the end of the fiscal year.

### ***Hasan Ikhata, Executive Director***

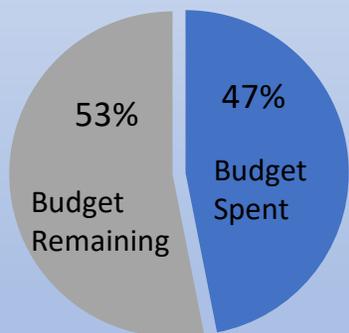
Key Staff Contact: Michelle Smith, (619) 595-5608, michelle.smith@sandag.org

- Attachments:
1. FY21 Executive Budget Summary
  2. Annual Planned vs. Actual Expenditures – through March 2021
  3. Total Project Cost vs. Estimate at Completion – through March 2021
  4. Quarterly Capital Program Status Report – January – March 2021

# Executive Summary

The total Capital Program has expended 47% of the projected FY21 budget through the third quarter. As of March 2021, the total FY21 Annual budget is \$850 million with a total of \$399 million being spent. The *TransNet* Major Corridor program has spent 64% (\$140.7M) of its annual budget which represents most of the capital projects in the San Diego Region. All other capital subprograms are listed in the chart below with their respective FY21 budgets and budget utilization percentage through the third quarter. Further detail can be found in Attachment 2.

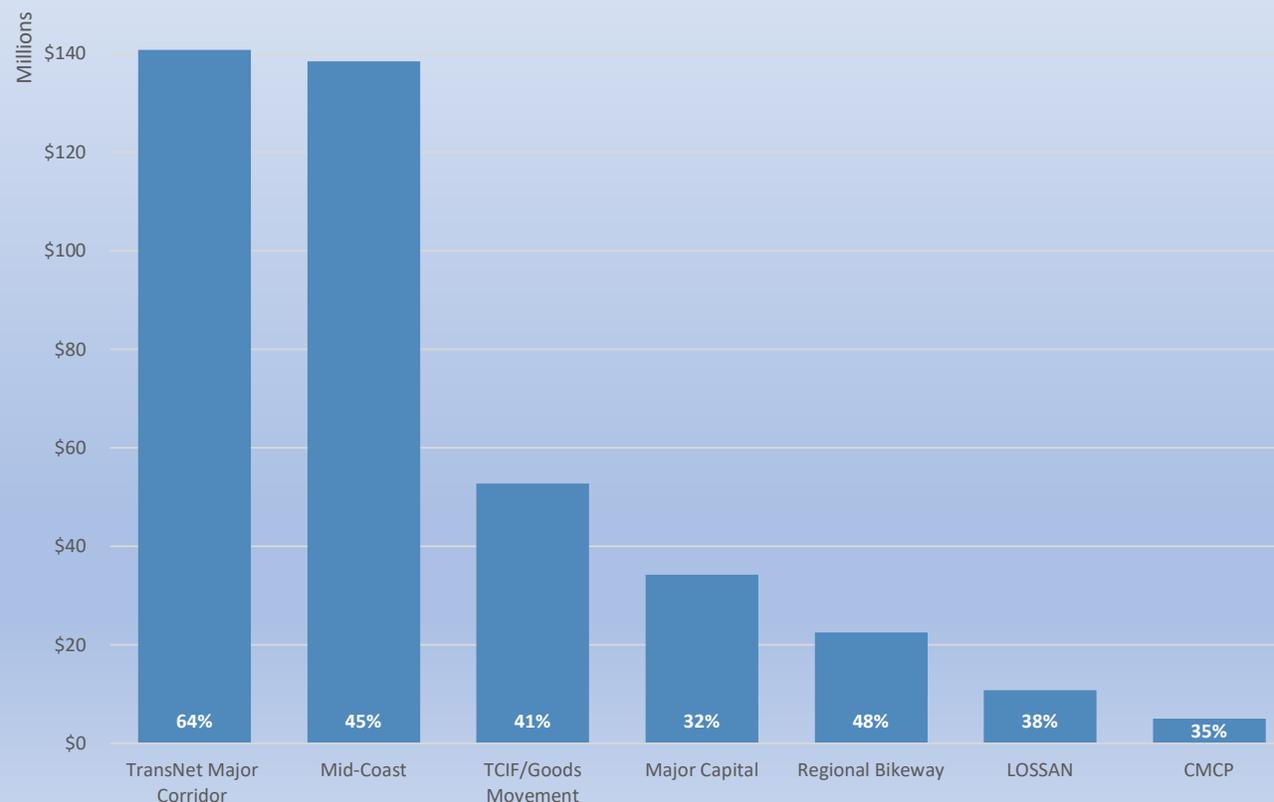
## FY21 Q3 Capital Budget Summary



Total  
FY21 Budget  
**\$850.585M**

Total Expenses  
July - March 2021  
**\$399.010M**

Remaining  
FY21 Budget  
**\$451.575M**



*Excludes Minor Capital and Projects Pending Closeout*

Capital Programs FY21 Budget  
Planned, Actual, and Projected Expenditures  
through March 31, 2021 (in \$000's)

a	b	c	c/b
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CIP	Project Name	Corridor	Approved Funded Budget	FY21 Budget	Expenditures through Q3 (July - March)	% of Expenditures through Q3	Comments
<b>Overall Capital Program*</b>			<b>\$5,522,116</b>	<b>\$850,585</b>	<b>\$399,010</b>	<b>47%</b>	
1257001	Mid-Coast Light Rail Transit (LRT)	<b>Mid-Coast</b>	\$1,913,801	\$305,600	\$134,573	44%	Provisional Sums still pending approval. Expenses will be significant in Q4.
<b>Interstate 5 - North Projects</b>			<b>\$877,816</b>	<b>\$124,277</b>	<b>\$84,974</b>	<b>68%</b>	
1200504	I-5 North Coast: 2HOV Lanes	I-5 North	\$408,197	\$71,429	\$47,994	67%	
1200509	I-5 HOV: San Elijo Bridge Replacement	I-5 North	\$336,534	\$40,130	\$34,232	85%	Construction is slightly ahead of schedule and will continue to monitor expenditures for Q4.
1200510	I-5 HOV: Carlsbad	I-5 North	\$127,641	\$10,135	\$2,520	25%	Work began in Q2; expenditures will increase.
1200513	SR 56 Auxiliary Lanes	I-5 North	\$5,444	\$2,583	\$228	9%	Work begun in FY21.
<b>Interstate 5 - South Projects</b>			<b>\$229,939</b>	<b>\$20,755</b>	<b>\$12,020</b>	<b>58%</b>	
1041502	SuperLoop	I-5 South	\$35,187	\$5	\$8	160%	CR will be processed to update FY21 budget.
1200506	I-5/Genesee Interchange and Widening	I-5 South	\$119,716	\$2,342	\$583	25%	Expenditures will increase.
1200507	I-5/Voigt Drive Improvements	I-5 South	\$42,780	\$12,309	\$7,629	62%	
1200508	I-5/Gilman Drive Bridge	I-5 South	\$25,007	\$5,185	\$3,485	67%	
1200512	I-5/Genesee Auxiliary Lane	I-5 South	\$7,249	\$914	\$323	35%	Project is in construction complete phase.
<b>Interstate 15 Projects</b>			<b>\$51,721</b>	<b>\$1,008</b>	<b>\$85</b>	<b>8%</b>	
1201511	Mira Mesa Blvd BRT Priority Treatments	I-15 Corridor	\$3,972	\$445	\$0	0%	Installation of Traffic Signal Prioritization pending.
1201514	Downtown Multiuse and Bus Stopover Facility	I-15 Corridor	\$45,975	\$553	\$85	15%	Project is on hold.
1201515	Clairemont Mesa Blvd BRT Stations	I-15 Corridor	\$1,774	\$10	\$0	0%	Expenditures are minimal.
<b>State Route 125 Projects</b>			<b>\$30,240</b>	<b>\$7,883</b>	<b>\$3,838</b>	<b>49%</b>	
1212501	SR 94/SR 125 South to East Connector	SR-125 Corridor	\$30,240	\$7,883	\$3,838	49%	Design phase just started in FY21.
<b>State Routes 52, 67, 76 and 78 Projects</b>			<b>\$324,344</b>	<b>\$18,150</b>	<b>\$3,114</b>	<b>17%</b>	
1205204	SR 52 Improvements	SR 52, 67, 76, 78 Corridors	\$12,000	\$4,849	\$0	0%	Work begun in FY21.
1206701	SR 67 Improvements	SR 52, 67, 76, 78 Corridors	\$21,000	\$2,234	\$761	34%	Work begun in FY21.
1207606	SR 76 East	SR 52, 67, 76, 78 Corridors	\$203,289	\$1,325	\$674	51%	Project in Plant Establishment.
1207802	I-15/SR 78 HOV Connectors	SR 52, 67, 76, 78 Corridors	\$32,937	\$4,480	\$1,647	37%	Design phase just started in FY21.
1207803	SR 78/I-5 Express Lanes Connector	SR 52, 67, 76, 78 Corridors	\$16,118	\$1,262	\$32	3%	Work begun in FY21.
1207804	SR 78 HOV Lanes: I-5 to I-15	SR 52, 67, 76, 78 Corridors	\$39,000	\$4,000	\$0	0%	Work begun in FY21.
<b>Mid-City Projects</b>			<b>\$44,526</b>	<b>\$548</b>	<b>\$2</b>	<b>0%</b>	
1240001	Mid-City Rapid Bus	Mid-City Corridor	\$44,526	\$548	\$2	0%	Installation of Traffic Signal Prioritization pending.
<b>Trolley Renewal Projects</b>			<b>\$106,939</b>	<b>\$16,841</b>	<b>\$14,127</b>	<b>84%</b>	
1210040	Orange and Blue Line Traction Power Substations	Trolley Renewal	\$29,939	\$141	\$97	69%	
1210090	Low-Floor Light Rail Transit Vehicles	Trolley Renewal	\$72,000	\$14,000	\$14,000	100%	This is a payment; no further expenditures expected.
1210091	Palomar Street Rail Grade Separation	Trolley Renewal	\$5,000	\$2,700	\$30	1%	Design phase just started in FY21.
<b>COASTER Projects</b>			<b>\$447,475</b>	<b>\$28,676</b>	<b>\$9,215</b>	<b>32%</b>	
1239805	Poinsettia Station Improvements	COASTER	\$35,881	\$1,059	\$1,109	105%	Project is near closeout.
1239809	Eastbrook to Shell Double Track	COASTER	\$10,526	\$1,220	\$522	43%	Design is approaching 90%.
1239811	Elvira to Morena Double Track	COASTER	\$185,646	\$8,030	\$2,552	32%	Project is in construction complete phase.
1239812	Sorrento to Miramar Phase 2	COASTER	\$29,740	\$6,760	\$1,525	23%	Design phase just begun in FY21.
1239813	San Dieguito Lagoon Double Track and Platform	COASTER	\$16,445	\$2,134	\$648	30%	Design is approaching 90%.
1239814	COASTER Preliminary Engineering	COASTER	\$1,649	\$223	\$71	32%	Funds spent as projects become available.
1239815	San Diego River Bridge	COASTER	\$92,204	\$2,591	\$1,626	63%	
1239816	Batiquitos Lagoon Double Track	COASTER	\$14,509	\$1,806	\$484	27%	Project is in construction complete phase.
1239820	COASTER Train Sets	COASTER	\$57,800	\$3,000	\$6	0%	Full payment to take place in Q4.
1239821	LOSSAN Corridor Improvements	COASTER	\$3,075	\$1,853	\$672	36%	Work begun in FY21.

Capital Programs FY21 Budget  
Planned, Actual, and Projected Expenditures  
through March 31, 2021 (in \$000's)

	a	b	c	c/b
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CIP	Project Name	Corridor	Approved Funded Budget	FY21 Budget	Expenditures through Q3 (July - March)	% of Expenditures through Q3	Comments
	<b>Interstate 805 Projects</b>	<b>I-805 Total</b>	<b>\$448,704</b>	<b>\$29,980</b>	<b>\$22,548</b>	<b>75%</b>	
1280504	South Bay BRT	I-805	\$125,741	\$3,482	\$2,145	62%	
1280510	I-805 South: 2HOV and Direct Access Ramp	I-805	\$183,282	\$7,566	\$7,638	101%	Expenditures will slow over the next quarter.
1280513	I-805 / SR-94 Bus on Shoulder Demonstration Project	I-805	\$30,900	\$6,676	\$2,948	44%	Construction phase just begun due to COVID-19 delays; expenses will increase.
1280515	I-805 South Soundwalls	I-805	\$88,739	\$9,014	\$8,280	92%	Construction expenditures to be reviewed following next quarter.
1280516	I-805 North Auxiliary Lanes	I-805	\$4,242	\$2,942	\$1,537	52%	
1280518	SR 94 Transit Priority Lanes (I-805 to I-5)	I-806	\$15,800	\$300	\$0	0%	Work has been delayed.
	<b>Bikeway Program Projects</b>	<b>Bikeway Program Total</b>	<b>\$285,146</b>	<b>\$46,661</b>	<b>\$22,509</b>	<b>48%</b>	
1129900	Bayshore Bikeway: 8B Main Street to Palomar	Regional Bikeway Program	\$1,347	\$197	\$9	5%	Right-of-Way delays.
1223016	Coastal Rail Trail San Diego: Rose Creek	Regional Bikeway Program	\$28,978	\$3,495	\$2,131	61%	
1223017	Coastal Rail Trail Encinitas: E Street to Chesterfield Drive	Regional Bikeway Program	\$9,820	\$611	\$201	33%	Execution of final design task order was delayed.
1223020	North Park/Mid-City Bikeways: Robinson Bikeway	Regional Bikeway Program	\$4,658	\$509	\$49	10%	Right-of-Way payment pending.
1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	Regional Bikeway Program	\$25,407	\$8,756	\$6,918	79%	
1223023	Inland Rail Trail	Regional Bikeway Program	\$77,722	\$7,188	\$3,415	48%	Additional construction expenditures for Phase 2 are expected to be processed in Q4. Change request is also in process to push some of the construction budget into FY22.
1223053	San Diego River Trail: Carlton Oaks Segment	Regional Bikeway Program	\$1,830	\$484	\$127	26%	Delay in design plan progression due to needed redesign.
1223054	Central Avenue Bikeway	Regional Bikeway Program	\$1,409	\$137	\$59	43%	Design expenditures expected to increase in Q4.
1223055	Bayshore Bikeway: Barrio Logan	Regional Bikeway Program	\$28,025	\$1,851	\$550	30%	Construction start is delayed due to Right-of-Way delays, utilities delays, and Development Services Department review. Change request is also in process to push some funds into FY22.
1223056	Border to Bayshore Bikeway	Regional Bikeway Program	\$13,359	\$1,207	\$476	39%	Additional design and right-of-way expenditures are expected to be processed in Q4.
1223057	Pershing Drive Bikeway	Regional Bikeway Program	\$22,418	\$9,476	\$324	3%	Construction start is delayed due to utilities delays. Change Request is in process to move construction budget from FY21 to FY22.
1223058	Downtown to Imperial Bikeway	Regional Bikeway Program	\$14,138	\$890	\$174	20%	Right-of-Way delays. Additional design and right-of-way expenditures are expected to be processed in Q4.
1223079	North Park/Mid-City Bikeways: Howard Bikeway	Regional Bikeway Program	\$1,404	\$42	\$53	126%	
1223080	North Park/Mid-City Bikeways: Monroe Bikeway	Regional Bikeway Program	\$276	\$70	\$1	1%	Project is on hold.
1223081	North Park/Mid-City Bikeways: University Bikeway	Regional Bikeway Program	\$17,811	\$673	\$140	21%	Final design plan submittal to City of San Diego delayed due to backlog of projects being reviewed. Design expenditures will increase once project is submitted.
1223082	North Park/Mid-City Bikeways: Georgia-Meade Bikeway	Regional Bikeway Program	\$25,415	\$8,304	\$7,167	86%	

Capital Programs FY21 Budget  
Planned, Actual, and Projected Expenditures  
through March 31, 2021 (in \$000's)

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CIP	Project Name	Corridor	Approved Funded Budget	FY21 Budget	Expenditures through Q3 (July - March)	% of Expenditures through Q3	Comments
1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	Regional Bikeway Program	\$5,117	\$564	\$218	39%	Final design plan submittal to City of San Diego delayed due to backlog of projects being reviewed. Design expenditures expected to increase in Q4.
1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	Regional Bikeway Program	\$2,521	\$461	\$253	55%	
1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	Regional Bikeway Program	\$1,630	\$1,291	\$50	4%	Execution of final design task order was delayed. Change request in process to shift funds from FY21 to FY22.
1223087	North Park/Mid-City Bikeways: Orange Bikeway	Regional Bikeway Program	\$1,241	\$551	\$155	28%	Final design plan submittal to City of San Diego delayed due to backlog of projects being reviewed. Design expenditures will increase once project is submitted.
1223093	GObyBIKE San Diego: Construction Outreach Program	Regional Bikeway Program	\$1,967	\$101	\$48	48%	Communications expenditures expected to increase in Q4.
	<b>Goods Movement Projects</b>	<b>TCIF / Goods Movement Total</b>	<b>\$371,764</b>	<b>\$129,546</b>	<b>\$52,734</b>	<b>41%</b>	
1201101	SR 11 and Otay Mesa East Port of Entry - Phase 1	TCIF / Goods Movement	\$175,557	\$43,434	\$5,277	12%	Just starting Design and Right-of-Way phases in FY21
1201103	SR 11 and Otay Mesa East Port of Entry: Segment 2A Construction	TCIF / Goods Movement	\$130,574	\$73,795	\$43,167	58%	
1201104	SR 11 and Otay Mesa East Port of Entry: Siempre Viva Interchange Construction	TCIF / Goods Movement	\$32,308	\$6,577	\$0	0%	Work began in FY21; Caltrans expects to occur high expenditures in Q4
1201105	SR 11 and Otay Mesa East Port of Entry: Traffic/Revenue Study	TCIF / Goods Movement	\$2,500	\$2,169	\$608	28%	Traffic Study is complete. Design to begin shortly.
1390506	SR 125/905 Southbound to Westbound Connector	TCIF / Goods Movement	\$30,825	\$3,571	\$3,682	103%	Caltrans Expenditures Only
	<b>Comprehensive Multimodal Corridor Plan (CMCP)</b>	<b>CMCP Total</b>	<b>\$22,792</b>	<b>\$14,418</b>	<b>\$5,029</b>	<b>35%</b>	
1600101	CMCP - Regional CMCP Development	CMCP	\$1,000	\$216	\$408	189%	Expenditures planned for FY20 hit in FY21. Project is within overall total budget.
1600501	Central Mobility Hub - Notice of Preparation/P3 Procurement	CMCP	\$5,912	\$2,333	\$1,410	60%	
1600503	CMCP - Central Mobility Hub: Military Installation Resilience	CMCP	\$880	\$790	\$345	44%	Staff is working on executing consultant task orders and we would expect burn rates for Q4 will be higher
1600504	CMCP - Central Mobility Connections	CMCP	\$3,000	\$2,329	\$751	32%	Staff is working on executing consultant task orders and we would expect burn rates for Q4 will be higher
1605201	CMCP - Sea to Santee (SR 52)	CMCP	\$1,880	\$1,478	\$351	24%	Staff is working on executing consultant task orders and we would expect burn rates for Q4 will be higher
1606701	CMCP - San Vicente Corridor (SR 67)	CMCP	\$1,120	\$882	\$43	5%	Staff is working on executing consultant task orders and we would expect burn rates for Q4 will be higher
1607801	CMCP - SPRINTER/Palomar Airport Road/SR 78/SR 76	CMCP	\$3,000	\$1,943	\$363	19%	Staff is working on executing consultant task orders and we would expect burn rates for Q4 will be higher
1685501	CMCP - South Bay to Sorrento Corridor	CMCP	\$6,000	\$4,447	\$1,358	31%	Staff is working on executing consultant task orders and we would expect burn rates for Q4 will be higher

Capital Programs FY21 Budget  
Planned, Actual, and Projected Expenditures  
through March 31, 2021 (in \$000's)

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CIP	Project Name	Corridor	Approved Funded Budget	FY21 Budget	Expenditures through Q3 (July - March)	% of Expenditures through Q3	Comments
<b>Major Capital Projects</b>		<b>Major Capital Total</b>	<b>\$366,909</b>	<b>\$106,242</b>	<b>\$34,242</b>	<b>32%</b>	
1129200	OCS Insulator & Catch Cable Replacement	Major Capital	\$10,098	\$565	(\$32)	-6%	Negative expenditures due to reversal of accrual. Delays in awarding Green Line work due to Covid-19.
1130100	Financial ERP System	Major Capital	\$2,223	\$513	\$470	92%	
1130102	Financial System Upgrade Contract Management System	Major Capital	\$1,052	\$110	\$29	26%	Integration delayed due to ONESolution upgrade. Additional design enhancements are slated for the second half of the fiscal year.
1131600	Human Resource Information System (HRIS)	Major Capital	\$1,748	\$250	\$205	82%	
1142600	Joint Transportation Operations Center (JTOC)	Major Capital	\$14,518	\$75	\$4	5%	Contract amendment completed in late September. FY 21 budget reduced to \$75k to reflect the delay.
1145300	Rose Canyon Bridge Replacements	Major Capital	\$14,545	\$0	\$0	0%	Project on hold.
1145400	San Onofre Bridge Replacements	Major Capital	\$13,641	\$0	\$0	0%	Project on hold.
1146100	Del Mar Bluffs IV	Major Capital	\$18,540	\$11,493	\$4,546	40%	A landslide occurred on the bluffs in February 28, 2021. \$11M in funding for emergency repairs (\$500k NCTD + \$10.5M STIP) was secured and approved by the SANDAG BOD at the end of March for emergency repair work. Repair work is planned during the next few months.
1146500	Bridge 257.2 Replacement Project	Major Capital	\$15,404	\$763	\$75	10%	Permit process delayed due to Covid-19. Q3 delays pending executed Exhibit A with NCTD and consultant resolution of DBE goal. Expenditures will increase for the rest of the fiscal year.
1146600	San Onofre to Pulgas Double Track - Phase 2	Major Capital	\$36,289	\$220	\$235	107%	Final design expected to be complete in June 2021.
1146701	UCSD Mid-Coast Improvements – Pepper Canyon	Major Capital	\$3,030	\$136	\$47	35%	Work will stall in coming months pending completion of the Mid-Coast Aerial Station. Project is expected to finish the fiscal year within budget.
1146702	UCSD Mid-Coast Improvements – Voigt	Major Capital	\$14,000	\$12,096	\$8,812	73%	
1146703	UCSD Mid-Coast Improvements – Lyman Roundabout	Major Capital	\$13,800	\$12,068	\$1,088	9%	Project is under construction. Change order was issued and work started in late September. Burn rate is expected to increase.
1146800	CTC Technology Refresh	Major Capital	\$1,702	\$331	\$8	2%	ARINC's software development on the CTC Technology Refresh was delayed from October 2020 to April 2021. The new system is expected to go live in late May 2021.
1146900	El Portal Undercrossing	Major Capital	\$11,137	\$7,345	\$2,192	30%	Bridge piles and bridge girders and structure installed and Verizon fiber relocated in Q3. The project is proceeding on schedule and on budget to date.
1147000	Beyer Blvd. Slope & Drainage	Major Capital	\$3,250	\$432	\$189	44%	Project is now kicked off and higher expenditure rate is expected for 2nd half of year. MTS is reducing the SANDAG project to \$590k for design only. Project budget will be revised upon receipt of executed Exhibit A.
1147100	Del Mar Bluffs V	Major Capital	\$65,200	\$1,350	\$1,165	86%	Design is progressing and the project team is attempting to accelerate the schedule.
1147200	Old Town Transit Center West Improvements	Major Capital	\$5,492	\$4,610	\$1,735	38%	Work started in August.

Capital Programs FY21 Budget  
Planned, Actual, and Projected Expenditures  
through March 31, 2021 (in \$000's)

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CIP	Project Name	Corridor	Approved Funded Budget	FY21 Budget	Expenditures through Q3 (July - March)	% of Expenditures through Q3	Comments
1147300	Del Mar Bluffs Emergency Repairs	Major Capital	\$1,000	\$91	\$23	25%	No additional work is anticipated for the project. Labor compliance issues have been addressed and project acceptance is in process.
1147400	Content Management	Major Capital	\$2,393	\$199	\$94	47%	
1147600	Del Mar Bluffs VI	Major Capital	\$3,000	\$270	\$1	0%	Project will begin to incur expenditures in FY21.
1149000	Central Mobility Hub	Major Capital	\$40,000	\$26,375	\$3,840	15%	FY 21 budget set to accommodate large encumbrances during the FY.
1400000	Regional Tolling Back Office System	Major Capital	\$16,105	\$3,789	\$1,827	48%	Vendor didn't hit major payment milestones at Q3. Phase II Go-live pushed to FY 22 Q1.
1400402	Roadway Toll Collection System	Major Capital	\$48,792	\$16,574	\$7,258	44%	Majority of FY20 backlog work will be completed in FY 21, burn rate expected to increase.
1400405	SR 125 Ramps Overlay	Major Capital	\$9,950	\$6,587	\$431	7%	Project scheduled to be substantially complete by Spring 2021. FY21 burn rate expected to increase.

Projects that have not spent at least 50 percent of proposed budget through Q3

Projects that have spent more than 80 percent of proposed budget through Q3

\* Project listing does not include Projects Pending Closeout or Minor Capital Projects

Capital Programs FY21 Budget  
 Estimate at Completion, Funded Through and Estimated Open to Traffic  
 through March 31, 2021 (in 000's)

		a	b	b-a				
CIP	Project Name	Corridor	Approved Funded Budget	Estimate At Completion (EAC)*	Total Project Cost vs. EAC	Funded Through	Estimated Open to Public Date	Comments
<b>Overall Capital Program</b>			<b>\$5,522,116</b>	<b>\$6,735,666</b>	<b>\$1,213,550</b>			
1257001	Mid-Coast Light Rail Transit (LRT)	Mid-Coast	\$1,913,801	\$1,913,801	\$0	CON	2021	
<b>Interstate 5 - North Projects</b>			<b>I-5 North Total</b>	<b>\$877,816</b>	<b>\$872,372</b>	<b>\$0</b>		
1200504	I-5 North Coast: 2HOV Lanes	I-5 North	\$408,197	\$408,197	\$0	CON	2021	
1200509	I-5 HOV: San Elijo Bridge Replacement	I-5 North	\$336,534	\$336,534	\$0	CON	2021	
1200510	I-5 HOV: Carlsbad	I-5 North	\$127,641	\$127,641	\$0	CON	2022	
1200513	SR 56 Auxiliary Lanes	I-5 North	\$5,444	TBD	TBD	DES	TBD	
<b>Interstate 5 - South Projects</b>			<b>I-5 South Total</b>	<b>\$229,939</b>	<b>\$230,423</b>	<b>\$484</b>		
1041502	SuperLoop	I-5 South	\$35,187	\$36,071	\$884	CON	2012	Adding additional shelters
1200506	I-5/Genesee Interchange and Widening	I-5 South	\$119,716	\$119,716	\$0	CON	2018	Long-Term Plant Establishment
1200507	I-5/Voigt Drive Improvements	I-5 South	\$42,780	\$42,780	\$0	CON	2021	
1200508	I-5/Gilman Drive Bridge	I-5 South	\$25,007	\$24,607	(\$400)	CON	2019	Finalizing CON Package
1200512	I-5/Genesee Auxiliary Lane	I-5 South	\$7,249	\$7,249	\$0	CON	2020	Finalizing CON Package
<b>Interstate 15 Projects</b>			<b>I-15 Corridor Total</b>	<b>\$51,721</b>	<b>\$63,721</b>	<b>\$12,000</b>		
1201511	Mira Mesa Blvd BRT Priority Treatments	I-15 Corridor	\$3,972	\$3,972	\$0	CON	2015	Installing Traffic Controllers
1201514	Downtown Multiuse and Bus Stopover Facility	I-15 Corridor	\$45,975	\$45,975	\$0	ROW	TBD	
1201515	Clairemont Mesa Blvd BRT Stations	I-15 Corridor	\$1,774	\$13,774	\$12,000	DES	TBD	
<b>State Route 125 Projects</b>			<b>SR 125 Corridor Total</b>	<b>\$30,240</b>	<b>\$0</b>	<b>\$0</b>		
1212501	SR 94/SR 125 South to East Connector	SR 125 Corridor	\$30,240	TBD	TBD	ROW	TBD	
<b>State Routes 52, 67, 76 and 78 Projects</b>			<b>SR 52, 67, 76, 78 Corridors Total</b>	<b>\$324,344</b>	<b>\$376,171</b>	<b>\$96,764</b>		
1205204	SR 52 Improvements	SR 52, 67, 76, 78 Corridors	\$12,000	TBD	TBD	DES	N/A	Operational Improvements
1206701	SR 67 Improvements**	SR 52, 67, 76, 78 Corridors	\$21,000	\$39,000	\$18,000	DED	TBD	Estimates through Design
1207606	SR 76 East	SR 52, 67, 76, 78 Corridors	\$203,289	\$203,289	\$0	CON	2017	Landscaping On-going
1207802	I-15/SR 78 HOV Connectors	SR 52, 67, 76, 78 Corridors	\$32,937	TBD	TBD	FED	TBD	
1207803	SR 78/I-5 Express Lanes Connector **	SR 52, 67, 76, 78 Corridors	\$16,118	\$38,882	\$22,764	DED	TBD	Estimates through Design
1207804	SR 78 HOV Lanes: I-5 to I-15**	SR 52, 67, 76, 78 Corridors	\$39,000	\$95,000	\$56,000	DED	TBD	Estimates through Design
<b>Mid-City Projects</b>			<b>Mid-City Corridor Total</b>	<b>\$44,526</b>	<b>\$44,526</b>	<b>\$0</b>		
1240001	Mid-City Rapid Bus	Mid-City Corridor	\$44,526	\$44,526	\$0	CON	2014	TSP Improvements Underway
<b>Trolley Renewal Projects</b>			<b>Trolley Renewal</b>	<b>\$106,939</b>	<b>\$102,224</b>	<b>\$285</b>		
1210040	Orange and Blue Line Traction Power Substations	Trolley Renewal	\$29,939	\$30,224	\$285	CON	2014	Finalizing closeout
1210090	Low-Floor Light Rail Transit Vehicles	Trolley Renewal	\$72,000	\$72,000	\$0	CON	2022	Vehicle Delivery
1210091	Palomar Street Rail Grade Separation	Trolley Renewal	\$5,000	TBD	TBD	DES	TBD	
<b>COASTER Projects</b>			<b>COASTER Total</b>	<b>\$447,475</b>	<b>\$1,042,859</b>	<b>\$595,384</b>		
1239805	Poinsettia Station Improvements	COASTER	\$35,881	\$35,773	(\$108)	CON	2019	Finalizing CON Package
1239809	Eastbrook to Shell Double Track	COASTER	\$10,526	\$84,694	\$74,168	DES	TBD	
1239811	Elvira to Morena Double Track	COASTER	\$185,646	\$185,149	(\$497)	CON	2020	Right-of-way settlement issues
1239812	Sorrento to Miramar Phase 2	COASTER	\$29,740	\$229,072	\$199,332	ROW	TBD	
1239813	San Dieguito Lagoon Double Track and Platform	COASTER	\$16,445	\$248,471	\$232,026	DES	TBD	
1239814	COASTER Preliminary Engineering	COASTER	\$1,649	\$1,454	(\$195)	N/A	N/A	PE only CIP
1239815	San Diego River Bridge	COASTER	\$92,204	\$92,201	(\$3)	CON	2020	Finalizing CON Package
1239816	Batiquitos Lagoon Double Track	COASTER	\$14,509	\$104,170	\$89,661	DES	TBD	
1239820	COASTER Train Sets	COASTER	\$57,800	\$58,800	\$1,000	CON	2024	Vehicle Delivery
1239821	LOSSAN Corridor Improvements	COASTER	\$3,075	\$3,075	\$0	PE	N/A	Project Study Report

Capital Programs FY21 Budget  
 Estimate at Completion, Funded Through and Estimated Open to Traffic  
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			a	b	b-a			
CIP	Project Name	Corridor	Approved Funded Budget	Estimate At Completion (EAC)*	Total Project Cost vs. EAC	Funded Through	Estimated Open to Public Date	Comments
<b>Interstate 805 Projects</b>			<b>I-805 Total</b>	<b>\$448,704</b>	<b>\$428,723</b>	<b>\$61</b>		
1280504	South Bay BRT	I-805	\$125,741	\$125,741	\$0	CON	2019	Finalizing CON Package
1280510	I-805 South: 2HOV and Direct Access Ramp	I-805	\$183,282	\$183,343	\$61	CON	2017	Final Year of Plant Establishment
1280513	I-805 / SR-94 Bus on Shoulder Demonstration Project	I-805	\$30,900	\$30,900	\$0	CON	2021	
1280515	I-805 South Soundwalls	I-805	\$88,739	\$88,739	\$0	CON	2022	
1280516	I-805 North Auxiliary Lanes	I-805	\$4,242	TBD	TBD	DES	TBD	
1280518	SR 94 Transit Priority Lanes (I-805 to I-5)	I-805	\$15,800	TBD	TBD	ENV	TBD	
<b>Bikeway Program Projects</b>			<b>Bikeway Program Total</b>	<b>\$285,146</b>	<b>\$363,142</b>	<b>\$78,272</b>		
1129900	Bayshore Bikeway: 8B Main Street to Palomar	Regional Bikeway Program	\$1,347	\$3,381	\$2,034	DES	TBD	
1223016	Coastal Rail Trail San Diego: Rose Creek	Regional Bikeway Program	\$28,978	\$29,599	\$621	CON	2020	
1223017	Coastal Rail Trail Encinitas: E Street to Chesterfield Drive	Regional Bikeway Program	\$9,820	\$12,940	\$3,120	CON	2019	Finalizing CON Package
1223020	North Park/Mid-City Bikeways: Robinson Bikeway	Regional Bikeway Program	\$4,658	\$5,479	\$821	ROW	TBD	
1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	Regional Bikeway Program	\$25,407	\$25,407	\$0	CON	2022	
1223023	Inland Rail Trail	Regional Bikeway Program	\$77,722	\$94,541	\$16,819	CON	2026	Phase 4 still unfunded
1223053	San Diego River Trail: Carlton Oaks Segment	Regional Bikeway Program	\$1,830	\$9,830	\$8,000	ROW	TBD	
1223054	SR 15 Bike Path: Adams Ave to Landis Street	Regional Bikeway Program	\$1,409	\$3,819	\$2,410	CON	2023	
1223055	Bayshore Bikeway: Barrio Logan	Regional Bikeway Program	\$28,025	\$28,025	\$0	CON	2023	
1223056	San Ysidro to Imperial Beach Parkway	Regional Bikeway Program	\$13,359	\$19,858	\$6,499	CON	2024	
1223057	North Park to Downtown/Balboa Park Bikeway	Regional Bikeway Program	\$22,418	\$22,418	\$0	CON	2022	
1223058	Southeast to Downtown Bikeway	Regional Bikeway Program	\$14,138	\$14,717	\$579	CON	2023	
1223079	North Park/Mid-City Bikeways: Howard Bikeway	Regional Bikeway Program	\$1,404	\$8,928	\$7,524	DES	TBD	
1223080	North Park/Mid-City Bikeways: Monroe Bikeway	Regional Bikeway Program	\$276	TBD	TBD	PE	TBD	
1223081	North Park/Mid-City Bikeways: University Bikeway	Regional Bikeway Program	\$17,811	\$17,860	\$49	CON	2024	
1223082	North Park/Mid-City Bikeways: Georgia-Meade Bikeway	Regional Bikeway Program	\$25,415	\$26,534	\$1,119	CON	2022	
1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	Regional Bikeway Program	\$5,117	\$12,500	\$7,383	CON	TBD	
1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	Regional Bikeway Program	\$2,521	\$16,624	\$14,103	DES	TBD	
1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	Regional Bikeway Program	\$1,630	\$5,680	\$4,050	DES	TBD	
1223087	North Park/Mid-City Bikeways: Orange Bikeway	Regional Bikeway Program	\$1,241	\$6,416	\$5,175	DES	TBD	
1223093	GObyBIKE San Diego: Construction Outreach Program	Regional Bikeway Program	\$1,967	\$1,967	\$0	N/A	N/A	Public Outreach Program
<b>Goods Movement Projects</b>			<b>TCIF / Goods Movement Total</b>	<b>\$371,764</b>	<b>\$838,352</b>	<b>\$466,588</b>		
1201101	SR 11 and Otay Mesa East Port of Entry - Phase 1	TCIF / Goods Movement	\$175,557	\$633,505	\$457,948	CON	2024	
1201103	SR 11 and Otay Mesa East Port of Entry: Segment 2A Construction	TCIF / Goods Movement	\$130,574	\$132,074	\$1,500	CON	2021	
1201104	SR 11 and Otay Mesa East Port of Entry: Siempre Viva Interchange Construction	TCIF / Goods Movement	\$32,308	\$32,308	\$0	CON	2022	
1201105	SR 11 and Otay Mesa East Port of Entry: Traffic/Revenue Study	TCIF / Goods Movement	\$2,500	\$2,500	\$0	N/A	N/A	Traffic Study Only
1390506	SR 125/905 Southbound to Westbound Connector	TCIF / Goods Movement	\$30,825	\$37,965	\$7,140	CON	2022	
<b>Comprehensive Multimodal Corridor Plan (CMCP)</b>			<b>CMCP Total</b>	<b>\$22,792</b>	<b>\$10,000</b>	<b>\$4,088</b>		
1600101	CMCP - Regional CMCP Development	CMCP	\$1,000	TBD	TBD	PE	N/A	
1600501	Central Mobility Hub - Notice of Preparation/P3 Procurement	CMCP	\$5,912	\$10,000	\$4,088	PE	N/A	
1600503	CMCP - Central Mobility Hub: Military Installation Resilience	CMCP	\$880	TBD	TBD	PE	N/A	
1600504	CMCP - Central Mobility Connections	CMCP	\$3,000	TBD	TBD	PE	N/A	
1605201	CMCP - Sea to Santee (SR 52)	CMCP	\$1,880	TBD	TBD	PE	N/A	
1606701	CMCP - San Vicente Corridor (SR 67)	CMCP	\$1,120	TBD	TBD	PE	N/A	
1607801	CMCP - SPRINTER/Palomar Airport Road/SR 78/SR 76	CMCP	\$3,000	TBD	TBD	PE	N/A	
1685501	CMCP - South Bay to Sorrento Corridor	CMCP	\$6,000	TBD	TBD	PE	N/A	

Capital Programs FY21 Budget  
 Estimate at Completion, Funded Through and Estimated Open to Traffic  
 through March 31, 2021 (in 000's)

		a	b	b-a				
CIP	Project Name	Corridor	Approved Funded Budget	Estimate At Completion (EAC)*	Total Project Cost vs. EAC	Funded Through	Estimated Open to Public Date	Comments
	<b>Major Capital Projects</b>	<b>Major Capital</b>	<b>\$366,909</b>	<b>\$449,352</b>	<b>\$82,443</b>			
1129200	OCS Insulator & Catch Cable Replacement	Major Capital	\$10,098	\$11,883	\$1,785	CON	2022	\$1.8M funded with MTS CIP for FY 22
1130100	Financial ERP System	Major Capital	\$2,223	\$2,223	\$0	GO LIVE	2022	
1130102	Financial System Upgrade CMS	Major Capital	\$1,052	\$1,052	\$0	GO LIVE	2020	
1131600	Human Resources Information System	Major Capital	\$1,748	\$1,748	\$0	GO LIVE	2022	
1142600	JTOC	Major Capital	\$14,518	\$13,331	(\$1,187)	DES	TBD	
1145300	Rose Canyon Bridge Replacements	Major Capital	\$14,545	\$14,545	\$0	FED	TBD	
1145400	San Onofre Bridge Replacements	Major Capital	\$13,641	\$14,700	\$1,059	FED	TBD	
1146100	Del Mar Bluffs IV	Major Capital	\$18,540	\$18,539	(\$1)	CON	2020	
1146500	Bridge 257.2 Replacement Project	Major Capital	\$15,404	\$15,404	\$0	DES	TBD	Construction is not fully funded.
1146600	San Onofre to Pulgas Double Track - Phase 2	Major Capital	\$36,289	\$35,537	(\$752)	DES	TBD	TCEP and STIP will fully fund project in FY 22.
1146701	UCSD Mid-Coast Improvements - Pepper Canyon	Major Capital	\$3,030	\$3,030	\$0	CON	2021	
1146702	UCSD Mid-Coast Improvements - Voigt	Major Capital	\$14,000	\$15,400	\$1,400	CON	2021	UCSD funding additional \$1.4M in FY 22
1146703	UCSD Mid-Coast Improvements - Lyman Roundabout	Major Capital	\$13,800	\$13,800	\$0	CON	2021	
1146800	Centralized Train Control Technology Refresh	Major Capital	\$1,702	\$1,702	\$0	CON	2021	
1146900	El Portal Undercrossing	Major Capital	\$11,137	\$12,100	\$963	CON	2022	
1147000	Beyer Blvd. Slope & Drainage	Major Capital	\$3,250	\$590	(\$2,660)	DES	TBD	MTS is reducing the SANDAG project to \$590k for design only.
1147100	Del Mar Bluffs V	Major Capital	\$65,200	\$65,196	(\$4)	DES	TBD	EAC = FY 21 approved budget. Due to an increase in overall project scope, the projected duration of construction has increased.
1147200	Old Town Transit Center West Improvements	Major Capital	\$5,492	\$5,492	\$0	CON	2021	
1147300	Del Mar Bluffs Emergency Repairs	Major Capital	\$1,000	\$500	(\$500)	CON	2020	Final cost of the emergency repair construction contract has been determined, only expenses associated with project closeout are anticipated in the remainder of FY21.
1147400	Content Management	Major Capital	\$2,393	\$2,393	\$0	GO LIVE	2022	
1147600	Del Mar Bluffs VI	Major Capital	\$3,000	\$33,500	\$30,500	FED	TBD	
1149000	Central Mobility Hub	Major Capital	\$40,000	\$93,031	\$53,031	FED	TBD	
1400000	Regional Tolling Back Office System	Major Capital	\$16,105	\$16,105	\$0	GO LIVE	2020	
1400402	Roadway Toll Collection System	Major Capital	\$48,792	\$48,792	\$0	GO LIVE	2021	EAC = FY 21 approved budget.
1400405	SR 125 Ramps Overlay	Major Capital	\$9,950	\$8,759	(\$1,191)	CON	2021	

DED = Draft Environmental Document; FED = Final Environmental Document; PE = Preliminary Engineering; DES = Design; ROW = Right-of-Way; CON = Construction; TBD = To Be Determined

\*EAC through the Construction phase as of March 2021

\*\* Projected estimates are through Design only

## Quarterly Capital Program Status Report January - March 2021

Schedule Data as of 03/31/2021

Capital Program 6-Month Outlook		Milestones marked as A indicate an actualized event. Milestones marked as X indicate a planned event.					
Segment	Milestone	2021 Jan	2021 Feb	2021 Mar	2021 Apr	2021 May	2021 Jun
<b>I-5 North Corridor</b>							
Sorrento Valley Double Track (CIP-1239807)	COMPLETE						X
<b>I-15 Corridor</b>							
I-15 FasTrak® (CIP-1201504)	COMPLETE						X
SR 15 BRT: Mid-City Centerline Stations (CIP-1201507)	COMPLETE						X
<b>SR 76 Corridor</b>							
SR 76 Middle (CIP-1207602)	COMPLETE						X
<b>Orange Line - Blue Line Corridor</b>							
Orange and Blue Line Traction Power Substations (CIP-1210040)	COMPLETE						X
<b>I-805 Corridor</b>							
I-805 South Soundwalls (CIP-1280515)	OPEN				A		
<b>Border Access Corridor</b>							
SR 11 and Otay Mesa East Port of Entry: Siempre Viva Interchange (CIP-1201104)	BEGIN		A				
<b>Regional Bikeway</b>							
Coastal Rail Trail San Diego: Rose Creek (CIP-1223016)	OPEN					A	
<b>Major Capital</b>							
Financial ERP System (CIP-1130100)	ADVERTISE				A		
Human Resource Information System (CIP-1131600)	ADVERTISE				A		
Centralized Train Control (CTC) Technology Refresh (CIP-1146800)	OPEN						X
SR 125 Ramps Overlay (CIP-1400405)	OPEN		A				
Del Mar Bluffs V (CIP-1147100)	FED						X

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## Quarterly Capital Program Status Report January - March 2021

Schedule Data as of 03/31/2021

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Capital Program Upcoming Milestones		*Variance between current schedule and FY21 Baseline schedule in months.				
Segment	Milestone	FY Baseline	Current Date	Date var. * (mos)	Current Phase	Comment
<b>I-5 South Corridor</b>						
I-5 South:I-5/Genesee Interchange and Widening (CIP-1200506)	COMPLETE	03/31/2024	03/31/2024	0	CON	
I-5 South:I-5/Voigt Drive Improvements (CIP-1200507)	OPEN	12/31/2021	12/31/2021	0	CON	
I-5 South:I-5/Gilman Drive Bridge (CIP-1200508)	COMPLETE	12/31/2020	09/30/2022	-21	CON	New work requested by UCSD
I-5 South:I-5/Genesee Auxiliary Lane (CIP-1200512)	COMPLETE	07/31/2022	07/31/2022	0	CON	
I-5 South:Mid-Coast Light Rail Transit (LRT) (CIP-1257001)	OPEN	09/30/2021	11/30/2021	-2	CON	Weather delays
<b>I-5 North Corridor</b>						
I-5 North:I-5 HOV: Manchester Avenue to Palomar Airport Road (CIP-1200504)	OPEN	09/30/2021	12/31/2021	-3	CON	Construction delayed due to change order
I-5 North:I-5 HOV: San Elijo Bridge Replacement (CIP-1200509)	OPEN	09/30/2021	12/31/2021	-3	CON	Challenges drilling bridge foundation
I-5 North:I-5 HOV: Carlsbad (CIP-1200510)	BEGIN	10/31/2020	07/31/2021	-9	DES	Delayed funding allocation
I-5 North:SR 56 Auxiliary Lanes (CIP-1200513)	ADVERTISE	01/31/2022	04/30/2022	-3	DES	Additional scope
COASTER:Poinsettia Station Improvements (CIP-1239805)	COMPLETE	07/31/2020	07/31/2021	-12	CON	Slope failures, repairs, & replanting
COASTER:Sorrento Valley Double Track (CIP-1239807)	COMPLETE	06/30/2020	06/30/2021	-12	CON	Construction change order delays
COASTER:Elvira to Morena Double Track (CIP-1239811)	COMPLETE	07/31/2021	12/31/2021	-5	CON	Right-of-way settlement issues
COASTER:San Diego River Bridge (CIP-1239815)	COMPLETE	09/30/2021	09/30/2021	0	CON	
COASTER:COASTER Train Sets (CIP-1239820)	OPEN	05/31/2024	05/31/2024	0	CON	
<b>I-15 Corridor</b>						
I-15 Corridor:I-15 FasTrak® (CIP-1201504)	COMPLETE	02/28/2021	06/30/2021	-4	CON	MTS finishing equipment installation
I-15 Corridor:SR 15 BRT: Mid-City Centerline Stations (CIP-1201507)	COMPLETE	07/31/2020	06/30/2021	-11	CON	Construction change order work
I-15 Corridor:Mira Mesa Blvd BRT Priority Treatments (CIP-1201511)	COMPLETE	07/31/2021	07/31/2021	0	CON	
<b>SR 52 &amp; SR 76 Corridors</b>						
SR 52 Corridor:SR 52 Improvements (CIP-1205204)	DED	07/31/2020	08/31/2021	-13	ENV	Developer asked to delay DED process
SR 76 Corridor:SR 76 Middle (CIP-1207602)	COMPLETE	07/31/2020	06/30/2021	-11	CON	Caltrans HQ review of closeout documents
SR 76 Corridor:SR 76 East (CIP-1207606)	COMPLETE	09/30/2024	09/30/2024	0	CON	
<b>SR 78/SPRINTER Corridor</b>						
SR 78/SPRINTER:I-15/SR 78 HOV Connectors (CIP-1207802)	DED	11/30/2021	06/30/2022	-7	ENV	Revised scope, delay of technical studies
<b>Orange Line-Blue Line &amp; Mid-City Corridors</b>						
Trolley Renewal: Blue Line Railway Signal Improvements (CIP-1210021)	BEGIN	02/28/2022	02/28/2022	0	DES	
Trolley Renewal:Orange-Blue Line Traction Power Substations (CIP-1210040)	COMPLETE	12/31/2020	06/30/2021	-6	CON	Final testing delayed, final invoice in process
Trolley Renewal:Low-Floor Light Rail Transit Vehicles (CIP-1210090)	OPEN	05/31/2025	05/31/2025	0	CON	

## Quarterly Capital Program Status Report January - March 2021

Schedule Data as of 03/31/2021

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Segment	Milestone	FY Baseline	Current Date	Date var. * (mos)	Current Phase	Comment
Mid-City Corridor:Mid-City Rapid Bus (CIP-1240001)	COMPLETE	07/31/2021	07/31/2021	0	CON	
<b>I-805 Corridor</b>						
I-805:South Bay BRT (CIP-1280504)	COMPLETE	12/31/2020	08/31/2021	-8	CON	Water meters, plant establishment delayed
I-805:I-805 South: 2HOV and Direct Access Ramp (CIP-1280510)	COMPLETE	12/31/2022	12/31/2022	0	CON	
I-805:I-805 North: 2 HOV Lanes (CIP-1280511)	COMPLETE	12/31/2022	12/31/2022	0	CON	
I-805:I-805/SR 94 Bus on Shoulder Demonstration Project (CIP-1280513)	OPEN	01/31/2021	07/31/2021	-6	CON	Pole delivery & demo delays due to Covid-19
I-805:I-805 South Soundwalls (CIP-1280515)	COMPLETE	07/31/2027	12/31/2027	-5	CON	Open to public milestone delayed
I-805:SR 94 Transit Priority Lanes (I-805 to I-5) (CIP-1280518)	DED	10/31/2026	10/31/2026	0	ENV	
<b>Border Access Corridor</b>						
Border Access Corridor:SR 11 and Otay Mesa East Port of Entry (CIP-1201101)	ADVERTISE	07/31/2021	04/30/2022	-9	DES	Pending grant application
Border Access Corridor:SR 11 and Otay Mesa East Port of Entry: Segment 2A and SR 905/125/11 Southbound Connectors Construction (CIP-1201103)	OPEN	12/31/2021	12/31/2021	0	CON	
Border Access Corridor:SR 11 and Otay Mesa East Port of Entry: Siempre Viva Interchange Construction (CIP-1201104)	OPEN	05/31/2022	09/30/2022	-4	CON	Construction start date delayed
Border Access Corridor:SR 125/905 Southbound to Westbound Connector (CIP-1390506)	OPEN	08/31/2022	10/31/2022	-2	CON	Additive bid items
<b>Regional Bikeway</b>						
Regional Bikeway:Coastal Rail Trail San Diego: Rose Creek (CIP-1223016)	COMPLETE	04/30/2023	11/30/2023	-7	CON	Open to public milestone delayed
Regional Bikeway:Uptown Bikeways: Fourth and Fifth Avenue Bikeways (CIP-1223022)	OPEN	03/31/2022	03/31/2022	0	CON	
Regional Bikeway:Inland Rail Trail (CIP-1223023)	OPEN	05/31/2026	05/31/2026	0	CON	
Regional Bikeway:Bayshore Bikeway: Barrio Logan (CIP-1223055)	ADVERTISE	07/31/2020	07/31/2021	-12	DES	Right-of-way and utilities delays
Regional Bikeway:Border to Bayshore Bikeway (CIP-1223056)	ADVERTISE	07/31/2021	09/30/2021	-2	DES	City of San Diego design review delays
Regional Bikeway:Pershing Drive Bikeway (CIP-1223057)	ADVERTISE	07/31/2020	07/31/2021	-12	DES	City of San Diego & utilities delays
Regional Bikeway:Downtown to Imperial Avenue Bikeway (CIP-1223058)	ADVERTISE	02/28/2021	09/30/2021	-7	DES	Right-of-way delays
Regional Bikeway:North Park/Mid-City Bikeways: University Bikeway (CIP-1223081)	ADVERTISE	07/31/2021	09/30/2022	-14	DES	Final design review delayed due to City of San Diego backlog
Regional Bikeway:North Park/Mid-City Bikeways: Georgia-Meade Bikeway (CIP-1223082)	OPEN	04/30/2022	04/30/2022	0	CON	
Regional Bikeway:Uptown Bikeways: Eastern Hillcrest Bikeways (CIP-1223083)	ADVERTISE	07/31/2021	07/31/2022	-12	DES	Final design review delayed due to City of San Diego backlog

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**Current Phases:** ENV = Environmental, DES = Design, CON = Construction

## Quarterly Capital Program Status Report January - March 2021

Schedule Data as of 03/31/2021

*The table below is a subset of the entire capital program and only shows projects with a milestone date established for the completion of the current phase.*

Segment	Milestone	FY Baseline	Current Date	Date var. * (mos)	Current Phase	Comment
<b>Major Capital</b>						
OCS Insulator & Catch Cable Replacement (CIP-1129200)	COMPLETE	05/31/2023	05/31/2023	0	CON	
Financial ERP System (CIP-1130100)	BEGIN	12/31/2020	07/31/2021	-7	DES	Gathering req's slowed by COVID-19
Financial System Upgrade Contract Management System (CIP-1130102)	COMPLETE	12/31/2020	05/31/2022	-17	CON	Technical delays, COVID-19 delays
Human Resource Information System (HRIS) (CIP-1131600)	BEGIN	12/31/2020	09/30/2021	-9	DES	Gathering req's slowed by COVID-19
Joint Transportation Operations Center (JTOC) (CIP-1142600)	BEGIN	12/31/2020	07/31/2021	-7	DES	Re-reviewing primary design
Del Mar Bluffs IV (CIP-1146100)	COMPLETE	12/31/2021	03/31/2024	-27	CON	Emergency repairs due to landslide
Bridge 257.2 Replacement Project (CIP-1146500)	FED	10/31/2020	10/31/2021	-12	ENV	Permitting review delayed by COVID-19
San Onofre to Pulgas Double Track - Phase 2 (CIP-1146600)	ADVERTISE	12/31/2020	07/31/2021	-7	DES	Navy Red Beach project delayed
UCSD Mid-Coast Improvements – Pepper Canyon (CIP-1146701)	OPEN	07/31/2021	08/31/2021	-1	CON	Minor weather delay
UCSD Mid-Coast Improvements – Voigt (CIP-1146702)	OPEN	11/30/2021	11/30/2021	0	CON	
UCSD Mid-Coast Improvements – Lyman Roundabout (CIP-1146703)	OPEN	11/30/2021	11/30/2021	0	CON	
Centralized Train Control (CTC) Technology Refresh (CIP-1146800)	OPEN	10/30/2020	06/30/2021	-8	CON	Delayed due to COVID-19
EI Portal Undercrossing (CIP-1146900)	OPEN	04/30/2022	04/30/2022	0	CON	
Beyer Blvd. Slope & Drainage (CIP-1147000)	ADVERTISE	07/31/2020	09/30/2021	-14	DES	Project no longer fast-tracked
Del Mar Bluffs V (CIP-1147100)	FED	08/31/2020	06/30/2021	-10	ENV	Scope increased, PE revisions needed
Old Town Transit Center West Improvements (CIP-1147200)	OPEN	04/30/2021	07/31/2021	-3	CON	Delayed due to COVID-19
Content Management (CIP-1147400)	ADVERTISE	12/31/2020	07/31/2021	-7	DES	Implementation split into phases
Del Mar Bluffs VI (CIP-1147600)	DED	07/31/2021	12/31/2022	-17	ENV	Final scope still being determined
Central Mobility Station (CIP-1149000)	DED	04/30/2021	12/31/2022	-20	ENV	Contracts, coordination w/ Navy
Regional Tolling Back Office System (CIP-1400000)	COMPLETE	02/28/2021	01/31/2022	-11	CON	Closeout delays
Roadway Toll Collection System (CIP-1400402)	OPEN	05/31/2021	12/31/2021	-7	CON	Slower progress due to COVID-19
SR 125 Ramps Overlay (CIP-1400405)	COMPLETE	02/28/2023	02/28/2023	0	CON	

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## Quarterly Finance Report and Update on Financial Markets – Through March 31, 2021

### Overview

Staff provides quarterly briefings on the latest developments in the financial markets, economy, sales tax revenues, and the strategies being explored and implemented to minimize possible impacts to the *TransNet* Program; and a quarterly report on investments as required per [SANDAG Board Policy No. 003](#).

### Key Considerations

- Although the U.S. economy recovered notably in October, this was quickly stalled by a dramatic surge in COVID-19 hospitalizations, forcing some areas into a new round of lockdown. December also saw the distribution of the first vaccines and the passage of a \$900 billion economic stimulus package. Hopes for further fiscal stimulus grew after Democrats won the Senate runoff in Georgia.
- The unemployment rate, at 6.8% in November, remains more than twice as high as a year ago. The tourism sector, which employed 13% of the local labor force before the pandemic, is especially affected, accounting for about 45% of the job losses. Retail and education are the second and third most affected sectors.
- Available national forecasts updates suggest a 3.5% contraction in U.S. Gross Domestic Product in 2020 and a 4% recovery in 2021. Risks remain high for 2021, both on the upside (with probable additional fiscal stimulus and in the event of faster than expected vaccine roll out) and the downside (with the virus variants spreading and in the event of lower-than-expected vaccine roll out and effectiveness of the vaccines).
- Senior lien debt service coverage, using sales tax receipts of \$305.9 million for the 12 months ending June 30, 2020, is 2.68 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$2.68 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings.
- SANDAG is also evaluating the issuance of sales tax revenue bonds for both new money as well as refunding. With taxable rates near all-time lows, the remaining maturities for the Series 2014B Bonds may be advance refunded on a taxable basis, with significant debt service savings.

### Action: Information

An update on the latest developments in the financial markets, economy, sales tax revenues, and strategies being explored and implemented to minimize possible impacts to the *TransNet* program will be presented.

### Fiscal Impact:

Senior lien debt service coverage remains strong at 2.68 times, providing ample coverage and supporting triple-A ratings.

### Schedule/Scope Impact:

Although the U.S. economy entered the year on a strong footing, that deteriorated quickly as the COVID-19 pandemic took hold across the globe. Staff will monitor the situation closely and update revenue forecasts as information becomes available.

### André Douzdjian, Chief Financial Officer

Key Staff Contacts: André Douzdjian, (619) 699-6931, [andre.douzdjian@sandag.org](mailto:andre.douzdjian@sandag.org)  
Ray Major, (619) 699-1930, [ray.major@sandag.org](mailto:ray.major@sandag.org)

- Attachments:
1. Financial Market Review
  2. Local Economy and Sales Tax Revenue
  3. Investment and Debt Portfolio

## Market Review and Update

### Overview

The first quarter of 2021 was characterized by optimism surrounding the accelerated distribution of COVID-19 vaccines and improving economic data supported by a new round of relief funds. Personal spending and consumer confidence began to grow. Hiring was accelerated as lockdown restrictions eased. High-frequency data such as air travel and restaurant reservations seem to indicate that the economic recovery is gaining momentum. While the inflation trend remains muted, economic optimism, fiscal stimulus and monetary policies are fueling inflation expectations as economic recovery accelerates.

At the March Federal Open Market Committee (FOMC) Meeting, the Fed announced that it would keep its current asset purchase program unchanged and leave short-term interest rates low at the current level. Fed Chairman Jerome Powell addressed the notable increase in longer-term U.S. Treasury yields as unlikely to get out of hand, nor does the Fed expect any destructive breakout in inflation. The domestic stock market, as represented by the S&P 500, returned 4.38% and closed out the first quarter on a high note. Demand for municipal bonds remained strong as municipal bond funds saw consistent inflows throughout the quarter. Tax-exempt borrowing rates fell slightly during March, after rising from its record lows in August.

### Interest Rates:

- **Treasury Rates:** Treasury rates (industry accepted benchmark for taxable bonds) saw a significant increase beyond the seven-year mark as the economic recovery and stimulus packages fueled inflation concerns. Short-term interest rates remained low as the Fed continued its zero-interest-rate policy. Overall, the U.S. treasury yield curve steepened over the quarter.
- **Municipal Market Rates:** The AAA MMD yield curve (the industry accepted benchmark for tax-exempt rates) also steepened over the quarter. Following a notable increase from February, rates began to decline in mid- March.
- **Fed Funds Rate:** The Fed made no changes to the near-zero fed funds policy rate and continued to its large-scale monthly asset purchases. The Fed's most recent messaging has evolved to require actual outcomes, not just strong forecasts, before considering any current policy changes.

**Municipal Market Supply-Demand Dynamics:** Municipal bond funds saw consistent inflows over the past three months. Supply dropped dramatically towards the end of 2020, but gradually rebounded in 2021. Despite the high supply, investor demand continued to outstrip supply and transactions were executed at attractive interest rates.

**Equity Markets:** Equity markets retreated at the start of 2021 but rebounded in February and March, reaching new record highs.

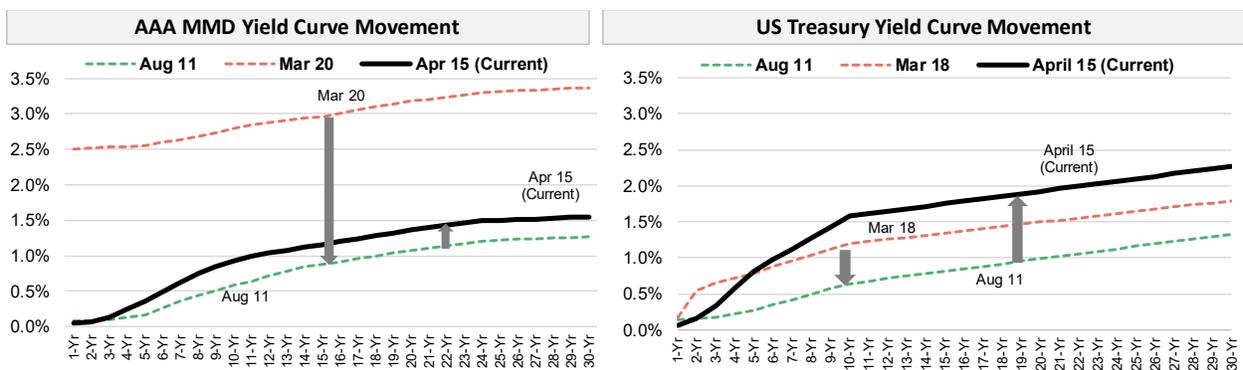
### U.S. Economy:

- **Jobs and Unemployment:** The Initial Jobless Claims for the week ended April 10 registered at 576,000, remaining relatively steady for the duration of the quarter. The unemployment rate fell to 6.0 percent by end of March from 6.7 percent at the end of December.
- **GDP:** After decreasing by 31.4 percent in the second quarter of 2020, GDP grew by 33.4 percent in the third quarter and then by 4.0 percent in the fourth quarter.
- **Personal Spending:** As the economy's key driver, personal spending decreased by 1.0 percent in February, after a 3.4 percent growth in January.

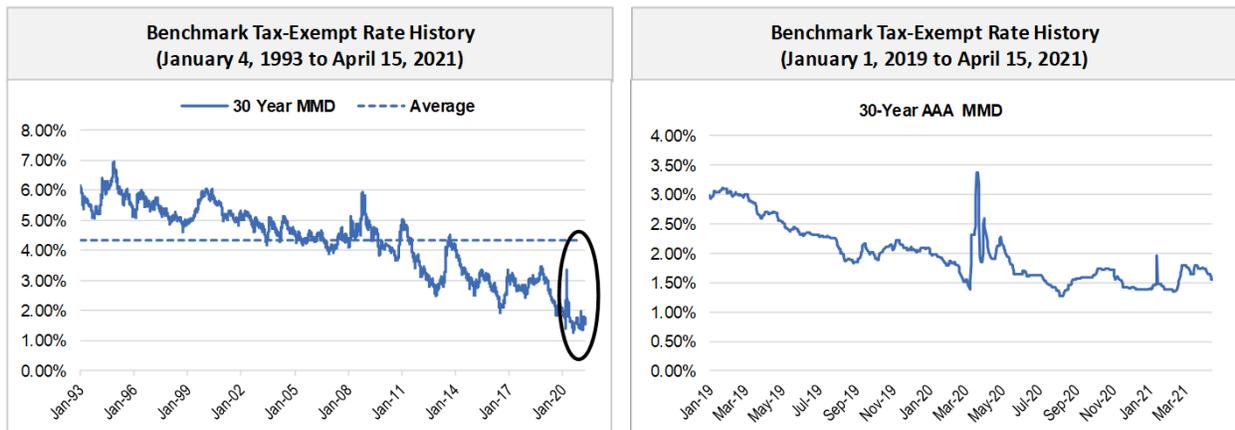
- Manufacturing and Service data: The Markit U.S. Composite Purchasing Managers Index (PMI) in the past quarter showed expansion in both the manufacturing and services sector, signaling continued rebuilding of economic activity.
- Consumer Sentiment: After dropping to 76.8 in February, preliminary estimates of the University of Michigan Consumer Confidence Index rose to 83.0 in March.

**Long-Term Tax-Exempt and Taxable Interest Rates**

The AAA Municipal Market Data (MMD) index (the industry accepted benchmark for tax-exempt rates) and US Treasury rates have seen recent increases but remain low from an historical perspective. Both the municipal curve and the Treasury curve are below 2.5 percent. The two charts below show rate movements in the municipal and Treasury market since 2020 as well as current rates as they stand relative to the lowest they've been in 2020. As seen in the chart both curves are slowly ticking up from their all-time lows.



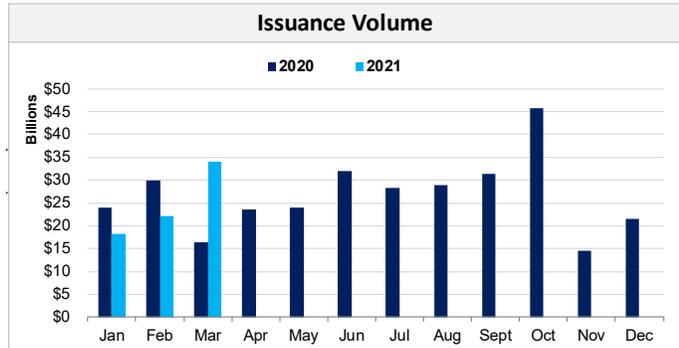
The flight to liquidity in late March 2020 and early April 2020 caused municipal rates to rise dramatically. While US Treasury rates also increased during the period, the rate movement was relatively small. This uneven movement translated to a severe “dislocation” in the municipal-to-treasury ratios that is, municipal bonds and Treasuries diverged in pricing significantly. The 10-year ratio peaked to 250 percent versus an average of 80 percent. This ratio is an important measure as the relationship between municipal yields and Treasury yields determines their relative attractiveness to investors. By the end of May 2020, the municipal market stabilized as investors reemerged as buyers of tax-exempt municipal debt. The ratio has since trended downwards, nearing historic lows after reaching 78.3 percent in early April.



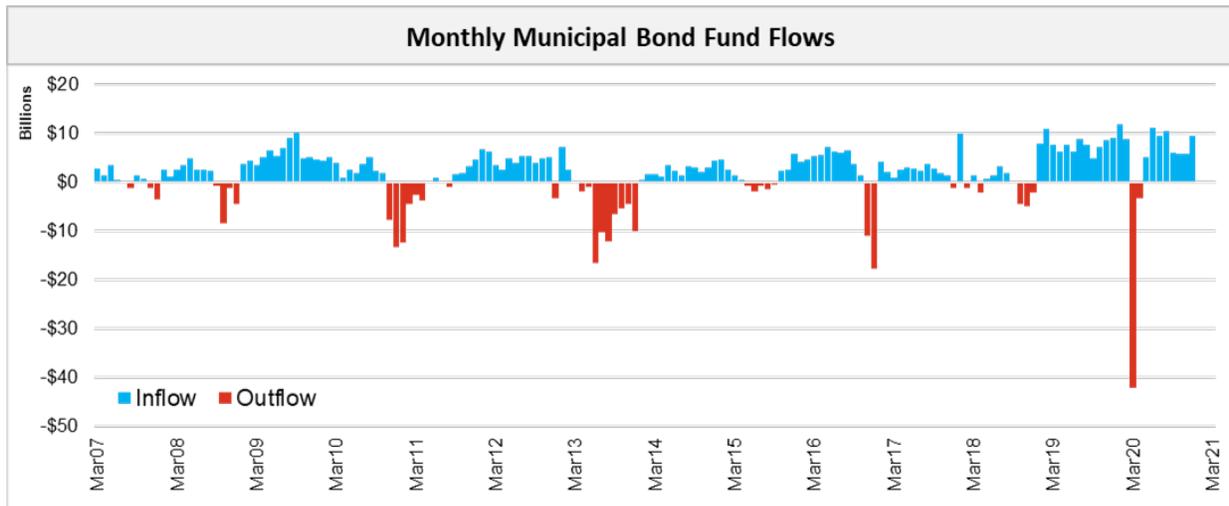
The current 30-year AAA MMD bond yield is 1.55 percent, which is 0.35 percent or 35 basis points (bps) lower than it was on April 16, 2020 and is still significantly lower than its historic average as seen in the chart above.

**Municipal Market Supply and Demand**

2020 saw a boom particularly in taxable advance refundings due to Treasury rates dropping to historic lows amidst the pandemic. Both taxable and tax-exempt supply decreased towards the end of 2020, then gradually increased. Tax-exempt issuance in the first quarter of 2021 was \$74.4 billion, 5.77 percent higher than that of 2020. The [first quarter??] taxable supply of \$26.9 billion is 1.12 percent higher compared to 2019. When combined, the 2020 taxable and tax-exempt issuance volume was up by 9.86 percent compared to 2020.



Mutual funds are one of the largest investors in municipal bonds and the net inflow or net outflow from mutual funds is indicative of demand for municipal bonds. Municipal bond funds have seen consistent inflows since the extreme outflow in March 2020. Inflows from January through March of 2021 totaled 24.7 billion, indicative of strong investor demand.



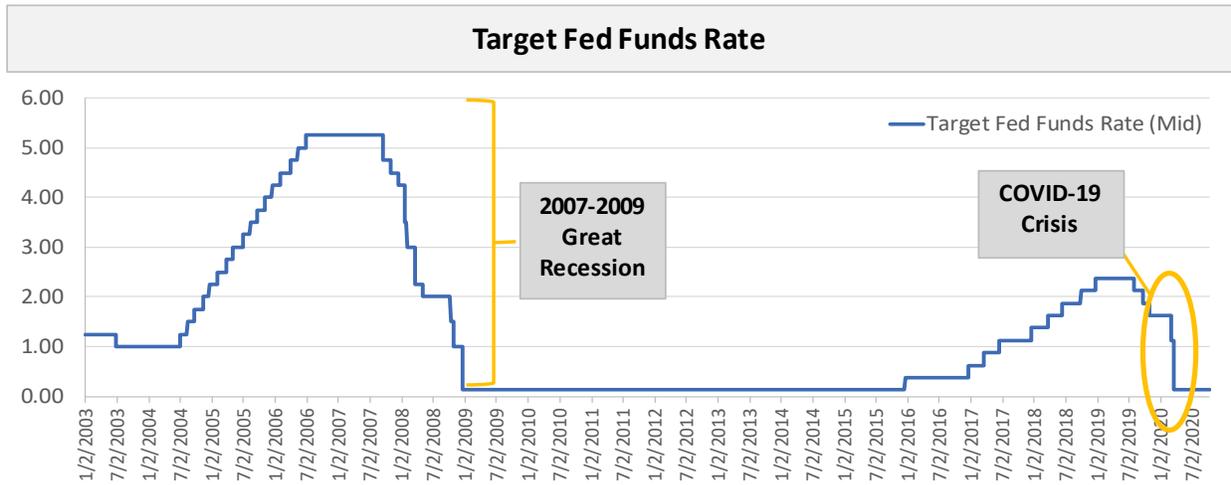
**Credit Spreads**

Credit spreads widened significantly at the beginning of the COVID crises. As investors returned to municipal markets, spreads gradually narrowed through July. However, sustained low absolute rates, growing supply in August and September and a heavy issuance calendar leading up to the presidential election, caused credit spreads to widen. For instance, the pre-COVID 30-yr spread to MMD for a California State GO bond was 5 bps. It widened to as much as 40 bps at the peak of the crises. As positive signs of economic recovery prevail and demand for municipal credits continues to outstrip supply, credit spreads have begun to tighten significantly in 2021.

Going forward, investors and rating agencies continue to evaluate sectors and individual credits, inclusive of the actual and expected negative financial impacts of the COVID-19 global and domestic economic downturn, which will drive credit spreads in the future.

## Interest Rate Forecasts

In March 2020 the Fed dropped the fed funds rate to zero as seen in the chart. The last time the Fed dropped rates was during the 2007-2009 Great Recession. In the March FOMC meeting, the Fed left the rates



unchanged.

The next table provides an average of interest rate forecasts by industry professionals. These are surveyed and compiled by Bloomberg. The Fed Funds rate is forecasted to stay at zero for the first half of 2021. The rate is expected to increase slowly from 0.01 percent in the 3<sup>rd</sup> quarter to 0.02 percent in 2022, reaching 0.09 percent in 2023. This indicates very little pressure driving short-term rates in the near-term. The two-year United States Treasury (UST) rate is forecasted to increase only by 0.17 percent to 0.32 percent by the end of 2021. The ten-year UST rate is forecasted to increase by 0.10 percent to 1.21 percent by the end of 2021. The 30-year UST rate is also forecast to increase by 0.04 percent to 1.90 percent by the end of 2021.

The Street's Interest Rate Forecast										
Forecast	1/14/2020	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
30-Year UST	1.86%	1.63%	1.75%	1.82%	1.90%	1.94%	2.01%	2.09%	2.16%	2.21%
10-Year UST	1.11%	0.89%	1.03%	1.13%	1.21%	1.26%	1.34%	1.43%	1.52%	1.57%
2-Year UST	0.15%	0.18%	0.23%	0.27%	0.32%	0.38%	0.42%	0.49%	0.56%	0.58%
3M London Interbank Offered Rate	0.22%	0.26%	0.26%	0.27%	0.30%	0.33%	0.36%	0.39%	0.43%	0.47%
Federal Funds Target Rate Upper Bound	0.25%	0.25%	0.25%	0.25%	0.25%	0.30%	0.30%	0.35%	0.35%	0.35%
Federal Funds Target Rate Lower Bound	0.00%	0.00%	0.00%	0.01%	0.01%	0.02%	0.04%	0.05%	0.07%	0.09%

## Local Economy and Sales Tax Revenues

The U.S. economy is recovering from the recession triggered by the COVID-19 pandemic. Necessary protection measures related to the pandemic brutally plunged the world and the U.S. economies into recession in the first quarter of 2020. U.S. GDP contracted by 3.5% in 2020 as sustained monetary and fiscal stimulus limited the depth and duration of the contraction. The recovery strengthened in the first quarter of 2021 supported by additional government spending and faster than expected vaccine roll out. Annualized GDP growth reached 6.4%, however, GDP remained 1% below its pre COVID level.

Although risks persist, most economic forecasters have upgraded the 2021-22 economic growth outlook. U.S. GDP growth is expected to be above 6% in 2021, which would be the strongest annual growth rate since 1984. The economy could be back on a pre-COVID trend by the end of 2022.

The COVID-19-related recession hit a strong and healthy San Diego economy. Massive job and income losses exacerbated the immediate impact of social distancing on the economy and on taxable sales. With the progress of the vaccination campaign and the reopening of the economy, the recovery is ongoing. The unemployment rate of 6.9% in March is well below its 15.9% peak percentage in April 2020 but remains more than twice as high as in 2019. The tourism sector, which employed 13% of the local labor force before the pandemic, is especially affected, accounting for about half of the job losses during the pandemic. Retail and education are the second and third most affected sectors.

Sales tax revenues stalled in FY2020 at \$305.9 million, as the recession wiped the strong revenues registered before the pandemic hit the region.

Despite the pandemic, sales tax revenue collection in the first three quarters of FY 2021 has been only slightly lower than the first three quarters of the prior year. Besides the impact of the Wayfair ruling<sup>1</sup>, revenues have also benefited from higher-than-expected spending on taxable items as a result of public income support (stimulus check and supplemental unemployment benefits), the fast recovery in high paying jobs, and a strong stock market. Behavior changes have also led to strong increases in spending on taxable goods, when spending on services decreased due to COVID-related restrictions. This has compensated for the revenue losses on food and beverage services. The most recent Federal stimulus package and progress on the pandemic front are expected to support income and consumption resulting in stronger sales tax collection in the coming months.

The following tables provide a breakdown of sales tax collected, with a comparison by month for the past two fiscal years and the annual revenue beginning in FY 2009 (first year of the *TransNet* Extension Ordinance):

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<sup>1</sup> The U.S. Supreme Court's Ruling in *South Dakota v. Wayfair Inc.*, ruled that states have the right to tax online sales and broadened their ability to tax online sales when the seller is located in another state. The ruling had a one-time permanent impact on the level of revenues from Q4 2020 onwards.

**TransNet Extension Annual Sales Tax Revenue and  
Fiscal Year 2020 Revenue as Compared to Revenue through March 2021**

	FY 2020 Revenue	FY 2021 Revenue		Annual Revenue
July	\$ 29,354,890	\$ 30,054,981		
August	23,334,037	23,241,853	FY 2009	\$ 221,991,360
September	26,713,941	28,184,070	FY 2010	204,191,747
October	30,751,885	33,250,387	FY 2011	221,304,015
November	25,441,663	21,727,813	FY 2012	236,947,112
December	25,442,731	27,118,087	FY 2013	247,221,161
January	25,559,448	27,774,372	FY 2014	260,114,931
February	37,094,485	29,002,151	FY 2015	268,840,550
March	22,984,289	25,119,644	FY 2016	275,500,023
April	22,498,364		FY 2017	284,456,260
May	15,411,299		FY 2018	294,501,324
June	21,264,183		FY 2019	312,303,668
	<u>\$305,851,214</u>	<u>\$245,473,358</u>	FY 2020	305,851,214
			FY 2021	<u>245,473,358</u>
			Cumulative	<u>\$ 3,378,696,723</u>

## SANDAG Debt Portfolio Overview and Looking Ahead

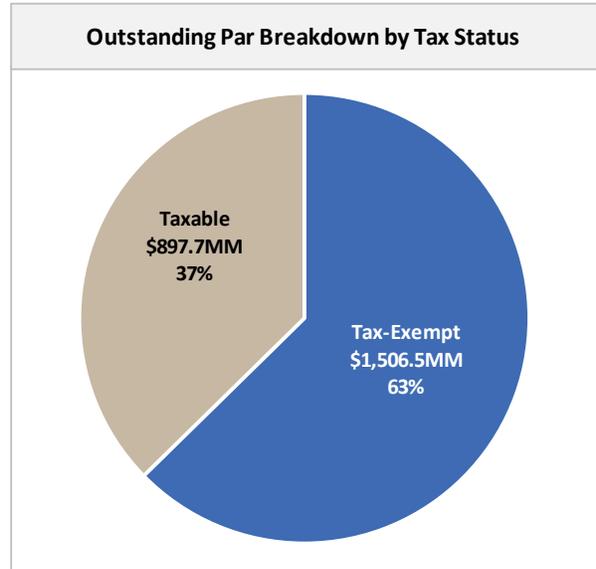
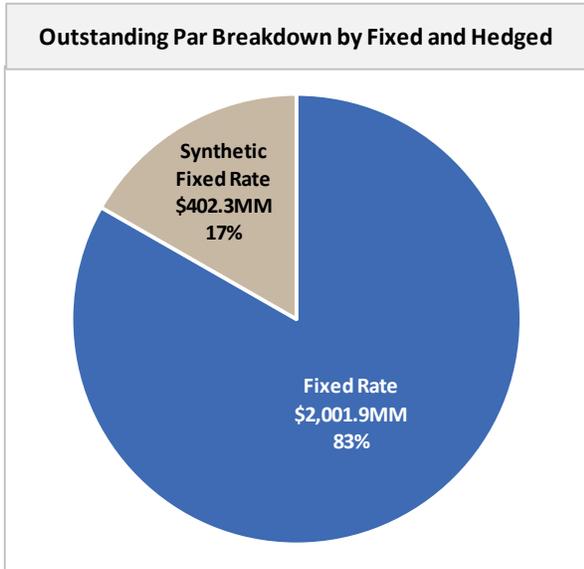
### Outstanding Debt Overview

SANDAG, serving as the San Diego County Regional Transportation Commission, has \$2.404 billion of outstanding long-term debt, including the Series 2021A and 2021B Bonds and the Series 2021A Short Term Notes (Notes) issued in March 2021. The Series 2021A and 2021B Bonds refunded the callable portion of the Series 2014A Bonds for a total of \$21.7 million NPV savings, while also providing about \$130 million funding for projects. The Series 2021A Notes refunded the Series 2018A Notes with a lower rate and extended the final maturity to October 1, 2022.

Of the total debt portfolio, 17 percent consists of synthetic, fixed-rate bonds (variable-rate bonds hedged with fixed-payer interest rate swaps), and the remaining 83 percent are fixed-rate bonds. On January 14, SANDAG renegotiated the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to a lower rate of 1.75% through 2046. This represents a debt service savings of \$123 million through 2046, compared to the prior rate of 2.72%. The loan is undrawn and does not represent an obligation of SANDAG at this time. A summary of the outstanding bonds is tabulated and graphically presented below.

Summary of Outstanding Debt						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
2008A	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008B	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008C	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008D	Tax-Exempt	Variable Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2010A	Taxable	Fixed Rate	\$338,960,000	\$338,960,000	Make-Whole	4/1/2048
2012A	Tax-Exempt	Fixed Rate	\$420,585,000	\$20,965,000	4/1/2022	4/1/2048
2014A	Tax-Exempt	Fixed Rate	\$350,000,000	\$18,475,000	4/1/2024	4/1/2024
2016A	Tax-Exempt	Fixed Rate	\$325,000,000	\$302,610,000	4/1/2026	4/1/2048
2019A	Taxable	Fixed Rate	\$442,620,000	\$442,620,000	4/1/2030	4/1/2048
2020A	Taxable	Fixed Rate	\$74,820,000	\$74,820,000	4/1/2030	4/1/2048
2021A	Taxable	Fixed Rate	\$149,840,000	\$149,840,000	4/1/2031	4/1/2048
2021B	Tax-Exempt	Fixed Rate	\$116,150,000	\$116,150,000	4/1/2031	4/1/2039
2021A Notes	Tax-Exempt	Fixed Rate	\$537,480,000	\$537,480,000	Non-Callable	4/1/2021
<b>Total</b>				<b>\$2,404,220,000</b>		
Summary of TIFIA Loan Commitment						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
TIFIA*	Taxable	Fixed-Rate	\$561,401,169	\$0	Anytime	10/1/2045
<b>Total with Loan Commitment</b>				<b>\$2,404,220,000</b>		

\* The TIFIA loan will be drawn upon to retire the 2021A Notes. The simultaneous draw on the TIFIA loan and the retirement of the 2021A Notes will have an offsetting impact and will not increase the amount of total obligations outstanding.

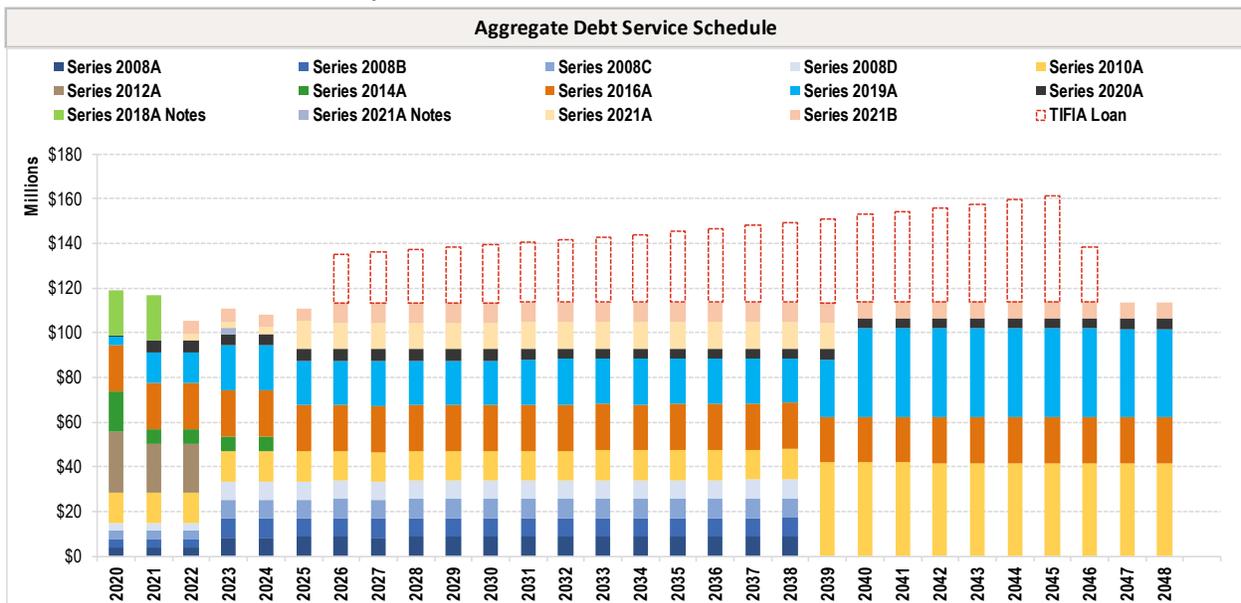


### Debt Service and Coverage

SANDAG has debt obligations on three separate lien levels, providing different priority of sales tax payment to investors based on their respective lien level. Senior lien obligations are paid first, followed by subordinate lien obligations and then junior subordinate lien obligations (i.e., TIFIA loan). This three-tiered lien structure has been developed by SANDAG to maximize program capacity, keep senior lien ratings as high as possible, and minimize borrowing costs.

The Series 2021B Bonds and the 2021 Notes are repayable from sales tax revenues that are subordinate to the outstanding bonds (which are on the senior lien) and are on parity with the existing commercial paper (which is on the subordinate lien). The Notes will be taken out with a draw on the TIFIA loan in October 2022.

The TIFIA loan is repayable from a third lien that is subordinate to the senior lien bonds, the 2021B bonds, the 2021A Notes, and the commercial paper. Senior lien debt service remains level in the range of \$103.7 million to \$106.7 million annually.



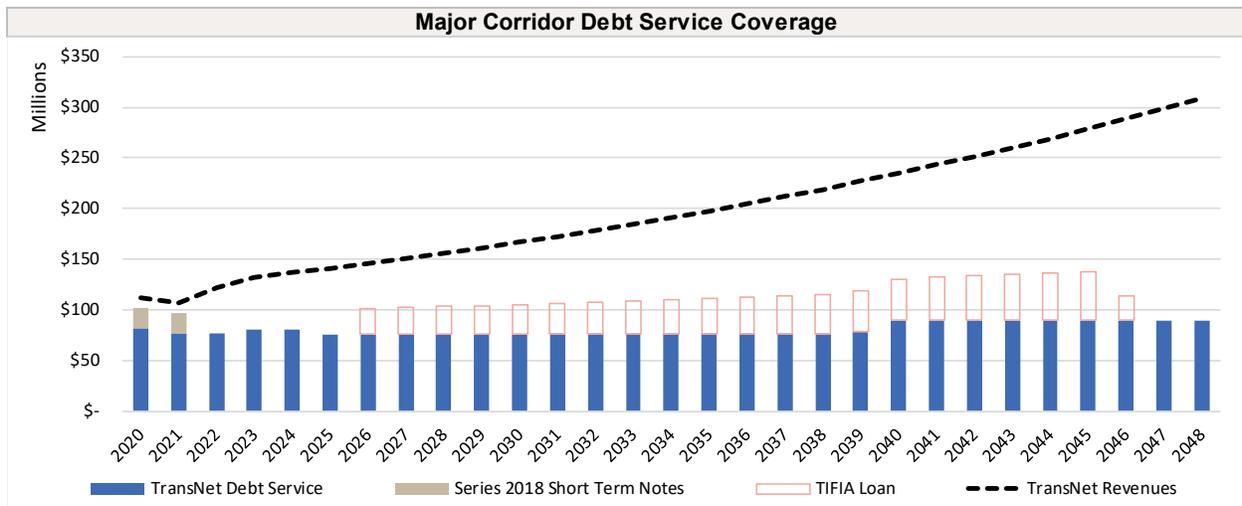
Assuming SANDAG draws on the TIFIA loan as expected to complete the Mid-Coast Corridor Transit Project, SANDAG aggregate debt service will peak at \$161.2 million in FY 2045. Senior lien debt service coverage, using sales tax receipts of \$304.6 million for the 12 months ending March 31, 2021, is 2.85 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$2.85 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings. Total coverage, when comparing the annual revenues for the 12 months ending March 21, 2021, to peak debt service (including assumed debt service on the undrawn TIFIA loan) in FY 2045, is 1.84 times.

**Major Corridors Coverage**

In accordance with the *TransNet* Ordinance, the Major Corridors subprogram receives 38 percent of *TransNet* revenues after allocations for administrative and ITOC expenses. Major Corridors is the most capital-intensive program, funding various projects, including the Mid-Coast Corridor Transit Project. Costs associated with these projects can and have been funded with tax-exempt bonds. SANDAG Board Policy No. 036: San Diego County Regional Transportation Commission Debt Policy, dictates that the Major Corridors subprogram (and other *TransNet* subprograms) maintain an annual debt service coverage ratio of at least 1 times, meaning that for every \$1 of *TransNet* revenue, there is no more than \$1 of debt service allocated to the subprogram in any given year. Board Policy No. 036, Section 2.3, states as follows:

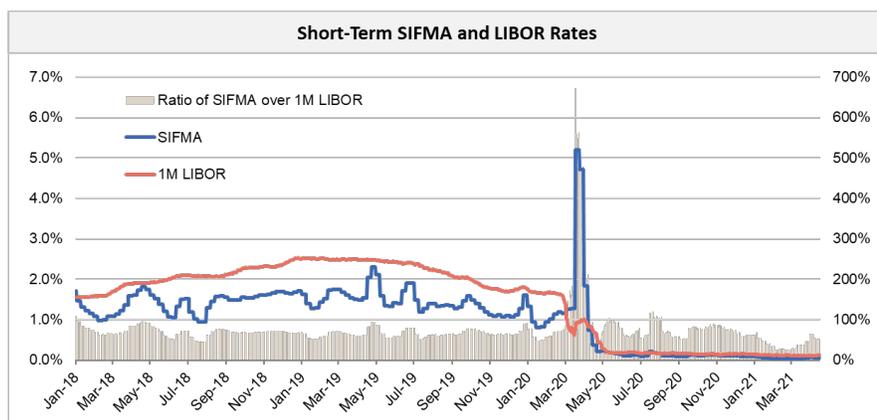
*2.3 Borrowing requirements are determined for each eligible sub-program and debt service is allocated to each sub-program based upon its pro rata share of bond proceeds. It is the general principal for the TransNet Plan of Finance that the annual debt service for each sub-program be less than the annual sales tax revenue allocated to a sub-program on an annual basis. This 1.0 times program debt service coverage requirement ensures that no single sub-program incurs more debt than it can afford.*

For planning purposes, debt service has been structured using a forecast of sales tax receipts. Based on this forecast, coverage in the Major Corridors Program is estimated at 1.08 times in FY 2021 and projected at 1.28 times for FY 2022. Annual coverage is forecast to dip again to 1.11 times when the TIFIA loan begins to amortize in FY 2026 based on the most recent revenue forecast. The TIFIA debt service structure in the Major Corridors Program increases over time, in anticipation of increased sales tax revenue.



## Recent Variable-Rate Demand Bond and Swap Mark-to-Market Performance

SANDAG has \$402.3 million of outstanding variable-rate demand bonds (VRDBs) (Series 2008A, B, C, and D), as shown below. These VRDBs are backed by standby bond purchase agreements from certain financial institutions. The interest rates on these bonds reset weekly through a remarketing



process. As a performance measure, the bonds are compared to the Securities Industry and Financial Markets Association (SIFMA) benchmark index.

Following the passage of the Tax Cut and Jobs Act in December 2017, SIFMA has been volatile. SIFMA swung by 20 bps to 98 bps in either direction every 3 to 10 weeks in 2018 and 2019. The spike to 5.2 percent in late March 2020 was on account of COVID-19 related market disruptions. Redemptions in short-term money market funds caused short-term municipal supply-demand imbalances, which resulted in severe challenges in remarketing municipal short-term debt and sharp increases to the SIFMA rate. Both the fiscal and monetary stimulus effectively calmed investors. More specifically, new credit and liquidity facilities implemented by the Fed, allowing for the use of highly rated, short-term municipals as eligible collateral, provided benefit to short-term municipal markets. Subsequently SIFMA has dropped and currently sits at 0.06 percent as of April 16, or 52.2 percent of the 1-Month LIBOR. Despite the volatility, SANDAG VRDBs continued to trade well compared to SIFMA. The recent volatility was short-lived and is effectively hedged by SANDAG's interest rate swaps.

SANDAG Series 2008A–D VRDB Resets Since December 31, 2015					
Series	SBPA Provider	Remarketing Agent	Reset Average	SIFMA Average	Spread to SIFMA
2008A	JPMorgan Chase Bank, N.A.	Barclays Capital Inc.	0.77%	0.89%	-12 bps
2008B	JPMorgan Chase Bank, N.A.	Goldman, Sachs & Company	0.77%	0.89%	-12 bps
2008C	Bank of America, N.A.	JPMorgan Securities LLC	0.77%	0.89%	-12 bps
2008D	State Street	Stifel, Nicolaus & Company, Inc.	0.77%	0.89%	-12 bps

SANDAG also has \$402.3 million of fixed-payer interest rate swaps outstanding, the purpose of which is to hedge the interest rate variability associated with the \$402.3 million of variable-rate bonds. Additionally, SANDAG has \$302.6 million of basis swaps outstanding. Under the basis swaps, which became effective on April 1, 2018, SANDAG pays its counterparty a floating interest rate payment based on the SIFMA index and receives a floating payment based on 107.4 percent of three-month LIBOR. The market value of the SANDAG swap portfolio changes with interest rate fluctuations. The mark-to-market (MTM) valuation is negative \$99,126,783; meaning SANDAG would need to pay approximately \$99.13 million to terminate the entire swap portfolio in the current market. The swaps

are performing as expected. Additionally, SANDAG is not required to post collateral under the swap agreements.

Swap Portfolio Overview								
Associated Series	SANDAG Pays	SANDAG Receives	Trade Date	Effective Date	Maturity Date	MTM Value (As of 1/14/2020)	Notional Outstanding	Bank Counterparty
Series 2008	3.8165%	65% of USD-LIBOR until 4/2018; SIFMA Swap Index thereafter	5/23/2012	5/23/2012	4/1/2038	(\$33,754,238.49)	\$134,100,000	Bank of America, N.A. (Aa2/A+/AA-)
Series 2008	3.8165%	65% of USD-LIBOR until 4/2018; SIFMA Swap Index thereafter	5/23/2012	5/23/2012	4/1/2038	(\$33,754,238.49)	\$134,100,000	Goldman Sachs Mitsui Marine Derivative Products, L.P. (Aa2/AA-/NA)
Series 2008	3.4100%	65% of USD-LIBOR	5/23/2012	5/23/2012	4/1/2038	(\$31,618,306.19)	\$134,100,000	Bank of America, N.A. (Aa2/A+/AA-)
<b>Total Fixed-Payer Swaps</b>						<b>(\$99,126,783.17)</b>	<b>\$402,300,000</b>	
Series 2008	SIFMA Swap Index	107.4% of 3-month USD-LIBOR	3/19/2009	4/1/2018	4/1/2038	\$6,742,209.04	\$145,800,000	Barclays Bank PLC (A1/A/A+)
Series 2008	SIFMA Swap Index	107.4% of 3-month USD-LIBOR	3/19/2009	4/1/2018	4/1/2038	\$6,742,209.04	\$145,800,000	Barclays Bank PLC (A1/A/A+)
<b>Total Index Conversion Swaps</b>						<b>\$13,484,418.08</b>	<b>\$291,600,000</b>	
<b>Total Combined</b>						<b>(\$85,642,365.09)</b>	<b>\$693,900,000</b>	

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## Cost of Capital

SANDAG has a very attractive weighted average cost of capital (WACC) of 2.71 percent. The average cost has recently decreased due to the low rates on the Series 2021 Notes and the Series 2021A&B Bonds. This cost can vary based on swap performance and the cost of liquidity to support the variable-rate debt.

The 2008A–D bonds, with the current swap rate and associated fees, provide a cost of capital equal to 4.13 percent. The 2010A bonds were issued as taxable Build America Bonds and have a borrowing cost of 3.89 percent. The 2012A, 2014A, 2016A, and 2020A bonds were sold at an all-in cost of 3.72 percent, 3.85 percent, 3.29 percent, and 2.62 percent respectively. The 2019A refunding bonds that refunded a part of 2012A and 2014A bonds were sold at an all-in cost of 3.19 percent. The taxable 2021A bonds refunded a portion of the remaining 2014A bonds and were sold at an all-in cost of 2.21 percent. The tax-exempt 2021B bonds raised new money funding as well as refunded a further portion of the 2014A bonds and sold at an all-in cost of 2.04 percent. The 2021A Short Term Notes have a borrowing cost of 0.31 percent. Taken together, SANDAG has issued over \$2.0 billion in long-term debt to accelerate project delivery and for refunding, for a WACC of 2.71 percent.

SANDAG's WACC Calculations					
<b>Synthetic Fixed Rate:</b>					
Series	Par Post 2012 Refunding	Swap Rate	SBPA Fee	Remarketing Agent Fee	Cost of Capital
2008A	\$100,575,000	3.8165%	0.390%	0.06%	4.2665%
2008B	\$100,575,000	3.8165%	0.390%	0.06%	4.2665%
2008C1	\$67,050,000	3.8165%	0.450%	0.06%	4.3265%
2008C2	\$33,525,000	3.4100%	0.450%	0.06%	3.9200%
2008D	\$100,575,000	3.4100%	0.340%	0.06%	3.8100%
<b>2008 Weighted Average</b>					<b>4.1335%</b>
<b>Fixed Rate:</b>					
Series	Par Post 2021 Refunding	-	-	-	All-in True Interest Cost
2010A	\$338,960,000	-	-	-	3.8871%
2012A	\$59,635,000	-	-	-	3.7167%
2014A	\$18,475,000	-	-	-	3.8507%
2016A	\$325,000,000	-	-	-	3.2947%
2019A	\$442,620,000	-	-	-	3.1890%
2020A	\$74,820,000	-	-	-	2.6226%
2021A	\$149,840,000	-	-	-	2.2136%
2021B	\$116,150,000	-	-	-	2.0380%
2021A Notes	\$537,480,000	-	-	-	0.3123%
<b>Total Weighted Average Without TIFIA Loan</b>					<b>2.7157 %</b>

## Credit Ratings

SANDAG's debt secured by *TransNet* sales tax revenues is rated by Standard and Poor's (S&P) and Fitch as shown below. The ratings were most recently reviewed and confirmed in January 2021.

### **Commercial Paper**

In addition to the long-term debt, SANDAG has a short-term Commercial Paper Program supported by a Letter of Credit (LOC) from Bank of America Merrill Lynch. The Commercial Paper Program was authorized at \$100 million and has a current outstanding balance of \$53.4 million as of April 20, 2021, when it was remarketed out 91 days, at a rate of 0.10 percent.

<b>SANDAG Ratings (<i>TransNet</i>)</b>		
<b>Lien</b>	<b>S&amp;P</b>	<b>Fitch</b>
Senior Lien	AAA/Stable	AAA/Stable
Subordinate Lien Notes	AA/Stable	AA/Stable
Third Lien TIFIA Loan	A+/Stable	A/Stable

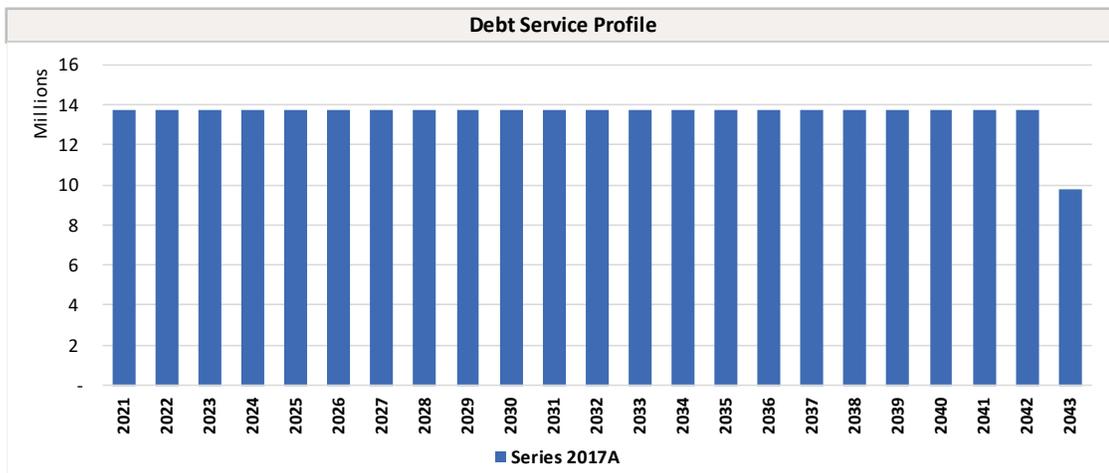
**SANDAG: Debt Portfolio Overview and Update**

SANDAG has debt outstanding in conjunction with the South Bay Expressway toll road as well as the Mid-Coast Corridor Transit Project as summarized in the table below.

Summary of Outstanding Debt						
South Bay Expressway						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Date	Final Maturity
2017A	Tax-Exempt	Fixed-Rate	\$194,140,000	182,220,000	7/1/2027	7/1/2042
Mid-Coast Corridor Transit Project						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Date	Final Maturity
2019A	Tax-Exempt	Fixed-Rate	\$210,000,000	\$210,000,000	one year before maturity	11/15/2026
2019B	Tax-Exempt	Fixed-Rate	\$125,000,000	\$125,000,000	NA (turbo redemption)	11/15/2027
<b>Total</b>				<b>\$335,000,000</b>		

**South Bay Expressway**

SANDAG’s debt portfolio for South Bay Expressway (SBX) is comprised of a single bond series. In November 2017, SANDAG issued Toll Revenue First Senior Lien Bonds, 2017 Series A to refinance indebtedness incurred with the acquisition of SBX. The bonds are secured from the toll revenues generated on SBX, net of operating expenses. As of January 1, 2021, the debt outstanding is \$182.2 million. An annual debt service chart is provided presented below.



The annual payment on the bonds is level at about \$13.8 million through final maturity in FY 2043. Based on annual net toll revenues of \$26.9 million for FY 2020, the coverage on future maximum annual debt service payment was 1.94 times. However, due to the COVID-19 pandemic, traffic and revenue has decreased in FY 2021. Additionally, and in response to the COVID-19 pandemic, the Board of Directors on April 10, 2020, approved the waiving of all toll violations on the SBX until the

statewide Shelter in Place Executive Order was lifted. The Board voted in December to reinstate toll violation revenue.

The suspension of toll violations, as well as the reduction in traffic caused by the pandemic has led to a XX% decrease in total SR 125 revenues through November of FY 2021. However, traffic has begun to slowly recover since its low point in March 2020, and with violations now reinstated, revenues are back on track to meet the required Coverage Ratio of 150% by the year's end.

Under Section 6.03 of the Master Indenture for the South Bay Expressway Toll Revenue Bonds, SANDAG covenants that it shall at all times establish, levy, maintain and collect tolls in connection with the Toll Road sufficient to produce Net Revenue in each Fiscal Year equal to or in excess of one hundred fifty percent (150%) of the Annual Debt Service in such Fiscal Year on all Outstanding First Senior Lien Obligations. Additionally, under Section 6.03, SANDAG covenants that within 60 days after the end of each Fiscal Year, SANDAG will file with the Trustee a report setting forth the Net Revenue for such Fiscal Year. The failure of toll rates to yield an amount sufficient to achieve the required Coverage Ratio shall not be deemed to constitute an Event of Default so long as SANDAG complies with the requirements set forth below in Section 6.03(b), which includes engaging a Traffic Consultant and taking appropriate action to increase Net Revenue sufficient to meet the required Coverage Ratio.

Staff continues to monitor traffic and revenue and address any questions raised by rating agencies and investors. Apart from the legal covenant stated above, SANDAG expects to have sufficient funds to pay annual debt service on outstanding bonds for SBX.

**Mid-Coast Corridor Transit Project**

SANDAG issued \$335 million Capital Grant Receipts Revenue Bonds, Series 2019A and Series 2019B in August 2019 to provide funding for the Mid-Coast Project. A summary of the outstanding debt is provided in the table above. The bonds are secured solely by future grants under the Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA) signed in 2016. A schedule of grants in the FFGA, detailed below, provides for a commitment of \$100 million annually starting 2016 through 2026. To date SANDAG has received \$530 million of the total \$1.043 billion committed under the FFGA. A majority of the remaining grant receipts have been pledged for the repayment of the bonds.

FFGA Grant Receipts (Received and Anticipated)					
Federal FY	Original Grant Commitment	Grants	Received	Grants	Anticipated
2016	\$100,000,000	\$100,000,000		-	
2017	\$125,000,000	\$50,000,000		-	
2018	\$100,000,000	\$180,024,740		-	
2019	\$100,000,000	\$100,000,000		-	
2020	\$100,000,000	\$100,000,000		-	
2021	\$100,000,000	-		\$100,000,000	
2022	\$100,000,000	-		\$100,000,000	
2023	\$100,000,000	-		\$100,000,000	
2024	\$100,000,000	-		\$100,000,000	
2025	\$100,000,000	-		\$100,000,000	
2026	\$18,380,000	-		\$13,355,260	

FFGA Grant Receipts (Received and Anticipated)					
Federal FY	Original Grant Commitment	Grants	Received	Grants	Anticipated
Total	\$1,043,380,000	\$530,024,740		\$513,355,260	
<b>Total Debt Outstanding</b>				<b>\$335,000,000</b>	

The bonds have a *stated* maturity schedule that is conservative. The first principal payment is scheduled for November 15, 2023 with interest-only payment until then. Should future grants installments be received as scheduled in the FFGA, SANDAG has the option to call the bonds early. Series 2019B also has certain turbo redemption provisions that cause excess grant revenues to be automatically applied to redeeming bonds early. While the average life based on the *stated* maturity schedule is 6.7 year, the bonds are *expected* to be repaid a couple years sooner with an average life of 4.6 years. Furthermore, SANDAG achieved a very attractive rate of interest on the bonds. The cost of capital or the all-in true interest cost (TIC) on the bonds is 1.91 percent under the *stated* case but could end up being as low as 1.57 percent if grants arrive on schedule and the debt is retired sooner, as in the *expected* case.

The bonds and the structure achieved an investment grade “A-” rating from S&P along with a stable outlook. The outlook on debt supported by federal grants was not affected due to the COVID-19 related S&P outlook revisions in March and April.

### ***Looking Ahead***

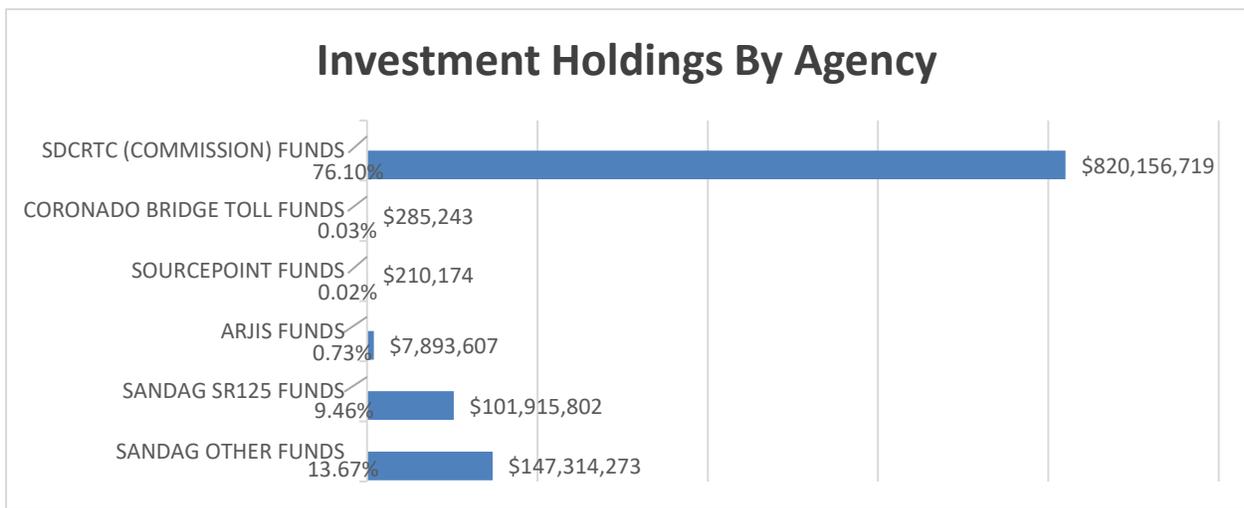
SANDAG is currently exploring the possibility of a “technical” refunding of 2008A-D VRDBs to release the related debt service reserve fund with a current balance of about \$17 million which may go to support projects currently under construction. Additionally, SANDAG staff is considering options to increase our short-term liquidity by increasing the size of our CP program to \$200 million or, alternatively, establishing a line of credit with a commercial bank. The purpose of the increase is to manage short-term cash flow needs where capital expenses that are incurred prior to the receipt of federal and state grant funds.

### Quarterly Investment Data

Included with this quarterly finance report through March 31, 2021, are a Detail of Portfolio Balances (by Account); and a Detail of Portfolio Balances (by Investment Type) for all money under the direction or care of SANDAG, including funds of the Commission, SourcePoint, and the Automated Regional Justice Information System (ARJIS).

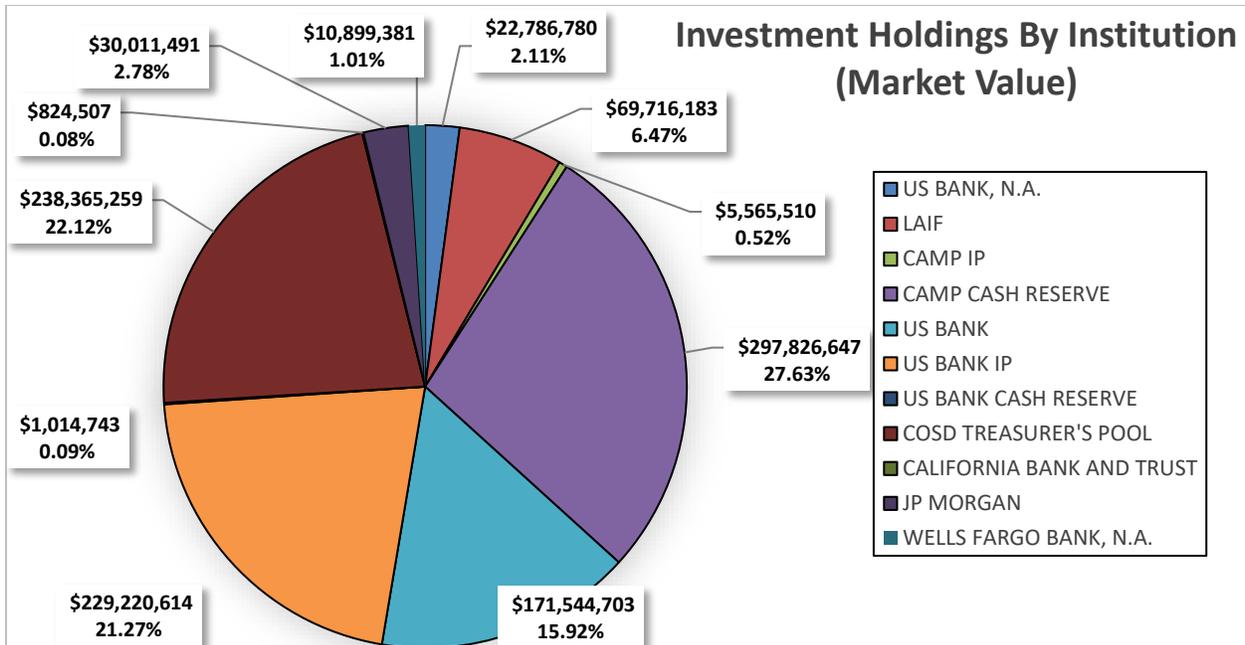
As of March 31, 2021, a total of \$1.08 billion was held by SANDAG in a number of investment accounts, in comparison to \$956.99 million held in the previous quarter. The \$120.8 million increase during the quarter primarily is due to the issuance of the 2021 bonds in which an additional \$130 million in project funds was added to the County Treasurer’s Investment Pool.<sup>1</sup>

The chart below provides a summary of the holdings by Agency.



Approximately \$22.79 million was held in nine U.S. Bank, N.A. accounts at the end of the quarter, which are used for operating purposes. Approximately \$1.054 billion was invested in seven institutions.

<sup>1</sup> Due to rounding, the numbers below may not tie to the attached detail of investments.



The Finance Department has continued to implement the Board of Directors investment objectives of safety, liquidity, and return on investment for the SANDAG investment portfolio. These will continue to be important investment objectives for the future.

**Certifications**

The Chief Financial Officer reports that this investment portfolio, together with the authorized short-term Commercial Paper Program, will provide the necessary liquidity to meet the expenditure requirements of SANDAG, the Commission, ARJIS, and SourcePoint for the next six months. This portfolio is in compliance with state law and Board Policy No. 003: Investment Policy.

The Chief Financial Officer reports that there has not been any material event involving outstanding swap agreements, nor has there been any default by a swap counterparty or counterparty termination.

**SANDAG**  
**Summary of Portfolio Balances (by Institution)**  
as of March 31, 2021

Institution	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
US BANK, N.A.	\$ 22,786,779.60	2.12%	\$ 22,786,779.60	100.00%	\$ -	N/A	1
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND	69,716,182.56	6.49%	69,716,182.56	100.00%	-	0.35%	220
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) INDIVIDUAL PORTFOLIO	5,551,102.44	0.52%	5,565,510.10	100.26%	14,407.66	0.37%	822
CAMP CASH RESERVE PORTFOLIO	297,826,647.99	27.74%	297,826,647.99	100.00%	-	0.08%	51
US BANK TRUST	171,544,702.78	15.98%	171,544,702.78	100.00%	-	0.02%	5
US BANK INDIVIDUAL PORTFOLIO	225,779,802.41	21.03%	229,220,613.88	101.52%	3,440,811.47	1.55%	813
US BANK CASH RESERVE PORTFOLIO	1,014,743.02	0.09%	1,014,743.02	100.00%	-	0.00%	1
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	238,365,259.14	22.20%	238,365,259.14	100.00%	-	0.83%	606
JP MORGAN	30,015,488.43	2.80%	30,011,490.92	99.99%	(3,997.51)	0.09%	49
CALIFORNIA BANK AND TRUST	824,506.86	0.08%	824,506.86	100.00%	-	N/A	1
WELLS FARGO BANK, N.A.	10,059,250.49	0.94%	10,899,381.18	108.35%	840,130.69	1.76%	1
<b>TOTAL</b>	<u>\$ 1,073,484,465.72</u>	<u>100.00%</u>	<u>\$ 1,077,775,818.03</u>	<u>100.40%</u>	<u>\$ 4,291,352.31</u>	<u>0.59%</u>	<u>342</u>

**Summary of Portfolio Balances (by Agency)**

Agency	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
SANDAG FUNDS	\$ 248,389,943.71	23.14%	\$ 249,230,074.40	100.34%	\$ 840,130.69	0.23%	96
AUTOMATED REGIONAL JUSTICE INFORMATION SYSTEM FUNDS	7,893,607.47	0.74%	7,893,607.47	100.00%	-	0.35%	233
SOURCEPOINT FUNDS	210,174.19	0.02%	210,174.19	100.00%	-	0.83%	525
CORONADO BRIDGE TOLL FUNDS	285,242.96	0.03%	285,242.96	100.00%	-	0.08%	51
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION FUNDS	816,705,497.39	76.08%	820,156,719.01	100.42%	3,451,221.62	0.70%	417
<b>TOTAL</b>	<u>\$ 1,073,484,465.72</u>	<u>100.00%</u>	<u>\$ 1,077,775,818.03</u>	<u>100.40%</u>	<u>\$ 4,291,352.31</u>	<u>0.59%</u>	<u>342</u>

Note: In addition to the funds held above, there is \$4,950 petty cash held at SANDAG.

**SANDAG**  
**Detail of Portfolio Balances (by Account)**  
**as of March 31, 2021**

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
<b>US BANK, N.A.:</b>							
Checking - (ARJIS)	\$ 606,356.56	0.06%	\$ 606,356.56	100.00%	\$ -	N/A	1
Checking - (RTC) TransNet Sales Tax	4,457,279.31	0.42%	4,457,279.31	100.00%	-	N/A	1
Checking - (SANDAG) Flexible Spending Acct (FSA)	51,049.79	0.00%	51,049.79	100.00%	-	N/A	1
Checking - (SANDAG) General	6,863,236.30	0.64%	6,863,236.30	100.00%	-	N/A	1
Checking - (SANDAG) Interstate 15 (I-15) FasTrak®	766,895.84	0.07%	766,895.84	100.00%	-	N/A	1
Checking - (SANDAG) Revenue Account Common	613,472.20	0.06%	613,472.20	100.00%	-	N/A	1
Checking - (SANDAG) SAFE Program Account	1,475,233.47	0.14%	1,475,233.47	100.00%	-	N/A	1
Checking - (SANDAG) State Route 125 (SR-125) Collection Account	89,291.71	0.01%	89,291.71	100.00%	-	N/A	1
Checking - (SANDAG) State Route 125 (SR-125) Payment Account	7,835,850.89	0.73%	7,835,850.89	100.00%	-	N/A	1
Checking - (SourcePoint)	28,113.53	0.00%	28,113.53	100.00%	-	N/A	1
<b>TOTAL US BANK, N.A.</b>	<b>\$ 22,786,779.60</b>	<b>2.12%</b>	<b>\$ 22,786,779.60</b>	<b>100.00%</b>	<b>\$ -</b>	<b>N/A</b>	<b>1</b>
<b>STATE OF CA LOCAL AGENCY INVESTMENT FUND (LAIF):</b>							
(RTC) TransNet	\$ 60,750,884.27	5.66%	\$ 60,750,884.27	100.00%	\$ -	0.35%	220
(SANDAG)	8,965,298.29	0.84%	8,965,298.29	100.00%	-	0.35%	220
<b>TOTAL LAIF</b>	<b>\$ 69,716,182.56</b>	<b>6.49%</b>	<b>\$ 69,716,182.56</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.35%</b>	<b>220</b>
<b>CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP):</b>							
<b>INDIVIDUAL PORTFOLIO:</b>							
(RTC) TransNet 2008 Bond Proceeds A/B/C/D Reserve Fund	\$ 5,436,974.50	0.51%	\$ 5,451,177.20	100.26%	\$ 14,202.70	0.33%	831
(RTC) TransNet Sales Tax	114,127.94	0.01%	114,332.90	100.18%	204.96	2.35%	411
<b>TOTAL INDIVIDUAL PORTFOLIO</b>	<b>\$ 5,551,102.44</b>	<b>0.52%</b>	<b>\$ 5,565,510.10</b>	<b>100.26%</b>	<b>\$ 14,407.66</b>	<b>0.37%</b>	<b>822</b>
<b>CASH RESERVE PORTFOLIO:</b>							
(ARJIS)	\$ 4,644,135.94	0.43%	\$ 4,644,135.94	100.00%	\$ -	0.08%	51
(RTC) 2008 Bond Series A - Principal	1.00	0.00%	1.00	100.00%	-	0.08%	51
(RTC) 2008 Bond Series A/B/C/D Reserve Fund	11,870,837.45	1.11%	11,870,837.45	100.00%	-	0.08%	51
(RTC) 2008 Bond Series B - Principal	1.00	0.00%	1.00	100.00%	-	0.08%	51
(RTC) 2008 Bond Series C - Principal	1.00	0.00%	1.00	100.00%	-	0.08%	51
(RTC) 2008 Bond Series D - Principal	1.00	0.00%	1.00	100.00%	-	0.08%	51
(RTC) 2008 Sales Tax Account - TransNet Extension	75,204,773.80	7.01%	75,204,773.80	100.00%	-	0.08%	51
(RTC) 2010 Bond Series A - Interest	10,020,107.06	0.93%	10,020,107.06	100.00%	-	0.08%	51
(RTC) 2012 Bond Series A - Interest	1,023,781.39	0.10%	1,023,781.39	100.00%	-	0.08%	51
(RTC) 2012 Bond Series A - Principal	19,978,333.13	1.86%	19,978,333.13	100.00%	-	0.08%	51
(RTC) 2014 Bond Series A Interest	2,366,632.56	0.22%	2,366,632.56	100.00%	-	0.08%	51
(RTC) 2014 Bond Series A Principal	5,582,219.77	0.52%	5,582,219.77	100.00%	-	0.08%	51
(RTC) 2016 Bond Series A Interest	7,698,768.77	0.72%	7,698,768.77	100.00%	-	0.08%	51
(RTC) 2016 Bond Series A Principal	5,272,241.89	0.49%	5,272,241.89	100.00%	-	0.08%	51
(RTC) 2020 Bond Series A Interest	1,777,284.19	0.17%	1,777,284.19	100.00%	-	0.08%	51
(RTC) 2020 Bond Series A Principal	1,540,672.04	0.14%	1,540,672.04	100.00%	-	0.08%	51
(RTC) Custody Account	15,536.02	0.00%	15,536.02	100.00%	-	0.08%	51
(RTC) Sage Hill Endowment	877,303.01	0.08%	877,303.01	100.00%	-	0.08%	51

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
(RTC) TransNet Program Reserve	56,286,960.42	5.24%	56,286,960.42	100.00%	-	0.08%	51
(RTC) Wetland Mitigation TransNet Sales Tax	311,295.53	0.03%	311,295.53	100.00%	-	0.08%	51
(SANDAG) 2019 Series AB Cap- I Fund	101,257.00	0.01%	101,257.00	100.00%	-	0.08%	51
(SANDAG) 2019 Series AB DSR Fund	12,754,457.70	1.19%	12,754,457.70	100.00%	-	0.08%	51
(SANDAG) California Coastal Commission	1,054,395.75	0.10%	1,054,395.75	100.00%	-	0.08%	51
(SANDAG) Coronado Bridge Toll Funds	285,242.96	0.03%	285,242.96	100.00%	-	0.08%	51
(SANDAG) El Portal Project	6,608,732.50	0.62%	6,608,732.50	100.00%	-	0.08%	51
(SANDAG) I-15 FasTrak®	662,813.95	0.06%	662,813.95	100.00%	-	0.08%	51
(SANDAG) SR 125	1,975,580.14	0.18%	1,975,580.14	100.00%	-	0.08%	51
(SANDAG) SR 125	33,215,651.17	3.09%	33,215,651.17	100.00%	-	0.08%	51
(SANDAG) SR 125	36,525,227.20	3.40%	36,525,227.20	100.00%	-	0.08%	51
(SANDAG) Shoreline Management	172,402.65	0.02%	172,402.65	100.00%	-	0.08%	51
<b>TOTAL CASH RESERVE PORTFOLIO</b>	<b>\$ 297,826,647.99</b>	<b>27.74%</b>	<b>\$ 297,826,647.99</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.08%</b>	<b>51</b>
<b>TOTAL CAMP</b>	<b>\$ 303,377,750.43</b>	<b>28.26%</b>	<b>\$ 303,392,158.09</b>	<b>100.00%</b>	<b>\$ 14,407.66</b>	<b>0.09%</b>	<b>65</b>
<b>US BANK TRUST:</b>							
Money Market - (RTC) 2008 Bond Series A/B/C/D Main Interest	\$ 1,454,900.10	0.14%	\$ 1,454,900.10	100.00%	\$ -	0.00%	1
Money Market - (RTC) 2010 Bond Series A Interest	3,306,428.62	0.31%	3,306,428.62	100.00%	-	0.00%	1
Money Market - (RTC) 2014 Bond Series A Interest	1,453,741.06	0.14%	1,453,741.06	100.00%	-	0.00%	1
Money Market - (RTC) 2018 Bond Series A Interest	879.93	0.00%	879.93	100.00%	-	0.00%	1
Money Market - (RTC) 2019 Revenue Bond Series A Interest	6,808,770.95	0.63%	6,808,770.95	100.00%	-	0.01%	1
Money Market - (RTC) 2020 Revenue Bond Series A Project Fund	0.02	0.00%	0.02	100.00%	-	0.00%	1
Money Market - (RTC) 2021 Revenue Bond Series A COI	202,951.41	0.02%	202,951.41	100.00%	-	0.01%	1
Money Market - (RTC) 2021 Revenue Bond Series B COI	137,037.87	0.01%	137,037.87	100.00%	-	0.01%	1
Money Market - (RTC) 2021 Revenue Bond Series B Project Fund	10,000,000.00	0.93%	10,000,000.00	100.00%	-	0.01%	1
Money Market - (RTC) 2021A Short-term Notes COI	60,325.00	0.01%	60,325.00	100.00%	-	0.01%	1
Money Market - (RTC) 2021A Short-term Notes Interest	35,196,665.65	3.28%	35,196,665.65	100.00%	-	0.01%	1
Money Market - (RTC) Commercial Paper Notes Series B Interest	7,218.81	0.00%	7,218.81	100.00%	-	0.01%	1
Money Market - (RTC) Commercial Paper Notes Series B Principal	1,339,315.21	0.12%	1,339,315.21	100.00%	-	0.01%	1
Money Market - (RTC) Commercial Paper Series B - NCTD Interest	239,468.59	0.02%	239,468.59	100.00%	-	0.00%	1
Money Market - (SANDAG) Grant RCPT 19 A & B COI	4.15	0.00%	4.15	100.00%	-	0.00%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Grant Receipts Construction	372.93	0.00%	372.93	100.00%	-	0.03%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Interest	6,466,754.35	0.60%	6,466,754.35	100.00%	-	0.03%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A	513,221.45	0.05%	513,221.45	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Interest	2,368,011.52	0.22%	2,368,011.52	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Principal	3,600,334.55	0.34%	3,600,334.55	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Reserve	13,760,837.78	1.28%	13,760,837.78	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 FasTrak Customer Prepaid Fund	2,031,795.49	0.19%	2,031,795.49	100.00%	-	0.00%	1
Certificates of Participation - (RTC) North County Transit District	21,750,000.00	2.03%	21,750,000.00	100.00%	-	0.10%	36
Capital Project Retention Accounts	60,845,667.34	5.67%	60,845,667.34	100.00%	-	N/A	1
<b>TOTAL US BANK TRUST</b>	<b>\$ 171,544,702.78</b>	<b>15.98%</b>	<b>\$ 171,544,702.78</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.02%</b>	<b>5</b>
<b>US BANK:</b>							
<b>INDIVIDUAL PORTFOLIO:</b>							
(RTC) TransNet Extension	\$ 225,779,802.41	21.03%	\$ 229,220,613.88	101.52%	\$ 3,440,811.47	1.55%	813
<b>TOTAL INDIVIDUAL PORTFOLIO</b>	<b>\$ 225,779,802.41</b>	<b>21.03%</b>	<b>\$ 229,220,613.88</b>	<b>101.52%</b>	<b>\$ 3,440,811.47</b>	<b>1.55%</b>	<b>813</b>

<b>Institution / Account</b>	<b>Book Value</b>	<b>Percent of Portfolio</b>	<b>Market Value</b>	<b>Market Price</b>	<b>Unrealized Gain/(Loss)</b>	<b>Yield on Cost</b>	<b>Wtd Avg. Days to Maturity</b>
<b>CASH RESERVE:</b>							
(RTC) TransNet Extension	\$ 1,014,743.02	0.09%	\$ 1,014,743.02	100.00%	\$ -	0.00%	1
<b>TOTAL CASH RESERVE</b>	<b>\$ 1,014,743.02</b>	<b>0.09%</b>	<b>\$ 1,014,743.02</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>1</b>
<b>TOTAL US BANK</b>	<b>\$ 226,794,545.43</b>	<b>21.13%</b>	<b>\$ 230,235,356.90</b>	<b>101.52%</b>	<b>\$ 3,440,811.47</b>	<b>1.55%</b>	<b>809</b>
<b>SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND:</b>							
San Diego County Treasurer's Pooled Money Fund - (ARJIS)	\$ 2,643,114.97	0.25%	\$ 2,643,114.97	100.00%	\$ -	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (RTC) 2020 Bonds	55,094,508.21	5.13%	55,094,508.21	100.00%	-	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (RTC) 2021 Bonds	120,400,101.80	11.22%	120,400,101.80	100.00%	-	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (RTC) TransNet Extension	31,857,133.25	2.97%	31,857,133.25	100.00%	-	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (SANDAG) I-15 FasTrak®	20,186,549.13	1.88%	20,186,549.13	100.00%	-	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (SANDAG) SAFE Program	8,001,791.12	0.75%	8,001,791.12	100.00%	-	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (SourcePoint)	182,060.66	0.02%	182,060.66	100.00%	-	0.83%	606
<b>TOTAL SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND</b>	<b>\$ 238,365,259.14</b>	<b>22.20%</b>	<b>\$ 238,365,259.14</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.83%</b>	<b>606</b>
<b>JP MORGAN:</b>							
(RTC) JPMorgan Prime Money Market Fund	\$ 20,010,602.07	1.86%	\$ 20,006,604.20	99.98%	\$ (3,997.87)	0.10%	47
(RTC) Morgan Stanley Institutional Liquidity Funds: Prime Portfolio	10,004,886.36	0.93%	10,004,886.72	100.00%	0.36	0.06%	54
<b>TOTAL JP MORGAN</b>	<b>\$ 30,015,488.43</b>	<b>2.80%</b>	<b>\$ 30,011,490.92</b>	<b>99.99%</b>	<b>\$ (3,997.51)</b>	<b>0.09%</b>	<b>49</b>
<b>CALIFORNIA BANK AND TRUST:</b>							
Capital Project Retention Accounts	\$ 824,506.86	0.08%	\$ 824,506.86	100.00%	\$ -	N/A	1
<b>TOTAL CALIFORNIA BANK AND TRUST</b>	<b>\$ 824,506.86</b>	<b>0.08%</b>	<b>\$ 824,506.86</b>	<b>100.00%</b>	<b>\$ -</b>	<b>N/A</b>	<b>1</b>
<b>WELLS FARGO BANK, N.A.:</b>							
(SANDAG) Section 115 Pension Trust	\$ 10,059,250.49	0.94%	\$ 10,899,381.18	108.35%	\$ 840,130.69	1.76%	1
<b>TOTAL WELLS FARGO BANK, N.A.</b>	<b>\$ 10,059,250.49</b>	<b>0.94%</b>	<b>\$ 10,899,381.18</b>	<b>108.35%</b>	<b>\$ 840,130.69</b>	<b>1.76%</b>	<b>1</b>
<b>TOTAL</b>	<b>\$ 1,073,484,465.72</b>	<b>100.00%</b>	<b>\$ 1,077,775,818.03</b>	<b>100.40%</b>	<b>\$ 4,291,352.31</b>	<b>0.59%</b>	<b>342</b>

*Legend:*

- Automated Regional Justice Information System (ARJIS)
- Commercial Paper (CP)
- State of California Local Agency Investment Fund (LAIF)
- North County Transit District (NCTD)
- San Diego County Regional Transportation Commission (RTC)

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
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**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
**as of March 31, 2021**

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
<b>Cash and cash equivalents:</b>											
<b>Demand deposits:</b>											
(ARJIS)	N/A	N/A	\$ 606,356.56	\$ 606,356.56	\$ -	N/A	NR	NR	NR	N/A	1
(RTC) TransNet Sales Tax	N/A	N/A	4,457,279.31	4,457,279.31	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Flexible Spending Acct (FSA)	N/A	N/A	51,049.79	51,049.79	-	N/A	NR	NR	NR	N/A	1
(SANDAG) General	N/A	N/A	6,863,236.30	6,863,236.30	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Interstate 15 (I-15) FasTrak®	N/A	N/A	766,895.84	766,895.84	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Revenue Account Common	N/A	N/A	613,472.20	613,472.20	-	N/A	NR	NR	NR	N/A	1
(SANDAG) SAFE Program Account	N/A	N/A	1,475,233.47	1,475,233.47	-	N/A	NR	NR	NR	N/A	1
(SANDAG) State Route 125 (SR-125) Collection Account	N/A	N/A	89,291.71	89,291.71	-	N/A	NR	NR	NR	N/A	1
(SANDAG) State Route 125 (SR-125) Payment Account (SourcePoint)	N/A	N/A	7,835,850.89	7,835,850.89	-	N/A	NR	NR	NR	N/A	1
			28,113.53	28,113.53	-	N/A	NR	NR	NR	N/A	1
<b>Total demand deposits</b>			<b>\$ 22,786,779.60</b>	<b>\$ 22,786,779.60</b>	<b>\$ -</b>	<b>\$ -</b>				<b>N/A</b>	<b>1</b>
<b>Money market accounts and funds:</b>											
CAMP Cash Reserve Portfolio - (ARJIS)	N/A	N/A	\$ 4,644,135.94	\$ 4,644,135.94	\$ -	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2008 Bond Series A - Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2008 Bond Series A/B/C/D Reserve Fund	N/A	N/A	11,870,837.45	11,870,837.45	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2008 Bond Series B - Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2008 Bond Series C - Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2008 Bond Series D - Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2008 Sales Tax Account - TransNet Extension	N/A	N/A	75,204,773.80	75,204,773.80	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2010 Bond Series A - Interest	N/A	N/A	10,020,107.06	10,020,107.06	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2012 Bond Series A - Interest	N/A	N/A	1,023,781.39	1,023,781.39	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2012 Bond Series A - Principal	N/A	N/A	19,978,333.13	19,978,333.13	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2014 Bond Series A Interest	N/A	N/A	2,366,632.56	2,366,632.56	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2014 Bond Series A Principal	N/A	N/A	5,582,219.77	5,582,219.77	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2016 Bond Series A Interest	N/A	N/A	7,698,768.77	7,698,768.77	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2016 Bond Series A Principal	N/A	N/A	5,272,241.89	5,272,241.89	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2020 Bond Series A Interest	N/A	N/A	1,777,284.19	1,777,284.19	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) 2020 Bond Series A Principal	N/A	N/A	1,540,672.04	1,540,672.04	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) Custody Account	N/A	N/A	15,536.02	15,536.02	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) Sage Hill Endowment	N/A	N/A	877,303.01	877,303.01	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) TransNet Program Reserve	N/A	N/A	56,286,960.42	56,286,960.42	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (RTC) Wetland Mitigation TransNet Sales Tax	N/A	N/A	311,295.53	311,295.53	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) 2019 Series AB Cap- I Fund	N/A	N/A	101,257.00	101,257.00	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) 2019 Series AB DSR Fund	N/A	N/A	12,754,457.70	12,754,457.70	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) California Coastal Commission	N/A	N/A	1,054,395.75	1,054,395.75	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) Coronado Bridge Toll Funds	N/A	N/A	285,242.96	285,242.96	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) El Portal Project	N/A	N/A	6,608,732.50	6,608,732.50	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) I-15 FasTrak®	N/A	N/A	662,813.95	662,813.95	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) SANDAG Shoreline Management	N/A	N/A	172,402.65	172,402.65	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) SR 125	N/A	N/A	33,215,651.17	33,215,651.17	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) SR 125	N/A	N/A	36,525,227.20	36,525,227.20	-	N/A	AAAm	NR	NR	0.08%	51
CAMP Cash Reserve Portfolio - (SANDAG) SR 125	N/A	N/A	1,975,580.14	1,975,580.14	-	N/A	AAAm	NR	NR	0.08%	51
Money Market - (RTC) 2008 Bond Series A/B/C/D Main Interest	N/A	N/A	1,454,900.10	1,454,900.10	-	N/A	NR	NR	NR	0.00%	1
Money Market - (RTC) 2010 Bond Series A Interest	N/A	N/A	3,306,428.62	3,306,428.62	-	N/A	NR	NR	NR	0.00%	1
Money Market - (RTC) 2014 Bond Series A Interest	N/A	N/A	1,453,741.06	1,453,741.06	-	N/A	NR	NR	NR	0.00%	1
Money Market - (RTC) 2018 Bond Series A Interest	N/A	N/A	879.93	879.93	-	N/A	NR	NR	NR	0.00%	1
Money Market - (RTC) 2019 Revenue Bond Series A Interest	N/A	N/A	6,808,770.95	6,808,770.95	-	N/A	NR	NR	NR	0.01%	1
Money Market - (RTC) 2020 Revenue Bond Series A Project Fund	N/A	N/A	0.02	0.02	-	N/A	NR	NR	NR	0.00%	1
Money Market - (RTC) 2021 Revenue Bond Series A COI	N/A	N/A	202,951.41	202,951.41	-	N/A	NR	NR	NR	0.01%	1
Money Market - (RTC) 2021 Revenue Bond Series B COI	N/A	N/A	137,037.87	137,037.87	-	N/A	NR	NR	NR	0.01%	1
Money Market - (RTC) 2021 Revenue Bond Series B Project Fund	N/A	N/A	10,000,000.00	10,000,000.00	-	N/A	NR	NR	NR	0.01%	1
Money Market - (RTC) 2021A Short-term Notes COI	N/A	N/A	60,325.00	60,325.00	-	N/A	NR	NR	NR	0.01%	1
Money Market - (RTC) 2021A Short-term Notes Interest	N/A	N/A	35,196,665.65	35,196,665.65	-	N/A	NR	NR	NR	0.01%	1
Money Market - (RTC) Commercial Paper Notes Series B Interest	N/A	N/A	7,218.81	7,218.81	-	N/A	NR	NR	NR	0.01%	1
Money Market - (RTC) Commercial Paper Notes Series B Principal	N/A	N/A	1,339,315.21	1,339,315.21	-	N/A	NR	NR	NR	0.01%	1
Money Market - (RTC) Commercial Paper Series B - NCTD Interest	N/A	N/A	239,468.59	239,468.59	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) Grant RCPT 19 A & B COI	N/A	N/A	4.15	4.15	-	N/A	NR	NR	NR	0.00%	1

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
Money Market - (SANDAG) Grant Receipt 2019 AB Grant Receipts Construction	N/A	N/A	372.93	372.93	-	N/A	NR	NR	NR	0.03%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Interest	N/A	N/A	6,466,754.35	6,466,754.35	-	N/A	NR	NR	NR	0.03%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A	N/A	N/A	513,221.45	513,221.45	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Interest	N/A	N/A	2,368,011.52	2,368,011.52	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Principal	N/A	N/A	3,600,334.55	3,600,334.55	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Reserve	N/A	N/A	13,760,837.78	13,760,837.78	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SR 125 FasTrak Customer Prepaid Fund	N/A	N/A	2,031,795.49	2,031,795.49	-	N/A	NR	NR	NR	0.00%	1
San Diego County Treasurer's Pooled Money Fund - (ARIJS)	N/A	N/A	2,643,114.97	2,643,114.97	-	N/A	NR	NR	AAAF/ S1	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (RTC) 2020 Bonds	N/A	N/A	55,094,508.21	55,094,508.21	-	N/A	NR	NR	AAAF/ S1	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (RTC) 2021 Bonds	N/A	N/A	120,400,101.80	120,400,101.80	-	N/A	NR	NR	AAAF/ S1	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (RTC) TransNet Extension	N/A	N/A	31,857,133.25	31,857,133.25	-	N/A	NR	NR	AAAF/ S1	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (SANDAG) I-15 FasTrak®	N/A	N/A	20,186,549.13	20,186,549.13	-	N/A	NR	NR	AAAF/ S1	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (SANDAG) SAFE Program	N/A	N/A	8,001,791.12	8,001,791.12	-	N/A	NR	NR	AAAF/ S1	0.83%	606
San Diego County Treasurer's Pooled Money Fund - (SourcePoint)	N/A	N/A	182,060.66	182,060.66	-	N/A	NR	NR	AAAF/ S1	0.83%	606
State of CA Local Agency Investment Fund (LAIF) - (RTC) TransNet	N/A	N/A	60,750,884.27	60,750,884.27	-	N/A	NR	NR	NR	0.35%	220
State of CA Local Agency Investment Fund (LAIF) - (SANDAG)	N/A	N/A	8,965,298.29	8,965,298.29	-	N/A	NR	NR	NR	0.35%	220
US Bank Cash Reserve Portfolio - (RTC) TransNet Extension	N/A	N/A	1,014,743.02	1,014,743.02	-	N/A	NR	NR	NR	0.00%	1
Wells Fargo - (SANDAG) Section 115 Pension Trust	N/A	N/A	10,059,250.49	10,899,381.18	840,130.69	N/A	NR	NR	NR	1.76%	1
JP Morgan (RTC) JPMorgan Prime Money Market Fund	N/A	N/A	20,010,602.07	20,006,604.20	(3,997.87)	N/A	AAAm	Aaa-mf	AAAmmf	0.10%	47
JP Morgan (RTC) Morgan Stanley Institutional Liquidity Funds: Prime Portfolio	N/A	N/A	10,004,886.36	10,004,886.72	0.36	N/A	AAAm	Aaa-mf	AAAmmf	0.06%	54
Capital Project Retention Accounts - US Bank	N/A	N/A	60,845,667.34	60,845,667.34	-	N/A	NR	NR	NR	N/A	1
Capital Project Retention Accounts - CA Bank & Trust	N/A	N/A	824,506.86	824,506.86	-	N/A	NR	NR	NR	N/A	1
<b>Total money market accounts and funds</b>			<b>\$ 797,616,781.27</b>	<b>\$ 798,452,914.45</b>	<b>\$ 836,133.18</b>	<b>\$ -</b>				<b>0.34%</b>	<b>221</b>
<b>Total cash and cash equivalents</b>			<b>\$ 820,403,560.87</b>	<b>\$ 821,239,694.05</b>	<b>\$ 836,133.18</b>	<b>N/A</b>				<b>0.34%</b>	<b>215</b>
<b>Investments:</b>											
<b>U.S. Agencies:</b>											
FANNIE MAE NOTES	07/13/2020	07/10/2023	\$ 5,436,974.50	\$ 5,451,177.20	\$ 14,202.70	\$ 5,450,000.00	AA+	Aaa	AAA	0.33%	831
FEDERAL FARM CREDIT BANK	09/17/2019	09/10/2024	5,079,870.00	5,272,936.70	193,066.70	5,000,000.00	AA+	Aaa	AAA	1.74%	1,259
FEDERAL FARM CREDIT BANK	04/11/2019	04/05/2023	6,968,500.00	7,295,494.71	326,994.71	7,000,000.00	AA+	Aaa	AAA	2.37%	735
FEDERAL FARM CREDIT BANK	10/16/2020	10/13/2023	5,794,200.00	5,791,244.49	(2,955.51)	5,800,000.00	AA+	Aaa	AAA	0.31%	926
FEDERAL FARM CREDIT BANK	06/24/2019	02/08/2023	5,082,900.00	5,194,475.25	111,575.25	5,000,000.00	AA+	Aaa	AAA	1.77%	679
FEDERAL FARM CREDIT BANK	09/28/2020	03/28/2024	5,995,500.00	5,988,193.98	(7,306.02)	6,000,000.00	AA+	Aaa	AAA	0.32%	1,093
FEDERAL FARM CREDIT BANK	05/15/2019	11/08/2023	6,022,560.00	6,311,493.12	288,933.12	6,000,000.00	AA+	Aaa	AAA	2.21%	952
FEDERAL FARM CREDIT BANK	08/27/2019	07/26/2024	6,615,310.00	6,799,054.34	183,744.34	6,500,000.00	AA+	Aaa	AAA	1.47%	1,213
FEDERAL HOME LOAN BANK	03/01/2019	06/11/2021	4,924,100.00	5,017,934.05	93,834.05	5,000,000.00	AA+	Aaa	-	2.56%	72
FEDERAL HOME LOAN BANK	03/06/2019	11/29/2021	4,915,300.00	5,059,568.95	144,268.95	5,000,000.00	AA+	Aaa	-	2.52%	243
FEDERAL HOME LOAN BANK	03/01/2019	12/09/2022	3,648,843.00	3,581,062.58	(67,780.42)	3,300,000.00	AA+	Aaa	-	2.25%	618
FEDERAL HOME LOAN BANK	06/24/2019	03/10/2023	5,063,453.47	5,188,519.25	125,065.78	5,000,000.00	AA+	Aaa	-	1.77%	709
FEDERAL HOME LOAN BANK	02/08/2021	02/10/2025	6,017,160.00	5,943,137.88	(74,022.12)	6,000,000.00	AA+	Aaa	-	0.21%	1,412
FEDERAL HOME LOAN MORTGAGE CORP	09/10/2020	09/14/2023	5,496,700.00	5,500,294.75	3,594.75	5,500,000.00	-	Aaa	AAA	0.29%	897
FEDERAL HOME LOAN MORTGAGE CORP	11/23/2020	11/24/2023	5,300,000.00	5,294,201.96	(5,798.04)	5,300,000.00	-	Aaa	AAA	0.35%	968
FEDERAL HOME LOAN MORTGAGE CORP	09/28/2020	03/29/2024	5,000,000.00	4,989,474.30	(10,525.70)	5,000,000.00	-	Aaa	AAA	0.35%	1,094
FEDERAL HOME LOAN MORTGAGE CORP	07/09/2020	04/15/2024	4,000,000.00	4,000,961.72	961.72	4,000,000.00	-	Aaa	AAA	0.50%	1,111
FEDERAL HOME LOAN MORTGAGE CORP	03/09/2021	05/15/2024	4,993,750.00	4,992,638.80	(1,111.20)	5,000,000.00	-	Aaa	AAA	0.40%	1,141
FEDERAL HOME LOAN MORTGAGE CORP	11/08/2019	01/13/2022	4,563,265.50	4,580,970.62	17,705.12	4,500,000.00	AA+	Aaa	AAA	1.71%	288
FEDERAL NATIONAL MORTGAGE ASSOCIATION	04/23/2019	04/12/2022	4,982,050.00	5,110,761.55	128,711.55	5,000,000.00	AA+	Aaa	AAA	2.38%	377
FEDERAL NATIONAL MORTGAGE ASSOCIATION	07/01/2019	10/05/2022	5,028,950.00	5,139,378.10	110,428.10	5,000,000.00	AA+	Aaa	-	1.82%	553
FEDERAL NATIONAL MORTGAGE ASSOCIATION	11/08/2019	07/02/2024	4,993,150.00	5,214,477.70	221,327.70	5,000,000.00	AA+	Aaa	AAA	1.78%	1,189
FEDERAL NATIONAL MORTGAGE ASSOCIATION	10/25/2019	09/06/2022	5,262,158.00	5,397,171.10	135,013.10	5,300,000.00	AA+	Aaa	AAA	1.63%	524
UNITED STATES TREASURY NOTE/BOND	06/24/2019	09/30/2023	4,235,500.00	4,421,441.42	185,941.42	4,300,000.00	AA+	Aaa	AAA	1.74%	913
UNITED STATES TREASURY NOTE/BOND	03/01/2019	05/31/2023	4,980,078.13	5,153,515.60	173,437.47	5,000,000.00	AA+	Aaa	AAA	1.73%	791
UNITED STATES TREASURY NOTE/BOND	06/13/2019	08/31/2023	3,925,794.65	4,110,781.24	184,986.59	4,000,000.00	AA+	Aaa	AAA	1.84%	883
UNITED STATES TREASURY NOTE/BOND	09/27/2019	04/30/2024	5,091,423.00	5,246,875.00	155,452.00	5,000,000.00	AA+	Aaa	AAA	1.58%	1,126
UNITED STATES TREASURY NOTE/BOND	03/01/2019	12/15/2021	5,013,298.00	5,090,039.05	76,741.05	5,000,000.00	AA+	Aaa	AAA	2.52%	259
<b>Total U.S. Agencies</b>			<b>\$ 144,430,788.25</b>	<b>\$ 147,137,275.41</b>	<b>\$ 2,706,487.16</b>	<b>\$ 143,950,000.00</b>				<b>1.42%</b>	<b>828</b>
<b>Corporate Medium Term Notes:</b>											
BANK OF AMERICA CORP	03/23/2021	10/24/2024	\$ 4,012,600.00	\$ 4,009,715.44	\$ (2,884.56)	\$ 4,000,000.00	A-	A2	A+	0.69%	1,303
BANK OF AMERICA CORP	10/14/2020	12/20/2023	2,628,700.00	2,600,026.88	(28,673.12)	2,500,000.00	A-	A2	A+	0.61%	994
CATERPILLAR FINANCIAL SERVICES	05/16/2019	12/07/2023	3,121,890.00	3,259,198.29	137,308.29	3,000,000.00	A	A3	A	2.69%	981
CATERPILLAR FINANCIAL SERVICES	03/14/2019	02/26/2022	4,019,240.00	4,095,177.36	75,937.36	4,000,000.00	A	A3	A	2.77%	332
CHEVRON	05/15/2019	06/24/2023	5,118,900.00	5,270,079.25	151,179.25	5,000,000.00	AA-	Aa2	-	2.57%	815

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
CISCO SYSTEMS INC	03/01/2019	09/20/2021	3,914,240.00	4,025,703.52	111,463.52	4,000,000.00	AA-	A1	-	2.73%	173
CITIBANK	05/31/2019	07/23/2021	6,158,234.50	6,091,926.50	(66,308.00)	6,050,000.00	A+	Aa3	A+	2.54%	114
HOME DEPOT INC	03/14/2019	03/01/2022	4,275,054.00	4,318,227.69	43,173.69	4,200,000.00	A	A2	A	2.62%	335
HONEYWELL INTERNATIONAL	11/08/2019	08/15/2024	2,933,756.00	3,069,239.13	135,483.13	2,900,000.00	A	A2	A	2.04%	1,233
INTERNATIONAL BUSINESS MACHINES CORP	09/04/2019	08/01/2023	5,156,295.10	5,247,610.30	91,315.20	4,895,000.00	A	A2	-	1.95%	853
JP MORGAN CHASE & CO	02/12/2021	04/23/2024	3,739,435.00	3,708,775.46	(30,659.54)	3,500,000.00	A-	A2	AA-	0.41%	1,119
MICROSOFT CORP	07/18/2019	02/06/2024	6,043,518.00	6,238,994.29	195,476.29	5,850,000.00	AAA	Aaa	AAA+	2.11%	1,042
PFIZER INC	09/30/2019	05/15/2024	4,036,968.00	4,121,297.52	84,329.52	3,800,000.00	A+	A2	A	1.98%	1,141
PNC BANK	02/07/2020	07/25/2023	3,185,370.00	3,216,720.18	31,350.18	3,000,000.00	A-	A3	A	1.95%	846
WELLS FARGO AND CO	07/09/2020	06/02/2024	2,546,750.00	2,553,753.65	7,003.65	2,500,000.00	BBB+	A2	A+	0.99%	1,159
WELLS FARGO AND CO	07/20/2020	01/24/2023	5,176,950.00	5,104,806.85	(72,143.15)	5,000,000.00	BBB+	A2	A+	0.70%	664
<b>Total Corporate Medium Notes</b>			<b>\$ 66,067,900.60</b>	<b>\$ 66,931,252.31</b>	<b>\$ 863,351.71</b>	<b>\$ 64,195,000.00</b>				<b>1.90%</b>	<b>780</b>
<b>Supra-National Agency Bond/Note</b>											
INT'L BANK FOR RECON AND DEVELOPMENT	03/08/2021	01/15/2025	\$ 6,229,560.00	\$ 6,218,778.00	\$ (10,782.00)	\$ 6,000,000.00	AAA	Aaa	-	0.62%	1,386
INTER-AMERICAN DEVELOPMENT BANK	03/05/2019	04/19/2021	3,898,440.00	3,904,563.00	6,123.00	3,900,000.00	AAA	Aaa	AAA	2.64%	19
INTER-AMERICAN DEVELOPMENT BANK	04/24/2020	04/19/2021	1,685,290.20	1,651,930.50	(33,359.70)	1,650,000.00	AAA	Aaa	AAA	0.42%	19
INTER-AMERICAN DEVELOPMENT BANK	11/06/2020	02/21/2024	5,436,150.00	5,369,748.90	(66,401.10)	5,000,000.00	AAA	Aaa	AAA	0.32%	1,057
<b>Total Supra-National Agency Bond/Notes</b>			<b>\$ 17,249,440.20</b>	<b>\$ 17,145,020.40</b>	<b>\$ (104,419.80)</b>	<b>\$ 16,550,000.00</b>				<b>0.96%</b>	<b>840</b>
<b>Asset-Backed Security:</b>											
TAOT 2018-A A3	01/23/2018	05/16/2022	\$ 114,127.94	\$ 114,332.90	\$ 204.96	\$ 114,129.25	AAA	Aaa	NR	2.35%	411
TOYOTA AUTO RECEIVABLES 2017-D	04/20/2020	02/15/2023	3,468,647.86	3,458,242.96	(10,404.90)	3,436,963.35	AAA	Aaa	-	1.37%	686
<b>Total Asset-Backed Security</b>			<b>\$ 3,582,775.80</b>	<b>\$ 3,572,575.86</b>	<b>\$ (10,199.94)</b>	<b>\$ 3,551,092.60</b>				<b>1.40%</b>	<b>677</b>
<b>Certificates of Participation:</b>											
(RTC) North County Transit District Certificates of Participation	02/04/2021	05/06/2021	\$ 21,750,000.00	\$ 21,750,000.00	\$ -	\$ 21,750,000.00	NR	A1	NR	0.10%	36
<b>Total Certificates of Participation</b>			<b>\$ 21,750,000.00</b>	<b>\$ 21,750,000.00</b>	<b>\$ -</b>	<b>\$ 21,750,000.00</b>				<b>0.10%</b>	<b>36</b>
<b>Total investments</b>			<b>\$ 253,080,904.85</b>	<b>\$ 256,536,123.98</b>	<b>\$ 3,455,219.13</b>	<b>\$ 249,996,092.60</b>				<b>1.40%</b>	<b>747</b>
<b>Total Portfolio:</b>			<b>\$ 1,073,484,465.72</b>	<b>\$ 1,077,775,818.03</b>	<b>\$ 4,291,352.31</b>	<b>N/A</b>				<b>0.59%</b>	<b>342</b>

Legend:  
Automated Regional Justice Information System (ARJIS)  
Commercial Paper (CP)  
State of California Local Agency Investment Fund (LAIF)  
North County Transit District (NCTD)  
San Diego County Regional Transportation Commission (RTC)

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
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### Executive Director Delegated Actions

#### Overview

Various Board Policies require the Executive Director to report certain actions to the Board of Directors on a monthly basis or upon taking specified actions.

#### Delegated Actions

##### **Investment Transactions:** SANDAG Board Policy

No. 003 states that a monthly report of all investment transactions shall be submitted to the Board. Attachment 1 contains the reportable investment transactions for April 2021.

##### **Legal Matters:** SANDAG Board Policy No. 008

authorizes the Office of the General Counsel or outside counsel to file documents and make appearances on behalf of the agency in court proceedings.

In the matter Board of Directors of the San Diego Association of Governments, acting as the San Diego County Regional Transportation Commission v. Bank of America et al. (United States District Court, Southern District of New York, case number pending) on or about June 2, 2021, a Complaint was filed by the law firm Browne George Ross O'Brien Anneguey & Ellis on behalf of SANDAG.

SANDAG Board Policy No. 017 authorizes the Executive Director to settle all lawsuits that SANDAG must defend when the settlement amount does not exceed \$100,000.

- On April 24, 2021, the lawsuit of Carole and Edwin Quinn was settled for \$300,000, to be paid by and through Mid-Coast Transit Constructors and its insurance carrier. The lawsuit was related to a bicycle crash that occurred at a construction site for the Mid-Coast Corridor Transit Project.

SANDAG Board Policy No. 008 authorizes the Executive Director to take action on claims filed against SANDAG:

- On May 6, 2021, the claim of Miguel Ayala was rejected. Mr. Ayala alleged that an object struck and cracked his windshield while traveling on the South Bay Expressway. Upon investigation of the claim, it was determined that SANDAG was not liable for the alleged damages.
- On May 6, 2021, the claim of Amanda Vincent was rejected. Ms. Vincent alleged that an object struck and cracked her windshield while traveling on the South Bay Expressway. Upon investigation of the claim, it was determined that SANDAG was not liable for the alleged damages.
- On May 6, 2021, the claim of Frederick Goodwin was rejected. Mr. Goodwin alleged that a rock struck and cracked his windshield while traveling on the South Bay Expressway. Upon investigation of the claim, it was determined that SANDAG was not liable for the alleged damages.

**Budget Modifications:** SANDAG Board Policy No. 017 authorizes the Executive Director to enter into agreements currently not incorporated in the budget and to make other budget modifications in an amount of up to \$300,000 per transaction, so long as the overall budget remains in balance. This provision may not, however, be used multiple times on the same budget line item in order to circumvent the \$300,000 limit. Staff understands this to mean the budget resets when actions are reported out or upon the Board adopting a new budget. Actions taken since the last regular meeting of the Board are shown in Attachment 2.

#### Action: **Information**

In accordance with various SANDAG Board Policies, this report summarizes certain delegated actions taken by the Executive Director since the last Board meeting.

#### Fiscal Impact:

Four securities reached maturity for a total of \$6.1 million and one security was purchased for \$6.7 million.

**Right-of-Way:** SANDAG Board Policy No. 017, Section 4.15, authorizes the Executive Director to execute all right-of-way property transfer documents, including rights of entry, licenses, leases, deeds, easements, escrow instructions, and certificates of acceptance. The list below reflects the approved documents for this reporting period.

Mid-Coast Corridor Transit Project – Capital Improvement Project No. 1257001			
No.	Address	Nature of Activity	Date
1.	4901-4907 Morena Boulevard, San Diego, CA 92117; PS Rose Canyon	Dismissal and Tolling Agreement Amendment 2	4/15/2021

Inland Rail Trail Project – Capital Improvement Project No. 1223023			
No.	Address	Nature of Activity	Date
1.	1430 Phillips Street, Vista, CA 92084; John J. & Coro A. Balderrama	Temporary Construction Easement	4/27/2021
2.	203 Valley View Place, Vista, CA 92083; Perdue & Russell Real Estate Appraisal	Temporary Construction Easement	4/27/2021
3.	208 Valley View Place, Vista, CA 92083; Colco LLC	Temporary Construction Easement	4/27/2021

**Contract Relief from Maintenance:** SANDAG Board Policy No. 024, Construction Policy, 5.1, authorizes the Executive Director to grant Relief from Maintenance and Responsibility on major elements of each major construction project on behalf of the Board.

- In a letter dated April 19, 2021, Mid-Coast Transit Constructors was granted Limited Relief from Maintenance for the Mid-Coast Nobel Parking Structure Project – Effective February 28, 2021 (CIP 1257001, Contract No. 5008600, Supplement 4).
- In a letter dated April 22, 2021, Mid-Coast Transit Constructors was granted Limited Relief from Maintenance for the Mid-Coast South Project (Reach 3 – Friars Road) – Effective February 23, 2021 (CIP 1257001, Contract No. 5008600, Supplement 4B).
- In a letter dated May 4, 2021, Mid-Coast Transit Constructors was granted Limited Relief from Maintenance for the Mid-Coast Rose Canyon Bike Path Project – Effective April 19, 2021 (CIP 1257001, Contract No. 5008600, Supplement 4).

**Contract Acceptance:** SANDAG Board Policy No. 024, Construction Policy, 5.2, authorizes the Executive Director to accept contracts on behalf of the Board and requires all contract acceptances over \$25,000 to be reported to the Board.

- In a letter dated May 6, 2021, RECON Environmental, Inc., was granted Acceptance for the Anderprises Phase II Project – Effective July 31, 2020 (CIP 1200207, Contract No. 5007505, JOC7505-05). The contract value was \$976,647.96.

**Schedule Extensions:** SANDAG Board Policy No. 035 authorizes the Executive Director to approve requests by grantees for project schedule extensions of up to six months.

The delegated action to report to the Board is summarized below:

*Active Transportation Grant Program & Environmental Mitigation Program*

Contract	Grantee	Project	Extension (in Months)	From	To	Amendment Execution
5005453	City of La Mesa	Massachusetts Avenue and Blackton Drive Pedestrian and Bike Improvements	6	6/5/2021	12/5/2021	4/13/2021
5005519	Zoological Society of San Diego	Stinknet Removal Project	5	12/29/2022	5/29/2023	5/5/2021

## COVID-19 Grant Amendments

On April 10, 2020, the Board of Directors authorized the Executive Director to approve requests by grantees for project schedule extensions of up to 12 months related to COVID-19 delays without requiring approval by a Policy Advisory Committee. On March 12, 2021, the Board authorized the Executive Director to approve requests by grantees for project schedule extensions of up to an additional 12 months (for an aggregate total of 24 months) related to COVID-19 delays.

The delegated actions to report to the Board are summarized below:

### *Environmental Mitigation Program*

<b>Contract</b>	<b>Grantee</b>	<b>Project</b>	<b>Extension (in Months)</b>	<b>From</b>	<b>To</b>	<b>Amendment Execution Date</b>
5005512	San Diego Audubon Society	Silverwood Ainstine Project	12	4/29/2021 1	4/28/2022 2	4/16/2021

### **Reason for delays and why the delays were unavoidable:**

Due to the COVID-19 pandemic, the grantee has not been able to move forward with the remaining aspects of the project. The pandemic has significantly slowed the project progress, requiring additional time to complete the fencing at Silverwood. While the grantee recently finished contracting, oversight, and the surveying portion of the Silverwood fencing project, a portion of Task 1 "Project scoping, contracting, oversight of implementation by contractor," and Task 2 "fence installation by contractor" at our Silverwood site, remains incomplete.

### **Ability for grantees to succeed in the extended timeframe:**

San Diego Audubon Society expects that a 12-month extension of this grant agreement will allow enough time to complete the installation of the fence and ability to achieve the grantee's goal of mitigation of the spread of invasive species and degradation of habitat quality.

### **Regional Transportation Improvement Program Administrative Modification:**

Regional Transportation Commission (RTC) Resolution No. RTC-2020-01 authorizes the Executive Director to approve administrative modifications to the Regional Transportation Improvement Program. Changes are authorized by the requesting agency by resolution or approved policy.

- Administrative Modification No. 2 was approved on April 23, 2021. Attachment 3 summarizes the changes made to 12 projects and six grouped listings in the region.

### **Hasan Ikhata, Executive Director**

Key Staff Contact: Kimberly Monasi, (619) 699-6902, kimberly.monasi@sandag.org

- Attachments:
1. April 2021 Investment Securities Transactions Activity
  2. FY 2021 Budget Transfers and Amendments
  3. 2021 RTIP Amendment No. 2

**MONTHLY ACTIVITY FOR INVESTMENT SECURITIES TRANSACTIONS  
APRIL 1 THROUGH APRIL 30, 2021**

<b>Transaction Date</b>	<b>Security/Coupon/Maturity Date</b>	<b>Par Value</b>	<b>Original Cost</b>
<b>BOUGHT</b>			
04/15/2021	INTER AMER BK M T N 0.500% 5/24/23	\$ 6,700,000.00	\$ 6,739,396.00
	TOTAL BOUGHT:	<u>\$ 6,700,000.00</u>	<u>\$ 6,739,396.00</u>
<b>MATURED</b>			
04/15/2021	TOYOTA AUTO 2.120% 2/15/23	\$ 519,992.41	\$ 524,786.09
04/15/2021	TOYOTA AUTO 2.350% 5/16/22	49,138.13	49,137.57
04/19/2021	INTER AMER DEV MTN 2.625% 4/19/21	3,900,000.00	3,898,440.00
04/19/2021	INTER AMER DEV MTN 2.625% 4/19/21	1,650,000.00	1,685,290.20
	TOTAL MATURED:	<u>\$ 6,119,130.54</u>	<u>\$6,157,653.86</u>
<b>SOLD</b>			
	NO REPORTABLE SECURITIES FOR THIS MONTH		

**FY 2021 BUDGET TRANSFERS AND AMENDMENTS**  
in '000s

PROJECT NUMBER	PROJECT NAME	CURRENT BUDGET	NEW BUDGET	CHANGE	EXPLANATION
2353300	CJAM - San Diego Prop 64 Evaluation	\$0.00	\$10.00	\$10.00	New revenue agreement with City of San Diego. Total multi-year agreement \$150,000. This action also amends they FY 22 budget.
2353400	CJAM - Chula Vista Prop 64 Evaluation	\$0.00	\$10.00	\$10.00	New revenue agreement with City of Chula Vista. Total multi-year agreement \$126,000. This action also amends they FY 22 budget.
2353500	CJAM - La Mesa Prop 64 Evaluation	\$0.00	\$10.00	\$10.00	New revenue agreement with City of La Mesa. Total multi-year agreement \$120,000. This action also amends they FY 22 budget.
7500000	Service Bureau - Main Project FY 2021	\$97.10	\$84.28	(\$12.82)	Transferred funds from the Main Service Bureau project (7500000) to National City General Plan Update (7516200).
7516200	National City General Plan Update	\$0.00	\$12.82	\$12.82	New Service Bureau project for National City General Plan Update. FY 21 portion of a 2 year project.

**Table 1 - Summary of Changes Report (\$000)  
2021 RTIP Amendment No. 2**

LEGEND:  
↑ Increase  
↓ Reduce  
↔ Revise

Project ID	Lead Agency	Project Title	Total Programmed Before	Total Programmed Revised	Cost Difference	Percent Change	Change Description
CAL68	California Department of Transportation	SR 94/125 Southbound to Eastbound Connector	\$30,240	\$30,240	\$0	0%	↔ RSTP; ↔ SB1-LPP; ↔ <i>TransNet</i> -MC between phases
CAL573	Caltrans	Full Access and Coordinated Transportation (FACT) Vehicle Purchase	\$732	\$779	\$47	6%	↑ FTA 5339
ESC08	Escondido, City of	Felicita Ave/Juniper Street	\$6,208	\$6,208	\$0	0%	↔ Revised funding between fiscal years
ESC47	Escondido, City of	Quince & Tulip Pedestrian Signals	\$80	\$0	-\$80	-100%	DELETED - Project ID was changed to ESC49 and added to grouped project listing V14
SAN114	San Diego Association of Governments	Grouped Projects for Rehabilitation or Reconstruction of Track Structures, Track, and Trackbed in Existing Rights-of-Way: Coastal Rail Corridor	\$159,551	\$165,384	\$5,833	4%	↑ <i>TransNet</i> -MC, ↑ FRA-PRIIA, ↑ RSTP
SAN213	San Diego Association of Governments	Grouped Projects for Operating Assistance - FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities	\$889	\$6,232	\$5,343	601%	↑ <i>TransNet</i> -SS, ↑ FTA 5310, ↑ Local Funds
SAN214	San Diego Association of Governments	Grouped Projects for Capital Purchase - FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities	\$179	\$4,575	\$4,396	2456%	↑ <i>TransNet</i> -SS, ↑ FTA 5310, ↑ Local Funds
SAN227	San Diego Association of Governments	Grouped Projects for Bicycle and Pedestrian Facilities - North Park/Mid-City Bikeways	\$50,795	\$50,795	\$0	0%	↔ Revised funding between fiscal years; Funds transferred from Orange Bikeway to University Bikeway project
SAN262	San Diego Metropolitan Transit System	Low-Floor Light Rail Transit Vehicles	\$72,000	\$72,000	\$0	0%	Revised implementing agency
SD09	San Diego, City of	Sidewalks - Citywide	\$25,615	\$22,985	-\$2,630	-10%	↓ <i>TransNet</i> -LSI, ↓ <i>TransNet</i> -LSI Carry Over
SD16A	San Diego, City of	Traffic Signals - Citywide	\$44,791	\$43,433	-\$1,358	-3%	↓ <i>TransNet</i> -LSI

**Table 1 - Summary of Changes Report (\$000)  
2021 RTIP Amendment No. 2**

LEGEND:  
 ↑ Increase  
 ↓ Reduce  
 ↔ Revise

Project ID	Lead Agency	Project Title	Total Programmed Before	Total Programmed Revised	Cost Difference	Percent Change	Change Description
SD23	San Diego, City of	Storm Drains - Roadway Drainage Improvements	\$30,521	\$36,647	\$6,126	20%	↑ <i>TransNet</i> -LSI, ↑ <i>TransNet</i> -LSI Carry Over
SD96	San Diego, City of	Street Resurfacing Citywide	\$112,648	\$112,548	-\$100	-1%	↓ <i>TransNet</i> -LSI
SD166	San Diego, City of	Minor Bicycle Facilities	\$6,406	\$6,368	-\$38	-1%	↓ <i>TransNet</i> -LSI
SD237	San Diego, City of	Coastal Rail Trail	\$25,150	\$23,150	-\$2,000	-8%	↓ <i>TransNet</i> -LSI
V14	Various Agencies	Grouped Projects for Bicycle and pedestrian facilities - Active Transportation Program (ATP)	\$84,297	\$84,377	\$80	1%	↔ ATP-R between fiscal years; added project to grouped listing
V15	Various Agencies	I-5/Gilman Drive Bridge	\$24,607	\$25,007	\$400	2%	↔ <i>TransNet</i> -MC between fiscal years, ↑ Local Funds
V16	Various Agencies	Grouped Projects for Operating Assistance - <i>TransNet</i> Senior Mini-Grant Program	\$782	\$2,914	\$2,132	273%	↑ <i>TransNet</i> -SS, ↑ Local Funds

**Abbreviation**

ATP-R  
 FRA PRIAA  
 FTA 5310  
 FTA 5339  
 Local Funds  
 RSTP  
 SB1 - PP  
*TransNet* - BPNS  
*TransNet* - LSI  
*TransNet* - MC  
*TransNet* - SS

**Fund Type**

Active Transportation Program - Regional  
 Federal Railroad Administration - Passenger Rail Investment and Improvement Act  
 Federal Transit Administration Elderly & Disabled Program  
 Federal Transit Administration Bus and Bus Facilities Grant Program  
 Funds available from other sources such as developer fees, fare revenue or general fund  
 Regional Surface Transportation Block Grant  
 Senate Bill 1 - Local Partnership Program  
 Prop A Extension - Bicycle, Pedestrian and Neighborhood Safety Program  
 Prop A Extension - Local System Improvements  
 Prop A Extension - Major Corridors  
 Prop A Extension - Senior Services

## Remote Working in the San Diego Region: A Survey of Businesses and Employees

### Overview

In March 2020, the global pandemic forced governments to implement stay home orders to protect the public and minimize the spread of disease. Businesses across the region abruptly closed and those that could transition their workforce to a remote work environment did so in record time.

In July 2020, staff shared research and data on the economic and transportation impacts of COVID-19, including results of a survey on remote work trends. In spring 2021, SANDAG partnered with True North Research to conduct a statistically reliable survey of both businesses and employees in the region to understand the degree to which the pandemic changed their remote work policies and practices, and how they expect remote work practices to change beyond the pandemic.

Staff will share key results of the survey, present data on the travel behavior of typical teleworkers, and describe how telework is accounted for in the 2021 Regional Plan. The [full survey report](#) is posted to the sandag website, and an infobit summary is provided as Attachment 1.

### Key Considerations

Telework reached an all-time high, with 47% of employers in the region reporting that they offered remote work options to at least a portion of their workforce during the pandemic. Although higher rates of employees are expected to work remotely moving forward, survey results indicate that it will be less prevalent than during the pandemic. Most employers that expect to continue offering telework will offer it to a portion of their employees on a part-time basis.

*Congestion:* While telework has the potential to relieve some peak period congestion, many jobs in the region are not conducive to working from home. In the San Diego region, approximately 39% of jobs in the region are considered home workable. In addition, data show that employees who work remotely tend to make more discretionary trips that generate vehicle miles traveled.

*Equity:* Lower-income workers are less likely to have the option to work from home. Higher paying jobs in industries such as financial/insurance and professional services are most likely to telework. Jobs in service industries such as food service and accommodations are much less likely to telework.

### Next Steps

Staff will continue to monitor remote work trends in the San Diego region to inform transportation planning. Staff will also continue to promote telework to employers in the region through the SANDAG Transportation Demand Management program, iCommute. iCommute recently launched a telework assistance program that supports employers with developing and implementing a formal telework policy and provides training to managers and staff on successful telework practices. SANDAG is developing a Regional Digital Equity Strategy and Action Plan that will expand high-quality broadband connectivity that is necessary for successful remote work.

### Ray Major, Chief Analytics Officer and Chief Economist

Key Staff Contacts: Cindy Burke, (619) 699-1910, [cindy.burke@sandag.org](mailto:cindy.burke@sandag.org)  
Antoinette Meier, (619) 699-7381, [antoinette.meier@sandag.org](mailto:antoinette.meier@sandag.org)

Attachment: 1. Infobit summary of Remote Working in the San Diego Region: A Survey of Businesses and Employees

#### Action: **Discussion**

An overview of research and data on remote work practices in the region before, during, and after the pandemic will be presented.

#### Fiscal Impact:

None.

#### Schedule/Scope Impact:

None.

# SANDAG info**bits**

## Remote Working in the San Diego Region: A Survey of Businesses and Employees

May 2021

In March 2020, numerous businesses across the San Diego region responded to the statewide stay-home order by either shutting their doors, changing their business model, letting employees go, or when possible, pivoting to allow employees to work remotely to a degree not seen before. As restrictions began to be lifted during spring 2021, SANDAG partnered with True North Research to conduct a statistically reliable survey of both businesses and employees in the region to understand the degree to which the pandemic changed their remote work policies and practices and how they expected work life to look post-pandemic. This InfoBits report is the first in a series highlighting the results from the full report, which is being used as part of long-term regional planning efforts for the region, including the development of the 2021 Regional Plan.

### Did you know?



Post-pandemic, **40%** of San Diego County businesses reported they would offer remote work to at least one employee, one day a week. This is up from **27%** pre-pandemic, but down from the **47%** who did so during the pandemic.



While **2 in 5** businesses expect to incorporate remote working in their business model post-pandemic, just **15%** anticipate that half or more of their employees will work from home most of the week.

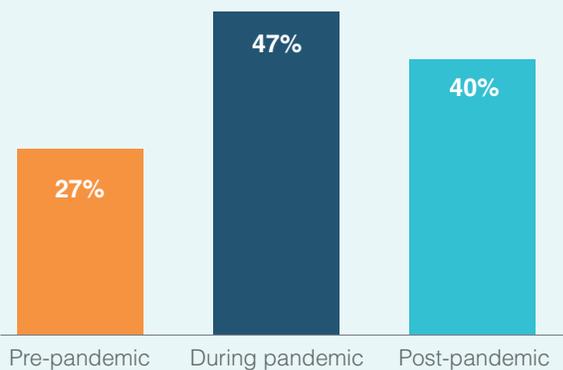


The **three** industries most likely to report a willingness to offer remote work post-pandemic included professional services, financial/insurance, and administrative support services. Collectively, these industries represent **17%** of the businesses in the San Diego region.

### How many San Diego County businesses have or will offer remote work options?

As Figure 1 shows, prior to the pandemic, just over 1 in 4 (27%) San Diego County businesses offered remote work as an option to at least one employee, at least one day a week. Not surprisingly, this percent almost doubled during the pandemic (47%) and is expected to decrease post-pandemic (40%), but remain higher than it was prior to the pandemic. The top three reasons given by businesses for not allowing employees to work from home were that it was not possible for their type of work/industry (77%), employees required equipment that was only on-site (10%), and that they were a small business and need employees on-site (7%) (not shown).

**FIGURE 1**  
**Percent of San Diego County businesses that offered or are expected to offer employees the ability to work remotely pre-, during, and post-pandemic**



**21%** of businesses that did not offer remote work as an option pre-pandemic said they would offer it as an option to at least some employees post-pandemic.

Source: San Diego Region Business Survey, SANDAG 2021

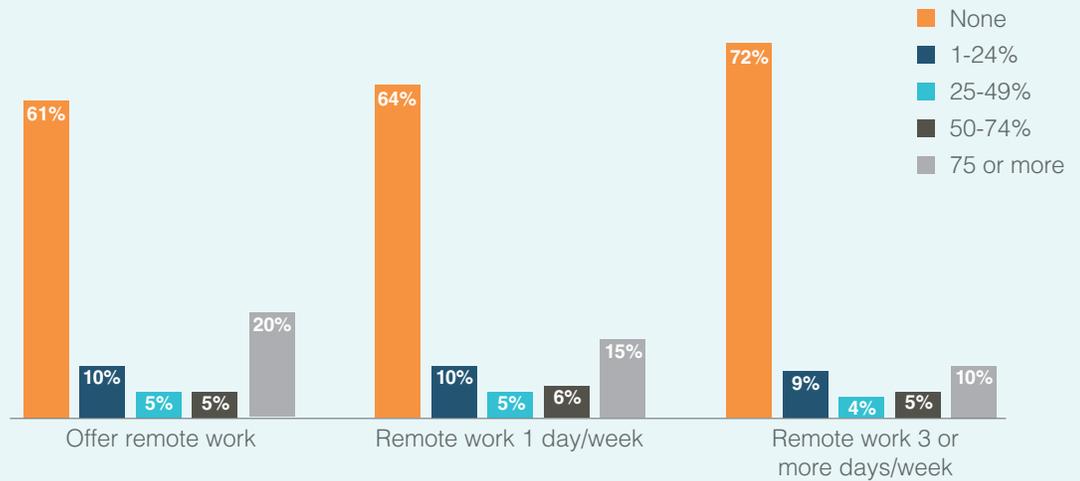
How many employees have and will work from home and how often will they do so?

While 40% of businesses reported they envisioned allowing employees to work from home post-pandemic, this does not mean every employee would be given this opportunity, or that those who work remotely will do so all of the time. Only 20% of businesses reported they would offer working remotely to 75% or more of their employees post-pandemic, and just 15% anticipated 75% or more of their employees would work remotely one day per week and only 10% thought 75% or more would work three or more days per week remotely.<sup>1</sup>

FIGURE 2  
**Percent of employees expected to be offered the ability to work remotely or who will work remotely 1 day/week or 3 or more days/week post-pandemic**

Note: Percentages may not equal 100 due to rounding.

Source: San Diego Region Business Survey, SANDAG 2021

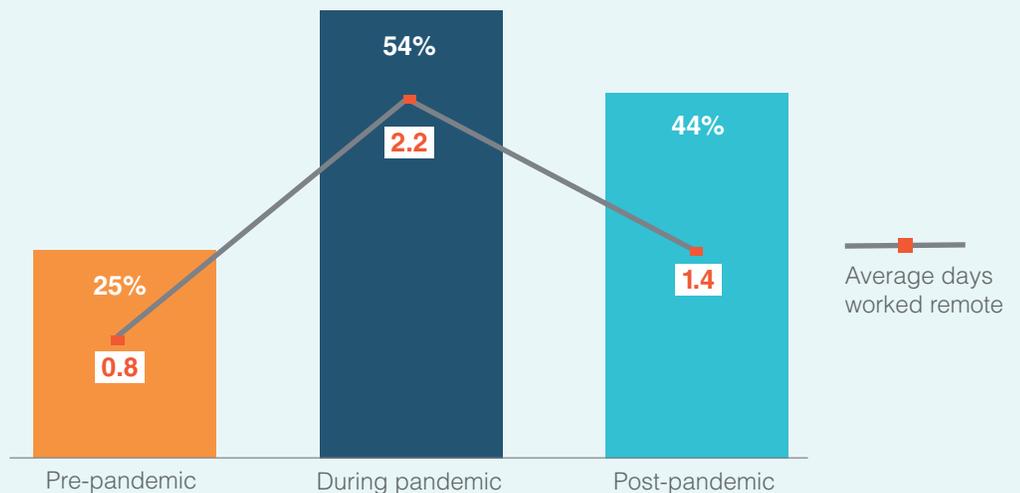


Turning to the employee survey (Figure 3), the percentage of individuals who reported working from home (either whole or partial days) before, during, and after the pandemic reflected the pattern of data reported by businesses shown in Figure 1. This percentage increased during the pandemic and is expected to decrease post-pandemic. In addition, the average number of days worked from home for all employees (including those who were able to work from home and those who could not) also increased during the pandemic (to 2.2 from 0.8) and was expected to decrease post-pandemic (to 1.4). This average demonstrates that overall, most employees will continue to travel to a work site most days of the week.

FIGURE 3  
**Percent of San Diego County employees who reported they worked or expect to work remotely (partial or whole days) pre-, during, and post-pandemic and average number of days worked from home per week**

Note: When the average number of days worked remotely only includes full days, these regional averages decrease to 0.6, 1.9, and 1.2, respectively.

Source: San Diego Region Employee Survey, SANDAG 2021

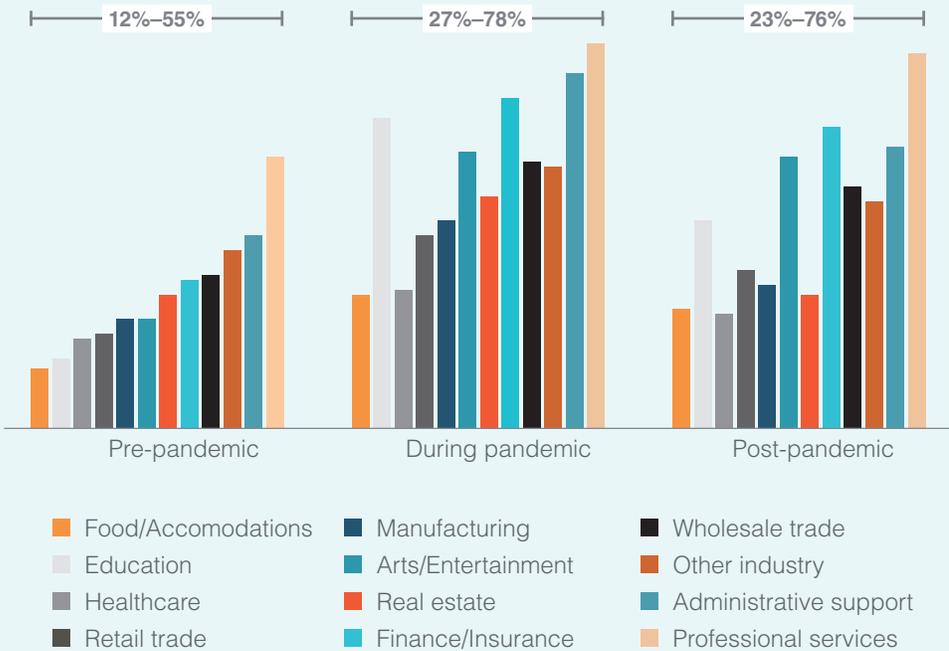


<sup>1</sup> This pattern of data is similar to what was reported by businesses pre- and during the pandemic.

### How does working remotely vary by industry?

Industries varied considerably in their ability to allow remote work pre-pandemic (from 12% food/accommodations to 55% professional services), during the pandemic (from 27% food/accommodations to 78% professional services), and post-pandemic (from 23% healthcare to 76% professional services) (Figure 4). It is worth noting that all industries anticipated that their current remote work rates would decline from current levels to post-pandemic, although all but one industry (real estate) also anticipated their remote work rates would settle above pre-pandemic levels.

**FIGURE 4**  
Percent of businesses that allowed remote work pre-, during, and post-pandemic by industry type



Source: San Diego Region Employee Survey, SANDAG 2021

#### Some other interesting differences across industries included:

- » Professional services was most likely to report they offered their employees the option to work from home during all three time periods
- » Financial/insurance had the second largest increase from pre-pandemic (30%) to during the pandemic (67%) and were the second highest to report remote work options were envisioned post-pandemic (61%)
- » The education sector had the second lowest pre-pandemic remote work rate (14%) and experienced the largest jump during the pandemic (63%). It is also expected to have the largest drop post-pandemic (a decrease of 21%).
- » The food/accommodations sector had the lowest remote work rate in the pre- (12%) and during pandemic (27%) periods, and the second lowest post-pandemic (24%)
- » Healthcare had the third lowest remote work rate in the pre-pandemic period (18%), the second lowest during the pandemic (28%), and the lowest post-pandemic (23%)

### What are the pros and cons of working remotely during the pandemic according to businesses and employees?

When both businesses and employees were probed to describe both the perceived positive and negative impacts of having employees work from home during the pandemic, there were some interesting similarities and differences in their responses (Table 1).

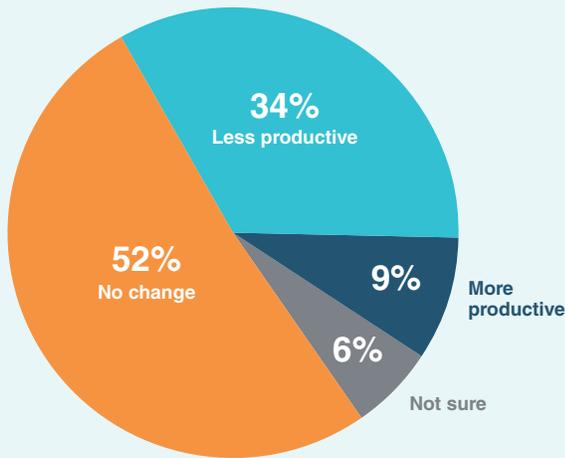
**TABLE 1**  
Business and employee perceptions of the pros and cons of working from home during the pandemic

	Pros	Cons
<b>Businesses &amp; Employees</b>	Fewer expenses	Communication and coordination and poor internet connection
<b>Businesses</b>	Better ability to hire and retain employees	Ability to identify and manage poor performers, profitability, and data security
<b>Employees</b>	Better work life balance, better time management, and increased job satisfaction	

Source: San Diego Region Business and Employee Survey, SANDAG 2021

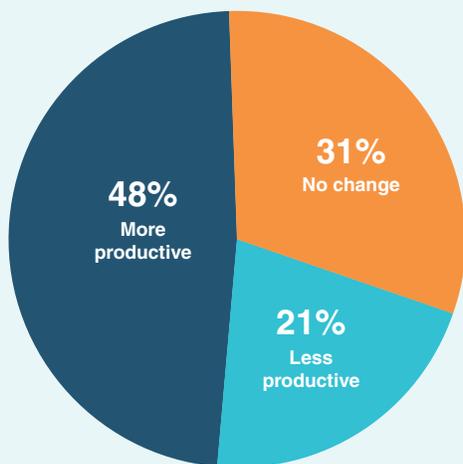
While about half the businesses that allowed remote work felt that employee productivity had not changed during the pandemic with their employees working from home, around one-third thought it decreased, 9% thought it increased, and 6% were not sure (Figure 5). Interestingly, 48% of the employees surveyed who had worked from home thought they were more productive, 21% thought they were less productive, and 31% thought it had no effect (Figure 6). Similarly, while 45% of employees felt the quality of their work improved by working from home, just 16% of businesses felt the same (not shown).

FIGURE 5  
**Businesses' perceptions of how employees' productivity changed during the pandemic when they worked from home**



Source: San Diego Region Business Survey, SANDAG 2021

FIGURE 6  
**Employees' perceptions of how their productivity changed during the pandemic when they worked from home**



Source: San Diego Region Employee Survey, SANDAG 2021

### Takeaways

- » It is reasonable to expect that more employees across the region will be working from home post-pandemic compared to pre-pandemic, although the practice will be less prevalent than it was during the pandemic
- » Businesses with employees who feel they have greater work-life balance working remotely may want to consider having collaborative discussions with employees as they return to the workplace regarding other opportunities to improve work-life balance (e.g., flexible hours, partial ability to work remote)
- » The ability and/or willingness to offer remote work varies substantially by industry and other business characteristics. The sectors that are most able to offer remote work appear to include professional services, financial/insurance, and administrative services. This information can guide potential outreach and transportation planning around the region

**For businesses interested in receiving assistance in developing, enhancing, or formalizing long-term remote work initiatives, support is available through the SANDAG iCommute Telework Assistance Program**  
[icommutesd.com/telework/assistance-program](http://icommutesd.com/telework/assistance-program)

### About infobits

SANDAG serves as the region's clearinghouse for information and data. InfoBits publish timely, relevant information informing the public while providing context on complex issues facing the region.

[sandag.org](http://sandag.org)

## Crossborder Transportation: Impacts of Border Delays and State Route 11/Otay Mesa East Port of Entry Update

### Overview

The California–Baja California binational megaregion benefits from a rich daily economic, social, and cultural exchange occurring through flows of people and goods between the U.S. and Mexico. The influence of crossborder travel and bilateral trade sets the region apart and provides necessary elements for the economic competitiveness and binational cooperation that characterize the relationship between the two countries. The region’s location within the larger crossborder megaregion naturally creates opportunities for collaboration and partnerships across international boundaries on transportation strategies to support this exchange.

SANDAG and its binational partners have conducted studies to understand and address inefficiencies experienced at the land ports of entry (POEs) in the region, as they are the gateways for shared benefits and the focal point of the crossborder dynamic. In February 2021, SANDAG, Caltrans, and Imperial County Transportation Commission finalized the *Impacts of Border Delays at California-Baja California Land Ports of Entry Study* which assessed the economic and air quality/climate impacts of border delays. To reduce these impacts, SANDAG and partner agencies frequently pursue joint efforts to improve border infrastructure and operations and also plan for mobility strategies.

One of SANDAG’s five priority projects, the State Route 11/Otay Mesa East Port of Entry Corridor Program (SR 11/OME POE Corridor Program), addresses border delays to provide binational, statewide, and regional benefits. This \$1 billion Corridor Program is a joint venture between Caltrans and SANDAG, in collaboration with state and federal partners in the U.S. and Mexico, to create a 21st century port of entry that will enhance regional mobility, reduce greenhouse gas emissions, fuel economic growth, and bolster binational trade.

Construction is currently underway on several transportation improvements within this Corridor, including the final segment of future toll road SR 11 and the southbound connector ramps. With all the OME POE right-of-way acquired and roadway segments for SR 11 as well as connections with SR 905 and SR 125 under construction, the next major milestones are to realize the financing, design, and start construction on the proposed OME POE.

### Action: **Information**

An overview and highlights of the Impacts of Border Delays at California-Baja California Land Ports of Entry study and an update on the State Route 11/Otay Mesa East Port of Entry Corridor Program will be presented.

### Fiscal Impact:

None.

### Schedule/Scope Impact:

The Board of Directors will be updated on the State Route 11/Otay Mesa East Port of Entry Corridor Program in fall 2021.

## Key Considerations

### *Impacts of Border Delays at California–Baja California Land Ports of Entry Study*

The [Impacts of Border Delays at California–Baja California Land Ports of Entry](#) study presents a comprehensive assessment of economic and climate/air quality emissions impacts resulting from delays experienced at the California land POEs. The economic analysis estimates impact to regional, state, and binational economies in terms of losses to economic output, labor income, and jobs. The climate/air quality analysis quantifies impacts to regional air quality in terms of emissions (including greenhouse gases) from personal and commercial vehicle delays.

Estimates of economic impacts shown in the table below include base year 2016, a baseline year 2025 future scenario (which includes completion of ongoing projects such as San Ysidro POE Modernization, Otay Mesa POE Modernization, Phase I improvements at Calexico West), and another year 2025 future scenario that considers additional capacity enhancements including the opening of Otay Mesa East (OME)–Otay II POE, expansion of the bridge at Calexico East, and additional transit and active transportation enhancements.

#### **Economic Impacts to the U.S.-Mexico Binational Economy due to Delay at California – Baja California POEs**

	Base year 2016	2025 Baseline	2025 Baseline plus Capacity Enhancements
<b>Output Losses:</b>	–\$3.4 billion	–\$5.1 billion	–\$3.3 billion
<b>Employment Loss:</b>	–88,000 jobs	–97,000 jobs	–81,000 jobs

The economic analysis found that anticipated losses by the year 2025 could grow by nearly 50% in terms of output, and 10% in jobs. However, when additional capacity enhancements are implemented (i.e., new OME POE, Calexico East bridge expansion, etc.), this growth could be fully mitigated to below 2016 levels—effectively buying back nearly ten years of anticipated growth in economic loss.

Climate/air quality emissions impacts are presented in the table below under the same 2016 and 2025 scenarios estimated for economic impacts, but also include two future year 2035 scenarios. These 2035 scenarios help assess emissions impacts when expanding the OME POE from a 5×5 configuration to a 10×10 configuration.<sup>1</sup> The final report includes estimates for greenhouse gas emissions (CO<sub>2</sub>), ozone precursors (ROG, NO<sub>x</sub>), particulates (PM<sub>10</sub>, and PM<sub>2.5</sub>), and CO.<sup>2</sup>

#### **Daily Average CO<sub>2</sub> due to Delay at California – Baja California POEs**

Base year 2016	2025 Baseline	2025 Baseline plus Capacity Enhancements (OME 5×5)	2035 Baseline plus Capacity Enhancements (OME 5×5)	2035 Baseline plus Capacity Enhancements (OME 10×10)
457,100 kg	535,400 kg	488,700 kg	443,600 kg	429,300 kg

Although the U.S. and Mexico continue to improve existing border infrastructure, increasing demands on existing POEs in the California-Baja California region are impeding mobility. As noted above, insufficient

<sup>1</sup> 5×5 and 10×10 refer to POE vehicle lane configuration. 5×5 entails five personal vehicle (POV) lanes and five commercial vehicle lanes in the northbound direction, and 10×10 entails ten POV and ten commercial vehicle lanes northbound.

<sup>2</sup> Emissions included in the analysis are carbon dioxide (CO<sub>2</sub>), reactive organic gases (ROG), oxides of nitrogen (NO<sub>x</sub>), particulate matter smaller than 10 microns (PM<sub>10</sub>), particulate matter smaller than 2.5 microns (PM<sub>2.5</sub>), and carbon monoxide (CO).

capacity at these POEs costs both countries billions of dollars annually in foregone economic output and substantial climate/air quality emissions impacts.

#### *State Route 11/Otay Mesa East Port of Entry Update*

From travelers to residents to the business community, the future toll road SR 11 and the OME POE will provide critical transportation infrastructure, economic, and environmental improvements for residents and communities located regionally, statewide, nationally, and across the border. The new SR 11/OME POE will strengthen border security and resiliency, bolster the binational economy, improve mobility and efficiency, reduce emissions, and foster innovative technology solutions, all while delivering a 10-1 return on investment for the San Diego region.

The SR 11/OME POE project team is focused on achieving critical path items to fully realize the project, such as:

- **Construction:** Construction is currently underway on the final transportation improvements, including the final segment of future toll road SR 11 and the southbound connector ramps which are estimated to be complete in late 2021. In late 2020, the southbound SR 125 to westbound SR 905 connector and Siempre Viva interchange projects broke ground which mark the last major highway construction milestones of the project. To reduce wait times at the region's POEs, Caltrans and SANDAG are also developing the first stages of the California Sustainable Freight Action Plan [Advanced Technology Corridors at Border Ports of Entry](#) pilot project (border pilot project) that will manage the land POEs as a system thereby reducing emissions while bolstering binational trade. Caltrans and SANDAG have completed the first phase of the border pilot project, a southbound border wait times system at San Ysidro and Otay Mesa POEs, which is accessible on the [Caltrans Quickmap website](#). SANDAG is also installing a pilot northbound border wait times system at San Ysidro and Otay Mesa POEs which will mirror the southbound system. In 2020, the project partners also received Advanced Transportation and Congestion Management Technologies Deployment funding from U.S. Department of Transportation to deploy the Regional Border Management System, which will determine the variable tolls at SR 11 using information from the border wait times equipment. In the next few months, Caltrans will fill in another critical gap in the region's broadband network by installing fiber along portions of I-5, SR 905, and I-805 in South Bay, providing the necessary infrastructure for the long-term border wait times equipment and contributing to the digital divide solution in South Bay. Lastly, Caltrans is installing air monitors to measure the impacts of this border wait times system in Otay Mesa in partnership with San Diego State University and a non-governmental organization, Casa Familiar.
- **Studies:** The OME POE project team is developing an investment grade traffic and revenue study, which will help develop the financial strategy to fund construction of the POE. In addition, the project team is developing a business case to present the OME POE's national, state, and local benefits on both sides of the border along with the financing package for the OME POE facility.
- **Agreements:** SANDAG and Caltrans have been working closely with our binational federal partners, including U.S. Customs and Border Protection and agencies in Mexico, to establish what is required to make the new POE as efficient as possible. SANDAG and the California State Transportation Agency (CalSTA) will be signing a memorandum of understanding with Mexico that outlines the shared vision for operating this binational OME POE with the joint goals of sharing tolls, having one single toll collection location on the U.S. side, mirroring the intelligent transportation system (ITS) infrastructure in the U.S. and Mexico, with the goal of opening the POE facility at the end of 2024.

#### **Next Steps**

In 2021, SANDAG and Caltrans will focus on securing multiple agreements with the federal agencies in the U.S. and Mexico to successfully achieve the POE financial strategy and start construction of the POE in 2022.

The SANDAG and Caltrans team are working on two key deliverables for 2021:

1. **Financing:** The project partners are completing the business case, which will frame the conversation for future agreements, and completing the Investment Grade Traffic and Revenue Study, which will help develop the financial strategy to fund construction of the OME POE;
2. **Technical:** SANDAG and Caltrans started site preparation for the OME POE and the associated Commercial Vehicle Enforcement Facility (CVEF), including relocation of two existing gas lines and bringing utilities to the facility. The project partners are also updating the OME POE ITS concept of operations and system requirements, which will finalize the design for the ITS equipment and infrastructure needed to manage the OME POE's average 20-minute wait time. In addition, SANDAG will be developing the decision and procurement documents that are needed for the award of the design and construction contract of the OME POE and the associated CVEF.

***Elisa Arias, Director of Integrated Transportation Planning***

***John Haggerty, Director of Engineering and Construction***

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Linked Attachments: 1. [Impacts of Border Delays at California–Baja California Land Ports of Entry: InfoBits](#)  
2. [SR 11/Otay Mesa East Port of Entry: A Vision for Economic Growth, Sustainability, and Innovation Brochure](#)

## Audit Committee and Compensation Ad Hoc Subcommittee

### Overview

At its April 30, 2021, meeting, the Board of Directors approved the creation of an ad hoc subcommittee (Subcommittee), composed of the Board Chair (Mayor Catherine Blakespear) and the immediate past Chair (Poway Mayor Steve Vaus), to prepare recommendations for next steps for the Board’s consideration regarding proposed amendments to [SANDAG Board Policy No. 039](#) and the classification and compensation of the Independent Performance Auditor, Mary Khoshmashrab (Auditor).

### Action: Discussion/Possible Action

The Board of Directors is asked to discuss the recommendations of the Audit Committee and Compensation Ad Hoc Subcommittee and consider taking action.

### Key Considerations

- A. Proposed Amendments to Board Policy 039 (Audit Policy Advisory Committee and Audit Activities)

### Fiscal Impact:

If a compensation adjustment is approved for the Independent Performance Auditor, funding would be provided through the FY 2021 compensation adjustment pool.

### Schedule/Scope Impact:

If a compensation adjustment is approved for the Independent Performance Auditor, it may be retroactive to the beginning of FY 2021.

With respect to Board Policy No. 039, the Subcommittee reviewed the proposed amendments related to leadership of the Audit Committee and the term length for members. The Subcommittee recommends that the Board maintain the current provisions described in Board Policy No. 039 pertaining to these items. The current language allows the greatest amount of flexibility in choosing leadership for the Audit Committee from among the most qualified Board or public members. Additionally, the existing appointment terms for both Board and public members have been effective to date.

[The Audit Committee’s proposed amendments to Board Policy No. 039 are shown in tracked changes in Attachment 1 for reference; the Subcommittee does not recommend adoption of these proposed amendments.](#)

- B. Classification of the Auditor Position

The Subcommittee compared various attributes of the Auditor and SANDAG Chief Financial Officer (CFO) positions as it had been suggested by some members of the Audit Committee and Board of Directors that the Auditor position should be reclassified to the same salary range as the CFO position.

	<b>Chief Financial Officer</b>	<b>Independent Performance Auditor</b>
Primary purpose of position	Oversees and has fiduciary responsibility for all aspects of SANDAG’s fiscal operations including budgeting, financial planning and programming, investment and treasury management, accounting, financial compliance and performance audits, contracts and procurement, and grants management. Provides strategic leadership and professional recommendations to the Board of Directors for	Oversees and conducts a full range of audits, examinations, and reviews of programs, functions, operations, management systems, and procedures, consistent with Generally Accepted Government Auditing Standards. Provides professional recommendations to the Audit Committee for consideration in formulating policies and procedures,

	<b>Chief Financial Officer</b>	<b>Independent Performance Auditor</b>
	major economic and financial strategies, objectives, and policies for SANDAG.	establishing internal controls, and improving operational and organizational performance.
Reports to	Executive Director, with dotted line to Board of Directors	Audit Policy Advisory Committee and Board of Directors
Direct reports	Director of Accounting and Finance Director of Contracts and Grants Director of Financial Planning and Budgeting	2 Principal Management Internal Auditors Management Internal Auditor
Span of control	Collectively, the three Directors noted above oversee 59 full-time positions.	The Independent Performance Auditor oversees 3 full-time and 2 part-time intern positions.
Qualifications	A Bachelor's degree with major course work in finance, accounting, or a related field. A Master's degree is desirable.	A Bachelor's degree with major course work in business, public administration, finance, accounting, or a related field. A Master's degree is desirable.
Minimum experience	Ten years of increasingly responsible, professional fiscal operations experience in the areas of the budgeting, financial programming and reporting, investment and treasury management, and accounting, including five years of supervisory and management experience.	Ten years of increasingly responsible, professional auditing experience in the areas of administration, operations, finance, performance or management, including five years of management and supervisory experience.
Required Certifications	Certified Public Accountant (CPA)	Certified Public Accountant (CPA) and/or Certified Internal Auditor (CIA)
FY 2022 Salary Range	Class 139 (Range: \$191,414 to \$296,692 per year)	Class 135 (Range: \$157,477 to \$244,089 per year)

Additionally, the initial salary range for the Auditor position was based on a market salary study conducted by the SANDAG compensation consultant, CPS HR Consulting, in early 2018. The results of the study recommended a salary range maximum of approximately \$195,504 per year for the Auditor position. Further, based on this recommendation, the Auditor position was assigned to Class 33 in the FY 2019 Salary Range Table. At the time, the salary range for that Class was \$122,613 to \$196,180.

Finally, the Subcommittee considered recent data on "Chief Auditor" positions at other large public entities in the San Diego region:

	<b>City of San Diego</b>	<b>County of San Diego</b>	<b>Port of San Diego</b>	<b>San Diego County Airport Authority</b>	<b>SANDAG</b>
Position Title	City Auditor <sup>1</sup>	Chief of Audits <sup>1</sup>	Port Auditor <sup>1</sup>	Chief Auditor	Independent Performance Auditor
Reporting Relationship	City Audit Committee and City Council	Administratively to the Auditor & Controller; operationally to the Auditor &	Board of Port Commissioners	Audit Committee and Board of Directors	Audit Policy Advisory Committee and

	City of San Diego	County of San Diego	Port of San Diego	San Diego County Airport Authority	SANDAG
		Controller and the Audit Committee			Board of Directors
FY 2022 Agency Budget	\$4.6 billion (proposed budget)	\$7.03 billion (recommended budget)	\$160.4 million (preliminary budget)	\$4.0 billion (conceptual revenue budget)	\$1.3 billion (approved budget)
FY 2022 Audit Program Budget	\$4.14 million (proposed budget)	\$2.96 million (recommended budget)	\$1.89 million (preliminary budget)	\$1.32 million (conceptual budget)	\$946,620 (approved budget)
Size of Audit Team	22 in total: 1 City Auditor 1 Asst City Auditor 2 Asst to Director 1 Perf Mgmt Auditor 17 Perf. Auditors	15 in total: 1 Chief of Audits 2 Audit Managers 11 Auditors 1 admin. secretary	7 in total: 1 Port Auditor 1 Asst Port Auditor 4 Auditors 1 Assistant	7 in total: 1 Chief Auditor 1 Audit Services Manager 3 Senior Auditors 1 Auditor 1 Exec Assistant	5 in total: 1 Ind. Perf. Auditor 2 Principal Auditors 1 Auditor 2 p/t Interns
FY 2022 Annual Salary Range	\$63,128 to \$239,138	\$109,949 to \$219,669	Amount is set by Board	Amount is set by Board	\$157,477 to \$244,089
Reported Annual Salary	\$215,000 <sup>2</sup>	\$149,552 <sup>3</sup>	\$140,000 <sup>4,5</sup>	\$182,295 <sup>6</sup>	\$195,000
Start date for Incumbent	November 2020	January 2013	February/ March 2021	April 2018	April 2019

Notes:

1. The SANDAG compensation consultant determined these positions were comparable to the Independent Performance Auditor position when the market salary study for the Auditor position was conducted in 2018. For the County of San Diego, the Auditor and Controller position was not considered a match due to it having a broader scope of responsibilities, including oversight for 10 divisions including the Office of Audits and Advisory Services, which is led by the Chief of Audits.
2. Source: City of San Diego, Resolution R-313299 (Appointment of City Auditor and Initial Compensation); adopted November 10, 2020, and self-reported by incumbent City Auditor on May 28, 2021.
3. Source: Self-reported by incumbent Chief of Audits on May 26, 2021.
4. Source: Port of San Diego, Resolution No. 2021-025 (Employment Agreement for the Port Auditor); adopted March 9, 2021.
5. The annual salary for the former Port Auditor (who retired in 2019) was self-reported as approximately \$190,000.
6. Source: Self-reported by incumbent Chief Auditor on May 25, 2021.

Considering all of this information, the Subcommittee recommends maintaining the current salary range for the Independent Performance Auditor position (Class 135: \$157,477 to \$244,089 per year for FY 2022).

### C. Compensation Adjustment for Auditor

According to the Executive Employment Agreement between SANDAG and the current Independent Performance Auditor, Mary Khoshmashrab, "If based upon the Audit Committee's annual evaluation of Ms. Khoshmashrab, her performance is determined to be at least satisfactory, the Board of Directors may adjust Ms. Khoshmashrab's salary. Adjustments to salary, if any, will be made by the Board of Directors in its sole and absolute discretion."

Ms. Khoshmashrab started employment with SANDAG in April 2019. During her first year, Ms. Khoshmashrab successfully established the new Office of the Independent Performance Auditor (OIPA), hired OIPA staff, worked effectively with the Audit Committee to establish policies, and developed the initial annual audit plan. In recognition of these and other accomplishments in her initial 12 months, the Subcommittee recommends that the Board consider a 4.5% salary increase for Ms. Khoshmashrab, retroactive to April 3, 2020. The proposed increase is commensurate with the salary increases approved by management for eligible SANDAG staff based on performance evaluations and is consistent with the compensation adjustment pool approved by the Board as part of FY 2020 salary budget.

In November 2020, the Audit Committee completed a performance evaluation for Ms. Khoshmashrab and found her performance satisfactory. This was Ms. Khoshmashrab's first evaluation; the process was delayed due operational uncertainty resulting from the COVID-19 pandemic. Based upon this evaluation, the Subcommittee recommends that the Board consider a ~~2-25~~ 2.5% salary increase for the Auditor, retroactive to ~~the beginning of FY 2021 April 3, 2021.~~ This ~~is the average~~ is commensurate with the salary increases approved by management for eligible SANDAG staff based on recently completed performance evaluations and is consistent with the more constrained FY 2021 salary budget approved by the Board.

#### **Next Steps**

If ~~an FY 2021~~ compensation adjustments ~~is~~ are approved for the Auditor, staff will process the retroactive pay increases as soon as possible. Per her Employment Agreement, the Audit Committee is scheduled to conduct Ms. Khoshmashrab's next performance evaluation ~~in or around November 2021~~ during the coming year. Based upon the results of that evaluation, further salary adjustments may be considered by the Board ~~if recommended by the Audit Committee.~~ The Subcommittee shall be considered dissolved upon the Board's action regarding the Board Policy No. 039 amendments and Auditor compensation.

***SANDAG Board Chair Catherine Blakespear,  
Mayor, City of Encinitas***

***SANDAG Immediate Past Chair Steve Vaus,  
Mayor, City of Poway***

Attachment 1: Audit Committee's proposed amendments to Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities



# Board Policy

No.: **039**

## Audit Policy Advisory Committee and Audit Activities

### 1. Purpose

The purpose of this policy is to specify the functions of the Audit Committee and the SANDAG Independent Performance Auditor.

### 2. Governance and Role of the Audit Committee

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

### 3. Authority of the Audit Committee

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

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

#### 4. Selection of Audit Committee Members

- 4.1 The Board members serving on the Audit Committee shall be appointed by the Board using the procedures in this subsection 4.1.
  - 4.1.1 The two Board members and any Board member alternates serving on the Audit Committee shall be recommended for appointment by the Chair of the Board. The Chair of the Board shall select Board members to recommend to the Board based on the following criteria:
    - 4.1.1.1 The Board member shall have served on the Board for at least three years;
    - 4.1.1.2 The Board member shall have a basic understanding of the role of the Audit Committee; and
    - 4.1.1.3 The Board member shall express a willingness to work through the Audit Committee to pursue opportunities for improvements in operations, financial reporting, and internal controls identified through the agency's audit products.
  - 4.1.2 The Board members recommended by the Chair of the Board shall be subject to approval by a majority vote of the Board.

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

- 4.2.8 Public members appointed to the Audit Committee shall serve a term of ~~two~~ four years. At the completion of a term, eligible incumbent members will need to apply for reappointment for another term. In no case shall any member serve more than ~~five~~ years two consecutive terms on the Audit Committee.

5. Selection of Independent Performance Auditor

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

6. Scope of Authority and Responsibilities of Independent Performance Auditor

- 6.1 The independent performance auditor shall report to the Audit Committee and shall be independent of SANDAG's internal management and administration, except that SANDAG's Director of Finance role shall maintain administrative oversight of the IPA's monthly timesheets and tracking of annual leave.
- 6.2 The objective of the IPA is to serve as the Board of Directors oversight function that objectively evaluates and recommends improvements to SANDAG including prioritizing its efforts by continuously facilitating an objective risk assessment. The Independent Performance Auditor's audit functions are designed to include timely reporting of significant issues to appropriate oversight authorities.
- 6.3 The IPA may facilitate and conduct a risk assessment process to assist management to logically identify key risks within SANDAG and its components and shall annually present and discuss risk with the Committee to receive input and feedback. As part of the aforementioned process, the IPA shall receive input from SANDAG's executive management and staff, the Committee, and the Board of Directors as to the risk factors that the Committee deems most important to SANDAG.
- 6.4 Based upon the results of the risk assessment, the independent performance auditor shall annually prepare an audit plan and conduct audits in accordance therewith. The independent performance auditor shall have authority to conduct, or to cause to be conducted, performance audits of SANDAG departments, offices, boards, activities, agencies, and programs and perform those other duties as may be required by the Board or as provided by the California Constitution and general laws of the state.
- 6.5 The IPA will oversee and conduct independent examinations, including audits, of SANDAG programs, functions, operations, or management systems and procedures. In performing such audits, the IPA will independently and objectively assess whether:
  - 6.5.1 Activities and programs being implemented have been authorized by the appropriate governing laws or codes, state or local law, or applicable federal law or regulations.
  - 6.5.2 Activities and programs are in compliance, properly conducted, and funds expended in accordance with the applicable laws.

- 6.5.3 The departments, divisions, or agencies are acquiring, managing, protecting, and using its resources, including public funds, personnel, property, equipment, and space, economically, efficiently, equitably, and effectively, and in a manner consistent with the objectives intended by the authorizing entity or enabling legislation.
- 6.5.4 The entity, programs, activities, functions, or policies are effective, including the identification of any causes of inefficiencies or uneconomical practices.
- 6.5.5 The desired result or benefits are being achieved.
- 6.5.6 Financial and other reports are being provided that disclose fairly, accurately, and fully all information required by law, to ascertain the nature and scope of programs and activities, and to establish a proper basis for evaluating the programs and activities including the collection of, accounting for, and depositing of revenues and other resources.
- 6.5.7 Management has established adequate operating and administrative procedures and practices, fiscal and accounting systems, and an adequate system of controls or internal management controls.
- 6.5.8 Indications of fraud, abuse, waste, misappropriation, or illegal acts are valid and need further investigation.
- 6.6 The IPA may also perform external reviews of contracts or service programs of entities that are awarded funds overseen by SANDAG.
- 6.7 The independent performance auditor shall from time to time advise the Audit Committee on existing and evolving governance practices that may be best suited for SANDAG.
- 6.8 The independent performance auditor shall follow the most recent version of Generally Accepted Government Auditing Standards as published by the United States Government Accountability Office.
- 6.9 The Committee shall approve the processes pertaining to follow-up audit procedures, if appropriate. The IPA shall have procedures in place to track, monitor, and evaluate the status of identified control issues with a tracking mechanism and with consideration to the risk of each issue and the cost and benefit of various audit procedure alternatives.
- All officers and employees of SANDAG shall furnish to the independent performance auditor unrestricted access to employees, information, and records, including electronic data, within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts, and methods of business required to conduct an audit or otherwise perform audit duties. It is also the duty of any consolidated agency officer, employee, or agent to fully cooperate with the auditor, and to make full disclosure of all pertinent information, with the exception of information that is protected by law from disclosure.
- 6.10 The IPA shall hold data and information obtained during the course of its audit activities with due care and the appropriate level of confidentiality. Unless otherwise mandated by law, the IPA shall have authority to grant, limit, and restrict access to work papers and records.
- 6.11 The IPA shall communicate results of its work and otherwise known issues to management and the Committee. The IPA shall form and report appropriate opinions based on audit evidence. Management shall provide responses to issues in a prompt and efficient manner. Written reports may be distributed to the Committee, SANDAG's Management, and if appropriate for reports containing significant issues or when there is a disagreement with management other than minor in nature, to the Board of Directors. The IPA shall provide summary information to the Committee pertaining to issues resulting from audit procedures as well as known issues outside of the audit scope of review. Additionally, the IPA shall provide the Committee with an annual

assessment as to the effectiveness of management's attention to resolving identified control issues.

- 6.12 The independent performance auditor shall prepare a proposed budget and submit it to the Audit Committee for a recommendation to the Board of Directors for its approval 180 days prior to the beginning of each fiscal year or as otherwise requested by the Director of Finance.
- 6.13 The independent performance auditor shall have the power to appoint, employ, and remove assistants, employees, and personnel as deemed necessary for the efficient and effective administration of the affairs of the independent performance auditor. The independent performance auditor may prescribe the duties, scope of authority, and qualifications of employees and consultants overseen by the independent performance auditor. The independent performance auditor's authority shall be subject to the annual audit plan and the budget approved by the Board, SANDAG rules and policies related to the management and hiring of SANDAG employees and consultants, and the scope of the independent performance auditor's purview as determined by the Board.
- 6.14 The independent performance auditor may investigate any material claim of financial fraud, waste, or impropriety within SANDAG and for that purpose may summon any officer, agent, or employee of the consolidated agency, any claimant, or other person, and examine him or her upon oath or affirmation relative thereto. The independent performance auditor will conduct investigations generally following the procedures recommended by the Association of Certified Fraud Examiners' Fraud Examiners Manual for any allegations of financial fraud, waste or impropriety. Prior to questioning any person under oath, the independent performance auditor shall advise the members of the Audit Committee of that intention, seek legal counsel from the Office of General Counsel or outside counsel under contract to SANDAG regarding the relevant legal issues, and document the reasons why the questioning must be done under oath instead of by some other form of affirmation.
- 6.15 The independent performance auditor shall coordinate audit functions such that there is no duplication of effort between the audits undertaken by the independent performance auditor and audits undertaken by the Independent Taxpayer Oversight Committee.
- 6.16 Pursuant to Government Code section 8546.7, when the amount of a contract will exceed \$10,000, SANDAG and the State Auditor, at the request of SANDAG or as part of any audit of SANDAG, have authority to examine and audit a contracting party for a period of three years after SANDAG's final payment on the contract, whether or not audit language is included in the contract document. As an additional measure, all SANDAG contracts with consultants, vendors, or agencies in excess of \$25,000 in aggregate within a fiscal year, which call for a contracting party to provide goods or services to SANDAG over a period of time, will be prepared with an adequate audit provision to allow the independent performance auditor access to the entity's records needed to verify compliance with the terms specified in the contract. The intent of this provision is to put parties contracting with SANDAG on notice that the independent performance auditor will have the right to audit both the party's accounting methods and performance on such contracts
- 6.17 Results of all audits and reports shall be made available to the public in accordance with the requirements of the California Public Records Act (Chapter 3.5 [commencing with Section 6250] of Division 7 of the Title 1 of the Government Code). Final versions of formal reports also shall be posted on the SANDAG website.

6.18 All materials or services needed by the independent performance auditor shall be procured using an open and competitive basis with solicitation of proposals from the widest possible number of qualified firms as prescribed by SANDAG procedures for procurement. The scope of work of all such consultant work shall be subject to approval by the independent performance auditor prior to any such solicitation.

Adopted: December 2017  
Amended: January 2019  
Amended: September 2019  
Amended: 2021

DRAFT

## Annual Review and Proposed Amendments to Board Policies and Bylaws

### Overview

The Office of General Counsel annually reviews Board Policies and Bylaws with staff and leadership to determine if updates should be recommended to the Board of Directors. Proposed amendments to the SANDAG Bylaws and Board Policies were discussed with the Executive Committee on April 9, 2021. The Executive Committee voted to move the proposed amendments forward to the Board for further consideration.

### Action: **Approve**

The Board of Directors is asked to approve the proposed amendments to the SANDAG Bylaws and Board Policies (Attachments 1-[1413](#)).

### Key Considerations

The proposed amendments are summarized below and shown in tracked changes in Attachments 1-[1413](#).

#### **SANDAG Bylaws (Attachment 1)**

Article III, Section 5: Clarify criteria for receipt of stipend allowance for attendance at Board and Policy Advisory Committee meetings, Working Group meetings and other events.

Article IV, Section 2: Update to make consistent with agency practice.

Article V, Section 4: Authorize the Executive Director to utilize an alternative title. Consistent with recent audit recommendations, also clarifies the Executive Director's responsibilities with regard to establishing and administering the personnel system.

Article VI, Section 3: Authorize Director of Finance to use an alternative title.

Article VI, Section 5: Update to reflect authority currently granted to Executive Director by Board Policy 17.

#### **Board Policy No. 001: Allocation of Responsibilities (Attachment 2)**

Section 3: Consistent with recent audit recommendations, clarifies the authority of Board leadership to take action when timing requires and establishes a protocol for reporting such actions.

Section 4: Remove authority of Transportation Committee to approve of submission of grant applications for transportation projects. As a general practice, projects submitted for any grant application must be consistent with currently adopted regional plan; the Board maintains the right to approve amendments to the Budget to accept grant funds in amounts not otherwise delegated to the Executive Director or Policy Advisory Committees.

Section 4: Clarify the authority of the Transportation Committee regarding oversight of the *TransNet* compliance audits, consistent with the *TransNet* Ordinance.

#### **Board Policy No. 003: Investment Policy (Attachment 3)**

Section 11: Update reporting requirements, consistent with state law.

#### **Board Policy No. 004: Rules of Procedure for Board of Directors, Policy Advisory Committees and Other Legislative Bodies (Attachment 4)**

Section 4: Clarify responsibilities with regard to Statements of Economic Interests.

Section 7: Updated to make consistent with existing provisions of Board Policy 001.

#### **Board Policy No. 008: Legal Matters (Attachment 5)**

Section 6.1: Refines language to reflect current practice.

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

Proposed revisions to SANDAG travel policy are substantive in nature and reflect an alignment with the federal General Services Administration travel guidelines, particularly as to per diem rates and meal and lodging reimbursement.

#### **Board Policy No. 016: Procurement of Services (Attachment 7)**

Section 1, 2, 3, and 6: Revise procurement thresholds to align with current law.

Section 3: Refine language to reflect current internal practices.

Section 5: Add reference to the special requirements for projects funded by Caltrans or the Federal Highway Administration (FHWA), in accordance with state law.

Sections 6, 9, and 12: Update to reflect the authority of the Executive Director, consistent with the thresholds set forth in current Board Policy 17.

Section 11: Refine language to better reflect requirements of state and federal discrimination laws.

#### **Board Policy No. 017: Delegation of Authority (Attachment 8)**

Section 4: Refines language to reflect current practice.

Section 4.1: Clarifies the delegated authority of the Executive Director to make modifications to the budget within the amount specified by the Board.

Section 4.17: Clarifies the delegated authority of the Executive Director to approve environmental documents when minor technical changes are necessary.

Section 4.18: Grants authority to the Executive Director to approve regional transportation improvement modifications when consistent with the agreements entered into with state and federal agencies.

Section 5: Consistent with recent audit recommendations, clarifies the Executive Director's authority to administer SANDAG's personnel system, including applicable reporting requirements.

#### **Board Policy No. 023: Procurement and Contracting – Equipment and Supplies (Attachment 9)**

Section 2, 4, 5, 6, 7, and 8: Revise procurement thresholds to align with current law.

Section 4: Add reference to the special requirements for projects funded by Caltrans or FHWA, in accordance with state law.

#### **Board Policy No. 024: Procurement and Contracting – Construction (Attachment 10)**

Section 1: Revise procurement thresholds to align with current law.

Section 1: Updates to reflect current nomenclature and internal administrative process.

Section 2: Refine language to better reflect requirements of state and federal discrimination laws.

#### **Board Policy No. 027: Transportation Development Act (Attachment 11)**

Section 4.4 and Section 9: Updates to align with current law and most recent Transportation Development Act (TDA) Audit Recommendations.

Section 6.2.1 and Section 9.2.9: Updates to reflect most recent TDA Audit Recommendations.

## Board Policy No. 031: *TransNet Ordinance and Expenditure Rules (Attachment 12)*

Rule 23, Section D: Clarifies the role of local jurisdictions in establishing a Funding Program for collection Regional Transportation Congestion Improvement Program (RTCIP) funds and provides additional guidance for determining RTCIP-eligible projects.

## ~~Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities (Attachment 14)~~

~~The SANDAG Audit Committee has requested various amendments to the policy governing the committee.~~

~~Section 2~~: Requests that either the Chair or Vice Chair position be held by a public member of the audit committee.

~~Section 4.1.4~~: Proposes to eliminate terms limits for Board members appointed to the Audit Committee.

~~Section 4.2.8~~: Proposes to increase the terms of the public members from two years to four years and limit public members to two consecutive terms.

~~On April 30, 2021, the Board appointed an Ad Hoc Subcommittee, comprised of Chair Catherine Blakespear and Past Chair Steve Vaus, whose scope included review of the proposed amendments to Board Policy 039. That Subcommittee will report its recommendations regarding these proposed amendments during the Board's consideration of this item.~~

## Organization Changes

SANDAG is currently undergoing changes to its organizational structure, resulting in modifications to certain job titles referenced throughout its Board Policies. Staff seeks the authority to revise staff titles in the impacted Board Policies, as reflected in the chart below:

Current Title	Revised Title	Board Policy
Executive Director	Chief Executive Officer	1, 3, 4, 5, 7, 8, 9, 11, 12, 13, 15, 16, 17, 21, 23, 26, 27, 28, 34, 35, 36, 37, 40
Chief Deputy Executive Director	Senior Leadership Team member	3, 9, 11, 17
Director of Finance	Chief Financial Officer	3, 11, 17, 32, 36, 37, <del>39</del>
Director of Administration	Director of Organization Effectiveness	7
Contracts Manager	Director of Contracts and Grants	16, 23
Communications Director	Director of Strategic Communications	34

## Next Steps

Pending approval by the Board, the amended Bylaws and Board Policies would become effective immediately.

### ***John Kirk, General Counsel***

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

- Attachments:
1. SANDAG Bylaws
  2. Board Policy No. 001: Allocation of Responsibilities
  3. Board Policy No. 003: Investment Policy
  4. Board Policy No. 004: Rules of Procedure for Board of Directors, Policy Advisory Committees and Other Legislative Bodies
  5. Board Policy No. 008: Legal Matters
  6. Board Policy No. 011: Travel Expenses
  7. Board Policy No. 016: Procurement of Services
  8. Board Policy No. 017: Delegation of Authority
  9. Board Policy No. 023: Procurement and Contracting – Equipment and Supplies
  10. Board Policy No. 024: Procurement and Contracting – Construction
  11. Board Policy No. 027: Transportation Development Act
  12. Board Policy No. 031: *TransNet* Ordinance and Expenditure Rules
  13. Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy
  - ~~14. Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities~~

SAN DIEGO ASSOCIATION OF GOVERNMENTS  
BYLAWS

ARTICLE I  
NAME AND PURPOSE

Section 1

The name of this organization shall be the San Diego Association of Governments (hereinafter referred to as SANDAG).

Section 2

The purposes of this organization are as set forth in the San Diego Regional Transportation Consolidation Act (the "Act"<sup>1</sup>), as established by state and federal law, and as approved by the Board of Directors. The primary purpose for which this organization is created is to engage in regional cooperative comprehensive planning, programming and where authorized, implementation thereof, and to assist the Member Agencies.

ARTICLE II  
DEFINITIONS

The following terms shall have the meanings ascribed to them within this section unless the content of their use dictates otherwise:

- a. "Board Member" shall mean a voting member of the Board of Directors.
- b. "Region" shall mean that territory physically lying within the boundaries of San Diego County.
- c. "Population" of any Member Agency shall mean that population as defined in SB 1703.
- d. "Fiscal Year" shall mean that year beginning July 1 and ending June 30.
- d. "Member Agencies" shall mean the cities within San Diego County and the County of San Diego collectively.
- e. "Subregion" shall mean one of the following six geographic areas: San Diego County; the City of San Diego; "North County Coastal," which includes the cities of Del Mar, Solana Beach, Encinitas, Carlsbad, and Oceanside; "North County Inland," which includes the cities of Vista, San Marcos, Escondido, and Poway; "South County," which includes the cities of Chula Vista, National City, Imperial Beach, and Coronado; and "East County," which includes the cities of El Cajon, Santee, La Mesa, and Lemon Grove.

ARTICLE III  
MEMBERSHIP AND ORGANIZATION

Section 1

Membership in this organization shall be as provided in state law, Board Policies, and these Bylaws.

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<sup>1</sup> Public Utilities Code §132350 *et seq.*

## Section 2

- a. All powers of SANDAG shall be exercised by the Board of Directors. The Board of Directors may choose to delegate several of its responsibilities from time to time in accordance with Board policy.
- b. Only the duly selected official representative(s), or in his or her absence, his or her duly selected alternate or alternates, shall be entitled to represent his or her Member Agency in the deliberations of the Board of Directors.
- c. When changes occur, names of the official representatives and alternates shall be communicated in writing to the SANDAG Clerk of the Board by each participating Member Agency.

## Section 3

There shall be at least six standing committees which shall be known as Policy Advisory Committees with the membership set forth in the Act or Board Policy.

- a. The procedure for subregional appointments to the Policy Advisory Committees shall be established by Board policy. In the case of the subregional appointments, the policy shall ensure a noticed, formal process wherein all Board Members (including alternates) from each subregion are provided an opportunity to participate in the selection process. Each subregion shall ensure that SANDAG staff is notified of the date, time, and location for that subregion's meeting. After the meeting for each subregion is set by the primary Board Members, SANDAG staff shall provide Board alternates from each subregion advance notice of the meeting. A majority of the primary members present at the subregion meeting shall make a selection by January 31. An alternate member may vote in the absence of the primary member. In appointing persons to the Transportation Committee, to the extent possible, the subregions and other agencies should avoid duplication of representation from any city other than the City of San Diego.
- b. Procedures for Policy Advisory Committee attendance and voting shall be established by Board policy. The policy shall ensure the formal delineation of the voting membership at each meeting.
- c. The Board Chair, First Vice Chair and Second Vice Chair may serve as ex-officio, non-voting members of the Policy Advisory Committees.
- d. The Board Chair shall select the Chair and Vice Chair of all Policy Advisory Committees except the Executive Committee and Audit Committee, annually in or around February.
- e. The Board Chair shall serve as the chair of the Executive Committee. The Board First Vice Chair shall serve as the First Vice Chair of the Executive Committee. The Board Second Vice Chair shall serve as the Second Vice Chair of the Executive Committee.
- f. The Chair and Vice Chair of the Audit Committee shall be selected as set forth in Board Policy No. 039.

## Section 4

The Board of Directors or a Policy Advisory Committee with delegated authority shall have the authority to appoint all additional committees or working groups and may provide for the appointment of alternates to these committees if permitted by a Board Policy.

- a. Additional Policy Advisory Committees may be appointed by the Board of Directors as may be required to carry out general and continuing functions and may be abolished only upon specific action by the Board of Directors.
- b. Ad hoc specialized subcommittees or working groups may be appointed by the Board of Directors as the need arises to accomplish specific tasks. The Policy Advisory Committees may appoint working groups to advise them. Upon completion of its assignment, each ad hoc subcommittee or working group shall disband.

## Section 5

In addition to any compensation mandated by state law for Board meetings, the rates below shall apply. Persons must be present for at least 1/2 of the time set for the meeting or the duration of the meeting, whichever is less, in order to be eligible for compensation.

- a. For attendance by Board Members, or alternates in their absence, at Board meetings or Board subcommittee meetings, \$150 per meeting.
- b. For attendance by all voting members and their alternates ~~Board Members and alternates when serving as a member or alternate~~ of a Policy Advisory Committee, \$100 per meeting.
- ~~c.~~ For attendance by Board Members and alternates, or advisory Board members when serving as a chair of a Working Group, \$100 per meeting.
- ~~c.d.~~ The limit on the total number of paid Board, Policy Advisory Committee, and Working Group meetings is six meetings per individual per month. In no event shall a member of a Policy Advisory Committee or Working Group receive more than one stipend for attendance at a concurrent meeting.
- ~~d.~~ For attendance by Board Members at meetings or events other than those described above when serving as an official representative of SANDAG or from which SANDAG will derive a specific benefit through the attendance of a representative, \$100 per each day of the meeting or event in which business is conducted if within the County of San Diego, or \$150 per each day of the meeting or event in which business is conducted if outside of the County of San Diego. Ethics training and similar classes of an educational nature shall not constitute an event for which compensation will be paid unless the Board Member is attending the training as an official representative of SANDAG.
- ~~e.~~ The limit on the total number of paid Board, Policy Advisory Committee, and Working Group meetings is six meetings per individual per month.
- ~~f.e.~~ The Chair of the Board shall receive additional monthly compensation of \$700 per month, which shall include compensation for attendance at one in-person staff briefing per scheduled meeting of the Board. Any additional meetings or events attended in-person by the Chair of the Board shall be compensated in accordance with the requirements of Article III, section 5(h).
- ~~f.~~ Both the First Vice Chair and Second Vice Chair of the Board shall receive additional monthly compensation of \$350 per month, which shall include compensation for attendance at one in-person staff briefing per scheduled meeting of the Board. Any additional meetings or events attended in-person by the Vice Chair of the Board shall be compensated in accordance with the requirements of Article III, section 5(h).
- ~~g.~~ The Chair and Vice Chair of a Policy Advisory Committee shall receive compensation of \$100 for attendance at one in -person staff briefing per scheduled meeting of their respective Policy Advisory Committee. Any additional meetings or events attended in-person by the Chair or Vice Chair of a Policy Advisory Committee shall be compensated in accordance with the requirements of Article III, section 5(h).

g.h. For attendance by Board Members at meetings or events other than those described above when serving as an official representative of SANDAG or from which SANDAG will, at the discretion of the Chair of the Board, derive a specific benefit through the in-person attendance of a representative, \$100 per each day of the meeting or event in which business is conducted if within the County of San Diego, or \$150 per each day of the meeting or event in which business is conducted if outside of the County of San Diego. Ethics training and similar classes of an educational nature shall not constitute an event for which compensation will be paid unless the Board Member is attending the training as an official representative of SANDAG.

ARTICLE IV  
MEETINGS

Section 1

- a. A quorum for a meeting of the Board of Directors shall be as provided for in Section 5 of this Article.
- b. A quorum shall be required for the conduct of any business of a committee. No business shall be conducted by a committee without a quorum. A simple majority of the appointed members of a committee shall constitute a quorum. All decisions by a committee shall be by simple majority of the quorum.

## Section 2

Parliamentary procedure at all meetings shall be governed by Roberts Rules of Order except as otherwise modified by state law, Board Policy, or these Bylaws. SANDAG shall forward notice of the meetings of the Board of Directors and each Policy Advisory Committee, stating the time, location, and the agenda of business to ~~each Board Member's agency and to~~ the respective members and alternates of the Board of Directors or the Policy Advisory Committees, at the earliest time possible, but in no event less than 72 hours prior to meetings, except that such written notice of regular Board of Directors' meetings may be forwarded by first class mail or other appropriate means not less than seven days prior to such meeting.

## Section 3

All meetings of a SANDAG legislative body, including without limitation regular, adjourned regular, and special meetings of the Board of Directors, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code). Closed session items should be heard by the Board of Directors unless timeliness requires consideration by the Executive Committee or, for transportation matters the Transportation Committee. The Audit Committee may hold closed sessions on matters within its purview. In any event, the Transportation Committee is authorized to 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. The Transportation Committee will report real property transaction purchase amounts at the next regular meeting of the Board occurring after final execution of the purchase documents.

## Section 4

The Board and committees shall meet according to the following schedule:

- a. The Board of Directors and Policy Advisory Committees shall hold their regular meetings on Fridays unless otherwise determined from time to time by the Board of Directors or Policy Advisory Committee. Regular meetings of the Board of Directors shall be held on the second and fourth Friday mornings of the month at the SANDAG offices or at other locations within San Diego County, unless otherwise provided by the Board. Special meetings of the Board of Directors or Policy Advisory Committees may be called from time to time by their respective Chair.
- b. Other committees shall meet whenever called by their respective Chair.

## Section 5 (Sections 132351.2 and 132352.1 of the Public Utilities Code)

- a. There are 19 Member Agencies on the Board and a majority of the Member Agencies constitutes a quorum for the transaction of business. In order to take final action on any item, except the final vote(s) electing the Chair and First Vice Chair of the Board, which shall require use of the weighted vote procedure as described below in subsection b, a majority vote of the Board Members present on the basis of one vote per agency (tally vote) is required. After the tally vote of the Board Members is taken, a weighted vote may be called by the Board Members of any two Member Agencies unless otherwise required by law. Approval under the weighted vote procedure requires the vote of not less than four Board Members representing separate Member Agencies and not less than 51 percent of the total weighted vote to supersede the original action of the Board.

- b. The election of the Chair and First Vice Chair of the Board shall require use of the weighted vote procedure set forth in Public Utilities Code Section 132351.2(e) without a prior tally vote requirement. In the event approval using the procedure in Public Utilities Code Section 132351.2(e) cannot be obtained to allow final action on the election, one or more preliminary votes may be taken using the tally vote method in order to narrow the options sufficiently to obtain approval on the final action as required by Public Utilities Code Section 132351.2(e).
- c. The City and County of San Diego shall each determine how to allocate their tally vote between their two members by resolution and shall provide their resolutions to the SANDAG Clerk of the Board. The City and County of San Diego shall allocate their weighted votes equally.
- d. For the weighted vote, there shall be a total of 100 votes, except additional votes shall be allowed pursuant to subdivision (h). Each Member Agency shall have that number of votes determined by the following apportionment formula, provided that each agency shall have at least one vote, no agency shall have more than 50 votes, and there shall be no fractional votes in the allocation of votes to each Member Agency:
  - (1) If any agency has 50 percent or more of the total population of the San Diego County region, allocate 50 votes to that agency and follow paragraph (2), if not, follow paragraph (3).
  - (2) Total the population of the remaining agencies determined in paragraph (1) and compute the percentage of this total that each agency has.
    - (A) Multiply each percentage derived above by 50 to determine fractional shares.
    - (B) Boost fractions that are less than one, to one and add the whole numbers.
    - (C) If the answer to subparagraph (B) is 50, drop all fractions and the whole numbers are the votes for each Member Agency.
    - (D) If the answer to subparagraph (B) is less than 50, the remaining vote(s) is allocated one each to the Member Agency having the highest fraction excepting those whose vote was increased to one pursuant to subparagraph (B) above.
    - (E) If the answer to subparagraph (B) is more than 50, the excess vote is taken one each from the Member Agency with the lowest fraction. In no case shall a Member Agency's vote be reduced to less than one.
  - (3) Total the population determined in paragraph (1) and compute the percentage of this total that each Member Agency has.
    - (A) Boost fractions that are less than one to one and add the whole numbers.
    - (B) If the answer to subparagraph (A) is 100, drop all fractions and the whole numbers are the votes for each Member Agency.
    - (C) If the answer to subparagraph (A) is less than 100, the remaining vote(s) is allocated one each to the Member Agency having the highest fraction excepting those whose vote was increased to one pursuant to subparagraph (A) above.
    - (D) If the answer to subparagraph (A) is more than 100, the excess vote(s) is taken one each from the agency with the lowest fraction. In no case shall a Member Agency's vote be reduced to less than one.
- e. When a weighted vote is taken on any item that requires more than a majority vote of the Board, it shall also require the supermajority percentage of the weighted vote.
- f. The weighted vote formula shall be recomputed in the above manner every July 1.

- g. For purposes of subsection d, the population of the County of San Diego is the population in the unincorporated area of the county. In those years when the primary representative of the San Diego County Board of Supervisors to the SANDAG Board of Directors is from a district that is substantially an incorporated area, a supervisor who represents a district that is substantially an unincorporated area shall be appointed to the Board as the secondary representative. Alternatively, in those years when the primary representative of the San Diego County Board of Supervisors is from a district that is substantially an unincorporated area, a supervisor who represents a district that is substantially an incorporated area shall be appointed to the Board as the secondary representative.
- h. Any newly incorporated city shall receive one vote under the weighted vote procedure specified above until the next recomputation of the weighted vote formula, at which time the new agency shall receive votes in accordance with the recomputed formula. Until this recomputation, the total weighted vote may exceed 100.

ARTICLE V  
OFFICERS AND THEIR DUTIES

Section 1

The Board of Directors shall have as officers a Chair, First Vice Chair and Second Vice Chair who are primary members of the Board. Policy Advisory Committees shall have as officers a Chair and Vice Chair, who are primary or alternate members of the Board and primary members of their respective committees. The Executive Director shall be the Secretary of the Board and each Policy Advisory Committee.

- a. The Chair shall preside over Board and committee meetings and have general supervision of Board and committee affairs. The Chair shall sign all official documents when directed to do so by the Board and committees respectively.
- b. The First Vice Chair shall perform the duties of the Chair in his or her absence and perform any duties that the Chair may require. The Second Vice Chair shall perform the duties of the First Vice Chair in his or her absence and perform any duties that the Chair may require.
- c. In the event of the absence of all officers of the Board, the Immediate Past Chair may preside or the Board Chair may appoint a voting member of the Board or committee in advance to act as acting chair of the body for that meeting.

Section 2

The Board may delegate authority to the Board Chair for action consistent with Board approved criteria on categories of items.

### Section 3

Election of officers of the Board of Directors shall be held every two years during a regular meeting on or before January 15. A majority of the Board Members may approve variations to the schedule in this Section in the event of a vacancy or other exigency. All officers of the Board shall be from different subregions. Officers for the Board of Directors shall be elected in the following manner:

- a. Nominations for any office may be made by Board Members at the election meeting. Only candidates who are primary members nominated from the floor on the day of election will be considered for office.
- b. Nominations shall take into account the nominee's availability, experience, skills, geographic diversity, and the benefits associated with having the First Vice Chair succeed the outgoing Chair and the Second Vice Chair succeed the outgoing First Vice Chair.
- c. The Chair and First Vice Chair shall be elected pursuant to the weighted vote process set forth in Article IV, Section 5(b) of these Bylaws.
- d. All officers shall be elected for a term(s) of two years or until their successors are elected. They shall begin their term of office immediately following the election.
- e. In the event that the Board Member who has been elected Chair, First Vice Chair or Second Vice Chair is no longer a primary member of the Board of Directors, the office shall be considered vacant.
- f. Any vacated officer position may be filled at the next regular Board meeting by nominations from the floor, and the election shall be carried out pursuant to the voting procedure otherwise applicable to the vacated officer position..

#### Section 4

- a. The Board of Directors shall appoint an Executive Director who shall hold office until he or she resigns or is removed by the Board of Directors. The Executive Director shall be the chief executive officer of SANDAG and shall be permitted to utilize the title of Executive Director and/or Chief Executive Officer interchangeably with equal force and effect. The Executive Director shall have charge of all projects and property of SANDAG. The Executive Director and if she or he is an employee, the independent performance auditor, shall file with the Director of Finance of SANDAG an official bond in the minimum amount of \$100,000 or such larger amount as the Board of Directors specifies, guaranteeing faithful performance of his or her duties.
- b. The Executive Director will be responsible to the SANDAG Board of Directors as set out in Board Policies and administrative policies and manuals for the administration of SANDAG's business, including: (1) development of program objectives, definition, directions and priorities; (2) management of SANDAG programs and coordination of staff and support services; (3) the development of financial support programs for SANDAG activities; (4) the recommendation and submission of an annual SANDAG program budget to the Board of Directors; (5) execution of the adopted personnel, purchasing, and budgetary systems; and (6) development of a recommended administrative 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 which is brought to the Board for review on an annual basis. ~~The Executive Director shall perform such other and additional duties as is necessary to carry out the objectives and function of SANDAG and as directed by the Board of Directors.~~
- c. Any additional staff support services provided by Member Agencies or others shall be coordinated by the Executive Director.
- d. The Executive Director is hereby enabled to ~~promulgate~~develop and maintain an ~~employee~~Employee manual Handbook, as well as all other administrative policies governing the administrative procedures of SANDAG, and to administer SANDAG's personnel system in accordance therewith.
- ~~d.e.~~The Executive Director shall perform such other and additional duties as is necessary to carry out the objectives and function of SANDAG and as directed by the Board of Directors. In addition to any applicable employment contract provisions, the Executive Director shall carry out his or her duties consistent with the requirements of the Bylaws, Board Policies, Employee Handbook and other administrative policies of SANDAG, listed in the stated order of precedence.

### ARTICLE VI FINANCIAL

#### Section 1

The Board of Directors shall consider a draft budget for approval no later than April 1 of each year, and again during the month of May. Upon initial consideration, the Board of Directors may approve the draft budget as presented, or direct staff to either make specified revisions to the draft budget or provide the Board with additional information regarding projected revenues or proposed expenditures in the draft budget. After approval of a draft budget, the Board of Directors shall adopt a final budget no later than June 30 of each year. A copy of the draft budget when approved and a copy of the final budget when adopted shall be filed with each Member Agency.

#### Section 2

Responsibility for supplying funds for that portion of the budget for SANDAG, which is to be supplied by the Member Agencies, as adopted by the Board of Directors, shall be divided among the Member Agencies based on their population with each Member Agency including within its budget as funds to be supplied to SANDAG that sum of money determined by taking the ratio its population bears to the total population of the region and multiplying it by that portion of the approved budget to be supplied by the Member Agencies. Payment of this determined sum of money shall be made by each Member Agency by July 15 of each year. If payment by a Member Agency has not been made by September 1 of each year, that Member Agency shall no longer vote

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as a member of the Board of Directors. A delinquent Member Agency will be allowed to vote when full payment has been made, including interest computed from July 15 at the established legal rate.

### Section 3

The Director of Finance of SANDAG, who shall be permitted to use the title of Chief Financial Officer with equal force and effect, shall establish and maintain such funds and accounts as may be required by good accounting practice, state and federal law, and these Bylaws. The books and records of SANDAG in the hands of the Director of Finance shall be open to inspection at all reasonable times by representatives of the Member Agencies. The Director of Finance of SANDAG shall issue a Comprehensive Annual Financial Report by December 31 after the close of each fiscal year and a copy shall be provided to each of the Member Agencies.

### Section 4

The Director of Finance of SANDAG shall receive, have the custody of, and disburse SANDAG funds upon the warrant or check-warrant of the Finance Manager pursuant to the accounting procedures developed under Section 3 above, and shall make the disbursements required to carry out any of the provisions or purposes of SANDAG. The Director of Finance of SANDAG may invest SANDAG funds in accordance with state and federal law. All interest collected on SANDAG funds shall be accounted for and posted to the account of such funds.

### Section 5

Delegation of authority from the Board of Directors for final financial/contracting approvals, including selection of vendors, acceptance of funding, stipulations of any nature, and any resulting budget amendment to serve as a limitation applicable to a particular job or program (not to be exceeded on a serial basis), shall be as follows:

- a. Up to ~~\$3~~400,000 to the Executive Director, subject to increase by Board action, or as may be modified in Board Policy No. 017 concerning delegation of authority to the Executive Director.
- b. Up to \$500,000 to the Executive Committee for any item, subject to increase by Board action.
- c. Up to \$500,000 to the Transportation Committee for transportation items, subject to increase by Board action.
- d. Up to \$500,000 to the Public Safety Committee for ARJIS and Criminal Justice Division items, subject to increase by Board action.
- e. The Executive Director, Executive Committee, Public Safety Committee, and Transportation Committee shall report approvals under this section to the Board of Directors at least quarterly.

### Section 6

The amount budgeted for Member Assessments related to Criminal Justice database access shall be as adopted by the Board of Directors and divided among the Member Agencies using a formula based on population. Payment of this determined sum of money shall be made by each Member Agency by July 15 of each year. If payment by a Member Agency has not been made by September 1 of each year, that Member Agency shall no longer vote as a member of the Board of Directors. A delinquent Member Agency will be allowed to vote when full payment has been made, including interest computed from July 15 at the established legal rate.

ARTICLE VII  
RELATIONSHIPS AND RULES OF PROCEDURE

Section 1

The functions of the Board of Directors and Policy Advisory Committees shall be established by Board policy. The Board of Directors may delegate functions to the Policy Advisory Committees as it deems appropriate.

Section 2

The Board of Directors shall provide guidance to committees and working groups. The Board may advise Member Agencies on the coordination of general plans, or on the resolution of conflicts between the general plans of agencies in the San Diego region.

Section 3

Conflicts between governmental agencies should be resolved among the affected agencies. In matters affecting more than one local government, and where requested by the affected agencies, SANDAG shall have the authority to hear and make recommendations if the conflicts are not resolved to the satisfaction of each affected agency. Regional plans should serve as the guideline for the resolution of conflicts.

Section 4

Each action taken by SANDAG that requires implementation should include designation of the agency or agencies directly responsible for such implementation.

Section 5

The general and specific references to the construction authority of SANDAG in SB 1703 shall be interpreted as applicable solely to its responsibilities for project development and construction of transit projects which were previously within the purview of the transit development boards and are consolidated under the authority of SANDAG.

ARTICLE VIII  
INFORMATION AND EVALUATION

Section 1

- a. SANDAG shall disseminate information concerning its work program and activities. The required information system should be organized and categorized so that it will continue to allow full and efficient use of information by the public and private sectors.
- b. Adequate provision for public participation shall be provided as required by law and as directed by the Board of Directors.
- c. The Board shall perform an annual evaluation of SANDAG's goals, purpose, structure, and performance, directed toward continually improving the planning, coordination, and implementation process.

ARTICLE IX  
AMENDMENTS

Section 1

The Board of Directors shall be responsible for making all amendments to these Bylaws.

- a. Proposed amendments may be originated by the Board of Directors, the Executive Committee, or any member of the Board of Directors.
- b. Prior to being taken to the Board of Directors for approval, proposed amendments should be taken to the Executive Committee preliminarily for review and discussion and then brought to the Executive Committee at a subsequent meeting for a recommendation for approval to the Board.
- c. A copy of any proposed amendments shall be forwarded by the Clerk of the Board to the official representative of each Member Agency, his or her alternate and the Member Agency itself, at the same time as the proposed amendments are mailed as a report attachment to the agenda for the preliminary Executive Committee meeting referred to in subsection b of this section.
- d. Amendments to these Bylaws (except those provisions mandated by state law) shall require the vote of a majority of the Member Agencies using the voting process described in Article IV, Section 5(a) of these Bylaws.

Adopted July 2003 by the SANDAG Board of Directors  
Revised November 2003 by the SANDAG Board of Directors  
Amended November 2004 by the SANDAG Board of Directors  
Amended January 2006 by the SANDAG Board of Directors  
Amended July 2007 by the SANDAG Board of Directors  
Amended December 2008 by the SANDAG Board of Directors  
Amended January 2010 by the SANDAG Board of Directors  
Amended March 2014 by the SANDAG Board of Directors  
Amended November 2014 by the SANDAG Board of Directors  
Amended December 2015 by the SANDAG Board of Directors  
Amended January 2017 by the SANDAG Board of Directors  
Amended February 2018 by the SANDAG Board of Directors  
Amended January 2019 by the SANDAG Board of Directors  
Amended April 2020 by the SANDAG Board of Directors  
Amended February 2021 by the SANDAG Board of Directors  
Amended \_\_\_\_\_ 2021 by the SANDAG Board of Directors



## 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 Executive Director 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.

3.1.14.2 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 when timing requires. 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 of SANDAG submitting grant applications for SANDAG transportation projects.~~
  - 4.1.5 Approve TDA and STA claim amendments and RTIP and STIP amendments
  - 4.1.6 Recommend funding allocations to the Board
  - 4.1.7 Approve transit operator budgets for funding

4.1.8 Approve Regional Short Range Transit Plan and Coordinated Human Service and Public Transportation Plan

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- 4.1.9 Make recommendations regarding changes to Board Policy No. 018: Transit Service Policy and Board Policy No. 029: Regional Fare Policy and Comprehensive Fare Ordinance
- 4.1.10 Conduct public hearings as delegated by Board
- 4.1.11 Approve contracts for transit up to amount approved by the Board
- 4.1.12 Advise Board on other transportation policy-level issues
- 4.1.13 Recommend legislative program for transportation and transit
- 4.1.14 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
- 4.1.15 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
- 4.1.16 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
- 4.1.17 Approve amendments to the Comprehensive Fare Ordinance
- 4.1.18 Accept for distribution, hold public hearings regarding, and adopt/certify environmental documents for projects within the Transportation Committee's Responsibilities
- 4.1.19 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
- 4.1.20 Provide oversight and approvals for Coordinated Transportation Services Agency (CTSA) matters and appoint Transportation Committee representative to the CTSA Board
- 4.1.21 Approve revisions to funding allocations for Federal Transit Administration Section 5311 funding
- 4.1.22 ~~Approve~~ Review the draft *TransNet* compliance audits consistent with Board Policy No. 031:  
*TransNet* Ordinance and Expenditure Plan Rules
- 4.1.23 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
- 4.1.24 Provide oversight for Service Authority for Freeway Emergencies responsibilities and related motorist aid programs

- 4.1.25 Provide coordinated oversight with the Regional Planning Committee for recommendations on the preparation and implementation of components of the Regional Plan
- 4.1.26 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.

**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 \_\_\_\_ 2021



## INVESTMENT POLICY

### 1. Introduction

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

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

### 2. Scope

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

### 3. Prudence

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

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

#### 4. Objectives

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

#### 5. Delegation of Authority

- 5.1. The Board of Directors delegates the authority to invest or to reinvest funds, or to sell or exchange securities so purchased, to the Executive Director for a one-year period. The Executive Director is charged with the responsibility for carrying out the policies of the Board of Directors and shall assume full responsibility for investment transactions until the delegation of authority is revoked or expires. In accordance with the SANDAG established system for internal control, all financial transactions of SANDAG require the signature of at least two individuals authorized by the Executive Director.

- 5.2. For the purposes of carrying out this investment policy, any two of the following individuals, unless delegated per Section 5.5, are hereby authorized to make investment decisions, in strict accordance with this investment policy, on behalf of SANDAG:

Executive Director

Chief Deputy Executive Director

Director of Finance

Finance Manager

*TransNet* Department Director

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

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

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

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

## **6. Ethics (Conflict of Interest)**

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

## **7. Selection of Financial Institutions and Broker/Dealers**

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

## **8. Permitted Investment Instruments**

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

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

- 8.2. **Treasury Obligations:** notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- 8.3. **Federal Agencies and U.S. Government Sponsored Enterprises:** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- 8.4. **State Municipal Obligations:** Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the states. Such obligations must be rated A-1 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 25 percent of SANDAG surplus money which may be invested.

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

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

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

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

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

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

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

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

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

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

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

- 8.13. **Savings/Money Market Accounts:** Savings/Money Market Accounts deposits placed with commercial banks and savings and loans in California. The amount on deposit shall not exceed the shareholder's equity in the financial institution. To be eligible to receive SANDAG deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided in Government Code Section 53635.2. Deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The Director of Finance, at his or her discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. SANDAG shall have a signed agreement with the depository per Government Code Section 53649.
- 8.14. **California Asset Management Program:** Shares in a portfolio of the California Asset Management Program, so long as the portfolio is rated among the top two rating categories by one of the nationally recognized statistical-rating organizations. For ongoing due diligence, the Director of Finance shall maintain on file a copy of the Program's current information statement to include its requirements for participation, including limitations on deposits or withdrawals.
- 8.15. **Money Market Funds:** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally-recognized statistical-rating organizations, or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of \$500,000,000.
- The purchase price of shares shall not include any commission that the companies may charge. The purchase of shares may not exceed 20 percent of SANDAG surplus money. For ongoing due diligence, the Director of Finance shall maintain on file a copy of the money market fund's current information statement to include its requirements for participation, including limitations on deposits or withdrawals.
- 8.16. **Mortgage and Asset-Backed Obligations:** Any mortgage pass-through security collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable-pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of "A" or its equivalent or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchases of securities authorized by this section may not exceed 20 percent of SANDAG surplus funds that may be invested pursuant to this section.

8.17. **Supranationals:** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the SANDAG funds that may be invested pursuant to this section.

8.18. **Ineligible Investments:** Security types which are thereby prohibited include, but are not restricted to:

(a) Reverse repurchase agreements.

(b) "Complex" derivative securities such as range notes, dual index notes, inverse floating-rate notes, leveraged or deleveraged floating-rate notes, or any other complex variable-rate or structured note.

(c) Interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.

(d) Securities lending.

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

## 9. Maximum Maturity

9.1. Investment maturities shall be based upon a review of cash flow forecasts. Maturities will be scheduled so as to permit SANDAG to meet all projected obligations.

9.2. Where the investment policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment. The Board authorizes the investment of endowment funds in securities exceeding five (5) years, as long as the investment has been approved by the Director of Finance and either the Executive Director or the Chief Deputy Executive Director, and the maturity of such investments does not exceed the expected use of funds.

## 10. Performance Standards

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

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

## **11. Reporting Requirements**

- 11.1. The Director of Finance shall submit to the Board annually a statement of investment policy, which the Board shall consider at a public meeting. 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 Director of Finance shall keep a record of any funds in any of these investments.

Adopted January 2003  
Amended November 2004  
Amended September 2005  
Amended December 2007  
Amended July 2008  
Amended July 2009  
Amended November 2010  
Amended February 2012  
Amended October 2013  
Amended November 2014  
Amended November 2015  
Amended February 2018  
Amended \_\_\_\_\_ 2021



**RULES OF PROCEDURE FOR BOARD OF DIRECTORS, POLICY ADVISORY COMMITTEES, AND OTHER LEGISLATIVE BODIES**

This policy is intended to define and clarify Rules of Procedure for the Board of Directors and Policy Advisory Committees (PACs).

**Procedures for the Board and Policy Advisory Committees**

1. Ordinances

- 1.1 Every ordinance shall be signed by the Chair of the Board, or for the comprehensive fare ordinance the Chair of the Transportation Committee, and attested by the Clerk of the Board.
- 1.2 Upon the passage of an ordinance, the votes of the Board members or Transportation Committee members, as appropriate, shall be entered in the minutes.
- 1.3 Ordinances shall not be passed within five days of their introduction, nor at any meeting other than a regular meeting. An urgency ordinance may, however, be passed immediately upon introduction and either at a regular or special meeting. Except when, after reading the title, further reading is waived by regular motion adopted by unanimous vote of the Board or Transportation Committee members present, all ordinances shall be read in full at the time of introduction or passage. When ordinances, other than urgency ordinances, are altered after introduction, they shall be passed only at a regular or at an adjourned regular meeting held at least five days after alteration. Corrections of typographical or clerical errors are not alterations within the meaning of this section.
- 1.4 The Clerk of the Board shall cause a proposed ordinance or proposed amendment to an ordinance, and any ordinance adopted by the Board or Transportation Committee to be published at least once in a newspaper of general circulation in the SANDAG area of jurisdiction.
- 1.5 The publication of an ordinance as required by this policy, may be satisfied by either of the following actions:
  - 1.5.1 Publication of a summary of a proposed ordinance or proposed amendment to an ordinance. The summary shall be prepared by the Clerk of the Board and the Office of General Counsel. The summary shall be published and a certified copy of the full text of the proposed ordinance or proposed amendment shall be posted in the office of the Clerk of the Board at least five days prior to the meeting at which the proposed ordinance or amendment is to be adopted. Within fifteen (15) days after adoption of the ordinance or amendment, the Clerk of the Board shall publish a summary of the ordinance or amendment with the names of the Board or Transportation Committee members voting for and against the ordinance or amendment and the Clerk of the

Board shall post in the office of the clerk a certified copy of the full text of the adopted ordinance or amendment along with the names of those members voting for and against the ordinance or amendment; or

1.5.2 If the person designated by the Board determines that it is not feasible to prepare a fair and adequate summary of the proposed ordinance or amendment, and if the Board or Transportation Committee so orders, a display advertisement of at least one-quarter of a page in a newspaper of general circulation in the SANDAG area of jurisdiction shall be published at least five (5) days prior to the meeting at which the proposed ordinance or amendment is to be adopted. Within fifteen (15) days after adoption of the ordinance or amendment, a display advertisement of at least one-quarter of a page shall be published. The advertisement shall indicate the general nature of, and provide information regarding, the adopted ordinance or amendment including information sufficient to enable the public to obtain copy of the complete text of the ordinance or amendment, and the name of those members voting for and against the ordinance amendment.

1.6 Ordinances and amendments shall take effect thirty (30) days after their final passage. Exceptions to this effective date are: 1. When the ordinance is for the immediate preservation of the public peace, health or safety, and contains a declaration of facts constituting urgency, and is passed by a two-thirds vote of the Board or Transportation Committee, the ordinance or amendment will take effect immediately; and 2. If otherwise provided by the ordinance or another law.

## 2. Board Policies

2.1 Board policies shall be reviewed to determine if updates are needed no less often than every three years.

2.2 Once updated, policies shall contain a footer identifying the last date they were modified by the Board.

## 3. Public Comment and Public Meetings

3.1 Persons wishing to provide comment or testimony shall be permitted to address the Board or PAC after submitting a written request to speak, identifying themselves and the agenda item on which they want to be heard. Ordinarily, each speaker will be allowed no more than three minutes. The Chair, however, may extend or limit the time for each presentation or may permit additional time to speakers representing a group of individuals or organizations to avoid duplicative testimony or for other reasons that are in the best interest of the Board or committee in the Chair's discretion. Testimony must be limited to issues relevant to the agenda item.

3.2 The Board wishes to maximize the number of people who can address SANDAG legislative bodies within the time limits set for the meeting while a quorum is present. The Board believes that meetings that last longer than the time set for meeting adjournment can discourage public participation and can hinder the conduct of government business due to loss of a quorum. Therefore, meetings of SANDAG legislative bodies shall be adjourned by

the end time set forth in the agenda, unless extended to a specific time by a majority vote of the legislative body. The meeting shall be extended no more than once and may be adjourned to a later date. The Board of Directors wishes to maximize the number of people who can address SANDAG legislative bodies within the time limits set for the meeting while a quorum is present. Accordingly, the chair of a SANDAG legislative body may reduce the speaking time allocated for each speaker or establish a time certain for completion of one or more agenda items when the number of speakers and/or number of items on the agenda are reasonably likely to prevent the conclusion of business prior to the time the meeting is set to adjourn. Decisions by the chair shall be based on the time allocated for the meeting, the number of agenda items, the complexity of each item, and the number of persons wishing to address the legislative body on each item.

- 3.3 Public comment on matters not on the agenda will be permitted on items of interest to the public that are within the subject matter jurisdiction of the Board or committee. Persons wishing to comment during the general public comment period must submit a written request in advance identifying themselves and the subject matter on which they wish to speak. The Chair may limit the time for each speaker. Ordinarily, each speaker will be allowed no more than three minutes.
- 3.4 The Board or a PAC Chair, as applicable, will determine with staff's assistance whether additional public meetings at which formal public testimony will be taken outside of regularly scheduled Board or PAC meetings are appropriate. Such additional public meetings may take the form of scoping meetings, focus group meetings, open houses, workshops or similar alternative formats. The applicable Chair will appoint one or more members of the relevant legislative body to act as public meeting officer(s) at SANDAG public meetings that are not held during a meeting of a SANDAG legislative body. If no Board or PAC members are available to serve as public meeting officers, the Chair may appoint the Executive Director or his/her delegate to serve as the public meeting officer. When a public meeting occurs before a public meeting officer, the public meeting officer or Clerk of the Board shall ensure that all official public testimony given at the public meeting regarding the subject matter of the public meeting are accurately included in the written records, and ensure those written records are forwarded to the Board of Directors or PAC for review prior to the time designated for the relevant legislative body to render its recommendation or final decision.
- 3.5 The public meeting officer's written records regarding the public meeting must include, at least, the following elements:
  - 3.5.1 An objective description of the subject matter of the public meeting.
  - 3.5.2 The public comments received by proponents and opponents of the meeting's subject matter. The records shall indicate the hour and minute when the public meeting was opened and closed.
  - 3.5.3 A list of the notices that were published, mailed, or Internet-posted, including the date of mailing or publication, the name of any newspaper, Internet address or web site, and a list of addresses and entities to which the notice was delivered. If multiple public meetings at which official public testimony is taken regarding the same subject

matter are held throughout San Diego County, information regarding the notices and agendas for each public meeting shall be included in the public meeting records.

3.5.4 A copy of the agenda for the public meeting, including the time period during which public testimony was heard. The agenda also shall list contact information for the transcriber attending the public meeting.

3.5.5 A reference to the location where an audio and/or video recording, or transcript of the public meeting is archived, and where all original written comments submitted to the public meeting officer are available for viewing.

3.6 Before the Board of Directors or PAC takes action on the item that was the subject of a public meeting conducted by a public meeting officer, it will allow additional public comment at a regularly scheduled meeting of the legislative body.

3.7 By voting at a meeting where a public meeting officer's records will be relied upon, each voting member of the legislative body will be affirming that he or she has:

3.7.1 Thoroughly reviewed the public meeting officer's records of any minutes or transcript from, or listened to an audio or watched a sound video recording of, the public meeting(s); and

3.7.2 Given due consideration to any letters, emails, voicemails, or other comments submitted by the public that are part of the public meeting record.

3.8 If a voting member of a legislative body cannot attest that he or she has met the criteria listed in Section 3.6, he or she may participate in the discussion regarding the subject matter of the public meeting, and need not leave the legislative body meeting room, but should not vote on the matter.

#### 4. Standards of Conduct & Ethics Applicable to All of SANDAG Legislative Bodies

4.1 This policy shall be supplemental to the SANDAG Conflict of Interest Code and is not intended to supersede such Code or any provisions thereof. All Board and PAC members, and all other members of committees or working groups covered by the Brown Act, including alternates and advisory members, shall file a Statement of Economic Interests in accordance with the California Fair Political Practices Commission guidelines and deadlines imposed by the Political Reform Act. with SANDAG upon request by the SANDAG Office of General Counsel. Failure to file a Statement of Economic Interests by the deadlines imposed by the Political Reform Act shall result in a loss of voting privileges for the member.

4.2 Each Board member and alternate occupies a position of public trust that demands the highest moral and ethical standards of conduct. All references to "Board members" in Section 4 of this Policy shall be read to include all Board and PAC members, and all other members of committees or working groups covered by the Brown Act, including ex officio members and alternates.

4.3 Board members shall not engage in any business or transaction or have a financial or other personal interest, actual, potential, or apparent that is incompatible with the proper

discharge of his or her official duties or would tend to impair his or her independence of judgment or action in the performance of such duties. Such business, transaction, or interest shall constitute a conflict of interest.

4.4 Generally, no Board member shall engage in any enterprise or activity that will result in any of the following:

4.4.1 Using the prestige or influence of the Board office for private gain or advantage of the member or another person.

4.4.2 Using time, facilities, equipment, or supplies of the Board for the private gain or advantage of the member or another person.

4.4.3 Receiving or accepting money or other consideration from anyone other than the Board or another government agency for the performance of acts done in the regular course of duty.

4.4.4 Receiving or accepting, directly or indirectly, any gift or favor from anyone doing business with the Board under circumstances from which it could reasonably be inferred that such was intended to influence such person in their duties or as a reward for official action.

4.4.5 Soliciting any gift or favor in the member's official capacity, either directly or indirectly, when such solicitation might reasonably be inferred as to have a potential effect on the member's duties or decisions, or when the individual's position as a Board member would in any way influence the decision of the person being solicited.

4.5 Prohibited Interests

4.5.1 It is unlawful for any current SANDAG Board member to render a decision where a party to the decision has given the SANDAG Board member, promised to give the SANDAG Board member, or acted as an intermediary for the SANDAG Board member to have, an opportunity for compensation. For purposes of this section, opportunities for compensation provided to a SANDAG Board member include opportunities for compensation provided to the SANDAG Board member's immediate family. When such an opportunity for compensation is provided to a member of the SANDAG Board member's immediate family, the SANDAG Board member shall not participate in a decision involving a party to the decision unless the SANDAG Board member had no knowledge or involvement in securing the opportunity for compensation.

4.5.2 It is unlawful for any current SANDAG Board member to make, participate in making, or use his or her Board member position to influence a decision involving the interests of a person with whom he or she is seeking, negotiating, or securing an agreement concerning future employment.

4.5.3 It is unlawful for any current SANDAG Board Member to be financially interested in any contract made by them in their Board member capacity. It is also unlawful for any contract to be made by SANDAG or any board or commission established by SANDAG if any individual member of the body has a financial interest in the contract.

#### 4.5.4 Definitions

- 4.5.4.1 For purposes of the prohibitions set forth in this section, the term "financial interest" means any interest, other than a remote interest as prescribed in California Government Code section 1091 or a noninterest prescribed in California Government Code section 1091.5, that would prevent SANDAG Board members involved from exercising absolute loyalty and undivided allegiance to the best interests of SANDAG.
- 4.5.4.2 For purposes of this section, "material financial effect" has the same meaning as that term is used in title 2, sections 18705 through 18705.5 of the California Code of Regulations.
- 4.5.4.3 For purposes of this section, "render a decision" means to take part personally and substantially in the project by rendering a decision, approval, or disapproval; by making a formal written recommendation; by conducting an investigation; by rendering advice on a significant basis; or by using confidential information.
- 4.5.4.4 For purposes of this section, "project" means any matter where a private business has made an application to SANDAG for discretionary funding or discretionary entitlements, or where SANDAG exercises discretion to enter into a lease, agreement, or contract with a private business.

4.5.5 Any SANDAG Board Member with a remote financial interest in a prospective contract of SANDAG must disclose the existence of the remote interest to the body of the board in which the SANDAG Board member is a member if that board has any role in creating, negotiating, reviewing, or approving the contract; and the SANDAG Board member must abstain from influencing or participating in the creation, negotiation, review, or approval of the contract.

4.5.6 It is unlawful for any SANDAG Board member to knowingly influence a decision of the SANDAG Board if it is reasonably foreseeable that the decision will have a material financial effect on:

- 4.5.6.1 the SANDAG Board member or a member of his or her immediate family, if the material financial effect is distinguishable from its effect on the public generally; or any of the following economic interests:
  - 4.5.6.1.1 any business entity in which SANDAG Board member or a member of SANDAG Board member's immediate family has invested \$2,000 or more; and
  - 4.5.6.1.2 any business entity for which a SANDAG Board member or a member of the SANDAG Board member's immediate family is a director, officer, partner, trustee, employee, or holds any position of management; and
  - 4.5.6.1.3 any real property which SANDAG Board member or a member of

SANDAG Board member's immediate family has invested \$2,000 or more; and

4.5.6.1.4 any person from whom a SANDAG Board member or a member of the SANDAG Board member's immediate family has received (or by whom you have been promised) \$500 or more in income within twelve months prior to the decision; and

4.5.6.1.5 any person from whom a SANDAG Board member or a member of the SANDAG Board member's immediate family has received gifts that total \$420<sup>1</sup> or more within twelve months prior to the decision;

4.5.6.1.6 the personal expenses, income, assets, or liabilities of a SANDAG Board member or a member of SANDAG Board member's immediate family.

#### 4.5.7 Prohibitions Applicable to Former Board Members

4.5.7.1 It is unlawful for any former SANDAG Board Member who received compensation from SANDAG to render a decision on a particular project during his or her SANDAG service to engage in direct communication with SANDAG, for compensation, with regard to any pending application for discretionary funding or discretionary entitlements before SANDAG relating to that particular project on behalf of any person other than a public agency for a one year period immediately following the last payment from SANDAG to the Board Member.

4.5.7.2 It is unlawful for any former SANDAG Board member, for compensation, to knowingly counsel or assist any person other than a public agency in connection with an appearance or communication in which the former SANDAG Board Member is prohibited from engaging pursuant to subsection 4.5.7.1 for a one year period immediately following termination of service with SANDAG.

#### 4.6 Lobbying and Campaign-Related Activities

4.6.1 It is unlawful for any SANDAG Board Member to engage in campaign-related activities, such as fund-raising, the development of electronic or written materials, or research, for a campaign for any elective office using SANDAG facilities, equipment, supplies, or other SANDAG resources. Nothing in this section, however, shall prohibit the use of SANDAG resources to provide information to the public about the possible effects of any bond issue or other ballot measure relating to SANDAG activities, operations, or policies, provided that:

4.6.1.1 the use of public resources is otherwise legally authorized; and

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<sup>1</sup> This amount is subject to adjustment by the Fair Political Practices Commission.

- 4.6.1.2 the information provided constitutes a fair and impartial presentation of relevant facts to aid the electorate in reaching an informed judgment regarding the bond issue or ballot measure.
- 4.6.2 It is unlawful for any former SANDAG Board Member to engage in direct communication for the purpose of lobbying SANDAG if all of the following circumstances apply:
  - 4.6.2.1 the former SANDAG Board Member served as a SANDAG Board Member within the previous twelve months; and
  - 4.6.2.2 the former SANDAG Board Member received compensation from SANDAG for his or her service as a SANDAG Board Member; and
  - 4.6.2.3 the former SANDAG Board Member is receiving compensation from a private business to engage in the direct communication with SANDAG.
- 4.6.3 The prohibitions contained in 4.6.2 shall not apply:
  - 4.6.3.1 to prevent a former SANDAG Board Member from making or providing a statement, based on the former SANDAG Board Member's own special knowledge in the particular area that is the subject of the statement, provided that no compensation is thereby received other than that regularly provided for by law or regulation for witnesses;
  - 4.6.3.2 to prevent any former SANDAG Board Member from representing himself or herself, or any member of his or her immediate family, in their individual capacities, in connection with any matter pending before SANDAG;
  - 4.6.3.3 to the activities of any former SANDAG Board Member who is an elected or appointed officer or employee of any public agency, or a consultant of any public agency, when that former SANDAG Board Member is solely representing that agency in his or her Board Member capacity as an officer, employee, or consultant of the agency;
  - 4.6.3.4 to any ministerial action. A ministerial action is one that does not require a SANDAG Board Member to exercise discretion concerning any outcome or course of action; or
  - 4.6.3.5 to any individual who terminated status as a SANDAG Board Member prior to July 1, 2003, except that any such individual who returns to service as a SANDAG Board Member on or after July 1, 2003, shall thereafter be subject to the provisions of this section.
- 4.7 If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item, and the Board will be making a decision regarding the agenda item during an open session meeting, the Board member must recuse himself or herself or, in the case of uncertainty, request a binding determination from the Board's legal counsel. If the Board member has a conflict, he or she may observe, but not participate, in the decision-making

process.

- 4.8 If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item to be discussed during a closed session meeting, the Board member must state that he or she has a conflict of interest and shall be disqualified and shall leave the room during such discussion so as not to make, participate in making, or in any way attempt to use his or her official position to influence the decision or discussion. In the case of uncertainty, the Board member must request a binding determination from the Board's legal counsel. In accordance with the Brown Act, any Board member who is disqualified shall be entitled to any information that is publicly reported. The Board member will not, however, be privy to any confidential or privileged information or communications pertaining to the closed session agenda item.
- 4.9 No Board member shall disclose to any person, other than members of the Board and other Board staff designated to handle such confidential matters, the content or substance of any information presented or discussed during a closed session meeting unless the Board authorizes such disclosure by the affirmative vote of a majority of the Board.
- 4.10 No Board member may disclose confidential or privileged information or communication to any person other than a Board member, counsel to the Board, or other Board staff designated to handle such matters, unless disclosure is mandated by law or the Board authorizes such disclosure by the affirmative vote of a majority of the Board.
- 4.11 Confidential or privileged information concerning threatened, anticipated, or actual litigation or claims will not be disclosed to a Board member if he or she has an actual, potential, or apparent conflict of interest. In the case of uncertainty as whether a conflict of interest exists, the Board's legal counsel will issue a binding determination.
- 4.12 No Board member shall represent a position on an issue to be the Board's position unless the Board has formally adopted such position at a public meeting.
- 4.13 Any violation of this policy shall constitute official misconduct if determined as such by an affirmative vote of the majority of the Board in an open and public meeting. The Board may elect to censure the Board member and the violation may be subject to criminal and/or civil penalties as provided for by applicable law.
- 4.14 All SANDAG Board or committee members (including alternates) who may receive any type of stipend, compensation, salary, or reimbursement for travel expenses from SANDAG must attend at least two hours of ethics training every two years. All such persons who hold office with SANDAG as of January 1, 2006, must complete their first course no later than January 1, 2007. The ethics training course materials must be approved by the Fair Political Practices Commission and Attorney General's Office in compliance with the requirements of Government Code § 53234 et seq. Proof of attendance may be issued by SANDAG or any other local government agency providing an ethics training course that complies with these requirements.
- 4.15 Pursuant to Section 18944.1 and 18944.2 of Title 2 of the California Code of Regulations, certain procedures must be followed in order for a gift (travel, tickets, seats at an event,

food, etc.) to be considered a gift to SANDAG instead of to an individual SANDAG public official or designated employee. A document entitled "Guidance Regarding Gifts" shall be posted on the SANDAG Web site to provide information regarding SANDAG practices, which are intended to assist public officials and designated employees in complying with regulations promulgated by the California Fair Political Practices Commission.

5. Additional Advisory Membership on Board and PACs

5.1 From time to time, the Board may determine it is in best interest of SANDAG to supplement the Board with additional members that can provide beneficial advice and information to the Board on matters of interest to the region.

5.2 In determining whether to supplement the Board with additional regular or temporary advisory members, the Board will first review whether the existing Board and PAC membership structures provide the opportunity for beneficial advice and information to SANDAG on matters of interest to the region.

5.2.1 The Board will consider adding a new regular advisory member to the Board or a PAC if it finds that the additional advisory member would provide beneficial advice and information to the Board or PAC, and that such advice/information cannot be provided by the existing Board and PAC membership structures. The agency/group wishing to become a regular advisory member shall submit a written request to the Board Chair or PAC Chair. For new regular advisory Board or PAC members, the finding and review required by this Section 5.2.1 as well as the selection criteria in Section 5.3 shall apply.

5.2.2 From time to time, the Board or a PAC may determine it is in best interest of SANDAG to provide an agency/group with temporary advisory "seat" at the Board or at one of its PACs when specific agenda items arise. The agency/group wishing to obtain a temporary advisory seat shall meet the criteria listed in Section 5.3 and shall submit a written request to the Board Chair or PAC Chair at least three days prior to the meeting, identifying the reasons for its request and the specific agenda item(s) to be considered. The decision about whether to fulfill the request shall be at the sole discretion of the Board Chair or PAC Chair.

5.3 The following criteria for selection of additional advisory members also apply:

5.3.1 Agency/group has land use and/or eminent domain authority;

5.3.2 Agency/group has regional authorities and responsibilities important to the SANDAG mission;

5.3.3 Membership by the agency/group would enhance SANDAG's regional decision-making;

5.3.4 Agency/group desires representation, submits a written request, and commits to participation; and

5.3.5 Agency/group is able to agree on the form of representation and who will represent

it.

6. Agenda Creation for PACs

6.1 PAC agendas will be developed jointly by the Committee's Chair and SANDAG staff.

6.2 Any request by a primary member of the Board or PAC to add an item to a PAC agenda shall be presented in writing to the PAC Chair and the Board Chair for consideration.

7. Procedures Applicable to All SANDAG Legislative Bodies

7.1 The Brown Act is a state law which governs open meetings for local governmental bodies. The Brown Act (also "Act") is contained in the Government Code at § 54950 et seq., and establishes rules designed to ensure that actions and deliberations of public bodies of local agencies are taken openly and with public access and input. The Brown Act governs the meetings of all local "legislative bodies," that is, all multi-member committees and the like, of a local governmental agency such as SANDAG. Bodies created by ordinance, resolution, or formal action of the SANDAG Board or one of the PACs are covered by the Act.

7.1.1 All of the SANDAG legislative bodies are required to comply with the requirements of the Act, including but not limited to the following:

7.1.1.1 Agendas for all regular meetings must be posted at least 72 hours in advance of the meeting and all meetings must be open to the public.

7.1.1.2 The Act applies whenever a majority of the voting members of the legislative body meet to discuss, deliberate or acquire information about a matter within the subject matter of the body.

7.1.1.3 A public comment period must be provided at each meeting.

7.1.1.4 The Act prohibits "serial meetings." Serial meetings are a series of in-person meetings, phone calls, emails, or other types of communication that ultimately involve a majority of the legislative body to develop a consensus as to action to be taken on a matter coming before the body. This prohibition is based on the Act's goal to ensure that the public's business is in fact conducted in public. In addition, a third party cannot be used to communicate among the members to obtain a consensus; an intermediary cannot be used to accomplish the actions directly prohibited by the Act.

7.1.1.5 Secret ballots and anonymous voting are prohibited.

7.1.1.6 An attendance registration, or sign-in sheet may be used at public meetings to document the presence of persons other than the members of the legislative body, however, the sheet must clearly state that its completion is voluntary and not a precondition for attendance.

7.1.1.7 Meetings may not be held in facilities that are inaccessible to disabled persons or in facilities that prohibit the admittance of any persons on the

basis of race, religious creed, color, national origin, ancestry or sex.

7.1.1.8 Meetings must be held within the County of San Diego, unless some exception under the Act applies. Questions regarding the applicability of the Act should be directed to the SANDAG Office of General Counsel.

7.1.1.9 The agenda must list all items that will be discussed or acted upon by the legislative body. That listing should be described in an informative way so that members of the body as well as members of the public understand the general nature of the agenda item and can make an informed decision whether to attend the meeting or not. The Act provides that this description need not exceed 20 words, but as many words as necessary to give adequate notice should be used.

7.1.1.10 Members may take action to add an item to the agenda of a regular meeting if, by two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, the body determines that there is a need to act immediately, that the body's consideration of the matter cannot await the next meeting and that the need for immediate action arose after the posting of the agenda. This should only occur in very rare occasions, and the SANDAG Office of General Counsel should be consulted before relying on this exception.

7.2 In addition to the requirements of the Act, SANDAG legislative bodies must also comply with the following requirements:

7.2.1 Only the regular members, or in their absence, a designated alternate, may vote on action items. Seating or placards at meetings should be arranged so that it is clear which persons in the room are voting members, as compared to nonvoting members, alternates, speakers, or members of the public. Nonvoting members and alternates in attendance may participate in the body's discussion, but may not vote.

7.2.2 The members of a legislative body may only designate an alternate if their service on the legislative body is based on their capacity as a representative of another group; members selected for their individual qualifications do not act as a representative of another group and may not designate an alternate.

7.2.3 A quorum shall be a majority of the voting members of a legislative body. A majority of the quorum must approve all actions taken by the legislative body.

7.2.4 Unless otherwise provided by the Board or PAC, each legislative body should select a chair and vice chair by a vote of the majority of a quorum on an annual basis.

7.2.5 Roberts Rules of Order should be used by legislative bodies for guidance on procedural matters such as the making of motions and voting.

7.2.6 The chair of a legislative body may direct that comments from the public shall be limited to no more than three minutes per person. Comments from the public should

be requested following introduction of each agenda item. Efforts should be made to make it clear to the members of the legislative body and audience when a comment is being made by a member of the public versus a member of the legislative body.

7.2.7 In the event a legislative body is having difficulty taking action on items due to lack of attendance to create a quorum, the legislative body may make a recommendation regarding changes to membership and seek approval of these recommendations from the Board or PAC that created the legislative body.

7.3 The scope of topics within the jurisdiction of the legislative body shall be limited to those issues delegated to the legislative body by the Board or relevant PAC.

7.4 Legislative bodies created by the Board or a PAC do not have authority to take action on behalf of SANDAG, make a final determination on behalf of SANDAG, and/or take a position on behalf of SANDAG, unless that authority has been specifically delegated and ratified by an action of the Board.

7.5 The SANDAG Committee and Working Group Guidelines should be used for additional guidance.

7.6 New committees shall not be created by SANDAG staff without approval of either (1) the Board, (2) a PAC, or (3) the Executive Director with the concurrence of the Chair of the Board. A PAC or the Board must approve all charter or membership changes for committees that are created by ordinance, resolution, or formal action of the Board or one of the PACs.

7.6.1 When appointing new committees or working groups, PACs may provide for the appointment of alternates.

7.6.2 As the Board creates standing subcommittees, it shall specify the method for appointing persons to those subcommittees.

7.6.3 Ad hoc working groups may be appointed by the Board or PACs as the need arises to accomplish specific tasks. Upon completion of its assignment, each working group shall disband. Standing subcommittees may be appointed by the Board as may be required to carry out general and continuing functions and may be abolished only upon specific action by the Board.

7.6.4 An informational report shall be provided to the Board on an annual basis concerning the status of all standing and ad hoc committees and working groups.

7.7 A quorum shall be required for the conduct of any business. A simple majority of members (either primary or alternates) shall constitute a quorum.

7.8 Primary members vote on all legislative body action items. Alternates vote only when their corresponding primary member from their area is absent. A simple majority of the quorum of primary and eligible alternate members voting constitutes approval.

7.9 Upon assuming office, the Chair of Board shall be provided with a list of all of the SANDAG

legislative bodies that are not PACs and the Chairs and Vice Chairs of those bodies. The Chair shall determine if a new Chair and/or Vice Chair should be appointed for these bodies and shall report any changes he/she wishes to make at a Board meeting. When making decisions concerning the Chair and Vice Chair appointments to legislative bodies, the potential appointee's participation at the PAC reported to by the legislative body shall be taken into consideration.

Adopted June 2003

Amended November 2004

Amended January 2006

Amended December 2006

Amended July 2007

Amended December 2007

Amended September 2008

Amended January 2010

Amended February 2012

Amended November 2015

Amended \_\_ 2021

DRAFT



## BOARD POLICY NO. 008

### LEGAL MATTERS

To establish procedures for the filing of claims and institution of claims and lawsuits, for obtaining the review and concurrence or comment from the Office of General Counsel on all requests to the Board for authority to file lawsuits in court, and for handling process servers or individuals serving other legal documents.

Under Public Utilities Code section 132354(a), SANDAG can sue or be sued. All claims for money or damages against SANDAG are governed by Part 3 (commencing with section 900) and Part 4 (commencing with section 940) of the Government Code (the Tort Claims Act). Government Code section 935 authorizes SANDAG to adopt local claims procedures for claims that are not governed by any other statutes or regulations. From time to time it may be necessary for SANDAG to initiate litigation in order to resolve issues of significant concern to SANDAG. The Board desires to have the concurrence or written review from the Office of General Counsel relative to the merits of such lawsuits prior to their consideration by the Board. For these reasons, it is necessary to establish these procedures.

#### Procedures

##### 1. Claims and Actions Against SANDAG

Any and all claims for money or damages against SANDAG must be presented to, and acted upon, in accordance with the following procedures. Compliance with these procedures is a prerequisite to any court action, unless the claim is governed by statutes or regulations which expressly free the claimant from the obligation to comply with this policy and the claims procedures set forth in Government Code 900 et seq.

##### 1.1 Form of Claims

All claims must be presented to SANDAG using the form entitled "Claim Against SANDAG" available on the SANDAG Web site as an attachment to this Policy or upon request to the SANDAG Office of General Counsel.

##### 1.2 Time Limitations

1.2.1 Claims for money or damages relating to a cause of action for death, injury to person or personal property, or growing crops, shall be presented to the Board not later than six (6) months after the accrual of the cause of action (Government Codes 905 and 911.2).

1.2.2 Claims for money or damages as authorized in Government Code 905 that are not included in Paragraph 1 above shall be filed not later than one year from the date the cause of action accrues (Government Codes 905 and 911.2).

- 1.2.3 Claims for money or damages specifically excepted from Government Code 905 shall be filed not later than six (6) months after the accrual of the cause of action (Government Codes 905, 911.2, and 935).

### 1.3 Late Claims

- 1.3.1 Claims under "Time Limitations" Paragraphs 1.2.1 and 1.2.3 above, which are filed outside the specified time limitations, must be accompanied by an application to file a late claim. Such claim and application to file a late claim must be filed not later than one year after the accrual of the cause of action. If a claim is filed later than the specified time limitation and is not accompanied by an application to file a late claim, the Board or Executive Director may, within forty-five (45) days, give written notice that the claim was not filed timely and that it is being returned without further action.
- 1.3.2 The application shall state the reason for the delay in presenting the claim. The Board or Executive Director shall grant or deny the application within forty-five (45) days after it is presented. By mutual agreement of the claimant and the Board, such forty-five (45) day period may be extended by written agreement made before the expiration of such period. If the Board does not take action on the application within forty-five (45) days, it shall be deemed to have been denied on the forty-fifth (45th) day unless such time period has been extended, in which case it shall be deemed to have been denied on the last day of the period specified in the extension agreement.
- 1.3.3 If the application to present a late claim is denied, the claimant shall be given notice as required by Government Code section 911.8 (Government Codes 911.3, 911.4, 911.6, 911.8, 912.2, and 935).

### 1.4 Delivery and Form of Claim

- 1.4.1 A claim, any amendment thereto, or an application for leave to present a late claim shall be deemed presented when delivered to the office of the Executive Director or deposited in a post office, sub-post office, substation, or mail chute or other like facility maintained by the U.S. Government in a sealed envelope properly addressed to SANDAG's offices with postage paid (Government Codes 911.4, 915, and 915.2).
- 1.4.2 Claims must contain the information set forth in Section 910 and 910.2 of the Government Code (Government Codes 910, 910.2, and 910.4).

### 1.5 Notice of Claim Insufficiency

The Executive Director shall cause all claims to be reviewed for sufficiency of information. The Executive Director or designee may, within twenty (20) days of receipt of claim, either personally deliver or mail to claimant a notice stating deficiencies in the claim presented. If such notice is delivered or sent to claimant, the Board shall not act upon the claim until at least fifteen (15) days after such notice is sent (Government Codes 910.8, and 915.4).

## 1.6 Amendments to Claim

Claims may be amended within the above time limits or prior to final action by the Board, whichever is later, if the claim, as amended, relates to the same transaction or occurrence which gave rise to the original claim.

## 1.7 Action on Claim

1.7.1 If the Board acts properly to reject the claim, the claimant has only six (6) months from such rejection to institute a lawsuit. If the Board takes no action, the claim is deemed rejected after forty-five (45) days from SANDAG's receipt of the claim, but the claimant has two (2) years to institute a suit against the SANDAG. The notice of rejection must comply with requirements of Government Code 913 unless the claim has no address on it.

1.7.2 If the claim is filed late and not accompanied by an application for leave to present a late claim, then the Board or its agent must notify the claimant that no action was taken due to the claim being filed late.

1.7.3 Within forty-five (45) days after the presentation or amendment of a claim, or upon such further time as may be allowed pursuant to Government Code 915.2, the Board shall take action on the claim. This time limit may be extended by written agreement before the expiration of the forty-five (45) day period or before legal action is commenced or barred by legal limitations. The Executive Director or designee shall transmit to the claimant a notice of action taken. If no action is taken by the Board, the claim shall be deemed to have been rejected (Government Code 945.6).

1.7.4 The Board delegates to the Executive Director the authority to take action on claims including allowing or disallowing late claims, agreeing to extend the claim response deadline, and settling claims in an amount not exceeding fifty thousand dollars (\$50,000) (Government Code 935.4).

## 2. Claims & Actions Initiated by SANDAG

It is the policy of the Board that except as may be otherwise determined by the Board, prior to Board authorization and direction to the Office of General Counsel to file a lawsuit in court, the Office of General Counsel shall be consulted as to the merits of such a lawsuit. Any request or recommendation for authorization and direction from the Board to the Office of General Counsel to file a lawsuit in court shall be accompanied by written views of the Office of General Counsel with regard to the merits of the case, provided however, that the Office of General Counsel may, in lieu of such written concurrence or written views, request that the matter be discussed with the Board in Closed Session. As part of this attorney-client review, all requests or recommendations on potential lawsuits will be reviewed for comment by the Executive Director prior to being submitted to the Office of General Counsel.

3. Legal Counsel for SourcePoint and ARJIS

SANDAG shall provide legal counsel to SourcePoint and the Automated Regional Justice Information System Joint Powers Agency (ARJIS) to the extent time allows, and as long as no potential conflict of interest exists. In general, SANDAG's Office of General Counsel should ensure consistent legal treatment of all matters. In areas involving a need for special expertise, substantial time commitments, or separate counsel, SANDAG, on behalf of SourcePoint or ARJIS, may contract with an outside firm and SourcePoint or ARJIS will pay for those services out of its own funds. Such contracts shall be reported to the SANDAG Board.

4. Acceptance of Garnishments, Wage Attachments, Summons & Complaints

4.1 The SANDAG Office of General Counsel will accept service of a summons and complaint upon SANDAG and/or any Board members being sued in his or her official capacity as a member of SANDAG's Board of Directors.

4.2 In compliance with California Civil Code of Procedure 415.20, SANDAG will also accept service of a summons and complaint upon one of its employees at its offices under the substituted services of process method provided for in that statute.

4.3 Whenever SANDAG, as employer, is served with a garnishment and wage attachment, the server should be instructed to present such document to SANDAG's Office of General Counsel.

5. Execution of Litigation or Alternative Dispute Resolution Documents

5.1 All pleadings, discovery, and other documents that are filed with a court, arbitrator, or other alternative dispute resolution authority on behalf of SANDAG shall be signed by the Office of General Counsel and/or the Executive Director or his/her designee.

6. Appearances on Behalf of SANDAG

6.1 The Office of General Counsel or outside counsel hired by the Office of General Counsel is authorized to appear or file documents on behalf of SANDAG in court proceedings when insufficient time is available to inform the Board in closed session of the matter. The Office of General Counsel shall report to the Executive Director regarding the need for and outcome of such appearances or filings and report on the results ~~at the next Board meeting on a monthly basis~~ as either a delegated action or in a closed session item.

Adopted June 2003

Amended November 2004

Amended December 2006

Amended December 2008

Amended January 2010

Amended November 2014

Amended January 2017

Amended 2021

OFFICIAL USE ONLY (Date/Time Stamp)	  <b>CLAIM FOR DAMAGES</b>	OFFICIAL USE ONLY
		Claim Number:
		ISO Status:
<p>1. Claims for death or injury to persons or personal property must be filed not later than six months after the occurrence. (Government Code §911.2)</p> <p>2. Claims for any other cause of action (ex: contracts and real property) must be filed not later than one year after the occurrence. (Government Code §911.2)</p> <p>3. Attach separate sheets, if necessary, to give full details and <b>sign each accompanying sheet.</b></p>		
<p><b>Claim must be mailed or delivered to (Gov. Code §915a):</b>  San Diego Association of Governments  401 B Street, 8<sup>th</sup> Floor  San Diego, CA 92101  Attn: Clerk of the Board</p>		

\*Required fields per Government Code §910.

Other fields are optional, but will assist SANDAG in determining whether the claim has merit.

*Name of Claimant(s)				
*Home Address	*City	*State	*Zip	Home or Cell Phone No.
*Provide address to which Claimant desires notices to be sent. If same as above, leave blank.				
1. *How did the indebtedness, obligation, injury, damage or loss occur? Provide all details.				
2. Provide date, time and location of incident/occurrence.				
*Date:	Time:	*Location:		
3. *What particular act or omission by SANDAG or its employees do you claim caused the indebtedness, obligation, injury, damage or loss? Provide names of SANDAG employee(s), if known.				
4. *What indebtedness, obligation, injury, damage or loss do you claim resulted? (If your Claim involves property damage to a vehicle, include license, year, make and model of vehicle.)				

5. For personal injury claims, if eligible for Medicare, the following information is required pursuant to Section 111 of the Medicare, Medicaid and SHIP Extension (MMSEA) Act of 2007:		
Date of Birth:	Social Security Number:	Medicare Beneficiary Number (if applicable):

6. \*What is the total amount of money you are seeking to recover? (Check one of the boxes below.)

<input type="checkbox"/>	The total amount claimed is less than or equal to \$10,000.
<input type="checkbox"/>	The total amount claimed is more than \$10,000, but not over \$25,000; jurisdiction rests in Superior Court (Limited Civil).
<input type="checkbox"/>	The total amount claimed is more than \$25,000; jurisdiction rests in Superior Court (Unlimited Civil).

7. \*If the claim is less than or equal to \$10,000, give the PRESENT AMOUNT you claim for each item of indebtedness, obligation, injury, damage or loss and basis of the computation (ex: bills, receipts, invoices, etc.). Please attach documents.

8. \*Give the ESTIMATED AMOUNT you claim for each item of prospective (future) indebtedness, obligation, injury, damage or loss as far as you know. Give basis of the computation.

9. Provide name of insurance company and contact information for insurance agent. Provide amounts of insurance payments you have received, if any.

10. Provide name and address of witnesses, doctors and hospitals, if applicable.

Name	Address	Phone Number

**WARNING: IT IS A CRIMINAL OFFENSE TO FILE A FALSE CLAIM  
(Penal Code § 72; Insurance Code § 556.1)**

I have read the matters and statements made in the above claim and I know the same to be true of my own knowledge, except as to those matters stated upon information or belief and as to such matters, I believe the same to be true. I certify under penalty of perjury that the foregoing is TRUE and CORRECT.

Name of Agent (*if on behalf of Claimant*)

Address of Agent		City	State	Zip
Office Phone Number	Fax Number	Cellular Phone Number		
*Signature of Claimant ( <i>or Agent</i> )			Date	

**NOTE: Is this Claim being submitted on behalf of a Class (i.e., more than one person)? If so, pursuant to Government Code §910, please attach to this claim, on a separate sheet, the applicable information for each Claimant.**



## BOARD POLICY NO. 011

### TRAVEL EXPENSES

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

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

#### —Procedures

##### 1. Budgeting

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

~~1.6 If a Board member or employee initiates a change in travel plans that is not due to a medical/death emergency by the Board member or employee, or his/her immediate family, then the Board member or employee will be responsible for the cost impacts of those changes.~~

~~1.7 Employees must fill out a travel request form prior to traveling out of San Diego County on SANDAG business. The project code, purpose of travel, and trip budget must be filled in on the form. The form must be approved by the Executive Director or Chief Deputy Executive Director prior to the time of travel. The Clerk of the Board or Executive Assistant will fill out the top portion of the travel request form for Board members and the Executive Director or Chief Deputy Executive Director shall determine whether to approve it. The expense report must document that expenses meet existing SANDAG policy. All documents related to reimbursable expenditures are public records subject to disclosure under state and federal law.~~

~~1.8 Penalties for falsifying expense reports include, but are not limited to the following:~~

~~1.8.1 — Loss of reimbursement privileges~~

~~1.8.2 — Restitution to SANDAG~~

~~1.8.3 — Civil penalties for misuse of public resources~~

~~1.8.4 — Prosecution for misuse of public funds~~

~~1.8.5 — Disciplinary action for employees~~

## ~~2. Out of Town Travel Expense Reimbursement~~

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

~~2.2 All expenses should be itemized, including items SANDAG may have paid for in advance so that that the report provides a complete record of expenses. It is the traveler's responsibility to submit a completed report in order to receive prompt reimbursement.~~

~~2.3 Receipts for expenditures must be attached to the expense report for all expenses where a receipt is practicably attainable. A receipt is mandatory for all expenses in excess of \$10 unless a written satisfactory explanation is provided. Such written explanations are subject to approval by the Finance Department.~~

~~2.4 Travel advances may be requested. Any travel advance shall not exceed the total estimated amount of the trip, minus any items prepaid by SANDAG, such as airfare and registration.~~

~~2.5 Board members and employees will be reimbursed for reasonable travel expenses up to the reimbursement amounts as stated in IRS Revenue Procedure 2011-47 Section 5. The~~

expenditure guidelines in the current IRS Revenue Procedure Notice should be observed as upper limits unless the circumstances dictate otherwise and the expense is approved by a department director or the Chief Deputy Executive Director. Notwithstanding the foregoing, travel to Sacramento, California will be reimbursed up to a maximum daily rate of \$350 per day for lodging and food expenses and Washington, D.C. will be reimbursed up to a maximum daily rate of \$380 per day for lodging and food expenses, instead of the amounts listed in the current IRS Revenue Procedure Notice.

- 2.5.1 — Air Travel — Air travel is to be coach class for the most direct route. Travelers are encouraged to book at least 21 to 14 days in advance to qualify for the lowest airfares. SANDAG will cover the cost if it is more cost-effective (i.e., difference in airfare as compared to the additional cost for hotel and meals) to include a Saturday stay. Travelers should consider this option, when practical.
- 2.5.2 — Personal Auto Use — In the event that a private auto is used for the trip, mileage shall be paid at the currently established Internal Revenue Service rate. Maximum reimbursement shall not exceed the cost of using a rental car, train, or commercial airline to reach the same destination.
- 2.5.3 — Ground Transportation — In using surface transportation, the least expensive alternative must be utilized where practical. For example, an airport shuttle should be used instead of a taxi. Such transportation should be used for travel to and from the airport and for reasonable business-related trips at the location.
- 2.5.4 — Parking — SANDAG will reimburse the lesser of the parking cost for a personal auto left at the airport or the cost of a shuttle service or cab to and from the airport.
- 2.5.5 — Personal Travel — If a traveler wishes to combine SANDAG travel with personal travel, or to travel with family members, the traveler may do so, provided that it does not exceed the cost equivalent of a single-person trip.
- 2.5.6 — Rental Car — Use of rental cars must be pre-approved. SANDAG only will reimburse for the cost of renting the least expensive size vehicle necessary for the number of people traveling, as well as liability insurance.
- 2.5.7 — Meals — SANDAG will pay for meals while the traveler is in travel status. The maximum reimbursement amount for meals will be calculated by multiplying the applicable per diem rate in the most recent IRS Notice regarding per diem rates by the number of days of travel.
- 2.5.8 — Business Meals — Reasonable business meals involving outside persons or when necessary to conduct SANDAG-related business are permitted. All such meals must be itemized with justification on the Expense Report to determine if eligible for reimbursement.
- 2.5.9 — Hotel — Travelers will be reimbursed for the cost of a moderate and reasonably priced single occupancy hotel room. Travelers should request the "government rate" when making hotel reservations. If a hotel stay is needed in connection with a conference or other education activity, lodging costs shall not exceed the maximum group rate published for the conference. If the group rate is not available, the traveler must use comparable lodging.
- 2.5.10 — Other Business-Related Expenses — Other business-related expenses that arise when traveling such as supplies, equipment rental, reprographics, facsimiles, and other

~~documented business-related expenses may be reimbursed when traveling on SANDAG business and used for SANDAG purposes.~~

- ~~2.5.11 — Travel Outside of the U.S.— Reimbursement for travel to a foreign country will be calculated at the average exchange rate during the trip as posted by the Federal Reserve. All reimbursement for any Value Added Taxes (VAT) charged for hotel accommodations must be reimbursed to SANDAG.~~
- ~~2.5.12 — Telephone Calls— Reimbursement for telephone calls made while traveling are permitted, provided that such calls are directly related to SANDAG business. Personal calls are permitted to a maximum of \$10 per day. Calls charged to personal calling cards or wireless phone accounts may be submitted for reimbursement no later than thirty days for the time that the expense report is submitted.~~
- ~~2.5.13 — Registration— Travelers requesting to attend a conference or training that requires registration should do so in sufficient time to take advantage of any discounts.~~
- ~~2.5.14 — Cancellation Penalties— In the event that registration, airfare, hotel deposit, or similar items that require prepayment are paid and nonrefundable and the traveler is unable to attend, then the traveler will be responsible for reimbursing SANDAG for all prepaid amounts, unless the inability to attend is for valid medical reasons or personal emergencies, as approved by the Executive Director for employees or the Executive Committee for Board members.~~
- ~~2.5.15 — Nonallowable Expenses— SANDAG will not provide any reimbursement for personal entertainment expenses, travel expense for family members, movies in hotels, personal items, charitable contributions, alcohol, air travel insurance, or any other expenses not deemed necessary for business purposes. SANDAG also will not provide reimbursement for the purpose of attending political events or for expenses incurred with any private club that discriminates on the basis of race, gender, religion, sexual orientation, disability, or any other discriminatory criteria in its membership policy.~~

### ~~3. Local Expense Reimbursement~~

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

### ~~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 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 Executive Director and those delegated authority by the Executive Director 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](http://www.gsa.gov).) The GSA’s Federal Travel Regulation shall be used in interpreting this Policy.

## 2. Budgeting

- 2.1. Each year the Executive Director 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 Executive Director or his/her 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 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 Executive Director or his/her designee will set objectives to ensure minimum representation at key conferences, and to make sure that cumulative attendance by Board and Committee members and employees at any one conference is not excessive.

### **2.3. 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.
  - ~~2.1.3.2.~~ 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.
  - ~~2.2.3.3.~~ 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.

- ~~2.3.3.4.~~ 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.
- ~~2.4.3.5.~~ For Board ~~member~~ 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/~~or~~ her written delegation the Executive Director, 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~~or~~ Committee members or employees desiring different travel arrangements will contact the Clerk of the Board or other designated staff to place her/him on notice and will be financially responsible for any costs over and above those costs for the basic trip.
- ~~2.5.3.7.~~ 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 immediate family, then the Board or Committee member or employee will be responsible for the cost impacts of those changes.
- ~~2.6.3.8.~~ 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.
- ~~2.7.3.9.~~ 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.
- ~~2.8.3.10.~~ 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.
- ~~2.9.3.11.~~ 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.
- ~~2.10.3.12.~~ ~~Employees, Board members,~~ 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.
- ~~2.10.1.~~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](http://www.gsa.gov). Exceptions will be granted ~~in~~ 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 SANDAG Board members, and Committee members, and employees to ensure that expenses are within the guidelines of this Policy.
- ~~2.11.~~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 Executive Director shall develop and implement administrative travel policies and procedures consistent with this Policy.
- ~~2.12.~~3.17. The Executive Director 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 XXXX 2021



## PROCUREMENT OF SERVICES

Pursuant to Public Utilities Code section 132352.4, the following statutory requirements apply to procurements of services, unless a justification in Section 5 of this policy applies. If the estimated total cost of required services exceeds one hundred thousand dollars (\$100,000), the services will not be performed by another government entity, and the services are not within the category of services defined in Section 4525 of the Government Code, SANDAG must solicit bids in writing and award the work in a competitive procurement process that is in the best interest of SANDAG. Services defined in Section 4525 include: architectural, landscape architectural, engineering, environmental, land surveying services, and construction project management services, as those terms are defined in Government Code section 4525 (hereinafter "Section 4525 Services"). If Section 4525 Services with a contract value in excess of \$50,000 must be procured or the contract will be funded with federal money SANDAG will make the procurement pursuant to the provisions of Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code. SANDAG must use the procedures of the Brooks Act if federal funds are used and the services are architectural or engineering in nature (hereinafter "A&E Services"). Contracts that do not exceed these statutory limitations may be procured using simplified procedures. All references to the Executive Director in this policy also apply to the Executive Director's designees.

### Procedures

1. Micro Purchase Agreements ~~(\$3,500 or less)~~. For purposes of this policy, the term "micro purchase amount" shall mean an amount that will not exceed the ceiling amount for micro purchases set by the applicable funding agency(ies) for the procurement. These procedures apply to the procurement of all services at or below the micro purchase amount.
  - 1.1 For purchases at or below \$3,500 the micro purchase amount, a micro purchase procurement method may be used. A micro purchase procurement is a noncompetitive purchase technique; however, the price of the service item must still be fair and reasonable.
  - 1.2 There should be equitable distribution among qualified service providers in the local area and no splitting of procurements to avoid competition.
  - 1.3 An offer-bid is only required from the vendor of choice and a purchase order, invoice, or simple letter agreement may be used instead of at the standard services agreement when the risk to SANDAG is considered low, in the discretion of the Manager of Contracts and Procurements.
2. Small Purchase Agreements (in excess of micro purchase amount \$3,501 - \$100,000). These procedures apply to the procurement of all services excluding Section 4525 Services.

- 2.1 If the estimated value of the contract is \$100,000 or less, staff may select a qualified proposer whose proposal is most advantageous to the Board, price and all other factors considered, with the approval of their division director or department director.
  - 2.2 The Executive Director shall determine the selection procedure for contracts valued ~~between~~ in excess of the micro purchase amount \$3,501 and no more than \$100,000, to distribute work in a fair and equitable manner. Prior approval of the selection procedure shall be obtained from the applicable level of management. An informal competitive process shall be followed with price, rate quotations or best value obtained from an adequate number of qualified sources to ensure that SANDAG is obtaining a fair and reasonable price. The informal competitive process must be documented by staff. In obtaining price or rate quotations, a scope of work shall be developed and supplied to all bidders.
3. Major Service Agreements (\$100,001 and greater). These procedures apply to the procurement of all services, except Section 4525 Services, of \$100,001 or more and procurement of Section 4525 Services in excess of the micro purchase amount \$3,001.
- 3.1 Normally, a "one-step" selection procedure will be used for service contracts in excess of \$100,000. The "one-step" competitive process is as follows:
    - 3.1.1 Firms shall submit a response to a SANDAG Request for Proposals (RFP) or Request for Qualifications (RFQ). The RFP/RFQ shall include:
      - 3.1.1.1 Pass/fail criteria to be used as an initial screening of responses. Such criteria shall include, but not be limited to, insurance requirements, licensing, and any other consideration which would make the proposer ineligible to perform the work.
      - 3.1.1.2 All evaluation factors and their relative importance.
      - 3.1.1.3 The standard contract language that the successful proposer will be required to comply with, including applicable federal clauses and certifications.
    - 3.1.2 Notice of the professional services required shall be published at least once in a newspaper of general circulation and at least one minority publication in San Diego County, on SANDAG's website and electronic vendor portal and in ~~one or more Disadvantaged Business Enterprises (DBE)/Small business directed newspapers and in such other minority or community newspapers~~ publications as appropriate in San Diego County, at least three weeks before the proposal due date. The notice shall state that SANDAG is interested in receiving responses from qualified firms, and indicate how additional information can be obtained, and the time and place for receiving responses.
    - 3.1.3 Notice shall also be sent to firms or individuals previously known to be interested in providing the required services, including small and emerging businesses on SANDAG various interested party lists, and to appropriate DBE

firms or individuals listed in the SANDAG vendor database and the California Unified Certification Program (CUCP) Database.

3.1.4 Responses to an RFP/RFQ shall list all proposed subconsultants and subcontractors, their area of the work, and identify which of them are certified DBEs.

3.1.5 Responses to an RFP/RFQ shall include a detailed cost estimate.

3.1.5.1 For Section 4525 Services, separately bound or sealed cost proposals shall be submitted as part of the process and shall not be opened until after the evaluation committee has ranked the proposers. Cost proposals shall be excluded as an evaluation factor and will only be used by the Executive Director, when negotiating within the prescribed budget, except as provided in 3.1.5.2 below.

3.1.5.2 For all other services, the cost proposal shall be submitted along with the technical proposal and will be used as an evaluation factor by the evaluation committee.

3.1.6 The responses shall be evaluated by an evaluation committee. The evaluation committee should consist of SANDAG staff and, unless waived by a Director on the basis that it is not in the best interest of the agency, at least one person from outside the agency.

3.2 The top-ranked firm(s) shall then be interviewed, if deemed necessary. The final list of qualified firms shall be based on the response to the RFP/RFQ, references, the interview, and other relevant factors. Selection may be based on a best value determination. "Best value" means a value determined by objective criteria and may include, but is not limited to, price, features, functions, life-cycle costs, and other criteria deemed appropriate by SANDAG. The project manager will summarize a summary of the findings of the evaluation committee will be included in a recommendation memo to the Executive Director. The memo shall include the evaluation committee's recommendation for negotiations with one or more firms in the competitive range.

3.2.1 The Executive Director will approve or reject the recommendation based upon information provided by the evaluation committee, and other factors as deemed appropriate, including, but not limited to, qualifications, ability to meet schedule and budget, cost of work, meeting insurance requirements, and DBE participation for federally funded projects. The Executive Director may also interview one or more of the firms prior to making a selection.

3.2.2 Approval by the Executive Director of the recommendation shall be deemed approval to enter into negotiations with one or more firms in the competitive range.

3.2.2.1 For contracts for Section 4525 Services, the separately submitted cost proposal shall be used as a basis for negotiation. Negotiations will be

conducted by the Executive Director, and can include factors other than cost, such as staffing levels, project schedule, etc. Should negotiations fail, the Executive Director, will enter into negotiations with the next ranked firm. Once negotiations are complete, a contract incorporating the negotiated terms and conditions will be prepared for the approval of the Executive Director. Only the cost proposal of the firm in negotiations shall be opened. ~~At the end of the process, all unopened cost proposals shall be disposed of or returned unopened to the respective companies via certified mail. Alternatively, companies may, at their option, arrange to pick up their sealed cost proposals in person by contacting the SANDAG staff Contract Administrator.~~

3.2.2.2 For all other service contracts, the cost proposals from the firm(s) in the competitive range shall be used as a basis for negotiation. Negotiations will be conducted by the Executive Director, and can include factors other than cost, such as staffing levels, project schedule, etc. If negotiations are only conducted with one firm and those negotiations fail, staff will enter into negotiations with the next ranked firm. If negotiations are conducted with more than one firm in the competitive range, then staff may attempt to obtain the most favorable terms by negotiating with all of the firms. Once negotiations are complete, a contract incorporating the negotiated terms and conditions will be prepared for the approval of the Executive Director.

3.3 For those services that are able to be defined with a very explicit scope of work containing detailed, straight-forward specifications that will allow consistent responses (~~i.e., freeway service patrol services contracts~~), proposers will be considered qualified or not qualified based on predetermined criteria. Cost proposals will then be opened for those proposers considered qualified and the consultant with the lowest bid will be awarded the contract. The department directors will determine whether the nature of any of the services within their purview lend themselves to using this low bid procedure.

3.4 If desired, a “two-step” selection process may be followed, as follows:

3.4.1 Letters of Interest/Statements of Qualifications (LOIs/SOQs) shall be solicited from the current SANDAG consultant list for the particular services specialty.

3.4.2 Notice of the professional services required shall be ~~published at least once in a newspaper of general circulation in San Diego County and in one or more DBE/Small business directed newspapers on SANDAG's website and electronic vendor portal~~ and in such other ~~minority or community newspapers publications~~ as appropriate in San Diego County, at least three weeks before the proposal due date. The notice shall state that SANDAG is interested in receiving LOIs/SOQs from qualified firms, and indicate how additional information can be obtained, and the time and place for receiving responses.

3.4.3 Requests for LOIs/SOQs may be sent to firms or individuals previously known to be interested in or capable of providing the required services. Reasonable effort shall be made to send requests to minority firms known to be capable of providing the required services.

"Pass/fail" criteria will be established by staff and clearly stated in the LOI/SOQ to be used as a screening of responses. Such criteria shall include, but not be limited to: adherence to project budget, insurance requirements, and DBE participation.

3.4.4 An evaluation committee will be formed, which should consist of SANDAG staff and at least one person from outside the agency.

3.4.5 The evaluation committee will evaluate the SOQs and ~~the project manager a memo~~ will prepared ~~a memo to for~~ the Executive Director summarizing the evaluation committee's findings and recommending one or more qualified firms to be invited to receive an RFP. Following approval by the Executive Director, staff shall then issue an RFP to the qualified firm(s). The RFP shall include all evaluation factors and their relative importance and the contract that the successful proposer will be expected to execute (including all applicable federal clauses and certifications).

3.4.6 From this point, the steps above for a one-step procurement should be followed.

4. Compliance with Brooks Act Provisions for Federally Funded Contracts. If federal funds are used and the services are A&E in nature, SANDAG shall comply with the provisions of the Brooks Act.

5. Other Than Full and Open Competition

Normally, SANDAG will utilize a full and open competition when soliciting bids or proposals for procurements in excess of \$100,000. Under certain circumstances, however, a procurement may be justified that does not utilize full and open competition. These procurements are known as limited competition procurements. When less than full and open competition is used, SANDAG shall solicit offers from as many potential sources as is practicable under the circumstances. Noncompetitive procurement is known as sole source procurement. Noncompetitive and limited competition procurements shall only be permitted when the conditions below are met.

5.1 When the project will be paid for in whole or in part by federal funds, one of the conditions allowing a limited competition or sole source procurement set forth in the latest version of Federal Transit Administration Circular 4220.1, or the equivalent from other federal funding agencies, must be met. For projects funded in whole or in part by Caltrans or Federal Highway Administration funds, the applicable provisions in the Caltrans Local Assistance Procedures Manual must be met.

5.2 When there are no federal funds involved one of the following additional factors may be utilized to justify a limited competition or sole source procurement:

- 5.2.1 There is only one consultant capable of providing the services because the services are unique or highly specialized.
- 5.2.2 The services should be purchased from a particular consultant in the interest of economy or efficiency as a logical follow-on to services already in progress under a competitively awarded contract.
- 5.2.3 The cost to prepare for a competitive procurement exceeds the cost of the services.
- 5.2.4 The services are essential to maintain research or operational continuity.
- 5.2.5 The service is one with which staff members who will use the deliverables have specialized training and/or expertise and retraining would incur substantial cost in time and/or money.

## 6. General Conditions

- 6.1 In the event that circumstances dictate other than the processes indicated above for procurements that will exceed ~~\$3100,000~~, prior Board concurrence shall be obtained following submittal of a written statement by staff setting forth the reasons for not pursuing all or part of any of the processes.
- 6.2 Where proposals received are deemed inadequate by the Executive Director, the Board may authorize a negotiated contract with a recommended firm based on a newly approved scope of services, performance schedule, and/or instructions and conditions.
- 6.3 The Executive Director is not required to make a contract award if he/she determines that the proposals received or contract terms negotiated by SANDAG staff are not in the best interests of SANDAG.
- 6.4 The Executive Director may approve contract amendments that exceed the project budget totaling up to ~~\$3100,000~~ that are necessary to complete services originally contemplated subject to the limitations set forth in Section 12.2 of this policy. The Board will be notified of all such amendments. Contract amendments that will cause the project budget to be exceeded by more than ~~\$3100,000~~ or those contemplating a significant change in the original scope of services must be processed in accordance with the SANDAG procurement manual and policies.
- 6.5 For purchases in excess of ~~the micro purchase amount \$3,500~~ involving federal funds, all applicable federal requirements and certifications must be attached to the purchase order or contract. For purchases that exceed \$50,000, a contract may be used in order to ensure provisions are included to protect the interests of SANDAG.
- 6.6 The Board's Equal Employment Opportunity Program and adequate audit provisions to allow the SANDAG independent performance auditor access to the contracted entity's records needed to verify compliance with the terms specified in the contract will be incorporated by reference in all SANDAG service contract templates. The

Board's Disadvantaged Business Enterprise (DBE) Program shall be incorporated by reference in all services contracts that are federally funded. DBEs shall have every possible opportunity to participate in the procurement of services as set forth in the Board's DBE program.

## 7. Conflicts of Interest

7.1 A consultant is eligible for award of service contracts by SANDAG so long as the contract in question does not create an actual, potential, or apparent conflict of interest. A prohibited conflict of interest exists when because of other activities, relationships, or contracts, a firm is or may be unable to render impartial, objective assistance or advice to SANDAG; or a firm's objectivity in performing the contract work is or might be otherwise impaired; or where a firm would receive an unfair competitive advantage. Prohibited conflicts of interest include, but are not limited to, the following situations unless otherwise authorized by applicable federal or state law:

7.1.1 Except in cases of design-build contracting, any firm that provides design services to SANDAG will be ineligible for award of a construction contract to construct the improvements, which are the subject of the design services.

7.1.2 Any firm that provides design services to SANDAG will be ineligible for award of any contract to provide construction management services resulting from the specific project for which design services were provided.

7.1.3 Any firm that provides construction management services to SANDAG will be ineligible for award of a construction contract for which construction management services were or will be provided.

7.1.4 Any firm that assists SANDAG or any of its member or affiliated agencies in the preparation of a construction RFP or RFQ document will not be allowed to participate as an offeror or join a team submitting a proposal in response to the that RFP or RFQ. SANDAG may in its sole discretion, however, determine there is not an organizational conflict of interest for a prospective firm where:

7.1.4.1 The role of the firm was limited to provision of preliminary design, reports, or similar "low-level" documents that will be incorporated into the construction RFP or RFQ, and did not include assistance in development of instructions to offerors or evaluation criteria; or

7.1.4.2 Where all relevant documents and reports delivered to the agency by the firm are made available to all offerors; or

7.1.4.3 The role of the firm was limited to preparation of a California Environmental Quality Act (CEQA) or National Environmental Policy Act (NEPA) document related to the project where the CEQA and NEPA processes have been completed prior to issuance of the RFP and RFQ.

- 7.1.5 SANDAG shall not contract with, and will reject any bid or proposal submitted by, the following persons or entities, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:
- 7.1.5.1 Persons employed by SANDAG;
  - 7.1.5.2 Profit-making firms or businesses in which SANDAG employees serve as officers, principals, partners or major shareholders;
  - 7.1.5.3 Persons who, within the immediately preceding twelve (12) months, were employed by SANDAG and (1) were employed in positions of substantial responsibility in the area of service to be performed by the contract, or (2) participated in any way in developing the contract or its service specifications; or
  - 7.1.5.4 Profit-making firms or businesses in which the former employees described in subsection 7.1.5.3 serve as officers, principals, partners or major shareholders.
- 7.2 General consultants or subconsultant firms may provide services on other SANDAG projects. A consultant shall not, however, participate in the review and analysis of, or render opinions regarding, its work performed on other SANDAG projects or as limited in this section. Unless otherwise defined by the Executive Director, a general consultant is a consultant whose procurement is typically for a two-year period with an option for one or more one-year option extensions to provide services as needed for various assigned projects from time to time on a work order or task order basis, rather than for one specific predefined project. General consultants support SANDAG staff in managing other SANDAG consultants. General consultants are prime consultants to SANDAG. Subconsultants to general consultants are not classified as general consultants. General consultant procurements are identified as such during the RFP process.
- 7.3 A Notice of Potential for Conflict of Interest shall be included within any RFP for services issued by SANDAG. The Notice shall be the policy of the Board as listed herein. Any major service agreement issued in accordance with this policy shall include or make reference to the policy listed herein.
- 7.4 A "firm" shall be defined as any company or family of companies where there is a single parent board of directors or staff of officers who can influence the policies and actions of the design company, construction management company, and the construction company. A "firm" also shall include any partnership, corporation, association, or other legal entity or any member of a joint venture that meets the above-stated definition.
- 7.5 "Ineligible" firms shall include the prime consultant for the services, subconsultants for portions of the services, and affiliates of either. An affiliate is a firm that is subject to the control of the same persons through joint ownership or otherwise.

- 7.6 If there is any doubt by a firm regarding a potential conflict of interest for a specific project or function, the appropriate member of management staff, depending on type of project, will, upon written request, provide a written ruling. This procedure is encouraged prior to submittal of proposals or bids. In the event a conflict of interest is determined to exist, a written appeal may be made by the affected firm to the Executive Director within five calendar days of notice from SANDAG the conflict. The Executive Director shall determine the adequacy of the appeal and make a subsequent final decision. No further appeal shall be considered.
- 7.7 The Executive Committee shall review and, if appropriate, waive any actual or apparent conflict of interest that may exist or arise as a result of concurrent legal representation of SANDAG and parties whose interests may conflict.
- 7.8 SANDAG staff and third parties with whom SANDAG does business shall comply with SANDAG administrative policies concerning Standard of Conduct and all relevant Board Policies.
8. Protests to Solicitation, Bid, or Award
- 8.1 SANDAG shall include in all procurements a procedure to be followed by interested parties who wish to protest a specification or procedure. The procedure shall include the following:
- 8.1.1 A requirement that protest submittals shall be in writing, be specific to the specification being protested, state the grounds for protest, and include all documentation needed to enable SANDAG to reach a decision.
- 8.1.2 A statement that the protest shall be submitted within clearly defined time limits prior to receiving proposals or opening bids or prior to award of contracts.
- 8.1.3 A statement specifying the review and determination process by SANDAG, including time limits for response.
- 8.1.4 Requirements for submittal of protest reconsideration.
- 8.1.5 A statement regarding review of the initial protest by a protest review committee and review of protest reconsiderations by the Executive Director, as appropriate.
9. Procedure for Consultants with Claims Against SANDAG on Service Contracts
- 9.1 On all SANDAG services contracts using a SANDAG contract document with an award estimated to cost more than \$1050,000, a section shall be included in the contract provisions that specifies how a consultant should file a "Notice of Potential Claim for additional funds" and the procedures for review and disposition thereof.
- 9.2 Written notice of the potential claim must be given to the project manager prior to the time the consultant shall have performed the work giving rise to the potential

claim, if based upon an act or failure to act of the project manager; or in all other cases, within 15 calendar days of the happening of the event, thing or occurrence giving rise to the potential claim.

- 9.3 It is the intention of this requirement that differences between the parties arising under and by virtue of the contract be brought to the attention of the project manager at the earliest possible time in order that such matters may be settled, if possible, or other appropriate action promptly taken. The consultant shall agree to have no right to additional compensation for any claim that may be based on any such act, failure to act, event, thing or occurrence for which no written notice of potential claim as herein required was filed. A claim must be presented and acted upon as a prerequisite to suit thereon.
- 9.4 If a consultant files an appropriate "~~Notice of Potential potential Claimclaim~~," the administrative procedure shall be as follows:
- 9.4.1 SANDAG staff shall respond in writing within 25 calendar days with an appropriate decision. It is expected that SANDAG staff shall investigate the area of claim thoroughly and shall issue a decision that is fair to all parties. It is further expected that every effort will be made to resolve the claim at the job level.
- 9.4.2 If it appears to staff that the claim cannot be settled, the project manager and contracts staff shall, as soon as practicable, forward the details of the claim to the Executive Director and shall so notify the consultant of the action.
- 9.4.3 The Executive Director shall direct the appropriate department director to obtain all pertinent information, including any oral or written presentation, concerning the claim the consultant might wish to present. The department director shall provide all information to the Executive Director, including any recommendations.
- 9.4.4 The Executive Director shall report a final decision in writing to the consultant. The written decision shall notify the consultant that this action completes the consultant's administrative remedies and any further dispute would have to be resolved by either a nonbinding Dispute Resolution Board or binding arbitration if provided for in the provisions of the contract and agreed to by both parties, or litigation.
- 9.4.5 The final recommendation of the Dispute Resolution Board or arbitration shall be presented to the Executive Director for approval before going to the Board for action.
- 9.4.6 Any claim disputes not resolved by the Executive Director shall be reported to the Board at one of the Board's regular meetings.
- 9.5 If a contract amendment proposed for the settlement of a claim causes a budget impact over \$~~3~~400,000, the amendment must be sent to the Board for approval.

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- 9.6 Federal Transit Administration review and concurrence may be required for claim settlements that exceed \$100,000 if federal funds are involved.
  - 9.7 A list of all outstanding claims exceeding \$100,000 which involve the use of federal funds shall be included in the federal grants quarterly report.
10. Debarment Procedures for Service Contracts
- 10.1 In addition to all other remedies permitted by law, SANDAG may, upon advice of the Executive Director and Office of General Counsel, by resolution declare a proposer or consultant ineligible to bid on SANDAG contracts for a period not to exceed three years for any of the following grounds:
    - 10.1.1 unjustified failure or refusal to timely provide or properly execute contract documents;
    - 10.1.2 unsatisfactory performance of contract;
    - 10.1.3 excessive and/or unreasonable claims while performing work for SANDAG;
    - 10.1.4 two or more occasions within a two-year period of failure to submit bond or insurance documents acceptable to SANDAG in the time periods required;
    - 10.1.5 unjustified refusal to properly perform or complete contract work or warranty performance;
    - 10.1.6 unjustified failure to honor or observe contractual obligations or legal requirements pertaining to the contract;
    - 10.1.7 conviction under a state or federal statute or municipal ordinance for fraud, bribery, theft, falsification or destruction of records, receiving stolen property or of any other similar crime;
    - 10.1.8 any offense or action which indicates a lack of business integrity and which could directly affect the reliability and credibility of performance of the consultant on future contracts with SANDAG;
    - 10.1.9 any debarment of the consultant by another governmental agency; and
    - 10.1.10 two or more claims of computational, clerical, or other error in cost proposal submission within a two-year period.
  - 10.2 SANDAG may permanently debar a firm for a conviction under federal or state antitrust statutes involving public contracts or the submission of bid proposals, for any corrupt practices involving the administration or award of a contract with SANDAG, or permanent debarment of the bidder or consultant by another governmental agency, as permitted by law.

- 10.3 The proposer or consultant shall be provided notice and an opportunity to present evidence and show cause before the Board why such ineligibility should not be declared after the Executive Director has established a factual basis for debarment.
  - 10.4 A consultant's debarment shall be effective amongst SANDAG and any of its subsidiary entities. Debarment prohibits SANDAG and subsidiary entities from executing contracts with the debarred consultant.
  - 10.5 Debarment constitutes debarment of all divisions or other organizational elements of the consultant, unless the development decision is limited by its terms to specific divisions, organizational elements, or commodities. The debarment decision may be extended to include any affiliate of the consultant if the affiliate is (1) specifically named, and (2) given written notice of the proposed debarment and an opportunity to respond.
  - 10.6 Notwithstanding the debarment of the consultant, the Board may continue contracts in existence at the time the consultant is debarred, unless the Board directs otherwise, after receiving advice from the Executive Director as to the effects of termination of an existing agreement.
11. Contract Administration and Consultant Assurances
- 11.1 SANDAG consultants must meet all applicable laws concerning labor law, labor rates, EEO and licenses.
  - 11.2 SANDAG shall ensure that all services requiring a licensed consultant shall be performed by licensed consultants.
  - 11.3 Consultants will be responsible for complying with the provisions of the Fair Labor Standards Act of 1938 as amended.
  - 11.4 Consultants must provide the minimum scope of insurance as stipulated in the contract.
  - 11.5 Consultants shall be required to provide Workers' Compensation Insurance to their employees in accordance with the provisions of Section 3700 of the Labor Code. Prior to commencement of work, the consultant shall be required to provide a certificate of compliance to SANDAG.
  - 11.6 Labor compliance requirements on SANDAG contracts shall be consistent with the California Labor Code.
  - 11.7 Consultants shall comply with the EEO requirements set forth by Title VI of the 1964 Civil Rights Act on any project where federal funds are included, and any other requirements established by the Federal Transit Administration
  - 11.8 Consultants shall comply with Sections ~~1431 and~~ 1735 of the Labor Code and all other California laws prohibiting discrimination based on protected class status. Sections 300 and 317 through 323 of Title 8 of the California Administrative Code, which prohibits

~~labor discrimination and requires the consultant to submit an Equal Opportunity Program and certification fee to the Fair Employment Practice Commission for contracts over \$200,000.~~

## 12. Amendments to Service Contracts

- 12.1 All contracts may be amended by a suitable amendment processed in accordance with SANDAG procurements manual and policies.
- 12.2 The Executive Committee or Transportation Committee or, if not practical, the Board Chair, First Vice Chair, or Second Vice Chair are hereby authorized to approve amendments that will cause the project budget to be changed in an amount exceeding ~~\$3~~400,000 when waiting for Board approval could potentially delay a project or increase the cost of the change. Approval of such items by the Board Chair, First Vice Chair, or Second Vice Chair is not the preferred practice and should only be used if a regular or special meeting of an authorized legislative body is infeasible or impractical. In such an instance, the Executive Director shall notify the Board of the action at the next regular Board meeting.
- 12.3 All amendments that impact or potentially impact Board-adopted policies shall be brought before the Board for decision.
- 12.4 All amendments which utilize federal funds shall conform to the Code of Federal Regulations, Volume 249, Part 20018 and the most recent version of Federal Transit Administration Circular 4220.1 or the equivalent from other federal funding agencies.

Adopted October 2003  
Amended November 2004  
Amended December 2006  
Amended December 2007  
Amended December 2008  
Amended January 2010  
Amended November 2010  
Amended March 2014  
Amended November 2014  
Amended December 2015  
Amended January 2017  
Amended February 2018  
Amended February 2021  
Amended \_\_\_\_\_ 2021



## DELEGATION OF AUTHORITY

The purpose of this policy is to establish the authority granted by the Board of Directors to the Executive Director. It also provides the Executive Director with the authority to delegate functions he or she has been delegated by the Board to SANDAG staff.

### Definitions

The following words shall have the meanings indicated when used in this policy:

“Agreement” shall be interpreted to include contracts, memorandums of understanding, agreement amendments, purchase orders, invoices, money transfers, or any other document that could be enforced against SANDAG in a court of law.

“Budget” shall be interpreted to include SANDAG’s annual budget, revisions and amendments thereto, and the Overall Work Program.

“Emergency or Urgent Need” for purposes of this policy shall mean a situation in which, in the Executive Director’s or his/her designee’s opinion, injury to persons, or significant injury to property, covered species, habitats, linkages, and/or corridors identified in the San Diego County Natural Communities Conservation Planning program, or interruption of a public service will occur if immediate action is not taken.

### Procedures

1. Adoption of a budget by the Board shall automatically authorize the Executive Director to enter into any agreements or take any other actions necessary to implement the budget items or other actions approved by the Board.
2. Any authority delegated to the Executive Director shall automatically vest with a Chief Deputy Executive Director when business must be conducted in the absence of the Executive Director.
3. In the event of emergency or an urgent need, the Executive Director is authorized to take all necessary actions to prevent significant unnecessary loss to SANDAG, a shut-down of public services, or to address a situation threatening the health or safety of persons or property, including, but not limited to, authorization to contract with a contractor or consultant on a sole source basis, consistent with applicable state or federal law without prior approval from the Board. In the event such an emergency or urgent need occurs, the Executive Director will consult with the Chair of the Board, promptly communicate all actions taken to the Board members, and submit a report to the Board at its next regular meeting in order to obtain ratification for those actions.
4. The Executive Director is hereby authorized to carry out the actions set forth below. In the event any of the authorities in this paragraph are exercised, the Executive Director will report

actions taken to the Board in summary written form ~~at the next regular meeting of the Board on a monthly basis.~~

- 4.1 Enter into agreements not currently incorporated in the budget and make other modifications to the budget in an amount up to \$300,000 per ~~transaction project per fiscal year~~ so long as the overall annual budget remains in balance. ~~This authority shall refresh in the event the Board of Directors or Policy Advisory Committee authorizes further modifications to a capital project budget within the same fiscal year or a new annual budget has been approved by the Board. This provision may not, however, be used multiple times on the same budget line item or contract in order to circumvent the \$300,000 limit.~~
- 4.2 Approve all design plans, specifications and estimates for capital improvement projects.
- 4.3 Execute all real property transfer documents, including but not limited to, rights of entry, licenses, leases, deeds, easements, escrow instructions, and certificates of acceptance.
- 4.4 Approve the establishment of an offer of just compensation based on a qualified appraisal and within approved project budget for property sought to be acquired, and direct payment to persons for such property so long as the payment amount does not exceed 110 percent of the appraised value, or \$100,000 above the appraised value, whichever is greater, or the full satisfaction of court judgments regarding property valuation.
- 4.5 Reject all bids and/or suspend the competitive procurement process.
- 4.6 Provide the final determination to persons or firms filing a protest regarding SANDAG's procurement or contracting process or procedures.
- 4.7 File administrative claims and to initiate and maintain lawsuits on behalf of the Board to recover for damage to or destruction of SANDAG property, or interruption of a public service.
- 4.8 Settle all lawsuits initiated under paragraph 4.7.
- 4.9 Settle all lawsuits that SANDAG must defend when the settlement amount does not exceed \$100,000.
- 4.10 Accept reimbursement from member agencies for use of SANDAG on-call contracts.
- 4.11 Execute tolling agreements to extend the statute of limitations for litigation involving SANDAG as a potential plaintiff or defendant when deemed in the best interest of SANDAG by the Executive Director and Office of General Counsel.
- 4.12 Authorize transfers of funds in the SANDAG budget for capital improvement projects following approval of such a transfer by the affected transit operator's board of directors or designated governing body.

- 4.13 Authorize the expenditure of Emergency Land Management Funds designated in the most recent Board-adopted Environmental Mitigation Program Funding Strategy based upon support from a cross-section of technical experts not affiliated with the request.
- 4.14 Modify the Board of Directors meeting agenda regarding issues that arise after the most recent Executive Committee meeting with the concurrence of Chair of the Board.
- 4.15 Execute Right-of-Way Certifications for submittal to the California Department of Transportation, and take all other actions necessary to facilitate the timely filing of such certifications, for SANDAG projects that are either on the State Highway System or for those off-system projects with federal funding.
- 4.16 Authorize writing off or compromising uncollectable debt in an amount not exceeding \$5,000 per account when, in the judgment of the Director of Finance, after using all appropriate collection tools, it is likely that the full debt is uncollectible and that it would not be cost efficient to pursue collection of the entire debt.

4.17 Approve exemptions and addendums to a previously-approved Environmental Impact Report or Negative Declaration consistent with CEQA Section 15164 where only minor technical changes or additions are necessary.

4.18 Approve administrative modifications to the Regional Transportation Improvement Program (RTIP) which have been prepared consistent with Federal Transportation Improvement Program Amendment and Modification Procedures agreed to between Caltrans and the Federal Highway Administration and Federal Transit Administration.

- 5. The Executive Director shall act as the appointing authority for SANDAG with the authority to appoint, promote, transfer, discipline, and terminate all employees of SANDAG ~~subject to~~ consistent with the provisions of SANDAG's Employee Handbook, which shall be provided to the Board on an annual basis ~~administrative manuals, policies and procedures. The Executive Director shall have the authority to offer severance to an employee in accordance with the employee's contract and/or at the discretion of the Executive Director. In the event this discretion is exercised, the Executive Director shall obtain written concurrence from the Office of General Counsel and shall report any action taken in summary form at the next regular meeting of the Board.~~
- 6. The Executive Director shall prepare for the Board's consideration, and shall update on a regular basis, an administrative 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 in order to allow the Board monitor the staff evaluation process on a regular basis.
- 7. Pursuant to Article V, Section 4, paragraph c of the Bylaws, the Executive Director shall ~~promulgate~~ develop and maintain an administrative policy governing the procedures for delegating his/her authority to other SANDAG staff.

Adopted October 2003  
Amended November 2004  
Amended December 2006  
Amended December 2008  
Amended February 2012  
Amended November 2012  
Amended October 2013  
Amended November 2014  
Amended January 2019  
Amended 2021



## PROCUREMENT AND CONTRACTING – EQUIPMENT & SUPPLIES

### Purpose

To establish procedures for acquiring supplies, equipment, and materials.

### Background

When purchasing equipment, supplies, and materials, SANDAG staff is required to use a competitive procurement process, unless a justification in Section 3 of this policy applies. Pursuant to Public Utilities Code section 132352.4(5), SANDAG is required to select the lowest responsible bidder meeting specifications for awards of \$50,000 or more, not including sales tax. This section also states two exceptions to this requirement. First, if an article of a specified brand or trade name is the only article that will properly meet the needs of SANDAG, competitive procurement is not required. Second, the Board may approve a purchase of equipment, supplies, or materials that exceeds \$50,000 without utilizing competitive procurement methods if it is in the best interest of SANDAG to do so. The Board hereby finds that it is in the best interest of the agency to authorize simplified procurement procedures for contract awards covered by this policy that will not exceed \$100,000. All references to the Executive Director in this policy also apply to the Executive Director's designee.

### Policy

- ~~1.~~ 1.—Supplies, equipment, and materials not otherwise provided for in a contract for construction or services, and estimated to cost more than ~~\$1050,000~~, shall be listed separately in the budget or otherwise provided for by Board action or Executive Director approval before suppliers are asked to submit any binding ~~offers/proposals or bids~~.
- ~~1.2.~~ 1.2. For purposes of this policy, the term "micro purchase amount" shall mean an amount that will not exceed the ceiling amount for micro purchases set by the applicable funding agency(ies) for the procurement.
- ~~32.~~ For purchases in excess of the micro purchase amount ~~\$3,500~~ involving federal funds, all applicable federal requirements and certifications must be attached to the purchase order or contract. For purchases that exceed \$50,000, a purchase order or a contract must be used in order to ensure provisions are included to protect the interests of SANDAG.
- ~~43.~~ Normally, SANDAG will utilize a full and open competition when soliciting bids or proposals for procurements in excess of \$50,000. Under certain circumstances, however, a procurement may be justified that does not utilize full and open competition. These procurements are known as limited competition procurements. When less than full and open competition is used, SANDAG shall solicit offers from as many potential sources as is practicable under the circumstances. Noncompetitive procurement is known as sole source procurement. Noncompetitive and limited competition procurements shall only be permitted when the conditions below are met.

- 43.1** When there are no federal funds involved the following additional factors may make limited competition or sole source procurement within the best interest of SANDAG. Therefore, a limited competition or sole source for these types of procurements may be permitted when one of the conditions in this section (3.1) is met:
- 43.1.1** There is only one vendor capable of providing the item because the item is unique or highly specialized.
  - 43.1.2** The item should be purchased from a particular vendor in the interest of economy or efficiency as a logical follow-on to an order already issued under a competitively awarded contract.
  - 43.1.3** The cost to prepare for a competitive procurement exceeds the cost of the item.
  - 43.1.4** The item is an integral repair part or accessory compatible with existing equipment.
  - 43.1.5** The item is essential in maintaining research or operational continuity.
  - 43.1.6** The item is one with which staff members who will use the item have specialized training and/or expertise and retraining would incur substantial cost in time and/or money.
  - 43.1.7** The procurement is of the type that may be made as a sole source procurement pursuant to the Public Contracts Code.
- 43.2** When the project will be paid for in whole or in part by federal funds one of the conditions allowing a limited competition or sole source procurement set forth in the latest version of FTA Circular 4220.1, or the equivalent from other federal funding agencies, must be met. For projects funded in whole or in part by Caltrans or Federal Highway Administration funds, the applicable provisions in the Caltrans Local Assistance Procedures Manual must be met.
- 54.** For purchases below the micro purchase amount, \$3,500 a micro purchase procurement method may be used. A micro purchase is a noncompetitive purchase technique; however, the price of the item must still be fair and reasonable. There should be equitable distribution among qualified suppliers in the local area and no splitting of procurements to avoid competition. A bid is only required from the vendor of choice and no contract is required.
- 65.** For purchases between in excess of the micro purchase amount \$3,501 and \$50,000, a simplified competitive procurement method may be used:
- 65.1.** Staff shall obtain written bids or document oral bids from at least three suppliers in a manner that permits prices and other terms to be compared.
  - 65.2** Staff shall recommend the supplier that will provide the best value to SANDAG, taking into account the possible range of competing product and materials available, fitness of purpose, manufacturer's warranty, and other similar factors in addition to price.

- ~~65.3~~ Staff shall obtain approval as required in the administrative delegation of authority policy and the small procurement procedures for use of the recommended supplier.
- ~~76.~~ For purchases in excess of \$50,000 ~~or more~~, an invitation for bids (IFB) shall be issued and the award will be made to lowest responsible bidder submitting a responsive bid:
- ~~76.1~~ The IFB will be posted on the SANDAG Web site. In addition, notice of the IFB will be sent to suppliers previously known to be interested in providing the needed article(s).
- ~~76.2~~ Notice of the IFB will be published on SANDAG's website and electronic vendor portal, in at least one newspaper of general circulation and at least one minority publication in San Diego County. ~~The IFB may also be published in one or more Disadvantaged Business Enterprise (DBE)/Small business directed newspapers and in such other minority or community newspapers and trade and in such other~~ publications as appropriate at least two weeks before the bid opening date. The notice shall state that SANDAG is interested in receiving bids from qualified firms, and indicate how additional information can be obtained, the date, location and time for receiving and opening the sealed bids. For federally funded projects, the IFB must also be published in one or more Disadvantaged Business Enterprise-certified publications.
- ~~87.~~ For purchases ~~of \$50,000 or more~~ that are better suited for a Request for Proposals (RFP) (negotiated purchase) or purchase on the open market, instead of an IFB (low bidder), approval may be sought from the Contracts Manager to utilize a different procurement process. An alternate procurement process to the IFB may be in the best interest of SANDAG in the following example situations:
- ~~87.1~~ The purchase may be made at a lower price on the open market.
- ~~87.2~~ Competitive bidding is an inadequate method of procurement because it is necessary to purchase prototype equipment or modifications in order to conduct and evaluate operational testing.
- ~~87.3~~ The article(s) to be procured is undergoing rapid technological changes and it is in the public's interest to issue an RFP so that the broadest possible range of competing product and materials available, fitness of purpose, manufacturer's warranty, and other similar factors in addition to price, can be taken into consideration.
- ~~98.~~ If staff seeks authorization to utilize an alternate procurement process under section 7, documentation setting forth the reasons a deviation from the typical competitive bidding process is warranted, and a technical evaluation of the articles, prices, and suppliers shall be submitted in the requisition packet.
- ~~109.~~ The Board's Equal Employment Opportunity Program and adequate audit provisions to allow the SANDAG independent performance auditor access to the contracted entity's records needed to verify compliance with the terms specified in the contract will be incorporated by reference in all SANDAG equipment and supplies contract templates.
11. Conflicts of Interest

- 11.1 SANDAG shall not contract with, and will reject any bid or proposal submitted by, the following persons or entities, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:
- 11.1.1 Persons employed by SANDAG;
  - 11.1.2 Profit-making firms or businesses in which SANDAG employees serve as officers, principals, partners or major shareholders;
  - 11.1.3 Persons who, within the immediately preceding twelve (12) months, were employed by SANDAG and (1) were employed in positions of substantial responsibility in the area of service to be performed by the contract, or (2) participated in any way in developing the contract or its service specifications; or
  - 11.1.4 Profit-making firms or businesses in which the former employees described in subsection ~~109~~.1.3 serve as officers, principals, partners or major shareholders.
- 11.2 SANDAG staff and third parties with whom SANDAG does business shall comply with SANDAG administrative policies concerning Standard of Conduct and all relevant Board Policies.
- 11.3 A Notice of Potential for Conflict of Interest shall be included when relevant in any procurement issued by SANDAG. The Notice shall ~~be include~~ the policy of the Board as listed herein. Any agreement issued in accordance with this policy shall include or make reference to the policy listed herein.
- 11.4 A "firm" shall be defined as any company or family of companies where there is a single parent board of directors or staff of officers who can influence the policies and actions of the design company, construction management company, and the construction company.
- 11.5 "Ineligible" firms shall include the prime consultant for the services, subcontractors for portions of the services, and affiliates of either. An affiliate is a firm that is subject to the control of the same persons through joint ownership or otherwise.
- 11.6 If there is any doubt by a firm regarding a potential conflict of interest for a specific project or function, the appropriate member of management staff, depending on type of project, will, upon written request, provide a written ruling. This procedure is encouraged prior to submittal of proposals or bids. In the event a conflict of interest is determined to exist, a written appeal may be made by the affected firm to the Executive Director within five calendar days of notice from SANDAG the conflict. The Executive Director shall determine the adequacy of the appeal and make a subsequent final decision. No further appeal shall be considered.

Adopted November 2003  
Amended December 2006  
Amended December 2007  
Amended December 2008

Amended November 2014  
Amended February 2018  
Amended 2021

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## PROCUREMENT AND CONTRACTING – CONSTRUCTION

**Purpose**

To establish a method for administering SANDAG construction contracts.

**Background**

Public Utilities Code section 132352.4 states that if the estimated total cost of any construction project or public works project will exceed fifty thousand dollars (\$50,000), SANDAG must solicit bids in writing and award the work to the lowest responsible bidder or reject all bids.

Section 132352.4 further mandates that SANDAG establish rules for procurement of construction of public works projects. Additionally, Government Code section 14085 *et seq.* requires that any public entity receiving state funds for a guideway project adopt policies and procedures for contract administration. Code of Federal Regulations, Volume 492, Part 18200, and Federal Transit Administration Circular 4220.1F, and the Caltrans Local Assistance Procedures Manual also establish procedures which that SANDAG must be follow when administering contracts using federal funds. All references to the Executive Director in this policy also apply to the Executive Director's designees.

**Policy**1. Bidding Process

A competitive bidding process shall be utilized to the greatest extent possible for all construction contracts.

## 1.1. Bid Procedure for Small Contracts

1.1.1 For purposes of this policy, the term "micro purchase amount" shall mean an amount that will not exceed the ceiling amount for micro purchases set by the applicable funding agency(ies) for the procurement. For construction contracts estimated to cost ~~\$3,500 or~~ an amount equal to or less than the micro purchase amount, the work may be awarded without competition so long as the price is determined to be fair and reasonable. Otherwise, staff shall seek a minimum of three bids which may be either written or oral to permit prices and other terms to be compared.

1.1.2 For construction contracts estimated to cost ~~more than \$3,500~~ in excess of the micro purchase amount, but not more than \$50,000, the following procedures shall be followed:

1.1.2.1 ~~Written Notices Inviting~~ An Invitation for Bids (NIFBs) will be sent to a minimum of three qualified bidders by mail or ~~email~~ facsimile on the same date. The bid period will be a minimum of three calendar days. When

possible, ~~NIBs-IFBs~~ should be sent to at least two certified Disadvantaged Business Enterprise (DBE) firms. The ~~NIB-IFB~~ will contain the time and location for receiving and opening bids.

1.1.2.2 The contract will be awarded to the lowest responsive and responsible bidder after a Notice of Intent to Award has been issued to all bidders and a protest period of five working days has expired.

1.1.2.3 Bid bonds will only be required on bids that are \$50,000 or less when requested by the applicable Director ~~of Mobility Management & Project Implementation~~ or his or her designee.

## 1.2. Bid Procedure for Contracts in Excess of \$50,000

1.2.1 Public notice of a construction contract estimated to cost more than \$50,000 shall be given by publication once a week for at least two consecutive weeks, with the first publication occurring at least three weeks before the day set for receiving bids, as follows:

1.2.1.1 In a newspaper of general circulation, published in San Diego County;

1.2.1.2 In a trade paper of general circulation published in Southern California devoted primarily to the dissemination of contract and building news among contractors and building materials supply firms (optional for projects estimated to cost less than \$100,000); and

1.2.1.3 In at least one minority or community newspapers as appropriate to best meet SANDAG's DBE goals.

1.2.2 Advertisements may also be placed in other minority and community newspapers, as appropriate. Appropriate DBEs listed in the current SANDAG vendor database will be notified of any work advertised under this policy.

1.2.3 The notice shall state the time and place for receiving and opening sealed bids and shall describe, in general terms, the work to be done.

## 1.3. Contractor's Prequalifications

1.3.1 SANDAG may, for prospective contractors whose bid could exceed \$500,000, adopt and apply a uniform prequalification system for rating bidders, on the basis of a standard experience questionnaire and financial statement verified under oath in respect to the contracts upon which each bidder is qualified to bid. A contractor may request to be prequalified for a predetermined contract amount prior to bidding.

1.3.2 In no event shall any bidder be awarded a contract if such contract award would result in the bidder having under contract(s), work cumulatively in excess of that authorized by its qualification rating.

## 1.4. Form of Bids

- 1.4.1 SANDAG shall furnish each bidder with a standard proposal form, to be filled out, executed, and submitted as its bid.
  - 1.4.2 All bids shall be submitted as a sealed bid, which shall mean either submission in a sealed envelope or electronically through the use of SANDAG's web-based solicitation system. All bids shall be accompanied by one of the following forms of bidder's security: cash, a cashier's check, certified check, or a bidder's bond executed by an admitted surety insurer and made payable to SANDAG. A bid shall not be considered unless accompanied by one of the forms of bidder's security, which may be in either hard copy or electronic format. Bidder's security shall be at least 10 percent of the amount bid. Bidder's bonds must be issued by bonding companies registered in the State of California.
  - 1.4.3 Late bids shall not be accepted after the time and date designated in the notice.
  - 1.4.4 Any bid may be withdrawn any time prior to the time fixed in the notice for bid opening only by written request to the SANDAG Executive Director. The request shall be executed by the bidder or its designated representative. Bids shall not be withdrawn after the time fixed for public opening.
  - 1.4.5 On the day specified in the notice, staff shall ~~publicly open sealed bids and announce the apparent lowest bidder(s), and if electronic bids are accepted then also~~ immediately post the bid results on the SANDAG ~~web-based solicitation system~~ electronic vendor portal.
- 1.5. Review of Bids
    - 1.5.1 After the bids are ~~publicly~~ opened, the applicable Director ~~of Mobility Management & Project Implementation or his or her~~ designee (hereinafter "Director"), shall review all bids in order to determine which bidder is the lowest responsive and responsible bidder. The term "lowest responsive and responsible bidder" shall mean the lowest monetary bidder (excluding taxes) whose bid is responsive and who is responsible to perform the work required by the solicitation and contract documents.
    - 1.5.2 SANDAG may investigate the responsibility and qualifications of all bidders to whom the award is contemplated for a period not to exceed 90 days after the bid opening. The 90-day review period may be extended upon the written request by the Director and written approval by the affected bidders.
    - 1.5.3 SANDAG reserves the right to reject any or all bids and to waive any immaterial irregularity. No bid shall be binding upon SANDAG until after the contract is signed by both the contractor and SANDAG.
    - 1.5.4 The lowest monetary bidder's bid will be evaluated by the Director in order to determine whether or not that bid is responsive. The term "responsive" generally means that the bid has been prepared and submitted in accordance with the requirements of the solicitation and bid documents. These requirements shall generally include, but will not be limited to, the following:

- 1.5.4.1 Bid Booklet - with all bid amounts filled in
  - 1.5.4.2 Designation of Suppliers and Subcontractors - including dollar amounts
  - 1.5.4.3 Acknowledgment of Addenda
  - 1.5.4.4 Contractor's License Requirements
  - 1.5.4.5 Ability to Meet Minimum Insurance Requirements
  - 1.5.4.6 Public Contract Code 10162 Questionnaire
  - 1.5.4.7 Bidder's Bond
  - 1.5.4.8 Noncollusion Affidavit
  - 1.5.4.9 Certification of Restrictions on Lobbying
  - 1.5.4.10 Disclosure of Lobbying Activities
  - 1.5.4.11 Certification Regarding Debarment
- 1.5.5 If the lowest monetary bidder's bid is responsive, then the bidder's qualifications will be evaluated by the Director to determine whether or not the bidder is responsible to perform the work required by the contract documents. The term "responsible" generally means that the bidder is able to demonstrate that it possesses: (1) the capacity to perform the work required by the contract documents with respect to financial strength, resources available, and experience; and (2) the integrity and trustworthiness to complete performance of the work in accordance with the contract documents. The Director shall review "responsibility" of bidders based upon factors set forth below.
- 1.5.6 For all contracts in excess of \$500,000, the following uniform system of determining whether or not a bidder is "responsible" shall be applied. The Director will consider the following non-exclusive list of factors in relation to the work to be performed for ~~the~~ his project:
- 1.5.6.1 Financial Requirements:
    - 1.5.6.1.1 ~~Contractor~~Bidders shall have evidence of the availability of sufficient working capital;
    - 1.5.6.1.2 For design-bid-build projects, the largest value of all work any bidding contractor has had under contract over a previous similar time frame as the subject contract shall meet or exceed the total amount of the bid; or in the case of a Job Order Contract, the value of the maximum amount of the Job Order Contract; and

1.5.6.1.3 For design-bid-build projects, the dollar value of at least one of the previous individual contracts listed shall be at least 50 percent of the dollar value bid on the SANDAG contract, or in the case of a Job Order Contract, at least 50 percent of the maximum amount of the Job Order Contract; and

1.5.6.1.4 For design-bid-build projects, the ~~contractor~~bidder shall have successfully completed contracts during the previous five years that together exceed five times the annual value of the SANDAG contract.

1.5.6.2 Experience Requirements:

1.5.6.2.1 The ~~contractor~~bidder must demonstrate organization experience on work similar to the SANDAG contract by submitting a list, covering at least the previous five years, of all projects of any type that have been completed or are under construction that the ~~contractor~~bidder provides to be considered in determining its requisite experience. The list shall contain a name, title, email address, and phone number for staff to contact to verify the contract details;

1.5.6.2.2 The ~~contractor~~bidder shall demonstrate individual experience by submitting a list of all key personnel, including project managers, who will be involved in the SANDAG contract. These key personnel shall have at least three years of experience on contracts where the work is similar to the SANDAG contract. The individuals listed shall have been involved at the same level of responsibility on successfully completed contracts during the previous five years that together exceeds the value of the SANDAG contract. For each individual listed, the ~~contractor~~bidder shall include the name, title, address, and phone number of an individual or organization who can verify the individual's experience;

1.5.6.2.3 The ~~contractor~~bidder shall submit a summary of all claims made in the last five years arising out of previous contracts listed (this summary shall include all claims by owner against bidder or bidder against owner, and the final status of each claim);

1.5.6.2.4 The ~~contractor~~bidder shall state whether or not it has defaulted on a construction project within the last two years;

1.5.6.2.5 The ~~contractor~~bidder shall list any violation of the Apprenticeship Requirements under the State Business and Professions Code or Labor Code found by an appropriate authority within the last two years;

- 1.5.6.2.6 The ~~contractor~~bidder shall state whether ~~it has~~they have been found guilty of failure to pay required prevailing wages on a public contract within the last two years;
- 1.5.6.2.7 The ~~contractor~~bidder shall state whether ~~it has~~they have been formally found to be a nonresponsible bidder, for reason other than being nonresponsive, by a public agency within the last two years;
- 1.5.6.2.8 The ~~contractor~~bidder shall list how many construction projects ~~it~~the bidder will be working on concurrently with the SANDAG project;
- 1.5.6.2.9 The ~~contractor~~bidder shall state whether ~~it has~~they have ever been terminated by an owner or client, or rejected from bidding in a public works project in the last five years;
- 1.5.6.2.10 The ~~contractor~~bidder shall state whether a surety ever completed any portion of the work of ~~the bidder's~~its projects within the last five years;
- 1.5.6.2.11 The ~~contractor~~bidder shall state whether ~~the bidder~~it, any ~~of its officers~~of such bidder, or any ~~of its employees~~of such bidder who has a proprietary interest in ~~such bidder~~it, has ever been disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of a law or safety regulation, and if so, explain the circumstances; and
- 1.5.6.2.12 For all items identified under 1.5.6.2.1 through 1.5.6.2.11 above, the ~~contractor~~bidder shall provide name of owner, title of project, contract amount, location of project, date of contract, and name of ~~the~~ bonding company.
- 1.5.6.3 Reporting Forms: In order to demonstrate that the SANDAG financial and experience requirements are met, the ~~contractor~~bidder shall submit, when requested by SANDAG, a standard experience questionnaire and financial statement verified under oath that shall meet the requirements adopted herein.
- 1.5.6.4 Failure to provide accurate information relative to its financial status or experience may result in the debarment of the ~~contractor~~bidder from future SANDAG work.
- 1.5.6.5 Questionnaires and financial statements shall not be considered public records nor open for public inspection.

1.5.7 SANDAG will make its determination of responsibility based upon information submitted by bidders, and, if necessary, interviews with previous owners, clients, design professionals, or subcontractors with whom the bidder has worked. If a bidder is determined to be nonresponsive, it shall be afforded an administrative hearing upon the submission of a timely protest of such issue. Any additional evidence submitted in the course of the protest procedure shall be considered in making the recommendation to the Executive Director regarding determination of the lowest responsive and responsible bidder and award of the contract.

#### 1.6. Award or Rejection of Bids

1.6.1 If the Director finds that the lowest monetary bidder submitted a responsive bid and that the bidder is responsible, then that bidder shall be deemed the apparent lowest responsive and responsible bidder, and the Director shall report the findings as recommendation to the Executive Director.

1.6.2 If the Director finds that the lowest monetary bidder's bid is not responsive or that the lowest monetary bidder is not responsible, then the Director may review the responsiveness and responsibility of the next low monetary bidder. If the Director finds that the next low monetary bidder is responsive and responsible, then that next low bidder shall be deemed the apparent lowest responsive and responsible bidder, and the Director shall report the findings as recommendations to the Executive Director. The Director may continue to review the responsiveness and responsibility of the next low monetary bidders until he/she finds the lowest monetary bidder that is also responsive and responsible, and deemed lowest responsive and responsible bidder. In the event that one or more low monetary bidders are found by the Director to be nonresponsive or nonresponsible, those bidders will be given notice and a reasonable opportunity to present additional evidence to the Director within five working days after the bidder receives the notice.

1.6.3 The Executive Director may authorize a Limited Notice to Proceed (LNTP) to the apparent lowest responsive and responsible bidder for an amount not to exceed \$250,000 prior to the award of the construction contract if the Executive Director determines that the award of an LNTP is justified.

1.6.4 If it is for the best interest of SANDAG, the Executive Director may, on refusal or failure of the successful bidder to execute the contract, award it to the second-lowest responsive and responsible bidder.

1.6.5 If the second-lowest responsive and responsible bidder fails to execute the contract, the Executive Director may likewise award it to the third-lowest responsible bidder.

1.6.6 On the failure or refusal of any bidder to execute the contract, its bidder's security shall be forfeited to SANDAG.

- 1.6.7 For all contract awards in excess of \$25,000, the successful bidder must furnish a performance bond equal to at least one-half of the contract price and a payment bond equal to one hundred percent of the contract price. Federally funded contract awards shall require a performance bond equal to one hundred percent of the contract price. Notwithstanding the foregoing, depending upon authorization from the funding source(s), the performance and payment bond requirements may be modified within the Invitation for Bids with prior approval of the Director.
- 1.6.8 Failure to furnish the required bonds shall constitute failure to execute the contract.
- 1.7. Return of Bidder's Security
- 1.7.1 SANDAG may withhold the bidder's security of the second- and third-lowest responsive and responsible bidders until the contract has been finally executed. SANDAG shall, upon request, return cash, cashier's checks, and certified checks submitted by all other unsuccessful bidders within 30 days after the bid opening, and the bidder's bonds shall be of no further effect.
- 1.8. Protests to Solicitation, Responsibility, Bid, or Award
- 1.8.1 SANDAG shall include in all procurements a procedure to be followed by interested parties who wish to protest a specification, procedure, or finding of nonresponsibility. The procedure shall include the following:
- 1.8.1.1 A requirement that protest submittals shall be in writing, be specific to the specification or procedure being protested, state the grounds for protest, and include all documentation needed to enable SANDAG to reach a decision.
- 1.8.1.2 A statement that the protest shall be submitted within clearly defined time limits prior to receiving proposals or opening bids or prior to award of contracts.
- 1.8.1.3 A statement specifying the review and determination process by SANDAG, including time limits for response.
- 1.8.1.4 Requirements for submittal of a protest reconsideration.
- 1.8.1.5 A statement regarding review of the initial protest by a protest review committee, or in the case of a protest regarding a finding of nonresponsibility by an administrative hearing officer or panel, and review of protest reconsiderations by the Executive Director, as appropriate.
- 1.8.1.6 A statement that protests will be rejected if they are not complete.

1.9. Procedure for Subcontractor Substitution Protest

1.9.1 Subcontractor substitutions shall be made only pursuant to the provisions of the Subletting and Subcontracting Fair Practices Act, Public Contract Code section 4100 et seq., as it may be amended from time to time. Notwithstanding the foregoing, nothing in this policy is intended to require SANDAG to strictly comply with the Subcontracting Fair Practices Act. The Executive Director is hereby designated to carry out all functions of the awarding authority under Section 4100 et seq.

1.10. Procedure for Contractors with Claims Against SANDAG on Construction Contracts

1.10.1 On all SANDAG construction contracts estimated to cost more than \$25,000, a section shall be included in the contract provisions that specifies how a contractor should file a "Notice of Potential Claim" and the procedures for review and disposition thereof.

1.10.2 Federal Transit Administration review and concurrence is required for claim settlements that exceed \$1 million if FTA funds are involved.

1.10.3 A list of all outstanding claims exceeding \$100,000 which involve the use of federal funds shall be included in the federal grants quarterly report.

1.11. Debarment Procedures for Procurement and Construction Contracts

1.11.1 In addition to all other remedies permitted by law, SANDAG may, upon advice of the Executive Director and Office of General Counsel, by resolution declare a bidder or contractor ineligible to bid on SANDAG procurement and construction contracts for a period not to exceed three years for any of the following grounds:

1.11.1.1 two or more claims of computational, clerical, or other error in bid submission within a two-year period;

1.11.1.2 unjustified failure or refusal to timely provide or properly execute contract documents;

1.11.1.3 unsatisfactory performance of contract;

1.11.1.4 false, excessive and/or unreasonable claims while performing work for SANDAG;

1.11.1.5 two or more occasions within a two-year period of failure to submit bond or insurance documents acceptable to SANDAG in the time periods required;

1.11.1.6 unjustified refusal to properly perform or complete contract work or warranty performance;

- 1.11.1.7 unjustified failure to honor or observe contractual obligations or legal requirements pertaining to the contract;
  - 1.11.1.8 conviction under a state or federal statute or municipal ordinance for fraud, bribery, theft, falsification or destruction of records, receiving stolen property or of any other similar crime;
  - 1.11.1.9 any offense or action which indicates a lack of business integrity and which could directly affect the reliability and credibility of performance of the contractor on future contracts with SANDAG;
  - 1.11.1.10 any debarment of the contractor by another governmental agency;  
and
  - 1.11.1.11 false statements or certifications in documents submitted as part of a bid or any supplementary documentation thereto.
- 1.11.2 SANDAG may permanently debar such bidder or contractor for a conviction under federal or state antitrust statutes involving public contracts or the submission of bid proposals, for any corrupt practices involving the administration or award of a contract with SANDAG, or permanent debarment of the bidder or contractor by another governmental agency.
- 1.11.3 The bidder or contractor shall be provided notice and an opportunity to present evidence and show cause before the Board why such ineligibility shall not be declared after the Executive Director has established a factual basis for debarment.
- 1.11.4 A contractor's debarment shall be effective amongst SANDAG and any subsidiary entity. Debarment prohibits SANDAG and any subsidiary entity from executing contracts with the debarred contractor.
- 1.11.5 Debarment constitutes debarment of all divisions or other organizational elements of the contractor, unless the debarment decision is limited by its terms to specific divisions, organizational elements, or commodities. The debarment decision may be extended to include any affiliate of the contractor if the affiliate is (1) specifically named, and (2) given written notice of the proposed debarment and an opportunity to respond.
- 1.11.6 Notwithstanding the debarment of the contractor, the Board may continue contracts in existence at the time the contractor is debarred, unless the Board directs otherwise, after receiving advice from the Executive Director as to the effects of termination of an existing agreement.

## 2. Contract Administration and Contractor Assurances

- 2.1 SANDAG contractors must meet all applicable laws concerning labor law, labor rates, EEO and licenses. SANDAG shall ensure that the following requirements are carried out:

- 2.1.1 All bidders and contractors shall be licensed in accordance with the laws of California. Additionally, contractor requirements shall be guided by the provisions of Chapter 9 of Division 3 of the Business and Professions Code concerning the licensing of contractors.
- 2.1.2 The contractor may not, in any case, pay workers less than the stipulated prevailing rates paid for such work or craft in the San Diego area by the contractor or any of its subcontractors, unless it is otherwise authorized by law.
- 2.1.3 The contractor will be responsible for complying with the provisions of the Fair Labor Standards Act of 1938 as amended.
- 2.1.4 SANDAG contractors shall be required to provide Workers' Compensation Insurance to their employees in accordance with the provisions of Section 3700 of the Labor Code. Prior to commencement of work, the contractor shall sign and file with SANDAG a certification of compliance.
- 2.1.5 Labor compliance requirements on SANDAG contracts shall be consistent with the California Labor Code.
- 2.1.6 Contracts including construction services in excess of \$1 million shall include a provision requiring the entity contracting with SANDAG to commit that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all construction work on the project consistent with Public Utilities Code Section 132354.7 unless one of the exceptions in Section 132354.7(a) are met.
- 2.1.7 The contractor shall comply with the EEO requirements set forth by Title VI of the 1964 Civil Rights Act on any project where Federal funds are included.
- 2.1.8 The contractor shall also comply with Sections ~~1431 and~~ 1735 of the Labor Code and ~~all other California laws prohibiting discrimination based on protected class status Sections 300 and 317 through 323 of Title 8 of the California Administrative Code, which prohibits labor discrimination and requires the contractor to submit an Equal Opportunity Program and certification fee to the Fair Employment Practice Commission for contracts over \$200,000.~~
- 2.1.9 The Board's Equal Employment Opportunity Program and adequate audit provisions to allow the SANDAG independent performance auditor access to the contracted entity's records needed to verify compliance with the terms specified in the contract will be incorporated by reference in all SANDAG construction contract templates.

### 3. Construction Contract Change Orders

- 3.1 All construction and procurement contracts may be amended by a suitable change order. The contract change orders shall be processed in accordance with SANDAG procurement and construction manual(s).

- 3.2 Construction contract change orders shall be approved by the Executive Director in accordance with SANDAG Board policies, administrative policies, and procedural manuals.
- 3.3 Except in an emergency, or in the case of a justifiable sole source procurement, a change order shall not be awarded without competitive bidding where the amount of such change order exceeds 25 percent of the price of the original or altered contract, or the change order is out of the original contract scope.
  - 3.3.1 For purposes of this section, an emergency is defined as a sudden or unforeseen situation in which, in the Executive Director's opinion, injury to persons, or significant injury to property or interruption of a public service will occur if immediate action is not taken.
- 3.4 All change orders that conflict or potentially conflict with Board-adopted policies shall be brought before the Board for decision.
- 3.5 All change orders which utilize federal funds shall conform to the Code of Federal Regulations, Volume 492, Part 18200 and Federal Transit Administration Circular 4220.1F and any successors thereof, that are applicable by law.

#### 4. Other Than Full and Open Competition

Normally, SANDAG will utilize a full and open competition when soliciting bids or proposals for procurements in excess of \$50,000. Under certain circumstances, however, a procurement may be justified that does not utilize full and open competition. These procurements are known as limited competition procurements. When less than full and open competition is used, SANDAG shall solicit offers from as many potential sources as is practicable under the circumstances. Noncompetitive procurement is known as sole source procurement. Noncompetitive and limited competition procurements shall only be permitted when the conditions below are met.

- 4.1 When the project will be paid for in whole or in part by federal funds one of the conditions allowing a limited competition or sole source procurement set forth in the latest version of FTA Circular 4220.1, or the equivalent from other federal funding agencies, must be met.
- 4.2 When there are no federal funds involved, additional factors may be used to justify a limited competition or sole source procurement as being within the best interest of SANDAG. For these types of procurements one of the conditions in this section (4.2) or section 4.1 must be met:
  - 4.2.1 There is only one contractor capable of providing the work because the work is unique or highly specialized.
  - 4.2.2 The work should be carried out by a particular contractor in the interest of economy or efficiency as a logical follow-on to work already in progress under a competitively awarded contract.

4.2.3. The cost to prepare for a competitive procurement exceeds the cost of the work.

5. Relief from Maintenance and Responsibility and Acceptance of Work

5.1 SANDAG will, upon written application by the contractor, consider granting relief from maintenance and responsibility on major elements of each major construction project as permitted in the contract specifications. The Executive Director is hereby delegated authority to grant said relief in writing to the contractor and shall report actions on contracts over \$25,000 to the Board.

5.2 SANDAG will, upon written application by the contractor, accept the entire work on major construction contracts, provided that the work has been completed, in all respects, in accordance with the contract plans and specifications. The Executive Director is hereby delegated the authority to accept such work on behalf of the Board and shall report to the Board all acceptances over \$25,000.

5.2.1 In determining whether to accept the entire work on major construction projects, these procedures should be followed:

5.2.1.1 The contractor shall request acceptance in writing.

5.2.1.2 Concurrence with the request by the SANDAG Resident Engineer shall be in writing to the Executive Director and include these findings: (1) that the contract has been completed in accordance with the plans and specifications, (2) a statement as to the financial condition of the contract, and (3) a statement as to whether the contract was completed on time or with an apparent overrun.

5.2.1.3 The Executive Director shall accept the action and report the findings to the Board.

6. Conflict of Interest

6.1 A contractor is eligible for award of service contracts by SANDAG so long as the contract in question does not create an actual, potential, or apparent conflict of interest. A prohibited conflict of interest exists when, because of other activities, relationships, or contracts, a firm is or may be unable to render impartial, objective assistance or advice to SANDAG; or a firm's objectivity in performing the contract work is or might be otherwise impaired; or where a firm would receive an unfair competitive advantage. Prohibited conflicts of interest include, but are not limited to, the following situations unless otherwise authorized by applicable federal or state law:

6.1.1 Except in the case of design-build or other authorized alternative delivery method contracting, any firm that provides design services or project management services to SANDAG will be ineligible for award of a construction contract to construct the improvements, which are the subject of the design services.

- 6.1.2 Any firm that provides design services to SANDAG will be ineligible for award of any contract to provide construction management services resulting from the specific project for which design services were provided.
- 6.1.3 Any firm that provides construction management services to SANDAG will be ineligible for award of a construction contract for which construction management services were or will be provided.
- 6.1.4 Any firm that assists SANDAG or any of its member or affiliated agencies in the preparation of a construction procurement document will not be allowed to participate as a bidder/offeror or join a team submitting a bid/offer in response to that procurement document except under the provisions in Section 7.1.4 of Board Policy No. 016.
- 6.2 SANDAG shall not contract with, and will reject any bid or proposal submitted by, the following persons or entities, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:
  - 6.2.1 Persons employed by SANDAG;
  - 6.2.2 Profit-making firms or businesses in which SANDAG employees serve as officers, principals, partners, or major shareholders; Persons who, within the immediately preceding twelve (12) months, were employed by SANDAG and (1) were employed in positions of substantial responsibility in the area of service to be performed by the contract, or (2) participated in any way in developing the contract or its service specifications; or
  - 6.2.3 Profit-making firms or businesses in which the former employees described in subsection 6.2.3~~2~~ serve as officers, principals, partners or major shareholders.
- 6.3 SANDAG staff and third parties with whom SANDAG does business shall comply with SANDAG administrative policies concerning Standard of Conduct and all relevant Board Policies.
- 6.4 A Notice of Potential for Conflict of Interest shall be included when relevant in any procurement issued by SANDAG. The Notice shall be the policy of the Board as listed herein. Any agreement issued in accordance with this policy shall include or make reference to the policy listed herein.
- 6.5 A "firm" shall be defined as any company or family of companies where there is a single parent board of directors or staff of officers who can influence the policies and actions of the design company, construction management company, and the construction company.
- 6.6 "Ineligible" firms shall include the prime consultant for the services, subcontractors for portions of the services, and affiliates of either. An affiliate is a firm that is subject to the control of the same persons through joint ownership or otherwise.

- 6.7 If there is any doubt by a firm regarding a potential conflict of interest for a specific project or function, the appropriate member of management staff, depending on type of project, will, upon written request, provide a written ruling. This procedure is encouraged prior to submittal of proposals or bids. In the event a conflict of interest is determined to exist, a written appeal may be made by the affected firm to the Executive Director within five calendar days of notice from SANDAG the conflict. The Executive Director shall determine the adequacy of the appeal and make a subsequent final decision. No further appeal shall be considered.

## 7. Job Order Contracting

A Job Order Contract (JOC) is a competitively bid, firm fixed price, indefinite quantity contract that is based upon specific unit pricing contained in a unit price book (prepared by the public agency or by independent commercial sources) setting forth detailed repair and construction items of work, including descriptions, specifications, units of measurement and individual unit prices for each item of work. The JOC includes unit pricing for work at time of award, but not the specified quantity and location of the work to be performed. At the time a Job Order is issued, the scope of work will identify the quantity and specific location of the work to be performed. A JOC may be used when it will result in a cost savings through economies of scale or expedite the delivery of work.

### 7.1 General Requirements

- 7.1.1 JOCs shall be awarded under written agreement subject to the following limitations:

7.1.1.1 The specifications were advertised in accordance with Board Policy No. 024, Section 1, "Bidding Process" based on the maximum potential value of the JOC.

7.1.1.2 The specifications provided for sealed competitive bidding on unit-cost terms for all labor, material, and equipment necessary to perform all work contemplated for individual Job Orders.

7.1.1.3 The JOC does not exceed a term of three years in duration.

7.1.1.4 The JOC shall only be used for the performance of minor routine or recurring construction, or for the renovation, alteration, or repair of existing public facilities.

- 7.1.2 JOC may not contain any provision which would guarantee the contractor cumulative Job Orders in excess of \$50,000.

### 7.2 Issuance of Job Orders

- 7.2.1 Following award of a JOC, Job Orders may be issued by the Executive Director in accordance with SANDAG Board Policies, administrative policies, and procedural manuals upon certification by that individual that it is not in conflict with other

Board Policies and it is the best interest of SANDAG to use the JOC procurement process because one or more of the following criteria have been met:

- 7.2.1.1. Use of the JOC process will result in a cost savings through economies of scale or expedite the delivery of work; or
- 7.2.1.2. Compliance with the traditional competitive bidding requirements will not produce an advantage to SANDAG; or
- 7.2.1.3. Advertising for bids is undesirable because it will be practically impossible to obtain what is needed or required by an unforeseen deadline if the traditional competitive bidding method is used; or
- 7.2.1.4. The entity or entities providing funds for the project have authorized use of the JOC process.

7.2.2 An individual Job Order may not exceed the sum of \$2,000,000, except in the case of an emergency as defined in Section 3.3.1 of this Policy, or as specifically authorized by the Executive Director, whose authorization shall not be delegated.

7.2.3 No public work that logically should be performed as a single contractual transaction requiring the expenditure of more than \$2,000,000 shall be separated into separate Job Orders for purposes of avoiding this limitation.

7.2.4 Non-prepriced items of work may be included in Job Orders provided that the non-prepriced items are within the scope and intent of the JOC and are priced reasonably and in conformity all applicable laws, regulations and policies.

### 7.3 Job Order Contract Intergovernmental Agreements

7.3.1 The SANDAG Executive Director may permit, subject to requirements of this section and subject to such terms and conditions that the Executive Director may prescribe, any public entity, including the California Department of Transportation, or any municipal corporation, school or other special district within San Diego County, to participate via the Service Bureau in JOCs entered into by SANDAG, and may enter into any agreements necessary to do so.

## 8. Design-Build Contracting

“Design-build” contracting is a project delivery method in which both the design and construction of a project are procured from a single entity. Notwithstanding Section 1 of this Policy, SANDAG is permitted to use the design-build contracting method on transit projects. In accordance with Public Contracts Code section 22160 et seq. A competitive negotiation process similar to the process described in Board Policy No. 016 for the procurement of services will be used to procure design build services. Selection criteria for design-build procurements shall be subject to Board approval.

## 9. Construction Manager/General Contractor Contracting

Construction Manager/General Contractor (CM/GC) contracting is a project delivery method using a best value procurement process in which a construction manager is procured to provide pre-construction services during the design phase of the project and construction services during the construction phase of the project. Notwithstanding Section 1 of this Policy, SANDAG is permitted to use the CM/GC contracting method on transit projects in accordance with Public Contracts Code §§6950-6958. A competitive negotiation process similar to the process described in Board Policy No. 016 for the procurement of services will be used to procure CM/GC services. Selection criteria for CM/GC procurements shall be subject to Board approval.

10. Design Sequencing Contracting

"Design sequencing" contracting is a method of project delivery that enables the sequencing of design activities to permit each construction phase to commence when the design for that phase is complete, instead of requiring design for the entire project to be completed before commencing construction. This is a variation of the design-bid-build project delivery method. SANDAG is permitted to use the design sequencing contracting method on transit projects in accordance with Public Contracts Code §§6950-6958.

Adopted November 2003  
Amended December 2006  
Amended December 2007  
Amended December 2008  
Amended January 2010  
Amended November 2010  
Amended February 2012  
Amended November 2012  
Amended October 2013  
Amended November 2014  
Amended January 2017  
Amended February 2018  
Amended January 2019  
Amended 2021



## TRANSPORTATION DEVELOPMENT ACT

The Transportation Development Act (TDA) Statutes<sup>1</sup> and the California Code of Regulations (CCR) require the San Diego Association of Governments (SANDAG), as the Regional Transportation Planning Agency (RTPA), to adopt rules and regulations supplemental to and consistent with those of the California Department of Transportation (Caltrans) to establish procedures for the administration of TDA funds. These procedures provide for the local implementation of the Transportation Development Act of 1971, as amended, in the San Diego region.

### Background

The TDA became effective on July 1, 1972, and was enacted to assist local jurisdictions at the county level to improve public transportation and encourage regional public transportation coordination. To this end, the TDA created a Local Transportation Fund (LTF) in each county into which is deposited ¼ percent out of the state and local sales taxes collected in the county. The TDA was amended in 1979 (Senate Bill [SB] 620) to create the State Transit Assistance (STA) program.

As the RTPA for the San Diego region, SANDAG is responsible for the annual allocation of monies from the LTF. There are various eligibility requirements for the receipt of TDA funds. This policy outlines those requirements while the TDA Manual provides further details for the different Articles of the TDA and the STA.

### Procedures

#### 1. Priorities for the Use of TDA Funds

The TDA sets priorities on the distribution of funds. The following priorities apply to the San Diego region.

- a. Administrative Costs (Section 99233.1): Funds are allocated to the County Auditor and SANDAG for administrative expenses as necessary.
- b. Planning by Statutorily Created Agencies (Section 99233.2): Up to 3 percent of annual revenues shall be allocated to SANDAG for the conduct of the transportation planning process.
- c. Bicycle and Pedestrian Facilities (Section 99233.3): Two percent of the money remaining in the fund may be available to the county, and cities, for development of bicycle and pedestrian facilities and safety education programs. These funds are allocated by SANDAG based on a regionwide priority list of projects.

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<sup>1</sup> All sections refer to the Public Utilities Code unless otherwise noted.

- d. Rail Passenger Service (Section 99233.4): Within the San Diego region, only Metropolitan Transit System (MTS), North County Transit District (NCTD), or SANDAG may file a claim under this provision for rail passenger service operating or capital improvement expenditures.
- e. Community Transit Services (Section 99233.7): Within the San Diego region, up to five percent of the remaining money in the fund shall be available to MTS, NCTD and the Consolidated Transportation Service Agency (CTSA) to provide community transit services. Community transit service means transportation services that link intracommunity origins and destinations including services for those such as the disabled who cannot use conventional transit services.
- f. Transit Operator Claims (Section 99233.8): The remaining money in the fund shall be allocated to MTS, NCTD and SANDAG to support public transit systems within the San Diego region.
- g. Express Bus and Vanpool Services (Section 99400.6): Within the San Diego region, any claims for express bus service and vanpool shall be consistent with the plans of MTS and NCTD for such services subject to specified conditions.
- h. Commuter Ferry Services (Section 99400.7): Within the San Diego region, MTS and NCTD may file a claim to provide commuter ferry service on San Diego Bay for purposes of serving peak-period commute trips for pedestrians and bicycles.

2. County Auditor’s Responsibilities

The County Auditor in each county in the state is the designated trustee for that county’s TDA funds. Prior to February 1 of each year, the San Diego County Auditor is required (CCR 6620) to furnish SANDAG with an estimate of monies anticipated to be deposited in the LTF during the ensuing fiscal year. The County Auditor must also provide an estimate of the TDA fund balance after all allocation instructions and payment schedules have been honored for the current fiscal year. Estimates include interest income for the ensuing fiscal year as well as sales tax revenues. In addition, the County Auditor is also responsible for maintaining accounting records for the LTF and for disbursing TDA monies in accordance with allocation instructions from SANDAG.

3. Apportionment Schedule

It is the responsibility of SANDAG to apportion TDA monies for the ensuing fiscal year based on estimates received from the County Auditor. In the San Diego region, the development of the annual apportionment schedule reflects the existence of two transit development board boundaries: (1) the San Diego MTS area and (2) the NCTD area. The MTS and NCTD service areas encompass the entire county. Prior to March 1 of each year, SANDAG shall provide its apportionment estimates to NCTD and MTS.

4. Claims

There are four separate articles of the TDA. Each article provides funding for specific purposes with differing eligibility requirements and restrictions.

This policy discusses the general requirements, while detailed instructions are included in the TDA Manual.

- 4.1 **Claim Process:** Claimants shall submit all required forms and data supporting their TDA claims by April 30 of each year. These forms are included in the TDA Manual and available on the TDA web page. An item that provides a summary of TDA allocations based on review of the claims shall be presented for approval to the Transportation Committee and Board of Directors at its June meeting. Transit claims must be consistent with the annual Transit Operating Budgets approved for funding by the Board.
- 4.2 **Project Eligibility:** Article 3 funds are designated for bicycle and pedestrian projects. Article 4 funds are used to provide general public transit services. Article 4.5 funds are designated for community transit services and, by SANDAG Board policy, are allocated within the San Diego region to support paratransit services required by the Americans with Disabilities Act (ADA). Article 8 provides special provisions to support express bus service, multimodal transit centers, and ferry service. Finally, the STA fund is a state program, administered locally, that provides additional support for public transit.
- 4.3 **Farebox Recovery Ratio:** Except for Article 3 projects, the commuter ferry service, and services provided by the CTSA, all transit operators must maintain a certain ratio of fare revenue to operating cost (farebox recovery ratio as set forth in Section 6.2.1 of this policy).
- 4.4 **Reporting Requirements:** Each recipient of TDA funds is required to submit the annual State Controller's Report (CCR 6665) and annual certified fiscal audit (Section 99245) within 90 days after the end of the fiscal year before the required deadline. ~~(CCR 6665). In addition, an annual certified fiscal audit is due within 180 days after the end of the fiscal year (Section 99245).~~ As the TDA administrator, SANDAG procures an independent auditor for the annual fiscal audit and submits to Caltrans on behalf of the recipients.
- 4.5 **Claim Revisions:** Where changes in circumstances warrant, a claimant may request a revision to an approved allocation. A request for an allocation revision or amendment shall include detailed information and the reason for the request. The SANDAG Transportation Committee approval is required for an amendment.

## 5. Article 3 - Bicycle and Pedestrian Claims

Two percent of TDA funds are apportioned each year for facilities provided for the exclusive use of pedestrians and bicyclists. Of the amount available to a city or the county pursuant to this section, five percent thereof may be expended to supplement monies from other sources to fund bicycle and pedestrian safety education programs. Funds under this article shall be allocated pursuant to procedures or criteria established by SANDAG for the area within its jurisdiction. SANDAG allocates funding based on a regionwide priority list of projects in the development of a balanced transportation system, including funds for the Regional Bike Early Action Program and also funds local bicycle and pedestrian plans, programs, and projects

through the competitive *TransNet*/TDA Active Transportation Program which is supplemented with TDA revenues.<sup>2</sup>

- 5.1 **Project Eligibility:** Public Utilities Code (PUC) Sections 99233.33 and 99234 describe the project eligibility. SANDAG, as the RTPA, has the authority to establish criteria applicable to evaluating claims for bicycle and pedestrian funds (Section 99401). The claims are due by April 30 of each year. Each claim must include required claim forms and supplemental information. Additional SANDAG requirements are outlined in the TDA Manual.
- 5.2 **Payment of Funds:** Payment of funds for bicycle and pedestrian projects will be made based on payment requests submitted to SANDAG.
- 5.3 **Project Monitoring:** Regular project status reports are provided to the Transportation Committee. SANDAG bike projects are monitored through quarterly capital status reports and updates to the Board of Directors and Independent Taxpayer Oversight Committee.
- 5.4 **Project Completion:** Final payment will not be issued for any project until all aspects of the contract between SANDAG and the claimant have been completed.
- 5.5 **Project Maintenance:** The claim for either TDA funds or for *TransNet* bicycle funds requires the applicant to identify how the facility will be maintained. Beyond routine maintenance, agencies that construct bikeways or pedestrian improvements with these funds assume the responsibility to maintain those improvements so long as the right-of-way in which the improvements are provided remains open to the public.

## 6. Article 4 – General Purpose Claims

This article provides for the following purposes: (1) support of public transportation system; (2) aid to public transportation research and demonstration projects; and (3) contribution for the construction of grade separation projects (Section 99260).

- 6.1 **Eligible Expense:** Public transit operators can use Article 4 funds for all purposes necessary for the development and operation of a public transportation system including the following (Section 99262):
  - a. Planning and contributions to the transportation planning process
  - b. Acquisition of real property
  - c. Construction of facilities and buildings

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<sup>2</sup> The San Diego Transportation Improvement Program (*TransNet*) Extension approved by the voters in 2004 also includes an annual allocation of 2 percent of the total annual revenues dedicated to the Bicycle, Pedestrian, and Neighborhood Safety Program, which also is known as the *TransNet*/TDA Active Transportation Grant Program (ATGP). The ATGP provides funding for bikeway facilities and connectivity improvements, pedestrian and walkable community projects, bicycle and pedestrian safety projects and programs, and traffic calming projects through a competitive grant program.

- d. Purchase and replacement of vehicles
- e. Systems operation
- f. Maintenance and repair
- g. Debt service

6.2 Eligibility Requirements:

6.2.1 *Farebox Recovery Ratio:* In order to qualify for TDA funds, an operator must maintain a certain ratio of fare revenue to operating cost (farebox recovery ratio). To be eligible for Article 4 funds, the farebox recovery ratio must equal or exceed the required ratio (see table below).

If an operator fails to maintain the required ratio, certain penalties apply (Section 99268.9). Should an operator’s service expand by more than 25 percent, the ratio requirement is waived for two years after the end of the fiscal year in which the expansion was implemented (Section 99268.8).

**Farebox Recovery Ratio Requirements**

Operator	Required Ratio	PUC Section
MTS	31.920%	99269
NCTD	18.8%	99270.1
MTS/NCTD Services for Elderly and Disabled Persons	10%	99268.5

6.2.2 *Staffing of Vehicles:* Transit vehicles routinely staffed by two or more persons are prohibited for any vehicle designed to be operated by 1 person (Section 99264)

6.2.3 *Retirement System:* The current cost of the transit operator’s retirement system must be fully funded with respect to the officers and employees of its public transportation system (Section 99271). An operator with a private pension plan can be eligible for Article 4 funds only if it meets all the requirements of Sections 99272 and 99273.

6.2.4 *Maximum Fund Eligibility:* Each operator shall determine the maximum amount of LTF and STA funds using the Fund Eligibility Worksheet (CCR 6634).

6.2.5 *Fund Use:* All operators shall expend funds from the LTF only in accordance with the terms and conditions of the allocations.

6.2.6 *Charter Service:* Any operator providing charter service must meet the requirements of Section 99250 – all charter bus service must contribute financially to the reduction of deficits incurred in the operation of scheduled bus service.

6.2.7 *Pull Notices*: Each operator must include a certification completed within the last 13 months from the Department of the California Highway Patrol indicating that the operator is in compliance with Section 1808.1 of the Vehicle Code (maintaining current driver records).

7. Article 4.5 - Community Service Claims

The State Legislature provides up to 5 percent of the eligible annual TDA funds for community transit services, which include services for those such as the disabled who cannot otherwise use conventional transit services. Eligible applicants are cities, counties, public transit operators, and consolidated transportation service agencies. Only public agencies are eligible; however, private operators (e.g., taxicab companies) can provide community transit services under contract with a public agency on a competitive bidding basis.

The total funds apportioned are divided between the MTS and the NCTD service areas based on the ratio of the total population in each area to the total population in the county.

In order to include the CTSA in the fund distribution process, a maximum of 2 percent of the total available will be set aside to support the CTSA.

7.1 Board-Adopted Priorities: Due to the limited funds available under the Article 4.5 program, the SANDAG Board adopted the following priorities for the allocation of article 4.5 funds:

1. The Article 4.5 program is intended to serve those population groups that cannot use conventional, fixed-route transit services, primarily persons with disabilities as defined by the ADA. Service to persons such as the nondisabled elderly should be provided only when capacity is available.
2. Priority shall be given to providing accessible curb-to-curb services to all communities within the urbanized area. Currently service is limited to a ¾-mile radius of an existing fixed-route service area. Based on fund availability, service shall expand beyond the ¾-mile radius.
3. Additional services proposed within areas currently served by another operator will be considered only on the basis of fund availability and a clear demonstration of unmet need.

7.2 Eligibility Requirements: Applicants must meet the following requirements:

1. That the proposed community transit service is responding to a transportation need currently not being met in the community of the claimant.
2. That the service shall be integrated with existing transit services, if appropriate.
3. That the applicant is in compliance with the applicable farebox recovery ratio requirements (Sections 99268.3, 99268.4, 99268.5 or 99268.9). For exclusive elderly and handicapped services, 10 percent of the claimant's operating costs must be recovered through fare revenues. However, local support may be included toward

meeting the 10 percent requirement. A CTSA performing coordination activities is exempt from this requirement.

4. That the applicant is in conformance with the requirements of Section 99155 and Section 99155.5 relating to the honoring of specified identification cards by operators offering reduced fares for seniors and the disabled and other eligibility requirements.

## 8. Article 8 – Special Provisions

Special provision claims generally refer to Article 8 claims for local street and road improvements; multimodal terminals; and express bus, vanpool, and commuter ferry services. Article 8 allows for the construction and maintenance of multimodal transportation terminals anywhere in the County of San Diego or any city, as the case may be (Section 99400.5). The transit operators may also file for express bus services (Section 99400.6).

- 8.1 Multimodal Transportation Terminals: Eligible uses include planning or feasibility studies undertaken to develop new transit centers. The applicant(s) must include a work program describing the objectives and tasks of the study, and projected time frame of the study. The funding request should cover work scheduled to begin, construction costs, and if the project is to be implemented in phases, including in the project description the estimated implementation dates and related costs for each phase (i.e., preliminary engineering, right-of-way acquisition, construction, etc.).
- 8.2 Express Bus and Vanpool: Operators may file for express bus service or vanpool oriented toward serving work commute trips and providing accessibility between residential areas and major activity centers.
- 8.3 Commuter Ferry Service: Cities within the County of San Diego may file for commuter ferry service on San Diego Bay for the purpose of serving peak-period commute trips for pedestrian and bicycles. The commuter ferry service may be located anywhere on San Diego Bay, but shall be consistent with the RTP, shall serve employment centers and high-volume activity centers, and may be provided by contract with operators, private entities operating under a franchise or license, or nonprofit corporations. Pursuant to SB 1433, the ferry service is exempt from the farebox recovery ratio requirement.

## 9. State Transit Assistance Funds

The STA program was created under Chapter 161 of the Statutes of 1979 (SB 620). The program provides a second source of TDA funding to transit operators for transportation planning, public transportation, and community transit purposes only as specified by the Legislature.

STA funds are derived from the statewide excise tax on diesel fuel and are deposited in the Transportation Planning and Development Account. The funds are appropriated to the State Controller for allocation by formula to SANDAG and the San Diego Metropolitan Transit System. The formula allocates 50 percent of the funds on the basis of the population of the region compared to the population of the state, and the remaining 50 percent is allocated according to the prior-year proportion of regional transit operator revenues compared with statewide

transit operator revenues. Section 99312.7 requires the State Controller to issue estimates of funds to be allocated to each regional entity by January 31 of each year. To assist the Department of Transportation in determining the populations of the San Diego Metropolitan Transit Development Board, the San Diego Association of Governments, SANDAG, on or before June 1st of each year, shall provide the Department with the population of its respective jurisdiction using the most recent population estimates of the Department of Finance (Section 93313(b)).

9.1 **Funding Priorities:** The intent of the Legislature, and thereby SANDAG, is to give priority consideration to claims for the following purposes (Section 99314.5(C)):

1. To offset reductions in federal operating assistance.
2. To offset unanticipated increases in the cost of fuel.
3. To enhance existing public transportation services.
4. To meet high-priority regional, countywide, or areawide public transportation needs.

9.2 **Required Findings:** Each regional entity is required to make all of the findings listed below before it can allocate funds to a claimant (CCR 6754). It is the responsibility of the operator to provide the regional entity with sufficient information upon which to make these findings. The required findings in this section do not apply to MTS. By state statute, MTS is designated as a regional entity for STA purposes. As a result, MTS is a direct recipient of these funds and SANDAG is not required to make findings. In order to allocate STA monies, SANDAG must find that

1. The operator's proposed expenditures are in conformance with the RTP.
2. The level of fare revenues proposed is sufficient to enable the operator to meet the fare revenue requirements of Sections 99268.2, 99268.3, 99268.4, 99268.5, and 99268.9, as applicable.
3. The operator is making full use of federal funds available under the Federal Transit Act, as amended.
4. The sum of the operator's allocations from the STA fund and from the LTF does not exceed the amount the operator is eligible to receive during the fiscal year (see CCR 6634). Such finding, however, shall not relieve the operator of its responsibility pursuant to CCR 6735.
5. Priority consideration has been given to offset reductions in federal operating assistance and unanticipated increases in the cost of fuel; to enhance existing public transportation services; and to meet high-priority regional, countywide, or areawide public transportation needs.

6. The operator has made a reasonable effort to implement the productivity improvements recommended pursuant to Section 99244. This finding shall make specific reference to the improvements recommended and to the efforts made by the operator to implement them.
7. The operator is not precluded by any contract entered into, from employing part-time drivers or from contracting with common carriers of persons operating under a franchise or license (Section 99314.5).
8. The operator has been certified within the last 13 months by the California Highway Patrol to be in compliance with Section 1808.1 of the Vehicle Code.
9. The operator is in compliance with ~~the~~either the operating cost per revenue vehicle hour in the latest year or three-year rolling average eligibility requirements of Section 99314.6 (STA Operator Qualifying Criteria).

10. Transit Productivity Improvement Recommendations

Pursuant to the provisions of Section 99244, SANDAG is responsible for identifying and recommending potential productivity improvements that can lower the operating costs of transit operators. The recommendations for improvements and productivity shall include, but not be limited to, those recommendations related to productivity made in the triennial performance audit pursuant to Section 99246. Performance improvement is best measured over a multiyear timeframe that focuses on longer term trends. In order to measure multiyear improvements, performance recommendations for fixed-route and demand response operators are divided into two categories: (1) performance improvement recommendations and (2) performance audit recommendations. The TDA Manual describes the requirements and forms to be submitted as part of the annual claim process.

11. Additional Regulations

Sections 99261, 99275.5, and 99401 provide for SANDAG to further delineate procedures for the administration of TDA funds.

1. Interest Earned on TDA Monies in the County Treasury: Interest earned on TDA monies in the County Treasury accrue to the LTF and will be apportioned as part of the total funds estimated as determined by the County Auditor and Controller.
2. Interest Earned on TDA Monies Allocated to Operators: Recipients of TDA funds shall maintain separate accountability for such funds and interest earned on such funds. In addition, operators should invest TDA funds received in a prudent manner and any interest earned on such funds shall be expended only for the purposes for which the TDA funds were allocated.
3. Operator Performance Audits: A performance audit guide shall be maintained and the performance audits of operators who claim TDA funds shall be conducted as required by law.

4. Apportionment Schedule Population Estimates: In determining the annual apportionment of TDA funds to member jurisdictions, SANDAG shall utilize the most recent California Department of Finance population figures.
5. TDA Payment Schedules: The SANDAG Executive Director determines the cash flow needs of individual TDA claimants and is directed to issue allocation instructions and payment schedules to the County Auditor that will meet said cash flow needs within the limits of available TDA monies and within the limits of individual claim amounts approved by the Board. Capital claims for fixed facilities shall be treated as reserves and paid on a progress-payment basis.
6. Article 4.5 Claimants - Farebox Recovery Requirements: Claimants of funds under Article 4.5 shall be in compliance with the applicable farebox recovery requirements as contained in Sections 99268.3, 99268.4, 99268.5, and 99268.9. However, for the purpose of meeting the farebox recovery requirement, an operator may include local support, as defined by CCR 6611.3, in the calculation. A CTSA performing coordination activities is exempt from any farebox recovery requirement.
7. Technical Changes to Adopted Resolutions: When a minor technical revision to an adopted resolution approving a TDA claim is necessary, and where the revision does not amend the allocated amount of funds, the SANDAG Board has authorized the SANDAG Executive Director to make said revisions subject to approval of SANDAG Counsel.
8. Use of TDA Funds for Local Street and Road Improvements: PUC Section 99232 restricts the use of TDA funds in urbanized counties, including San Diego County, for transit purposes. TDA funds shall be allocated for local street and road improvements only when such improvements are directly related to a major transit facility, such as a multimodal terminal or transit center. The local street and road improvements must be an integral part of the transit facility and the transit facility must be identified in the Coordinated Plan (the Regional Short-Range Transit Plan & Coordinated Public-Transit-Human Services Transportation Plan) and in the RTP.

Adopted February 2004  
Amended December 2007  
Amended November 2010  
Amended October 2013  
Amended January 2017  
Amended 2021



*TransNet* ORDINANCE AND EXPENDITURE PLAN RULES

The following rules have been adopted and amended by the SANDAG Board of Directors in its role as the San Diego County Regional Transportation Commission (RTC). The purpose of these rules is to implement the provisions of the original *TransNet* Ordinance (87-1) and the *TransNet* Extension Ordinance (04-01) and amendments thereto.

**Rule #1: Procedure for Distribution of Revenues for Transportation Services for Seniors and the Disabled**

**Adoption Date:** February 26, 1988 (Resolution RC88-2)

**Amendment:** Repealed November 18, 2005. This rule was superseded by Rule #11.

**Rule #2: Loan of Funds for Privately Funded Projects**

**Adoption Date:** April 22, 1988 (Resolution RC88-5)

**Amendment:** Amended November 18, 2005

**Text:** The Commission may approve a loan of sales tax funds to a city or county from its formula-based share of Local Street and Road funds to finance a project which is prohibited from receiving funding under Section 9 of Commission Ordinance 87-1 or Section 8 of Ordinance 04-01 if the following terms and conditions are met.

1. A finding is made by the Commission that absent private sector funding, the project would be an eligible street and road project.
2. The City or County agrees to enter into an agreement to repay the loan plus interest (at a rate determined by the Commission) prior to the termination of the sales tax in accordance with Section 3 of Commission Ordinance 87-1 or Section 3 of Ordinance 04-01.
3. That the City or County agrees to guarantee repayment of the loan if private developer funding is determined to be inadequate to repay the loan prior to termination of the sales tax.

**Rule #3: Reimbursement of Local Funds to Advance Approved Projects**

**Adoption Date:** May 27, 1988 (Resolution RC88-6)

**Amendment:** Amended November 18, 2005

**Text:** A city or county may advance improvements on a project(s) which is included in the approved transportation sales tax Program of Projects with local agency funds (other than private developer funds as set forth in Section 9 of Ordinance 87-1 or Section 8 of Ordinance 04-01) prior to sales tax

funds being available and receive reimbursement including interest from sales tax funds if it is determined by the Commission that the following terms and conditions are met.

1. The project(s) is included in the approved transportation sales tax Program of Projects, and no other financing technique is found to be more desirable or cost effective to utilize in order to advance the improvement.
2. The city or county shall be reimbursed for the local funds expended as soon as sales tax funds become available, or on a schedule agreed to between the local agency and the Commission.
3. That no more than 30 percent of the funds will be used for maintenance projects if the funds are borrowed from *TransNet* revenues pursuant to Section 2(C)(1) of Ordinance 04-01.

**Rule #4: SR 78 Corridor Reserve Fund Allocation Policies**

**Adoption Date:** Originally Adopted May 26, 1989 (Resolution R-89-82), Wording changed December 14, 1990 (Resolution RC91-10)

**Amendment:** Amended November 18, 2005

**Text:** For purposes of allocating funds under Section 2(a)(3) in Ordinance 87-1:

1. Only those projects designated as "funded" on the SR 78 Corridor project list approved on December 13, 1990 by the SR 78 Corridor Policy Committee are eligible to receive SR 78 Corridor Reserve Funds.
2. The list of SR 78 Corridor projects and their priority and funding eligibility may be revised by a majority vote of the SR 78 Corridor Policy Committee and the approval of the Board of Directors.
3. The basic contribution for a non-Caltrans project on the SR 78 Corridor Reserve funded list is 50 percent of the estimated right-of-way, engineering, and construction costs. However, the total amount of Corridor Reserve Funds designated for projects within one jurisdiction may be allocated to vary from the basic 50 percent for any given project as long as the cumulative total for programmed projects at any point in time does not exceed 50 percent.
4. The basic contribution for a Caltrans project on the SR 78 Corridor Reserve funded list is 100 percent of the estimated right-of-way, engineering, and construction costs.
5. Contributions from the SR 78 Corridor Reserve Fund to any one jurisdiction cannot exceed 50 percent (100 percent for Caltrans) of the project cost estimates shown on the approved funded list of December 13, 1990. If actual project costs are less than estimated, a maximum contribution of 50 percent (100 percent for Caltrans) of the new costs shall be in effect.
6. A project that for any reason is removed from the funded list can only be replaced by the next highest ranked unfunded project (or projects), regardless of jurisdiction and only if the funded list of projects does not exceed the total Corridor Reserve dollars available. As with other funded projects, Corridor Reserve funds can only be used to improve the replacement project(s) to minimal four-lane standards (six lanes at freeway interchanges).

*Added June 22, 1990 (Resolution RC90-40):*

7. SR 78 Corridor Reserve funds for right-of-way will not be encumbered until a project has environmental clearance and the first 25 percent of the total value of the right-of-way is acquired. When a total of 75 percent of the right-of-way has been acquired, the construction funds will be encumbered at the request of the agency.

*Added December 14, 1990 (Resolution RC91-10):*

8. All agencies submitting projects from the SR 78 Corridor Funded Project List for programming are encouraged to pursue matching funds from the state's SB 300 program.

*Added February 22, 1991 (Resolution RC91-13):*

9. Any new source of state highway funds for the San Diego region should be considered for allocation to the *TransNet* SR 78 Corridor Reserve to offset local funds which were used for projects which are normally the responsibility of the State, such as freeway-freeway interchange improvements and ramp metering systems.

#### **Rule #5: Use of Local Street and Road *TransNet* Funds for the Development of Transportation Demand Management Programs**

**Adoption Date:** August 25, 1989 (Resolution RC90-23)

**Amendment:** Amended November 18, 2005

**Text:** The development and implementation of a Transportation Demand Management Program shall be an eligible use of Local Street and Road funds pursuant to Section 19(E) of Ordinance 87-1 and Section 21(c) of Ordinance 04-01. Transportation Demand Management shall mean a comprehensive set of strategies designed to influence travel behavior with respect to mode, time, frequency, route, or distance in order to improve the efficiency and effectiveness of local streets and roads. Principal strategy measures involve, but are not limited to, ridesharing, alternative work hours, and parking management.

#### **Rule #6: Fund Accounting and Interest Allocation**

**Adoption Date:** March 23, 1990 (Resolution RC90-35)

**Amendment:** Amended November 18, 2005, July 27, 2012, and November 20, 2015

**Text:** For the purposes of determining compliance with Section 12 of Ordinance 87-1 and Section 13 of Ordinance 04-01, each agency shall maintain a separate fund (fund accounting) for *TransNet* revenues, if possible. Where the creation of a separate fund is not possible due to accounting methodology used by the agency, an alternative approach to maintaining separate accountability for *TransNet* revenue and expenditures must be developed and submitted to the Commission staff for concurrence. Interest earned on *TransNet* revenues received by the agency must be allocated to the *TransNet* fund and used only for projects approved by the Commission in the Program of Projects. Except as allowed below for the Local Street and Road Program and Transit System Service Improvements Program, interest accrued must be applied to each active project that carries an

outstanding balance. The agency can determine the method of the interest distribution to be validated by the audit.

For the Local Street and Road Program and Transit System Service Improvements Program that receive annual funding allocations, interest accrued may be pooled and must be applied to one or more active projects in accordance with the RTIP process. All interest earned on Local Street and Road Programs is subject to Section 2.C.1. of Ordinance 04-01.

### **Rule #7: Program of Projects Approval Process and Amendments**

**Adoption Date:** March 23, 1990 (Resolution RC90-35)

**Amendments:** Amended November 18, 2005, December 15, 2006, December 21, 2007, September 26, 2008, and January 2017

**Text:** Each local agency shall develop a five-year list of projects to be funded with *TransNet* revenues under Section 2D of Ordinance 87-1 and Section 4D of Ordinance 04-01 in accordance with the Regional Transportation Improvement Program (RTIP) update schedule. All projects a local agency wishes to include in its Program of Projects (POP) must be consistent with the long-range Regional Transportation Plan and approved by the Commission for inclusion in the RTIP. A local agency's projects shall not receive Commission approval until the Commission receives a resolution from the local agency that documents that the local agency held a noticed public hearing with an agenda item that clearly identified the proposed list of projects prior to approval by the local agency's legislative body of the projects. The language that must be included in the resolution and the deadlines for submission shall be prescribed by the Commission. The resolution shall contain the provisions set forth in Rule #15.

A POP amendment shall be initiated when a local agency desires to revise the approved POP, which includes but is not limited to, adding a new project, deleting an existing project, revising the project scope, or otherwise changing the *TransNet* funds programmed. A *TransNet* POP amendment must be consistent with the requirements outlined in the RTIP. Projects proposed in the amendment must first be approved by the governing body of the local agency within the preceding 12 months. The local agency shall initiate the amendment process by holding a noticed public hearing with an agenda item that clearly identifies the proposed project amendments and submitting a resolution using the language and deadlines prescribed by the Commission as documentation of governing body approval. The amendment must be approved by the Commission prior to the expenditure of funds on the new or amended projects.

### **Rule #8: Determination of New Transit Services**

**Adoption Date:** March 23, 1990 (Resolution RC90-35)

**Amendment:** Amended November 18, 2005

**Text:** For the purpose of determining compliance with Section 4(B)(2)(c) of Ordinance 87-1, the level of service provided in FY 1988 shall be considered at the base level of service in existence prior to the availability of *TransNet* revenues which must be maintained through other funding sources. Compliance with the "new" service requirement shall be determined using the following procedure:

1. Determine the number of vehicle service miles operated during the fiscal year using *TransNet* revenues for any given operator by dividing the *TransNet* revenues for operations by the total systemwide operating cost for that operator and multiplying the total vehicle service miles operated by the quotient.
2. Subtract the number of miles determined in Step 1 from the total system vehicle service miles operated during the year.
3. If the adjusted number of miles from Step 2 is greater than or equal to the FY 1988 base level, then the compliance test is met.
4. The attached table of base statistics from FY 1988 (Attachment 1) will be used to determine compliance. These figures reflect all publicly funded operators within the MTDB (MTS) and North County Transit District (NCTD) service areas (Articles 4, 4.5, and 8) because *TransNet* revenues could potentially be used by the operators to fund service improvements on any of these systems.

**Rule #9: Use of *TransNet* Revenue for Bus Purchases**

**Adoption Date:** March 23, 1990 (Resolution RC90-35)

**Amendment:** Amended November 18, 2005

**Text:** *TransNet* revenues may be used to support the purchase of buses required to operate new services funded with *TransNet* revenues. The number of buses which can be purchased with *TransNet* revenues shall be determined using the following procedures.

1. Determine the number of annual new vehicle service miles service being operated in accordance with Rule Number 8 – Determination of New Transit Services.
2. Divide the number of new miles of service by the systemwide average annual vehicle services miles per bus for a given operator to determine the equivalent number of buses required to operate the new service. Round up to the nearest whole number of bus equivalents.

The *TransNet* revenues used for bus purchases shall come out of the revenues available under Section 4(B)(2)(c) of Ordinance 87-1. The use of *TransNet* revenues for bus purchases shall be used to the maximum extent possible as matching funds for available state and federal capital funds. If, at some point in the future, the number of buses purchased with *TransNet* revenues cannot be justified based on the number of new miles being operated with *TransNet* revenues, then a pro-rated reimbursement to the *TransNet* fund will be required based on the remaining useful life of the vehicles. *TransNet* revenues may not be used to support the purchase of replacement buses for the “existing” (FY 1988) level of service. Any buses purchased with *TransNet* revenues will remain under the ownership of MTDB (MTS) or NCTD and be made available to the operator chosen to operate the new services.

**Rule #10: Use of *TransNet* Revenues to Replace Reduced State and Federal Operating Support**

**Adoption Date:** March 23, 1990 (Resolution RC90-35)

**Amendment:** Amended November 18, 2005

**Text:** For purposes of determining compliance with Section 4(B)(2)(c) of Ordinance 87-1, the maximum amount of *TransNet* funds that MTDB (MTS) or NCTD are eligible to use to replace federal funds in a given year is equal to the FY 1987 base year levels of federal and state operating support (\$6,113,307 for MTS and \$2,511,816 for NCTD) less the amount of state and federal operating support available in that year. The priority on the use of funds under this section is to provide new service improvements. MTS and NCTD are encouraged to use other available revenues, such as Transportation Development Act (TDA) funds, to offset reductions in state and federal funds, if possible, and to use *TransNet* funds under these sections for new service improvements.

**Rule #11: Use of *TransNet* Revenues for Transportation Services for Seniors and the Disabled**

**Adoption Date:** March 23, 1990 (Resolution RC90-35)

**Amendment:** Amended November 18, 2005, and December 21, 2007

**Text:** The funds made available under Section 4(B)(1) of Ordinance 87-1 or Section 4(c)(1) of Ordinance 04-01 for improved transportation services for seniors and the disabled shall be used to augment the revenues made available under the Transportation Development Act (TDA) Article 4.5 program for the same purposes. These *TransNet* funds shall be allocated to eligible service providers using the fund distribution formula approved by the SANDAG Board of Directors for use in distributing the TDA Article 4.5 funds. For accounting purposes, following the expenditure of fare revenues and other local and other local operating revenues, the interest earnings on the *TransNet* and TDA funds shall be considered to be spent first, followed by the TDA funds, then the *TransNet* funds.

**Rule #12: Use of *TransNet* Revenues for Accessibility Improvements**

**Adoption Date:** March 23, 1990 (Resolution RC90-35)

**Text:** In the development of *TransNet*-funded local street and road projects, local jurisdictions may include, within the street right-of-way, improvements to enhance accessibility to the transportation system, including, but not limited to, accessibility improvements to bus stop areas.

**Rule #13: Investments**

**Adoption Date:** July 27, 1990 (Resolution RC91-2)

**Amendment:** Repealed November 18, 2005. This rule has been superseded by the Annual Investment Policy Update (see Resolution No. 2006-06 approved at the September 23, 2005, SANDAG Board of Directors meeting).

**Rule #14: Capital Equipment Acquisition Loans to SANDAG**

**Adoption Date:** November 16, 1990 (Resolution RC91-6)

**Text:** The loan of unused administrative allocations from *TransNet* funds to SANDAG for the purpose of acquiring office and computer equipment is authorized when lower cost financing is not available. The repayment schedule shall be based upon funding authorized in the SANDAG-approved budget and will include interest at a rate equal to the interest earning rate of the San Diego County Pooled Money Fund.

**Rule #15: Local Agency Hold Harmless Agreements**

**Adoption Date:** October 25, 1992 (Resolution RC92-7)

**Text:** Each local agency shall be required to hold harmless and defend the Commission against challenges related to local *TransNet* projects. This rule is to be implemented by requiring that each local agency agree in its resolution approving its projects for *TransNet* funding to hold the Commission harmless.

**Rule #16: Repayment of Commercial Paper Program Proceeds**

**Adoption Date:** September 23, 2005

**Amendment:** Amended November 18, 2005, and October 25, 2013

**Text:** Each agency receiving proceeds from the *TransNet* Commercial Paper Program shall be responsible for its proportionate share of the ongoing interest and related administrative costs from the date the proceeds are received until the principal amount of the loan is fully repaid. Repayment of the principal amount shall commence within three years of the agency's receipt of the proceeds and shall be completed within five years of the agency's receipt of the proceeds. Unless otherwise prohibited by law or regulation, repayment of the proceeds may be accomplished by rolling the outstanding amount into a long-term bond issue during the five-year repayment period. In such cases, the agency would then be responsible for its proportionate share of the bond issuance costs and annual debt service costs. The repayment of debt, in all cases, is the first priority on the use of the agency's share of annual *TransNet* revenues.

**Rule #17: Fiscal and Compliance Audits**

**Adoption Date:** November 18, 2005

**Amendment:** Amended September 26, 2008, July 24, 2009, November 19, 2010, November 18, 2011, and July 27, 2012

**Text:**

I. Fiscal and Compliance Audit Procedures

The fiscal and compliance audit is an essential tool to determine that *TransNet* funds are being used for the intended purposes. The Commission has the fiduciary responsibility to ensure that the public funds are used in accordance with the *TransNet* Ordinance and Expenditure Plans (87-01 and 04-01).

Pursuant to the *TransNet* Extension Ordinance (04-01), the Independent Taxpayer Oversight Committee (ITOC) is responsible for the conduct of an annual fiscal audit and compliance audit of

all *TransNet*-funded activities beginning with the FY 2009 audit. In order to complete the audits in a timely manner, the following audit schedule is set forth:

- A. July/August: ITOC designee and appropriate SANDAG staff coordinate with the auditors to review the audits required for the year and provide all necessary documentation/information for the auditors to begin work.
- B. September to November: Auditors schedule and perform site visits. Recipient agencies must be ready and available to meet with the auditors and provide requested financial schedules and other information necessary for the completion of the audit.
- C. December 1 (required deadline): Regional Transportation Congestion Improvement Program (RTCIP) expenditure plan and financial records must be submitted for a review and audit.
- D. November/December: Auditors issue preliminary draft reports to both SANDAG and the recipient agencies no later than December 31. Recipient agencies must be available to review and comment on the draft report in a timely manner. All outstanding issues should be resolved within four weeks of preliminary draft report issuance.
- E. March: Auditors issue a report of compliance audit results and present to ITOC at its March meeting. ITOC presents initial finding(s) of the audit and its recommendations to the Transportation Committee.
- F. May: ITOC issues all compliance reports and adopts the annual report.
- G. June: The ITOC annual report, which includes results of the annual audit and its process, is presented to the SANDAG Board of Directors.

ITOC Responsibility: In accordance with the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "STATEMENT OF UNDERSTANDING REGARDING THE IMPLEMENTATION OF THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE FOR THE *TRANSNET* PROGRAM," ITOC will conduct an annual fiscal and compliance audit of all *TransNet*-funded activities using the services of an independent fiscal auditor to assure compliance with the voter-approved Ordinance and Expenditure Plan, and will prepare an annual report for presentation to the SANDAG Board of Directors that includes the results of the annual audit process.

SANDAG Responsibility: SANDAG will provide all information necessary to complete the audit.

Agency Responsibility: All agencies must be ready for the site visit, provide requested information, and review and comment on the draft reports in a timely manner.

If the auditor is unable to complete the audit for initial draft acceptance by the ITOC (per Rule #17(l)(E)), because an agency was not ready or did not provide the required information or reviews in a timely manner, then the agency will be deemed in noncompliance of the Ordinance. SANDAG will withhold future *TransNet* payments (except for required debt service payments) until the audit draft is completed and accepted by the ITOC.

## II. Ordinance Requirements

Section 4(C)(5) of the *TransNet* Extension Ordinance contains the fiscal and compliance audit requirements applicable beginning in FY 2009.

Section 8 of the Ordinance contains the Maintenance of Effort requirements for the local agencies.

Section 9 of the Ordinance and the attachment "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM" contain the Regional Transportation Congestion Improvement Program (RTCIP) requirements for the local agencies.

Section 11 of the Ordinance and the attachment to Commission Ordinance CO-04-01 entitled "STATEMENT OF UNDERSTANDING REGARDING THE IMPLEMENTATION OF THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE FOR THE *TRANSNET* PROGRAM" contains the ITOC spending requirements.

Section 12 of the Ordinance contains the Administrative Expenses requirements for SANDAG.

## III. Audit Adjustments

The audit identifies the status of each project funded with *TransNet* funds – i.e., completed projects, projects that have negative balances, inactive projects, and ongoing projects. The agencies are responsible to work with the auditors to make proper adjustments as follows:

- A. This section applies to funding allocated for the specified projects under the Highway and Transit Programs under Ordinance 87-1, including funding allocated for bicycle facility improvements. Under the *TransNet* Extension (Ordinance 04-01), this section applies to the Major Corridor funding – Section 4(A) and (B) and the four discretionary programs: (1) Transit Senior program – Section 4(C)(2); (2) Local Environmental Mitigation program – Section 4(D)(2); (3) Local Smart Growth Incentive program – Section 4(D)(3); and (4) Bicycle, Pedestrian, and Neighborhood Safety Program – Section 2(E).
  1. Completed projects: once a project is identified as completed and there are *TransNet* funds remaining with that project, the agency is required to return the money back to the program. After the fiscal audit determines that the project has been completed, SANDAG will transmit a letter to the agency to return the unexpended funds, including any unexpended interest earned, to the Commission. The agency must remit the balance within 60 days of the letter. Should an agency fail to respond in a timely manner, all future *TransNet* payments (including funds from the other programs) to that agency will be suspended until the funds are returned.
  2. Projects with negative balances: if a project ending balance is negative, then a footnote should be provided detailing the subsequent year's intended action.
  3. Inactive projects: if a project has had no activity over a period of two audits, the agency must either close out the project or note when the project will be completed (see Board Policy No. 035 for project completion deadlines and other Competitive Grant Program Procedures). Closed projects should no longer show in the following year's audit and any funds remaining must be returned to SANDAG (see instructions in Section III(A)(1)).

- B. This section applies to funding allocated for the specified projects under the Local Street and Road Formula Program (Section 4(C) of Ordinance 87-1 and Section 4(D)(1) of Ordinance 04-01) and Transit Funding (Section 4(B) of Ordinance 87-1 and Sections 4(C)(1), 4(C)(3), and 4(C)(4) of Ordinance 04-01).
1. Completed projects: once a project is identified as completed and there are *TransNet* funds remaining with that project, the agency is required to transfer the unexpended principal balance to another *TransNet*-eligible project (projects included in the approved Program of Projects and in accordance with Section 2(C)(1) of the Ordinance 04-01 for Local Street and Road Formula projects) while the interest may be so transferred or pooled in accordance with Rule #6. The audit should make note to which project the principal funds will be transferred. Completed projects should no longer show in the following year's audit.
  2. Projects with negative balances: if a project ending balance is negative, then a footnote should be provided detailing the subsequent year's intended action.
  3. Inactive projects: if a project has had no activity over a period of two audits, other than interest earnings, the agency must either close out the project or note when the project will be completed. Closed projects should no longer show in the following year's audit. Any remaining *TransNet* funds must be transferred to another *TransNet*-eligible project (projects included in the approved Program of Projects and in accordance with Section 2(C)(1) of the Ordinance 04-01 for Local Street and Road Formula projects).
  4. Transfer of funds: any transfer of *TransNet* funds from one project to another requires the local agency to provide documentation that its governing body consents to the transfer proposed prior to or concurrent with the final issuance of the annual fiscal and compliance audit. Such documentation shall consist of a signed staff report or resolution. Transfers that require an amendment to the RTIP must follow the amendment process outlined in Rule #7. Transfers between Local Street and Road Formula projects are subject to Rule #18.

#### IV. Local Agency Balance Limitations

Based on the audit, an agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payment until the recipient agency's Director of Finance, or equivalent, submits to SANDAG a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.

#### V. Annual Fiscal and Compliance Audit Report to the Board

Pursuant to the *TransNet* Extension Ordinance, beginning with the FY 2009 audits, ITOC is responsible for the annual fiscal and compliance audit of all *TransNet*-funded activities.

#### **Rule #18: Local Street and Road Program**

Adoption Date: June 23, 2006

**Amendment:** Amended July 24, 2009

**Text:** As specified in Section 2(C)(1) of the Ordinance 04-01, at least 70 percent of the revenues provided for local street and road purposes should be used for congestion relief purposes and no more than 30 percent for maintenance purposes. Grade separation projects are identified in Section 2(C)(1) of Ordinance 04-01 as projects that qualify as congestion relief projects. Attachment 2 provides a set of guidelines to be used in the implementation of this 30 percent maintenance limitation beginning with the 2006 Regional Transportation Improvement Program (RTIP) update. These guidelines apply to the programming of all available local *TransNet* funding (annual formula funds and prior year original *TransNet* carry-over balances) beginning with July 1, 2008 (Fiscal Year 2008-09).

It is the intent of this Section that over the life of Ordinance 04-01, local agencies do not cumulatively use more than 30 percent of the revenues for maintenance-related projects.

#### **Rule #19: Conflict of Interest for ITOC Representatives**

**Adoption Date:** December 15, 2006

**Text:** The Board intends to make every effort to ensure the representatives selected to serve on the Independent Taxpayers Oversight Committee (ITOC) are free from any bias that would interfere with objective decision making by the ITOC. The Conflict of Interest section of the "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program," which is part of the *TransNet* Extension Ordinance, states in part: "ITOC members shall not have direct commercial interest or employment with any public or private entity, which receives *TransNet* sales tax funds authorized by this Ordinance." The Board interprets this language to impose the same level of restrictions on the ITOC representatives as those that apply to SANDAG Board members pursuant to California state law found at Government Code sections 87100 *et seq.* and 1090 *et seq.*

#### **Rule #20: Selection Procedures for ITOC Representatives**

**Adoption Date:** December 21, 2007

**Text:** The "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program," which is part of the *TransNet* Extension Ordinance, Section 3 under the heading "Membership and Selection Process" of that document states that a Selection Committee shall be established to select the ITOC members from the list of qualified candidates recommended by the technical screening committee. The Selection Committee is to consist of two members of the County of San Diego Board of Supervisors; the Mayor of the City of San Diego; and a mayor from each of the four subregions. It is the mayors from each of the subregions that are to select from among themselves to sit on the Selection Committee, not the representatives who sit on the Board who may or may not be a mayor. The members of the Selection Committee who are mayors from the subregions shall serve for a period of two years or until the designee no longer holds the office of mayor. At the end of this term, the mayors from the affected subregion(s) shall either inform the Clerk of the SANDAG Board that the same representative is being redesignated or identify the new mayor who they have selected to represent their subregion on the Selection Committee.

**Rule #21: Accommodation of Bicyclists and Pedestrians**

**Adoption Date:** February 22, 2008

**Text:** Adequate provisions for bicycle and pedestrian travel is determined within the context of the roadway type, its existing and planned surrounding land uses, existing bicycle and pedestrian plans, and current or planned public transit service. When addressing the access needs dictated by land use, the responsible agency must consider demand created by current and expected land uses (as determined by the local general plan) within the useful life of the *TransNet* project. The table Appropriate Bicycle and Pedestrian Accommodation Measures provides a guide to appropriate accommodation measures for each transportation facility type and land use context. In the table, “urban” means within the urbanized area as defined by U.S. Census Bureau.

<b>Appropriate Bicycle and Pedestrian Accommodation Measures<sup>1</sup></b>		
<b>Context/Facility Type</b>	<b>Bicycle Measures</b>	<b>Pedestrian Measures</b>
Urban Highway	<ul style="list-style-type: none"> <li>• Required facility type will be based on the recommendations for any regional bikeway corridors in urban highway alignments developed through the 2007 Regional Bicycle Plan. Pending completion of this plan, appropriate bicycle accommodation will be developed on a project by project basis by local and regional authorities in consultation with appropriate stakeholders.</li> <li>• Freeways and freeway interchanges may not eliminate existing bikeways or preclude planned bikeways on local streets and roads.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous sidewalks and marked crosswalks through freeway interchanges where sidewalks exist or are planned on the intersecting roadway.</li> <li>• Where new freeway construction severs existing pedestrian access, grade separated pedestrian crossings with no more than 0.3 mile between crossings.</li> </ul>
Transit Project	<ul style="list-style-type: none"> <li>• Bicycle lockers and racks at stations sufficient to meet normal expected demand.</li> <li>• Bicycle access to all transit vehicles except those providing exclusive paratransit service to the disabled as required by the Americans with Disabilities Act.</li> <li>• Transit priority measures on roadways may not prevent bicycle access.</li> </ul>	<ul style="list-style-type: none"> <li>• Direct sidewalk connections between station platforms and adjacent roadway sidewalks.</li> <li>• Pedestrian crossings where a new transit way severs existing pedestrian access with no more than 0.3 miles between crossings.</li> </ul>

<b>Appropriate Bicycle and Pedestrian Accommodation Measures<sup>1</sup></b>		
<b>Context/Facility Type</b>	<b>Bicycle Measures</b>	<b>Pedestrian Measures</b>
Major Urban Street	<ul style="list-style-type: none"> <li>• Class 2 bike lanes</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous sidewalks or pathways<sup>2</sup>, both sides of the street with marked crosswalks at traffic controlled intersections.</li> <li>• ADA compliant bus stop landings for existing and planned transit service.</li> </ul>
Urban Collector Street (design speed >35 mph)	<ul style="list-style-type: none"> <li>• Class 2 bike lanes</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous sidewalks or pathways<sup>2</sup>, both sides of the street with marked crosswalks at traffic controlled intersections.</li> <li>• ADA compliant bus stop landings for existing and planned transit service.</li> </ul>
Urban Collector Street (design speed ≤ 35 mph)	<ul style="list-style-type: none"> <li>• Shared roadway. Where planned average daily motor vehicle traffic exceeds 6,500, the outside travel lane should be at least 14 feet wide.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous sidewalks or pathways<sup>2</sup> both sides of the street.</li> <li>• ADA compliant bus stop landings for existing and planned transit service.</li> </ul>
Urban Local Street	<ul style="list-style-type: none"> <li>• Shared roadway</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous sidewalks or pathways<sup>2</sup> both sides of the street.</li> <li>• ADA compliant bus stop landings for existing and planned transit service.</li> </ul>
Rural Highway	<ul style="list-style-type: none"> <li>• Minimum 8-foot paved shoulder</li> </ul>	<ul style="list-style-type: none"> <li>• ADA compliant bus stop landings for existing bus stops.</li> </ul>
Rural Collector Road	<ul style="list-style-type: none"> <li>• Minimum 8-foot paved shoulder</li> </ul>	<ul style="list-style-type: none"> <li>• Not required with no fronting uses.</li> <li>• Paved or graded walkway consistent with community character on streets with fronting uses.</li> <li>• ADA compliant bus stop landings for existing bus stops.</li> </ul>

Appropriate Bicycle and Pedestrian Accommodation Measures <sup>1</sup>		
Context/Facility Type	Bicycle Measures	Pedestrian Measures
Rural Local Road	<ul style="list-style-type: none"> <li>• Minimum 6-foot paved shoulder</li> </ul>	<ul style="list-style-type: none"> <li>• Not required with 85<sup>th</sup> percentile speeds ≤ 25 mph.</li> <li>• Paved or graded walkway consistent with community character on streets with fronting uses and 85<sup>th</sup> percentile speeds &gt; 25 mph.</li> <li>• ADA compliant bus stop landings for existing bus stops.</li> </ul>
<p><sup>1</sup> Application of these accommodation measures is subject to sound planning and engineering judgment to ensure the facility is reasonable and appropriate within the land use and transportation context of the overall project.</p> <p><sup>2</sup> Unpaved pathways of decomposed granite or other suitable material that are set back from the roadway where feasible would be considered appropriate only on roads serving areas that are rural in nature.</p>		

Where a local jurisdiction has a bicycle or pedestrian master plan adopted by the city council or Board of Supervisors and approved by SANDAG, the local agency may use that plan to determine the appropriate means of accommodating bicyclists and pedestrians in a given project and at a minimum provide the facilities called for in the plan. These plans must be updated and approved no less than every five years to qualify as a means of satisfying this provision.

**Best Available Standards.** All bicycle facilities must be designed to the standards established in the California Highway Design Manual, Chapter 1000. Bicycle parking facilities should conform to the guidelines established in the Regional Bicycle Plan adopted by SANDAG. Shared roadways on collector streets should have a curb lane or curb lane plus shoulder that measures at least 14 feet. Where parallel parking is in place, consideration should be given to installing the shared lane pavement marker. All sidewalks must be designed consistent with the design standards established in the AASHTO Guide for the Planning, Design, and Operation of Pedestrian Facilities, the Department of State Architect’s California Access Compliance Reference Manual, and the U.S. Department of Transportation ADA Accessibility Guidelines for Buildings and Facilities (ADAAG). Consistency with the design recommendations in SANDAG’s *Planning and Designing for Pedestrians* is encouraged.

**Bicycle and Pedestrian Accommodation in Reconstruction Projects.** Street and road reconstruction is the time to re-evaluate the function of a road and its context, and to reallocate the right-of-way if appropriate to meet the needs of bicyclists and pedestrians. An agency is not required to acquire additional right of way to improve bicycle and pedestrian access. However, the agency should consider reduced motor vehicle lanes and lane widths, and reduced median widths as a means of providing the appropriate bicycle or pedestrian facility. While such an evaluation is recommended for reconstruction projects of any size, compliance with these guidelines is required for “major” reconstruction projects meeting the definitions established under Rule 18 of SANDAG Board Policy No. 031 regarding the guidelines for implementing the “70/30” requirement.

### **When Provisions for Bicyclists and Pedestrians Accommodation May Be Excluded.**

Section 4(E)(3) is based on the premise that pedestrians and bicyclists need safe and convenient access to the same destinations as other users of the public right of way. Consequently, those portions of the transportation network where pedestrians and bicyclists need not be accommodated are the exception, and the decision not to provide for them in a construction or major reconstruction project must be made by the responsible agency for good cause such as severe topographic or biological constraints. Any impacts on the roadway's motor vehicle capacity that result from providing for pedestrian and bicycle access would not, in themselves, justify excluding bicycle and pedestrian facilities. However, these impacts and their mitigation costs should be considered in determining if the cost of providing the facilities is disproportionate to the probable use.

This provision only requires an agency to provide appropriate bicycle or pedestrian facilities that are within the construction or reconstruction area of the project. Consideration of the provision of sidewalks as part of major rehabilitation roadway projects involving only new pavement overlays of 1-inch thickness or greater (see Rule 18 under Board Policy 031) on streets where sidewalks do not currently exist would only be required if curb, gutter, and related drainage facilities were already in place.

The cost of providing for bicycle and pedestrian access can vary significantly relative to the overall project cost. For this reason, specifying a proportional or absolute limit on spending for bicycle or pedestrian improvements relative to probable use would not allow the kind of discretion necessary to make a significant investment in facilities when necessary, or to withhold an investment when the benefits are marginal. Therefore, the decision to exclude accommodations for bicyclist and pedestrians must be a policy-level decision made by the Board or city council based on the body of information about context, cost, and probable use available at the time. Such a decision must be made in the public hearing required by Section 5(A) of the Ordinance.

*Pedestrian Access.* Sidewalks or other walkways may be excluded from a project when it can be demonstrated that there are no uses (including bus stops) that would create demand for pedestrian access. In making this determination, the agency must consider the potential for future demand within the useful life of the project. Access to and from public transit, including crossing improvements, also must be considered and accommodated where there is existing or planned transit service.

*Bicycle Access.* A new project or major reconstruction project may not include the expected bikeway treatment when a suitable parallel route with the appropriate accommodations exists that would require no more than ¼-mile total out of direction travel.

### **Procedures for Excluding Accommodations for Pedestrians and Bicyclists from Projects**

When an agency determines not to include bicycle or pedestrian accommodations in a project because the cost of doing so would be excessively disproportionate to the need or probable use, the agency must include a notice of that decision in the notice of the public hearing required by Sections 5(A) and Section 6 of the Ordinance. In submitting the project to SANDAG for inclusion in the *TransNet* Program of Projects as part of the Regional Transportation Improvement Program (RTIP) process, the agency must notify SANDAG that bicycle and/or pedestrian facilities, as described in Table 1 or in its bicycle or pedestrian master plan, will not be included in the project along with

written justification for that decision. The decision and justification is subject to review and comment by SANDAG through the Bicycle-Pedestrian Working Group, which would forward its comments to the SANDAG Transportation Committee. The Independent Taxpayer Oversight Committee also would review and comment on such projects as part of its role in the RTIP process. The Transportation Committee in approving the *TransNet* Program of Projects must make a finding that the local decision not to provide bicycle or pedestrian facilities is consistent with the provisions of this Ordinance prior to approving the project for funding under the *TransNet* Program. If this consistency finding is not made, the agency would have the opportunity to revise its fund programming request for consideration in a future RTIP amendment.

**Effective Implementation.** This rule will be effective for projects added to the *TransNet* Program of Projects subsequent to their adoption by the SANDAG Board of Directors. Within three years of their adoption, the rule will be re-evaluated by SANDAG to ensure they are effectively encouraging provision of a balance transportation network without imposing an excessive cost burden on projects funded under the program.

**Rule #22: *TransNet* Extension Ordinance Maintenance of Effort (MOE) base level implementation guidelines**

Adoption Date: March 28, 2008

**Text:** Section 8 of the Extension Ordinance provides guidelines regarding the MOE base level calculation and implementation.

Section 8 of the Extension Ordinance states the intended purpose of the MOE requirement is to ensure that revenues provided from *TransNet* be used to augment, not supplant, existing local revenue. Some flexibility in accounting for spikes in expenditures would be consistent with the intent of ensuring that the local agencies do not supplant local funds with *TransNet* funds. Therefore, one-time expenditures that were a result of “banking” general fund monies and subsequently expending those funds during the base period Fiscal Years 2001 – 2003 may be isolated and removed so that the MOE is representative of a normal annual spending level, subject to review by the ITOC and approval by the Board of Directors.

In addition, the language in Section 8 of the Extension Ordinance states the MOE will be determined on the basis of “discretionary funds expended for street and road purposes...as was reported in the State Controller’s Annual Report of Financial Transactions for Streets and Roads.” The Extension Ordinance also states, “the MOE also shall apply to any local agency discretionary funds being used for the other purposes specified under Section 4.” Based on this language, the MOE levels are to be established separately for each category in Section 4 of the Ordinance: major highway and transit congestion relief projects; transit programs to support seniors and disabled persons; specialized transportation services for seniors; monthly transit passes for seniors, disabled, and youth riders; transit operations; local streets and roads; habitat-related mitigation costs of local transportation projects; and the smart growth incentive program. The annual audits of the MOE expenditure requirement will report the expenditures for each of these separate categories.

**Rule #23: Application of TransNet Extension Ordinance Regional Transportation Congestion Improvement Program (RTCIP) Requirements**

Adoption Date: July 10, 2009

**Amendment:** Amended January 22, 2010, November 19, 2010, ~~and~~ January 2018 and  
2021

- A. Section 9 of Ordinance 04-01 provides that starting on July 1, 2008, each local agency in the San Diego region shall contribute \$2,000 in exactions from the private sector, for each newly constructed residential housing unit in that jurisdiction to the RTCIP. Each agency is required to establish its own collection program, known as its RTCIP Funding Program. Each jurisdiction is required to either establish a new Fund for the RTCIP or to set up accounts specific to the RTCIP for tracking purposes. Interest earned on RTCIP revenues received by the jurisdiction must be allocated to the RTCIP Fund.
- B. Local agencies, SANDAG staff, hired auditors, and the Independent Taxpayers Oversight Committee (ITOC) are subject to the timelines set forth in Rule #17, Section I (Fiscal and Compliance Audit Procedures) in this Board Policy, Ordinance 04-01, and the attachment to Ordinance 04-01 entitled "REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM" (RTCIP Attachment). Section 9 of Ordinance 04-01 states that any local agency that does not provide its "full" RTCIP contribution in a given fiscal year will not be eligible to receive funding for local streets and roads for the immediately following fiscal year. It further provides that any funding not allocated under 4(D)(1) as a result of this requirement shall be reallocated to the remaining local agencies that are in compliance with Section 9. This Rule #23 is intended to provide clarification regarding how this language will be implemented.
1. By June 30 of each year, which is the last day of SANDAG's fiscal year, each local agency must record as revenue, the full amount of each RTCIP exaction due for any new residential unit subject to the RTCIP within its jurisdiction. This means that if the RTCIP exaction is not yet collected, the local agency should invoice, but does not need to collect all of the RTCIP exactions due in a given fiscal year by June 30. Each local agency may choose when the exaction is due, but in no event can the local agency allow a residential unit subject to the RTCIP to be occupied by a resident prior to receipt of the RTCIP exaction. The local agency must record the revenue in the fiscal year the exaction is due according to its Funding Program or when the revenue is received, whichever occurs first.
  2. Section G(4) of the RTCIP Attachment states that each local agency shall have up to, but no more than seven years after receipt of the revenue to expend the revenues on Regional Arterial System or regional transportation infrastructure projects. To ensure consistency in implementation, this provision shall mean that the seven-year term shall begin on the July 1 following the date on which the local agency recorded the exaction as revenue or received the revenue, whichever occurred first. If it is not spent within seven years it will be subject to the reallocation process in Section G(4) of the RTCIP Attachment.
  3. Pursuant to Ordinance 09-01, which amended Ordinance 04-01, the audit reports for all RTCIP Funding Programs are to be completed by June of the fiscal year immediately following the end of the fiscal year being audited. If during the audit process it is

determined that a local agency failed to collect the full amount of exactions due under its Funding Program, the local agency may cure the defect by recording the amount due as an account receivable for the fiscal year being audited and avoid losing its *TransNet* funding. If the local agency has already closed out its books for the fiscal year being audited by the time the RTCIP audit discloses the defect, the local agency may record the revenue and cure the defect in the current fiscal year in order to avoid losing its *TransNet* funding. The seven-year period discussed in Section B(2) of this Rule will commence from the fiscal year in which the revenue is recorded if this latter situation occurs.

4. The following exceptions will be permitted to the requirement that each local agency record as revenue, the full amount of each RTCIP exaction due for any new residential unit subject to the RTCIP within its jurisdiction by the June 30 deadline. These exceptions are permissible because the purpose of the RTCIP exactions is to mitigate residential traffic impacts on the regional transportation infrastructure. If a new unit subject to the RTCIP is not occupied this impact does not occur.
  - a. If litigation, bankruptcy, or other similar situation occurs that delays occupation of a new residential unit pending resolution by the courts or another body assigned to resolve the dispute, and the local agency has invoiced, but been unable to collect amounts due under its Funding Program, the local agency may delay recording the account receivable until the outcome is known or the unit is occupied, whichever occurs first. The local agency shall provide documentation to the auditor establishing litigation, bankruptcy, etc. has occurred that has precluded the local agency from collecting the exaction.
  - b. If a local agency records an RTCIP exaction as revenue and subsequently determines that the amount is uncollectible (i.e., the developer never completes the project or goes bankrupt), the local agency may write-off the RTCIP exaction until such time, if ever, the unit is occupied and subject to the RTCIP. The local agency shall provide documentation to the auditor establishing that the write-off was justified.
5. Due to the timeline for completion of RTCIP audits, it may be up to one year after the fiscal year being audited has ended before ITOC adopts a final report that includes a finding that a local agency failed to provide the full amount of RTCIP exactions due under its Funding Program. During this interim audit period, SANDAG will make the payments due to local agencies for local streets and roads pursuant to Section 4(D)(1) of Ordinance 04-01 in good faith by presuming that the audit will establish each local agency is in compliance. If, however, the audit establishes a local agency did not provide its full monetary contribution under the RTCIP and the local agency does not cure defects of which it was notified by the time the audit is finalized and adopted by the ITOC, then the local agency will have forfeited its Section 4(D)(1) contribution. Any amount paid to the local agency in the fiscal year following the year that was the subject of the audit will be retroactively owed to the Commission. SANDAG will deduct any such amount, with interest at the monthly Local Agency Investment Fund (LAIF) rate. This amount will be deducted from the local agency annual allocation during the next fiscal year in which the local agency is eligible for Section 4(D)(1) funding.

- C. The purpose of the RTCIP's requirement that each local agency have a Funding Program is "to provide additional revenue to fund those facility and service improvements on the Regional Arterial System necessitated by development of newly constructed residences." If a new unit will have a lower impact on the Regional Arterial System (RAS) than a typical residential unit, then it is unlikely to necessitate facility and service improvements on the RAS. The Board has determined that a nursing home, home for the aged, assisted living facility, or similar institutional unit ("institutional unit") is not the type of unit the RTCIP was intended to cover. Local agencies are not required to charge for a new institutional unit for purposes of compliance with the Ordinance's RTCIP Funding Program requirements when the local agency documents that it has made the following findings prior to issuance of a final certificate of occupancy:
1. The individual unit<sup>1</sup> will not have both a bathroom and permanent built-in kitchen facilities equipped with a cooking range, refrigerator, and sink; and
  2. The principal reason a person will live in the unit is because the person needs medical and/or nursing care; and
  3. The unit will cause a lower impact on the RAS than a typical residential unit in a similar location; and
  4. The local agency has required that the developer agree that the unit in substance will be used as health care facility rather than as a residence.

Additionally, the Ordinance exempts specified development types from the Funding Program requirements. One such exemption applies to "Guest Dwellings", which shall mean not more than one attached or detached residential dwelling unit, accessory structure, or accessory dwelling unit on the same parcel as an existing single-family dwelling which provides independent living facilities for one or more persons.

D. Section G(2) of the *TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM, as amended on July 24, 2009, states that 'each jurisdiction must submit its Funding Program documents, including an expenditure plan and financial records pertaining to its Funding Program, to the Independent Taxpayer Oversight Committee for a review and audit by December 1 of each year beginning December 1, 2009.

E. Each local agency is responsible for establishing its own procedure and Funding Program by which it collects and funds the RTCIP. The purpose of each jurisdiction's Funding Program is to provide additional revenue to fund facility and service improvements on the Regional Arterial System necessitated by development of newly constructed residences. The RTCIP Funding Programs fall under the responsibility of the 19 local jurisdictions, which have established these programs under the state's Mitigation Fee Act. Jurisdictions must maintain their RTCIP Funding Programs and comply with specific administrative requirements to remain eligible for *TransNet* local streets and road funding. The annual *TransNet* Fiscal and Compliance Audit verifies these requirements have been met.

In making a determination of whether a project is RTCIP-eligible, local jurisdictions may reference Section 9: RTCIP of the *TransNet* Extension

Ordinance, Section D.2. of the RTCIP attachment to the Ordinance, and agencies may also reference a complete listing of the Regional Arterial System as noted in each RTP.

Section 9: RTCIP of the TransNet Extension Ordinance states that “RTCIP revenue will be used to construct improvements on the Regional Arterial System **such as new or widened arterials, traffic signal coordination and other traffic improvements**, freeway interchange and related freeway improvements, railroad grade separations, and improvements required for regional express bus and rail transit. This action is predicated on the desire to establish a uniform mitigation program that will mitigate the regional transportation impacts of new development on the Arterial system.”

Section D.2. of the RTCIP attachment to the Ordinance states that “Revenue collected through the Funding Programs shall be used to construct transportation improvements on the Regional Arterial System **such as new arterial roadway lanes, turning lanes, reconfigured freeway-arterial interchanges, railroad grade separations and new regional express bus services, or similar types of improvements, preliminary and final engineering, right of way acquisition, and construction that will be needed to accommodate future travel demand generated by new development throughout the San Diego region. A reasonable portion of the program revenue, up to a maximum of three percent, may be used for fund administration.**  
**[Emphasis added]**

The language noted above is not intended to be an exhaustive list of the types of transportation improvements that are eligible under the RTCIP, but rather is meant to demonstrate the typical types of transportation facilities that are eligible under the RTCIP. Since RTCIP Funding Programs fall under the responsibility of the 19 local jurisdictions, if the local jurisdiction determines a project is eligible, then the local jurisdiction must document and provide a factual basis for that determination sufficient to establish a record for any future RTCIP Compliance Audit and make that documentation available to the fiscal and compliance auditor as necessary upon request.

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<sup>1</sup> All references to “unit” in these criteria are intended to apply to an individual living unit, not the institutional facility as a whole.

Adopted: February, April, and May 1988; August 1989; March, July, and November 1990; October 1992; September and November 2005

Amended: June and December 1990; February 1991; November 2005; December 2006; December 2007; February 2008; March 2008; September 2008; July 2009; January and November 2010; February and July 2012; October 2013; January 2017; ~~and~~ January 2019; 2021.

**Attachment 1**  
**FY 1988 Base Year Statistics**  
**(for use in TransNet Ordinance Rule #8)**

Metropolitan Transit Development Board (MTS) Area

Fund Source	Operator/Service	Vehicle
		Service Miles
Article 4.0	Chula Vista Transit	559,734
	National City Transit	276,303
	County Transit System:	
	Suburban Service	646,904
	Rural Bus	170,953
	Poway Fixed Route	313,425
	San Diego Transit	10,473,323
	San Diego Trolley	1,033,084
	Strand Express Agency	400,738
	Total	13,874,464

Article 8	County Transit System:	
	Express Bus	189,276
	Total	189,276

Article 4.0 Dial-A-Ride	El Cajon Express	308,331
	La Mesa Dial-A-Ride	251,516
	Lemon Grove Dial-A-Ride	62,090
	County Transit System:	
	Poway Dial-A-Ride	23,030
	Poway Airporter	103,925
	Spring Valley Dial-A-Ride	73,298
	San Diego Transit DART	309,370
	Total	1,131,560

Article 4.5	Chula Vista Handytrans	2	128,807
	County Transit System – WHEELS		219,906
	National City Wheels		15,159
	Poway Call-A-Ride		60,156
	San Diego Dial-A-Ride		1,149,541
	Total		1,573,623

<b>MTDB (MTS) Area Total</b>	<b>16,768,923</b>
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North County Transit District

Fund Source	Operator/Service	Vehicle
		Service Miles

Article 4.0	NCTD Fixed Route	7,651,408
	NCTD FAST	126,744
	Total	<u>7,778,152</u>

Article 4.5	NCTD Lifeline	386,680
	Total	<u>386,680</u>

NSDCTDB (NCTD) Area Total	8,164,832
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REGIONAL TOTAL	24,933,755
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**Attachment 2**

**TransNet Local Street and Road Program  
TransNet Ordinance and Expenditure Plan Implementation Guidelines  
June 23, 2006**

The *TransNet* Ordinance requires that at least 70 percent of the revenues provided for local street and road purposes should be used to fund direct expenditures for facilities contributing to congestion relief. No more than 30 percent of these funds should be used for local street and road maintenance purposes. The required multi-year Regional Transportation Improvement Program (RTIP) project lists submitted by local agencies that are found to be out of compliance with this requirement will not be approved. Local agencies may request an exception to this requirement and must provide justification for such a request as part of its project list submittal.

The following table categorizes and lists the more typical types of facilities that are considered to contribute to congestion relief. For other facilities not listed, it must be demonstrated that congestion relief can be obtained before the project can be considered part of the 70 percent Congestion Relief category. Maintenance costs of items listed in the 70 percent Congestion Relief category are eligible under the 30 percent category. Facilities that are not considered to contribute to congestion relief (Items 28-30) are eligible under the 30 percent category.

<b>Congestion Relief (at least 70%)</b>	<b>Maintenance and Non-Congestion Relief (no more than 30%)</b>
<p><b>New or Expanded Facilities</b></p> <ol style="list-style-type: none"> <li>1. New roadways and bridges</li> <li>2. Roadway and bridge widening</li> <li>3. Roadway widening for bike lanes</li> </ol>	
<p><b>Major Rehabilitation and Reconstruction</b></p> <ol style="list-style-type: none"> <li>1. Roadway rehabilitation (grinding and overlay, or new structural pavement, or new overlay 1-inch thick or greater)</li> <li>2. Roadway realignment</li> <li>3. Bridge retrofit or replacement</li> <li>4. Roadway drainage improvements for the purpose of improving capacity-impeding conditions such as significant and frequent roadway flooding</li> <li>5. New sidewalk or sidewalk widening</li> </ol>	<p>Lane removal for bike lanes</p> <p>Pavement overlay (less than 1 inch)</p> <p>Pot hole repair, chip seal, fog seal, crack seal (except when part of roadway rehabilitation project)</p> <p>Roadway realignment that does not increase roadway capacity</p> <p>Bridge replacement for aesthetic purposes</p> <p>Minor drainage improvements not part of a congestion relief project</p>
<p><b>Traffic Operations</b></p> <p>Median installation for safety improvement or left-turn movement</p> <p>New traffic signal, passive permissive left turn (PPLT) installation, signal removal for congestion relief reasons, traffic signal upgrades, intersection lighting</p>	<p>Stand-alone landscaping project of an existing median</p> <p>Traffic signal replacement, bulb replacement, hardware, software, inductive loop repair</p>

<b>Congestion Relief (at least 70%)</b>	<b>Maintenance and Non-Congestion Relief (no more than 30%)</b>
<p>Traffic signal coordination</p> <p>Traffic signal interconnection</p> <p>Centrally controlled traffic signal optimization system</p> <p>Traffic surveillance or detection system (video)</p> <p>Traffic data collection system for performance monitoring purposes (in pavement detection, radar)</p> <p>Smart Growth-Related Infrastructure*</p> <p>Traffic calming measures</p> <p>Pedestrian ramps</p> <p>Pedestrian traffic signal activation</p> <p>Pedestrian crossings/overcrossings</p> <p>Buffer area between sidewalk and street</p> <p>Pedestrian roadway lighting</p> <p>Transit Facilities</p> <p>New bus stops</p> <p>Bus stop enhancements</p> <p>Bus-only lanes</p> <p>Queue jumper lanes for buses</p> <p>Traffic signal priority measures for buses</p> <p>Transit operational costs for shuttle and circulator routes</p>	<p>Light bulb replacement</p> <p>Bus-only lanes that do not provide congestion relief</p> <p>Non-Congestion Relief</p> <p>Erosion control (unless required as part of a congestion relief project)</p> <p>Landscaping (unless required as part of a congestion relief project)</p> <p>Roadway signing and delineation (unless it is a congestion relief project)</p>

Note: Staff costs for congestion relief project development (environmental, preliminary engineering, design, right-of-way acquisition, and construction management) are eligible expenditures under the 70 percent category. Staff costs for transportation infrastructure maintenance or traffic operations efforts are eligible under the 30 percent category. Costs for general *TransNet* fund administration and transportation planning are eligible up to 1 percent of annual revenues.

- \* To receive credit for providing congestion relief under the 70 percent category, smart growth-related infrastructure must be provided in one of the existing or planned (not potential) seven Regional Comprehensive Plan smart growth land use type characteristic areas: Metropolitan Center, Urban Center, Town Center, Community Center, Transit Corridor, Special Use Center, or Rural Community. Smart growth-related infrastructure built outside of one of the seven types of characteristic areas is eligible under the 30 percent category.

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## BOARD POLICY No. **032**

### **SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION INTEREST RATE SWAP POLICY**

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

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

#### **1. Scope and Authority**

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

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

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

#### **2. Approach and Objectives**

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

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

### **3. Conditions for Use of Interest Rate Swaps and Options**

#### **3.1. Rationale**

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

3.1.1 Optimize capital structure, including schedule of debt service payments and/ or fixed vs. variable rate allocations.

3.1.2 Achieve appropriate asset/liability match.

3.1.3 Reduce risk, including:

3.1.3.1 Interest rate risk;

3.1.3.2 Tax risk; or

3.1.3.3 Liquidity renewal risk.

3.1.4 Provide greater financial flexibility.

3.1.5 Generate interest rate savings.

3.1.6 Enhance investment yields.

3.1.7 Manage exposure to changing markets in advance of anticipated bond issuances (through the use of anticipatory hedging instruments).

#### **3.2. Benefit Expectation**

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

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

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

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

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

### 3.3. Maximum Notional Amount

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

### 3.4. Maximum Maturity

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

### 3.5. Liquidity Considerations

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

### 3.6. Call Option Value Considerations

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

## 4. Interest Rate Swap Features

### 4.1 Interest Rate Swap Agreement

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

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

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

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

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

- 4.1.4 Collateral thresholds for the swap provider, and for SANDAG if applicable, should be set on a sliding scale reflective of credit ratings of the swap provider or guarantor. Collateral should be held by an independent third party.
  - 4.1.5 Eligible collateral is outlined in Appendix A.
  - 4.1.6 Termination value should be set by a “market quotation” methodology, unless SANDAG deems an alternative methodology to be appropriate.
  - 4.1.7 SANDAG will consider the use of swap insurance to mitigate possible termination risk and also to mitigate the need for SANDAG to post collateral under the Credit Support Annex.
- 4.2 Interest Rate Swap Counterparties

4.2.1 Credit Criteria

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

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

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

- 4.2.1.1 Contingent credit support or enhancement;
- 4.2.1.2 Collateral consistent with the policies contained herein;
- 4.2.1.3 Ratings downgrade triggers; or
- 4.2.1.4 Guaranty of parent, if any.

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

#### 4.2.2 Swap Dealers

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

#### 4.3 Limitations on Termination Exposure to a Single Counterparty

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

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

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

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

The exposure thresholds, which will be reviewed periodically by SANDAG to ensure that they remain appropriate, will also be tied to credit ratings of the counterparties and

whether or not collateral has been posted as shown in the table below. If a counterparty has more than one rating, the lowest rating will govern for purposes of the calculating the level of exposure.

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

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

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

#### 4.4 Collateral Requirements

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

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

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

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

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

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

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

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

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

4.5 Swap Insurance

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

4.6 Security and Source of Repayment

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

4.7 Prohibited Interest Rate Swap Features

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

**5. Evaluation and Management of Interest Rate Swap Risks**

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

5.1 Evaluation Methodology

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

Type of Risk	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.

<b>Type of Risk</b>	<b>Description</b>	<b>Evaluation Methodology</b>
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:

- 5.2.1.1 A description of all outstanding interest rate swaps, including related bond series, types of swaps, rates paid and received by SANDAG, existing notional amount, average life and remaining term of each swap agreement and the current termination value of outstanding swaps.
- 5.2.1.2 Separately for each swap, the actual debt service requirements versus the projected debt service on the swap transaction. For any swap used as part of a refunding, the actual cumulative savings versus the projected savings at the time the swap was executed.
- 5.2.1.3 The credit ratings of each swap counterparty, parent, guarantor and credit enhancer insuring the swap payments, if any.
- 5.2.1.4 Actual collateral posting by swap counterparty, if any, per swap agreement and in total by swap counterparty.

- 5.2.1.5 Information concerning any material event involving outstanding swap agreements, including a default by a swap counterparty, counterparty downgrade or termination.
- 5.2.1.6 An updated contingency plan to replace, or fund a termination payment in the event an outstanding swap is terminated.
- 5.2.1.7 The status of any liquidity support used in connection with interest rate swaps, including the remaining term and current fee.

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

### 5.2.2 Contingency Plan

SANDAG shall determine the termination exposure of each of its swaps and its total swap termination payment exposure at least annually and prepare a contingency plan to either replace the swaps or fund the termination payments, if any, in the event one or more outstanding swaps are terminated. SANDAG shall assess its ability to obtain replacement swaps and identify revenue sources to fund potential termination payments.

## 5.3 Terminating Interest Rate Swaps

### 5.3.1 Optional Termination

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

### 5.3.2 Mandatory Termination

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

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

## 6. Disclosure and Financial Reporting

SANDAG will take steps to ensure that there is full and complete disclosure of all interest rate swaps to the SANDAG Board of Directors, rating agencies and in disclosure documents. With

respect to its financial statements, SANDAG will adhere to the guidelines for the financial reporting of interest rate swaps as set forth by the Government Accounting Standards Board.

## **7. Dodd-Frank Act**

### **7.1 Conformance to Dodd-Frank**

It is the intent of SANDAG to conform this Policy to the requirements relating to legislation and regulations for derivatives transactions under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as supplemented and amended from time to time, including any regulations promulgated in connection therewith (herein collectively referred to as "Dodd-Frank"). Pursuant to such intent, it is the policy of SANDAG that, with respect to each interest rate swap: (i) each swap advisor engaged or to be engaged by SANDAG will function as the designated qualified independent representative of SANDAG, sometimes referred to as the "Designated QIR"; (ii) each swap advisor will agree to meet and meets the requirements specified in CFTC Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the "Representative Regulation"); (iii) each swap advisor will provide a written certification to SANDAG to the effect that such swap advisor agrees to meet and meets the requirements specified in the Representative Regulation; (iv) SANDAG will monitor the performance of each swap advisor consistent with the requirements specified in the Representative Regulation; (v) SANDAG will exercise independent judgment in consultation with its swap advisor in evaluating all recommendations, if any, presented by any swap dealer with respect to transactions authorized pursuant to this Policy; and (vi) SANDAG will rely on the advice of its swap advisor with respect to interest rate swaps authorized pursuant to this Policy and will not rely on recommendations, if any, presented by any swap dealer with respect to interest rate swaps authorized pursuant to this Policy.

### **7.2 Legal Entity Identifier**

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

### **7.3 Clearing**

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

### **7.4 Recordkeeping**

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

Adopted: November 2005

Amended November 2013

Amended November 2014

**APPENDIX A: ACCEPTABLE COLLATERAL**

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

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

## **APPENDIX B: GLOSSARY OF TERMS**

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### **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.