

Members

Steve Vaus, Chair
Mayor, City of Poway
(Representing **North County Inland**)

Catherine Blakespear, Vice Chair
Mayor, City of Encinitas
(Representing **North County Coastal**)

Georgette Gomez
Council President, **City of San Diego**

Vacant
Supervisor, **County of San Diego**

Bill Wells
Mayor, City of El Cajon
(Representing **East County**)

Ron Morrison
Councilmember, City of National City
(Representing **South County**)

Alternates

Vacant
(Representing **North County Inland**)

Vacant
(Representing **North County Coastal**)

Barbara Bry
Councilmember, **City of San Diego**

Monica Montgomery
Councilmember, **City of San Diego**

Vacant
Supervisor, **County of San Diego**

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

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

Advisory Members

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

Jim Desmond
Supervisor, County of San Diego
(Chair, **Transportation Committee**)

Hasan Ikhata
Executive Director, **SANDAG**



Executive Committee Agenda

Friday, January 11, 2019
9:30 to 10 a.m.

➤➤➤ **Please Note Meeting Time** <<<

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

Agenda Highlights

- **Annual Review and Proposed Amendments to Board Policies and Bylaws**
- **Legislative Status Report**

Please silence all electronic devices during the meeting

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Mission Statement

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

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



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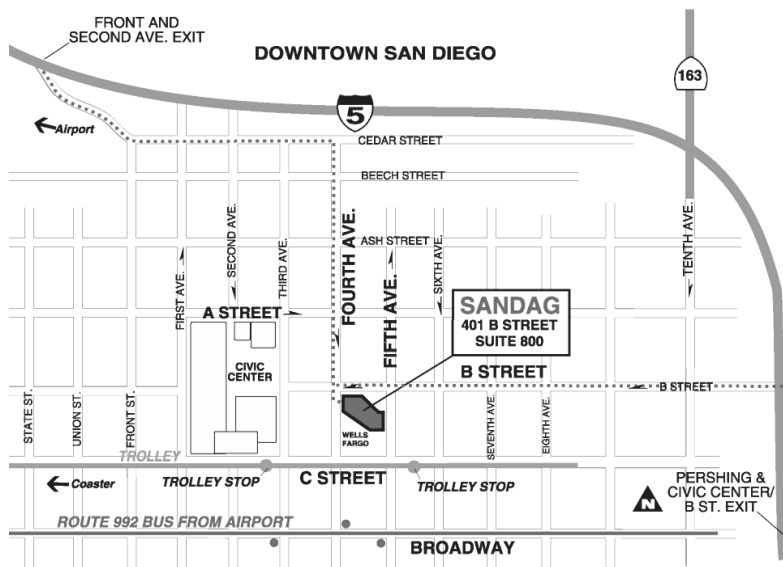
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Executive Committee

Friday, January 11, 2019

Item No.		Recommendation
+1.	Approval of Meeting Minutes The Executive Committee is asked to approve the minutes from its December 7, 2018, meeting.	Approve
2.	Public Comments/Communications/Member Comments Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Executive Committee on any issue within the jurisdiction of the Committee that is not on this agenda. Other public comments will be heard during the items under the heading "Reports." Anyone desiring to speak shall reserve time by completing a "Request to Speak" form and giving it to the Clerk prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Committee members. Public speakers are limited to three minutes or less per person. Committee members also may provide information and announcements under this agenda item.	
Reports		
+3.	Review of Draft Board Agendas (Victoria Stackwick) +3A. Draft Board Business Agenda – January 25, 2019 +3B. Draft Board Policy Agenda – February 8, 2019	Approve
+4.	Annual Review and Proposed Amendments to Board Policies and Bylaws (John Kirk) The Executive Committee is asked to recommend that the Board of Directors: <ol style="list-style-type: none">1. approve the proposed amendments to the Bylaws and Board Policies; and2. renew its annual delegation of authority to the Executive Director pursuant to Board Policy No. 003: Investment Policy; and approval of Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy.	Recommend
+5.	Legislative Status Report (Victoria Stackwick) Staff will present an update on federal and state legislative and policy activities.	Information
6.	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.	
7.	Upcoming Meetings The next meeting of the Executive Committee is scheduled for Friday, February 8, 2019, at 9 a.m.	Information
8.	Adjournment	

+ next to an agenda item indicates an attachment

January 11, 2019

December 7, 2018, Executive Committee Meeting Minutes

Vice Chair Steve Vaus (North County Inland) called the meeting of the Executive Committee to order at 9:05 a.m.

Action Requested: **Approve**

The Executive Committee is asked to approve the minutes from its December 7, 2018, meeting.

1. Approval of Meeting Minutes (Approve)

Action: Upon a motion by Mayor Ron Morrison (South County), and a second by Supervisor Bill Horn (County of San Diego), the Executive Committee approved the minutes from its November 2, 2018, meeting. Yes: Mayor Morrison, Council President Myrtle Cole (City of San Diego), and Supervisor Horn. No: None. Abstain: None. Absent: East County and North County Coastal.

2. Public Comments/Communications/Member Comments (Information)

There were no public or member comments.

Consent

3. Legislative Status Report (Information)

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

Vice Chair Vaus announced that the State Department issued the new presidential permit for the Otay Mesa East Port of Entry project.

Vice Chair Vaus announced that the U.S. Department of Transportation has awarded the Mid-Coast project an additional \$80 million allocation.

Action: This item was presented for information.

Chair's Report

4. Executive Director Performance Measures (Information)

Vice Chair Vaus provided an update on the development of draft performance measures for the SANDAG Executive Director.

Action: This item was presented for information.

Reports

5. Review of Draft Board Agendas (Approve)

Ms. Stackwick presented the item.

Action: Upon a motion by Supervisor Horn, and a second by Council President Cole, the Executive Committee approved the draft agendas for the December 21, 2018, Board Business meeting, and the January 11, 2019, Board Policy meeting. Yes: Mayor Morrison, Council President Cole, and Supervisor Horn. No: None. Abstain: None. Absent: East County and North County Coastal.

6. Proposed Amendments to Board Policies and Bylaws (Discussion)

The Executive Committee was asked to provide feedback on proposed amendments to the SANDAG Bylaws and Board Policies.

John Kirk, General Counsel, presented the item.

Action: This item was presented for discussion.

7. Continued Public Comments

There were no continued public comments.

8. Upcoming Meetings

The next Executive Committee meeting is scheduled for Friday, January 11, 2019, at 9 a.m.

9. Adjournment

Vice Chair Vaus adjourned the meeting at 9:46 a.m.

Confirmed Attendance at SANDAG Executive Committee Meeting

September 14, 2018

Jurisdiction	Name	Member/ Alternate	Attended
North County Coastal	Terry Sinnott, Chair	Primary	No
	Chuck Lowery	Alternate	No
North County Inland	Steve Vaus, Vice Chair	Primary	Yes
	Sam Abed	Alternate	Yes
City of San Diego	Myrtle Cole	Primary	Yes
	Barbara Bry	Alternate	No
	Lorie Zapf	Alternate	Yes
County of San Diego	Bill Horn	Primary	Yes
	Ron Roberts	Alternate	Yes
East County	Bill Wells	Primary	No
	John Minto	Alternate	Yes
South County	Ron Morrison	Primary	Yes
	Serge Dedina	Alternate	Yes
Policy Advisory Committee Chairs	Mary Salas	Advisory	Yes
	Jim Desmond	Advisory	Yes

January 11, 2019

January 25, 2019, Draft Board Business Agenda

Item No.		Recommendation
+1.	Approval of Meeting Minutes +1A. Board of Directors Policy Meeting Minutes – December 7, 2018 +1B. Board of Directors Business Meeting Minutes – December 21, 2018	Approve
2.	Public Comments/Communications/Member Comments Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Other public comments will be heard during the items under the heading “Reports.” Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Public speakers are limited to three minutes or less per person. Board members also may provide information and announcements under this agenda item.	
+3.	Executive Director’s Report (Hasan Ikhata) The Executive Director will provide an update on key programs, projects, and agency initiatives.	Information
Consent		
+4.	Policy Advisory Committee Actions (Victoria Stackwick) The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees since the last Board Business meeting.	Approve
+5.	Approval of Proposed Solicitations and Contract Awards (Julie Wiley) The Board of Directors is asked to review and approve the proposed solicitations and contract awards. +5A. Solicitations +5B. Contract Awards	Approve
+6.	Fixing America's Surface Transportation Act Performance Management Rule 1 Target Setting (Rachel Kennedy) The Transportation Committee recommends that the Board of Directors approve supporting the 2019 statewide safety targets established by Caltrans, in accordance with the Fixing America’s Surface Transportation Act.	Approve

- | | | |
|-----|---|-------------|
| +7. | Regional Monitoring Report (Seth Litchney) | Accept |
| | The Board of Directors is asked to accept the Regional Monitoring Report. | |
| +8 | Executive Director Delegated Actions (André Douzdjian)* | Information |
| | In accordance with various SANDAG Board Policies, this report summarizes certain delegated actions taken by the Executive Director since the last Board Business meeting. | |
| +9. | Meetings and Events Attended on Behalf of SANDAG (Victoria Stackwick) | Information |
| | Board members will provide brief reports orally or in writing on external meetings and events attended on behalf of SANDAG since the last Board Business meeting. | |

Reports

- | | | |
|------|---|----------------|
| +10. | First Reading of Proposed Amendments to <i>TransNet</i> Ordinance and Regional Comprehensive Fare Ordinance (Brian Lane)* | First Readings |
| | The Board of Directors is asked to: | |
| | <ol style="list-style-type: none"> 1. conduct the first reading of amendments to the Regional Comprehensive Fare Ordinance, by reading the title and waiving full recitation of the ordinance for this and all future readings; and 2. acting as the San Diego County Regional Transportation Commission (RTC), conduct the first reading of RTC Ordinance No. RTC-CO-2019-XX, related to fare changes, by reading the title and waiving full recitation of the ordinance for this and all future readings. | |
| +11. | Annual Review and Proposed Amendments to Board Policies and Bylaws (Vice Chair Catherine Blakespear; John Kirk)* | Approve |
| | The Executive Committee recommends that the Board of Directors: | |
| | <ol style="list-style-type: none"> 1. approve the proposed amendments to the SANDAG Bylaws and Board Policies; and 2. renew its annual delegation of authority to the Executive Director pursuant to Board Policy No. 003: Investment Policy, and approval of Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy. | |
| +12. | Proposed FY 2019 Program Budget Amendment: Airport Development Planning (Coleen Clementson) | Approve |
| | On December 21, 2018, the Board of Directors approved the use of up to \$1 million from the Contingency Reserve for Airport Connectivity Subcommittee-related expenses. The Board of Directors is asked to approve an amendment to the FY 2019 Program Budget, allocating this funding to Overall Work Program Element No. 3101500: Airport Development Planning for specific contracted services. | |

+13. Data Science and Big Data (Ray Major)

Information

Staff will provide an overview of a regional data initiative proposed to be included in the FY 2020 Program Budget.

+14. 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.

+15. Upcoming Meetings

Information

The next Board Policy meeting is scheduled for Friday, February 8, 2019, at 10 a.m. The next Board Business meeting is scheduled for Friday, February 22, 2019, at 9 a.m.

16. 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

January 11, 2019

February 8, 2019, Draft Board Policy Agenda

Item No.		Recommendation
1.	<p>Public Comments/Communications/Member Comments</p> <p>Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Other public comments will be heard during the items under the heading "Reports." Anyone desiring to speak shall reserve time by completing a "Request to Speak" form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Public speakers are limited to three minutes or less per person. Board members also may provide information and announcements under this agenda item.</p>	
+2.	<p>Executive Director's Report (Hasan Ikhata)</p> <p>The Executive Director will provide an update on key programs, projects, and agency initiatives.</p>	Information
Reports		
+3.	<p>SANDAG Independent Performance Auditor (Vice Chair Catherine Blakespear)*</p> <p>The Board of Directors is asked to:</p> <ol style="list-style-type: none">1. discuss and approve the proposed salary, benefits, and other terms of employment for the Independent Performance Auditor position; and2. authorize the Chair to execute an employment agreement with the candidate selected by the Board in closed session on January 11, 2019, including such terms.	Approve
+4.	<p>Proposed Amendments to the Regional Transit Comprehensive Fare Ordinance and <i>TransNet</i> Ordinance (Brian Lane)*</p> <p>The Board of Directors is asked to:</p> <ol style="list-style-type: none">1. approve Resolution No. 2019-XX, related to findings supporting a California Environmental Quality Act exemption for the proposed amendments to the Comprehensive Fare Ordinance;2. conduct the second reading and approve amendments to the Regional Comprehensive Fare Ordinance, by reading the title of the Ordinance; and3. acting as the San Diego County Regional Transportation Commission (RTC), conduct the second reading and approve amendments to RTC Ordinance No. RTC-CO-2017-04, related to fare changes, by reading the title of the Ordinance.	Second Readings / Approve

+5. Regional Housing Needs Assessment (Mayor Mary Salas, Regional Planning Committee Chair; Seth Litchney) Discussion

The Board of Directors is asked to provide feedback on potential methodologies that could be used to develop the Regional Housing Needs Assessment Plan.

6. 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.

7. Upcoming Meetings Information

The next Board Business meeting is scheduled for Friday, February 22, 2019, at 9 a.m.

8. Adjournment

+ next to an agenda item indicates an attachment

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January 11, 2019

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. In addition, Board Policy calls for the Board to annually renew its delegation of authority to the Executive Director for conducting investments on behalf of SANDAG (Attachment 4); and approval of Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy (Attachment 13).¹

Proposed amendments to the SANDAG Bylaws and Board Policies were discussed by the Executive Committee at its [December 7, 2018, meeting](#). Based on that discussion, some of the proposed amendments have been further modified. All other proposed amendments remain as initially proposed.

Action Requested: **Recommend**

The Executive Committee is asked to recommend that the Board of Directors:

1. approve the proposed amendments to the SANDAG Bylaws and Board Policies (Attachments 1 through 14); and
2. renew its annual delegation of authority to the Executive Director pursuant to Board Policy No. 003: Investment Policy (Attachment 4), and approval of Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy (Attachment 13).

Key Considerations

All proposed amendments are shown in redline format in the attachments to this report. Modifications made subsequent to the December Executive Committee meeting are discussed below and highlighted in yellow in the attachments.

SANDAG Bylaws (Attachment 1)

Article III, Section 5: Clarifies stipend allowance for attendance at outside training or education events when attending as a representative of SANDAG.

Board Policy No. 017: Delegation of Authority (Attachment 7)

Section 4.1: Increases the authority of the Executive Director to enter into agreements not currently in the budget (and make other modifications to the budget) from \$100,000 to \$300,000 per transaction so long as the overall budget remains in balance.

Board Policy No. 030: Contingency Reserve Policy (Attachment 11)

Section 2.B: Modifies the timing of the calculation of the *TransNet* Major Corridors Program Contingency Reserve Fund Required Balance to coincide with the annual Program Budget update rather than with the annual Plan of Finance.

¹ This policy was reviewed by management and the SANDAG Financial Advisor, PFM. Based on this review, no changes are proposed.

Next Steps

Pending the Executive Committee's recommendation, the proposed amendments would be scheduled for consideration for approval by the Board of Directors at its January 25, 2019, meeting.

John Kirk, General Counsel

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

- Attachments:
1. SANDAG Bylaws
 2. Board Policy No. 001
 3. Board Policy No. 002
 4. Board Policy No. 003
 5. Board Policy No. 007
 6. Board Policy No. 015
 7. Board Policy No. 017
 8. Board Policy No. 019
 9. Board Policy No. 024
 10. Board Policy No. 028
 11. Board Policy No. 030
 12. Board Policy No. 031
 13. Board Policy No. 032
 14. Board Policy No. 039

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"¹), 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.

¹ Public Utilities Code §132350 *et seq.*

ARTICLE III

MEMBERSHIP AND ORGANIZATION

Section 1

Membership in this organization shall be as provided in state law, Board Policies, and these Bylaws.

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 and 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 Vice Chair shall serve as the 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 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.
- d. For attendance by Board Members at meetings or events other than those described above when officially representing the Board, \$100 per each day of the meeting or event in which business is conducted. 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 a representative of SANDAG.
- ~~c. For Board Members and alternates of Policy Advisory Committees, \$100 per meeting.~~
- ~~d.~~ The limit on the total number of paid ~~meetings for Board, and Policy Advisory Committee, and Working Group meetings members or alternates per individual~~ is six meetings per individual per month.
- ~~e.~~ The Chair of the Board shall receive additional monthly compensation of ~~\$500-700~~ per month.
- ~~f.~~ The Vice Chair of the Board ~~shall~~ receive additional monthly compensation of ~~\$250-350~~ per month.

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 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 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 and 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 Vice Chair shall perform the duties of the Chair in his or her absence and perform any duties that the Chair may require.
- c. In the event of the absence of both officers of the Board of Directors or Executive Committee at a meeting or otherwise, a Chair of a Policy Advisory Committee shall serve as Chair Pro Tempore and perform the duties of the Chair according to the following schedule: first quarter of calendar year – Chair of Borders Committee; second quarter of calendar year – Chair of Public Safety Committee; third quarter of calendar year – Chair of Regional Planning Committee; fourth quarter of calendar year: Chair of Transportation Committee.
- d. In the event of the absence of both officers of a Policy Advisory Committee, or in the case of a Board of Directors or Executive Committee meeting, the absence of all officers including the then-current Chair Pro Tempore as designated above, the Immediate Past Chair may preside or the ~~quorum of members present shall elect a Chair Pro Tempore to preside for that meeting. The Secretary, with a quorum present, shall call the meeting to order and preside during such election of a Chair Pro Tempore; he or she shall immediately relinquish the chair upon completion of the election~~ 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 in or around December. A majority of the Board Members may approve variations to the schedule in this Section in the event of a vacancy or other exigency. The Chair and Vice Chair shall not be from the same subregion. Officers for the Board of Directors shall be elected in the following manner:

- a. In or around July of an election year, application forms will be made available on the Board of Directors page of the SANDAG website for persons interested in applying for the Chair or Vice Chair position on the Board of Directors. Applications shall be structured to screen for the

best regional leaders from among the primary members and shall include questions concerning the candidate's vision statement for SANDAG and his/her qualifications. Applications shall be due within 30 days after the application forms are posted. Only candidates who submit an application by the deadline or who are primary members nominated from the floor on the day of election will be considered for office.

- b. The Chair shall appoint up to a six-person nominating committee, who shall be members of the Board from each of the subregions. The nominating committee appointments shall be announced at a regular meeting in or around September of each year. The nominating committee shall not, however, include Board Members from Member Agencies that have applicants for the Chair or Vice Chair position on the Board of Directors.
- c. If more than one candidate has applied for a particular office, the nominating committee shall interview the candidates. The nominating committee shall submit a slate of nominees for the two Board offices in writing for mailing to Board Members in or around November. Additional nominations for any office may be made by Board Members at the election meeting.
- d. In the event that the nominating committee is unable to recommend any of the applicants for any or all chair positions, either because an applicant is or is reasonably expected to be unavailable to serve, or for any other reason, the nominating committee may recommend a supplemental process, subject to Board approval. The constraints set forth in the normal nomination process, apart from the prohibition of a jurisdiction of a candidate for office serving on the nominating committee, shall not be mandated to apply to the supplemental process.
- e. In choosing the nominees from the Board Members, the nominating committee shall take into account the nominee's availability, experience, skills, geographic diversity, and the benefits associated with having the Vice Chair succeed the outgoing Chair. The nominating committee also shall take into account the prohibition against both officers being from the same subregion in determining which nominees to present to the Board.
- f. The officers shall be elected pursuant to the weighted vote process set forth in Article IV, Section 5(b) of these Bylaws.
- g. 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 on January 1.
- h. In the event that the Board Member who has been elected Chair or Vice Chair is no longer a primary member of the Board of Directors, the office shall be considered vacant.
- i. Any vacated office of Chair or Vice Chair may be filled at the next regular Board meeting by nominations from the floor, and the election shall be carried out pursuant to the weighted vote process set forth in Article IV, Section 5(b) of these Bylaws. A member must be a primary member to be nominated from the floor.

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. 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 an employee manual, as well as all other administrative policies governing the administrative procedures of SANDAG.

ARTICLE VI

FINANCIAL

Section 1

The Board of Directors shall approve a preliminary budget no later than April 1 of each year. The Board of Directors shall adopt a final budget no later than June 30 of each year. A copy of the preliminary 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 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 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 (CAFR) 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 \$100,000 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 _____ 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 and 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.

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
- 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 ~~where items can be approved through actions of~~

~~the policy committee 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 the *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, ~~and~~ 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 ~~and~~ Mexico, and the region's tribal nations
- 6.1.5 Advise Board on binational, ~~and~~ 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 Web site 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



BOARD POLICY NO. 002

POLICY ADVISORY COMMITTEE MEMBERSHIP

1. Membership

- 1.1 Executive Committee: Six members to include a Board member from each subregion (South County, East County, North County Coastal, North County Inland, City of San Diego, County of San Diego).
 - 1.1.1 Alternates may be the second City of San Diego Board member or alternate, the second County of San Diego Board member or alternate, and alternates elected from each subregion who shall be primary members of the Board.
 - 1.1.2 Any Chair of any other Policy Advisory Committee (PAC) who is not otherwise a member of the Executive Committee shall serve as an advisory, non-voting member of the Executive Committee.
- 1.2 Transportation Committee: Ten members to include a Board member or alternate from each subregion, and a member of NCTD, MTS, the Airport Authority and San Diego Unified Port District appointed by the governing body of those agencies. There may be ten alternates chosen in the same manner.
- 1.3 Regional Planning Committee: Six members to include a Board member or alternate from each subregion. There may be six alternates chosen in the same manner.
- 1.4 Borders Committee: Seven members to include, a Board member or alternate from each subregion, and a mayor, councilmember, or supervisor from the County of Imperial. There may be seven alternates chosen in the same manner.
- 1.5 Audit Committee: Five voting members appointed by the Board of Directors. Two of the members shall be board members or alternates and three shall be members of the public. There may be alternates chosen as described in Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities.
- 1.6 Public Safety Committee: Six members to include a Board member or alternate from each subregion. The six Associate Member organizations taking part in this committee shall have the following representation: two members from the Chiefs'/Sheriff's Management Committee, a member selected by the County Sheriff, a member representing the San Diego County District Attorney's Office, a member from regional Fire/Emergency Medical Services, and a member representing the City of San Diego Police Chief. In addition, there will be eight nonvoting Advisory Members selected as follows: two persons selected by the Federal Justice Agency Association, one person selected from San Diego County Criminal Justice Association, a member of the Regional Homeland Security Committee, a member selected by the State Public Safety Agency Association, one person selected by the Department of

Defense, and one representative of the Southern California Tribal Chairmen’s Association. There may be alternates chosen in the same manner.

2. Limitation on Committee Memberships

No Board member or alternate may serve as the primary member of more than two PACs at any one time, except those Board members serving on the Audit Committee. Committee membership may be expanded by the Board.

3. Ex Officio Members

A PAC may include ex officio members if appropriate to roles and responsibilities of the committee. The Board Chair and Vice Chair may serve as ex officio members on any of the PACs. Unless otherwise stated in a Board Policy or Board action applicable to a particular committee, all ex officio members on SANDAG’s Board or committees shall be nonvoting members.

4. Appointments for PACs Other Than the Audit Committee

4.1 Public Agencies

4.1.1 The mayor and council of the City of San Diego and the governing body of each of the other member agencies will make their appointments to the Board annually by January 10, and when vacancies occur. Each member agency shall confirm the appointment of its primary and alternate Board members by sending a written letter to the SANDAG Clerk of the Board. All such appointments shall go into effect immediately following approval by the member agency’s governing body.

4.1.2 The SANDAG Chair will provide notice requesting that Board members from each of the subregions appoint a Board member or alternate as authorized to serve as a primary member on each PAC and one to serve as an alternate to each PAC. At the time this notice is given, all primary and alternate Board members will be provided with an attendance record for all primary and alternate members currently serving on the Board or a PAC. Each subregion shall ensure that SANDAG staff is notified of the date, time and location for that subregion’s meeting. After the meeting is set by the primary members of each subregion, 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. An alternate member may vote in the absence of the primary member. The Chair shall be sent a letter from the subregion’s representatives informing him/her of the names of the persons who have been selected for appointment to each PAC. Appointments will be made by January 31 or as vacancies occur. Appointments shall go into effect immediately upon approval by the subregion.

4.2 Associate Members

In addition to the members appointed pursuant to Section 4.1, the Public Safety Committee shall have voting members appointed from the organizations listed below by their respective appointing authorities by January 31 of each year:

4.2.1 Chiefs'/Sheriff's Management Committee – 2 voting members

4.2.2 County Sheriff – 1 voting member

4.2.3 San Diego County District Attorney's Office – 1 voting member

4.2.4 Regional Fire/Emergency Medical Services – 1 voting member

4.2.5 City of San Diego Police Chief – 1 voting member

4.3 Advisory Members

In addition to the voting members appointed pursuant to Sections 4.1 and 4.2, the Public Safety Policy Advisory Committee shall have the following nonvoting members appointed from the following organizations by their respective appointing authorities by January 31 of each year:

4.3.1 County Criminal Justice Association – 1 advisory member

4.3.2 Federal Justice Agency Association – 2 advisory members

4.3.3 Regional Homeland Security Committee – 1 advisory member

4.3.4 State Public Safety Agency Association – 1 advisory member

4.3.5 Regional Transit Services – 1 advisory member

4.3.6 Department of Defense – 1 advisory member

4.3.7 Southern California Tribal Chairmen's Association – 1 advisory member.

4.4 Failure to Appoint

If any subregion fails to make an annual appointment to a PAC by January 31 or within three weeks of mailing of the notice to proceed to appoint to fill a vacancy, the Chair of SANDAG shall make the appointment. If any organization referred to in Sections 4.1, 4.2 or 4.3 fails to make an appointment to the Public Safety Policy Advisory Committee, the current representative shall continue to serve until a replacement appointment is made by his/her organization.

5. Vacancies

Vacancies on PACs shall be filled as they occur in the same manner as appointments.

6. Chair/Vice Chair

The Chair and Vice Chair of the PACs, other than the Executive Committee and Audit Committee, shall be appointed by the Board Chair in February or as vacancies occur. The officers of the PACs (except for the Executive Committee, whose officers are dictated by the Bylaws, and the Audit Committee, whose officers are dictated in Board Policy No. 039) can be primary or alternate members of the Board, but must be primary members of the PAC they will chair. The appointments shall go into effect immediately unless otherwise directed by the Board Chair. The Board Chair and Vice Chair shall serve as the Chair and Vice Chair of the Executive Committee. ~~The Vice Chair conducts the meetings in the absence of the Chair. In the event of the absence of the Chair and Vice Chair for the Executive Committee, a Chair of a PAC shall serve as Chair Pro Tempore and perform the duties of the Chair according to the following schedule: first quarter of calendar year — Chair of Borders Committee; second quarter of calendar year — Chair of Public Safety Committee; third quarter of calendar year — Chair of Regional Planning Committee; fourth quarter of calendar year — Chair of Transportation Committee. In the event of the absence of both the Chair and Vice Chair for any other PAC or other standing committee, the Immediate Past Chair may preside or the quorum of members present shall elect a chairperson pro tempore to preside for that meeting. The Executive Director or a Chief Deputy Executive Director, with a quorum present, shall call the meeting to order and preside during such election of chairperson pro tempore; he/she shall immediately relinquish the chair upon completion of the election.~~

7. Attendance

- 7.1 Primary and alternate members are strongly encouraged to attend all Committee meetings. Roll call shall be taken by the Chair at the beginning of the meeting to determine the voting members present at that time. The voting members shall be seated collectively in order for the public to recognize them as such. Other nonvoting alternates in attendance may participate in Committee discussion but shall not be authorized to act on any item.
- 7.2 Board alternates selected to chair a Policy Advisory Committee are strongly encouraged to attend all Board meetings to represent their committee and provide information to the Board concerning actions taken at the committee meetings.
- 7.3 If an organization with voting rights or a subregion is unrepresented at three Committee meetings during the term described in Section 4 of this Policy, a letter will be sent to the applicable appointing body or group, as well as to the Chair and Vice Chair of the Committee concerning the absences.
- 7.4 In order to ensure a quorum, full participation, fairness, and comprehensive knowledge of the items discussed at SANDAG meetings, members who are eligible for compensation for attendance at a SANDAG meeting 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 in accordance with Article III, Section 5 of the Bylaws.

8. Compensation

Primary and alternate members of the PACs will be compensated \$100 per meeting attended subject to the limitations on number of meetings per month set forth in the SANDAG Bylaws.

9. Meetings

PAC meetings should normally be held on Fridays or when called by the committee Chair. Parliamentary procedure at all meetings shall be governed by Roberts Rules of Order, Newly Revised.

Adopted January 2003

Amended December 2003

Amended November 2004

Amended December 2005

Amended December 2006

Amended July 2007

Amended November 2010

Amended March 2014

Amended September 2014

Amended December 2015

Amended January 2017

Amended February 2018

Amended

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

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

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

2. Scope

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

3. Prudence

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

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

4. Objectives

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

5. Delegation of Authority

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

Executive Director

Chief Deputy Executive Director

Director of Finance

Finance Manager

TransNet Department Director

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

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

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

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

6. Ethics (Conflict of Interest)

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

7. Selection of Financial Institutions and Broker/Dealers

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

8. Permitted Investment Instruments

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

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

- 8.2. **Treasury Obligations:** notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- 8.3. **Federal Agencies and U.S. Government Sponsored Enterprises:** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- 8.4. **State Municipal Obligations:** Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the states. Such obligations must be rated A-1 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.

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



BOARD POLICY No. **007**

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

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

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

1. EEO and DBE Programs

- 1.1 It is the policy of SANDAG to actively recruit, hire, train, promote, and make all other employment decisions for all applicants and employees in accordance with Title VII of the Civil Rights Act of 1964, as amended. SANDAG will ensure that procedures for recruiting, selecting, hiring, promoting, training, termination, compensation, benefits, as well as decisions regarding terms and conditions of employment do not adversely affect the employment of persons protected by Title VII and, in addition, that all SANDAG hiring and promoting criteria, requirements, and tests are job-related. SANDAG will adhere to the affirmative action provisions of Executive Order 11246, the Office of Federal Contract Compliance Programs (OFCCP), the Equal Employment Opportunity Commission (EEOC) Guidelines, and all other applicable standards to the extent required by applicable law.
- 1.2 It is SANDAG policy to assure that discrimination based on race, color, ~~religious creed~~ religion, creed, national origin, ancestry, age (over 40), ~~gender (including gender identity and or gender expression),~~ sex (including pregnancy, childbirth, breastfeeding and or related medical conditions ~~related to pregnancy, childbirth or breastfeeding~~), medical condition ~~(including AIDS/HIV, history of cancer),~~ physical or mental disability, ~~(including mental or physical),~~ genetic information, sexual orientation, marital status, ~~military or military or~~ veteran's status or any other category protected under federal, ~~or state o.~~ Or local law does not occur in relationships that may exist between SANDAG and any employee or applicant for employment. Such relationships include, but are not limited to, recruitment, selection, hiring, promotion, compensation, benefits, terminations, transfers, layoffs, recalls, or SANDAG-sponsored training, education, or social and recreational programs.
- 1.3 It is SANDAG policy to require the contractors and consultants that it contracts with to have EEO policies in place that forbid discrimination in violation of Title VII.

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

2. Procedures

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

separations which document whether the affected individuals are in a class protected by Title VII.

- 2.10 The Board of Directors will review an EEO report prepared by the Director of Administration on an annual basis. The report will include employment results and a review of EEO Program goals for the upcoming year.
- 2.11 ~~The~~is EEO ~~Program~~policy will be posted in employee breakrooms and will be incorporated into the SANDAG employee website.
- 2.12 All employment ads and job postings will contain a reference that SANDAG is an equal employment opportunity employer.
- 2.13 Required federal and state posters concerning EEO will be displayed in employee breakrooms.
- 2.14 All successful consultants and contractors will be notified of their obligations under the EEO and DBE Programs in their contracts with SANDAG.

Adopted June 2003

Amended November 2004

Amended December 2006

Amended December 2008

Amended November 2010

Amended February 2012

Amended January 2017

Amended February 2018

Amended



BOARD POLICY No. **015**

RECORDS MANAGEMENT

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

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

Procedures

1. Applicability

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

2. Policy Statement

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

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

2.22.3 Unless otherwise mandated by law, all Records subject to retention on a temporary or permanent basis may be retained in an electronic format so long as the electronic retention system employs a combination of technologies, policies, and procedures that allows no plausible scenario in which a document retrieved from or reproduced by the system could differ substantially from the document that is originally stored.

3. Public Records

- 3.1 SANDAG Business Records are records that contain information relating to the conduct of SANDAG business and generally include any record kept because it is prepared, owned, used, or retained by SANDAG in furtherance of official SANDAG duties. A record prepared by a SANDAG employee or NSE conducting SANDAG business has been “prepared by” SANDAG within the meaning of the CPRA even if the record is prepared using a personal account, on a personal device for which the SANDAG employee or NSE, receives no public reimbursement or on off-duty hours. SANDAG Business Records are subject to disclosure if they are in SANDAG’s actual or constructive possession. Constructive possession includes SANDAG Business Records in the possession of an employee or NSE. If a public records request seeks SANDAG Business Records held in a SANDAG employees’ or NSE’s non-SANDAG email, phone, or accounts, SANDAG may reasonably rely on its employees, officials or NSE’s to search their own personal files, accounts, and devices for responsive material.
- 3.2 Records that pertain to “housekeeping” matters that will not be needed for future reference should be disposed of as soon as possible. Communications that are primarily personal, containing no more than incidental mentions of SANDAG business, generally will not constitute public records. In addition, records that are purely personal in nature such as personal email or correspondence from a friend should not be treated as SANDAG Business Records. In order to prevent a claim that such records are subject to disclosure, and to prevent an unnecessary burden on SANDAG resources, records unrelated to SANDAG business should be purged from SANDAG computers and files.
- 3.3 SANDAG employees and NSEs may determine that certain records are not needed for future use or reference because they are notes or drafts that have been superseded by later versions. Consistent with the Secretary of State Records Management Guidelines, which recommends that records that have fulfilled their administrative, fiscal, or legal function should be disposed of as soon as possible, preliminary drafts, notes, and interagency and intra-agency memoranda that have been retained for less than 60 days and that are no longer needed for use or reference should be disposed of prior to the end of the 60-day time period. All such records that are kept for more than 60 days for use or reference, and that are not otherwise exempt, must be kept for a minimum of two years. Some records must be kept for longer than two years and the retention period for most records is contained in the Schedule. The time periods shown in the Schedule should be followed unless a document needs to be retained for a longer time period than that shown because the custodian believes the record is still needed for reference. All of the time periods shown for retention begin no sooner than the date the record is put in its final form.

- 3.4 After a SANDAG business record has been maintained for the required time period it should be disposed of promptly consistent with the Schedule. If records contain confidential or trade secret information, steps should be taken to ensure the records are not disclosed when they are destroyed.
- 3.5 At least once each year the Schedule will be reviewed and revised as needed. The Schedule will be circulated to the department directors for recommended changes and additions and reviewed by the Office of General Counsel. Changes to the Schedule must be approved by the Executive Director and Office of General Counsel and substantive changes shall be communicated to all SANDAG employees. Information regarding the Schedule will be included in the annual public records training conducted for employees. The most recent version of the Schedule shall be made available on the SANDAG website at www.sandag.org/legal.
- 3.6 Retention periods for records required for litigation, auditing, environmental review, or public records requests must be suspended and the records maintained in their original condition and format until the matter is resolved through consultation with the Office of General Counsel.
- 3.7 SANDAG is required to undertake reasonable efforts to assist the public in identifying records or information sought. In response to public records requests the Office of General Counsel works with employees and NSEs to identify responsive records. Records should be kept in an organized fashion and be easily identifiable. Electronic SANDAG Business Records shall be stored in a file storage location approved for active use by the SANDAG Information Systems Manager. Records that have been saved in electronic format do not need to be maintained in hardcopy unless otherwise stated in the Schedule.

4. File Maintenance

All SANDAG Business Records should be maintained in an organized fashion in a location that is easily identifiable in the event of a public records request. For example, project manager(s) for a project and Contracts and Procurement personnel shall maintain centralized files for each project or procurement. Files should not contain records that are not needed for future use or reference such as preliminary drafts, working papers, or notes that have been superseded and are less than 60 days old, or "housekeeping" memoranda or emails.

5. Records Containing Confidential or Trade Secret Information

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

6. CPRA Requests

- 6.1 Responses to records requests shall be fully compliant with the CPRA and all other applicable laws.
- 6.2 All CPRA requests received from members of the public shall be treated as urgent and immediately referred to the Office of General Counsel. Timing on responses to CPRA requests is very important. Under the law SANDAG shall determine within ten (10) calendar days from receipt of the CPRA request if the request, in whole or in part, seeks disclosable records in the possession of SANDAG.
- 6.3 SANDAG's Public Records Request Guidelines shall be available to view on the SANDAG website, and shall be consistent with this policy and applicable law.

Adopted June 2003
Amended December 2004
Amended December 2006
Amended January 2017
Amended February 2018
Amended



BOARD POLICY NO. 017

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.
 - 4.1 Enter into agreements not currently incorporated in the budget and make other modifications to the budget in an amount up to ~~\$100,000- \$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 or contract in order to circumvent the ~~\$100,000- \$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 an addendum to a previously-approved Environmental Impact Report or Negative Declaration consistent with CEQA Section 15164 where only minor technical changes or additions are necessary.

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 the provisions of SANDAG's Administrative Rules and Regulations.

5-6. 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.

6-7. Pursuant to Article V, Section 4, paragraph c of the Bylaws, the Executive Director shall promulgate 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 _____



BOARD POLICY No. **019**

PROJECT PLANS, SPECIFICATIONS AND ESTIMATES

This policy provides direction concerning the design of major transit projects and for preparing and approving contract plans, specifications, and cost estimates.

Section 14085 et seq. of the State Government Code states that whenever any public entity is to receive state or federal funds for the purposes of project planning, design, rights-of-way, construction, acquisition, or improvement of exclusive public mass transit guideways (and their related fixed facilities, power systems, passenger facilities, vehicles, and equipment), it shall prepare plans for the complete project that are applicable to the type of project, and transmit them to the Department of Transportation for its review and approval of policies, procedures, and performance standards, prior to the implementation of the project or the project phases affected. This policy is intended to cover the following components of Section 14085: preliminary engineering investigations; plans, specifications, and cost estimates.

Procedures

1. Plans, specifications, and estimates (PS&Es) for SANDAG projects shall be prepared in the most functional and timely manner possible, by competent engineers in any combination of public agency staff, consultants, or SANDAG staff as appropriate.
2. PS&Es shall generally be prepared in accordance with SANDAG's practices and standards and/or accepted practices as defined by major project administrators, such as Caltrans, North County Transit District (NCTD), and/or Metropolitan Transit System (MTS).
3. Design criteria shall be in compliance with accepted engineering standards, laws, and practices applicable to transportation systems. In the case of projects to be constructed on the NCTD/MTS-owned railroad right-of-way, such design standards shall include, but not be limited to:
 - 3.1 NCTD's/MTS's adopted *System Safety Program Plan*
 - 3.2 49 CFR Part 213: Track Safety Standards
 - 3.3 49 CFR Part 236: Installation, Inspection Maintenance and Repair of Signal and Train Control Systems, Devices, and Appliances
 - 3.4 Amtrak MW 1000 Limits and Specifications for the Safety, Maintenance, and Construction of Track

- 3.5 *SDNR Bridge Inspection and SDNR Signal Maintenance, Inspection, and Testing Manuals*
- 3.6 American Railway Engineering and Maintenance-of-Way Association (AREMA) standards
- 3.7 California Public Utilities Commission (CPUC) general orders and standards as applicable

3.8 Americans with Disabilities Act statutes and regulations

3.83.9 Approved SANDAG Design Criteria.

4. As a guideline, PS&E packages should generally contain the following:

- 4.1 Plans -- The official project plans and Standard Plans and Profiles, typical cross sections, general cross sections, working drawings and supplemental drawings, or reproductions thereof, approved by the responsible Engineer licensed in California, which show the location, character, dimensions and details of the work to be performed.
- 4.2 Specifications -- Special provisions shall contain specific clauses setting forth conditions or requirements peculiar to the work and supplementary to the standard specifications. Standard Specifications shall provide the directions, provisions and requirements contained in published documents setting forth conditions and requirements that are reoccurring in like work.
- 4.3 Estimate -- The engineer's estimate shall list the estimated quantities of work to be performed and estimated costs of each item and for the total project construction.

Adopted November 2003

Amended December 2008

Amended



BOARD POLICY NO. 024

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 49, Part 18, and Federal Transit Administration Circular 4220.1F also establish procedures which 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 designee.

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 construction contracts estimated to cost \$3,500 or less, 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 but not more than \$50,000, the following procedures shall be followed:

1.1.2.1 Written Notices Inviting Bids (NIBs) will be sent to a minimum of three qualified bidders by mail or facsimile on the same date. The bid period will be a minimum of three calendar days. When possible, NIBs should be sent to at least two certified Disadvantaged Business Enterprise (DBE) firms. The NIB 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 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.

1.5. Review of Bids

1.5.1 After the bids are publicly opened, the 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 this project:

1.5.6.1 Financial Requirements:

1.5.6.1.1 Contractors 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 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 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 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 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 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 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 shall state whether or not it has defaulted on a construction project within the last two years;
- 1.5.6.2.5 The contractor 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 shall state whether 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 shall state whether 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 shall list how many construction projects the bidder will be working on concurrently with the SANDAG project;

- 1.5.6.2.9 The contractor shall state whether 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 shall state whether a surety ever completed any portion of the work of the bidder's project within the last five years;
 - 1.5.6.2.11 The contractor shall state whether the bidder, any officer of such bidder, or any employee of such bidder who has a proprietary interest in such bidder, 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 shall provide name of owner, title of project, contract amount, location of project, date of contract, and name of bonding company.
- 1.5.6.3 Reporting Forms: In order to demonstrate that the SANDAG financial and experience requirements are met, the contractor 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 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 nonresponsible, 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 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 49, Part 18 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 Directors 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:

- 6.1.1 Except in the case of design-build 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 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 ~~20209-522160~~ 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



BOARD POLICY NO. **028**

ASSET OWNERSHIP AND DISPOSITION

Purpose

This policy establishes guidelines and procedures for the ownership and disposal of SANDAG assets.

1. OWNERSHIP OF ASSETS

1.1 SANDAG, North San Diego County Transit Development Board ("NCTD"), and the Metropolitan Transit Development Board, a California Public Agency operating the Metropolitan Transit System ("MTS"), are parties to a Master Memorandum of Understanding (MOU), which among other things, describes the manner in which acquired real property and personal property will be owned and managed by the three agencies. This policy is consistent with the terms of the Master MOU and its addenda. In addition, from time to time a transfer of property from SANDAG to another entity will be appropriate if that entity will operate, maintain or have liability for the property.

1.2 Real Property

1.2.1 Real property owned by NCTD, MTS, or an owner other than SANDAG ("Third Party Owner") prior to construction of a project by SANDAG shall be referred to as "Pre-Owned Property" in this Policy.

1.2.2 When SANDAG constructs physical improvements on Pre-Owned Property, the real property, including the improvements constructed by SANDAG, will be owned by the Third Party Owner, unless otherwise agreed to in writing by the parties or prohibited by an entity funding the project.

1.2.2.1 To enable SANDAG to construct improvements on MTS or NCTD Pre-Owned Property, the parties will enter into one or more addenda to the Master MOU that will set forth the legal rights and remedies between or among SANDAG and the affected operating agency(ies) ("Affected Parties") to enable SANDAG to construct the project and MTS and/or NCTD to continue necessary operations during construction.

1.2.2.2 To convey improvements developed on Pre-Owned Property to NCTD and MTS, the Affected Parties may enter into one or more addenda to the Master MOU that will set forth the legal rights and remedies amongst the parties to make the Affected Party responsible to operate and maintain the property and allocate liability for claims involving the property.

- 1.2.3 When SANDAG constructs physical improvements to property acquired for the purpose of a project ("Subsequently Acquired Property"), the real property, including the improvements constructed by SANDAG, may be transferred to another entity, if permitted by the funding source of the procurement and agreed to by the parties. Notwithstanding the foregoing, the parties involved with the project may agree to have one or more other entities own Subsequently Acquired Property.
 - 1.2.3.1 To convey the real property including improvements developed on Subsequently Acquired Property to NCTD or MTS, the Affected Parties will enter into one or more addenda to the Master MOU that will set forth the legal rights and remedies amongst the parties to make the operating agency responsible to operate and maintain the property, and allocate liability for claims involving the property to the operating agency.
 - 1.2.3.2 In the event Subsequently Acquired Property may offer the opportunity to be further developed for other public transportation uses, SANDAG will retain the appropriate real property interest to enable it to develop such public transportation projects on the property in the future.
- 1.2.4 In the event real property is procured by SANDAG utilizing Federal Transit Administration ("FTA") grants, said real property may be conveyed to a Third Party Owner with FTA approval, and if agreed to by the parties.

1.3 Personal Property

- 1.3.1 All property other than real property and its associated bundle of rights will be referred to herein as "Personal Property."
- 1.3.2 Personal Property procured by SANDAG for the operating purposes of NCTD or MTS may be owned, operated and maintained by the operating agency if permitted by the funding source of the procurement, and if agreed to by the Affected Parties.
- 1.3.3 To the extent the funding source of the procurement of Personal Property requires SANDAG to retain ownership, SANDAG may convey possession of the Personal Property to one or more Third Party Owners pursuant to a lease which will obligate the Third Party Owner to operate and maintain the Personal Property and account for its use and maintenance. Said lease will require the operating agency to retain full responsibility for the operation, maintenance, and liability associated with the use and possession of the Personal Property.
- 1.3.4 In the event Personal Property is procured by SANDAG utilizing FTA grants, the Personal Property may be conveyed to a Third Party Owner with FTA approval, and if agreed to by the parties.

2. DISPOSITION PROCEDURES

- 2.1 SANDAG has various assets which, over time, will be deemed obsolete due to normal use and wear, or new technology, or no longer needed due to project completion, underutilization, or surplus status. Therefore, these assets become candidates for disposal. Laws governing SANDAG's purchase of such assets require the use of a competitive procurement process. Likewise, the disposal or sale of property purchased with public funds should be done so in an open competitive process, unless the property will be assigned to government or nonprofit entities and designated for public purposes. It is SANDAG policy to capitalize assets with a unit purchase value of \$5,000 or more. This policy is intended to ensure that when SANDAG disposes of personal assets or real property assets, it will be done in a manner which is in the best interests of SANDAG, within the standards and procedures set forth.
- 2.2 Surplus properties are made available for various public purposes, including negotiated sale to state and local governments and eligible nonprofit institutions, or are sold competitively to the general public. State and local governments, eligible public institutions, and nonprofit organizations may acquire surplus property that SANDAG no longer needs on terms that SANDAG's Transportation Committee deems are in the best interest of SANDAG's goals and public need.
- 2.3 Surplus property that is not conveyed to state/local governments or other eligible recipients for public purposes may be sold to private individuals and companies by competitive bid.
- 2.4 Methods. The method of disposal must be approved by the Transportation Committee for capital assets with an individual or aggregate actual or depreciated value of \$100,000 or more. For assets valued under \$100,000, the Executive Director may authorize disposal and the method. For audit purposes, a memorandum must be filed which certifies the depreciated value of the asset and indicates the method of disposal. Such methods may include, but are not limited to, the following:
 - 2.4.1 Trade-in allowance - provided that an independent appraisal is conducted to determine the value, or an analysis is conducted which certifies that the sale price is fair and reasonable.
 - 2.4.2 Use of ~~other government agency-sponsored~~ competitive auctions, such as a government agency-sponsored auction or a competitive public auction~~the County of San Diego.~~
 - 2.4.3 Competitive sale.
 - 2.4.4 Negotiated sale.
 - 2.4.5 Destruction
 - 2.4.6 Trash

- 2.5 Competitive Sale. Under a competitive sale, the following procedures must be followed:
- 2.5.1 Notification to the public. This would include, at a minimum, the placing of an advertisement in a newspaper(s) of general circulation. The ad must specify the item(s) to be sold, the condition and the terms for the sale, and the date/time/place sealed bids are to be received.
 - 2.5.2 All bids must be sealed.
 - 2.5.3 Prospective bidders may be afforded an opportunity to view the item(s) being disposed.
 - 2.5.4 Award. The award will be to the highest responsive, responsible bidder.
- 2.6 Negotiated Sale. Capital assets with an individual or aggregate value in excess of \$100,000 may be disposed of on a negotiated sale basis provided a finding by the Transportation Committee by a two-thirds vote that special circumstances exist that make it in the best interest of SANDAG. Such circumstances may include the following:
- 2.6.1 Unique item(s) may have a limited resale market.
 - 2.6.2 The financial interest of SANDAG would be best served by negotiation.
 - 2.6.3 In the case of used buses, the Transportation Committee will give specific direction on the method of disposal to be followed on a case-by-case basis considering potential financial return and available alternatives, including the sale for scrap or other nonoperating purposes to avoid use of the vehicles and resultant air pollution in California and the San Diego region. A method of disposal may be approved even though the financial benefit may be less than other methods of disposal.
 - 2.6.4 If approved, the Executive Director may be authorized to negotiate a sale price.
- 2.7 Ineligible Participants. SANDAG, NCTD, MTDB, SDTC, and SDTI employees, Board members and members of their immediate family may not participate in a competitive or negotiated sale of SANDAG capital assets.
- 2.8 Federal Grant Funded Assets. Capital assets which have been purchased with federal capital grant funds must be disposed of in a manner consistent with any applicable laws, including FTA regulations. The proceeds from such disposal will be distributed in the percent of which was provided for the original purchase if the per unit fair market value of the asset exceeds \$5,000~~unless fully depreciated.~~

Adopted April 2004
 Amended November 2010
 Amended November 2014
Amended



BOARD POLICY NO. **030**

CONTINGENCY RESERVE POLICY

1. Purpose

SANDAG has historically relied upon budget savings to provide adequate fiscal flexibility to accommodate unavoidable and unanticipated costs. As SANDAG has taken on more responsibilities and funding sources have become more constrained, additional tools for managing financial fluctuations and risks are warranted. Establishing contingency reserves provides a means for dealing with emergency or high priority situations that may arise during the course of delivering projects or programs that could not otherwise be funded in the near-term.

The purpose of this policy is to provide guidelines for a contingency reserve, such as the required balance, allowable uses, required approvals, and method of replenishment. The nature of SANDAG's work includes regional planning, capital project development, and regional operations. The guidelines established below coincide with the agency's project and program needs as identified in the corresponding section of the annual Program Budget.

2. Scope

A. Regional Planning (Overall Work Program)

Contingency Reserve Fund Required Balance - The targeted minimum amount to be maintained in the Overall Work Program (OWP) reserve account shall be equal to 10 percent of total budgeted annual expenditures of the OWP. Total annual expenditures are defined as the amount of the OWP Expense Budget contained in the Revenue and Expense Summary chapter of the annual OWP. The year-end revenue and expense reconciliation process will include the amount necessary to replenish or increase the contingency reserve to achieve this minimum balance, unless explicitly approved otherwise by the Executive Committee.

Applicable Fund Sources - Local matching funds such as Transportation Development Act and *TransNet*, which are more discretionary in nature, will be used as the source to build and replenish this fund.

Qualifying Uses of the Reserve Fund – The Reserve Fund shall be used for one-time non-recurring purposes, unless otherwise approved by the Executive Committee. The following occurrences shall qualify as potential eligible uses, subject to individual approval by the Executive Committee:

- a. opportunities to advance urgent, high-priority needs;
- b. unanticipated needs relating to a crucial existing commitment; and
- c. unforeseen withdrawal or cutback of a revenue source.

Approval for the Use of Reserve Funds - Each proposed use of the contingency reserve fund will be subject to approval by the SANDAG Executive Committee. Each request for approval will include the specific amount needed, a justification of the need, how the need fits the funding criteria, and a discussion of any other alternatives that were examined.

Replenishment of the Reserve Fund - Replenishment up to the minimum target of 10 percent will be planned in the budget process as needed and directed by the Board of Directors. Budgetary savings of discretionary funding will be transferred into the reserve fund to maintain the minimum target.

B. Capital Program

Project Level Contingency

Contingency Reserve Fund Required Balances – Capital projects vary in nature and shall have individual contingency reserve targets to address project risks. The annual SANDAG Program Budget shall identify contingency reserve funds for each SANDAG lead capital project.

Applicable Fund Sources – Each SANDAG lead capital project shall include a line item for contingency reserves as part of its approved budget using the fund sources associated with the project.

Qualifying Uses of the Reserve Funds – The contingency reserve funds shall be used in a manner appropriate to the project's specified purposes including unanticipated costs in delivering the project or unforeseen withdrawal or cutback of a revenue source.

Approval for the Use of Reserve Funds - The proposed use of contingency reserve funds for capital projects will be authorized through the inclusion of the line item in the budget.

Replenishment of the Reserve Fund - Replenishment of capital project contingency reserves will correspond to the risks associated with the work. Should a project's funds be exhausted and if opportunities to down scope the work are not available, the project will rely on new monies/revenue or the deferral of a future capital project.

TransNet Major Corridors Program Contingency Reserve

Contingency Reserve Fund Required Balances – In conjunction with the annual Program Budget update conjuncture with the annual Plan of Finance update, program level contingency will be calculated based on risk level and the size of the *TransNet* construction program.

Applicable Fund Sources — *TransNet* Major Corridor revenues will be used to fund the program contingency reserve.

Qualifying Uses of the Reserve Funds - The program contingency reserve funds shall be used in a manner appropriate to the project's specified purposes which have not been included in the project budget.

Approval for the Use of Reserve Funds – The transfer of program contingency reserve funds into project budgets will be consistent with the current delegation of authority policies.

Replenishment of the Reserve Fund - Replenishment of program contingency reserves will correspond to the risks associated with the current and upcoming work. The annual Plan of Finance will confirm capacity to fund the program contingency reserve account at the level required by the risk assessment.

C. Regional Operations

Contingency Reserve Fund Required Balances – Operational programs vary in nature and shall have individual contingency reserve targets to address project risks. The annual SANDAG Program Budget shall identify contingency reserve funds for each Operations Program.

Applicable Fund Sources – Each Operations program shall directly fund its reserves through service fees or program revenue as applicable.

Qualifying Uses of the Reserve Funds – The reserve funds shall be used in a manner appropriate to the program’s specified purposes, including unanticipated costs in delivering or operating the project; or unforeseen withdrawal or cutback of a revenue source.

Approval for the Use of Reserve Funds - The proposed use of contingency reserve funds for each Operations program will be authorized through inclusion in the budget.

Replenishment of the Reserve Fund - Replenishment of operational program shall be provided through annual budgetary savings, service/member fees, or program revenue as applicable.

Adopted June 2005

Amended December 2006

Amended November 2014

Amended



BOARD POLICY NO. **031**

***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(I)(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.

Appropriate Bicycle and Pedestrian Accommodation Measures¹		
Context/Facility Type	Bicycle Measures	Pedestrian Measures
Urban Highway	<ul style="list-style-type: none"> • 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. • Freeways and freeway interchanges may not eliminate existing bikeways or preclude planned bikeways on local streets and roads. 	<ul style="list-style-type: none"> • Continuous sidewalks and marked crosswalks through freeway interchanges where sidewalks exist or are planned on the intersecting roadway. • Where new freeway construction severs existing pedestrian access, grade separated pedestrian crossings with no more than 0.3 mile between crossings.
Transit Project	<ul style="list-style-type: none"> • Bicycle lockers and racks at stations sufficient to meet normal expected demand. • Bicycle access to all transit vehicles except those providing exclusive paratransit service to the disabled as required by the Americans with Disabilities Act. • Transit priority measures on roadways may not prevent bicycle access. 	<ul style="list-style-type: none"> • Direct sidewalk connections between station platforms and adjacent roadway sidewalks. • Pedestrian crossings where a new transit way severs existing pedestrian access with no more than 0.3 miles between crossings.
Major Urban Street	<ul style="list-style-type: none"> • Class 2 bike lanes 	<ul style="list-style-type: none"> • Continuous sidewalks or pathways², both sides of the street with marked crosswalks at traffic controlled intersections. • ADA compliant bus stop landings for existing and planned transit service.

Appropriate Bicycle and Pedestrian Accommodation Measures¹		
Context/Facility Type	Bicycle Measures	Pedestrian Measures
Urban Collector Street (design speed >35 mph)	<ul style="list-style-type: none"> • Class 2 bike lanes 	<ul style="list-style-type: none"> • Continuous sidewalks or pathways², both sides of the street with marked crosswalks at traffic controlled intersections. • ADA compliant bus stop landings for existing and planned transit service.
Urban Collector Street (design speed ≤ 35 mph)	<ul style="list-style-type: none"> • Shared roadway. Where planned average daily motor vehicle traffic exceeds 6,500, the outside travel lane should be at least 14 feet wide. 	<ul style="list-style-type: none"> • Continuous sidewalks or pathways² both sides of the street. • ADA compliant bus stop landings for existing and planned transit service.
Urban Local Street	<ul style="list-style-type: none"> • Shared roadway 	<ul style="list-style-type: none"> • Continuous sidewalks or pathways² both sides of the street. • ADA compliant bus stop landings for existing and planned transit service.
Rural Highway	<ul style="list-style-type: none"> • Minimum 8-foot paved shoulder 	<ul style="list-style-type: none"> • ADA compliant bus stop landings for existing bus stops.
Rural Collector Road	<ul style="list-style-type: none"> • Minimum 8-foot paved shoulder 	<ul style="list-style-type: none"> • Not required with no fronting uses. • Paved or graded walkway consistent with community character on streets with fronting uses. • ADA compliant bus stop landings for existing bus stops.
Rural Local Road	<ul style="list-style-type: none"> • Minimum 6-foot paved shoulder 	<ul style="list-style-type: none"> • Not required with 85th percentile speeds ≤ 25 mph. • Paved or graded walkway consistent with community character on streets with fronting uses and 85th percentile speeds > 25 mph. • ADA compliant bus stop landings for existing bus stops.

Appropriate Bicycle and Pedestrian Accommodation Measures ¹		
Context/Facility Type	Bicycle Measures	Pedestrian Measures
¹ 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. ² 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.		

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, ~~and~~ November 19, 2010, and 2018

- 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 unit¹ 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.

¹ 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; ~~and~~ January 2017; and _____.

**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	<u>13,874,464</u>

Article 8	County Transit System:	
	Express Bus	189,276
	Total	<u>189,276</u>

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	<u>1,131,560</u>

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		<u>1,573,623</u>

MTDB (MTS) Area Total	16,768,923
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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.

Congestion Relief (at least 70%)	Maintenance and Non-Congestion Relief (no more than 30%)
<p>New or Expanded Facilities</p> <ol style="list-style-type: none"> 1. New roadways and bridges 2. Roadway and bridge widening 3. Roadway widening for bike lanes 	<p>Lane removal for bike lanes</p>
<p>Major Rehabilitation and Reconstruction</p> <ol style="list-style-type: none"> 1. Roadway rehabilitation (grinding and overlay, or new structural pavement, or new overlay 1-inch thick or greater) 2. Roadway realignment 3. Bridge retrofit or replacement 4. Roadway drainage improvements for the purpose of improving capacity-impeding conditions such as significant and frequent roadway flooding 5. New sidewalk or sidewalk widening 	<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>Traffic Operations</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>Traffic signal coordination</p>	<p>Stand-alone landscaping project of an existing median</p> <p>Traffic signal replacement, bulb replacement, hardware, software, inductive loop repair</p>

Congestion Relief (at least 70%)	Maintenance and Non-Congestion Relief (no more than 30%)
<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.



BOARD POLICY No. **032**

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION INTEREST RATE SWAP POLICY

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

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

1. Scope and Authority

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

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

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

2. Approach and Objectives

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

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

3. Conditions for Use of Interest Rate Swaps and Options

3.1. Rationale

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

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

3.2. Benefit Expectation

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

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

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

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

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

3.3. Maximum Notional Amount

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

3.4. Maximum Maturity

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

3.5. Liquidity Considerations

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

3.6. Call Option Value Considerations

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

4. Interest Rate Swap Features

4.1 Interest Rate Swap Agreement

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

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

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

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

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

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

4.1.5 Eligible collateral is outlined in Appendix A.

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

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

4.2 Interest Rate Swap Counterparties

4.2.1 Credit Criteria

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

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

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

4.2.1.1 Contingent credit support or enhancement;

4.2.1.2 Collateral consistent with the policies contained herein;

4.2.1.3 Ratings downgrade triggers; or

4.2.1.4 Guaranty of parent, if any.

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

4.2.2 Swap Dealers

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

4.3 Limitations on Termination Exposure to a Single Counterparty

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

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

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

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

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

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

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

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

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

4.4 Collateral Requirements

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

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

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

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

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

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

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

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

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

4.5 Swap Insurance

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

4.6 Security and Source of Repayment

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

4.7 Prohibited Interest Rate Swap Features

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

5. Evaluation and Management of Interest Rate Swap Risks

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

5.1 Evaluation Methodology

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

Type of Risk	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.

Type of Risk	Description	Evaluation Methodology
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

Asset/Liability Matching

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

Bid/Ask Spread

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

Call Option

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

Collateral

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

Downgrade

A negative change in credit ratings.

Forward Starting Swap

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

Hedge

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

Interest Rate Exchange Agreement

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

Interest Rate Swap

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

Liquidity Support:

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

LIBOR

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

Maximum Net Termination Exposure

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

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

Notional Amount

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

Termination Payment

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



BOARD POLICY No. **039**

AUDIT POLICY ADVISORY COMMITTEE AND AUDIT ACTIVITIES

1. Purpose

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

2. Governance and Role of the Audit Committee

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

3. Authority of the Audit Committee

- 3.1 The Audit Committee may hear items within the subject areas of audits, internal controls and investigations into fraud, waste, or impropriety, and may be asked to provide actions or recommendations on other matters within the Audit Committee's purview. The responsibilities of the Audit Committee include:
 - 3.1.1 Recommend to the Board which firm to contract with to conduct the annual financial statement audits 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 the Board.
- 3.1.9 Monitor the implementation of corrective action identified in audit and investigative reports and inform the Board when corrective action is insufficient or untimely.
- 3.1.10 Conduct the independent performance auditor's annual performance evaluation against performance measures established and adopted by the Audit Committee.
- 3.1.11 Vote on whether to remove the independent performance auditor for cause including, but not limited to incompetence, dishonesty, unethical behavior, violation of state or federal laws, or failure to maintain required professional certifications; such removal being subject to an approving vote by two-thirds of the Audit Committee and the Board.
- 3.1.12 Recommend internal control guidelines to be adopted by the Board to prevent and detect financial errors and fraud based on the internal control guidelines developed by the State Controller pursuant to Government Code Section 12422.5 and the standards adopted by the American Institute of Certified Public Accountants.

4. Selection of Audit Committee Members

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

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

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

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

5. Selection of Independent Performance Auditor

- 5.1 The independent performance auditor shall serve a two-year term and shall be selected 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 annually prepare an audit plan and conduct audits in accordance therewith, including performance audits of all 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. The independent performance auditor shall follow Government Auditing Standards.
- 6.2 All officers and employees of SANDAG shall furnish to the independent performance auditor unrestricted access to employees, information, and records, including electronic data, within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts, and methods of business required to conduct an audit or otherwise perform audit duties. It is also the duty of any consolidated agency officer, employee, or agent to fully cooperate with the auditor, and to make full disclosure of all pertinent information, with the exception of information that is protected by law from disclosure.

- 6.3 The independent performance auditor shall prepare a proposed budget and submit it to the Audit Committee for a recommendation to the Board of Directors for its approval 180 days prior to the beginning of each fiscal year or as otherwise requested by the Director of Finance.
- 6.4 The independent performance auditor shall have the power to appoint, employ, and remove assistants, employees, and personnel as deemed necessary for the efficient and effective administration of the affairs of the independent performance auditor. The independent performance auditor may prescribe the duties, scope of authority, and qualifications of employees and consultants overseen by the independent performance auditor. The independent performance auditor's authority shall be subject to the annual audit plan and the budget approved by the Board, SANDAG rules and policies related to the management and hiring of SANDAG employees and consultants, and the scope of the independent performance auditor's purview as determined by the Board.
- 6.5 The independent performance auditor may investigate any material claim of financial fraud, waste, or impropriety within SANDAG and for that purpose may summon any officer, agent, or employee of the consolidated agency, any claimant, or other person, and examine him or her upon oath or affirmation relative thereto. The independent performance auditor will conduct investigations generally following the procedures recommended by the Association of Certified Fraud Examiners' Fraud Examiners Manual for any allegations of financial fraud, waste or impropriety. Prior to questioning any person under oath, the independent performance auditor shall advise the members of the Audit Committee of that intention, seek legal counsel from the Office of General Counsel or outside counsel under contract to SANDAG regarding the relevant legal issues, and document the reasons why the questioning must be done under oath instead of by some other form of affirmation.
- 6.6 The independent performance auditor shall coordinate audit functions such that there is no duplication of effort between the audits undertaken by the independent performance auditor and audits undertaken by the Independent Taxpayer Oversight Committee.
- 6.7 All SANDAG contracts with consultants, vendors, or agencies will be prepared with an adequate audit provision to allow the independent performance auditor access to the entity's records needed to verify compliance with the terms specified in the contract.
- 6.8 Results of all audits and reports shall be made available to the public in accordance with the requirements of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of the Title 1 of the Government Code). Final versions of formal reports also shall be posted on the SANDAG website.
- 6.9 All materials or services needed by the independent performance auditor shall be procured using an open and competitive basis with solicitation of proposals from the widest possible number of qualified firms as prescribed by SANDAG's procedures for procurement. The scope of work of all such consultant work shall be subject to approval by the independent performance auditor prior to any such solicitation.

Adopted December 2017

Amended



January 11, 2019

Legislative Status Report

Monthly status reports on legislative activities are provided to the Executive Committee. Attachments 1 and 2 include summaries from Ellison Wilson Advocacy, LLC on state legislative activity, and from Peyser Associates LLC on federal legislative activity related to SANDAG for December 2018.

Action Requested: **Information**

Staff will present an update on federal and state legislative and policy activities.

Victoria Stackwick, Principal Legislative Analyst

Key Staff Contacts: Victoria Stackwick, (619) 699-6926, victoria.stackwick@sandag.org
Robyn Wapner, (619) 699-1994, robyn.wapner@sandag.org

Attachments:

1. Report from Ellison Wilson Advocacy
2. Report from Peyser and Associates



TO: SANDAG BOARD OF DIRECTORS
FROM: ELLISON WILSON ADVOCACY, LLC
SUBJECT: SANDAG LEGISLATIVE ACTIVITY REPORT – DECEMBER 2018

LEGISLATIVE UPDATE

Legislative Overview

The Legislature briefly convened on December 3 to officially commence the 2019-2020 Legislative Session; however, legislators will not actually be returning to the Capitol until January 7. Nevertheless, 235 bills already have been introduced for the session and this number will continue to grow until the February 22 bill introduction deadline.

Of note in January, Governor-Elect Newsom will be formally sworn in on January 7, followed shortly thereafter by his first budget proposal submittal on January 10.

Incoming San Diego Delegation

After the November election, the following representatives will serve as members of the San Diego delegation in the State Legislature. Any committee assignments and leadership positions that already have been announced are noted.

Assembly

- **Randy Voepel** (R-Santee) – District 71
 - Vice Chair, Aging and Long-term Care Committee
 - Vice Chair, Public Employment and Retirement Committee
 - Vice Chair, Veterans Affairs Committee
 - Member, Insurance Committee
 - Member, Joint Legislative Audit Committee
 - Member, Local Government Committee

- **Marie Waldron** (R-Escondido) – District 75
 - Assembly Republican Leader
 - Member, Health Committee
 - Member, Joint Committee on Rules

- **Tasha Boerner Horvath** (D-Encinitas) – District 76
 - Assistant Majority Whip
 - Member, Aging and Long-term Care Committee
 - Member, Communications and Conveyance Committee
 - Member, Joint Legislative Audit Committee
 - Member, Local Government Committee
 - Member, Veterans Affairs Committee

- **Brian Maienschein** (R-San Diego) – District 77
 - Vice Chair, Housing and Community Development Committee
 - Vice Chair, Human Services Committee
 - Vice Chair Judiciary Committee
 - Member, Budget Committee
 - Member, Budget Subcommittee No. 2 On Education Finance
 - Member, Communications and Conveyance Committee
 - Member, Education Committee

- **Todd Gloria** (D-San Diego) – District 78
 - Majority Whip
 - Member, Business and Professions Committee
 - Member, Housing and Community Development Committee
 - Member, Veterans Affairs Committee
 - Member, Water, Parks and Wildlife Committee

- **Shirley Weber** (D-San Diego) – District 79
 - Chair, Budget Subcommittee No. 5 On Public Safety
 - Member, Banking and Finance Committee
 - Member, Budget Committee
 - Member, Budget Subcommittee No. 6 On Budget Process, Oversight and Program Evaluation
 - Member, Education Committee
 - Member, Elections and Redistricting Committee
 - Member, Higher Education Committee
 - Member, Joint Legislative Budget Committee

- **Lorena Gonzalez** (D-San Diego) – District 80
 - Chair, Appropriations Committee
 - Member, Judiciary Committee
 - Member, Labor and Employment

Senate

- **Patricia Bates** (R-Laguna Niguel) – District 36
 - Senate Republican Leader
 - Vice Chair, Appropriations Committee
 - Vice Chair, Environmental Quality Committee
 - Member, Joint Legislative Budget Committee

- **Brian Jones** (R-Santee) – District 38
 - Vice Chair, Insurance Committee
 - Vice Chair, Natural Resources and Water Committee

- **Toni Atkins** (D-San Diego) – District 39
 - Senate President pro Tempore
 - Chair, Rules Committee

- **Ben Hueso** (D-San Diego) – District 40
 - Chair, Energy Utilities and Communications Committee

ACTIVITY REPORT

- 12/3: Provided SANDAG staff with information on new transportation-related ballot measure proposal.
- 12/4: Provided SANDAG staff with 2019 legislative calendar.
- 12/5: Reviewed/analyzed new legislation; researched Air Resources Board composition statutes; provided subsequent update to SANDAG staff.
- 12/17: Reviewed/analyzed new legislation; provided subsequent update to SANDAG staff including San Diego delegation staff information.
- 12/20: Reviewed/analyzed new legislation; provided subsequent update to SANDAG staff.
- 12/24: Reviewed SANDAG support letter for Laurie Berman as Caltrans Director.

PEYSER ASSOCIATES

LLC

Peter A. Peyser

Transportation Update from Peyser Associates

December 14, 2018

Transportation Funding Caught in the Crossfire over the Border Wall

President Trump met on Wednesday with House Minority Leader Nancy Pelosi (D-CA) and Senate Minority Leader Chuck Schumer (D-NY) to discuss the end-of-year congressional agenda and how to reach a deal on spending for border security that would allow for a number of government agencies, including the Department of Transportation, to continue operations beyond December 21. The meeting ended up ratcheting up the tension over border wall funding and increasing the potential that there will be a partial government shutdown next week.

In an Oval Office conversation on a live video feed, the Democratic leaders engaged the President in a contentious exchange over border wall funding and the potential shutdown. Vice President Mike Pence looked on. The Democratic leaders offered two options to the President for avoiding a shutdown. The first would pass six of the seven pending appropriations bills, including Transportation and Housing and Urban Development, and pass a full-year continuing resolution for the Department of Homeland Security. The second is a full-year continuing resolution for all seven pending bills. Either option would mimic the FY 2018 border security deal which allocated \$1.6 billion for the purpose but did not authorize it to be used for wall construction.

The President said he would insist on his \$5 billion request for border wall funding and would be “proud” to force a shutdown if he didn’t get it. Both sides of the debate are embracing the drama at this point. Stuck in the middle is Senate Majority Leader Mitch McConnell who continues to urge everyone to come to the table to avoid a shutdown.

Yesterday, House Majority Leader Kevin McCarthy (D-CA) announced there would be no votes next week before 6:30 p.m. and that even that was “fluid.” Various options for avoiding a shutdown, including a continuing resolution of less than a week, five months, or a full fiscal year.

Better Utilizing Investments to Leverage Development Grants Announced

The Department of Transportation on Tuesday released the full list of Better Utilizing Investments to Leverage Development (BUILD) (formerly TIGER) grant awards for FY 2018. The \$1.5 billion in grants represents the largest round of such funding since the American Recovery and Reinvestment Act legislation in FY 2009.

In the previous round of BUILD grants released by the Trump Administration, there was a clear preference for highway projects and a tilt towards rural areas. However, there was no discernable partisan tilt in the awards. In this round, largely because of a heavy preference for rural grants, the awards went disproportionately to congressional districts represented by Republican Members.

New York—Washington, DC

According to an analysis by Bloomberg News, 70 percent of the grants, representing 75 percent of the funding available, went to congressional districts represented by Republicans. Districts represented by members of the appropriations committees and senior members of the transportation authorizing committees did particularly well.

In terms of modal split, the grants showed a heavy emphasis on highway projects. Slightly less than \$85 million (5.6%) of the grants were awarded to transit projects.

It should be said here that for an administration to skew discretionary grants towards districts represented by its own party and towards projects that reflect its policy goals is a time-honored approach traditionally taken by both parties. The strong tilt in this round of awards is likely to create even more momentum for the restoration of congressional earmarking. House Democrats are likely to seek a way to rebalance the grant awards in a way more favorable to their districts and their policy preferences.

House Democrats Infrastructure Plan Taking Shape—But are States Pre-Empting the Revenue Source for the Package?

Incoming House Transportation and Infrastructure (T&I) Committee Chairman Peter DeFazio (D-OR) this week sketched out the broad outline of his committee's portion of an infrastructure package House leaders will seek to put on the floor by Memorial Day.

DeFazio said the surface transportation portion of the package will be about \$500 billion over ten years. The T&I Committee will spread those funds across highway, transit, rail, and harbor maintenance projects. DeFazio indicated that airport projects would be treated separately at a later date.

DeFazio's package will be built on an assumption that most of the \$500 billion will be raised by increasing the gas tax over a five-year period and selling Treasury bonds to bring the revenue from that increase forward to be spent over the ten-year period of the bill. This is a heroic assumption. It is by no means clear that the House Ways and Means Committee is ready to entertain a gas tax increase.

While raising the gas tax at the Federal level is always a challenge—it's been 25 years since the last increase—gaining a gas tax increase at the federal level may be an even greater challenge now because of gas tax increases in the states. In the past five years, 27 states have increased their gas taxes. Just in the past two weeks momentum has grown for gas tax increases in Kentucky, Alabama, and Illinois. It is certainly true that these actions in the states—taken on a bipartisan basis—could help convince members of congress that there is not as much political peril as they might fear in raising the gas tax to improve transportation. However, there is another side to that coin. Because increases have taken hold or are proposed in so many states, members of congress may be reticent to pile on with a federal gas tax increase.

In the 1980's, a number of Republican Members pushed the idea of "devolution" relating to transportation policy. They suggested that the federal surface transportation program be pared down to support the interstate system only and that the federal gas tax also be reduced. The theory was that states would then step up to increase their own gas taxes and pay for the transportation systems that had been dropped from the federal program. One could argue that 25 years of inflation eating away at the value of the present tax, coupled with relatively paltry increases in federal funding, have essentially amounted to devolution in slow motion. States are indeed picking up the slack.

If serious talk of a federal gas tax increases emerges in 2019, don't be surprised if we don't hear some members of congress say it would be unfair to increase the federal tax given that more than half the state have recently increased theirs.

December 21, 2018

Partial Government Shutdown Looms as Deadline Approaches

As this is written, the likelihood of a partial government shutdown, including the Department of Transportation, is very high. Congress appears unable to clear a short-term continuing resolution due to opposition to such a move from House Republicans. Even if Congress did clear such a measure, the most recent statements from the President suggest he would veto it.

Between the time you receive this and midnight tonight, it is certainly possible a deal will be made to avoid the shutdown. But that would require a change of heart from the President who is engaged in a week of fast-paced and consequential decision making on numerous fronts.

Whether a shutdown occurs or not, it appears the next Congress, with a Democratic majority in the House, will be faced with the spending battle as its first order of business. The presumed incoming Speaker, Representative Nancy Pelosi (D-CA), has indicated that if the shutdown is ongoing when Congress convenes, she will put before the House on January 3rd a bill that would fund all government agencies. The Senate and the President would then need to decide how to proceed.

Department of Transportation Releases Notice of Funding Opportunities for Infrastructure for Rebuilding America Grants

The Department of Transportation today published in the Federal Register a Notice of Funding Opportunity (NOFO) for the FY 2019 round of Infrastructure for Rebuilding America grants. The notice says that the actual amount of grants to be awarded depends on the final outcome of the FY 2019 appropriations bill for the Department. They estimate that between \$855 and \$902 million will be available for the grants.

The NOFO spells out four key objectives the Department seeks to achieve with these grants and urges grantees to focus on these in their applications. The four objectives are:

- (1) Supporting economic vitality at the national and regional level;*
- (2) Leveraging Federal funding to attract non-Federal sources of infrastructure investment;*
- (3) Deploying innovative technology, encouraging innovative approaches to project delivery, and incentivizing the use of innovative financing; and*
- (4) Holding grant recipients accountable for their performance*

Burthey Departing Department of Transportation

Deputy Assistant Secretary for Policy Grover Burthey is leaving the Department of Transportation to return to the private sector. Mr. Burthey has been the political appointee overseeing the Build America Bureau. A replacement has not yet been named.