City of San Diego Regional Transportation Congestion Improvement Program (RTCIP) Funding Program

Revised April 2012

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1 INTRODUCTION

On May 28, 2004, the San Diego County Regional Transportation Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (TransNet 2 Ordinance), approved by San Diego voters in November, 2004. The TransNet 2 Ordinance (Appendix A) established a Regional Transportation Congestion Improvement Program (RTCIP) to ensure future development contributes its proportional share of the funding needed to pay for the Regional Arterial System (RAS) and related regional transportation facility improvements.

Under Section 9 of the TransNet 2 Ordinance, each local agency shall establish an impact fee or other revenue Funding Program by which it collects and funds its contribution to the RTCIP; and shall be responsible for establishing a procedure for providing its monetary contribution to the RTCIP. This program is known as the local jurisdiction's funding program. RTCIP revenue is to be used to construct improvements on the RAS such as new or widened arterials, traffic signal coordination and other traffic improvements, freeway interchange and related freeway improvements, railroad grade separations, and improvements required for regional express bus and rail transit. If a local agency does not comply with the RTCIP requirements set forth in the TransNet 2 Ordinance, the agency may lose TransNet sales tax funding for local roads.

This document constitutes the City of San Diego's RTCIP Funding Program (City RTCIP Program) pursuant to the TransNet 2 Ordinance requirements. Key Components to the City RTCIP Program include:

- Beginning July 1, 2008, the City of San Diego (City) must contribute $2,000 (increased annually based upon the Engineering Construction Cost Index or similar cost of construction index or two percent, whichever is greater, and as approved by the SANDAG Board of Directors) on RAS improvements per each new residential dwelling unit (City RTCIP Funding Requirement);

- Beginning July 1, 2008, the City implements a City RTCIP Development Impact Fee Schedule on residential development, as adopted and updated annually by City Council Resolution, which identifies the applicable RTCIP fee (City RTCIP Fee);

- Beginning July 1, 2008, certain residential development in communities, and specifically identified projects, as adopted and updated by City Council Resolution, are not required to pay a City RTCIP Fee because compliance with the City's RTCIP Program is demonstrated through private sector payments or provision of an average of $2,000 (plus applicable annual increases) per residential unit through payment of a Facilities Benefit Assessment (FBA) or other similar development fee, or through provision of eligible RAS improvements;

- City RTCIP Fees are collected at building permit issuance; and revenues must be expended within the parameters defined under the Mitigation Fee Act (California Government Code Sections 66000 *et seq.*) and in a manner consistent with the expenditure priorities in the SANDAG Regional Transportation Plan (RTP); and

- The Independent Taxpayer Oversight Committee (ITOC), created by SANDAG for the TransNet Program is responsible for reviewing the City's implementation of the RTCIP.

2 NEXUS STUDY

In order to comply with the Mitigation Fee Act, the City is required to make certain findings demonstrating a reasonable relationship or nexus between the amount of the City RTCIP Fee collected and the cost of public facilities attributable to the development on which the fee is imposed. On September 22, 2006 the SANDAG Board of Directors approved the "RTCIP Impact Fee Nexus Study" dated September 5, 2006, as prepared by MuniFinancial (Nexus Study). The Nexus Study (Appendix B) provides the basis for the dollar amount of the RTCIP Fee. The Nexus Study was adopted by the San Diego City Council (City Council) on April 14, 2008 by Resolution No. R-303554 (Appendix C).

3 RTCIP IMPACT FEE CALCULATION

SANDAG staff developed the original RTCIP contribution amount of $2,000 per residence using an approach that allocated transportation system improvements proportionately across both existing development and projected growth. The methodology, specified in the Nexus Study, assumes that all residential development, existing and new, has the same impact on the need for RAS improvements based on the amount of travel demand generated (vehicle trips). Thus, existing and new development should share proportionately in the cost of transportation system improvements.

The City RTCIP Fee is broken down into a multi-family fee and a single family fee as set forth below:

New Multi-Family Residential Unit (FY 2009)	$ 1,865
New Single Family Residential Unit (FY 2009)	$ 2,331

The purpose of bifurcating the fee is to reflect the reduced number of vehicle trips generated by multifamily residential development. This methodology is consistent with other Development Impact Fee calculations in which a separate single family and multi-family fee is provided. As it was anticipated that these fee amounts would satisfy the RTCIP Funding Requirement, the City adopted these fee amounts as the City RTCIP Fee with the implementation of the City RTCIP Program on July 1, 2008.

4 COLLECTION OF IMPACT FEES

In accordance with Municipal Code Section 142.0640, and the resolutions adoting the City RTCIP Fee, the City RTCIP Fee is due at building permit issuance. In accordance with the TransNet 2 Ordinance, the fee is subject to annual increases based upon the Engineering Construction Cost Index or similar cost of construction index, or two percent, whichever is greater, as approved by the SANDAG Board of Directors.

5 EXPENDITURE OF FUNDS

1. Revenues collected through the City RTCIP Program shall be used for preliminary and final engineering, right-of-way acquisition, and construction that will be needed to accommodate future travel demand generated by new development throughout the San Diego region. Selection of proposed projects to be fully or partially funded by the City RTCIP Program are based upon RTCIP eligibility criteria and the City Council approved CIP Prioritization Policy (800-14).

RTCIP Fee revenues must be expended on improvments to the Regional Arterial System (RAS), as designated and updated periodically in the SANDAG Regional Arterials by Jurisdiction (Appendix D showing San Diego area locations). RAS arterials are defined as meeting one of three criteria:

- provides parallel capacity in high-volume corridors to supplement freeways, state highways, and/or other regional arterials (Corridor);
- provides capacity and a direct connection between freeways or other regional arterials, ensuring continuity of the freeway, state highways, and arterial network throughout the region without duplicating other regional facilities (Cross-corridor); or
- provides all or part of the route for existing or planned regional and/or corridor transit service that provides headways of 15 minutes or less during the peak period.

RTCIP revenues may be expended for costs associated with RAS improvements including: arterial widening, extension, and turning lanes; traffic signal coordination and other traffic improvements; reconfigured freeway-arterial interchanges; railroad grade separations; and expanded regional bus service.

6 REPORTING REQUIREMENTS

TransNet 2 Ordinance Section 9 requires that RTCIP fees increase annually by an amount no less than 2% per year; that an annual review of the City RTCIP Program be performed by the SANDAG Independent Taxpayers Oversight Committee (ITOC), and that an annual audit of the City RTCIP Program be performed by SANDAG. For specific requirements, see SANDAG Board Policy Rule 17 and Rule 23 (Appendix E). Specific to the City of San Diego:

<u>Annual Fee Schedule Increase</u>
The Development Services Department (DSD) Facilities Financing Division prepares an annual Report to City Council no later than April 29 of each year requesting approval and adoption of an increase to the current City RTCIP Fee Schedule for the following fiscal year in an amount equal to the annual percent increase approved by the SANDAG Board of Directors.

<u>Annual ITOC Review</u>
The DSD Facilities Financing Division submits an annual report to ITOC no later than March 31 of each year documenting implementation of the City RTCIP Program, itemizing changes to the program including amount of previous annual increase approved by City Council, and confirming continued adherence to the program through the end of the prior fiscal year.

<u>Annual SANDAG Audit</u>
The SANDAG annual audit is conducted in the Office of the City Auditor in conjunction with DSD Facilities Financing Division to verify the City is in compliance with the TransNet 2 Ordinance, and has collected or provided RAS improvements in an amount or value greater than $2,000 (plus applicable annual increases) average per residential unit.

7 GENERAL EXEMPTIONS

Consistent with the RTCIP as set forth in the TransNet 2 Ordinance, the following types of development shall be exempt from the City RTCIP Fee:

A. New moderate, low, very low and extremely low income residential units as defined in Health & Safety Code sections 50079.5, 50093, 50105, 50106, and by reference in Government Code section 65585.1;
B. Government/public buildings, public schools and public facilities;
C. Rehabilitation and/or reconstruction of any legal residential structure and/or the replacement of a previously existing residential unit;
D. Development projects subject to Public Facilities Development Agreements prior to the effective date of the TransNet 2 Ordinance (May 28, 2004) that expressly prohibit the imposition of new fees; provided however, that if the terms of the development agreement are extended after July 1, 2008, the requirements of the City RTCIP Program shall be imposed;
E. Guest dwellings;
F. Additional residential units located on the same parcel regulated by the provisions of any agricultural zoning;
G. Kennels and catteries established in conjunction with an existing residential unit;
H. The sanctuary building of a church, mosque, synagogue, or other house of worship eligible for property tax exemption;
I. Residential units that have been issued a building permit prior to July 1, 2008; and,
J. Condominium converstions.

8 AFFORDABLE HOUSING EXEMPTION

In order to be exempt from payment of the City RTCIP Fee at the time of building permit issuance, each unit must meet the definition of affordable housing as defined above in Section 7(A), and provide a copy of an affordable housing agreement with the San Diego Housing Commission.

9 EXEMPT ALTERNATIVELY CONTRIBUTING COMMUNITIES

Community planning areas which collect Facilities Benefit Assessments (FBA), or similar development fees or facilities in an amount or value greater than $2,000 average (plus applicable annual increases) per residential unit, are considered to have met the required contribution towards the RAS and thus the City's RTCIP Funding Requirement without additional payment of the City RTCIP Fee. These communities, as identified in Section 12, are considered to be **Exempt Alternatively Contributing Communities** and are exempt from the City RTCIP Fee.

To ensure that City RTCIP Fees continue to be collected appropriately, the DSD Facilities Financing Division shall conduct an analysis to determine the current per-residential unit contribution towards funding or provision of RAS projects, no less than once every five years, beginning in Fiscal Year 2009. Based on the analysis, the list of communities exempt from paying City RTCIP Fees may be amended. However, changes to the list are subject to City Council approval and only those communities and specific projects included on the current Council approved list may be exempt from payment of City RTCIP Fees at time of building permit issuance.

10 POTENTIALLY EXEMPT ALTERNATIVELEY CONTRIBUTING COMMUNITY PROJECTS

In certain circumstances, the City may determine that a particular project that is not otherwise located in an alternatively contributing community will otherwise contribute the required contribution toward the RAS, and thus meet the RTCIP Funding Requirement through the payment of other development fees or provision of RAS improvements valued at an amount greater than or equal to the amount the project would otherwise be required to pay through City RTCIP Fee collection. These community projects, identified in Section 13, are considered to be **Potentially Exempt Alternatively Contributing Community Projects**, and residential units within these projects may qualify for the RTCIP exemption.

To be exempt from paying the City RTCIP Fee at time of building permit issuance, prior to building permit issuance the City must verify that the value of the RAS improvement being provided exceeds the revenue requirements of the RTCIP Funding Program. If it cannot be verified, the City RTCIP Fee shall be paid at building permit issuance. If the value received from the project toward RAS improvements is determined to be insufficient after the building permit is issued, in no case shall a certificate of occupancy be issued until the deficit is paid in City RTCIP Fees. In order to comply with the annual auditing requirements of the RTCIP, the City must submit evidence demonstrating that the required contribution toward the City RTCIP has been met through the provision of improvements that equal or exceed the City RTCIP Fee.

Each alternatively contributing community project shall be required to submit documentation for each RAS improvement it provides, in support of its alternative contribution to the RTCIP Funding Requirement. Such documentation shall include, but not be limited to, copies of contracts, change orders, and invoices received, proof of vendor payments, and proof that all mechanic liens have been released. The City shall verify whether materials and work have been installed and performed per the documents submitted, terms of the project plans and specifications, and in adherence to the bid list as to quality and quantities.

The applicant will be required to establish a deposit account with the City, and contribute up to a maximum of three percent (3%) of the total cost of each RAS improvement as stated below:

- Up to three percent (3%): RAS improvement less than $1,000,000;
- Up to two percent (2%): RAS improvement greater than $1,000,00 and less than $5,000,000; or
- Up to one percent (1%): RAS improvement greater than $5,000,000.

The deposit account will fund the cost to review and verify the value of the RAS improvement provided in lieu of the City RTCIP Fee. It is anticipated that the review and verification process will be conducted by a consultant retained by the City. The funds used in the deposit account shall not count toward the value of the RAS improvement contributed in lieu of the City RTCIP Fee, nor shall it be considered a credit against fees.

11 NON-EXEMPT COMMUNITIES

List of communities in which City RTCIP Fee will be imposed:

Barrio Logan
Carmel Mountain Ranch
Centre City
Clairemont Mesa
College Area
Fairbanks Ranch
Golden Hill
Kearny Mesa
La Jolla
Linda Vista
Mid City
Midway/Pac. Highway
Miramar Ranch North
Mission Beach
Mission Valley
Navajo
North Park
Ocean Beach
Old San Diego
Otay Mesa – Nestor
Pacific Beach
Peninsula
Rancho Bernardo
Rancho Encantada
Sabre Springs
San Pasqual
San Ysidro
Serra Mesa
Skyline/Paradise Hills
Southeastern San Diego
Subarea 2
Tierrasanta
Tijuana River Valley
Torrey Hills
Torrey Pines
University City South
Uptown
Via de la Valle

12 LIST OF EXEMPT ALTERNATIVELY CONTRIBUTING COMMUNITIES

Communities in which City RTCIP Fee will not be imposed:

Black Mountain Ranch
Carmel Valley
Del Mar Mesa
Mira Mesa
North University City
Otay Mesa
Pacific Highlands Ranch
Rancho Peñasquitos
Scripps Miramar Ranch
Torrey Highlands

13 LIST OF POTENTIALLY EXEMPT ALTERNATIVELY CONTRIBUTING COMMUNITY PROJECTS

Projects in which Residential Development May be Exempt from City RTCIP Fee

Quarry Falls Project No. 49068

In-lieu of contributing the City RTCIP Fee, the Quarry Falls Project No. 49068 (Quarry Falls Project) may provide its share toward mitigating new traffic impacts on the RAS by constructing RAS improvements in an amount or value greater than $2,000 (plus applicable annual increases) average per residential unit. An analysis of the Quarry Falls Project is shown in Section 14.

RTCIP Reimbursement

For those projects listed in Section 13, RTCIP reimbursement may be issued. At the City's sole discretion, City RTCIP Fees already paid at time of building permit issuance may be reimbursed to a private developer, if the private developer has designed and/or constructed an eligible RAS improvement and has entered into a Reimbursement Agreement (RA) with the City, and as per the specific terms of the RA.

RTCIP Credit Allowance

For those projects listed in Section 13, RTCIP credit allowance may be issued. At the City's discretion, a private developer (Developer) may be entitled to a City RTCIP Fee credit allowance as follows:

A. Up to twenty-five percent (25%) credit allowance based on the City verified cost estimate for the RAS improvement subject to a Developer satisfying all of the following requirements:

1. All construction plans and drawings for the RAS improvement have been approved by the City;
2. Any right-of-way required for the RAS improvement has been secured and dedicated, or an irrevocable offer to dedicate has been provided to the City;
3. All required permits and environmental clearances necessary for the RAS improvement have been secured;
4. Provision of all performance bonds and payment bonds to complete the RAS improvement; and
5. Payment of all City fees and costs.

B. Up to fifty percent (50%) credit allowance based on the amount of the construction contract, consultants contract, and soft costs that qualify as allowable in lieu costs then incurred for the individual RAS improvement subject to a Developer satisfying all of the above referenced requirements for the twenty-five percent (25%) credit allowance, and provided Developer has received valid bids for the RAS improvement, and has awarded the construction contract.

C. Up to ninety percent (90%) credit allowance at the time of Operational Acceptance, provided that reimbursement requests have been submitted and approved for such amounts, based on the value of the improvements as verified by the City.

D. A credit allowance shall be issued to Developer based upon the remaining ten percent (10%) of value of RAS improvement upon the later of: (i) the recordation by Developer of the notice of completion and delivery of a conformed copy to City, or (ii) City's written acceptance of the Project As-Built Drawings.

14 PROJECT SPECIFIC CONTRIBUTION ANALYSIS

Quarry Falls Project No. 49068

<u>Standard RTCIP Fee Calculation:</u>	
Number of Market Rate Residential Units:	4,302
Number of Affordable Units:	478
FY 2012 RTCIP Fee:	$1,979
Total Estimated Contribution:	$8,513,658

<u>Proposed Alternative Contribution</u>	
Number of Market Rate Residential Units:	4,302
Approx. Per Unit Average:	$6,403
Valus of RAS Improvements (2011)	$27,547,433

<u>Comparison:</u>	
RTCIP Fee Contribution, Per Unit and Total:	$1,979 / **$8,513,658**
Alternative Contribution, Per Unit and Total:	$6,403/ **$27,547,433**

<u>Phasing and Design, Funding, and Estimated Constrution Cost Details:</u>

Project No.	Project Title	Estimated Cost
PHASE 1*		
4	Friars Road - Qualcomm Way to Mission Center Road	$2,613,762.00
10	Friars Road &Avenida De Las Tiendas	$158,558.00
11	Texas Street - Camino del Rio South to El Cajon Blvd	<u>$1,185,544.00</u>
		$3,957,864.00
PHASE 2*		
15a	Friars Rd/SR-163 Interchange	$2,660,000.00
15b	Mission Center Road/I-8 Interchange	$1,000,000.00
16	Friars Road - Pedestrian Bridge across Friars Road	$3,500,000.00
17	Friars Rd EB Ramp/Qualcomm Way	$1,296,750.00
18	Friars Road WB Ramp/Qualcomm Way	Incl. Above
19	Friars Rd/I-15 SB Off-ramp	<u>$1,056,044.00</u>
		$9,512,794.00
PHASE 3*		
15b	Mission Ctr Rd/ I-8 Interchange	$13,034,250.00
20	Texas St/ El Cajon Blvd	$416,350.00
21	Qualcomm Way / I-8 WB off ramp	<u>$626,175.00</u>
		$14,076,775.00
	Total Estimated Contribution:	**$27,547,433.00**

**Quarry Falls Transportation Phasing Plan (TPP) Project No. 49068; the TPP asumes no Phyllis Place Road connection and may be modified if the City subsequently approves the connection.*

TransNet

TransNet Extension **& Ordinance**

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SANDAG

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BALLOT LANGUAGE

A	**SAN DIEGO COUNTY TRANSPORTATION IMPROVEMENT PROGRAM.**

To relieve traffic congestion, improve safety, and match state/federal funds by:

- Expanding I-5, I-8, I-15, SR 52, SR 54, SR 56, SR 67, SR 76, SR 78, SR 94, SR 125, I-805;
- Maintaining/improving local roads;
- Increasing transit for seniors and disabled persons;
- Expanding commuter express bus, trolley, Coaster services;

Shall San Diego County voters continue the existing half-cent transportation sales tax (SDCRTC Ordinance 04-01) for forty years, including creating an Independent Taxpayer Oversight Committee to conduct yearly audits ensuring voter mandates are met?

YES 000 ⟶ O

NO 000 ⟶ O

TransNet Extension
ORDINANCE AND EXPENDITURE PLAN
Commission Ordinance 04-01

The San Diego County Regional Transportation Commission ordains as follows:

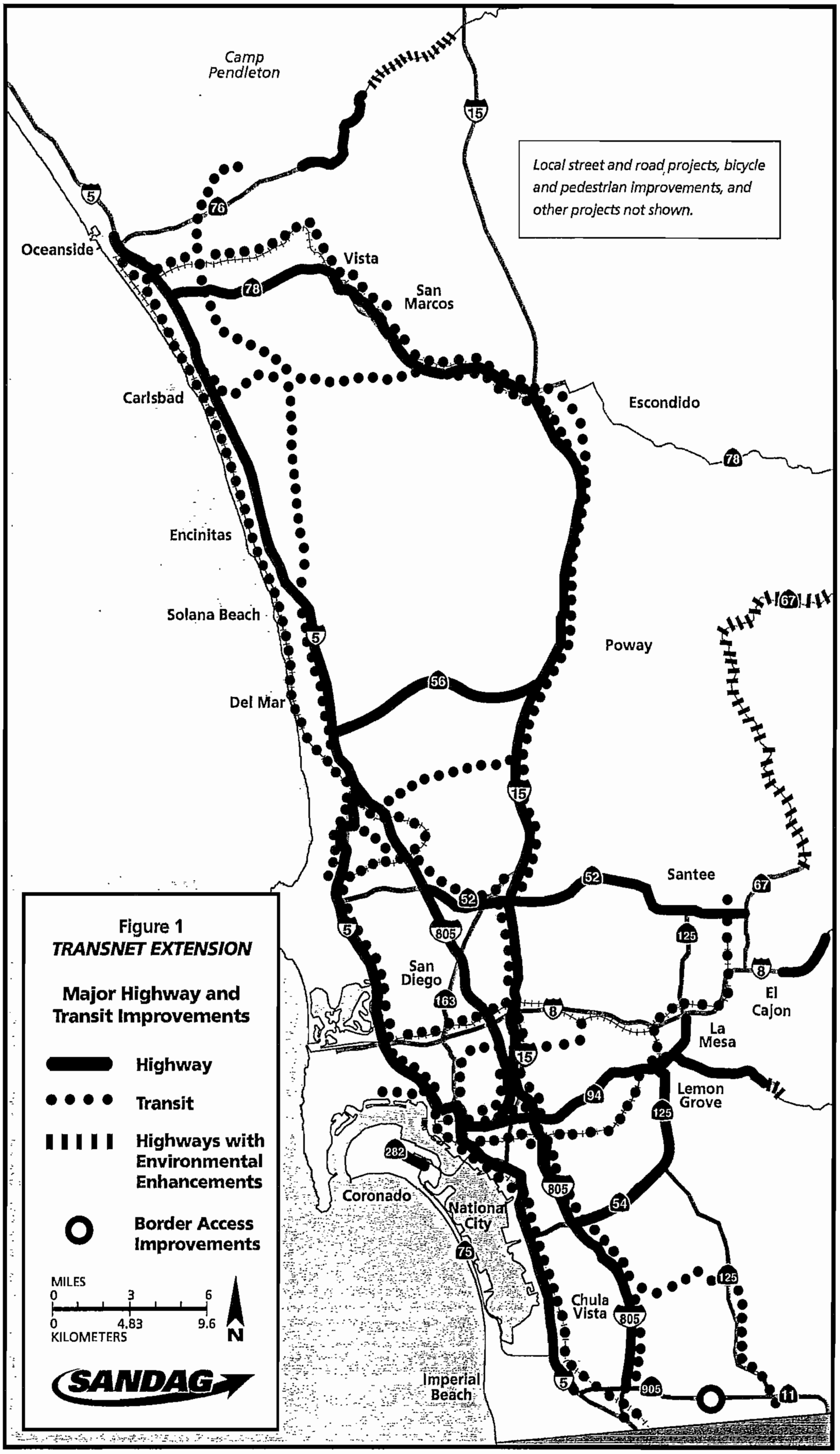
SECTION 1. TITLE: This ordinance shall be known and may be cited as the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (Commission Ordinance 04-01), hereinafter referred to as the Ordinance. This Ordinance provides for an extension of the retail transactions and use tax implemented by the initial San Diego Transportation Improvement Program Ordinance (Commission Ordinance 87-1 – Proposition A, 1987) for a forty year period commencing on April 1, 2008. The Expenditure Plan for this extension is set forth in Sections 2 and 4 herein and is an expansion of the Expenditure Plan contained in Commission Ordinance 87-1.

SECTION 2. EXPENDITURE PLAN SUMMARY: This Ordinance provides for the implementation of the San Diego Transportation Improvement Program, which will result in countywide transportation facility and service improvements for highways, rail transit services, new bus rapid transit services, local bus services, senior and disabled transportation services, local streets and roads, bicycle and pedestrian facilities, transportation-related community infrastructure to support smart growth development, and related environmental mitigation and enhancement projects. These needed improvements shall be funded by the continuation of the one-half of one percent transactions and use tax for a period of forty years. The revenues shall be deposited in a special fund and used solely for the identified improvements. The specific projects and programs to be funded shall be further described in the document titled "*TransNet Extension* Expenditure Plan Analysis", which is hereby incorporated by reference as if fully set forth herein. Any ancillary proceeds resulting from the implementation of the San Diego Transportation Improvement Program shall be used for transportation improvement projects in the San Diego region. A summary of the major projects and programs, including the major highway and transit improvements depicted on Figure 1, is provided in the following sections. All dollar references in this Ordinance are in 2002 dollars.

A. Congestion Relief Program - Major Transportation Corridor Improvements:

1. Highway and transit capital projects: Of the total funds available, an estimated $5,150 million will be used to match an estimated $4,795 million in federal, state, local and other revenues to complete the projects listed below (see Figure 1). The total costs include an estimated $500 million in financing costs related to bonds to be issued to accelerate the implementation of the major Congestion Relief projects identified in this section. The costs shown include the total estimated implementation costs of each project net of habitat-related environmental mitigation costs for those transportation projects, which are funded under Section 2(D). Three of the highway projects listed below (SR 67, SR 76, and a portion of SR 94) are described as including environmental enhancements, as further described in the document titled "Environmental Enhancement Criteria Mitigating Highway 67, 76 and 94 Expansion Impacts", which is hereby incorporated by reference as if fully set forth herein.

APPENDIX A


Camp Pendleton
Local street and road projects, bicycle and pedestrian improvements, and other projects not shown.
Oceanside
Vista
San Marcos
Carlsbad
Escondido
Encinitas
Solana Beach
Poway
Del Mar
Santee
San Diego
El Cajon
La Mesa
Lemon Grove
Coronado
National City
Chula Vista
Imperial Beach
Figure 1
TRANSNET EXTENSION
Major Highway and Transit Improvements
Highway
Transit
Highways with Environmental Enhancements
Border Access Improvements
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SANDAG

a. Highway Capital Improvements (including managed lane/high-occupancy vehicle (HOV) lane additions and general purpose lane additions) - $6,760 million:

1. Interstate 5 South: Add two HOV lanes from I-8 to SR 905 - $722 million.

2. Interstate 5 Mid-Coast: Add two HOV lanes from I-8 to I-805, including funding for environmental work and preliminary engineering for improvements at the I-5/I-8 interchange - $192 million.

3. Interstate 5 North: Add four managed lanes from I-805 to Vandegrift Boulevard in Oceanside, including HOV to HOV connectors at the I-5/I-805 interchange and freeway connectors at the I-5/SR 56 and I-5/SR 78 interchanges - $1,234 million.

4. Interstate 8: Add two general purpose lanes from Second Street to Los Coches Road - $29 million.

5. Interstate 15: Add four managed lanes from SR 78 to Centre City Parkway in Escondido and from SR 56 to SR 163 and add two HOV lanes from SR 163 to SR 94, including HOV to HOV connectors at the I-15/SR 78 and I-15/SR 94 interchanges - $882 million.

6. Interstate 805: Add four managed lanes from I-5 to SR 54 and two reversible HOV lanes from SR 54 to SR 905, including HOV to HOV connectors at the I-805/SR 52 interchange and improvements at the I-805/SR 54 interchange - $1,371 million.

7. SR 54/SR 125: Add two lanes to provide a continuous facility with three general purpose lanes and one HOV lane in each direction - $139 million

8. SR 56: Add one general purpose lane in each direction from I-5 to I-15 - $99 million.

9. SR 52: Construct four-lane freeway from SR 125 to SR 67, add two general purpose lanes and two reversible managed lanes from I-15 to SR 125, and add two HOV lanes from I-805 to I-15 - $476 million.

10. SR 67: Expand to a continuous four-lane facility, including environmental enhancements, from Mapleview Street to Dye Road - $218 million.

11. SR 75/SR 282: Provide matching funds for construction purposes only for a tunnel from Glorietta Boulevard to Alameda Boulevard - $25 million.

12. SR 76: Add two general purposes lanes from Melrose Drive to I-15, including environmental enhancements from Mission Road to I-15 - $164 million.

13. SR 78: Add two HOV lanes from I-5 to I-15 - $495 million.

14. SR 94/SR 125: Add two HOV lanes from I-5 to I-8, including freeway connectors at the SR94/SR 125 interchange - $601 million.

15. SR 94: Widen to six lanes from SR 125 to Avocado Boulevard and expand to a continuous four-lane facility from Avocado Boulevard to Steele Canyon Road, including environmental enhancements from Jamacha Road to Steele Canyon Road - $88 million.

16. Border Access Improvements: Provide matching construction funds for access improvements in the international border area - $25 million.

b. Bus Rapid Transit (BRT) and Rail Transit Capital Improvements - $2,685 million:

1. BRT service from Escondido to Downtown San Diego using the I-15/SR 94 managed/HOV facilities, including new and improved stations and direct access ramps - $369 million.

2. BRT service from Escondido to Sorrento Mesa using the managed lane facility on I-15 - $60 million.

3. BRT service from Otay Mesa to Downtown San Diego using I-805/SR 94 managed/HOV lane facilities, including new stations and direct access ramps - $497 million.

4. BRT service from San Ysidro to Sorrento Mesa using the managed/HOV lane facilities on I-805/I-15/SR 52 including station improvements - $70 million.

5. Blue Line Light Rail Transit improvements including station enhancements, signal upgrades, conversion to low-floor vehicles and grade separations in Chula Vista - $268 million.

6. Mid-Coast Transit Guideway Improvement Project using light rail technology to provide high-level transit service along the I-5 corridor from the Old Town area to the U.C. San Diego/University Towne Center area, would rely in part on federal funding. Absent federal funding, then bus technology may be considered for the high level service planned for this corridor - $660 million.

7. Super Loop providing high quality connections to locations in the greater U. C. San Diego/University Towne Center area, including arterial improvements with bus priority treatments, stations and vehicles - $30 million.

8. North I-5 Corridor Coaster/BRT service providing high quality north-south transit service improvements by upgrading the Coaster commuter rail tracks and stations, providing BRT service in the El Camino Real corridor, or a combination of the two - $376 million.

9. Orange Line Light Rail Transit Improvements including station enhancements, signal upgrades and conversion to low-floor vehicles - $69 million.

10. SR 78 Corridor Sprinter/BRT service providing high-quality east-west transit service improvements by upgrading and extending the Sprinter rail line, providing BRT service along the Palomar Airport Road corridor, or a combination of the two - $197 million.

11. BRT service from San Diego State University to Downtown San Diego along the El Cajon Boulevard/Park Boulevard corridor with arterial improvements with bus priority treatments, stations and vehicles - $89 million.

2. Operating Support for the BRT and Rail Transit Capital Improvements: Of the total funds available, an estimated $1,100 million will be used to operate and maintain the services described under Section 2(A)(1)(b).

3. Environmental Mitigation: An estimated $600 million, including $450 million for direct mitigation costs and $150 million for economic benefit, will be used to fund the habitat-related mitigation costs of the major highway and transit projects identified in the Regional Transportation Plan as part of the Environmental Mitigation Program described in Section 2(D).

B. Congestion Relief Program - Transit System Service Improvements and Related Programs:

An estimated $2,240 million will be used to provide ongoing support for the reduced-price monthly transit programs for seniors, persons with disabilities, and students and for the continuation and expansion of rail, express bus, local bus, community shuttles, and dial-a-ride services, including specialized services for seniors and persons with disabilities, and related capital improvements.

C. Congestion Relief Program - Local System Improvements and Related Programs:

An estimated total of $4,480 million will be allocated to local programs in the following three categories:

1. Local Street and Road Program: An estimated $3,950 million will be allocated on a fair and equitable basis, using the formula specified in Section 4(D)(1), to each city and the County of San Diego (hereinafter referred to as local agencies) to supplement other revenues available for local street and road improvements. In developing the biennial list of projects to be funded with these revenues as required under Section 5(A), local agencies shall give high priority in the use of these funds to improvements to regional arterials, grade separation projects, and related facilities contributing to congestion relief. At least 70% of the revenues provided for local street and road purposes should be used to fund direct expenditures for construction of new or expanded facilities, major rehabilitation and reconstruction of roadways, traffic signal coordination and related traffic operations improvements, transportation-related community infrastructure improvements to support smart growth development, capital improvements needed to facilitate transit services and facilities, and operating support for local shuttle and circulator routes and other services. No more than 30% of these funds should be used for local street and road maintenance purposes. A local agency desiring to spend more than 30% of its annual revenues on local street and road maintenance-related projects shall provide justification to the Commission as part of its biennial project list submittal. The Commission shall review each local agency's biennial project list submittal and make a finding of consistency with the provisions of this

Ordinance and with the Regional Transportation Plan prior to approving the local agency's project list for funding. The Independent Taxpayer Oversight Committee shall also review the proposed project lists and make recommendations to the Commission.

2. Environmental Mitigation: An estimated $250 million, including $200 million for direct mitigation costs and $50 million for economic benefit, will be used to fund the habitat-related mitigation costs of local transportation projects consistent with the Regional Transportation Plan as part of the Environmental Mitigation Program described in Section 2(D).

3. Smart Growth Incentive Program: An estimated $280 million will be allocated to the Smart Growth Incentive Program to provide funding for a broad array of transportation-related infrastructure improvements that will assist local agencies in better integrating transportation and land use, such as enhancements to streets and public places, funding of infrastructure needed to support development in smart growth opportunity areas consistent with the Regional Comprehensive Plan, and community planning efforts related to smart growth and improved land use/transportation coordination. These funds shall be allocated on a regional competitive grant basis. It is intended that these funds be used to match federal, state, local, and private funding to maximize the number of improvements to be implemented. The Commission shall establish specific project eligibility criteria for this program.

D. Transportation Project Environmental Mitigation:

An estimated $850 million will be used to fund habitat-related environmental mitigation activities required in the implementation of the major highway, transit and regional arterial and local street and road improvements identified in the Regional Transportation Plan. Of this total, an estimated $250 million is related to mitigation requirements for local transportation projects and an estimated $600 million is related to mitigation requirements for the major highway and transit projects identified in the Regional Transportation Plan. The intent is to establish a program to provide for large-scale acquisition and management of critical habitat areas and to create a reliable approach for funding required mitigation for future transportation improvements thereby reducing future costs and accelerating project delivery. This approach would be implemented by obtaining coverage for transportation projects through existing and proposed multiple species conservation plans. If this approach cannot be fully implemented, then these funds shall be used for environmental mitigation purposes on a project by project basis. Additional detail regarding this program is described in the documents titled "*TransNet Extension* Environmental Mitigation Program Principles" and "Environmental Enhancement Criteria Mitigating Highway 67, 76, and 94 Expansion Impacts", which are hereby incorporated by reference as if fully set forth herein.

E. Bicycle, Pedestrian and Neighborhood Safety Program:

A total of two percent of the total annual revenues available (an estimated $280 million) will be allocated to the Bicycle, Pedestrian and Neighborhood Safety Program to provide funding for bikeway facilities and connectivity improvements, pedestrian and walkable community projects, bicycle and pedestrian safety projects and programs, and traffic calming projects. These funds shall be allocated on a regional competitive grant basis. It is intended that these funds be used to match federal, state, local, and private funding to maximize the number of improvements to be implemented. The Commission shall establish specific project eligibility criteria for this program.

F. Administration and Independent Taxpayer Oversight Committee:

Up to one percent of the total annual revenues available will be used for administrative expenses and up to $250,000 per year will be used for the operation of an Independent Taxpayer Oversight Committee.

SECTION 3. IMPOSITION OF TRANSACTIONS AND USE TAX: In addition to any other taxes authorized by law, there is hereby imposed in the incorporated and unincorporated territory of the County of San Diego, in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Division 12.7 of the Public Utilities Code commencing with Code Section 132000, an extension of the existing transactions and use tax at the rate of one-half of one percent (1/2%) commencing April 1, 2008, for a period of forty years, in addition to any existing or future authorized state or local transactions and use tax. If, during this time period, additional state or federal funds become available which would fund the projects and services contained in the Regional Transportation Plan, then the tax may be reduced by action of the Commission.

SECTION 4. EXPENDITURE PLAN PURPOSES: The revenues received by the Commission from the existing measure as extended by this measure, after deduction of required Board of Equalization costs for performing the functions specified in Section 132304(b) of the Public Utilities Code, shall be used to improve transportation facilities and services countywide as set forth in the Expenditure Plan and in a manner consistent with the long-range Regional Transportation Plan and the short-range, multi-year Regional Transportation Improvement Program, and for the administration of the San Diego County Regional Transportation Commission Act (hereinafter referred to as the "Act") commencing with Public Utilities Code Section 132000. Commencing July 1, 2008, after the deduction of administrative expenses, Independent Taxpayer Oversight Committee expenses, and funding for the Bicycle, Pedestrian and Neighborhood Safety Program as described in Sections 2(E), 2(F), 11 and 12, the remaining annual revenues shall be allocated as follows:

A. Forty-two and four-tenths percent for the major highway and transit Congestion Relief projects specified in Section 2(A)(1), including four and four-tenths percent for the habitat-related mitigation costs of the major highway and transit projects as described in Section 2(A)(3) to be used to fund a portion of the Environmental Mitigation Program described in Section 2(D).

B. Eight and one-tenth percent for operation of the specific transit Congestion Relief projects as described in Section 2(A)(2). This funding is for the operation of new or expanded services only and is not available for the operation of services in existence prior to the effective date of this Ordinance.

C. Sixteen and one-half percent for the transit programs described in Section 2(B). The revenues made available annually for transit purposes shall be allocated and expended pursuant to the following distribution formula and priorities:

1. Two and one-half percent of the funds made available under Section 4(C) shall be used to support improved transportation services for seniors and disabled persons. These funds shall be used to support specialized paratransit services required by the federal Americans with Disabilities Act (ADA).

2. Three and one-fourth percent of the funds made available under Section 4(C) shall be used to support a competitive grant program for nonprofit organizations and local agencies. The funds shall be used to provide specialized transportation services for seniors focusing on innovative and cost-effective approaches to providing improved senior transportation, including, but not limited to, shared group services, special shuttle services using volunteer forces, and brokerage of multi-jurisdictional transportation services.

3. From the remaining revenues, there shall be expended such sums as necessary to guarantee in the North San Diego County Transit Development Board and Metropolitan Transit Development Board areas of jurisdiction for the duration of the measure (1) a monthly regional transit pass for senior (60 years or older) and disabled riders priced at not more than 25 percent of the cost of the regular regional monthly transit pass, and (2) a monthly regional youth transit pass for students (18 years or under) priced at not more than 50 percent of the cost of the regular regional monthly transit pass.

4. Remaining revenues shall be allocated for transit service improvements, including operations and supporting capital improvements. The revenues shall be allocated through the annual transit operator budget process and the improvements to be funded shall be consistent with the Short Range Transit Plan.

5. To maintain eligibility for the receipt of funds under Section 4(C), a transit operator must limit the increase in its total operating cost per revenue vehicle hour for bus services or the increase in its total operating cost per revenue vehicle mile for rail services from one fiscal year to the next to no more than the increase in the Consumer Price Index for San Diego County over the same period. If the requirement is not achieved, the operator may not receive any additional funding under Section 4(C) in the following year above the amount received in the previous fiscal year adjusted for any increase in the Consumer Price Index for San Diego County. If there were unusual circumstances in a given fiscal year, the operator may request the approval of the Commission to calculate the requirement as an average over the previous three fiscal years. The operator may also request the approval of the Commission to exclude from the calculation certain cost increases that were due to external events entirely beyond the operator's control, including, but not limited to, increases in the costs for fuel, insurance premiums, or new state or federal mandates.

D. Thirty-three percent for the Local Programs described in Section 2(C) in the following three categories:

1. Twenty-nine and one-tenth percent for the local street and road program described in Section 2(C)(1). The revenues available for the local street and road program shall be allocated and expended pursuant to the following distribution formula:

   a. Each local agency shall receive an annual base sum of $50,000.

   b. The remaining revenues after the base sum distribution shall be distributed to the each local agency on the following basis:

      1. Two-thirds based on total population using the most recent Department of Finance population estimates.

2. One-third based on maintained street and road mileage.

c. For the purposes of Section 4D(1)(a) and (b), any new incorporations or annexations which take place after July 1 of any fiscal year shall be incorporated into the formula beginning with the subsequent fiscal year. The San Diego Association of Governments population estimates of such new incorporations or annexations shall be used until such time as Department of Finance population estimates are available.

2. One and eight-tenths percent for the habitat-related mitigation costs of local transportation projects described in Section 2(C)(2) to be used to fund a portion of the Environmental Mitigation Program described in Section 2(D).

3. Two and one-tenth percent for the Smart Growth Incentive Program described in Section 2(C)(3).

E. General Provisions:

1. In implementing the projects funded under Section 4(A), priority shall be given to projects included in the Expenditure Plan for Proposition A as passed by the voters in 1987 that remain uncompleted, such as the eastern ends of the SR 52 and SR 76 highway improvement projects and the Mid-Coast light rail transit project. The Commission shall ensure that sufficient funding or bonding capacity remain available to implement such projects as expeditiously as possible once the environmental clearance for these projects is obtained and needed state and federal matching funds are committed.

2. Once any state highway facility or usable portion thereof is constructed to at least minimum acceptable state standards, the state shall be responsible for the maintenance and operation thereof.

3. All new projects, or major reconstruction projects, funded by revenues provided under this Ordinance shall accommodate travel by pedestrians and bicyclists, except where pedestrians and bicyclists are prohibited by law from using a given facility or where the costs of including bikeways and walkways would be excessively disproportionate to the need or probable use. Such facilities for pedestrian and bicycle use shall be designed to the best currently available standards and guidelines.

4. All state highway improvements to be funded with revenues as provided in this measure, including project development and overall project management, shall be a joint responsibility of Caltrans and the Commission. All major project approval actions including the project concept, the project location, and any subsequent change in project scope shall be jointly agreed upon by Caltrans and the Commission and, where appropriate, by the Federal Highway Administration and/or the California Transportation Commission.

SECTION 5. EXPENDITURE PLAN PROCEDURES:

A. Each local agency shall biennially develop a five-year list of projects to be funded with revenues made available for local street and road improvements under Section 4(D). A local public hearing on the proposed list of projects shall be held by each local agency prior to submitting its project list to the Commission for approval pursuant to Section 6.

B. All projects to be funded with revenues made available under Section 4 must be consistent with the Regional Transportation Plan (RTP). Project priorities or phasing shall also be consistent with the RTP. The Expenditure Plan shall be reviewed for consistency with RTP following each major update of the RTP as required by state or federal law. The Expenditure Plan shall be amended as necessary to maintain consistency with the Regional Transportation Plan. If funds become available in excess of the amount allocated in the Expenditure Plan, additional projects shall be added to the Expenditure Plan consistent with the priorities in the Regional Transportation Plan. Any amendments to the Expenditure Plan shall be made in accordance with the procedures for amending this ordinance as provided for in Section 16.

C. In the allocation of all revenues made available under Section 4, the Commission shall make every effort to maximize state and federal transportation funding to the region. The Commission may amend the Expenditure Plan, in accordance with Section 16, as needed to maximize the transportation funding to the San Diego region.

SECTION 6. PROJECT PROGRAMMING APPROVAL: The Commission shall biennially approve a five-year project list and a biennial program of projects to be funded during the succeeding two fiscal years with the revenues made available under Section 4 herein. The program of projects will be prepared as a part of the Regional Transportation Improvement Program (RTIP) process as required by state and federal law. A public hearing will be held prior to approval of the program of projects. The Commission may amend the program of projects as necessary in accordance with the RTIP amendment procedures. Projects shall not be funded with the revenues made available under Section 4 unless the projects are in the approved program of projects.

SECTION 7. COOPERATIVE FUND AGREEMENTS: Except as provided for herein, the distribution of funds as set forth in Section 4 shall be met over the duration of the measure. To maximize the effective use of funds, revenues may be transferred or exchanged under the following circumstances:

A. The Commission, or agencies receiving funds by annual or multi-year agreement, may exchange or loan funds provided that the percentage of funds allocated for each purpose as provided in Section 4 is maintained over the duration of the measure and reviewed as part each 10-year comprehensive program review as described in Section 17. All proposed exchanges, including agreements between agencies to exchange or loan funds, must include detailed fund repayment provisions, including appropriate interest earnings such that the Commission suffers no loss of funds as a result of the exchange or loan. All exchanges must be approved by the Commission and shall be consistent with any and all rules approved by the Commission relating thereto.

B. The Commission may exchange revenues for federal, state, or other local funds allocated or granted to any public agency within or outside the area of jurisdiction of the Commission to maximize effectiveness in the use of revenues. Such federal, state, or local funds shall be distributed in the same manner as the revenues from the measure.

SECTION 8. MAINTENANCE OF EFFORT: It is the intent of the Legislature, as stated in the Act, and the Commission that revenues provided from this measure be used to augment, not supplant existing local revenues being used for the purposes set forth in Section 4 herein. Each local agency receiving revenues pursuant to Section 4(D) shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years completed prior to the operative date of this Ordinance (Fiscal Years 2000-01, 2001-02, 2002-03), as was reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads and as verified by an independent auditor. The maintenance of effort level as determined through this process shall be subject to adjustment every three years based on the Construction Cost Index developed by Caltrans. Any increase in the maintenance of effort level based on this adjustment shall not exceed the growth rate in the local jurisdiction's General Fund revenues over the same time period. The Commission shall not allocate any revenues pursuant to Section 4(D) to any eligible local agency in any fiscal year until that local agency has certified to the Commission that it will include in its budget for that fiscal year an amount of local discretionary funding for streets and roads purposes at least equal to the minimum maintenance of effort requirement. An annual independent audit shall be conducted to verify that the maintenance of effort requirement for each agency was met. Any local agency which does not meet its maintenance of effort requirement in any given year shall have its funding under Section 4(D)(1) reduced in the following year by the amount by which the agency did not meet its required maintenance of effort level. In the event that special circumstances prevent a local agency from meeting its maintenance of effort requirement, the local agency may request up to three additional fiscal years to fulfill its requirement. Such a request must be approved by the Commission. The Independent Taxpayer Oversight Committee shall also review such requests and make recommendations to the Commission. Any local street and road revenues not allocated pursuant to the maintenance of effort requirement shall be redistributed to the remaining eligible agencies according to the formula described in Section 4(D)(1). The maintenance of effort requirement also shall apply to any local agency discretionary funds being used for the other purposes specified under Section 4. In addition, revenues provided from this Ordinance shall not be used to replace other private developer funding that has been or will be committed for any project.

SECTION 9. REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM (RTCIP):

A. New Development Exactions

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. These exactions shall ensure future development contributes its proportional share of the funding needed to pay for the Regional Arterial System and related regional transportation facility improvements, as defined in San Diego Association of Governments' (SANDAG's) most recent, adopted Regional Transportation Plan. New residential housing units constructed for extremely low, very-low, low, and moderate income households, as defined in California Health and Safety Code Sections 50105, 50106, 50079.5 and 50093, will be exempted from the $2,000 per unit contribution requirement. The amount of contribution shall be increased annually, in an amount not to exceed the percentage increase set forth in the Engineering Construction Cost Index published by the Engineering News Record or similar cost of construction index. Each local agency shall establish an impact fee or other-revenue Funding Program by which it collects and funds its contribution to the RTCIP. Each local agency shall be responsible for establishing a procedure for providing its monetary contribution to the RTCIP. The RTCIP revenue will be used to construct improvements on the Regional Arterial System such as new or widened arterials, traffic signal coordination and other traffic improvements, freeway interchange and related freeway improvements, railroad grade separations, and improvements required for regional express bus and rail transit. This action is predicated on the desire to establish a uniform mitigation program that will mitigate the regional transportation impacts of new development on the Arterial system. While the RTCIP cannot and should not fund all necessary regional transportation network components and improvements, the RTCIP will establish a new revenue source that ensures future development will contribute its pro rata share towards addressing the impacts of new growth on regional transportation infrastructure.

B. Oversight, Audit and Funding Allocations

The Regional Transportation Congestion Improvement Program (RTCIP) shall be overseen by SANDAG and implemented by each local agency, with the objective of developing a consolidated mitigation program for the San Diego region as a funding source for the Regional Arterial System. The RTCIP and each local agency's Funding Program shall be subject to an annual review and audit to be carried out by the SANDAG and the Independent Taxpayers Oversight Committee, as defined in Section 11 of this Ordinance. Any local agency that does not provide its full monetary contribution required by Section 9(A) in a given fiscal year will not be eligible to receive funding for local streets and roads under section 4(D)(1) of the TransNet Ordinance for the immediately following fiscal year. 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 this Section.

C. Implementation of the Regional Transportation Improvement Program (RTCIP)

Provisions for implementation of the RTCIP are described in the document titled "TransNet Extension Regional Transportation Congestion Improvement Program," which is hereby incorporated by reference as if fully set forth herein.

SECTION 10. BONDING AUTHORITY: Upon voter approval of the ballot proposition to approve the extension of the tax and the issuance of bonds payable from the proceeds of the tax, bonds may be issued by the Commission pursuant to Division 12.7 of the Public Utilities Code, at any time, and from time to time, payable from the proceeds of the existing tax and its extension and secured by a pledge of revenues from the proceeds of the tax, in order to finance and refinance improvements authorized by Ordinance 87-1 and this Ordinance. The Commission, in allocating the annual revenues from the measure, shall meet all debt service requirements prior to allocating funds for other projects.

SECTION 11. INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE: An Independent Taxpayer Oversight Committee (ITOC) shall be established to provide an enhanced level of accountability for expenditure made under the Expenditure Plan. The ITOC will help to ensure that all voter mandates are carried out as required and will develop recommendations for improvements to the financial integrity and performance of the program. The roles and responsibilities of the ITOC, the selection process for ITOC members, and related administrative procedures shall be carried out in substantially the same manner as further described in the document titled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program," which is hereby incorporated by reference as if fully set forth herein. Up to $250,000 per year, with adjustments for inflation based on the Consumer Price Index for San Diego County, may be expended for activities related to the ITOC.

SECTION 12. ADMINISTRATIVE EXPENSES: Revenues may be expended by the Commission for staff salaries, wages, benefits, and overhead and for those services, including contractual services, necessary to administer the Act; however, in no case shall such expenditures exceed one percent of the annual revenues provided by the measure. Any funds not utilized in a given fiscal year shall remain available for expenditure in subsequent fiscal years. Costs of performing or contracting for project related work shall be paid from the revenues allocated to the appropriate purpose as set forth in Section 4 herein. An annual independent audit shall be conducted through the Independent Taxpayers Oversight Committee to assure that the revenues expended by the Commission under this section are necessary and reasonable in carrying out its responsibilities under the Act.

SECTION 13. ESTABLISHMENT OF SEPARATE ACCOUNTS: Each agency receiving funds pursuant to Section 4 shall have its funds deposited in a separate Transportation Improvement Account. Interest earned on funds allocated pursuant to this Ordinance shall be expended only for those purposes for which the funds were allocated.

SECTION 14. IMPLEMENTING ORDINANCES: Upon approval of this measure by the voters, the Commission shall, in addition to the local rules required to be provided pursuant to this ordinance, adopt implementing ordinances, rules, and policies and take such other actions as may be necessary and appropriate to carry out its responsibilities.

SECTION 15. EFFECTIVE AND OPERATIVE DATES: This Ordinance shall be effective on November 3, 2004, if one of the following events occurs: 1) two-thirds of the electors voting on the ballot proposition approving the ordinance vote to approve the ballot proposition on November 2, 2004; or 2) a law is passed on or before November 2, 2004 that lowers the voter approval threshold applicable to this Ordinance and the number of electors voting in favor of this Ordinance meets that threshold. The extension of the tax authorized by Section 3 of this Ordinance shall be operative on April 1, 2008. Bonds payable from the proceeds of the tax may be issued at any time prior to, on or after April 1, 2008. The provisions of Section 4 of this Ordinance, relating to the allocation of revenues, shall be operative on July 1, 2008.

SECTION 16. AMENDMENTS: With the exception of Sections 2(D), 3, 4(E)(1), 8, 9, and 11 which require a vote of the electors of the County of San Diego to amend, this ordinance may be amended to further its purposes by ordinance, passed by roll call vote entered in the minutes, with two-thirds of the Commission concurring consistent with the Commission's standard voting mechanism. Separate documents incorporated by reference in the Ordinance in Sections 2, 9, and 11 also may be amended with a two-thirds vote of the Commission.

SECTION 17. TEN-YEAR COMPREHENSIVE PROGRAM REVIEW: The Commission shall conduct a comprehensive review of all projects and programs implemented under the Expenditure Plan to evaluate the performance of the overall program over the previous ten years and to make revisions to the Expenditure Plan to improve its performance over the subsequent ten years. Such comprehensive program reviews shall be conducted in Fiscal Years 2019, 2029 and 2039. Revisions to the Ordinance and Expenditure Plan required as a result of the ten-year review shall be subject to the amendment process in Section 16.

SECTION 18. DESIGNATION OF FACILITIES: Each project or program in excess of $250,000 funded in whole or in part by revenues from this Ordinance shall be clearly designated during its construction or implementation as being provided by revenues from this Ordinance.

SECTION 19. SEVERABILITY: If any section, subsection, part, clause or phrase of this Ordinance is for any reason held unenforceable or unconstitutional by a court of competent jurisdiction, that holding shall not affect the validity or enforceability of the remaining funds or provisions of this Ordinance, and the Commission declares that it would have passed each part of this Ordinance irrespective of the validity of any other part. Notwithstanding the foregoing, if any part, clause, or phrase of Section 9(A) of the Ordinance is for any reason held unenforceable or unconstitutional, the remaining portions of Section 9 shall be deemed invalid.

SECTION 20. ANNUAL APPROPRIATIONS LIMIT: Article XIII(B) of the California Constitution requires the establishment of an annual appropriations limit for certain governmental entities. The maximum annual appropriations limit for the Commission shall be established as $950 million for the 2004-05 fiscal year. The appropriations limit shall be subject to adjustment as provided by law. All expenditures of the transactions and use tax revenues imposed in Section 3 are subject to the appropriations limit of the Commission.

SECTION 21. DEFINITIONS:

A. *Commission.* Means the San Diego County Regional Transportation Commission created by Chapter 1576 of the Statutes of 1985 (Division 12.7 of the Public Utilities Code, commencing with Section 132000).

B. *Transit.* Means all purposes necessary and convenient to the construction, operation and maintenance of public transportation services and facilities including the acquisition of vehicles and right-of-way. Public transportation services include, but are not limited to, local and express bus, bus rapid transit (BRT), paratransit (dial-a-ride), fixed guideway, light rail (trolley) and commuter rail services and facilities.

C. *Local Streets and Roads.* Means all purposes necessary and convenient for the purposes as described in Section 2(C)(1).

D. *Highways.* Means all purposes necessary and convenient to the design, right-of-way acquisition, and construction of highway facilities, including all state highway routes and any other facilities so designated in the Expenditure Plan.

E. *Bicycle and Pedestrian Facilities.* Means all purposes necessary and convenient to the design, right-of-way acquisition, and construction of facilities intended for use by bicycles and pedestrians. Bicycle and pedestrian facilities shall also mean facilities and programs that help to encourage walking and the use of bicycles, such as secure bicycle parking facilities and bicycle and pedestrian promotion and safety education programs.

F. *Bonds.* Means indebtedness and securities of any kind or class, including but not limited to bonds, notes, bond anticipation notes, and commercial paper.

G. *Expenditure Plan.* Means the expenditure plan required by Section 132302 of the Public Utilities Code to be included in the transactions and use tax ordinance to be approved by the Commission. The expenditure plan includes the allocation of revenues for each authorized purpose.

H. *Regional Transportation Plan.* Means the long-range transportation plan for the San Diego region required by Section 65080 of the Government Code to be prepared by the San Diego Association of Governments as the designated Regional Transportation Planning Agency.

I. *Regional Transportation Improvement Program.* Means the five-year programming document required by Section 65080 of the Government Code to be prepared by the San Diego Association of Governments as the designated Regional Transportation Planning Agency.

J. *Transit Operator.* Means any transit district, included transit district, municipal operator, included municipal operator, or transit development board as defined in Public Utilities Code Section 99210.

K. *Regional Comprehensive Plan.* Means the document integrating land use, transportation systems, infrastructure needs, and public investment strategies within a regional framework to be prepared by the San Diego Association of Governments as required by Section 132360 of the Public Utilities Code.

SECTION 22. EFFECT ON COMMISSION ORDINANCE 87-1: This Ordinance is intended to extend and expand the provisions of Commission Ordinance 87-1, and shall not be read to supercede Commission Ordinance 87-1. If this Ordinance is not approved by the voters of San Diego County, the provisions of Commission Ordinance 87-1 and all powers, duties, and actions taken thereunder shall remain in full force and effect.

PASSED AND ADOPTED by the San Diego County Regional Transportation Commission, the 28th day of May, 2004 by the following vote:

AYES: Commissioners Hall, Padilla, Monroe, Crawford, Lewis, Guerin, Holt Pfeiler, McCoy, Jantz, Sessom, Morrison, Feller, Cafagna, Murphy, Smith, Dale, Powell, Vance,

NOES: Commissioner Jacob

ABSENT: None

Ron Morrison
Chairman

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN DIEGO)

I, Gary L. Gallegos, the Secretary of the San Diego County Regional Transportation Commission, do hereby certify that the foregoing is a true copy of an Ordinance adopted by the San Diego County Regional Transportation Commission on May 28, 2004 at the time and by the vote stated above, which said Ordinance is on file in the office of the San Diego County Regional Transportation Commission.

DATED: May 28, 2004

Gary L. Gallegos
Secretary

TransNet Extension 40-Year Expenditure Plan

(in millions of 2002 dollars)

#	Expenditure Plan Component	Total *TransNet* Requirement (40-year Total)		Percent of Net	Percent of Total
1	**Congestion Relief Program**				
2	Major Transportation Corridor Improvements:	$6,850		50.5%	48.9%
3	Freeway, Highway, & Transit Capital Projects	$5,150		38.0%	36.8%
4	Project Specific Transit Operations	$1,100		8.1%	7.9%
5	Freeway, Highway, & Transit Project Environmental Mitigation	$600		4.4%	4.3%
6	Local System Improvements	$4,480		33.0%	32.0%
7	Local Street & Road Projects	$3,950		29.1%	28.2%
8	Local Street & Road Project Environmental Mitigation	$250		1.8%	1.8%
9	Smart Growth Incentive Competitive Grant Program	$280		2.1%	2.0%
10	Transit System Improvements -	$2,240		16.5%	16.0%
11	Continuing Bus/Rail Support and Improvements, including Senior/				
12	Disabled/Youth Transit Passes and Specialized Senior/Disabled Transportation Services				
13	Sub-Total	$13,570		100.0%	N/A
14	**Bicycle, Pedestrian & Neighborhood Safety Grant Program**	$280	*		2.0%
15	**Administration**	$140	*		1.0%
16	**Oversight Committee**	$10	*		0.1%
17	**TOTAL TransNet Funding Requirement**	$14,000			100.0%
18	**TOTAL TransNet Funds Available**	$14,000			100.0%
	* These categories deducted "off the top" prior to other allocations.				

TRANSNET EXTENSION EXPENDITURE PLAN ANALYSIS

APPENDIX A

Table	TABLE 1: Congestion Relief Program - Major Transportation Corridor Improvements	*TransNet* Proposal			
		Total Capital Cost	*Mitigation Cost***	*Net Capital Cost**	*Transit Operating Cost*
2	I-15	**$1,400**	$10	**$1,390**	**$240**
3	I-805	**$2,100**	$24	**$2,076**	**$170**
4	I-5 (INTERNATIONAL BORDER TO I-805)	**$1,893**	$21	**$1,872**	**$310**
5	I-5 (I-805 TO **VANDEGRIFT**)	**$1,670**	$60	**$1,610**	**$170**
6	SR-52	$410	$3	$407	$0
7	SR-94 / SR-125	$620	$10	$610	$0
8	**SR-54 / SR-125**	**$140**	**$1**	**$139**	**$0**
9	SR-67	$240	$22	$218	$0
10	I-8	$30	$1	$29	$0
11	SR-78	**$700**	$8	**$692**	**$130**
12	SR-76	$180	$16	$164	$0
13	**SR-56**	**$100**	**$1**	**$99**	**$0**
14	MID-CITY SAN DIEGO TO DOWNTOWN SAN DIEGO	**$90**	$1	**$89**	**$80**
15	CORONADO TUNNEL	$25	$0	$25	$0
16	BORDER ACCESS IMPROVEMENTS	$25	$0	$25	$0
	TOTAL ALL CORRIDORS	**$9,623**	**$178**	**$9,445**	**$1,100**
(See FIGURE 1)	**TOTAL *TRANSNET* FUNDING REQUIREMENT**			**$4,650**	**$1,100**

CORRIDOR ANALYSIS FOR *TRANSNET* EXTENSION	$5,750
ESTIMATED FINANCING COST:	$500
FREEWAY/HIGHWAY/TRANSIT PROJECT ENVIRONMENTAL MITIGATION:	$600
TOTAL *TRANSNET*:	$6,850

CHANGES TO MARCH 19, 2004 DRAFT VERSION SHOWN IN BOLD.

Note: Costs in millions of 2002 dollars and rounded to the nearest $10 million, with the exception of the matching funds included for the Coronado Tunnel and Border Access Improvement projects.

* Of the total net capital cost of $9,445 million, *TransNet* funding is assumed to leverage approximately 50% from federal, state, and other sources. Additional matching funds are assumed to compensate for the 100% *TransNet* funds used for the Environmental Mitigation Program, reducing the *TransNet* requirement to approximately $4,650 million.

** The figures in this column represent the habitat-related mitigation costs included in the original cost estimates that will be funded out of the Environmental Mitigation Program.

CORRIDOR ANALYSIS FOR *TRANSNET* EXTENSION

TABLE 2: I-15 CORRIDOR

(SEE FIGURE 2)

						TransNet Extension			
Project Number	*Route/Facility*	*From*	*To*	*Existing*	*Improvement*	*Capital Cost*	*Mitigation Cost*	*Net Capital Cost*	*Operating Cost*
1	I-15	SR 163	SR56	8F	8F+4ML/MB	$220	c	$220	
2	I-15	Centre City Pkwy	SR 78	8F	8F+4ML	$120	c	$120	
3	I-15	SR94	SR 163	6F/8F	8F+2HOV	$200	$3	$197	
4	HOV 2 HOV	I-15	SR 78	--	E to S, N to W	$200	$3	$197	
5	HOV 2 HOV	I-15	SR 94	--	S to W, E to N	$150	$2	$148	
6	SR94	I-5	I-15	8F	8F+2HOV	$80	$1	$79	
7	BRT Rt 610 via I15/SR94 CAPITAL	Escondido Trans Ctr	Downtown San Diego	--	No Kearny Mesa Transitway; uses HOV lanes on I-15 between Qualcomm and SR 52. Builds/upgrades 6 BRT stations, upgrades downtown stations, builds DARs in 4 locations.	**$370**	$1	**$369**	
7	BRT Rt 610 via I15/SR94 OPERATIONS	Escondido Trans Ctr	Downtown San Diego	--	10 min peak only service by 2010; 10 min peak / 15 min offpeak service by 2030				**$150**
8	BRT Rt 470 via I15/Mira Mesa Blvd CAPITAL	Escondido Trans Ctr	Sorrento Mesa	--	Escondido to Sorrento Mesa; Uses Rt 610 stations and DARs.	$60	<$1	$60	
8	BRT Rt 470 via I15/Mira Mesa Blvd OPERATIONS	Escondido Trans Ctr	Sorrento Mesa	--	15 min peak only service from Escondido by 2016				**$90**
					TOTAL FOR CORRIDOR:	**$1,400**	$10	**$1,390**	**$240**

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures.
c=cleared, project habitat impacts previously cleared or not included.

APPENDIX A

CORRIDOR ANALYSIS FOR *TRANSNET* EXTENSION

TABLE 3: I-805 CORRIDOR

(SEE FIGURE 3)

Project Number	*Route/Facility*	*From*	*To*	*Existing*	*Improvement*	*TransNet* Extension *Capital Cost*	*Mitigation Cost*	*Net Capital Cost*	*Operating Cost*
9	I-805	SR 905	SR 54	8F	8F+2HOV, Reversible	$150	$2	$148	
10	I-805	SR 54	I-8	8F	8F+4ML	$450	$5	$445	
11	I-805	Mission Valley Viaduct		8F	8F+4ML	$250	$4	$246	
12	I-805	I-8	I-5	8F	8F+4ML	$380	$6	$374	
13	I-805 and SR 54 interchange improvements (E to S)					$10	<$1	$10	
14	BRT Rt 628 via I805/SR94 CAPITAL	Otay Mesa	Downtown San Diego	--	Builds fewer DARs along I-805 reflecting changes to highway improvement; Builds 13 stations and DARs in 4 locations.	**$500**	$3	**$497**	
14	BRT Rt 628 via I805/SR94 OPERATIONS	Otay Mesa	Downtown San Diego	--	15 min peak / 30 min offpeak svc by 2010; 10 min peak / 15 min offpeak service by 2020				**$120**
15	SR94 HWAY	I-805	I-15	8F	8F+2HOV	$70	$1	$69	
16	BRT Rt 680 via I805/I15/SR52 CAPITAL	San Ysidro	Sorrento Mesa	--	Builds 1 new station; uses DARs and stations built by routes 610 and 628.	**$70**	<$1	**$70**	
16	BRT Rt 680 via I805/I15/SR52 OPERATIONS	San Ysidro	Sorrento Mesa	--	15 min peak only service by 2015; 10 min peak only service by 2030				**$50**
17	SR 52	I-15	I-805	6F	6F+2HOV	$70	$1	$69	
18	HOV 2 HOV	I-805	SR 52	--	W to N, S to E	$150	$2	$148	
					TOTAL FOR CORRIDOR:	**$2,100**	$24	**$2,076**	**$170**

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures.

CORRIDOR ANALYSIS FOR *TRANSNET* EXTENSION

TABLE 4: I-5 CORRIDOR (International Border to I-805)

(SEE FIGURE 4)						*TransNet* Extension			
Project Number	*Route/Facility*	*From*	*To*	*Existing*	*Improvement*	*Capital Cost*	*Mitigation Cost*	*Net Capital Cost*	*Operating Cost*
19	I-5	SR 905	SR 54	8F	8F+2HOV	$130	$2	$128	
20	I-5	SR 54	I-8	8F	8F+2HOV	$600	$6	$594	
21	**I-5**	**I-8**	**I-805**	**8F**	**8F+2HOV (including environmental and preliminary engineering for I-5/I-8 interchange improvements**	**$193**	**$1**	**$192**	
22	Route 500 Blue Line Trolley	Improvements			Conversion to low-floor vehicles, enhanced stations, signal upgrades, extended platforms, grade separations in Chula Vista	**$270**	$2	**$268**	
22	Route 500 Blue Line Trolley	Improvements			7.5 min peak / 7.5 min offpeak by 2020				**$90**
23	Route 570 MidCoast CAPITAL	Old Town	UCSD/UTC	--	Extension of light rail transit from Old Town Transit Center to UTC via I-5 and UCSD	$670	$10	$660	
23	Route 570 MidCoast OPERATIONS	Old Town	UCSD/UTC	--	15 min all day service by 2020				**$110**
24	Route 634 Super Loop CAPITAL	UTC	UCSD	--	Signal priority, queue jumper lanes, other arterial improvements, vehicles, stations	**$30**	<$1	**$30**	
24	Route 634 Super Loop OPERATIONS	UTC	UCSD	--	10 minute all day service by 2010				**$110**
					TOTAL FOR CORRIDOR:	**$1,893**	$21	**$1,872**	**$310**

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures.

APPENDIX A

CORRIDOR ANALYSIS FOR *TRANSNET* EXTENSION

TABLE 5: I-5 CORRIDOR (I-805 to Vandegrift Blvd.)

(SEE FIGURE 5)						*TransNet* Extension			
Project Number	*Route/Facility*	*From*	*To*	*Existing*	*Improvement*	*Capital Cost*	*Mitigation Cost*	*Net Capital Cost*	*Operating Cost*
25	I-5/I-805	Merge		16F	16F+4ML	$30	c	$30	
26	I-5	SR 56	Leucadia Blvd	8F	8F+4ML	$400	$16	$384	
27	I-5	Leucadia Blvd	**Vandegrift Blvd.**	8F	8F+4ML	**$370**	$11	**$359**	
28	HOV 2 HOV	I-5	I-805	--	N to N, S to S	$180	$3	$177	
29	FWY 2 FWY	I-5	SR 56	--	W to N, S to E	$140	$4	$136	
30	FWY 2 FWY	I-5	SR 78	--	W to S, S to E	$150	$2	$148	
31	I-5 CORRIDOR: Route 398 COASTER/BRT Route 472 (El Camino Real) CAPITAL	Improvements		--	Corridor transit improvements that would include some combination of projects from the following: **Coaster**: Vehicles, stations improvements including parking, double tracking and other improvements, Del Mar tunnel; and **BRT (El Camino Real/I-5)**: Vehicles, stations, signal priority and other arterial improvements along El Camino Real, direct access ramps on I-5 south from Encinitas.	$400	$24	$376	
31	I-5 CORRIDOR: Route 398 COASTER/BRT Route 472 (El Camino Real) OPERATIONS	Improvements		--	**Coaster**: 20 min peak / current offpeak svc by 2016; 20 min peak / 60 min offpeak service by 2025; **BRT (El Camino Real/I-5)**: 15 min peak / 30 min offpeak service by 2020				**$170**
					TOTAL FOR CORRIDOR:	**$1,670**	$60	$1,610	**$170**

BRT capital costs include new and/or improved stations, direct access ramps (DARs), vehicles, right of way, and arterial priority measures.

c=cleared, project habitat impacts previously cleared or not included.

Major north-south transit service improvements are assumed for this corridor with the primary options being enhanced service on the Coaster and BRT service in the El Camino Real/I-5 Corridor.

CORRIDOR ANALYSIS FOR *TRANSNET* EXTENSION

TABLE 6: SR-52

(SEE FIGURE 6)

Project Number	Route/Facility	From	To	Existing	Improvement	*TransNet* Extension Capital Cost	Mitigation Cost	Net Capital Cost	Operating Cost
32	SR 52	I-15	SR 125	4F	6F+2ML (Reversible)	$170	$3	$167	
	(I-15 - I-805 segment included in I-805 corridor for transit services; I-805/SR 52 HOV2HOV Connector included in I-805 corrido								
33	SR 52	SR 125	SR 67	--	4F	$240	c	$240	
					TOTAL FOR CORRIDOR:	$410	$3	$407	$0

c=cleared, project habitat impacts previously cleared or not included.

TABLE 7: SR-94 / SR-125

(SEE FIGURE 6)

Project Number	Route/Facility	From	To	Existing	Improvement	*TransNet* Extension Capital Cost	Mitigation Cost	Net Capital Cost	Operating Cost
34	SR 94 and SR 125 Interchange				W to N, S to E	$110	$2	$108	
	(I-805 to I-5 segments included in I-15 and I-805 corridors for transit services)								
35	SR 94	SR 125	Steele Canyon	4F/4C-2C	Widen to 6-lane freeway from SR 125 to Avocado Blvd and provide 4-lane conventional highway from Avocado Blvd to Steele Canyon	$90	$2	$88	
36	SR 94/SR 125	I-805	I-8	8F	8F+2HOV	$350	$5	$345	
37	Route 520 Orange Line Trolley CAPITAL	Improvements		--	Conversion to low-floor vehicles, enhanced stations, signal upgrades, extended platforms. Current headway.	$70	$1	$69	
					TOTAL FOR CORRIDOR:	$620	$10	$610	$0

APPENDIX A

CORRIDOR ANALYSIS FOR *TRANSNET* EXTENSION

TABLE 8: SR-54 / SR-125

(SEE FIGURE 6)						*TransNet* Extension			
Project Number	*Route/Facility*	*From*	*To*	*Existing*	*Improvement*	*Capital Cost*	*Mitigation Cost*	*Net Capital Cost*	*Operating Cost*
38	**SR 54/SR 125**	**I-805**	**SR 94**	**4F+2/6 F**	**Widen to provide a continuous 6F+2 HOV Facility**	**$140**	**$1**	**$139**	
					TOTAL FOR CORRIDOR:	**$140**	**$1**	**$139**	$0

TABLE 9: SR-67

(SEE FIGURE 6)						*TransNet* Extension			
Project Number	*Route/Facility*	*From*	*To*	*Existing*	*Improvement*	*Capital Cost*	*Mitigation Cost*	*Net Capital Cost*	*Operating Cost*
39	SR 67	Mapleview St	Dye Rd	2C	4C - To be constructed with environmental enhancements	$240	$22	$218	
					TOTAL FOR CORRIDOR:	$240	$22	$218	$0

TABLE 10: I-8 CORRIDOR

(SEE FIGURE 6)						*TransNet* Extension			
Project Number	*Route/Facility*	*From*	*To*	*Existing*	*Improvement*	*Capital Cost*	*Mitigation Cost*	*Net Capital Cost*	*Operating Cost*
40	I-8	Second St	Los Coches	4F	6F	$30	$1	$29	
					TOTAL FOR CORRIDOR:	$30	$1	$29	$0

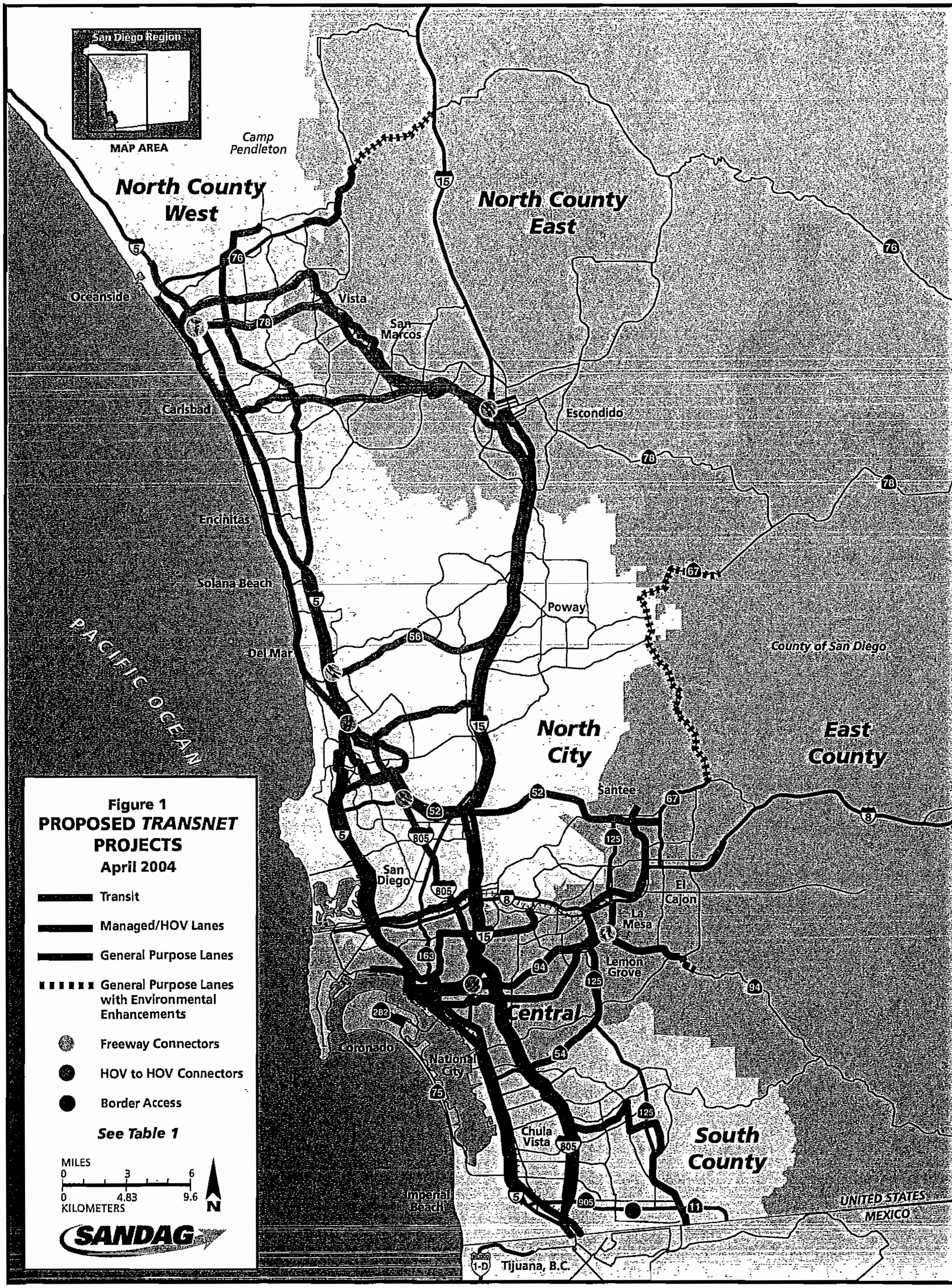
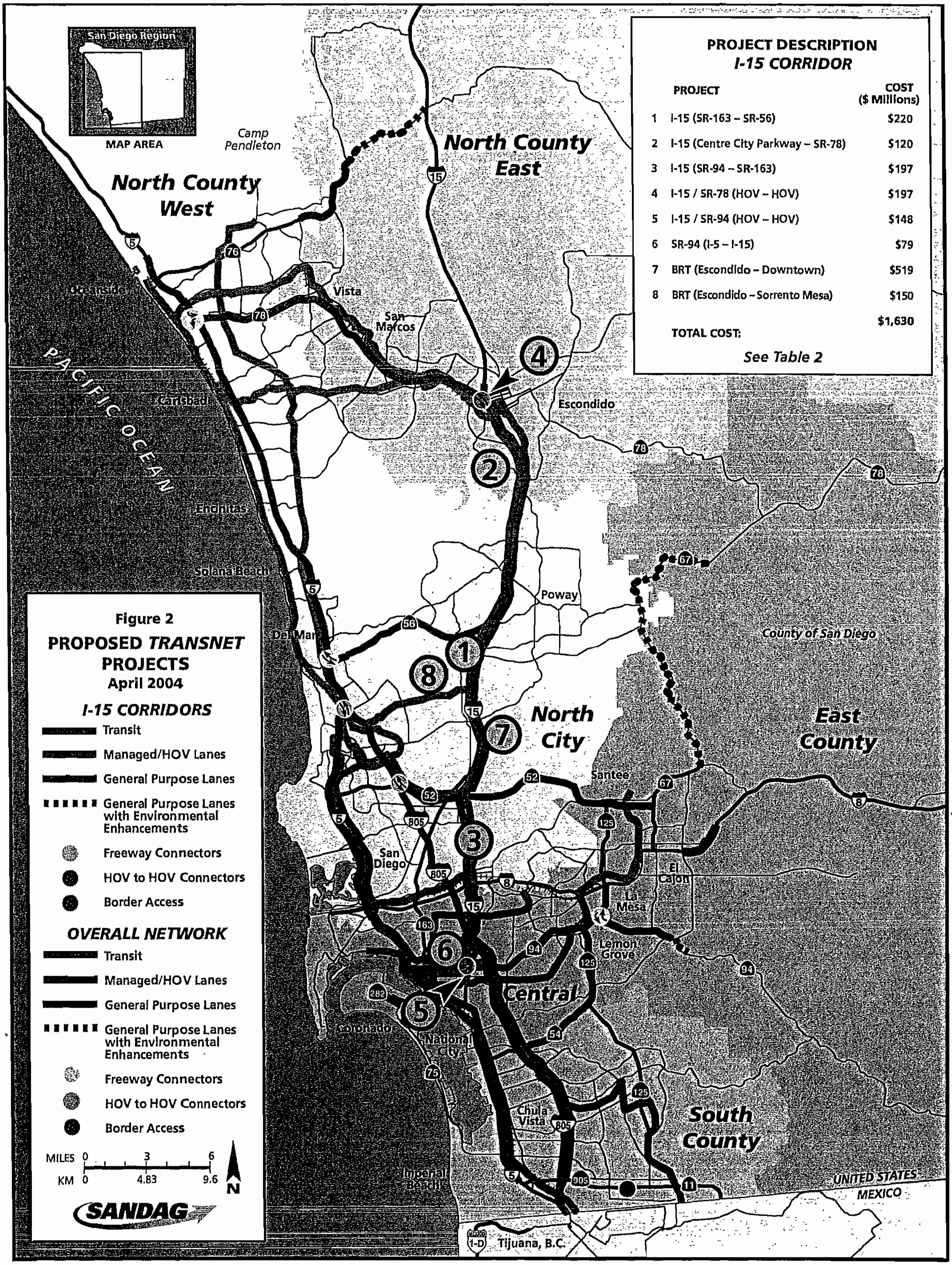
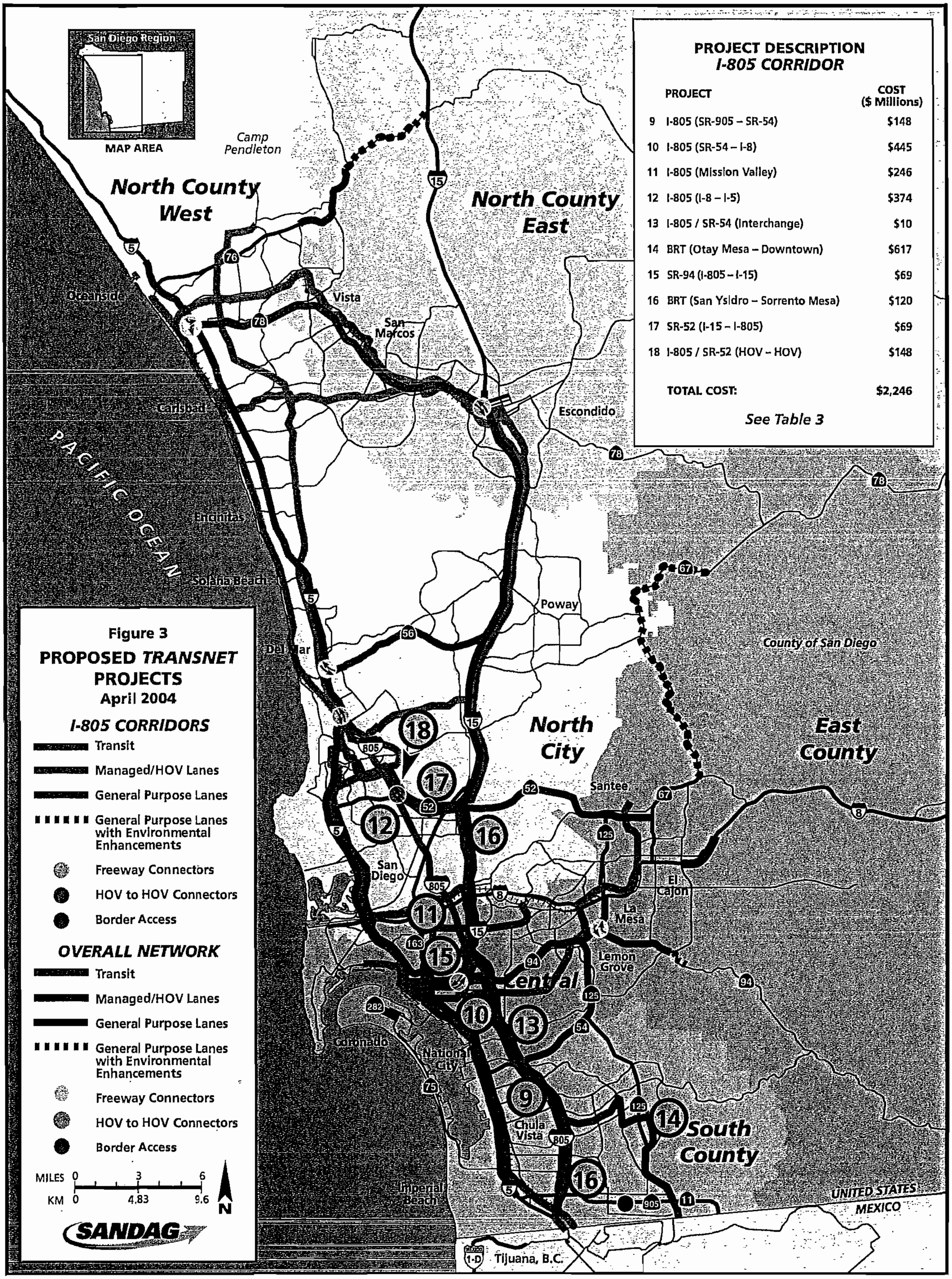


Figure 1
PROPOSED *TRANSNET* PROJECTS
April 2004

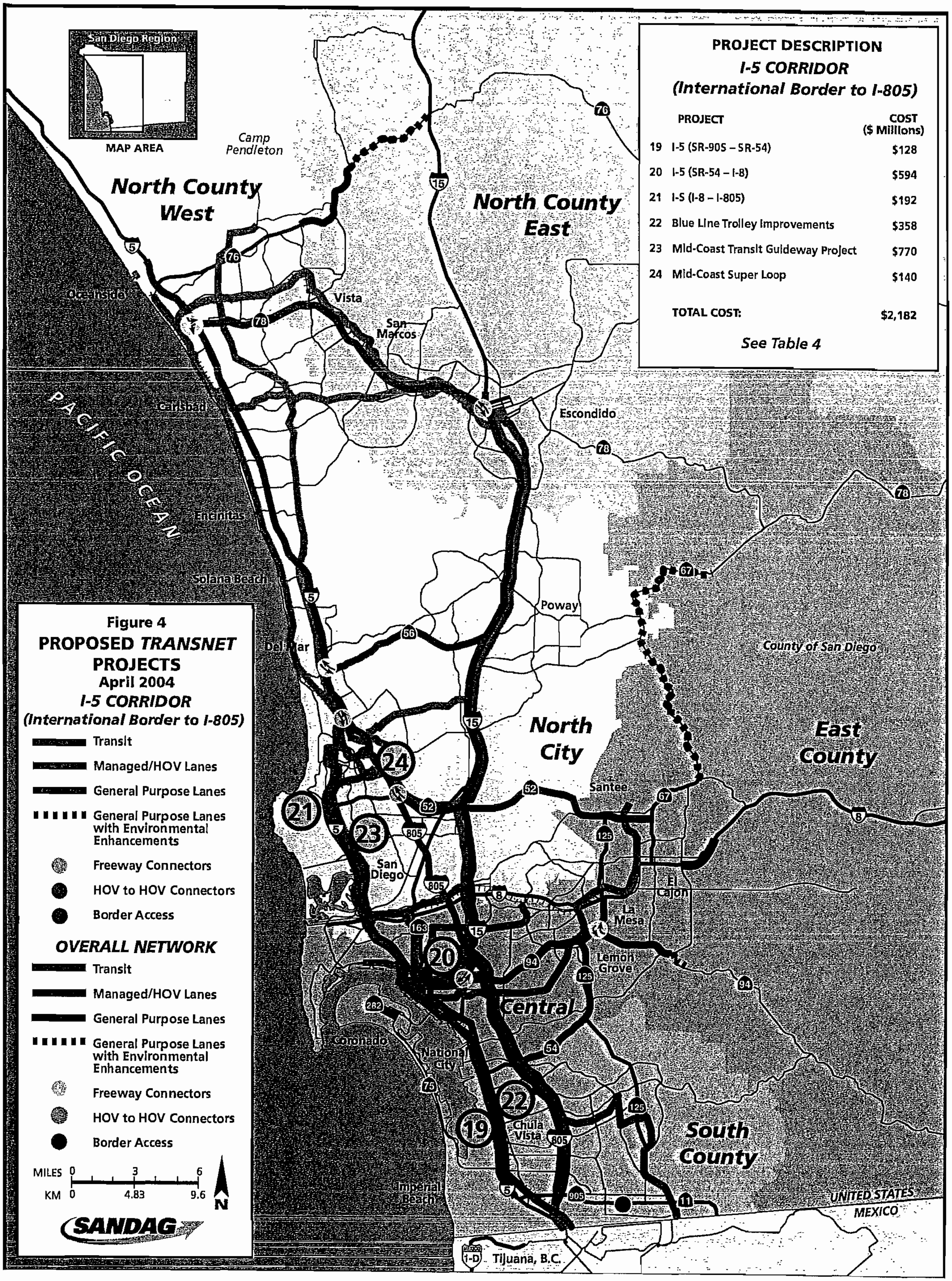
APPENDIX A



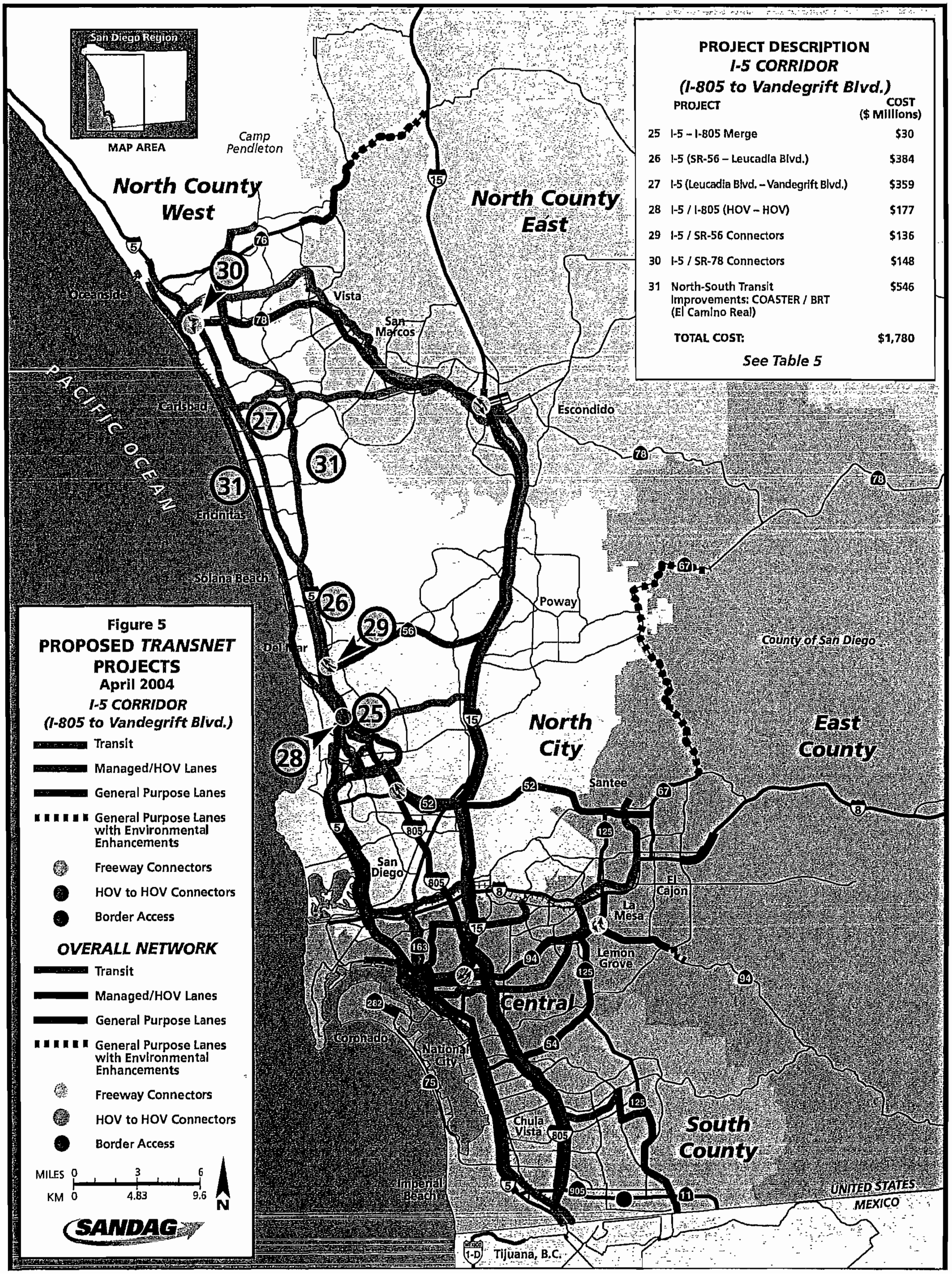
PROJECT DESCRIPTION
I-15 CORRIDOR
PROJECT
COST ($ Millions)
1 I-15 (SR-163 – SR-56) $220
2 I-15 (Centre City Parkway – SR-78) $120
3 I-15 (SR-94 – SR-163) $197
4 I-15 / SR-78 (HOV – HOV) $197
5 I-15 / SR-94 (HOV – HOV) $148
6 SR-94 (I-5 – I-15) $79
7 BRT (Escondido – Downtown) $519
8 BRT (Escondido – Sorrento Mesa) $150
TOTAL COST: $1,630
See Table 2
San Diego Region
MAP AREA
Camp Pendleton
North County West
North County East
Oceanside
Vista
San Marcos
Carlsbad
Escondido
PACIFIC OCEAN
Encinitas
Solana Beach
Del Mar
Poway
County of San Diego
North City
East County
Santee
San Diego
El Cajon
La Mesa
Lemon Grove
Central
Coronado
National City
Chula Vista
South County
Imperial Beach
UNITED STATES
MEXICO
Tijuana, B.C.
Figure 2
PROPOSED TRANSNET PROJECTS
April 2004
I-15 CORRIDORS
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
OVERALL NETWORK
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
MILES 0 3 6
KM 0 4.83 9.6
N
SANDAG


San Diego Region
MAP AREA
Camp Pendleton
North County West
North County East
Oceanside
Vista
San Marcos
Carlsbad
Escondido
PACIFIC OCEAN
Encinitas
Solana Beach
Poway
Del Mar
County of San Diego
North City
East County
Santee
San Diego
El Cajon
La Mesa
Lemon Grove
Central
Coronado
National City
Chula Vista
South County
Imperial Beach
UNITED STATES
MEXICO
Tijuana, B.C.
PROJECT DESCRIPTION
I-805 CORRIDOR
PROJECT
COST ($ Millions)
9 I-805 (SR-905 – SR-54) $148
10 I-805 (SR-54 – I-8) $445
11 I-805 (Mission Valley) $246
12 I-805 (I-8 – I-5) $374
13 I-805 / SR-54 (Interchange) $10
14 BRT (Otay Mesa – Downtown) $617
15 SR-94 (I-805 – I-15) $69
16 BRT (San Ysidro – Sorrento Mesa) $120
17 SR-52 (I-15 – I-805) $69
18 I-805 / SR-52 (HOV – HOV) $148
TOTAL COST: $2,246
See Table 3
Figure 3
PROPOSED TRANSNET PROJECTS
April 2004
I-805 CORRIDORS
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
OVERALL NETWORK
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
MILES 0 3 6
KM 0 4.83 9.6
N
SANDAG

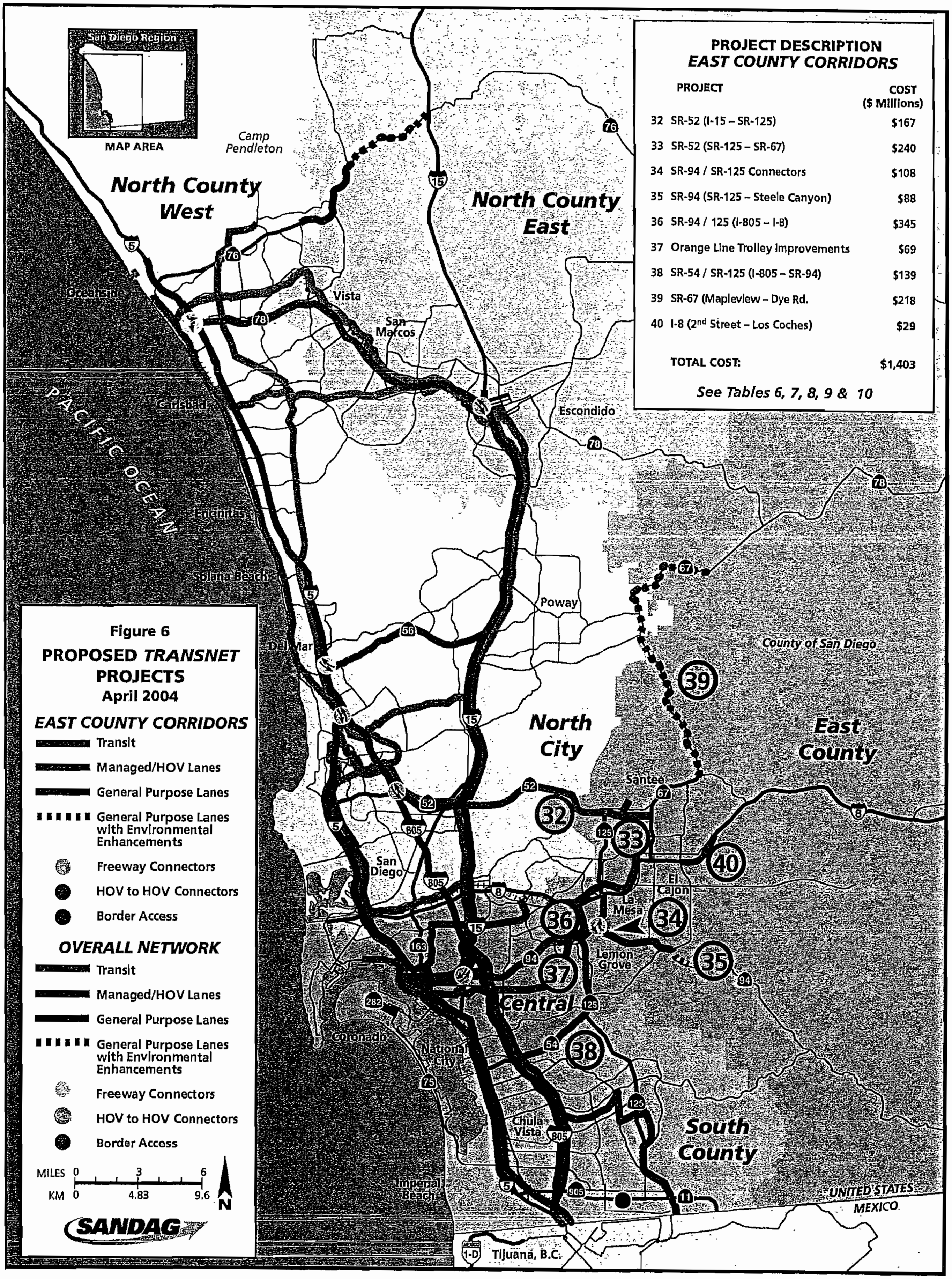
APPENDIX A



PROJECT DESCRIPTION
I-5 CORRIDOR
(International Border to I-805)
PROJECT
COST ($ Millions)
19 I-5 (SR-905 – SR-54) $128
20 I-5 (SR-54 – I-8) $594
21 I-5 (I-8 – I-805) $192
22 Blue Line Trolley Improvements $358
23 Mid-Coast Transit Guideway Project $770
24 Mid-Coast Super Loop $140
TOTAL COST: $2,182
See Table 4
Figure 4
PROPOSED TRANSNET PROJECTS
April 2004
I-5 CORRIDOR
(International Border to I-805)
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
OVERALL NETWORK
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
MILES 0 3 6
KM 0 4.83 9.6
N
SANDAG
San Diego Region
MAP AREA
Camp Pendleton
North County West
North County East
PACIFIC OCEAN
Oceanside
Vista
San Marcos
Carlsbad
Escondido
Encinitas
Solana Beach
Del Mar
Poway
County of San Diego
North City
East County
Santee
San Diego
El Cajon
La Mesa
Lemon Grove
Central
Coronado
National City
Chula Vista
Imperial Beach
South County
UNITED STATES
MEXICO
Tijuana, B.C.


PROJECT DESCRIPTION
I-5 CORRIDOR
(I-805 to Vandegrift Blvd.)
PROJECT
COST ($ Millions)
25 I-5 – I-805 Merge $30
26 I-5 (SR-56 – Leucadia Blvd.) $384
27 I-5 (Leucadia Blvd. – Vandegrift Blvd.) $359
28 I-5 / I-805 (HOV – HOV) $177
29 I-5 / SR-56 Connectors $136
30 I-5 / SR-78 Connectors $148
31 North-South Transit Improvements: COASTER / BRT (El Camino Real) $546
TOTAL COST: $1,780
See Table 5
Figure 5
PROPOSED TRANSNET PROJECTS
April 2004
I-5 CORRIDOR
(I-805 to Vandegrift Blvd.)
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
OVERALL NETWORK
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
MILES 0 3 6
KM 0 4.83 9.6
N
SANDAG
San Diego Region
MAP AREA
Camp Pendleton
North County West
North County East
North City
East County
Central
South County
County of San Diego
PACIFIC OCEAN
Oceanside
Vista
San Marcos
Carlsbad
Escondido
Encinitas
Solana Beach
Del Mar
Poway
Santee
San Diego
El Cajon
La Mesa
Lemon Grove
Coronado
National City
Chula Vista
Imperial Beach
UNITED STATES
MEXICO
Tijuana, B.C.

APPENDIX A


PROJECT DESCRIPTION
EAST COUNTY CORRIDORS
PROJECT
COST ($ Millions)
32 SR-52 (I-15 – SR-125) $167
33 SR-52 (SR-125 – SR-67) $240
34 SR-94 / SR-125 Connectors $108
35 SR-94 (SR-125 – Steele Canyon) $88
36 SR-94 / 125 (I-805 – I-8) $345
37 Orange Line Trolley Improvements $69
38 SR-54 / SR-125 (I-805 – SR-94) $139
39 SR-67 (Mapleview – Dye Rd. $218
40 I-8 (2nd Street – Los Coches) $29
TOTAL COST: $1,403
See Tables 6, 7, 8, 9 & 10
San Diego Region
MAP AREA
Camp Pendleton
North County West
North County East
North City
East County
Central
South County
PACIFIC OCEAN
Oceanside
Vista
San Marcos
Carlsbad
Escondido
Encinitas
Solana Beach
Del Mar
Poway
County of San Diego
Santee
San Diego
El Cajon
La Mesa
Lemon Grove
Coronado
National City
Chula Vista
Imperial Beach
UNITED STATES
MEXICO
Tijuana, B.C.
Figure 6
PROPOSED TRANSNET PROJECTS
April 2004
EAST COUNTY CORRIDORS
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
OVERALL NETWORK
Transit
Managed/HOV Lanes
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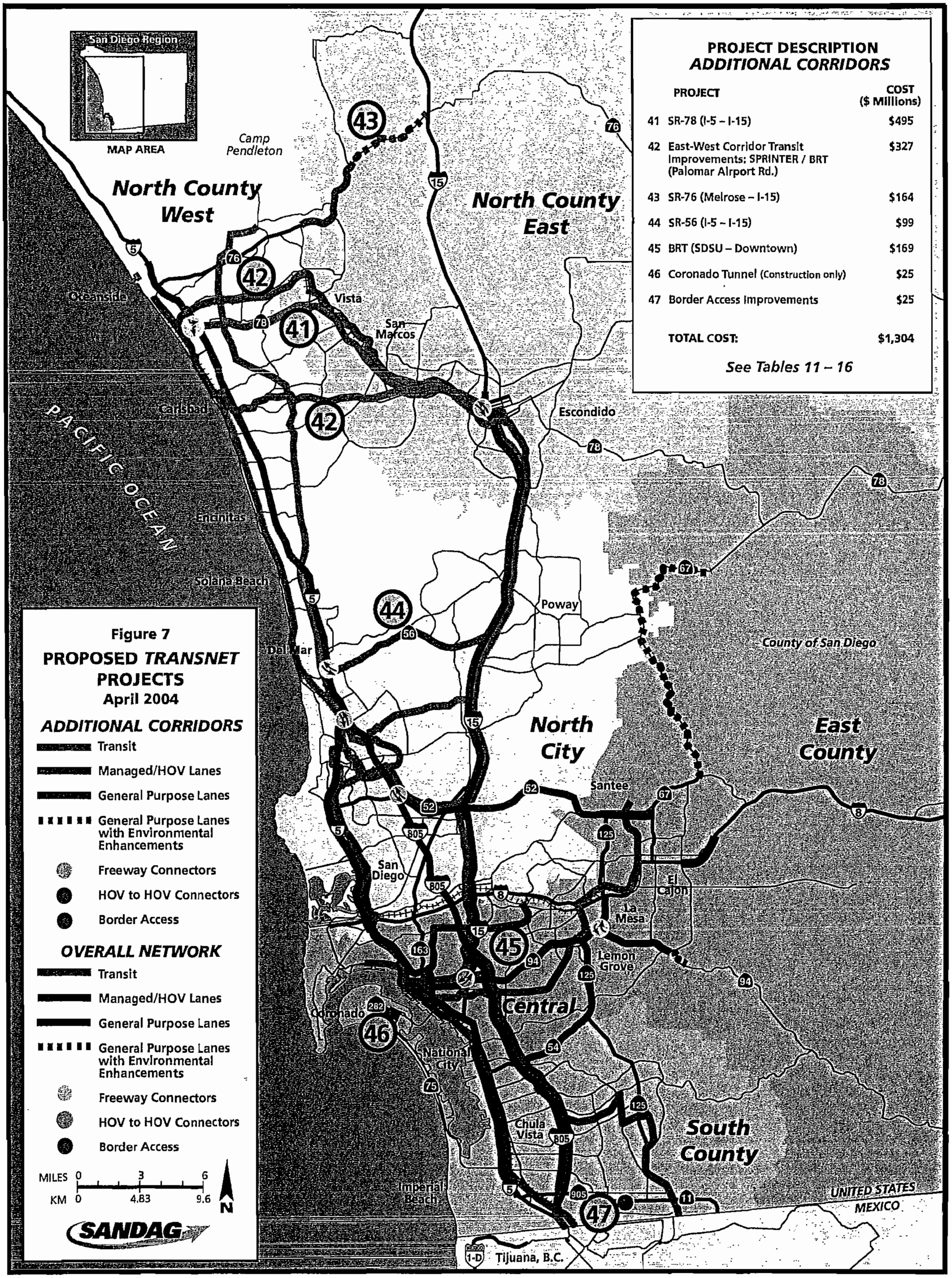
N
SANDAG


San Diego Region
MAP AREA
PROJECT DESCRIPTION
ADDITIONAL CORRIDORS
PROJECT
COST ($ Millions)
41 SR-78 (I-5 – I-15) $495
42 East-West Corridor Transit Improvements: SPRINTER / BRT (Palomar Airport Rd.) $327
43 SR-76 (Melrose – I-15) $164
44 SR-56 (I-5 – I-15) $99
45 BRT (SDSU – Downtown) $169
46 Coronado Tunnel (Construction only) $25
47 Border Access Improvements $25
TOTAL COST: $1,304
See Tables 11 – 16
Camp Pendleton
North County West
North County East
Oceanside
Vista
San Marcos
Carlsbad
Escondido
PACIFIC OCEAN
Encinitas
Solana Beach
Del Mar
Poway
County of San Diego
North City
East County
Santee
San Diego
El Cajon
La Mesa
Lemon Grove
Central
Coronado
National City
Chula Vista
South County
Imperial Beach
UNITED STATES
MEXICO
Tijuana, B.C.
Figure 7
PROPOSED TRANSNET PROJECTS
April 2004
ADDITIONAL CORRIDORS
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
OVERALL NETWORK
Transit
Managed/HOV Lanes
General Purpose Lanes
General Purpose Lanes with Environmental Enhancements
Freeway Connectors
HOV to HOV Connectors
Border Access
MILES 0 3 6
KM 0 4.83 9.6
N
SANDAG

TRANSNET EXTENSION ENVIRONMENTAL MITIGATION PROGRAM (EMP) PRINCIPLES

1. The TransNet Extension Expenditure Plan shall include a funding allocation category entitled "Transportation Project Environmental Mitigation Program."

2. The Environmental Mitigation Program (EMP) shall include an allocation for the estimated direct costs for mitigation of upland and wetland habitat impacts for regional transportation projects included in the proposed TransNet Expenditure Plan, as well as for regional projects that are included in the adopted 2030 Regional Transportation Plan Mobility Network. The "mitigation costs," including land acquisition, restoration, management, and monitoring, for these regional projects are estimated at approximately $450 million. Funds for direct mitigation, management and monitoring of these projects shall be placed into a "Transportation Project Mitigation Fund," where they can be used as partial funding for regional acquisition, habitat management and monitoring activities related to implementation of the Multiple Species Conservation Program (MSCP), the Multiple Habitat Conservation Program (MHCP), and future amendments thereto.

3. The EMP shall also include an allocation for the estimated direct costs for mitigation of upland and wetland habitat impacts for local transportation projects, in a total amount not to exceed $200 million. Funds for direct mitigation of these projects shall also be placed in the "Transportation Project Mitigation Fund" outlined in Section 2 above.

4. The EMP shall also include a funding allocation for the estimated economic benefits of incorporating specified regional and local transportation projects into applicable habitat conservation plans, thereby allowing mitigation requirements for covered species to be fixed, and allowing mitigation requirements to be met through purchase of land in advance of need in larger blocks at a lower cost. The benefits of this approach are estimated at approximately $200 million ($150 million for regional projects and $50 million for local projects). This amount will be allocated to a "Regional Habitat Conservation Fund," which will be made available for regional habitat acquisition, management and monitoring activities necessary to implement the MSCP and MHCP described in Section 2 above. Therefore, the total funding allocation for the Environmental Mitigation Program shall be set at $850 million.

5. SANDAG shall work with the Wildlife Agencies (California Department of Fish and Game and the US Fish and Wildlife Service) and permit holders under the MSCP and MHCP to establish a regional entity that will be responsible for the allocation of funding included in the "Regional Habitat Conservation Fund" in accordance with the goals and policies of said plans. In addition, this entity will provide recommendations regarding the structure and content of future funding measures as described in Section 10 below.

6. Land acquisitions, and management and monitoring activities, that result from the implementation of this program shall receive credit toward the "regional funding obligations," if any, under the applicable habitat conservation plans, with the exception that land acquisitions in the MSCP planning area (as designated and permitted as of April 9, 2004) shall not count toward the regional funding obligation for land acquisition (currently estimated at 10,267 acres) established for that program.

7. In order to provide the economic benefits of the proposed EMP, the participating local jurisdictions shall apply for, and the Wildlife Agencies shall process, requests for any necessary amendments to the previously adopted MSCP and related agreements and permits, to include Regional Transportation Plan (RTP) transportation projects as "covered projects" under this plan pursuant to the standards in effect at that time for the remaining life of those plans. For projects in the planning areas of the MHCP and proposed MSCP North County Suburban for unincorporated North County, the participating local jurisdictions shall include RTP projects in their proposed plans and implementing agreements, and the Wildlife Agencies will process those plans and agreements so as to provide coverage for RTP projects for the life of those plans.

8. The expenditure of funds included in this allocation category shall be phased over time in order to allow goals of regional habitat acquisition, management and monitoring to be met, while also meeting the requirements for individual transportation projects. The timeframe by which the phasing will be done will allow for the early acquisition of land within the first 10 years of the permits and/or amended permits with corresponding funds available for management and monitoring. In addition, mitigation land for projects in the planning area covered in the proposed MSCP for unincorporated North County shall be purchased within the multiple habitat planning area designated for that plan, while mitigation for projects in the adopted MSCP and MHCP planning areas shall be purchased within the multiple habitat planning areas designated for those plans, unless otherwise approved by SANDAG, the Wildlife Agencies, and affected permit holders. As transportation projects are completed, if it is determined that the actual direct costs for mitigation of upland and wetland habitat impacts are less than those that were estimated in Section 2 above, those cost savings shall be transferred to the "Regional Habitat Conservation Fund" described in Section 4 above.

9. In addition to the direct economic benefits associated with inclusion of these projects in the MSCP and MHCP, SANDAG and the Wildlife Agencies both recognize the value of expedited processing of environmental documents for individual transportation projects by all involved Federal, State, and regional agencies. Therefore, SANDAG and the Wildlife Agencies shall actively support efforts to accomplish complete review of environmental documents within reduced timeframes. To the extent that the processing time required for such documents is reduced, the value of expedited processing shall be allocated equally between transportation-related expenditures and the "Regional Habitat Conservation Fund". SANDAG and the Wildlife Agencies will develop guidelines for implementing this principle within one year of the passage of the TransNet extension.

10. SANDAG agrees to act on additional regional funding measures (a ballot measure and/or other secure funding commitments) to meet the long-term requirements for implementing habitat conservation plans in the San Diego region, within the timeframe necessary to allow a ballot measure to be considered by the voters no later than four years after passage of the TransNet Extension. In the event that such future funding measures generate funding to fully meet regional habitat acquisition and management requirements, SANDAG is authorized to reallocate excess funds included in the "Regional Habitat Conservation Fund" to local transportation projects.

11. In the event that SANDAG and its member agencies are not able to obtain coverage for transportation projects the MSCP and MHCP in accordance with the principles set forth above, the funding allocations set forth in this program shall be made available to meet habitat mitigation requirements of transportation projects, either through an alternative program that is acceptable to SANDAG, its member agencies, and the Wildlife Agencies, or through environmental review and permitting of individual projects under existing regulatory procedures.

TransNet Expenditure Plan:

Environmental Enhancement Criteria Mitigating Highway 67, 76, and 94 Expansion Impacts

Segments of Highways SR 67, SR 76 and SR 94 are proposed for expansion from two to four lanes through funding identified in the *TransNet* Expenditure Plan. The proposed expansions will have substantial direct and indirect impacts to plant and animal species and to the regional wildlife movement corridors bisected by the roads. These corridors are essential "infrastructure" for our region's nationally-recognized habitat preservation plans.

Very high levels of road kill are a significant existing condition on all of these highway segments, which could be exacerbated by the increased traffic along the expanded highways should they be widened. Direct and indirect impacts to sensitive plant and animal populations, and to the function of the wildlife corridors, should be mitigated in order to produce an on-site "net-benefit" to species and to the movement of wildlife along these wildlife corridors.

In order to accomplish this objective, it is necessary that the adopted *TransNet* Expenditure Plan include policy language and directives that insures the "net benefit" mitigation standard is met. This will require a comprehensive baseline analysis of existing and future conditions, adoption of measures to mitigate direct and indirect impacts to species, adoption of measures to accommodate species-specific wildlife movement through the corridors, and implementation of capital project designs that can reduce impacts.

Biological analysis and recommendations need to be consistent with Multiple Species Conservation Program (MSCP) and Multiple Habitat Conservation Program (MHCP) goals and objectives, data, and protocols. Analysis will commence at the time of, or prior to, *TransNet* funding availability.

Key road segments:

- SR67, Mapleview to Dye Road
- SR76, Melrose to I-15
- SR94, Jamacha Road to Steele Canyon Road

TransNet Extension

REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM

Providing new transportation services and facilities is an expensive undertaking. Not providing them, however, will result in a decreased quality of life due to significant increases in traffic congestion, degrading mobility throughout the San Diego region. As SANDAG's Regional Transportation Plan explains, our challenge is especially critical for the Regional Arterial System, which is forecast to carry an increasingly significant amount of traffic volume. The SANDAG Board recognizes the need to establish a new Regional Transportation Congestion Improvement Program (RTCIP) that ensures future development will contribute its share toward funding and mitigating new traffic impacts on the Regional Arterial System.

A. Funding Program

1. Section 9 of the TransNet Ordinance requires that local jurisdictions establish a program or mechanism that provides $2,000 per new residential unit for the purpose of funding the Regional Arterial System, including SR 75. For purposes of the RTCIP, the Regional Arterial System is defined in SANDAG's most recent and adopted Regional Transportation Plan. Each jurisdiction's program or mechanism shall be known as a "Funding Program." Local jurisdictions may choose to implement a Funding Program through a development impact fee program or other exactions from the private sector.

2. In the event a jurisdiction(s) chooses to establish a development impact fee program to meet its Funding Program requirements, said program shall be consistent with Government Code Section 66000 et seq.

3. SANDAG will be responsible for producing the required nexus study to satisfy the requirements of California Government Code Section 66000 et seq. for Funding Programs utilizing a development impact fee. The first draft of the regional nexus study shall be presented to the SANDAG Board within nine months of the successful reauthorization of *TransNet*.

4. In no case will non-residential development be subject to a development impact fee to meet the requirements of Section 9 of the TransNet Ordinance.

5. Each jurisdiction's Funding Program shall be submitted for review by the Independent Taxpayer Oversight Committee (ITOC) referred to in Section 11 of the TransNet Ordinance prior to April 1, 2008, approved by Regional Transportation Commission by June 1, 2008 and shall become operative on July 1, 2008. Failure to submit a Funding Program for review by the ITOC by April 1 of any year beginning April 1, 2008 shall result in that jurisdiction losing eligibility to receive funding for local streets and roads under Section 4(D)(1) of the Ordinance until July 1 of the following year.

B. Purpose

1. The purpose of each jurisdiction's 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.

C. Fee Adjustment

1. The fee amount per residential unit shall be adjusted by SANDAG on July 1 of each year beginning July 1, 2009 based upon the Engineering Construction Cost Index as published by the Engineering News Record or similar cost of construction index.

2. Any increase shall not exceed the percentage increase set forth in the construction index. In no event, however, shall the increase be less than two percent per year. The purpose of this annual adjustment is to retain purchasing power in anticipation of future inflation.

D. Expenditure of Funding Program Revenues

1. Revenues collected under Section 9 of the TransNet Ordinance shall be deposited into each jurisdiction's Funding Program for use on the Regional Arterial System as described in this Subsection D.

2. Revenue collected through the Funding Programs shall be used to construct transportation improvements on the Regional Arterial System such as new arterial roadway lanes, turning lanes, reconfigured freeway-arterial interchanges, railroad grade separations and new regional express bus services, or similar types of improvements, preliminary and final engineering, right of way acquisition, and construction that will be needed to accommodate future travel demand generated by new development throughout the San Diego region. A reasonable portion of the program revenue, up to a maximum of three percent, may be used for fund administration.

3. Expenditure of the Funding Program revenues shall be in a manner consistent with the expenditure priorities in SANDAG's most recent and adopted long-range Regional Transportation Plan and with Section 5 of the TransNet Ordinance. To maximize the effective use of these Funding Program revenues, they may be transferred, loaned, or exchanged in accordance with the requirements of Section 7 of the TransNet Ordinance.

E. Exemptions

The following development types shall be exempt from the Funding Program requirements:

1. New moderate, low, very low, and extremely low income residential units as defined in Health & Safety Code sections 50079.5, 50093, 50105, 50106, and by reference in Government Code section 65585.1.

2. Government/public buildings, public schools and public facilities.

3. The rehabilitation and/or reconstruction of any legal, residential structure and/or the replacement of a previously existing dwelling unit.

4. All new, rehabilitated, and/or reconstructed non-residential structures.

5. Development Projects which are the subject of a Public Facilities Development Agreements (pursuant to applicable Government Code Sections) prior to the effective date of this ordinance, wherein the imposition of new fees are expressly prohibited, provided, however that, if the term of such a Development Agreement is extended after July 1, 2008, the requirements of this funding program shall be imposed.

6. Guest Dwellings

7. Additional residential units located on the same parcel regulated by the provisions of any agricultural zoning.

8. Kennels and Catteries established in conjunction with an existing residential unit.

9. The sanctuary building of a church, mosque, synagogue, or other house of worship, eligible for property tax exemption.

10. Residential units that have been issued a building permit prior to July 1, 2008.

11. Condominium conversions

F. Credits

1. If a developer funds or constructs improvements on the Regional Arterial System and/or ~~as~~ that arise out of SANDAG's Congestion Management Program, the developer shall receive credit for the costs associated with the arterial improvements, offsetting the revenue requirements of the Funding Program. Such credits shall only apply to the Funding Program for the jurisdiction in which the residential unit was developed.

2. In special circumstances, when a developer constructs off-site improvements such as an interchange, bridge, or railroad grade separation, credits shall be determined by the local jurisdiction in consultation with the developer.

3. The amount of the credit shall not exceed the revenue requirements of the most current Funding Program or actual cost, whichever is less.

4. The local jurisdictions shall compare facilities in their Funding Program, against the Regional Arterial System and eliminate any overlap in its Funding Program except where there is a legally recognized benefit district established.

5. If there is a legally recognized benefit district established, the local agency may credit that portion of the facility identified in both programs against its Funding Program.

G. Procedures for the Levy, Collection and Disposition of Funding Program Revenues

1. Each jurisdiction shall establish and implement a procedure to levy and collect its required contribution to the RTCIP in its Funding Program document.

2. Each jurisdiction shall determine its own schedule for collecting and/or contributing private sector exactions to its Funding Program. This schedule shall be kept up-to-date and provided to SANDAG and the Independent Taxpayers Oversight Committee each year at the time of the annual review and audit. 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 July 1 of each year beginning July 1, 2009. The Taxpayer Independent Oversight Committee shall review each jurisdiction's Funding Program consistent with its auditing role as described in Section 11 of the Ordinance and the Statement of Understanding referenced in that Section.

3. Funding Program revenue requirements shall not be waived.

4. Each jurisdiction shall have up to but no more than seven fiscal years to expend Funding Program revenues on the Regional Arterial Systems projects. The seven year term shall commence on the first day of July following the jurisdiction's receipt of the revenue. At the time of the review and audit by the Independent Taxpayer Oversight Committee, each jurisdiction collecting a development impact fee to meet the requirements of its Funding Program shall provide the Committee with written findings for any expended, unexpended and uncommitted fees in their Program Fund and demonstrates a reasonable relationship between the fee and the purpose for which it was charged, consistent with the requirements of Government Code Section 66000 et seq. Unless a planned need for such fees can be demonstrated and a justification for the delay can be provided that is acceptable to the Taxpayer Independent Oversight Committee, the unexpended or uncommitted portion of the Funding Program revenues shall be transferred to the Regional Transportation Commission (SANDAG) to be expended within three years on qualified projects within the same subregion. Contributions to the Funding Program not committed or expended by the tenth anniversary date of the July 1 following collection shall be refunded to the current record owner of the development project on a prorated basis. In no case will a refund be more than was initially contributed to the Funding Program.

5. The Independent Taxpayers Oversight Committee identified in Section 11 of the Ordinance shall be responsible for issuing an annual audit statement on each jurisdiction's compliance with requirements of Section 9 of the TransNet Ordinance by October 1 of each year beginning October 1, 2009. SANDAG will report to the Board on the RTCIP and the annual audit statement in November of each year beginning in November 2009.

STATEMENT OF UNDERSTANDING REGARDING THE IMPLEMENTATION OF THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE FOR THE *TRANSNET* PROGRAM

Purpose of the ITOC

The Independent Taxpayer Oversight Committee (ITOC) is intended to provide an increased level of accountability for expenditures made under the *TransNet Extension*, in addition to the independent annual fiscal and compliance audits required under the existing *TransNet* program. The ITOC should function in an independent, open and transparent manner to ensure that all voter mandates are carried out as required in the Ordinance and Expenditure Plan, and to develop positive, constructive recommendations for improvements and enhancements to the financial integrity and performance of the *TransNet* program.

Intent of the ITOC as a Functional Partner to SANDAG

The TransNet Ordinance contains a summary of the ITOC's role and responsibilities consistent with the above Purpose. In this document, additional and supplementary details with regard to the ITOC are delineated. These pertain to the process for selecting members of ITOC, terms and conditions governing membership, responsibilities, funding and administration, and conflict of interest provisions.

It is noteworthy that these details have been developed in a cooperative process between SANDAG and representatives of the San Diego County Taxpayers Association, and with the involvement of other transportation professionals within the region. This document is understood to provide the basis for describing how the ITOC will function once the Ordinance is approved.

In addition to the details outlined in this document the intent that provides the foundation for the desired partnership between ITOC and SANDAG, as viewed by the principal authors, is summarized as follows:

- Resource—it is the intent that the ITOC will serve as an independent resource to assist in SANDAG's implementation of *TransNet* projects and programs. The Committee's membership is designed to provide to SANDAG a group of professionals who, collectively, can offer SANDAG the benefit of their experience to advance the timely and efficient implementation of TransNet projects and programs. The ITOC will work in a public way to ensure all deliberations are conducted in an open manner. Regular reports from the ITOC to the SANDAG Board of Directors (or policy committees) are expected with regard to program and project delivery, and overall performance.

- Productive—it is the intent that the ITOC will rely upon data and processes available at SANDAG, studies initiated by the ITOC, and other relevant data generated by reputable sources. It is understood, however, that SANDAG will be continuously striving to improve the reliability of data and to update analytical and modeling processes to be consistent with the state-of-the-art, and that the ITOC will be kept abreast of any such efforts, and invited to participate in development of such updates in a review capacity.

- Cost-efficient—it is the intent that the ITOC will not add cost burden to SANDAG's implementation of the TransNet program and projects. Rather, through a cooperative and productive working relationship between ITOC and the SANDAG implementation team, it is the objective that costs will be saved.
- Flexible—it is the intent that the ITOC will assist SANDAG to be opportunistic to take advantage of changing situations in the future with regard to technologies and transportation developments. Therefore, the provisions contained below are viewed through 2048 based upon a 2004 perspective and are not meant to be unduly restrictive on ITOC's and SANDAG's roles and responsibilities.

Membership and Selection Process

1. Membership: There shall be seven ITOC voting members with the characteristics described below. The intent is to have one member representing each of the specified areas of expertise. If, however, after a good faith effort, qualified individuals have not been identified for one or more of the areas of expertise, then no more than two members from one or more of the remaining areas of expertise may be selected. For each of the areas of expertise listed below, an individual representing one of the region's colleges or universities with a comparable level of academic experience also would be eligible for consideration.

    - A professional in the field of municipal/public finance and/or budgeting with a minimum of ten years in a relevant and senior decision making position in the public or private sector.
    - A licensed architect, civil engineer or traffic engineer with demonstrated experience of ten years or more in the fields of transportation and/or urban design in government or the private sector.
    - A professional with demonstrated experience of ten years or more in real estate, land economics, and/or right-of-way acquisition.
    - A professional with demonstrated experience of ten years or more in the management of large-scale construction projects.
    - A licensed engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten years experience in a relevant and senior decision making position in the government or private sector.
    - The chief executive officer or person in a similar senior-level decision making position, of a major private sector employer with demonstrated experience in leading a large organization.
    - A professional in biology or environmental science with demonstrated experience of ten years or more with environmental regulations and major project mitigation requirements and/or habitat acquisition and management.
    - Ex-Officio Members: SANDAG Executive Director and the San Diego County Auditor

    The criteria established for the voting members of the ITOC are intended to provide the skills and experience needed for the ITOC to carry out its responsibilities and to play a valuable and constructive role in the ongoing improvement and enhancement of the *TransNet* program.

Applications will be requested from individuals interested in serving on the ITOC through an open, publicly noticed solicitation process.

2. Technical Screening Committee: A technical screening committee will be established to review applications received from interested individuals. This committee will consist of three members selected by the SANDAG Executive Director from high-level professional staff of local, regional, state or federal transportation agencies outside of the San Diego region, or from one of the region's colleges or universities in a transportation-related field, or a combination thereof. The committee will develop a list of candidates determined to be qualified to serve on the ITOC based on the criteria established for the open position(s) on the ITOC. The technical screening committee will recommend two candidates for each open position from the list of qualified candidates for consideration by the Selection Committee. The recommendations shall be made within 30 days of the noticed closing date for applications.

3. Selection Committee: 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 shall consist of the following:

   - Two members of the County of San Diego Board of Supervisors
   - The Mayor of the City of San Diego
   - A mayor from the Cities of Chula Vista, Coronado, Imperial Beach, or National City selected by the mayors of those cities.
   - A mayor from the Cities of El Cajon, La Mesa, Lemon Grove, or Santee selected by the mayors of those cities.
   - A mayor from the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, or Solana Beach selected by the mayors of those cities.
   - A mayor from the Cities of Escondido, Poway, San Marcos, or Vista selected by the mayors of those cities.

   The selection of ITOC members shall be made within 30 days of the receipt of recommendations from the technical screening committee. All meetings of the selection committee shall be publicly noticed and conducted in full compliance with the requirements of the Brown Act. Should the selection committee be unable to reach agreement on a candidate from the qualified candidates recommended by the technical screening committee, the selection committee shall request the technical screening committee to recommend two additional qualified candidates for consideration.

Terms and Conditions for ITOC members

- ITOC members shall serve a term of four years, except that initial appointments may be staggered with terms of two to four years.
- ITOC members shall serve without compensation except for direct expenses related to the work of the ITOC.
- In no case shall any member serve more than eight years on the ITOC.

- If and when vacancies in the membership of the ITOC occur, the same selection process as outlined above shall be followed to select a replacement to fill the remainder of the term. At the completion of a term, eligible incumbent members will need to apply for reappointment for another term.

- Term limits for ITOC members should be staggered to prevent significant turnover at any one time. The initial appointment process should be based on this staggered term limit concept.

ITOC Responsibilities

The ITOC shall have the following responsibilities:

1. 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. This annual audit will cover all recipients of TransNet funds during the fiscal year and will evaluate compliance with the maintenance of effort requirement and any other applicable requirements. The audits will identify expenditures made for each project in the prior fiscal year and will include the accumulated expenses and revenues for ongoing, multi-year projects.

2. Prepare an annual report to the SANDAG Board of Directors presenting the results of the annual audit process. The report should include an assessment of the consistency of the expenditures of *TransNet* funds with the Ordinance and Expenditure Plan and any recommendations for improving the financial operation and integrity of the program for consideration by the SANDAG Board of Directors. This consistency evaluation will include a review of expenditures by project type for each local jurisdiction. The ITOC shall share the initial findings of the independent fiscal audits and its recommendations with the SANDAG Transportation Committee 60 days prior to their release to resolve inconsistencies and technical issues related to the ITOC's draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and recommendations, and adopt its report for submission directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as objective and accurate as possible in whatever final report it adopts. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.

3. Conduct triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet-funded projects and programs to review project delivery, cost control, schedule adherence and related activities. The review should include consideration of changes to contracting, construction, permitting and related processes that could improve the efficiency and effectiveness of the expenditure of TransNet revenues. These performance audits shall be conducted using the services of an independent performance auditor and should include a review of the ITOC's performance. A draft of the ITOC's report and recommendations regarding the performance audits shall be made available to the SANDAG Transportation Committee at least 60 days before its final adoption by the ITOC to resolve inconsistencies and technical issues related to the ITOC's draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and related recommendations, and adopt its report for presentation directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as

objective and constructive as possible in the text and presentation of the performance audits. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.

4. Provide recommendations to the SANDAG Board of Directors regarding any proposed amendments to the Ordinance and Expenditure Plan.

5. Provide recommendations as part of the 10-year review process. This process provides an opportunity to undertake a comprehensive review of the TransNet program every 10 years and to make recommendations for improving the program over the subsequent 10 years. This review process should take into consideration the results of the TransNet-funded improvements as compared to the performance standards established through the Regional Transportation Plan and the Regional Comprehensive Plan.

6. Participate in the ongoing refinement of SANDAG's transportation system performance measurement process and the project evaluation criteria used in development of the Regional Transportation Plan (RTP) and in prioritizing projects for funding in the Regional Transportation Improvement Program. The focus of this effort will be on TransNet-funded projects. Based on the periodic updates to the RTP, as required by state and federal law, the oversight committee shall develop a report to the SANDAG Transportation Committee, the SANDAG Board of Directors and the public providing recommendations for possible improvements and modifications to the TransNet program.

7. On an annual basis, review ongoing SANDAG system performance evaluations, including SANDAG's "State of the Commute" report, and provide an independent analysis of information included in that report. This evaluation process is expected to include such factors as level of service measurements by roadway segment and by time of day, throughput in major travel corridors, and travel time comparisons by mode between major trip origins and destinations. Such information will be used as a tool in the RTP development process.

8. Review and comment on the programming of *TransNet* revenues in the Regional Transportation Improvement Program (RTIP). This provides an opportunity for the ITOC to raise concerns regarding the eligibility of projects proposed for funding before any expenditures are made. In addition to a general eligibility review, this effort should focus on significant cost increases and/or scope changes on the major corridor projects identified in the Ordinance and Expenditure Plan.

9. Review proposed debt financings to ensure that the benefits of the proposed financing for accelerating project delivery, avoiding future cost escalation, and related factors exceed issuance and interest costs.

10. Review the major Congestion Relief projects identified in the Ordinance for performance in terms of cost control and schedule adherence on a quarterly basis.

In carrying out its responsibilities, the ITOC shall conduct its reviews in such a manner that does not cause unnecessary project delays, while providing sufficient time to ensure that adequate analysis can be completed to allow the ITOC to make objective recommendations and to provide the public with information about the implementation of the *TransNet* program.

ITOC Funding and Administration

1. All costs incurred in administering the activities of the ITOC, including related fiscal and performance audit costs, shall be paid annually from the proceeds of the *TransNet* sales tax. The funds made available to the ITOC shall not exceed $250,000 annually, as adjusted for inflation annually for the duration of the program. Any funds not utilized in one fiscal year shall remain available for expenditure in subsequent years as part of the annual budget process.

2. The expenditures of the ITOC shall be audited annually as part of the same fiscal audit process used for all other *TransNet*- funded activities.

3. The process for selecting the initial ITOC members shall be started no later than April 1 of the year following the passage of the Ordinance by the voters. Because the funding for this activity would not be available until Fiscal Year 2008-09, the ITOC activities during the initial transition period will be phased in to the extent possible within the budget constraints of the one percent administrative cap under the current TransNet Ordinance. Given the forty-year duration of the TransNet tax extension, the ITOC shall continue as long as funds from the current authorization remain available.

4. An annual ITOC operating budget shall be prepared and submitted to the SANDAG Board of Directors for its approval 90 days prior to the beginning of each fiscal year.

5. All ITOC meetings shall be public meetings conducted in full compliance with the Brown Act. The ITOC will meet on a regular basis, at least quarterly, to carry out its roles and responsibilities.

6. SANDAG Directors and staff will fully cooperate with and provide necessary support to the ITOC to ensure that it successfully carries out its duties and obligations, but should limit involvement to the provision of information required by the ITOC to ensure the independence of the ITOC as it carries out its review of the *TransNet* program and develops its recommendations for improvements.

7. ITOC members and their designated auditors shall have full and timely access to all public documents, records and data with respect to all TransNet funds and expenditures.

8. All consultants hired by the ITOC shall be selected on 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 adopted by the ITOC prior to any such solicitation.

9. SANDAG shall provide meeting space, supplies and incidental materials adequate for the ITOC to carry out its responsibilities and conduct its affairs. Such administrative support shall not be charged against the funds set aside for the administration of the ITOC provided under No. 1 above.

Conflict of Interest

The ITOC shall be subject to SANDAG's conflict of interest policies. ITOC members shall have no legal action pending against SANDAG and are prohibited from acting in any commercial activity directly or indirectly involving SANDAG, such as being a consultant to SANDAG or to any party with pending legal actions against SANDAG during their tenure on the ITOC. 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.

RTCIP Impact Fee Nexus Study – Final Report

November 26, 2007

Prepared For The
San Diego Association of Governments

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1. Introduction and Summary

This chapter provides a summary of the study's results and explains the background and purpose for the study. The chapter also describes the initial nexus analysis that preceded the current study.

Summary

The purpose of this study is to provide a single nexus analysis that all local agencies in San Diego County can use to adopt an impact fee and fulfill their contribution to the Regional Transportation Congestion Improvement Plan (RTCIP). This report documents the required statutory findings under California's *Mitigation Fee Act*[1]. The nexus analysis conducted for this study finds that the impact fee required by the RTCIP of $2,000 per residential unit is justified based on the requirements of the *Act*.

This report is an update to the first version of this study dated September 5, 2006. The changes made in this report from the prior version are:

- Merged the mobile home land use category into the multi-family category because of the minimal amount of projected mobile home development and to simplify administration of the fee; and
- Updated unit cost inflation adjustment based on more accurate construction cost index (Caltrans highway cost index instead of a combination of several national indices).
- Clarified that the initial RTCIP fee beginning in 2008 will be $2,000 per residential unit regardless of type of unit.

The $2,000 fee per residential unit will be updated annually for cost inflation following initial adoption by local agencies in 2008.

New Development Investments in Regional Transportation

In 2004 voters in San Diego County approved a 40-year extension to TransNet, a program designed to fund improvements to the region's transportation system first initiated in 1987. The prime component of the program is a half-cent sales tax increase that is projected to raise over $10 billion for improvements through 2030.[2] Expenditure of TransNet funds is implemented through the *Regional Transportation Plan* (RTP), prepared by the San Diego Association of Governments (SANDAG) and updated periodically as mandated.

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1 California Government Code, §§66000-66025.

2 San Diego Association of Governments, *Draft 2007 Regional Transportation Plan* (June 2007), Table 4.1, p. 4-9.

The draft 2007 RTP details the need for $58 billion in transportation improvements.[3] Of that total, $27 billion in funding will come from a variety of state and federal sources. The remaining $31 billion will come from local funding sources including the TransNet sales tax extension. These amounts represent the Reasonably Expected Scenario, one of three scenarios examined in the draft 2007 RTP.[4]

In addition to the sales tax extension, the TransNet program requires implementation of a new local funding source for the draft 2007 RTP, the Regional Transportation Congestion Improvement Program (RTCIP).[5] The purpose of the RTCIP is to ensure that new development directly invests in the region's transportation system to offset the negative impacts of growth on congestion and mobility.

Key components of the RTCIP include:

- Beginning July 1, 2008 each local agency must contribute $2,000 from exactions imposed on the private sector for each new residence constructed in the County.
- Although the RTCIP does not specify a revenue source for this contribution, most local agencies are likely to collect this revenue as a development impact fee imposed on new dwelling units at building permit issuance.
- Revenues must be expended on improvements to the Regional Arterial System (RAS), described below, and in a manner consistent with the expenditure priorities in the most recent adopted RTP.
- The Independent Taxpayer Oversight Committee, created for the TransNet program, is responsible for reviewing local agency implementation of the RTCIP.
- If a local agency does not comply with the RTCIP the agency can lose TransNet sales tax funding for local roads.

Cities have the authority to impose impact fees under the *Mitigation Fee Act* contained in California Government Code sections 66000 through 66025. Counties have the same authority for their unincorporated areas. In doing so, each local agency is required to make findings demonstrating a reasonable nexus between the collection of fees, the need for facilities created by new development, and the expenditure of fee revenues to benefit new development.

Purpose of Study

The purpose of this study is to provide a single nexus analysis that all local agencies in San Diego County can use to adopt an impact fee and fulfill their contribution to the RTCIP. This report documents the required statutory findings under the *Mitigation Fee Act*.

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[3] Ibid., Table 4.3, page 4-11.

[4] Ibid., Table 4.1, page 4-9.

[5] San Diego Association of Governments, *TransNet Extension Ordinance and Expenditure Plan*, Commission Ordinance 04-01, May 28, 2004, Sec. 9.

Regional Arterial System

SANDAG employs a rigorous process to define the RAS.[6] The most important criterion for determining whether to include an arterial in the RAS is the arterial's role as a "critical link". Critical links provide direct connections between communities ensuring system continuity and congestion relief in high volume corridors. The other criteria for inclusion of an arterial in the RAS include:

- Links to areas with high concentrations of existing or future population or employment;
- Links to activity centers such as hospitals, retail centers, entertainment centers, hotels, colleges, and universities;
- Accommodate high future traffic volumes;
- Accommodate Regional Transit Vision (Red and Yellow Car service); and
- Provide access to intermodal (freight, port, military, or airport) facilities.

As of the date of the first version of this report in September 2006, the RAS included 777 route miles (not lane miles) of arterials. **Figure 1** is a map of the Regional Arterial System from the adopted 2005 RTP. The RAS included both the regionally significant arterials and the other regional arterials indicated on the map. A list of arterial segments included in this version of the RAS is provided in **Appendix A** to this report. A list of the types of improvements that the RTCIP can fund on the RAS is discussed in the *Implementation* chapter of this report.

Initial RTCIP Impact Fee Calculation

SANDAG staff developed the RTCIP contribution amount of $2,000 per residence using an approach that allocated transportation system improvements proportionately across both existing development and projected growth. The methodology was as follows:

1. The Regional Arterial System carried 10.8 million vehicle miles traveled (VMT) in 2000 and was projected to carry 14.9 million VMT in 2030. The difference of 4.1 million VMT, or 27 percent of the 2030 VMT total was attributed to growth (4.1 ÷ 14.9 = 27 percent).
2. The entire transportation network was projected to accommodate 60.1 million vehicle miles traveled (VMT) in 2030. Of this total, 37.4 million VMT, or 62 percent, were attributed to residential development (37.4 ÷ 60.1 = 62 percent). This amount included any trip that started or ended at a home (home-work, home-school, home-college, and home-other).
3. Multiplying the results of steps #1 and #2 resulted in 16 percent of total VMT in the County in 2030 attributed to new, residential development (0.27 × 0.62 = 16 percent).

[6] San Diego Association of Governments (SANDAG), *Final 2030 Regional Transportation Plan, Mobility 2030* (February 2005), Technical Appendix 7 – Evaluation Criteria and Rankings, Table TA 7.1, p. 105.

4. As of 2000, SANDAG and local agencies had identified improvements for 710 additional lane miles to complete the Regional Arterial System. At a cost of $5.1 million per lane mile (in 2002 dollars) this equals a total cost of $3.6 billion (710 × $5.1 million = $3.6 billion).

5. If all development, existing and new, paid a proportionate share of this cost new residential development's share would be $593 million (0.16 × $3.6 billion = $593 million).

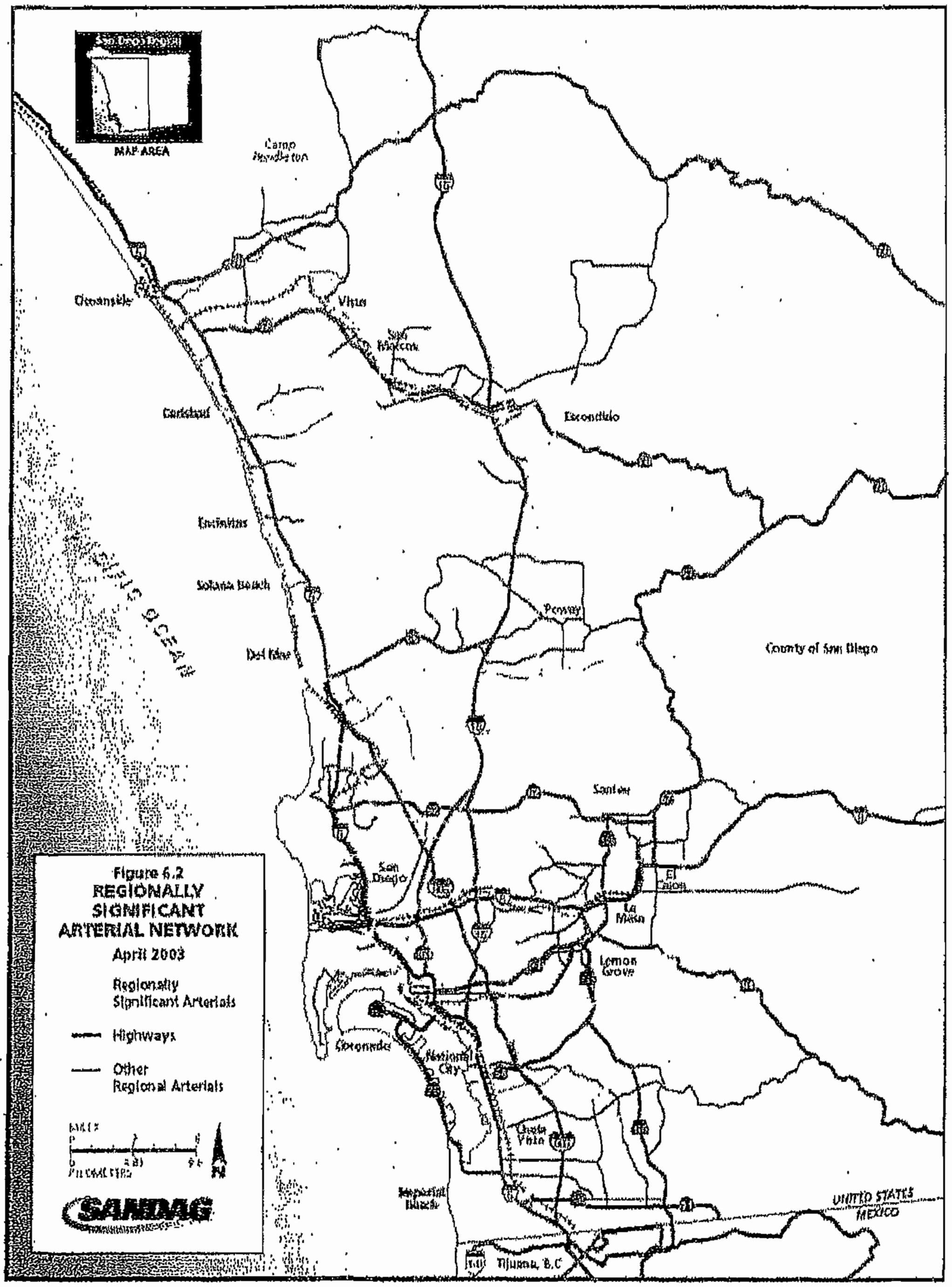
6. Allocating the new residential development share over a projected increase in dwelling units of 320,000 from 2000 to 2030 yielded a cost per unit of slightly less than $2,000 ($593 million ÷ 320,000 = $1,853).

The methodology described above and employed by SANDAG to calculate the RTCIP assumes that all development, existing and new has the same impact on the need for RAS improvements based on the amount of travel demand generated (vehicle trips). Thus existing and new development should share proportionately in the cost of transportation system improvements. For descriptive purposes this can be considered an "average cost" approach.

The "average cost" approach probably results in a lower fee and is therefore more conservative and defensible compared to other approaches used for impact fee nexus analysis. The "average cost" approach does not focus on the marginal impacts of new development on congestion. A "marginal cost" approach examines the cost of additional transportation improvements needed to mitigate impacts by maintaining existing levels of services. Based on our experience preparing transportation fee studies, this "marginal cost" approach would probably result in allocating to new development a greater share of planned transportation system improvements compared to the "average cost" approach. The approach used by SANDAG to justify the RTCIP impact fee is therefore more conservative.

Figure 1

Regional Arterial System



2. Nexus Analysis

This chapter documents a reasonable relationship between increased travel demand from new development on the Regional Arterial System (RAS), the cost of RAS improvements needed to accommodate that growth, and an impact fee to fund those investments.

Approach

Impact fees are calculated to fund the cost of facilities required to accommodate growth. The four steps followed in any development impact fee study and described in detail in the sections that follow include:

1. Prepare growth projections;
2. Identify facility standards;
3. Determine the amount and cost of facilities required to accommodate new development based on facility standards and growth projections;
4. Calculate the public facilities fee by allocating the total cost of facilities per unit of development.

Due to policy considerations SANDAG indicated that the nexus study should employ the same "average cost" approach used in the initial fee calculation to the greatest extent technically defensible under the *Mitigation Fee Act*. Consistent with the initial SANDAG approach, the need for RAS improvements determined by this nexus study is based on the relative amount of travel demand generated by all existing and new, residential and nonresidential, development. As mentioned above (see page 3), this is a conservative approach because a more detailed impact analysis probably would result in allocating to new development a greater share of planned RAS improvements.

The analysis required for each of the four steps listed above is conducted on a countywide basis consistent with SANDAG's initial fee calculation. We updated certain assumptions with more recent data when available. The approach takes a countywide perspective because the RAS represents a countywide network that facilitates mobility between and through cities and unincorporated areas. New development, regardless of location, both adds congestion (increased vehicle trips) to a range of arterials within the RAS and benefits from the expenditure of fee revenue on a range of RAS facilities.

Growth Projections

This section describes the SANDAG forecast for population and employment, and estimates of land use in terms of dwelling units and nonresidential building square feet. Land use forecasts are converted to vehicle trips to provide a measure of travel demand (further discussed below).

Population, Employment, and Land Use

The planning horizon for this analysis is 2030, consistent with current land use and transportation forecasts adopted by SANDAG. The nexus analysis uses forecasts of dwelling units and employment to estimate new development demand for transportation improvements. Forecasts for 2030 are from SANDAG's Urban Development Model (UDM). The UDM is one of four interrelated forecasting models used by SANDAG to project land use and transportation for the region.[1] The UDM allocates changes in the region's economic and demographic characteristics to jurisdictions and other geographic areas within the region. The model is based on the spatial interrelationships among economic factors, housing and population factors, land use patterns, and the transportation system. The model generates 2030 forecasts for small geographic areas including the traffic analysis zones used in the transportation modeling process. The UDM complies with federal mandates that transportation plans consider the long-range effects of the interaction between land uses and the transportation system.

The initial SANDAG fee calculation used 2002 as the base year for cost estimates so that is the base year used for this nexus analysis. Dwelling units and employment for 2002 are based on interpolations of development estimates for 2000 and 2005 from the UDM model. Total employment was allocated to land use categories based on analysis of employment by land use using data from five counties and conducted for the Southern California Association of Governments.

Table 1 lists the 2002 and 2030 land use assumptions based on SANDAG forecasts and used in the nexus analysis. The land use categories shown in Table 1 and used in this nexus analysis are the same that are used in the SANDAG forecasts with one exception. This nexus analysis includes mobile homes in the multi-family category because of the minimal amount of forecast mobile home development. SANDAG forecasts mobile homes to increase by 2,000 units during the planning horizon, or 1.3 percent of forecast growth in multi-family units.

The employment forecasts are converted to building square footage shown in Table 1 by land use using occupant densities factors shown in **Table 2**. These factors are derived from a study of employment, building square feet, and land use conducted for the Southern California Association of Governments (SCAG). The density factors were derived from a random sample of 2,721 parcels drawn from across five counties (Los Angeles, Orange, Riverside, San Bernardino, and Ventura). We could not identify such a study for San Diego County. The SCAG study's density factors are based on the largest sample of properties that we are aware of, and are used in development impact fee studies throughout the State.

[1] For more information on SANDAG's economic, demographic, and transportation forecasting models, see San Diego Association of Governments, *Final 2030 Forecast Process and Model Documentation*, April 2004.

Table 1: Population, Employment & Land Use Forecasts

	2002	2030	Increase	Percent
Residents	2,909,000	3,855,000	946,000	33%
Dwelling Units				
Single Family	648,000	778,000	130,000	20%
Multi-family[1]	419,000	576,000	157,000	37%
Total	1,067,000	1,354,000	287,000	27%
Employment[2]				
Retail	295,000	393,000	98,000	33%
Office/Services	348,000	451,000	103,000	30%
Industrial	383,000	628,000	245,000	64%
Subtotal	1,026,000	1,472,000	446,000	43%
Residential[3]	138,000	149,000	11,000	8%
Public[4]	139,000	157,000	29,000	21%
Total	1,303,000	1,778,000	475,000	36%
Building Square Feet (000s)[5]				
Retail	148,000	197,000	49,000	33%
Office/Services	104,000	135,000	31,000	30%
Industrial	345,000	565,000	220,000	64%
Total	597,000	897,000	300,000	50%

[1] Multi-family population includes mobile homes.

[2] Based on Series 10 forecast data provided by SANDAG. Estimates by major land use type rolled up from County Assessor's categories. Interpolated 2008 data based on 2005 and 2010 forecasts.

[3] Employment on residential land uses such as home-based businesses. Travel demand included in estimates for residential land uses.

[4] Travel demand caused by public land uses so excluded from nexus analysis.

[5] Based on occupant density factors shown in Table 2.

Sources: San Diego Association of Governments (SANDAG) Data Warehouse (http:datawarehouse.sandag. org), SANDAG Series 10 forecast of employment by land use; MuniFinancial.

Table 2: Occupant Density

Land Use		
Commercial	500	Square feet per employee
Office/Services	300	Square feet per employee
Industrial[1]	900	Square feet per employee

Note: Source data based on random sample of 2,721 developed parcels across five Los Angeles area counties (Los Angeles, Orange, Riverside, San Bernardino, and Ventura). MuniFinancial estimated weighting factors by land use categories used in the survey to calculate average employment densities by major category (commercial, office, industrial).

[1] Adjusted to correct for over-sampling of industrial parcels in Ventura County.

Source: The Natelson Company, Inc., *Employment Density Study Summary Report,* prepared for the Southern California Association of Governments; October 31, 2001, Table 2-A, p. 15. MuniFinancial.

Travel Demand By Land Use Category

To estimate travel demand by type of land use the nexus study uses vehicle trips rather than vehicle miles traveled (VMT) that were used in the initial SANDAG calculation. Vehicle trips can be calculated in a consistent manner across land use categories based on population and employment estimates by land use category. This enables the impact of development to be distinguished between land use categories, a key requirement of the *Mitigation Fee Act.* VMT, on the other hand, is available from transportation models only for a limited number of "production and attraction" categories: home-work, home-school, home-college, home-other, and non-home.

A reasonable measure of vehicle trips is weekday average daily vehicle trips ends. Because automobiles are the predominant source of traffic congestion, vehicle trips are a reasonable measure of demand for new capacity even though the measure excludes demand for alternative modes of transportation (transit, bicycle, pedestrian).

The following two adjustments are made to vehicle trip generation rates to better estimate travel demand by type of land use:

- Pass-by trips are deducted from the trip generation rate. Pass-by trips are intermediates stops between an origin and a final destination that require no diversion from the route, such as stopping to get gas on the way to work.
- The trip generation rate is weighted by the average length of trips for a specific land use category compared to the average length of all trips on the street system.

Table 3 shows the calculation of travel demand factors by land use category based on the adjustments described above. Data is based on extensive and detailed trip surveys conducted in the San Diego region by SANDAG. The surveys provide a robust database of trip generation rates, pass-by trips factors, and average trip length for a wide range of land uses.

Table 3: Travel Demand Factors

	A	B	C = A + B	D	E = C x D / 6.9	F	G = E x F
	Trip Rate Adjustment Factor						
	Primary Trips[1]	Diverted Trips[1]	Total Excluding Pass-by[1]	Average Trip Length[2]	Adjustment Factor[3]	Average Daily Trip Ends[4]	Travel Demand Factor[4]
Residential[5]							
Single Family	86%	11%	97%	7.9	1.11	10	11.10
Multi-family[6]	86%	11%	97%	7.9	1.11	8	8.88
Nonresidential[7]							
Commercial	47%	31%	78%	3.6	0.41	68	27.88
Office/Services	77%	19%	96%	8.8	1.22	20	24.40
Industrial	79%	19%	98%	9.0	1.28	8	10.24

[1] Percent of total trips. Primary trips are trips with no midway stops, or "links". Diverted trips are linked trips whose distance adds at least one mile to the primary trip. Pass-by trips are links that do not add more than one mile to the total trip.
[2] In miles.
[3] Systemwide average trip length is 6.9 miles.
[4] Trip ends or travel demand per dwelling unit or per 1,000 building square feet.
[5] Single family based on 3-6 units per acre category. Multi-family based on 6-20 units per acre category.
[6] Multi-family deman factos include mobile homes. The combined average daily trip ends calculation multiplies 2002 population by average daily trip ends for both multi-family and mobile homes and then weights the sum by the 2002 population.
[7] Commercial based on "community shopping center" category. Office/services based on "standard commercial office" category. Industrial based on "industrial park (no commercial)" category.

Sources: San Diego Association of Governments, *Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region,* July 1998;

Shifting Burden of Commercial Development to Residential Development

Applying the travel demand factors shown in Table 3 directly to development by land use category implicitly assumes that the cause of each vehicle trip on the transportation network is shared equally by the land use at each trip end (origin and destination). But depending on the regional economic forces affecting development in a particular area, the cause of a trip may be related more to the land use at the origin or the destination. For example, in some areas residential development may be caused by job growth, while in other areas the opposite may occur (jobs follow housing). These cause and effect relationships may change over time in the same area. Given the complexity of these regional economic and land use relationships, most transportation impact fee nexus studies make the simplifying but reasonable assumption to weight the origin and destination of a trip equally when identifying the cause of travel demand on a transportation system.

However, there is one regional economic and land use cause and effect relationship that remains consistent across geographical areas and over time. Commercial development is to a large extent caused by the spending patterns of local residents. Commercial development follows residential development or anticipates new development occurring in the near term. This development pattern can be observed throughout metropolitan regions and is driven by the site location process followed by retailers. When seeking new locations, the most common measure of a potential market used by site location analysts is the number of households within a reasonable driving distance for shopping trips and the median income of those households.

Given this consistent regional economic and land use cause and effect relationship, it is reasonable to allocate at least some of the burden of commercial trip ends to residential development. This approach is used in impact fee nexus studies to more accurately allocate the burden of transportation improvements needed to accommodate growth.[2]

Not all retail spending is related to local residential development. By "local" we mean residents (or businesses) located within the area subject to the impact fee. There are three major sources of retail spending:

1. Local households;
2. Local businesses; and
3. Visitors that travel to the area to shop.

The RTCIP impact fee is limited to residential development so the focus of this nexus study was shifting the appropriate share of travel demand from commercial to residential development. The demand for commercial development by local businesses was not identified.

To determine the amount of commercial development associated with residential development we conducted an analysis of taxable retail sales data for 2004, the most recent complete year of data available from the State Board of Equalization. The analysis calculated the total spending potential of San Diego County households and estimated what portion of that spending occurred within the County. The result was that 62.6 percent of total taxable retail sales was estimated to be associated with local household spending. The remainder was associated with local business and visitor spending. Based on this analysis, residential development directly causes 62.6 percent of commercial development. Consequently, the travel demand associated with that share of commercial development is shifted to residential development.

The results of this analysis are summarized in **Table 4** and presented in detail in **Appendix B.**

Total Travel Demand By Land Use Category

Table 5 shows estimates of travel demand from existing and new development and the shares that residential and nonresidential development comprise of the total. Travel demand is based on the travel demand factors calculated in Table 3 and the growth estimates in Table 1. Commercial development associated with local household spending as shown in Table 4 is included in the residential land use category. Based on this analysis new residential development will represent about 13 percent of total travel demand in 2030.

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[2] See Economic and Planning Systems, Inc., *Infrastructure Financing Technical Report Southwest Area Plan,* prepared for the City of Santa Rosa Department of Community Development, January 1995, p.28. See also Economic and Planning Systems, Inc., *Road Impact Mitigation Fee Nexus Study,* prepared for the Calaveras Council of Governments, April 28, 2004, p.20.

Table 4: Allocation of Taxable Retail Spending & Commercial Sq. Ft. in San Diego County

	Taxable Retail Sales (2004)	Share	Building Square Feet 2002	2025	Growth
Total Taxable Retail Spending & Commercial Sq. Ft.	$ 44,470,000	100.0%	148,000	197,000	49,000
Local Residential Taxable Spending & Sq. Ft.	27,856,000	62.6%	93,000	123,000	30,000
Local Business and Visitor Taxable Spending & Sq. Ft.	16,614,000	37.4%	55,000	74,000	19,000

Sources: Tables 1 and B.4; MuniFinancial.

Table 5: Travel Demand From Existing and New Development

		Development		Travel Demand[3]		
Land Use Category	Travel Demand Factor[1]	Existing[2] (2002)	Growth[2] (2002-2030)	Existing (2002)	Growth (2002-2030)	Total
Residential						
Single Family	11.10	648,000	130,000	7,193,000	1,443,000	8,636,000
Multi-family[4]	8.88	419,000	157,000	3,721,000	1,394,000	5,115,000
Local-serving Commercial[5]	27.88	93,000	30,000	2,593,000	836,000	3,429,000
Subtotal		1,160,000	317,000	13,507,000	3,673,000	17,180,000
Percent of Total				47.7%	13.0%	60.7%
Nonresidential						
Other Commercial[6]	27.88	55,000	19,000	1,533,000	530,000	2,063,000
Office/Services	24.40	104,000	31,000	2,538,000	756,000	3,294,000
Industrial	10.24	345,000	220,000	3,533,000	2,253,000	5,786,000
Subtotal		1,757,000	617,000	7,604,000	3,539,000	11,143,000
Percent of Total				26.8%	12.5%	39.3%
Total				21,111,001	7,212,000	28,323,000
Percent of Total				75.0%	25.0%	100.0%

[1] Per dwelling unit for residential land uses and per 1,000 square feet for nonresidential land uses.
[2] Dwelling units for residential land uses and 1,000 square feet for nonresidential land uses.
[3] Estimated total trip ends adjusted for the factors shown in Table 3.
[4] The multi-family travel demand factor and demand calculations include mobile homes.
[5] Represents share of total commercial square feet and travel demand associated with spending by San Diego County households.
[6] Represents share of total commercial square feet and travel demand associated with spending by San Diego County businesses and visitors.

Source: Tables 1, 3 and 4; MuniFinancial.

Facilities Standard and Need for Transportation Improvements

The critical policy issue in a development impact fee nexus study is the identification of a facility standard. The facility standard determines new development's need for new facilities. The facility standard is also used to evaluate the existing level of facilities to ensure that new development does not fund infrastructure needed to serve existing development.

The facility standard used by this nexus analysis is average weekday vehicle hours of delay on the Regional Arterial System (RAS) in 2008. Hours of delay provide a reasonable system-wide measure of the impact of new development on congestion and mobility. SANDAG's transportation forecasting model (TransCAD) demonstrates that hours of delay increase with the level of new development, and decrease with investment in additional transportation system capacity. Projected hours of delay in 2002 is used for the standard because that is the implementation date for the RTCIP, representing existing conditions at the time new development would begin contributing to transportation system improvements.

The original RTCIP fee estimate was based on the need for 710 additional lane miles to complete the RAS as of the year 2000 (see "Initial RTCIP Impact Fee Calculation" in Chapter 1). Through 2002 the region added 73 lane miles to the RAS. This effort reduces the level of investment needed to complete the RAS to 637 lane miles.

The data in **Table 6** from the TransCAD model demonstrates a reasonable relationship between new development and the need for additional investment in the RAS. The table shows the projected increases in vehicle hours of delay from 2002 to 2030 and the benefits of adding 637 lane miles to the RAS. Without any investment in the RAS vehicle hours of delay will increase by 114 percent during this period. With an investment of 637 new lane miles in regional arterials vehicle hours of delay will increase substantially less, by 68 percent.

Table 6: Regional Arterial System Roadway Statistics

	Existing 2002	Projected 2030 Without Improvements	Projected 2030 With Improvements
Lane Miles	2,805	2,805	3,442
Change, 2002-2030 (amount)		-	637
Change, 2002-2030 (percent)		0%	23%
Average Weekday Vehicle Hours of Delay	64,352	137,481	108,350
Change, 2002-2030 (amount)		73,129	43,998
Change, 2002-2030 (percent)		114%	68%

Note: 2002 data interpolated based on 2000 and 2005 data provided by model output (see Source).

Source: San Diego Association of Governments, TransCAD model output.

New development is not the entire cause of the forecasted increase in vehicle hours of delay. As discussed above, new development is only allocated a share of RAS investment costs. The SANDAG transportation model assumes that vehicle miles traveled (VMT) per capita for all existing and new development will increase 9.6 percent from 2000 to 2030 continuing recent trends.[3] Thus some of the increased in vehicle hours of delay is caused by increased travel from existing development. This trend does not affect the nexus analysis under the "average cost" approach taken by this nexus analysis (see "Initial RTCIP Impact Fee Calculation" in Chapter 1). Under this approach RAS investment costs are allocated

[3] Email communication from Bill McFarlane, Transportation Modeling Section, San Diego Association of Governments, March 8, 2006.

proportionately across existing and new development based on total travel demand, thus incorporating the impact of changes in travel behavior such as increased VMT per capita.

Facility Costs and Available Funding

This section estimates total costs associated with RAS improvements that are the responsibility of new development. The need for RTCIP funding based on available revenues identified in the adopted 2005 RTP is evaluated. Finally, this section provides a current list of specific projects identified for investment in the RAS.

Unit Cost Estimates and Total Facility Costs

For the purposes of this nexus analysis, facility costs are estimated in 2008 dollars, the first year of implementation of the RTCIP. This subsection explains the approach taken to increase unit costs from 2002 dollars to 2008 dollars.

Historically, SANDAG has assumed an annual increase of 2.6 percent for road construction costs based on the California Department of Transportation (Caltrans) construction cost index average annual compounded rate from 1980-2004. In recent years that rate has risen significantly and grown increasing volatile. To examine this issue SANDAG commissioned a study in 2005 by URS, a private consulting firm, that examined a range of data on transportation capital project cost inflation since 2002. The URS study recommended use of several national highway construction cost indices to adjust transportation project cost estimates for SANDAG's financial planning purposes. [4] These rates were used in the prior version of this nexus study dated September 5, 2006.

Analysis of actual costs for road construction projects in the San Diego region conducted by SANDAG staff during the past year has determined that the Caltrans highway remains the best indicator of local construction cost inflation. Indeed, the URS study recognized that California's construction costs are higher than those in national indexes.[5] Consequently this nexus analysis returns to the use of the Caltrans construction cost index to inflate unit cost estimate from 2002 dollars to 2008 dollars. Estimates for 2008 are based on Caltrans index data through 2007.

Annual Caltrans index data was available through 2006 at the time of this study. Index data for 2007 should be available by February 2008 when SANDAG will inform local agencies of the RTCIP impact fee amount that must be adopted by July 1, 2008 (see "Adoption By Local Agencies" in Chapter 3). For the purposes of this study the 2007 index was estimated based on the average annual compounded growth rate in the index for the ten-year period from 1996 through 2006. A ten-year average was used because of the high volatility of the index in recent years. The approach taken in this report is to estimate 2008 costs based on inflation through 2007.

As shown in **Table 7**, the cost estimate for an arterial lane mile is estimated at $10.9 million in 2008 dollars. The total compounded increase from the 2002 is 115 percent. Total costs to

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[4] San Diego Association of Governments, *Transportation Project Cost Analysis* (June 17, 2005) completed by URS, p. 8-1.

[5] Ibid., p. 4-1.

complete the arterial system are estimated at $7.0 billion based on this revised unit cost estimate.

Table 7: Estimated Arterial System Capacity Investments ($2008)

Year	Caltrans Index	Inflation Rate Annual	Inflation Rate Cummulative	Cost
2002	142.2	NA	NA	$ 5,100,000
2003	148.6	4.50%	4.50%	5,330,000
2004	216.2	45.49%	52.04%	7,754,000
2005	268.3	24.10%	88.68%	9,623,000
2006	280.6	4.58%	97.32%	10,063,000
2007[1]	305.7	8.94%	114.96%	10,963,000
Regional Arterial Widenings & Extensions (lane miles) (2002-2030)				637
Total Regional Arterial System Capacity Investments (2002-2030) (Est. $2008)				$ 6,981,238,400

[1] Annual inflation rate for 2007 was estimated using the ten-year compounded annual growth rate from 1996 to 2006 for the CalTrans highway construction annual cost index. The actual rate for 2007 will be updated after the annual index data is published by CalTrans on January 30th of 2008.

Sources: San Diego Association of Governments, *Final 2030 Regional Transportation Plan, Mobility 2030* (February 2005), Technical Appeicix 9 - Project Cost Estimates, p. 159; California Dept. of Transportation, *Price Index for Selected Highway Construction Items* (Second Quarter Ending June 30, 2007); Table 6; MuniFinancial.

Available RTP Funding

To justify the need for the RTCIP impact fee, the fee should only be imposed to the extent additional funding is needed to accommodate new development net of other anticipated funding sources. The adopted 2005 RTP examined three funding and expenditure scenarios described below.[6] All dollars are in $2002 and are for the planning horizon 2002 to 2030.

- The Revenue Constrained scenario ($30 billion) was based on existing revenue sources and did not assume extension of the TransNet sales tax.
- The Reasonably Expected scenario ($42 billion) was based on extension of the TransNet sales tax ($8 billion) plus $4 billion more from higher levels of state and federal discretionary funds and increases in state and federal gas taxes based on historical trends.
- The Unconstrained Revenue scenario ($67 billion) was based on an analysis of transportation system needs to 2030 and identified potential revenue sources but did not specify which ones to implement.

[6] SANDAG, *Final 2030 Regional Transportation Plan, Mobility 2030* (February 2005), Chapter 4, pp. 35-53.

SANDAG adopted the Reasonably Expected scenario. Under this scenario the adopted 2005 RTP invests $24.5 billion for projects that expand system capacity. Other improvements totaling $17.5 billion would improve operations, maintenance, and rehabilitation of highway, road, and transit, and related facilities. The adopted 2005 RTP expenditure plan is summarized in Table 8, below.

Table 8: RTP Investment Plan, 2002-2030 ($2002)

	$ Millions ($2002)	
Capacity Expansion Investments		
New Transit Facilities	$ 8,500	20%
Managed High Occupancy Vehicle Lane Facilities	7,450	18%
Highway System Completion/Widening Projects	3,580	9%
New Local Streets and Roads	4,430	11%
Regional Significant Arterials	500	1%
Subtotal	$ 24,460	58%
Other Investments[1]	17,485	42%
Total Expenditures	$ 41,945	100%

[1] Includes projects that improve the operations, maintenance, and rehabilitation of highway, road, and transit, and related facilities.

Source: San Diego Association of Governments, *Final 2030 Regional Transportation Plan, Mobility 2030* (February 2005), p. 44; MuniFinancial.

As shown in Table 8, the adopted 2005 RTP allocates $500 million for investment in the RAS. Under the Revenue Constrained and Unconstrained Revenue scenarios the total allocation is $350 million and $700 million, respectively.[7] Given the need for a $6.98 billion total investment (Table 7), substantial additional resources are needed.

The adopted 2005 RTP indicates that local jurisdictions need to identify matching funds for investment in the RAS because the regional funding provided through the adopted 2005 RTP:

> …is intended to be matched with revenues from the local jurisdictions, which are responsible for improving regional roadways and local streets to meet their residents needs and mitigate the effects of local land use developments.[8]

[7] Ibid., Table 4.3, p. 46, Table 4.5, p. 49.

[8] Ibid., p. 103.

The adopted 2005 RTP further indicates that a regional development impact fee as contemplated by the RTCIP is one of the potential revenues sources for supplementing adopted 2005 RTP resources.[9]

The funding assumptions discussed above are based on the most recently adopted 2005 RTP because the draft 2007 RTP has not been adopted as of the date of this report. These assumptions are likely to vary in the final adopted 2007 RTP. However, the draft 2007 RTP continues to indicate that funding is needed from the RTCIP to mitigate the impacts of new development on the transportation system.

Specific RAS Improvement Projects

Table 9 shows the adopted 2005 RTP's initial planned improvements in the RAS. These projects represent a $700 million investment under the Unconstrained Revenue scenario, or 136 additional lane miles at the 2002 cost estimate of $5.1 million per lane mile. Under the adopted Reasonably Expected scenario the adopted 2005 RTP allocates $500 million, sufficient to fund 98 additional lane miles in $2002. These projects are candidates for funding with RTCIP contributions. Funding these improvements with the RTCIP would enable RTCIP resources to expand improvements in the RAS towards full completion of the system (637 lane miles from 2002 to 2030).

Cost Allocation and Fee Schedule

The vehicle trip rates described in the *Growth Projections* section, above, provide a means to allocate a proportionate share of total RAS improvements to each new development project. Trip rates are a reasonable measure of each development project's demand on the regional transportation system. New development's share of total RAS improvements is divided by total trips generated by new development to calculate a cost per trip. The cost per trip multiplied by the trips generated by a development project determines that project's fair share of total RAS improvements.

New development could contribute up to $320 per trip as shown in **Table 10**. This amount is based on the nexus approach taken for this analysis that allocates RAS costs to new residential development based on shares of total travel demand in 2030. This approach is based on allocating to residential development the entire burden of trips associated with commercial development that serves households within the County (see earlier discussion under "Shifting Burden of Commercial Development to Residential Development").

[9] Ibid., p. 50.

Table 9: Regionally Significant Planned Arterial Improvements

Arterial	Limits	Type	Jurisdiction
Balboa Ave.	Kearney Villa Rd. - Ruffin Rd.	Widen	City of San Diego
Bear Mountain Pkwy.	Canyon Rd. - Valley Pkwy.	Widen	City of Escondido
Black Mountain Rd.	Mercy Rd. - Mira Mesa Blvd.	Widen	City of San Diego
Black Mountain Rd.	Emden Rd. - Caramel Valley Rd.	Extend	City of San Diego
Cannon Rd.	Hidden Valley Rd. - Frost Rd.	Extend	City of Carlsbad
Cannon Rd.	El Camino Real - Mystra Dr.	Extend	City of Carlsbad
Cannon Rd.	Melrose Dr. - SR 78	Extend	County of San Diego
Citracado Pkwy.	I-15 - Scenic Trail Way	Extend	City of Escondido
Citracado Pkwy.	Avenida Del Diablo - Vineyard Ave.	Extend	City of Escondido
College Ave.	Montezuma Rd. - Alvarado	Widen	City of San Diego
College Ave.	El Camino Real - Carlsbad Village Dr.	Extend	City of Carlsbad
Deer Springs Rd.	I-15 - Twin Oaks Valley Rd.	Widen	County of San Diego
Del Dios Hwy.	Via Rancho Pkwy. - Valley Pkwy.	Widen	City of Escondido
East Valley Pkwy.	East Valley Blvd. - Bear Valley Pkwy.	Widen	City of Escondido
El Camino Real	Camino Santa Fe - El Camino Real	Widen	City of San Diego
El Camino Real	Manchester Ave. - Tamarack Ave.	Widen	City of Carlsbad
El Camino Real	Tamarack Ave. - SR 76	Widen	City of Oceanside
Friars Rd.	Colusa St. - Lia Las Cumbres	Widen	City of San Diego
Friars Rd.	SR-163 - Frazee Rd.	Widen	City of San Diego
Genesee Ave.	I-5 - Campus Point Dr.	Widen	City of San Diego
Genesee Ave.	Osler St. - Mariesta Dr.	Widen	City of San Diego
H Street	Bonita Vista High - Otay Lakes	Widen	City of Chula Vista
Harbor Dr.	Pacific Hwy. - California St.	Widen	City of San Diego
Heritage Rd.	Airway Rd. - Siempre Viva Rd.	Extend	City of San Diego
Jamacha Blvd.	Omega St. - Pointe Pkwy.	Widen	County of San Diego
Kearny Villa Rd.	SR 52 - Ruffin Rd.	Widen	City of San Diego
Manchester Ave.	I-5 - Lux Canyon Dr.	Widen	City of Encinitas
Melrose Dr.	Spur Ave. - N Santa Fe Ave.	Extend	City of Oceanside
Melrose Dr.	Aspen Way - Palomar Airport Rd.	Extend	City of Carlsbad
Mission Ave.	Enterprise St. - Centre City Pkwy.	Widen	City of Escondido
Oceanside Blvd.	Oceanside Blvd. - Rancho Del Oro	Widen	City of Oceanside
Siempre Viva Rd.	Heritage Rd. - La Media Rd.	Widen	City of San Diego
South Santa Fe Ave.	Mar Vista Dr. - Bosstick Blvd.	Widen	County of San Diego
Torrey Pines Rd.	N. of Callan St. - S. of Carmel Valley Rd.	Widen	City of San Diego
Twin Oaks Valley Rd.	Craven Rd. - Rancho Santa Fe Rd.	Extend	City of San Marcos
Twin Oaks Valley Rd.	Deer Springs Rd. - Craven Rd.	Widen	City of San Marcos
Via de la Valle	Camino Santa Fe - El Camino Real	Widen	City of San Diego
Vista Sorrento Pkwy.	Rose Coral Row - Sorrento Valley Blvd.	Extend	City of San Diego
Vista Way	Emerald Dr. - Melrose Dr.	Widen	City of Vista

Source: San Diego Association of Governments, *Final 2030 Regional Transportation Plan, Mobility 2030 (February 2005)*, Technical Appendix 9 - Project Cost Estimates, p. 160.

Table 10: Residential Cost per Trip (Estimated for $2008)

Allocation of Total Costs to Residential Land Uses			
Total Regional Arterial System Investments ($2008)	$ 6,981,238,400		
New Residential Development Share of Total Trips	13.0%		
New Residential Development Share of Total Costs		$	907,561,000
New Residential Vehicle Trips (2002-2030)			
Single Family	1,443,000		
Multi-family[1]	1,394,000		
Total New Residential Vehicle Trips			2,837,000
New Residential Development Cost per Trip (Est. $2008)		$	320

[1] Multi-family travel demand factor and demand calculations include mobile homes.

Tables 6 and 7; MuniFinancial.

The cost per trip of $320 is estimated in 2008 dollars the first year for implementation of the RTCIP. As explained in the "Facility Costs and Available Funding" section above this estimate is based on actual Caltrans construction cost index data through 2006 and an estimate for 2007.

The RTCIP specifies that new development must contribute $2,000 per dwelling unit. A single fee for all dwelling units may not adequately ensure a reasonable relationship between each new development project's proportionate share of total improvements and the amount of the fee. Separate fees by major residential land use category based on trip generation rates would more likely fulfill this statutory requirement.[10]

To test whether the required RTCIP contribution of $2,000 per unit is justified for different types of units, **Table 11** provides a fee schedule by major residential land use category based on the calculated RTCIP cost per trip from Table 10. As explained above in the "Growth Projections" section mobile homes are forecast separately by SANDAG but because of the extremely limited number they have been included in the multi-family land use category. The fee ranges from a low of $2,842 for multi-family units to a high of $3,552 for single family units. The average fee per dwelling unit is $3,164. The impact fee required by the RTCIP of $2,000 per residential unit is therefore well below the amount justified under the *Mitigation Fee Act* for major residential land use categories.

[10] *Mitigation Fee Act, California Government Code,* §66001(b).

Table 11: RTCIP Impact Fee (Estimated for $2008)

Land Use	Cost Per Trip	Trip Demand Factor	Fee[1]	New Development (dwelling units)	Estimated Revenue[2]
Single Family	$ 320	11.10	$ 3,552	130,000	$ 461,760,000
Multi-family[3]	320	8.88	2,842	157,000	446,194,000
Total Estimated Revenue					$ 907,954,000
Total New Dwelling Units (2006-2030)					287,000
Weighted Average RTCIP Impact Fee Per Dwelling Unit (Est. $2008)					$ 3,164

[1] Fee per dwelling unit.

[2] Numbers may vary due to rounding.

[3] Multi-family travel demand factor and demand calculations include mobile homes.

Sources: Tables 1, 3 and 10; MuniFinancial.

Extension of RTCIP to Nonresidential Land Uses

The RTCIP specifically exempts all nonresidential development. However, one option for increasing contributions from new development for RAS improvements would be to apply the RTCIP to nonresidential development as well. **Table 12** shows new development's total investment in the RAS that could be made under this approach.

A fee schedule by major nonresidential land use category based on the calculated RTCIP cost per trip from Table 12 is shown in **Table 13.** Fees per 1,000 building square feet range from a low of $2,519 for industrial and $2,704 for commercial and to a high of $6,002 for office/services.

Table 12: Nonresidential Cost per Trip (Estimated for $2008)

	Office/Services & Industrial		Commercial	
New Nonresidential Development Share of Total Trips				
Commercial[1]	NA		530,000	
Office/Services	756,000		NA	
Industrial	2,253,000		NA	
New Nonresidential Vehicle Trips (2002-2030)[1]	3,009,000		530,000	
Total Vehicle Trips (2030)[1]	28,323,000		28,323,000	
New Nonresidential Development Share	10.6%		1.9%	
Allocation of Total Costs to Nonresidential Land Uses				
Total Regional Arterial System Investments ($2008)	$ 6,981,238,400		$ 6,981,238,400	
New Nonresidential Development Share of Total Trips	10.6%		1.9%	
New Nonresidential Development Share of Total Costs		$ 740,011,000		$ 132,644,000
New Nonresidential Vehicle Trips (2002-2030)				
Commercial[2]	NA		1,366,000	
Office/Services	756,000		NA	
Industrial	2,253,000		NA	
Total Nonresidential Vehicle Trips (2030)[1]		3,009,000		1,366,000
Cost per Trip (Est. $2008)		$ 246		$ 97

[1] For the purpose of determining new commercial development's fair share of total costs, trips exclude those associated with spending by local (San Diego County) residents. Commercial trips associated with local residential spending are used to allocate total costs to residential development (see Table 10).

[2] Includes local and regional commercial trips. It would be inpractical to identify on a project-by-project basis that portion of new commercial development associated only with non-local residential spending. Therefore, new commercial development's fair share of total costs is allocated across all new commercial vehicle trips (see Table 5).

Tables 6 and 7; MuniFinancial.

Table 13: Nonresidential Impact Fee (Estimated for $2008)

Land Use	Cost Per Trip	Trip Demand Factor	Fee[1]	New Development (ksf)	Estimated Revenue
Commercial	$ 97	27.88	$ 2,704	49,000	$ 132,496,000
Office/Services	246	24.40	6,002	31,000	186,062,000
Industrial	246	10.24	2,519	220,000	554,180,000
Total Estimated Revenue (Est. $2008)					$ 872,738,000

[1] Fee per 1,000 square feet.

Sources: Tables 1, 3 and 10; MuniFinancial.

3. IMPLEMENTATION

Local agencies need to adopt a "Funding Program" to implement the RTCIP.[1] The Funding Program must generate the funding per new residential unit required by the RTCIP. This chapter provides guidance on use of this nexus study by local agencies to implement a Funding Program and comply with the RTCIP. "Local agencies" includes all cities in the County plus the County of San Diego for development in the unincorporated area.

The guidance provided in this study is not a substitute for legal advice and all local agencies should consult with their legal counsel regarding compliance with the *Mitigation Fee Act (Act)*. Local agencies are hereby put on notice that the findings and guidance in this study are generalized, and were created for use as a framework to be tailored by each local agency. SANDAG disclaims any responsibility for any liability to users of this study, or any other party, for any loss or damages, consequential or otherwise, including but not limited to time, money, or goodwill, arising from the use, operation or modification of the information in the study. In using this report, local agencies further agree to indemnify, defend, and hold harmless SANDAG, its officers and employees, for any and all liability of any nature arising out of or resulting from use of the study. Distribution of this study shall not constitute any warranty by SANDAG.

ADOPTION BY LOCAL AGENCIES

Adoption Schedule

To meet the requirements of the *Act* and the July 1, 2008 RTCIP deadline, local agencies will need to adopt the RTCIP impact fee by May 1, 2008. This allows for the sixty-day period required under California Government Code section 60017 of the *Act* between the date of adoption and the date the fee becomes effective. The same section of the *Act* includes certain notice and public hearing requirements as well that each local agency must follow. Legal counsel should also advise on timelines, hearings requirements, and all other actions required for fee adoption by the *Act*.

A checklist for the initial adoption of the RTCIP with a schedule of steps required for implementation is included in **Appendix C** of this study. The checklist is titled, "RTCIP Impact Fee Initial Adoption - Local Agency Implementation Checklist."

Ordinance, Resolution, and Nexus Study

Local agencies may need to adopt an ordinance and resolution to implement the fee. The ordinance would provide the authority for the agency to impose the RTCIP impact fee. The resolution would specify the fee amount. Setting the fee by resolution avoids having to amend the local agency's municipal code whenever the fee must be adjusted, facilitating annual updates to the fee for cost inflation.

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[1] San Diego Association of Governments, *TransNet Extension Regional Transportation Congestion Improvement Program*, Sec. A.

To adopt the initial fee of $2,000 per residential unit the local agency fee resolution may reference this nexus study for documentation of the findings required by the *Act*.

The local agency may reference this nexus study to support adoption of a fee on residential development up to the maximum amounts shown in Tables 11. The adopted fee should be no higher than the levels indicated in the table by land use category. Fee revenues should only be used for the purposes described in this report. For the purposes of this study "single family" includes projects at net development densities of six or fewer units per acre (see Table 3, footnote 5). "Multi-family" includes projects at net development densities of over six units per acre.

To facilitate integration with existing fee schedules, there are several conditions under which the local agency's fee schedule may vary while still referencing this nexus study for documentation of the findings required under the *Act*:

- The fee schedule shown in Table 11 may be applied to single family and multi-family land use categories that do not vary substantially from the definition of those categories used in this nexus study. For example the "break point" between the definition of single and multi-family may be at a different development density level.
- The fee may be applied to different residential land use categories, e.g. condominiums or mobile homes, using the cost per trip calculated in the this nexus study (see Table 10 for the cost per trip). The trip rate used to calculate the fee should reasonably reflect travel demand generated by new development within the land use category.

Local agencies must conduct a separate nexus study if the conditions described above are not met.

Applying Fee To Nonresidential Development

The local agency may also apply an impact fee to nonresidential development to fund improvements to the RAS. However, as mentioned above in the *Nexus Analysis* chapter, expansion of the RTCIP Funding Program to nonresidential development is not a requirement of the TransNet ordinance and is not necessary for a local agency to implement the RTCIP. If the agency chooses to apply the fee to nonresidential development and adopts the fee schedule as shown in Table 13, above, then the fee resolution can reference this nexus study and the local agency does not have to conduct a separate study. If the local agency adopts a different nonresidential fee schedule then the agency will need to conduct a new nexus study to justify the nonresidential fee.

INFLATION ADJUSTMENT

The initial RTCIP funding requirement of $2,000 per new dwelling unit will apply upon initial adoptions of the fee in 2008. The TransNet ordinance provides for an annual inflation adjustment to the RTCIP impact fee on July 1 of each year beginning in 2009.[2] The inflation

[2] San Diego Association of Governments, *TransNet Extension Regional Transportation Congestion Improvement Program*, Sec. C.

adjustment will be two percent or based on the Caltrans highway construction cost index, whichever is higher. SANDAG may choose to use a different cost index. Each local agency will need to adjust their RTCIP impact fee annually.

A checklist for the annual update and a five-year update of the RTCIP fees along with a schedule of steps required for implementation is included in Appendix C. This checklist is titled, "RTCIP Impact Fee Annual and Five-Year Update - Local Agency Implementation Checklist."

Collection and Administration

Each local agency will be responsible for the collection, administration, and expenditure of RTCIP impact fee revenues generated within its jurisdiction. Fee revenues should be placed in a separate fund and administered pursuant to the requirements of the *Act*. For example, interest earnings on fund balances need to be credited to the fund. In addition, the *Act* requires that the local agency provide specific information regarding fee revenues and expenditures annually and every five years in a public report.[3]

The Independent Taxpayer Oversight Committee (ITOC), created for the TransNet program, is responsible for reviewing local agency implementation of the RTCIP. Each local agency must submit their Funding Program for review by the ITOC by April 1, 2008. The ITOC must review and audit each local agency's program annually. The reporting requirements required by the *Act* should be sufficient to meet the ITOC's needs in this regard. If a local agency does not comply with the RTCIP the agency can lose TransNet sales tax funding for local roads.

Local agencies and SANDAG can fund the administrative costs of the RTCIP with a charge added to the RTCIP impact fee. The RTCIP allows up to three percent of program revenues to be used for program administration.[4] SANDAG anticipates adding a one percent administrative charge to the RTCIP fee to fund costs related to the ITOC. Local agencies may add up to two percent for their program administration costs. These charges are similar to any other user fees imposed by local agencies and are not subject to the *Act*. These charges must be justified based on the actual program administration costs of each agency. Agencies should keep cost records and adjust the administrative charge as appropriate based on actual costs.

Use of Revenues

RTCIP impact fee revenues must be expended on improvements to the RAS in a manner consistent with the expenditure priorities in the most recent adopted RTP. Fee revenues may not be expended on road maintenance. RTCIP impact fee revenues may be used for any capital costs associated with improving the RAS including costs associated with:

3 California Government Code, §§66001(d) and 66006(b).

4 San Diego Association of Governments, *TransNet Extension Regional Transportation Congestion Improvement Program*, Sec. D(2).

- Arterial widenings, extensions, and turning lanes;
- Traffic signal coordination and other traffic improvements;
- Reconfigured freeway-arterial interchanges;
- Railroad grade separations; and
- Expanded regional express bus service.

Costs funded by the RTCIP impact fee may include project administration and management, design and engineering, right-of-way acquisition, and construction. The RTCIP requires that each local agency expend revenues within seven years of receipt or have an expenditure plan that justifies keeping revenues for a longer period.[5] The *Act* has a similar requirement with a five years limitation unless there is an expenditure plan that justifies keeping revenues for a longer period.

EXEMPTIONS

The RTCIP program exempts the following residential development from the impact fee:[6]

- New moderate, low, very low, and extremely low income residential units as defined in Health & Safety Code sections 50079.5, 50093, 50105, 50106, and by reference in Government Code section 65585.1;
- Government/public buildings, public schools and public facilities;
- Rehabilitation and/or reconstruction of any legal, residential structure and/or the replacement of a previously existing residential unit;
- Development projects subject to development agreements prior the effective date of the TransNet ordinance (May 28, 2004) that expressly prohibit the imposition of new impact fees, however if the terms of the development agreement are extended beyond July 1, 2008, the requirements of the RTCIP shall apply;
- Guest dwellings;
- Additional residential units located on the same parcel regulated by the provisions of any agricultural zoning;
- Kennels and catteries established in conjunction with an existing residential unit;
- The sanctuary building of a church, mosque, synagogue, or other house of worship eligible for property tax exemption;
- Residential units that have been issued a building permit prior to July 1, 2008; and
- Condominium conversions.

[5] Ibid., Sec. G(4).

[6] Ibid, Sec. E.

4. Mitigation Fee Act Findings

Development impact fees are one-time fees typically paid when a building permit is issued and imposed on development projects by local agencies responsible for regulating land use (cities and counties). To guide the widespread imposition of public facilities fees, the State Legislature adopted the *Mitigation Fee Act* (*Act*) with Assembly Bill 1600 in 1987 and subsequent amendments. The *Act*, contained in *California Government Code* Sections 66000 through 66025, establishes requirements on local agencies for the imposition and administration of fee programs. The *Act* requires local agencies to document five findings when adopting a fee.

Sample text that may be used for the five statutory findings required for adoption of the RTCIP impact fee are presented in this chapter and supported in detail by the *Nexus Analysis* chapter of this report. All statutory references below are to the *Act*. This sample framework for the mitigation fee act findings is only to provide local agencies with guidance and is not a substitute for legal advice. Local agencies should customize the findings for their jurisdiction and consult with their legal counsel prior to adoption of the RTCIP impact fee.

Purpose of Fee

For the first finding the local agency must:

Identify the purpose of the fee. (§66001(a)(1))

SANDAG policy as expressed through the TransNet Extension Ordinance and Expenditure Plan (Commission Ordinance 04-01) is that new development shall contribute towards the Regional Arterial System (RAS) through the Regional Transportation Congestion Improvement Program (RTCIP). The purpose of the RTCIP impact fee is to implement this policy. The fee advances a legitimate public interest by enabling SANDAG to fund improvements to transportation infrastructure required to accommodate new development.

Use of Fee Revenues

For the second finding the local agency must:

Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged. (§66001(a)(2))

The RTCIP impact fee will fund expanded facilities on the Regional Arterial System (RAS) to serve new development. These facilities include:

- Roadway widening;
- Roadway extension;
- Traffic signal coordination and other traffic improvements;

- Freeway interchanges and related freeway improvements;
- Railroad grade separations; and
- Improvements required for regional express bus and rail transit.

Costs for planned traffic facilities are preliminarily identified in this report. Costs funded by the RTCIP impact fee may include project administration and management, design and engineering, right-of-way acquisition, and construction. More detailed descriptions of planned facilities, including their specific location, if known at this time, are shown in the SANDAG's *Regional Transportation Plan* and other documents. Local agencies implementing the RTCIP may change the list of planned improvements to meet changing circumstances and needs, as they deem necessary. Fee revenues will be used for the sole purpose of expanding capacity on the RAS to accommodate new development. The RTCIP impact fee will not be used for the purpose of correcting existing deficiencies in the roadway system.

Benefit Relationship

For the third finding the local agency must:

> Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. (§66001(a)(3))

The local agency will restrict fee revenues to capital projects that expand capacity on the RAS to serve new development. Improvements funded by the RTCIP impact fee will expand a region-wide arterial system accessible to the additional residents and workers associated with new development. SANDAG has determined that the planned projects identified in this report will expand the capacity of the Regional Arterial System to accommodate the increased trips generated by new development. Thus, there is a reasonable relationship between the use of fee revenues and the residential and nonresidential types of new development that will pay the fee.

Burden Relationship

For the fourth finding the local agency must:

> Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed. (§66001(a)(4))

New dwelling units and building square footage are indicators of the demand for transportation improvements needed to accommodate growth. As additional dwelling units and building square footage are created, the occupants of these structures generate additional vehicle trips and place additional burdens on the transportation system.

The need for the RTCIP impact fee is based on SANDAG transportation model projections of growth that show an increase in vehicle hours of delay on the RAS primarily as a result of new development even with planned improvements to that system. The model estimated impacts from new development based on trip generation rates that varied by land use category, providing a reasonable relationship between the type of development and the need for improvements.

PROPORTIONALITY

For the fifth finding the SANDAG must:

> Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed. (§66001(b))

This reasonable relationship between the RTCIP impact fee for a specific development project and the cost of the facilities attributable to that project is based on the estimated vehicle trips the project will add to the Regional Arterial System. The total fee for a specific residential development is based on the number and type of new dwelling units multiplied the trip generation rate for the applicable residential land use category. The fee for a specific nonresidential development is based in a similar manner on the amount of building square footage by land use category. Larger projects generate more vehicle trips and pay a higher fee than smaller projects of the same land use category. Thus, the fee schedule ensures a reasonable relationship between the RTCIP impact fee for a specific development project and the cost of the Regional Arterial System improvements facilities attributable to the project.

APPENDIX A: REGIONAL ARTERIAL SYSTEM

Table A.1 lists the arterials included in the Regional Arterial System by the *Regional Transportation Plan* adopted in 2005.

Table A.1: Regional Arterial System

Arterial	Limits
1st St	A St - K St.
2nd St	Greenfield Dr - Main St
30th St	National City Blvd - 2nd St
32nd St	Harbor Dr - Norman Scott Rd
54th St	El Cajon Blvd - SR94
70th St	University Ave - I-8
Ardath Rd	Hidden Valley Rd - I-5
Avocado Ave	Main St - Chase Ave
Avocado Blvd	Chase Ave - SR94
Balboa Ave	Mission Bay Dr - I-15
Ballantyne St	Broadway - Main St
Barham Dr	La Moree Rd - Mission Rd
Barnett Ave	Saint Charles St - Pacific Highway
Bay Marina Way (24th St)	I-5 - Terminal Ave
Bear Valley Pkwy	East Valley Pkwy - Sunset Dr
Bernardo Center Dr	Camino Del Norte - I-15
Beyer Blvd	Main St -Dairy Mart Road
Black Mountain Rd	Del Mar Heights - Pomerado Rd
Bobier Dr	Melrose Dr - E Vista Way
Bonita Rd	E St - San Miguel Rd
Borden Rd	Las Posas Rd – Woodland Pkwy
Borrego Springs Rd/Yaqui Pass Rd (S-3)	Palm Canyon Dr (S-22)- SR78
Bradley Ave	Marshall Ave - 2nd St
Broadway (El Cajon)	SR67 - E. Main St.
Broadway (Lemon Grove)	Spring St - College Ave
Broadway (San Diego)	C St - Main St
Broadway (Vista)	Lincoln Pkwy/SR78 - Washington Ave
Buckman Springs Rd/Hwy 80/Sunrise Hwy (S-1)	SR94 - SR79
Buena Creek Rd	Las Posas Rd - Twin Oaks Valley Rd
Cabrillo Dr (SR209)	Cochran St - Cabrillo Monument
Camino del Norte	Camino Ruiz - Pomerado Rd
Camino Del Rio North	Mission Center Rd - Mission Gorge Rd
Camino Ruiz	Camino del Norte - SR56
Camino Santa Fe Ave	Sorrento Valley Blvd - Miramar Rd
Cannon Rd	Carlsbad Blvd – Melrose Dr
Cannon Road	Melrose Drive - SR 78
Canon St	Rosecrans St - Jennings St
Carlsbad Blvd	Eaton St - La Costa Ave

Table A.1: Regional Arterial System (continued)

Arterial	Limits
Carlsbad Village Dr	I-5 - Coast Blvd/Coast Hwy
Carmel Mountain Rd	Sorrento Valley Rd - El Camino Real
Carmel Valley Rd	North Torrey Pines Rd - El Camino Real
Centre City Pkwy	I-15(N) - I-15(S)
Citracado Pkwy	Centre City Pkwy - SR78
Clairemont Mesa Blvd	I-15 - Moraga Ave
Coast Hwy (S-21)	La Costa Ave - Via de la Valle
College Ave	Federal Blvd - Waring Rd
College Blvd	North River Rd - Palomar Airport Rd
Community Rd	Twin Peaks Rd - Scripps Poway Pkwy
Convoy St	Linda Vista Rd - SR 52
Crosby St	I-5 - Harbor Dr
Cuyamaca St	Mission Gorge Rd - Marshall Ave
Dairy Mart Rd	SR-905 - I-5
Deer Springs Rd	Twin Oaks Valley Rd - I-15
Dehesa Road	Jamacha Rd - Harbison Canyon Rd
Dehesa Road*	Harbison Canyon Rd – Sycuan Rd
Del Dios Hwy	Via Rancho Pkwy - Claudan Rd
Del Mar Heights Rd (SA 710)	I-5 - Camino Del Norte
Discovery St	San Marcos Blvd - La Moree Rd
Douglas Dr	SR76 (Mission Ave) - North River Rd
E St	I-5 - E Bonita Rd
East H St	Hilltop Dr - Mount Miguel Rd
East Main St	Broadway - Greenfield Dr
East Valley Pkwy	Lake Wohlford Rd - East Valley Pkwy
East Via Rancho Pkwy	Broadway - Bear Valley Pkwy
East Vista Way	Vista Village Dr - SR76
El Cajon Blvd	Park Blvd - I-8
El Cajon Blvd	Chase Ave - Washington Ave
El Camino Real	Via de la Valle - Carmel Valley Rd/SR56
El Camino Real	SR 56 - Carmel Mountain Rd
El Camino Real (S-11)	Douglas Dr - Manchester Ave
El Norte Pkwy	Woodland Pkwy - Washington Ave
Encinitas Blvd	First St - El Camino Real
Espola Rd	Summerfield Ln - Poway Rd
Euclid Ave	SR94 - Sweetwater Rd
Fairmount Ave	I-8 - El Cajon Blvd
Faraday Ave	Melrose Dr - College Blvd
Federal Blvd	College Ave - SR94
Fletcher Pkwy	I-8 - SR-67
Friars Rd	Sea World Dr - Mission Gorge Rd
Garnet Ave	Balboa - Mission Bay Dr
Genesee Ave	N. Torrey Pines Rd - SR163
Gilman Dr	La Jolla Village Dr - I-5
Grand Ave	Mission Blvd to Mission Bay Dr

Table A.1: Regional Arterial System (continued)

Arterial	Limits
Grape St	North Harbor Dr - I-5
Greenfield Dr	E Main St - I-8
Grossmont Center Dr	I-8 - Fletcher Pkwy
H St	I-5 - Hilltop Dr
Harbor Dr	Pacific Hwy - I-5 (National City)
Hawthorn St	I-5 - North Harbor Dr
Heritage Rd	Otay Mesa Rd - Siempre Viva Rd
Hill St	I-5 (Oceanside) - Eaton St
Hunte Pkwy	Proctor Valley Rd - SR 125
Imperial Ave	Valencia Pkwy - Lisbon St
Jackson Dr	Mission Gorge Rd - I-8
Jamacha Blvd	Sweetwater Pkwy - SR94
Jamacha Rd	Main St - SR94
Kearny Villa Rd	Pomerado Rd - Waxie Way
Kettner Blvd	I-5 - India St
L St	I-5 - I-805
La Costa Ave	Carlsbad Blvd - El Camino Real
La Jolla Village Dr	North Torrey Pines Rd - I-805
La Media Rd	Telegraph Canyon Rd - SR905
La Mesa Blvd	University Ave - I-8
Lake Jennings Rd	Mapleview St - I-8
Lake Murray	I -8 - Navajo Rd
Lake Wohlford Rd	Valley Ctr Road (N) - Valley Ctr Rd (S)
Las Posas Rd	Discovery St - Buena Creek Rd
Laurel St	North Harbor Dr - I-5
Lemon Grove Ave	Lisbon St - SR94
Leucadia Blvd	1st St - El Camino Real
Linda Vista Rd	Morena Blvd - Convoy St
Lomas Santa Fe Ave	I-5 - Coast Hwy
Lytton St	Rosecrans St - Saint Charles St
Main St	I-5 - Hilltop Dr
Manchester Ave	El Camino Real - I-5
Mapleview St	SR67 - Lake Jennings Rd
Mar Vista Dr	Buena Vista Dr - SR78
Market St	Harbor Dr - Valencia Pkwy
Marshall Ave	Fletcher Pkwy - West Main St
Marshall Ave	Cuyamaca - Fletcher Pkwy
Marshall Ave	Main St - Washington Ave
Massachusetts Ave	Broadway - University Ave
Massachusetts Ave	Lemon Grove Ave - Broadway Ave
Melrose Dr	SR76 - Rancho Santa Fe Rd
Mira Mesa Blvd	I-805 - I-15
Miramar Rd	I-805 to I-15
Mission Ave	Andreason Dr - Center City Pkwy
Mission Ave	Escondido Blvd - Broadway Ave
Mission Ave	Coast Hwy - Frazee Rd

Table A.1: Regional Arterial System (continued)

Arterial	Limits
Mission Bay Dr	Grand Ave to I-5.
Mission Gorge Rd	I-8 - Magnolia Ave
Mission Rd	Rancho Santa Fe Rd - Andreason Dr
Mission Road (S-13; incl. Main St in Fallbrook)	I-15 - SR76
Montezuma Rd	Fairmount Ave - El Cajon Blvd
Montezuma Valley Rd/Palm Canyon Dr (S-22)	SR79 - Imperial Co Line
Morena Blvd	Balboa Ave - I-8
National City Blvd	I-5 - C St
Navajo Rd	Waring Rd - Fletcher Pkwy
Nimitz Blvd	I-8 - Harbor Dr
Nobel Dr	I-5 - I-805
Nordahl Rd	SR78- Nordahl Rd
North Harbor Dr	Rosecrans St - Grape St
North River Rd	Douglas Dr - SR76 (Mission Rd)
North Santa Fe Ave	SR76 - Melrose Dr
North Torrey Pines Rd (S-21)	Carmel Valley Rd - La Jolla Village Dr
Ocean View Hills Pkwy	I-805 - SR905
Oceanside Blvd	Hill St - Melrose Dr
Old Highway 80	SR79 - Sunrise Hwy
Old Highway 80	Buckman Springs Rd - I-8 (In-ko-pah)
Olivehain Rd	El Camino Real - Rancho Santa Fe Rd
Olympic Pkwy	Brandywine Ave - SR125
Orange Ave	Palomar St - Brandywine Ave
Otay Lakes Rd	Bonita Rd - SR 94
Otay Mesa Rd	SR905 - SR125
Otay Valley Rd	Hilltop Dr - Heritage Rd
Pacific Highway	Sea World Dr - Harbor Dr
Palm Ave	I-5 - I-805
Palomar Airport Rd	Carlsbad Blvd - Business Park Dr
Palomar St	I-5 - Orange Ave
Paradise Valley Rd	8th Street - Sweetwater Pkwy
Paseo Ranchero	East H St - Otay Mesa Rd
Plaza Blvd	National City Blvd - 8th St
Poinsettia Lane	Carlsbad Blvd - Melrose Dr
Pomerado Rd	I-15 (N) - I-15 (S)
Poway Rd	I-15 - SR67
Proctor Valley Rd	Mount Miguel Rd - Hunte Pkwy
Questhaven Rd	Twin Oaks Valley Rd - Rancho Santa Fe Rd
Rancho Bernardo Rd	I-15 - Summerfield Ln
Rancho Del Oro Dr	SR 78 - SR 76
Rancho Penasquitos Blvd	SR56 - I-15
Rancho Santa Fe Rd	Mission Rd - Olivenhain Rd
Regents Rd	Moraga Ave - Genesee Ave
Rosecrans St	I-8 - Canon St
Ruffin Rd	Waxie Way - Balboa Ave
San Felipe Rd/Great S. Overland Route (S-2)	S-22 - Imperial Co Line

Table A.1: Regional Arterial System (continued)

Arterial	Limits
San Marcos Blvd	Business Park Dr - Mission Rd
Scripps Poway Pkwy	I-15 - SR67
Sea World Dr	W Mission Bay Dr - Morena Blvd
Siempre Viva Rd	Heritage Rd - SR905
Sorrento Valley Blvd	Sorrento Valley Rd - Camino Santa Fe Ave
Sorrento Valley Rd	Carmel Mountain Rd - I-805
South Santa Fe Ave	Broadway (Vista) - Pacific St
Sports Arena Blvd	Sea World Dr - Rosecrans St/SR209
Spring St	I-8 - SR125
SR75	No limits
Sunrise Highway	SR79 - I-8
Sunset Cliffs Blvd	I-8 - W Mission Bay Dr
Sweetwater Rd	2nd St - Willow St
Sweetwater Rd	2nd St to Willow St
Sweetwater Road	Broadway Ave - Troy St
Sycamore Avenue	South Santa Fe Avenue – S. Melrose Dr
Ted Williams Pkwy	I-15 - Twin Peaks Rd
Telegraph Canyon Rd	I-805 - Otay Lakes Rd
Torrey Pines Rd	Prospect Pl - La Jolla Village Dr
Twin Oaks Valley Rd	Deer Springs Rd - Questhaven Rd
Twin Peaks Rd	Pomerado Rd - Espola Rd
Twin Peaks Rd	Ted Williams Pkwy - Espola Rd
University Ave	54th St - La Mesa Blvd
Valencia Pkwy	Market - Imperial Ave
Valley Center Rd	SR76 - Lake Wohlford Rd
Vandegrift Blvd	North River Rd - Camp Pendleton
Via de la Valle	Hwy 101 (S-21) - El Camino Real
Via Rancho Pkwy	I-15 - Del Dios Hwy
Via Rancho Pkwy	Sunset Dr - I-15
Vista Sorrento Pkwy	Sorrento Valley Blvd - Carmel Mtn Rd
Wabash Blvd	Norman Scott Rd - I-5
Washington Ave	El Norte Pkwy - Center Valley Pkwy
Washington Ave	El Cajon Blvd - Jamacha Rd
Washington St	Pacific Hwy - Park Blvd
West Main St	I-8 - Marshall Ave
West Valley Pkwy	Claudan Rd - Broadway
West Vista Way	Jefferson St/SR78 - Vista Village Dr
Wildcat Canyon Rd*	Mapleview Street - San Vicente Rd
Willow St	Sweetwater Rd - Bonita Rd
Willow St	Sweetwater - Bonita Rd
Willows Road	I-8 - Viejas Casino
Winter Gardens Blvd	SR67 - Greenfield Dr
Woodland Dr	Barham Dr - El Norte Pkwy
Woodside Ave	Magnolia Ave - SR67

* Inclusion in Regional Arterial System contingent upon designation as a four-lane arterial by the County of San Diego.

Appendix B: Retail Spending and Sales Analysis

This appendix presents the analysis conducted to estimate the amount of commercial development within San Diego County that is associated with spending by local (San Diego County) households. The following steps summarize the approach taken for the analysis and are explained in more detail below.

1. Estimate total potential spending by local households based on estimates of per household spending by retail category;
2. Compare total local household spending potential with total retail sales to estimate by retail category:
   a. Leakage of spending by local households to retail establishments outside the County,
   b. Capture of sales from visitors outside the County by local retail establishments;
3. Calculate the share of retail sales associated with local household spending; and
4. Validate the estimate of total local household spending by analyzing visitor industry data.

All data is from 2004 because this was the last complete year of retail sales data available from the State Board of Equalization (SBOE) at the time of this report.

Total Household Spending

Total spending by San Diego households is estimated by adjusting per household spending based on statewide data for the difference in median household income between the State and the County.

As an initial step in the analysis, statewide taxable retail sales by category were compared with San Diego County sales to determine if any anomalies existed in San Diego sales patterns that should be accommodated in the model. As shown in **Table B.1**, San Diego has about $44 billion in taxable retail sales in 2004 compared to statewide sales of $500 billion. Sales patterns in the County are very similar to the statewide sales though the County has slightly more spending in retail stores compared to non-retail stores. The retail store categories that exhibit higher levels of spending compared to the state as a whole (apparel, general merchandise, specialty, and food and beverage) are associated with visitor spending, indicative of San Diego's strong tourism industry. We also conjecture that the higher levels of spending in the building material category are associated with spending by Mexican visitors, though we could not find specific data to support this hypothesis.

Table B.1 - Taxable Retail Sales (2004)

	Taxable Retail Sales 2004 ($000s)		Percent of Category		
Retail Category	San Diego County	California	San Diego County	California	Difference
Apparel Stores					
Women's Apparel	420,000	4,617,000	0.9%	0.9%	0.0%
Men's Apparel	107,000	1,034,000	0.2%	0.2%	0.0%
Family Apparel	907,000	8,819,000	2.0%	1.8%	0.3%
Shoes	210,000	2,487,000	0.5%	0.5%	(0.0%)
Subtotal	1,644,000	16,957,000	3.7%	3.4%	0.3%
General Merchandise					
General Merchandise	4,721,000	47,948,000	10.6%	9.6%	1.0%
Drug Store	484,000	5,992,000	1.1%	1.2%	(0.1%)
Subtotal	5,205,000	53,940,000	11.7%	10.8%	0.9%
Specialty					
Gift, Art Goods, Novelty	167,000	1,858,000	0.4%	0.4%	0.0%
Sporting Goods	353,000	3,652,000	0.8%	0.7%	0.1%
Florists	122,000	1,078,000	0.3%	0.2%	0.1%
Photo Equip., and Supplies	37,000	523,000	0.1%	0.1%	(0.0%)
Musical Instruments	121,000	1,516,000	0.3%	0.3%	(0.0%)
Stationery and Books	356,000	4,018,000	0.8%	0.8%	(0.0%)
Jewelry	258,000	2,638,000	0.6%	0.5%	0.1%
Office and School Supply	1,411,000	15,661,000	3.2%	3.1%	0.0%
Other Specialties	1,716,000	18,018,000	3.9%	3.6%	0.3%
Subtotal	4,541,000	48,962,000	10.2%	9.8%	0.4%
Grocery					
Grocery - All Type Liq.	1,005,000	12,550,000	2.3%	2.5%	(0.2%)
Grocery - All Other	732,000	7,276,000	1.6%	1.5%	0.2%
Subtotal	1,737,000	19,826,000	3.9%	4.0%	(0.1%)
Food and Beverage					
Restaurant - No Alcohol	1,890,000	19,960,000	4.3%	4.0%	0.3%
Restaurant - Bar -Beer-Wine	795,000	10,792,000	1.8%	2.2%	(0.4%)
Restaurant - Bar -All Type Liq.	1,363,000	12,523,000	3.1%	2.5%	0.6%
Subtotal	4,048,000	43,275,000	9.1%	8.7%	0.4%
Household					
Home Furnishings	1,162,000	11,991,000	2.6%	2.4%	0.2%
Household Appliances	387,000	4,414,000	0.9%	0.9%	(0.0%)
Subtotal	1,549,000	16,405,000	3.5%	3.3%	0.2%
Building Material					
Building Material	2,649,000	25,603,000	6.0%	5.1%	0.8%
Hardware Stores	231,000	3,392,000	0.5%	0.7%	(0.2%)
Plumbing and Elec. Supply	414,000	4,086,000	0.9%	0.8%	0.1%
Paint, Glass, Wallpaper	47,000	1,074,000	0.1%	0.2%	(0.1%)
Subtotal	3,341,000	34,155,000	7.5%	6.8%	0.7%
Automotive					
Auto Dealers - New	5,541,000	59,683,000	12.5%	11.9%	0.5%
Aut Dealers - Used	551,000	5,752,000	1.2%	1.2%	0.1%
Auto Supplies and Parts	421,000	5,334,000	0.9%	1.1%	(0.1%)
Service Stations	2,805,000	32,760,000	6.3%	6.6%	(0.2%)
Subtotal	9,318,000	103,529,000	21.0%	20.7%	0.3%
Other Retail Stores					
Liquor Stores	186,000	2,360,000	0.4%	0.5%	(0.1%)
Second-hand Merch.	66,000	634,000	0.1%	0.1%	0.0%
Farm Impl. Dealers	177,000	2,976,000	0.4%	0.6%	(0.2%)
Farm and Garden Supply	95,000	2,386,000	0.2%	0.5%	(0.3%)
Fuel and Ice Dealers	9,000	321,000	0.0%	0.1%	(0.0%)
Mobile Home and Camper	108,000	1,453,000	0.2%	0.3%	(0.0%)
Boat, Motorcycle, Plane	321,000	3,104,000	0.7%	0.6%	0.1%
Subtotal	962,000	13,124,000	2.2%	2.6%	(0.5%)
Subtotal Retail Stores	32,345,000	350,173,000	72.7%	70.0%	2.7%
Non-Retail Stores					
Business and Personal Services	2,147,000	22,307,000	4.8%	4.5%	0.4%
All Other Outlets	9,978,000	127,597,000	22.4%	25.5%	(3.1%)
Subtotal	12,125,000	149,904,000	27.3%	30.0%	(2.7%)
Total	44,470,000	500,077,000			

Source: *Taxable Sales in California (Sales & Use Tax) During 2004,* California State Board of Equalization.

To separate out household from business spending, all household spending is assumed to occur in retail stores and all business-to-business spending is assumed to occur in non-retail stores. As shown in Table B.1, non-retail stores include "Business and Personal Services" and "All Other Outlets". Both categories are largely composed of retail establishments that sell primarily to businesses. The "All Other Outlets" category primarily includes manufacturing, warehousing and other establishments that sell primarily to businesses. There is some overlap in the source of spending (household versus business) across all retail (store and non-store) categories but this overlap is assumed to be largely offsetting between total retail store and total non-store spending. This approach is commonly used in retail spending and sales analysis to separate household from business spending.

Per household spending estimates were generated based on statewide data for retail stores adjusted for the difference in median household income between the State and the County. San Diego's median income is about one percent less than the State's median income resulting in a commensurate adjustment to state per household spending patterns by retail store category.

San Diego per household spending is multiplied by the number of households in San Diego to estimate total spending for 2004. As shown in **Table B.2** this approach results in a total spending potential for San Diego households of $30 billion.

Table B.2 - Household Taxable Retail Spending Potential (2004)

Major Business Group	Total Spending California Householdes ($000s)	Per Household Spending: State	Per Household Spending: San Diego County	Total Spending San Diego Households ($000s)
Households		12,015,591	1,043,221	
Median Household Income		$ 47,493	$ 47,067	
Household Spending and Sales		Per Household Spending		
Apparel Stores	$ 16,957,000	$ 1,411	$ 1,399	$ 1,459,000
General Merchandise	53,940,000	4,489	4,449	4,641,000
Specialty	48,962,000	4,075	4,038	4,213,000
Grocery	19,826,000	1,650	1,635	1,706,000
Food and Beverage	43,275,000	3,602	3,569	3,724,000
Household	16,405,000	1,365	1,353	1,412,000
Building Material	34,155,000	2,843	2,817	2,939,000
Automotive	103,529,000	8,616	8,539	8,908,000
Other Retail Stores	13,124,000	1,092	1,082	1,129,000
Total - Consumer	$ 350,173,000	$ 29,143	$ 28,882	$ 30,131,000

Source: U.S. Census, Table P53; California Department of Finance, Rerpot E-5; Table A.1; MuniFinancial.

CAPTURE AND LEAKAGE

Capture and leakage are common concepts used in retail analysis. Not all local household spending occurs in San Diego County; some spending leaks out to other areas when residents travel or are otherwise attracted to retail opportunities outside the County. Furthermore, not all retail store sales in San Diego County are generated by local households; some are captured by stores from customers visiting the County from other locations including Mexico. Given San Diego's attractiveness as a tourist destination and its proximity to the Mexican border, one would expect that a significant share of total retail store sales would represent capture of visitor spending.

Given this regional economic context, we estimated leakage rates by major store category to calculate net local household spending in San Diego County by category. We then compared this estimate of spending with actual sales by store category and calculated the amount of outside capture that the category would need to force local household spending to equal local sales. This analysis is shown in **Table B.3**. The model resulted in a leakage estimate of eight percent of household spending, and capture estimate of 14 percent of retail store sales. The differences between the estimates of local spending and sales by category shown in the middle columns are due to rounding.

Table B.3 - San Diego County Local Household Taxable Retail Spending & Sales (2004)

	A	B	C = A x (1 - B)	D = C / E	E = G x (1 - F)	F = 1 - (C / G)	G
	Potential Spending		Local Spending/Sales Reconciliation			Actual Sales	
Major Business Group	San Diego Households ($000s)	Leakage	Based on Spending ($000s)	Difference[1]	Based on Sales ($000s)	Outside Capture	San Diego County Sales ($000s)
Apparel Stores	$ 1,459,000	15%	$ 1,240,000	1%	$ 1,233,000	25%	$ 1,644,000
General Merchandise	4,641,000	15%	3,945,000	(0%)	3,956,000	24%	5,205,000
Specialty	4,213,000	15%	3,581,000	(0%)	3,587,000	21%	4,541,000
Grocery	1,706,000	0%	1,706,000	0%	1,702,000	2%	1,737,000
Food and Beverage	3,724,000	15%	3,165,000	0%	3,167,000	22%	4,048,000
Household	1,412,000	0%	1,412,000	0%	1,410,000	9%	1,549,000
Building Material	2,939,000	0%	2,939,000	(0%)	2,940,000	12%	3,341,000
Automotive	8,908,000	0%	8,908,000	(0%)	8,945,000	4%	9,318,000
Other Retail Stores	1,129,000	15%	960,000	(0%)	962,000	0%	962,000
Total	$ 30,131,000	8%	$ 27,856,000	(0%)	$ 27,892,000	14%	$ 32,345,000
Leakage/Capture Total		$ 2,275,000				$ 4,453,000	

[1] Difference not equal to zero due to rounding.

Source: Tables A.1 and A.2; MuniFinancial.

The leakage rates in Table B.3 that determine the local spending amounts and outside capture rates were estimated based on (1) survey data of visitor spending in San Diego estimating spending by retail category, and (2) an assumptions that comparison goods such as apparel and general merchandise are likely to have higher leakage rates compared to convenience goods such as groceries. Local households are most likely to spend on comparison goods and travel related activities outside the County in the "apparel stores", "general merchandise", "specialty", and "food and beverage" categories. For these categories a leakage rate of 15 percent was estimated. For all other categories all household spending was assumed to remain local (zero leakage). The "other retail store" was a special case in that it was the only category where potential local spending was greater than total sales. For this category we assumed a 15 percent leakage rate to generate a zero percent capture rate.

Local Spending Share of Total Sales

The share of total retail sales in the County associated with spending by local residential development can be calculated from the results of Tables B.1 and B.3. As shown in **Table B.4**, an estimated 62.6 percent of total retail spending (store and non-store) is associated with spending by residential development (households) located in San Diego County.

Table B.4: Allocation of Taxable Retail Spending in San Diego County (2004)

	Taxable Retail Sales ($000s)	Share
Total Taxable Retail Spending	$ 44,470,000	100.0%
Local Residential Taxable Spending	27,856,000	62.6%
Local Business and Visitor Taxable Spending	16,614,000	37.4%

Sources: Tables B.1, and B.3; MuniFinancial.

Visitor Industry Spending

Visitor industry spending was analyzed to validate the estimate of retail spending associated with local households. Data regarding spending by overnight visitors from the San Diego Conventions and Visitor Bureau (SDCVB) was supplemented with research on cross-border spending by residents of Mexico (primarily day visitors) to construct a comprehensive model of visitor spending. As shown in **Table B.5**, visitors spent about $8.249 billion in San Diego County in 2004. Of the amount about $3.901 billion was associated with hotel accommodations, food, drugs, services, and other non-retail taxable items. Taxable retail spending equaled the remaining $4.348 billion split between two categories, "restaurants and dining" and "shopping". This estimate of taxable retail spending is nearly equal to the estimated $4.489 billion in capture shown at the bottom of Table B.3, suggesting that the model's estimates of local household spending based on the SBOE data and estimated leakage rates are reasonable.

Table B.5: Visitor Industry Retail Spending (2004)

	Total Visitor Spending Percent		Total Visitor Spending Amount		Non-taxable Retail Sales		Taxable Retail Sales
Visitor Spending (Non-Mexican Visitors - see Note)							
Lodging	24%	$	1,324,000	$	1,324,000	$	-
Restaurants & Dining[1]	33%		1,821,000		273,000		1,548,000
Attractions & Entertainment	10%		552,000		552,000		-
Shopping	23%		1,269,000		-		1,269,000
Other	10%		552,000		552,000		-
Subtotal	100%	$	5,518,000		2,701,000	$	2,817,000
Visitor Spending (Mexican Visitors - see Note)							
Lodging[2]	[incl. in "Other"]				NA		NA
Restaurants & Dining[1,3]	5%		137,000		21,000		116,000
Attractions & Entertainment[2]	[incl. in "Other"]				NA		NA
Shopping[4]	52%		1,420,000		-		1,420,000
Other[5]	43%		1,174,000		1,174,000		-
Subtotal	100%	$	2,731,000	$	1,195,000	$	1,536,000
Total Taxable Retail Visitor Spending							
Lodging							NA
Restaurants & Dining						$	1,664,000
Attractions & Entertainment							NA
Shopping							2,689,000
Other (primarily groceries)							-
Total						$	4,353,000

Note: Non-Mexican visitor spending data based on San Diego Conventions & Visitor Bureau (SDCVB) estimates. Shares by category based on a 2002 visitor survey. The survey focused on overnight visitors and therefore excluded most spending by visitors from Mexico because a large majority of visits are day trips. This study assumes that the SDCVB estimates exclude all Mexican visitor spending. Mexican visitor spending is based on the Ghaddar and Brown study.

[1] Non-taxable retail sales represent tips for service estimated by SDCVB. Same percentage applied to estimate of visitor spending from Mexico.

[2] The Ghaddar and Brown study did not separate out this category in estimates of spending.

[3] Ghaddar and Brown study did not separate out this category for California estimates. Share of spending estimated at one-half of share estimated for Texas and Arizona Mexican visitors based on a higher percentage of day trips in California. Share deducted from food and groceries category.

[4] Includes the clothing (46 percent) and appliances and furniture (six percent) from Ghaddar and Brown study.

[5] Includes groceries (32 percent) personal hygiene (five percent) and other (six percent) from Ghaddar and Brown study.

Sources: San Diego Conventions & Visitor Bureau, *San Diego County Visitor Industry Summary (2004)*; San Diego Conventions & Visitors Bureau, email from Susan Bruinzeel, June 11, 2006; Ghaddar, Suad and Cynthia J. Brown, *The Economic Impact of Mexican Visitors Along the U.S.-Mexico Border: A Research Synthesis*, Center for Border Economic Studies, University of Texas-Pan American, December 2005, Table 4, Figures 1,2, and 3; MuniFinancial.

The only significant discrepancy between the visitor spending estimates based on SDCVB and Mexican visitor survey data, and the outside capture estimates based on the SBOE data, is in the food and beverage category. The visitor spending data for restaurants and dining, substantially the same category as the SBOE food and beverage category, resulted in an estimate of $1,664 million in taxable spending (see Table B.5). The SBOE model resulted in an outside capture estimate of $883 million (see the difference between total sales and the local spending estimate for this category in Table B.3). The visitor spending estimate of $1,664 million would represent a significant share, about 41 percent, of total sales in the SBOE food and beverage category. Consequently, we suspect that the visitor survey data probably overestimates spending in this category. Rather than reduce estimates of total capture, the approach taken for this study assumes that the visitor survey data underestimates taxable retail spending by an equal amount across all other categories. Therefore the estimate of total retail sales associated with local household spending remains a reasonable estimate for the purposes of this analysis (shifting the burden of commercial traffic associated with local household spending to residential land uses).

Appendix C: Local Agency Implementation Checklists

This appendix presents the steps that local agencies are required to take when adopting and updating a funding program to implement the RTCIP. The first checklist describes steps for initial adoption of the RTCIP impact fee and the second checklist shows steps for the required annual and five-year updates. These checklists follow a timeline that meets the requirements established by the California Government Code section 60017 and the TransNet Ordinance.

INITIAL RTCIP FEE ADOPTION – LOCAL AGENCY IMPLEMENTATION CHECKLIST

Note: Local agencies with existing impact fee programs that meet the requirements of the RTCIP impact fee may not need to complete all steps outlined below.

- ☐ **Prepare initial Funding Program**[1] — 2007
  - ☐ Estimate annual RTCIP impact fee revenues
  - ☐ Identify Regional Arterial System[2] improvements (location and description) and estimate costs
  - ☐ Estimate construction schedule and program RTCIP impact fee for identified improvements (minimum five-year planning horizon)
  - ☐ For improvements to be funded with RTCIP fees and other revenues, identify the anticipated source, amount, and timing of other revenues
  - ☐ Work with adjacent local agencies if improvements extend beyond boundaries
  - ☐ Optional – Prepare local nexus study (if required to substitute for or supplement SANDAG's *RTCIP Impact Fee Nexus Study*)

- ☐ **Prepare fee adoption documents for Council action** — Early 2008
  - ☐ Draft ordinance and resolution to enable local agency to impose RTCIP impact fee
  - ☐ If using SANDAG's *RTCIP Impact Fee Nexus Study* revise Funding Program ~~based on updated fee schedule~~

- ☐ **Prepare for Council public hearing and fee adoption**[3] — Before April 1, 2008
  - ☐ At least 14 days prior mail notice to any interested party that has filed a written request to be notified
  - ☐ At least 10 days prior make nexus study, Funding Program, and fee schedule available to public
  - ☐ At least 10 days prior publish notice of meeting
  - ☐ Place public hearing and adoption of ordinance/resolution on agenda of regularly scheduled meeting

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[1] The term "Funding Program" is used in the Regional Transportation Congestion Improvement Program of the *TransNet Extension,* Ordinance and Expenditure Plan (RTCIP). The Funding Program as described herein is designed to meet certain requirements of both the RTCIP and the Mitigation Fee Act (*California Government Code* Sections 66000-660025).

[2] The Regional Arterial System is defined by SANDAG. See San Diego Association of Governments (SANDAG), *Final 2030 Regional Transportation Plan, Mobility 2030* (February 2005) and applicable amendments. .

[3] *California Government Code* Sections 6062, 66002, 66016(a), 66018, and 65090.

☐	**Adopt RTCIP impact fee and Funding Program at regularly scheduled Council meeting and submit to Independent Taxpayer Oversight Committee**[4].	By April 1, 2008
☐	**Incorporate RTCIP impact fee and Funding Program into local agency's FY 2008-09 budget process**[5] ▫ Establish separate account for collection of fee revenue ▫ Appropriate annual estimate of fee revenues and expenditures	By July 1, 2008
☐	Collect RTCIP impact fee ▫ Fees become effective no sooner than 60 days following adoption[6] ▫ Collect at same time as other building permit fees ▫ Deposit revenues in separate account	By July 1, 2008

[4] *RTCIP*, Section A(5).

[5] *California Government Code* Section 66007(b). Adoption of the Funding Program and appropriation of fee revenues will enable collection of the fee at building permit issuance rather than at final inspection or issuance of certificate of occupancy.

[6] *California Government Code* Section 66017(a).

ANNUAL AND FIVE-YEAR RTCIP FEE UPDATE - LOCAL AGENCY IMPLEMENTATION CHECKLIST

Note: Local agencies with existing impact fee programs that meet the requirements of the RTCIP impact fee will need to integrate the steps outlined below into the periodic update of their existing programs.

Note: Years shown are for the first fiscal year of RTCIP implementation. Schedule would repeat annually thereafter.

- ☐ **Receive transmittal from SANDAG of RTCIP impact fee schedule updated for cost inflation** — By February 1 (2009)

- ☐ **Update Funding Program**[7] — February (2009)
  - ☐ Estimate annual RTCIP impact fee revenues
  - ☐ Update Regional Arterial System[8] improvements (location and description) and estimated costs
  - ☐ Update construction schedule and program RTCIP impact fee for identified improvements (minimum five-year planning horizon)
  - ☐ For improvements to be funded with RTCIP fees and other revenues, identify the anticipated source, amount, and timing of other revenues
  - ☐ Continue to work with adjacent local agencies if improvements extend beyond boundaries
  - ☐ Optional – Update local nexus study (if required to substitute for or supplement SANDAG *RTCIP Impact Fee Nexus Study*)

- ☐ **Prepare for Council public hearing and fee update**[9] — March (2009)
  - ☐ Draft resolution updating fee schedule
  - ☐ At least 14 days prior mail notice to any interested party that has filed a written request to be notified
  - ☐ At least 10 days prior make nexus study, Funding Program, and fee schedule available to public
  - ☐ At least 10 days prior publish notice of meeting

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[7] The term "Funding Program" is used in the Regional Transportation Congestion Improvement Program of the *TransNet Extension,* Ordinance and Expenditure Plan (RTCIP). The Funding Program as described herein is designed to meet certain requirements of both the RTCIP and the Mitigation Fee Act (*California Government Code* Sections 66000-660025).

[8] The Regional Arterial System is defined by SANDAG. See San Diego Association of Governments (SANDAG), *Final 2030 Regional Transportation Plan, Mobility 2030* (February 2005) and applicable amendments.

[9] *California Government Code* Sections 6062, 66002, 66016(a), 66018, and 65090.

☐	**Adopt updated RTCIP impact fee and Funding Program at regularly scheduled Council meeting and submit to Independent Taxpayer Oversight Committee (ITOC)[10]**	By April 1 (2009)
☐	**Update RTCIP impact fee and Funding Program as part of local agency's annual budget process[11]** ☐ Appropriate annual estimate of fee revenues and expenditures	By July 1 (2009)
☐	**Prepare Annual RTCIP report based on audited financial data for prior fiscal year [12]** ☐ Brief description of the fee ☐ Fee schedule ☐ Fiscal year beginning and ending balance of fee account ☐ Fee revenue collected and interest earned ☐ Identification of each improvement funded by the fee and amount of the expenditures on each improvement including the total percentage of the public improvement cost funded with fees ☐ Identification of an approximate date by which the construction of the improvement will commence if the local agency determines that sufficient funds have been collected to complete the improvement (may refer to adopted Funding Program) ☐ Description of each interfund transfer or loan made from the account including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan. ☐ Amount of refunds made, if any	Fall (2009)
☐	**Submit Funding Program and Annual RTCIP report to ITOC[13]**	Fall (2009)

[10] RTCIP, Section A(5).

[11] *California Government Code* Section 66007(b). Adoption of the Funding Program and appropriation of fee revenues will enable collection of the fee at building permit issuance rather than at final inspection or issuance of certificate of occupancy.

[12] *California Government Code* Section 66006(b)(1) and RTCIP, Section G(2).

[13] (RTCIP, Section G(2). This schedule may require amendment of Section G(2).

☐	**Submit Funding Program and Annual RTCIP report to Council**[14] ◻ Make annual RTCIP report available to the public ◻ Review annual RTCIP report at regularly scheduled Council meeting at least 15 days following issuance of report (by January 15) ◻ At least 15 days prior to review of annual RTCIP report at regularly scheduled Council meeting mail notice to any interested party that has filed a written request to be notified	January 1 (2010)
☐	**Prepare and submit Five-Year RTCIP Report to ITOC**[15] ◻ To be done after the end of every five years following adoption of the program in FY 2008-09 ◻ Use Funding Program as basis for report ◻ Identify the purpose of the fee, i.e. improvement of Regional Arterial System to accommodate new development ◻ Demonstrate a reasonable relationship between the fee and the purpose of the fee by referencing the Funding Program and showing that anticipated fee revenues are fully programmed to fund planned improvements ◻ Identify sources, amounts, and timing of other revenues if needed to complete planned improvements ◻ Fee revenues not committed to a planned improvement within five years of collection must be refunded to the ITOC	Fall (2013)
☐	**Prepare and submit Five-Year RTCIP Report to Council**[16] ◻ To be done after the end of every five years following adoption of the program in FY 2008-09	January 1 (2014)

14 *California Government Code* Section 66006(b)(2).

15 RTCIP, Section G(4). This schedule may require amendment of Section G(4).

16 *California Government Code* Section 66001(d).

APPENDIX B

RESOLUTION NUMBER R-303554

DATE OF FINAL PASSAGE ~~APR 15 2008~~

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING AND ADOPTING THE REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM, ASSOCIATED NEXUS STUDY AND DEVELOPMENT IMPACT FEES.

WHEREAS, in November 2004, voters approved Proposition A to extend the TransNet half-cent sales tax for transportation projects through 2048; and

WHEREAS, the passage of Proposition A resulted in the establishment of the Regional Transportation Congestion Improvement Program [RTCIP]; and

WHEREAS, the purpose of the RTCIP and the associated development impact fee [RTCIP Impact Fee] is to ensure new development directly invests in the region's transportation system to offset the negative impact of growth on congestion and mobility; and

WHEREAS, the RTCIP provides for the collection of an RTCIP Impact Fee per new dwelling unit to ensure future development contributes its proportional share of the funding needed to pay for the Regional Arterial Systems [RAS] and related transportation facility improvements, as identified and defined in SANDAG's most recently adopted Regional Transportation Plan [RTP]; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. Finding the above recitals are true, correct, and incorporated by reference herein.

2. Approving and adopting the Regional Transportation Congestion Improvement Impact Fee Nexus Study [Nexus Study] attached hereto as **Exhibit A**.

3. Identifying the purpose of the RTCIP Impact Fee as follows: SANDAG policy as expressed through the TransNet Extension Ordinance and Expenditure Plan (Commission Ordinance 04-01) is that new development shall contribute towards the RAS through the RTCIP. Finding the purpose of the RTCIP Impact Fee is to implement this policy.

4. Finding the Nexus Study establishes a reasonable relationship between the RTCIP Impact Fee's use and the type of development project on which the RTCIP Impact Fee is imposed.

5. Finding the RTCIP Impact Fee will fund expanded facilities on the RAS to serve new development; these facilities include: roadway widening; roadway extension; traffic signal coordination and other traffic improvements; freeway interchanges and related freeway improvements; railroad grade separations; and improvements required for regional express bus and rail transit.

6. Finding the City of San Diego will restrict the RTCIP Impact Fee revenues to capital projects that expand capacity on the RAS to serve new development; that improvements funded by the RTCIP Impact Fee will expand a region-wide arterial system accessible to the additional residents associated with new developments; and that SANDAG determined the planned projects identified in the Nexus Study will expand the capacity of the RAS to accommodate the increased trips generated by new development; thus there is a reasonable relationship between the use of the fee revenues and the residential types of new development that will pay the fee.

7. Finding the Nexus Study establishes a reasonable relationship between the need for the RAS and related transportation facility improvements (as defined in the RTP) and the type of development project on which the RTCIP Impact Fee is imposed.

8. Finding new dwelling units are indicators of the demand for transportation improvements needed to accommodate growth; that as additional dwelling units are created, the occupants of these structures generate additional vehicle trips and place additional burdens on the transportation system; that the need for the RTCIP Impact Fee is based on SANDAG transportation model projections of growth that show an increase in vehicle hours of delay on the RAS primarily as a result of new development even with planned improvements to that system; thus providing a reasonable relationship between the residential development and the need for improvements.

9. Finding the Nexus Study establishes a reasonable relationship between the amount of the RTCIP Impact Fee and the cost of the RAS and related transportation facility improvements (as defined in the RTP) attributable to the development on which the RTCIP Impact Fee is imposed.

10. Finding the reasonable relationship between the RTCIP Impact Fee for residential development and the cost of the facilities attributable to that development is based on the estimated vehicle trips the development will add to the RAS; and that the fee for a residential development is based on the number and type of new dwelling units; thus, the RTCIP Impact Fee schedule ensures a reasonable relationship between the RTCIP Impact Fee for residential development and the cost of the RAS improvements facilities attributable to that development.

11. Approves and adopts the RTCIP and associated RTCIP Impact Fee.

12. Approves and directs the RTCIP Impact Fees be imposed and collected in accordance Report to the City Council, No. 08-049, including Attachments 2 & 3 thereto setting forth the communities in which RTCIP Impact Fees will and will not be imposed upon non-exempt residential units.

13. Approves and authorizes the establishment of a separate interest bearing fund 30319 for the deposit of the RTCIP Impact Fees.

14. Authorizes and directs the Auditor and Comptroller to receive RTCIP Impact Fees and deposit them into fund 30319.

15. Declares the RTCIP Impact Fee shall become effective sixty days after the final adoption of this Resolution.

BE IT FURTHER RESOLVED, that this activity is not subject to CEQA pursuant to State Guidelines Section 15060(c)(3).

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By ______________________
Jana L. Garmo
Deputy City Attorney

JLG:als
04/02/08
Or.Dept:Facilities Financing
R-2008-808
MMS#6074

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of April 14, 2008

ELIZABETH S. MALAND
City Clerk

By ______________________
Deputy City Clerk

Approved: 4.15.08
(date)

____
JERRY SANDERS, Mayor

Vetoed: ______________________
(date)

____
JERRY SANDERS, Mayor

Table TA 4.25 – Regional Arterials by Jurisdiction (Continued)

	Arterial	Limits	Jurisdiction
95	Harbor Drive	City of San Diego to Interstate 5	National City
96	National City Boulevard	Division Street to 30th Street	National City
97	Palm Avenue	Interstate 805 to 18th Street	National City
98	Paradise Valley Road	8th Street to Plaza Boulevard	National City
99	Plaza Boulevard	National City Boulevard to 8th Street	National City
100	Sweetwater Road	2nd Street to Plaza Bonita Center Way	National City
101	Coast Highway	Interstate 5 to Eaton Street	Oceanside
102	College Boulevard	North River Road to State Route 78	Oceanside
103	El Camino Real	Douglas Drive to State Route 78	Oceanside
104	Melrose Drive	State Route 76 to Rancho Santa Fe Road	Oceanside
105	Mission Avenue	Coast Highway to Frazee Road	Oceanside
106	North River Road	Douglas Drive to State Route 76	Oceanside
107	North Santa Fe Avenue	State Route 76 to Melrose Drive	Oceanside
108	Oceanside Boulevard	Hill Street to Melrose Drive	Oceanside
109	Rancho del Oro Drive	State Route 78 to State Route 76	Oceanside
110	Vandegrift Boulevard	North River Road to Camp Pendleton	Oceanside
111	West Vista Way	Jefferson Street to Thunder Drive	Oceanside
112	Camino del Norte	World Trade Drive to Pomarado Road	Poway
113	Community Road	Twin Peaks Road to Scripps Poway Parkway	Poway
114	Espola Road	Summerfield Lane to Poway Road	Poway
115	Pomerado Road	Stonemill Drive to Gateway Park Road	Poway
116	Poway Road	Springhurst Drive to State Route 67	Poway
117	Scripps Poway Parkway	Springbrook to Sycamore Canyon Road	Poway
118	Ted Williams Parkway	Pomerado Road to Twin Peaks Road	Poway
119	Twin Peaks Road	Pomarado Road to Espola Road	Poway
120	1st Avenue	Harbor Drive to Interstate 5	San Diego City
121	4th Avenue	Market Street to Washington Street	San Diego City
122	5th Avenue	Market Street to Washington Street	San Diego City
123	6th Avenue	Ash Street to State Route 163	San Diego City
124	10th Avenue	State Route 163 to Imperial Avenue	San Diego City
125	11th Avenue	G Street to State Route 163	San Diego City
126	32nd Street	Harbor Drive to Wabash Boulevard	San Diego City

Table TA 4.25 – Regional Arterials by Jurisdiction (Continued)

Arterial		Limits	Jurisdiction
127	47th Street	State Route 94 to Interstate 805	San Diego City
128	54th Street	El Cajon Boulevard to Euclid Avenue	San Diego City
129	70th Street	Colony Road to Saranac Street	San Diego City
130	A Street	11th Avenue to Kettner Boulevard	San Diego City
131	Adams Avenue	Park Boulevard to Interstate 15	San Diego City
132	Aero Drive	State Route 163 to Interstate 15	San Diego City
133	Airway Road	Caliente to State Route 125	San Diego City
134	Ash Street	Harbor Drive to 10th Avenue	San Diego City
135	Auto Circle	Camino del Rio North to Camino del Rio South	San Diego City
136	Balboa Avenue	Mission Bay Drive to Interstate 15	San Diego City
137	Barnett Avenue	Lytton Street to Pacific Highway	San Diego City
138	Bernardo Center Drive	Camino del Norte to Interstate 15	San Diego City
139	Beyer Boulevard	Main Street to East Beyer Boulevard	San Diego City
140	Beyer Way	Main Street to Palm Avenue	San Diego City
141	Britannia Boulevard	Otay Mesa Road to Siempre Viva Road	San Diego City
142	Black Mountain Road	Del Mar Heights to Carroll Canyon Road	San Diego City
143	Broadway	Harbor Drive to 11th Avenue	San Diego City
144	Cabrillo Memorial Drive	Cochran Street to Cabrillo National Monument	San Diego City
145	Camino del Norte	Camino San Bernardo to World Trade Drive	San Diego City
146	Camino del Rio North	Mission Center Road to Mission Gorge Road	San Diego City
147	Camino Ruiz	Mira Mesa Boulevard to Miramar Road	San Diego City
148	Camino Ruiz	State Route 56 to Camino del Norte	San Diego City
149	Camino Santa Fe Avenue	Sorrento Valley Boulevard to Miramar Road	San Diego City
150	Canon Street	Rosecrans Street to Catalina Boulevard	San Diego City
151	Carmel Mountain Road	Camino del Norte to Rancho Peñasquitos Boulevard	San Diego City
152	Carmel Mountain Road	Sorrento Valley Road to El Camino Real	San Diego City
153	Carmel Valley Road	North Torrey Pines Road to El Camino Real	San Diego City
154	Catalina Boulevard	Canon Street to Cochran Street	San Diego City
155	Clairemont Drive	Clairemont Mesa Boulevard to Interstate 5	San Diego City
156	Clairemont Mesa Boulevard	Interstate 15 to Regents Road	San Diego City
157	College Avenue	Navajo Road to Livingston Street	San Diego City
158	Collwood Boulevard	Montezuma Road to El Cajon Boulevard	San Diego City

Table TA 4.25 – Regional Arterials by Jurisdiction (Continued)

Arterial		Limits	Jurisdiction
159	Convoy Street	Linda Vista Road to State Route 52	San Diego City
160	Cesar E. Chavez Parkway	Interstate 5 to Harbor Drive	San Diego City
161	Dairy Mart Road	State Route 905 to Interstate 5	San Diego City
162	Del Dios Highway	Via Rancho Parkway to Claudan Road	San Diego City
163	Del Mar Heights Road	Interstate 5 to Carmel Valley Road	San Diego City
164	El Cajon Boulevard	Park Boulevard to 73rd Street	San Diego City
165	El Camino Real	Via de la Valle to Carmel Mountain Road	San Diego City
166	Euclid Avenue	54th Street to Cervantes Avenue	San Diego City
167	F Street	State Route 94 to 10th Avenue	San Diego City
168	Fairmount Avenue	Interstate 8 to State Route 94	San Diego City
169	Friars Road	Sea World Drive to Mission Gorge Road	San Diego City
170	Front Street	Interstate 5 to Market Street	San Diego City
171	G Street	State Route 94 to 10th Avenue	San Diego City
172	Garnet Avenue	Balboa Avenue to Mission Bay Drive	San Diego City
173	Genesee Avenue	North Torrey Pines Road to State Route 163	San Diego City
174	Gilman Drive	La Jolla Village Drive to Interstate 5	San Diego City
175	Grand Avenue	Mission Boulevard to Mission Bay Drive	San Diego City
176	Governor Drive	Interstate 805 to Regents Road	San Diego City
177	Grape Street	North Harbor Drive to Interstate 5	San Diego City
178	Harbor Drive	Pacific Highway to City of National City	San Diego City
179	Hawthorn Street	Interstate 5 to North Harbor Drive	San Diego City
180	Heritage Road	Otay Mesa Road to Siempre Viva Road	San Diego City
181	Heritage Road	Otay Valley Road to City of Chula Vista	San Diego City
182	Imperial Avenue	Park Boulevard to Lisbon Street	San Diego City
183	Ingraham Street	Sunset Cliffs Boulevard to Grand Avenue	San Diego City
184	Kearny Villa Road	Pomarado Road to Aero Drive	San Diego City
185	Kettner Boulevard	Interstate 5 to India Street	San Diego City
186	La Jolla Boulevard	Pearl Street to Turquoise Street	San Diego City
187	La Jolla Parkway	Torrey Pines Road to Interstate 5	San Diego City
188	La Jolla Shores Drive	Torrey Pines Road to North Torrey Pines Road	San Diego City
189	La Jolla Village Drive	North Torrey Pines Road to Interstate 805	San Diego City
190	La Media Road	Otay Mesa Road to Siempre Viva Road	San Diego City

Table TA 4.25 – Regional Arterials by Jurisdiction (Continued)

Arterial		Limits	Jurisdiction
191	Lake Murray Boulevard	Dallas Street to Navajo Road	San Diego City
192	Laurel Street	North Harbor Drive to Interstate 5	San Diego City
193	Lemon Grove Avenue	Lisbon Street to Viewcrest	San Diego City
194	Linda Vista Road	Morena Boulevard to Convoy Street	San Diego City
195	Lytton Street	Rosecrans Street to Barnett Avenue	San Diego City
196	Market Street	Harbor Drive to Euclid Avenue	San Diego City
197	Mercy Road	Black Mountain Road to Interstate 15	San Diego City
198	Mesa College Drive	Interstate 805 to Marlesta Drive	San Diego City
199	Midway Drive	West Point Loma Boulevard to Barnett Avenue	San Diego City
200	Mira Mesa Boulevard	Interstate 805 to Interstate 15	San Diego City
201	Miramar Road	Interstate 805 to Interstate 15	San Diego City
202	Mission Boulevard	Loring Street to West Mission Bay Drive	San Diego City
203	Mission Bay Drive	Grand Avenue to Interstate 5	San Diego City
204	Mission Center Road	Camino del Rio North to Friars Road	San Diego City
205	Mission Gorge Road	Interstate 8 to Highridge Road	San Diego City
206	Montezuma Road	Fairmount Avenue to El Cajon Boulevard	San Diego City
207	Morena Boulevard	Balboa Avenue to Interstate 8	San Diego City
208	Navajo Road	Waring Road to Fanita Drive	San Diego City
209	Nimitz Boulevard	Interstate 8 to Harbor Drive	San Diego City
210	North Harbor Drive	Rosecrans Street to Grape Street	San Diego City
211	North Torrey Pines Road (S-21)	Carmel Valley Road to La Jolla Village Drive	San Diego City
212	Ocean View Hills Parkway	Interstate 805 to State Route 905	San Diego City
213	Otay Mesa Road	State Route 905 to State Route 125	San Diego City
214	Pacific Highway	Sea World Drive to Harbor Drive	San Diego City
215	Palm Avenue	State Route 75 to Interstate 805	San Diego City
216	Paradise Valley Road	Plaza Boulevard to Meadowbrook Drive	San Diego City
217	Park Boulevard	Imperial Avenue to Adams Avenue	San Diego City
218	Picador Boulevard	Palm Avenue to Interstate 905	San Diego City
219	Pomerado Road	Interstate 15 (north) to Interstate 15 (south).	San Diego City
220	Poway Road	Interstate 15 to Springhurst Drive	San Diego City
221	Qualcomm Way	Intestate 8 to Friars Road	San Diego City
222	Rancho Bernardo Road	Interstate 15 to Summerfield Lane	San Diego City

Table TA 4.25 – Regional Arterials by Jurisdiction (Continued)

	Arterial	Limits	Jurisdiction
223	Rancho Carmel Drive	Carmel Mountain Road to Ted Williams Parkway	San Diego City
224	Rancho Peñasquitos Boulevard	State Route 56 to Interstate 15	San Diego City
225	Regents Road	Genesee Avenue to Clairemont Mesa Boulevard	San Diego City
226	Rosecrans Street	Interstate 8 to Canon Street	San Diego City
227	Ruffin Road	Kearny Villa Road to Aero Drive	San Diego City
228	Sabre Springs Parkway	Ted Williams Parkway to Poway Road	San Diego City
229	San Ysidro Boulevard	Dairy Mart Road to East Beyer Boulevard	San Diego City
230	Scripps Poway Parkway	Interstate 15 to Springbrook Drive	San Diego City
231	Sea World Drive	West Mission Bay Drive to Morena Boulevard	San Diego City
232	Siempre Viva Road	Heritage Road to State Route 905	San Diego City
233	Sorrento Valley Boulevard	Sorrento Valley Road to Camino Santa Fe Avenue	San Diego City
234	Sports Arena Boulevard	Interstate 8 to Rosecrans Street	San Diego City
235	Sunset Cliffs Boulevard	Interstate 8 to West Mission Bay Drive	San Diego City
236	Ted Williams Parkway	Interstate 15 to Pomerado Road	San Diego City
237	Texas Street	Interstate 8 to University Avenue	San Diego City
238	Torrey Pines Road	Girard Avenue to La Jolla Parkway	San Diego City
239	University Avenue	State Route 163 to City of La Mesa	San Diego City
240	Valencia Parkway	Market Street to Imperial Avenue	San Diego City
241	Via de la Valle	Jimmy Durante Boulevard to El Camino Real	San Diego City
242	Vista Sorrento Parkway	Sorrento Valley Boulevard to Carmel Mountain Road	San Diego City
243	Wabash Boulevard	32nd Street to Interstate 5	San Diego City
244	Washington Street	Pacific Highway to Park Boulevard	San Diego City
245	Waring Road	College Avenue to Interstate 8	San Diego City
246	West Bernardo Drive	Interstate 15 to Bernardo Center Drive	San Diego City
247	West Mission Bay Drive	Mission Boulevard to Sunset Cliffs Boulevard	San Diego City
248	Woodman Street	State Route 54 to Imperial Avenue	San Diego City
249	Alpine Boulevard	Interstate 8/Dunbar Lane to Interstate 8/Willows Road	San Diego County
250	Avocado Boulevard	Dewitt Court to State Route 94	San Diego County
251	Bear Valley Parkway	City of Escondido (north) to City of Escondido (south)	San Diego County
252	Bonita Road	Interstate 805 to San Miguel Road	San Diego County

APPENDIX D (Regional Arterials in San Diego Jurisdiction)

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

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. 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 July 24, 2009, and November 19, 2010

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 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.

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 funds, including 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, including interest earnings, the agency is required to transfer the 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). The audit should make note to which project the 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.

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**

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 Board has determined that a nursing home, home for the aged, assisted living facility, or similar institutional unit ("institutional unit") is not the type of unit the RTCIP was intended to cover. Local agencies are not required to charge for a new institutional unit for purposes of compliance with the Ordinance's RTCIP Funding Program requirements when the local agency documents that it has made the following findings prior to issuance of a final certificate of occupancy:

1. The individual unit[1] 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 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.

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 2010; November 2010

Attachment 1
FY 1988 Base Year Statistics
(for use in *TransNet* Ordinance Rule #8)
Metropolitan Transit Development Board (MTS) Area

Fund Source	Operator/Service	Vehicle Service Miles
Article 4.0	Chula Vista Transit	559,734
	National City Transit	276,303
	County Transit System:	
	Suburban Service	646,904
	Rural Bus	170,953
	Poway Fixed Route	313,425
	San Diego Transit	10,473,323
	San Diego Trolley	1,033,084
	Strand Express Agency	400,738
	Total	13,874,464
Article 8	County Transit System:	
	Express Bus	189,276
	Total	189,276
Article 4.0 Dial-A-Ride	El Cajon Express	308,331
	La Mesa Dial-A-Ride	251,516
	Lemon Grove Dial-A-Ride	62,090
	County Transit System:	
	Poway Dial-A-Ride	23,030
	Poway Airporter	103,925
	Spring Valley Dial-A-Ride	73,298
	San Diego Transit DART	309,370
	Total	1,131,560
Article 4.5	Chula Vista Handytrans	128,807
	County Transit System – WHEELS	219,906
	National City Wheels	15,159
	Poway Call-A-Ride	60,156
	San Diego Dial-A-Ride	1,149,541
	Total	1,573,623
	MTDB (MTS) Area Total	16,768,923

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	7,778,152
Article 4.5	NCTD Lifeline	386,680
	Total	386,680
	NSDCTDB (NCTD) Area Total	8,164,832
	REGIONAL TOTAL	24,933,755

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%)
New or Expanded Facilities	
1. New roadways and bridges	
2. Roadway and bridge widening	
3. Roadway widening for bike lanes	• Lane removal for bike lanes
Major Rehabilitation and Reconstruction	
4. Roadway rehabilitation (grinding and overlay, or new structural pavement, or new overlay 1-inch thick or greater)	• Pavement overlay (less than 1 inch) • Pot hole repair, chip seal, fog seal, crack seal (except when part of roadway rehabilitation project)
5. Roadway realignment	• Roadway realignment that does not increase roadway capacity
6. Bridge retrofit or replacement	• Bridge replacement for aesthetic purposes
7. Roadway drainage improvements for the purpose of improving capacity-impeding conditions such as significant and frequent roadway flooding	• Minor drainage improvements not part of a congestion relief project
8. New sidewalk or sidewalk widening	
Traffic Operations	
9. Median installation for safety improvement or left-turn movement	• Stand alone landscaping project of an existing median
10. New traffic signal, passive permissive left turn (PPLT) installation, signal removal for congestion relief reasons, traffic signal upgrades, intersection lighting	• Traffic signal replacement, bulb replacement, hardware, software, inductive loop repair
11. Traffic signal coordination	
12. Traffic signal interconnection	

Congestion Relief (at least 70%)	Maintenance and Non-Congestion Relief (no more than 30%)
13. Centrally controlled traffic signal optimization system	
14. Traffic surveillance or detection system (video)	
15. Traffic data collection system for performance monitoring purposes (in pavement detection, radar)	
Smart Growth-Related Infrastructure*	
16. Traffic calming measures	
17. Pedestrian ramps	
18. Pedestrian traffic signal activation	
19. Pedestrian crossings/overcrossings	
20. Buffer area between sidewalk and street	
21. Pedestrian roadway lighting	• Light bulb replacement
Transit Facilities	
22. New bus stops	
23. Bus stop enhancements	
24. Bus-only lanes	• Bus-only lanes that do not provide congestion relief
25. Queue jumper lanes for buses	
26. Traffic signal priority measures for buses	
27. Transit operational costs for shuttle and circulator routes	
	Non-Congestion Relief
	28. Erosion control (unless required as part of a congestion relief project)
	29. Landscaping (unless required as part of a congestion relief project)
	30. Roadway signing and delineation (unless it is a congestion relief project)

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.

APPENDIX E