



## Independent Taxpayer Oversight Committee

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### TransNet Triennial Performance Audit – FY24

**May 2024**





May 17, 2024

Jonathan Frankel, Chair  
TransNet Independent Taxpayer Oversight Committee  
401 B Street, Suite 800  
San Diego, CA 92101

Dear Chair Frankel and Members of the TransNet Independent Taxpayer Oversight Committee (ITOC),

Sjoberg Evashenk Consulting is pleased to submit our report for the Fiscal Year 2024 TransNet Triennial Performance Audit. The audit is mandated by the TransNet Ordinance (Ordinance) requiring an independent performance audit of the efficiency and effectiveness of Ordinance expenditures every three years. The FY 2024 audit focused on major corridor project progress and future projects against Ordinance plans, funding for those remaining TransNet projects, smart growth grants funded by TransNet, status of implementing prior audit recommendations, and ITOC practices.

Our report revealed that although the San Diego Association of Governments (SANDAG) reported completion of one-third of the major corridor Ordinance projects, we could not link whether project scope and boundaries aligned with Ordinance pledges nor could we determine whether remaining TransNet projects were planned for future completion especially given known funding shortfalls. Further, we found SANDAG had not taken strong enough action to implement many prior audit recommendations, such as one to identify which remaining Ordinance project scope and boundaries were incorporated into the 2021 Regional Plan.

Although changes can be made to the Ordinance given shifting transportation needs, evolving legislation, or lack of funding, SANDAG has not yet amended the Ordinance or transparently communicated which project scope and locations will not be delivered. Yet, during the period under audit, SANDAG operations were still being impacted by the COVID-19 pandemic and cited high turnover in addition to continued adjustments for staff in new roles with different responsibilities from a past SANDAG reorganization.

We appreciate the professionalism, cooperation, and dedication of all SANDAG staff and TransNet partner agencies who assisted us throughout the course of the audit as well as the ITOC Audit Subcommittee who provided insight and perspective on the audit.

Respectfully Submitted,

A handwritten signature in black ink that reads "CBrady". The signature is written in a cursive, flowing style.

Cathy Brady, Partner  
Sjoberg Evashenk Consulting, Inc.

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## List of Acronyms

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BRT	Bus Rapid Transit
CEQA	California Environmental Quality Act
CIP	Capital Improvement Project
CMCP	Comprehensive Multimodal Corridor Plans
EAP	Early Action Program
ITOC	Independent Taxpayer Oversight Committee
GHG	Greenhouse Gas
HOV	High-Occupancy Vehicle
LSR	Local Street and Road Program
MPO	Metropolitan Planning Organization
MTS	Metropolitan Transit System
NCTD	North County Transit District
OWP	Overall Work Program
POF	Plan of Finance
RTP	Regional Transportation Plan
SANDAG	San Diego Association of Governments
VMT	Vehicle Miles Traveled

## Executive Summary

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As part of its responsibility under the TransNet Ordinance, the Independent Taxpayer Oversight Committee (ITOC) contracted with Sjoberg Evashenk Consulting, Inc. to conduct the Fiscal Year (FY) 2024 TransNet Triennial Performance Audit of the San Diego Association of Governments (SANDAG) and other agencies' implementation of the TransNet Extension Ordinance (TransNet)-funded projects and programs for the period from July 1, 2020 to June 30, 2023. This audit focused on major corridor project progress against TransNet Ordinance plans, legislation impacting future major corridor project delivery, funding for TransNet projects, smart growth grants funded by TransNet, and status of implementing prior audit recommendations.

SANDAG reported completion of approximately one-third of the major corridor TransNet Ordinance projects; yet data did not clearly link whether projects delivered aligned with the TransNet Ordinance commitments at the location where the improvement was planned (boundary or limit) and for the improvement planned (scope).<sup>1</sup> This is a repeat issue from the prior audit where SANDAG does not comprehensively track how completed projects align with Ordinance commitments at a granular level and no single SANDAG area or division seems to have full ownership for tracking against those commitments. Although changes can be made to long-range transportation plans, a complete crosswalk is needed to fully demonstrate progress against specific Ordinance commitments or explain why different project options were delivered.

In fact, as transportation needs change and legislation is introduced, regional planning entities adjust and adapt to the changing demands including focus on multimodal solutions to reduce GHG emissions through regional planning efforts. Legislation passed over the last fifteen years has changed the nature of projects that Metropolitan Planning Organizations (MPOs), like SANDAG, include in regional plans. SANDAG conveyed to us that some TransNet Ordinance projects were not consistent with its 2021 Regional Plan and provided, at a high level, which TransNet Ordinance project boundaries and scope were not included in the regional plan.

However, SANDAG had not amended the Ordinance, as allowed, to be consistent with the regional plan nor did it have clear link to demonstrate the underlying details on how the remaining TransNet projects were affected. Regardless of whether transportation legislation or preferences change over time and decision-makers determine that certain original TransNet projects scopes may no longer be the best options for the region, SANDAG still must be accountable to the voters and transparent on which project scope and locations will not be delivered.

Relatedly, funding the ultimate mix of capital projects is a complex endeavor with many options and mechanisms. SANDAG puts in much effort to bolster revenues and link project needs to available funding using conservative estimates in its Plan of Finance (POF), strengthening its cost estimation and escalation practices, dedicating efforts to pursue grants, and successfully leveraging notable state and federal funding. But available funds are insufficient to cover planned TransNet major corridor project costs and

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<sup>1</sup> SANDAG tracks and manages project phase status, budget to actual expenditures, engineer's estimates to bids received, milestone durations, revenues, and cost inflation among other details at an individual project level and overall portfolio level.

enhanced frequencies on new transit facilities, creating a funding gap in the next few years. SANDAG's endeavors have not solved the greater concern of the shortfall and there are still no formal plans to address the issue even though the shortfall could impact delivery for major corridor projects in-progress by FY 2027.

Although a recent budget amendment provided relief and helped mitigate the risk of disruptions to project delivery, it did not make a substantial change overall to the major corridor program. Additionally, there was no formal or documented methodology for reprioritizing funding TransNet projects or moving money between projects when funding gaps exist. Without a clearly documented and agreed-upon methodology, SANDAG cannot demonstrate accountability to the TransNet Ordinance.

Moreover, without adequate funding, the SANDAG Board must make decisions to delay projects, reduce or remove scope and projects, confirm receipt of additional funding, and communicate plans to the public and stakeholders. Given that SANDAG has reportedly eliminated some TransNet Ordinance projects from its regional plan, it has a responsibility to ensure the TransNet Ordinance is consistent with that plan and an inherent obligation to present timely and clear information to both the public and oversight bodies before the funding shortfall impacts project delivery.

In terms of smart growth grants for local development to "create more compact, walkable, bikeable, and transit-oriented communities," our testing of 16 smart growth grants closed during the period of our review found that activities adhered to grant applications and project outputs aligned with smart growth concepts—although there was limited data available to measure program outcomes.

Finally, we found SANDAG has not taken strong enough action to implement prior audit recommendations with more than 40 percent that remain outstanding—some for more than six years—including several for which SANDAG may not understand the intent behind the recommendations based on the reported actions taken to address the recommendations. Part of the delay in implementation was attributed to staff turnover, changing staff responsibilities, and interruption from the COVID-19 pandemic with SANDAG reporting that although it operates "in a constrained funding environment with limited staff resources, staff is committed to continue working with the ITOC and Board to set priorities and address remaining audit recommendations."

Key audit results are summarized on the next page.



### Major Corridors

- SANDAG reported progress with delivery of major corridor projects, but information was unclear to validate specific project scopes and progress against Ordinance commitments.
- Reported progress could not be confirmed due to inconsistent project status data.



### Local Street & Road, Bike, Transit

- Local Street & Road funding reported many improvements.
- Bike projects were completed and ridership was up, although there are still many miles left to deliver.
- New Transit capital projects are not yet operating at planned frequency which impacts growing ridership.



### Funding

- TransNet Ordinance program shows a funding shortfall, although revenue and expense estimates are generally reliable.
- SANDAG's investment of TransNet funds for CMCPs to be eligible for state funding opportunities provide worthwhile.
- Though shortfall for remaining major corridor projects was recently reduced, SANDAG does not have formal plans to address the gap.
- No established or vetted methodology exists to reprioritize projects against limited funding to be more transparent with rationale used in-decision making.



### Smart Growth Grants

- Smart Growth grant activities generally aligned with program goals, although SANDAG should strengthen monitoring.
- Grant activities aligned with stated purpose in grant agreements, although capital grant applications did not require clear objectives.
- Grant purposes aligned with program goals, but performance outcomes were not measured.
- SANDAG needs to strengthen Smart Growth grant monitoring.



### Prior TransNet Audit Recommendations

- SANDAG has not taken strong enough actions to implement prior audit recommendations and may not understand intent behind prior audit recommendations.
- More than 40 percent of prior audit recommendations remain outstanding.
- SANDAG cited struggles to implement audit recommendations due to staff turnover and reorganized responsibilities.
- No indication of Executive Management direction prioritizing or setting timelines for implementing audit recommendations.
- SANDAG's TransNet Ordinance amendment process to address outstanding recommendations is slow and has not yet occurred.

To address results discussed and issues raised in this FY 2024 TransNet Triennial Audit, we make several recommendations as summarized on the page that follows.

## Summary of Recommendations

Results of the FY 2024 TransNet Triennial Performance Audit for the three-year period from July 1, 2020 to June 30, 2023, are presented in the following report sections, with recommendations summarized below. To improve efficiency, effectiveness, and accountability to the taxpayers of the San Diego region, ITOC should request that the SANDAG Board direct its staff to consider and implement recommendations summarized in the table that follows. Priority classifications and significance of recommendations were categorized into four separate rankings based on the impact on TransNet Ordinance goals and functions, critical path activities, accountability, and timing. Priority categories are:

- **Critical Priority:** Substantial risk to achievement of TransNet Ordinance goals, is fundamental to the TransNet Ordinance’s success and critical path activities, is crucial for accountability, or has a time-sensitive component. Immediate attention is warranted.
- **High Priority:** Significant risk to achievement of TransNet Ordinance goals, is fundamental to the TransNet Ordinance’s success or program activities or is important for accountability. Prompt attention is warranted.
- **Medium Priority:** Some risk to achievement of TransNet Ordinance goals, is important to the TransNet Ordinance’s success or program activities or would help strengthen accountability. Moderate attention is warranted.
- **Low Priority:** Opportunity for improvement, but not vital to the TransNet Ordinance’s success or program activities. Routine attention is warranted.

### COMPREHENSIVE AUDIT RECOMMENDATION MATRIX

Audit Recommendation		Report Page	Priority
<b>Section 1: SANDAG Reported Progress with Delivery of Major Corridor Projects, but Did Not Track Specific Project Scope and Progress Against Ordinance Commitments</b>			
1.	Ensure SANDAG Executive Management designates staff to have assigned responsibility for tracking against the Ordinance major corridor planned pledges at a detailed location boundary and scope level to be able to demonstrate what actual improvements were made.	Pages 13-18	<b>Critical</b>
2.	Revamp or create new tools or spreadsheets to comprehensively track major corridor project delivery against Ordinance planned pledges at a detailed location boundary and scope level.	Pages 13-18	<b>Critical</b>
3.	Make sure the revamped or new tools or spreadsheets comparing actual to planned project delivery for Ordinance major corridor planned pledges at a detailed location boundary and scope level are accurate and supported through links to project fact sheets, budget documents, google maps, or other specific project-level documents validating completion as appropriate.	Pages 13-18	<b>Critical</b>
4.	Provide the detailed listing—or highlight just those original TransNet major corridor project boundaries and scopes that were not completed as pledged—to the Board and ITOC for use as part of annual budget conversations as well as the 2025 Regional Plan, and future regional plans.	Pages 13-18	<b>Critical</b>



Audit Recommendation		Report Page	Priority
5.	Update data in the TransNet Dashboard—or alternate public facing system designated in place of the Dashboard—on monthly basis to ensure up-to-date budget, expenditure, schedule, and status information is comprehensively available for both current in-progress major corridor projects and previous major corridor projects completed.	Pages 16-17	High
<b>Section 2: Other TransNet Ordinance Projects and Programs Reported Progress, Although Transit Projects are Not Yet Operating at Planned Frequency</b>			
6.	Work with MTS and NCTD to closely monitor ridership on the TransNet-funded routes against service frequency levels, and report to the SANDAG Board and ITOC on the impact service adjustments may have on riders including how actual services align against original plans in the TransNet Ordinance.	Pages 21-24	Medium
7.	Ensure decisions made regarding funding MTS' and NCTD's transit operating service gaps or frequency expectations are documented with rationale supporting decisions and incorporated into Ordinance amendments as warranted.	Pages 21-24	Medium
<b>Section 3: Status of Remaining TransNet Major Corridor Ordinance Projects is Unclear, Although Legislation Impacts Regional Planning Decisions</b>			
8.	Ensure Executive Management designate staff with the assigned responsibility for tracking future remaining major corridor projects against the Ordinance planned pledges at a detailed location boundary and scope level to be able to demonstrate what actual improvements are planned and which remaining major corridor projects will not be completed.	Pages 25-31	High
9.	Establish tools or mechanisms to track remaining Ordinance major corridor projects (boundaries and scope) clearly and accurately against the 2021 Regional Plan and future regional plans, including maintaining underlying supporting data reported.	Pages 25-31	High
10.	Make sure the new tools or mechanisms comparing remaining Ordinance major corridor projects to regional plans at a detailed location boundary and scope level are accurate and supported through links to planning documents, budget information or plans of finance, or other documents as appropriate.	Pages 25-31	Critical
11.	Provide a detailed listing to the Board and ITOC annually—or highlight those remaining original TransNet major corridor project boundaries and scope that will not be completed as pledged—starting in 2024 before completion of the future 2025 Regional Plan and regularly thereafter.	Pages 25-31	Critical
12.	Present proposed amendment to the Board to align planned major corridor projects from the TransNet Ordinance with the current 2021 Regional Plan as required by the TransNet Ordinance.	Pages 25-31	Critical
<b>Section 4: Formal Plans for Funding Shortfall and Priorities Were Not Developed To Address Impact on Specific TransNet Projects</b>			
13.	Present the details of the next Plan of Finance to the Board and ITOC including specific amounts of funding shortfalls by subprogram and program-wide, in addition to the timeframe when shortages may begin to affect project delivery.	Pages 41-44	Critical
14.	Develop specific options and corresponding timelines on possible actions to address funding shortfalls for the Board and ITOC that clearly state the impact of each option at the project-level, including how options will compare to what was originally pledged in the ordinance for each project.	Pages 41-44	High

Audit Recommendation		Report Page	Priority
15.	Develop, implement, and use a formal, transparent, and vetted methodology and strategy for reprioritizing pledged ongoing and future TransNet major corridor projects against limited funding—including how funds are moved between projects and factors are weighed for starting new projects when other ongoing projects may have unmet funding needs.	Pages 45-48	High
<b>Section 5: Smart Growth Grant Activities Generally Aligned with Program Goals, Although SANDAG Should Strengthen Monitoring</b>			
16.	Revamp the smart growth grant application form to clearly identify quantified, detailed objectives and deliverables to allow for meaningful analysis.	Pages 52-54	Medium
17.	Require grantees to include a well-defined description of what will be constructed through the project to affect desired smart growth outcomes.	Pages 52-54	Medium
18.	Require grantees to report on the quantifiable performance metrics now required in grant awards related to promoting smart growth goals to create compact, walkable, bikeable, and transit-oriented communities and increase housing and transportation choices around the region as applicable.	Pages 54-56	Medium
19.	Put practice in place to summarize grantee performance data, analyze success of grant efforts, and report to ITOC.	Pages 54-56	Medium
20.	Review grantees final close out reports and investigate any items the grantees marked as “in-progress.”	Pages 56-58	Medium
21.	Validate that smart growth grantees met all objectives and verify that grantees provided deliverables at project close-out during site visits.	Pages 56-58	Medium
<b>Section 6: SANDAG Has Not Taken Strong Enough Actions to Implement Prior Audit Recommendations and Ordinance Amendments</b>			
22.	Require SANDAG Executive Management to take an active role in overseeing the implementation of the ITOC audit recommendations and hold staff accountable for timely corrective action.	Pages 59-65	High
23.	Set timelines for local agency consensus on proposed Ordinance amendments and then take the related amendments to the Board for consideration soon after.	Pages 66-67	Medium
24.	Immediately propose the amendments to the Board for the ITOC changes and other areas relating to the prior audit recommendations.	Pages 66-67	High

## Introduction and Background

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To provide congestion relief, improve safety, and expand highways, streets, and transit in the San Diego region, voters passed Proposition A in November 2004 calling for a continuation of an existing TransNet half-cent sales tax for an additional 40-year period from 2008 through 2048. This proposition paved the way for dedicated local funds to be leveraged through state and federal matching dollars for improving regional transportation systems as part of the TransNet Extension Ordinance and Expenditure Plan (TransNet Ordinance) as approved by the San Diego Association of Governments' (SANDAG) Board of Directors. Throughout this report, we refer to the TransNet Ordinance or Ordinance interchangeably.

### **SANDAG and TransNet Ordinance Responsibilities**

SANDAG is the Metropolitan Planning Organization (MPO) for the San Diego region with many responsibilities including planning regional transportation projects, overseeing transportation infrastructure, and programming financial investments in highways, roadways, public transit, and bicycle and pedestrian infrastructure.<sup>2</sup> Additionally, SANDAG's dual role as the San Diego County Regional Transportation Commission affords additional responsibilities for authorizing payments from any local sales-tax—such as the TransNet Ordinance.

SANDAG's efforts and activities are governed by a 21-member Board of Directors (Board) as well as a seven-member Independent Taxpayer Oversight Committee (ITOC) that aid in the oversight of the TransNet Ordinance and provide an increased level of accountability for expenditures of TransNet Ordinance funds.

While SANDAG is the primary entity responsible for administering the TransNet Ordinance, other entities share responsibilities for managing and implementing projects and programs funded through the TransNet Ordinance as well as maintaining and operating part of the transportation network. Key TransNet Ordinance partners include Caltrans that implements the major corridor highway projects, Metropolitan Transit System (MTS) and North County Transit District (NCTD) that operate transit services along TransNet Ordinance corridors, and 19 local agencies that implement local street and road improvement projects. There are also a multitude of grantees, non-profits, conservancy groups, and other federal and state agencies that assist with implementation of the TransNet Ordinance.

Further, the TransNet Ordinance assigns the ITOC responsibility for conducting triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet Ordinance-funded programs and projects among its other responsibilities.

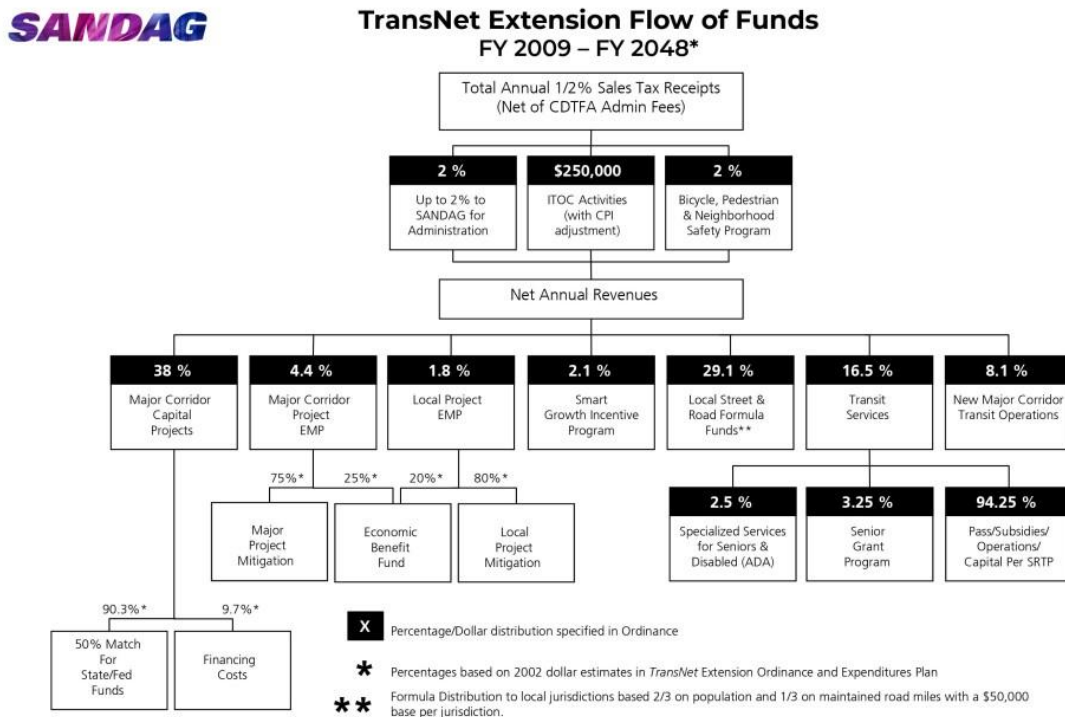
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<sup>2</sup> A Metropolitan Planning Organization (MPO) is an agency created by federal law to provide local officials input into the planning and implementation of federal funds in urban areas with populations greater than 50,000. In San Diego, the SANDAG MPO has joined together elected officials from all 18 cities and the County of San Diego as a Regional Council of Governments.

## TransNet Ordinance and Expenditure Plan

As the San Diego County Regional Transportation Commission, the SANDAG Board has responsibility for implementing the San Diego voter-approved sales tax measure. To meet expectations of the tax measure, the SANDAG Board authorized and implemented the TransNet Extension Ordinance and Expenditure Plan guiding the types of transportation improvement projects in the region funded through the sales-tax measure. Funds generated must be allocated to each TransNet Ordinance area using a specified percentage or amount, as shown in Exhibit 1.

**EXHIBIT 1. TRANSNET ORDINANCE FOCUS AREAS AND REQUIRED PERCENT OF ALLOCATION**



\* On May 14, 2021, the SANDAG Board of Directors, acting as the San Diego County Regional Transportation Commission, approved an adjustment to increase the administrative expense limitation from 1% to 2% beginning in FY 2022.

Revised May 2021

Source: SANDAG and the 2004 TransNet Extension Ordinance and Expenditure Plan

More than 44 percent of net TransNet Ordinance funds combined are dedicated to major corridor capital projects for highway and transit including an environmental mitigation program, with another 29.1 percent required for local street and road capital projects.<sup>3</sup> The remaining 27 percent is allocated specifically for

<sup>3</sup> TransNet Ordinance set aside 38 percent for major corridor capital projects, 4.4 percent for major corridor project environmental mitigation, and 1.8 local project environmental mitigation for a combined total of 44.2 percent.

alternate modes of transportation such as transit operations, bike and pedestrian projects, neighborhood safety projects, and grants for specialized transportation activities.

## TransNet Ordinance Projects and Programs

To relieve traffic congestion and improve safety, the TransNet Ordinance identified 15 major highway and transit transportation corridors to receive various congestion relief related improvements through 48 major corridor projects scheduled for completion by 2048.<sup>4</sup> As of June 2023, SANDAG has split the TransNet Ordinance projects into 107 project segments to deliver various project phases as shown in Appendix A. Although the TransNet Ordinance encompassed specific major corridor projects, it allows for amendments to the Ordinance; thus, original planned projects may change over time as the regional plans evolve.

Most of the planned projects included a transit or multiple-vehicle type improvement such as flexible managed lanes; only six projects were capacity enhancements such as general-purpose lanes or connectors.<sup>5</sup> In addition to highway and transit major corridor capital projects, there are approximately 40 proposed bike construction projects to expand the bike network countywide involving 70 miles of new bikeways and hundreds of local street and road capital projects for new construction, maintenance, and more as identified on a biennial basis as part of each local jurisdiction's transportation improvement plan.<sup>6</sup> Related to the major corridor projects, the environmental mitigation program provides funding for habitat-related mitigation costs of the highway and transit projects including large-scale acquisition and management of critical habitat areas in accordance with multiple species conservation plans. This program created a reliable approach for funding required mitigation for future transportation improvements that reduced future costs and accelerated project delivery.

The TransNet Ordinance also established the Smart Growth Incentive Program to fund infrastructure improvement grants that integrate transportation and land use through a wide array of activities including community planning efforts, enhancements to streets and public places, and active transportation. Also, as part of Transit Services funded by the TransNet Ordinance program, 8.1 percent is allocated for operating new or expanded services after the effective date of the Ordinance. Other transit services relate to grants to nonprofit and local agencies to provide specialized transportation services for seniors, reduced transit passes for youths and seniors, and paratransit services.

## Relationship Between TransNet Ordinance and the 2021 Regional Plan

Each MPO like SANDAG, is federally required to prepare a long-range transportation plan or blueprint that sets forth the region's long-term transportation needs, priorities, and investments considering state and

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<sup>4</sup> In 2010, the Coronado City Council shelved Ordinance Project 46 (Coronado Tunnel project); a 2012 amendment added the SR 125 Toll Road purchase as Ordinance Project 48.

<sup>5</sup> Types of planned improvements involve "highway improvements" such as general-purpose lanes, high-occupancy vehicle lanes, express lanes, and connectors—as well as "transit improvements" such as adding rail tracks and bus rapid transit routes, improving transit stations, and adding signal priority systems and grade separations.

<sup>6</sup> In 2010, the Board approved the 40-year Regional Bikeway Program to guide the development of the San Diego regional bicycle system through the year 2050. Subsequently, the Board approved and accelerated several projects in 2013 as part of a Bike Early Action Program (EAP) to be completed within a 10-year period—with many additional projects to be completed over the remaining 30 years of the Regional Bikeway Program. Of the 76.9 total planned miles, 6.7 miles were reduced through individual project design activities to arrive at a revised approximate 70 miles of Bike EAP planned.

federal goals. For the San Diego region, the most recent long-range plan is the 2021 Regional Plan that combined the Regional Transportation Plan, Sustainable Communities Strategy required by state legislation, and the Regional Comprehensive Plan.<sup>7</sup> Funding for the regional plan comes from a variety of local, state, and federal sources, including the local TransNet Ordinance’s countywide half-cent sales tax that comprised less than 10 percent of the current 2021 Regional Plan funding.<sup>8</sup>

**EXHIBIT 2. RELATIONSHIP BETWEEN TRANSNET ORDINANCE AND REGIONAL PLAN**



Source: 2021 Regional Plan and TransNet Ordinance

SANDAG is required to update and submit a new regional plan to the federal government at least every four years, the entities undergo a continuous process to revisit and make decisions on the best mix of planned projects that a region wants to fund based on changing travel demand patterns, new technologies, and other forecasted needs. However, Section 5B of the TransNet Ordinance states that “all projects to be funded with revenues made available under Section 4 (Expenditure Plan Purpose) must be consistent with the Regional Transportation Plan.” Although the TransNet Ordinance allows amendments to the portfolio of projects initially identified, there are certain prioritized “lockbox” projects that were uncompleted from the original sales tax measure passed in 1987 that require voter-approval to change.<sup>9</sup> These “lockbox” projects were ultimately completed in 2011 (SR 52), 2017 (SR 76) and 2021 (Mid-Coast).

**2021 Regional Plan Incorporated 5 Big Moves Vision**

As part of its 2021 Regional Plan, SANDAG introduced a “5 Big Moves” concept where efforts are focused on complete managed corridor planning, flexible fleet options, expansion of high-speed transit, and connecting multimodal travel via mobility hubs and technology advancements. Each in-progress or future

<sup>7</sup> At its May 25, 2012 meeting, the SANDAG Board of Directors approved the integration of the Regional Comprehensive Plan update with the development of the Regional Transportation Plan and Sustainable Communities Strategy. The 2015 Regional Transportation Plan was the first integrated plan (San Diego Forward: The Regional Plan) which the Board adopted on October 9, 2015. A Sustainable Communities Strategy is required by Senate Bill 375 to achieve greenhouse gas emission reduction targets set by the California Air Resources Board.

<sup>8</sup> Percentage does not consider future revenue that has not been identified.

<sup>9</sup> “Lockbox” projects include improvements planned on the SR 52, SR 76, and Mid-Coast Transit Guideway as described in the TransNet Expenditure Plan Section A.1.a.9 and 12 and Section A.1.b.6.

planned capital improvement project listed in the 2021 Regional Plan would be categorized under one of the 5 Big Move areas shown in Exhibit 3—including any remaining TransNet Ordinance major corridor projects approved as part of the 2021 Regional Plan.

### EXHIBIT 3. FIVE BIG MOVES OVERVIEW



Source: Five Big Moves brochures on SANDAG San Diego Forward: 2021 Regional Plan website: [www.sdforward.com](http://www.sdforward.com)

Though there are 5 separate “moves,” they are interconnected and closely linked with one another. For instance, Complete Corridors acts as the backbone of the entire transportation system using technology and connectivity to support all types of movement such as using a Flexible Fleet and Next OS technology to help people travel efficiently. Likewise, Mobility Hubs are communities with high concentrations of people, destinations and travel choices that can offer on-demand travel options and enhanced connections to Transit Leap services, while also helping people make short trips to local destinations around the community using Flexible Fleets.

### **Comprehensive Multimodal Corridor Plans are Prioritized Actions to Implement 2021 Regional Plan**

In addition to the 2021 Regional Plan’s 5 Big Moves vision and various strategies, the plan called for ten priority implementation actions—specific steps taken to bring the plans, projects, policies, and programs to reality. One of those priority action strategies is the development of Comprehensive Multimodal Corridor Plans (CMCPs) to refine projects at the corridor level and qualify the region for future funding opportunities. According to SANDAG’s website, CMCPs are data-driven plans designed to reduce vehicle miles traveled (VMT) and greenhouse gas emissions (GHG) as well as identify mobility solutions and options along the region’s busiest travel corridors. CMCPs evaluate all travel modes and transportation facilities to “optimize system operations” and increase access for residents, commuters, visitors, and goods movement—and may include remaining TransNet Ordinance major corridor projects.

## Scope and Methodology

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In accordance with the TransNet Ordinance, the ITOC has responsibility for conducting triennial performance audits of SANDAG and other agencies involved in the implementation of the TransNet Ordinance-funded projects and programs.

### Audit Scope and Objectives

ITOC contracted with Sjoberg Evashenk Consulting Inc., to conduct the TransNet Triennial Performance audit for the three-year period between July 1, 2020, and June 30, 2023, and identified the following eight audit objectives for the Fiscal Year (FY) 2024 audit:

1. Determine whether SANDAG and its partners made progress delivering TransNet Ordinance projects and programs and progress toward the goals of the Ordinance.
2. Assess whether the 2021 Regional Plan and related laws and regulations impacted the delivery of remaining TransNet Ordinance projects and is consistent with the TransNet Ordinance.
3. Evaluate the 5 Big Moves and related CMCPs and determine whether they impacted the delivery of the remaining TransNet Ordinance projects and are required by law.
4. Assess the funding shortage impact on TransNet Ordinance project delivery and whether movement of TransNet Ordinance money between projects is appropriate and prioritized.
5. Consider whether the cost escalation methodology for drawdowns is adequate to preserve funding over time for the Border, LOSSAN, and Bike Early Action Plan (EAP) projects.
6. Assess whether local agencies are using Smart Growth Incentive Program grants for intended purposes and achieving intended outcomes under appropriate SANDAG oversight.
7. Evaluate whether SANDAG and its TransNet Ordinance partners are committed to continued improvement by implementing corrective actions noted in prior audits and whether those actions resulted in efficiencies or more effective practices.
8. Determine if ITOC is fulfilling responsibilities to provide accountability in accordance with bylaws, the Ordinance, and best practices.

### Audit Methodology

To fulfill these objectives, we conducted a series of audit tasks involving data mining and analysis, documentary examinations, peer comparisons, file testing, and source data verification, in addition to inquiries of executives, management, staff, and stakeholders of entities involved with the implementation of the TransNet Ordinance. Appendix B provides the detailed methodology employed on this audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



## Section 1. SANDAG Reported Progress with Delivery of Major Corridor Projects, but Did Not Track Specific Project Scope and Progress Against Ordinance Commitments

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With 38 percent of TransNet Ordinance net annual revenues dedicated solely to major corridor capital projects, the program is not only the largest component of the TransNet Ordinance, but its improvements are also the most visible and tangible to the public as new roadways open for use and the transit experience is enhanced throughout the region.<sup>10</sup> Envisioned to be built over the 40-year Ordinance timeframe, the delivery of individual projects and segments was aligned with high-level schedules outlined in the regional plan in place at the time the TransNet Ordinance passed.<sup>11</sup>

SANDAG reported approximately one-third of the major corridor TransNet Ordinance projects were completed.<sup>12</sup> However, we could not determine whether SANDAG delivered these projects in alignment with the TransNet Ordinance commitments at the location where the improvement was planned (boundary or limit) and what improvement was planned (scope). Although SANDAG has several protocols in place to track and manage Ordinance projects, it did not comprehensively track how completed projects align with Ordinance commitments at a granular level and no single SANDAG area seems to have full ownership for tracking against those commitments—this is a repeat audit finding where a prior recommendation was made to prepare a proper reconciliation to crosswalk between the planned Ordinance and project delivery to fully demonstrate progress and accomplishments.<sup>13</sup> Although SANDAG attempted a crosswalk and provided information related to CIP descriptions via the 2023 Annual Program Budget, the data did not align well against the Ordinance and underlying data provided was inconsistent and unclear. According to SANDAG, information is nuanced and complicated by the segmentation of projects. Auditors agree with this assertion; nonetheless, project status and underlying information should be consistent and clearly identified across tracking tools.

### Reported Major Corridor Progress Could Not be Confirmed Due to Inconsistent Status Data

As of June 2023, SANDAG staff from the Financial Planning, Budgets, and Grants Division reported, in a Project Progress Update spreadsheet, that, of the 48 TransNet Ordinance major corridor projects, 70 percent of the projects were completed or in progress—specifically, 12 were completed (25 percent), 22 are in progress (46 percent) and 14 (29 percent) are slated for the future.<sup>14</sup> However, we could not validate with

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<sup>10</sup> In the Introduction of this report, the 38 percent for Major Corridor was combined with 6.2 percent for the Environmental Mitigation Program for a combined approximate 44 percent.

<sup>11</sup> Projects from the 2004 TransNet Extension Ordinance & Expenditure Plan were part of the “2030 Mobility” Regional Transportation Plan, approved by the SANDAG Board in March 2003.

<sup>12</sup> The TransNet Ordinance major corridor projects are currently being implemented through 107 funded project segments—although not all Ordinance projects have been funded; so, the number of project segments will grow as budgets are approved for those activities.

<sup>13</sup> SANDAG tracks and manages project phase status, budget to actual expenditures, engineer’s estimates to bids received, milestone durations, revenues, and cost inflation among other details at an individual project level and overall portfolio level.

<sup>14</sup> Project Progress Update provided by the Financial Planning, Budgets and Grants Division, as of June 30, 2023. However, progress reported by the Financial Planning, Budgets and Grants Division contradicted some status reported in the FY 2021 TransNet Triennial Performance Audit where 35 percent of projects were completed, 23 percent were in progress, and 42 percent were future projects that had not yet started.

certainly whether specific scopes pledged in the TransNet Ordinance were completed or whether the projects were located within planned project boundaries because of contradictory information and unclear data to link project delivery against Ordinance plans or confirm details from staff’s institutional memory.

SANDAG staff endeavored to address prior ITOC audit recommendations related to tracking major corridor projects that were completed, in-progress, and planned, but the spreadsheets and documentation given did not provide explicit information related to how project delivery had shifted or evolved against those original Ordinance commitments.<sup>15</sup> When we attempted to confirm progress against Ordinance plans, we found contradictory information between spreadsheets provided, staff’s institutional memory, and TransNet Dashboard or SANDAG budget documents—as shown in Exhibit 4.<sup>16</sup> Without performing the recommended crosswalk between the original Ordinance commitments and current projects, it is challenging to demonstrate and confirm progress towards the Ordinance commitments.

**EXHIBIT 4. EXAMPLES OF DATA INCONSISTENCIES RELATED TO ORDINANCE PROJECT STATUS**

Original Ordinance Project	Status Reported				Consistent Status Noted
	Financial Planning, Budgets, Grants Working Session Information Agrees?	Financial Planning, Budgets, Grants Progress Project Update Spreadsheet Agrees?	Dashboard Information Agrees? <sup>1,2</sup>	Caltrans Information Agrees? <sup>3</sup>	
1 - I-15: SR 163 to SR 56	Completed	✓	Future	✓	No
3 - I-15: SR 94 to SR 163	In progress	✓	Future	✓	No
11 - I-805: Mission Valley Viaduct	Future	✓	Missing	In-Progress	No
25 - I-5/I-805 Merge	Future	✓	Completed	On Hold	No
29 - FWY Connector: I-5/SR 56 Interchange	In progress	Future	Completed	✓	No
32 - SR 52: I-15 to SR 125	In progress	✓	Future	✓	No
35 - SR 94: SR 125 to Steele Canyon Rd	Future	✓	Missing	Cancelled	No
48 - SR 125: SR 905 to SR 54	Completed	In-Progress	Missing	✓	No

Source: Financial Planning, Budgets, and Grants Division spreadsheet provided; public TransNet Dashboard; and working sessions with SANDAG staff and Caltrans.

Note <sup>1</sup> Within the TransNet Dashboard, granular information related to status at an Ordinance Project Level was not available; only information for “Ordinance Budget Status” and “Ordinance Schedule Status” expressed as a percentage. As such, auditors were only able to use Dashboard examples in which both the “Ordinance Budget Status” as well as the “Ordinance Schedule Status” were listed as either 0 (zero) percent (indicating a project not yet started) or 100 percent (indicating a project had been completed) in the Dashboard.

Note <sup>2</sup> If the project was not included in the Dashboard, for which there were several examples, the corresponding cell was labeled as “missing” indicating that either (1) the project was not included on the Dashboard or (2) the project status was the same as the “baseline.”

Note <sup>3</sup> Caltrans did not provide project status details at a Capital Improvement Project level since those identifiers relate to SANDAG budget documents.

<sup>15</sup> Some SANDAG spreadsheets were created when a “crosswalk” was requested by the auditors or data was added to auditor-generated spreadsheets attempting to validate project delivery status.

<sup>16</sup> Auditors also attempted to mine details from SANDAG’s internal PM Tools system that contained financial reports and budgetary change information, various project fact sheets, the 2023 Program Budget, and links to the “Keep San Diego Moving” website. Data in those documents and resources often required SANDAG staff interpretation from institutional memory because project descriptions and details were not consistent or well-defined.

Varying definitions for marking a project segment as “complete” added to the confusion. For instance, depending on the staff interviewed or spreadsheet used, project completion could mean (1) a completed capital improvement project (CIP) project from the budget that could be related to any phase of a project, (2) completion of construction of the project and open to traffic, or (3) completion of all expected segments in alignment with the Ordinance planned commitment.

For example, the “I-805/SR 15 interchange” project segment (CIP: 1280514) associated with Ordinance Project 3 planned for the addition of two high-occupancy (HOV) lanes and direct connectors between I-805 and SR 15 for northbound-to-northbound and southbound-to-southbound HOV/Rapid traffic. The Financial Planning, Budgets, and Grants Division noted that this project was completed, while a Project Progress Update spreadsheet provided by the same division indicated the project was in progress. Further, the program budget stated that the design portion of the project was completed but waiting on additional funds for right-of-way to advertise for construction, while TransNet Dashboard did not include or display information related to this project segment at all—all adding to the challenge to validate project status.

**EXHIBIT 5. EXAMPLE OF UNCLEAR COMPLETION STATUS FOR ORDINANCE PROJECT 3: CIP1280514**

2022 SANDAG Program Budget notes I-805 / SR 15 Interchange Project completed Design in FY 2016 but requires additional funding to move forward.				TransNet Dashboard for Ordinance Project 3 did not list I-805 / SR 15 Interchange as a segment.	
FY 2022 Projects Completed Through A Major Milestone					
Project No.	Project Title	Funded to Date (\$000s)	Budget Year		
1280512	I-805 Imperial BRT Station Project Study Report for an I-805 Rapid station with connection to the 47th Street Trolley complete.	\$1,673	FY 2016		
1280514	I-805/SR 15 Interchange Design of two high-occupancy vehicle (HOV) lanes and direct connectors between I-805 and SR 15 for northbound-to-northbound and southbound-to-southbound HOV/Rapid traffic is complete. Needs additional funds for right-of-way in order to advertise for construction.	\$17,926	FY 2016		

Source: 2022 Program Budget, TransNet Public Dashboard

Auditors found additional discrepancies between the spreadsheets provided by SANDAG and referenced supporting documents where we could not confirm which source was most accurate and reliable. For example, as shown in Exhibit 6, for Ordinance Project 29 (FWY Connector: I-5/SR 56 Interchange), the Project Progress Update spreadsheet, provided by the Financial Planning, Budgets and Grants Division, reported this project is slated for the future although the TransNet Dashboard displayed the project as being completed. Conversely, the Financial Planning, Budgets, and Grants Division noted this project was in progress during working sessions; with Caltrans also noting that the project was in progress although it was currently inactive. Although the Ordinance progress information is complicated by the segmentation of projects, status and information should be consistent and clearly identified across tracking tools.

**EXHIBIT 6. EXAMPLE OF DIFFERENT STATUS REPORTED FOR ORDINANCE PROJECT 29 I-5/SR 56 INTERCHANGE BETWEEN INTERNAL SANDAG SPREADSHEET AND TRANSNET DASHBOARD**

Financial Planning, Budgets and Grants Division – Project Progress Update					TransNet Dashboard																																												
<p align="center"><b>Projects shown as Stated for the Future</b></p> <table border="1"> <thead> <tr> <th rowspan="2">Ordinance Number</th> <th rowspan="2">Project/Segment Name</th> <th colspan="3">Status</th> </tr> <tr> <th>Project Completed &amp; Open-to-Traffic</th> <th>In-Progress</th> <th>Future Project</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td>expected 2023</td> <td></td> </tr> <tr> <td></td> <td>1200511: I-5 Ramp Meters</td> <td>2015</td> <td>-</td> <td>-</td> </tr> <tr> <td></td> <td>1200512: I-5 / Genesee Auxiliary Lane</td> <td>2020</td> <td>-</td> <td>-</td> </tr> <tr> <td></td> <td>1200515: CMCP I-5 / I-805 HOV Conversion to Express Lanes</td> <td>-</td> <td>-</td> <td>✓</td> </tr> <tr> <td>27</td> <td>I-5: Leucadia Blvd to Vandegrift Blvd</td> <td>-</td> <td>50%</td> <td>50%</td> </tr> <tr> <td>28</td> <td>HOV Connector: I-5 / I-805 Interchange</td> <td>-</td> <td>-</td> <td>✓</td> </tr> <tr> <td>29</td> <td>FWY Connector: I-5 / SR 56 Interchange</td> <td>-</td> <td>-</td> <td>✓</td> </tr> </tbody> </table>					Ordinance Number	Project/Segment Name	Status			Project Completed & Open-to-Traffic	In-Progress	Future Project				expected 2023			1200511: I-5 Ramp Meters	2015	-	-		1200512: I-5 / Genesee Auxiliary Lane	2020	-	-		1200515: CMCP I-5 / I-805 HOV Conversion to Express Lanes	-	-	✓	27	I-5: Leucadia Blvd to Vandegrift Blvd	-	50%	50%	28	HOV Connector: I-5 / I-805 Interchange	-	-	✓	29	FWY Connector: I-5 / SR 56 Interchange	-	-	✓	<p align="center"><b>Projects shown at 100% Schedule and Completed</b></p>	
Ordinance Number	Project/Segment Name	Status																																															
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27	I-5: Leucadia Blvd to Vandegrift Blvd	-	50%	50%																																													
28	HOV Connector: I-5 / I-805 Interchange	-	-	✓																																													
29	FWY Connector: I-5 / SR 56 Interchange	-	-	✓																																													

Source: Project Progress Update provided by the Financial Planning, Budgets, and Grants Division, TransNet Dashboard

When looking across 107 Ordinance Project segments for the major corridor improvements, these types of discrepancies required substantial research for auditors to understand or capture each individual project segment scope and boundary limits delivered as shown in budgets, the Dashboard, project fact sheets, and Google maps to align with the Ordinance plans—basically preparing the detailed crosswalk that prior audits recommended SANDAG develop and maintain to be more accountable to the Ordinance pledges. Although auditors performed some validation in prior audits, it was not part of the audit scope for this FY 2024 TransNet Triennial Performance Audit. Yet, we attempted to identify and update project status (completion, in-progress, or future) from the prior audit’s universe of TransNet projects to the best of our ability and to the extent possible—based on program budget information as shown in Appendix A—just not at a detailed project scope and boundary level.

**Dashboard Was Not Current and Has Less Detail Data Available than in Prior Audits, Although New Systems are Being Implemented**

SANDAG created its TransNet Dashboard to keep the public informed on the status of TransNet projects as well as to be used as a project and program management tool. During prior audits, the TransNet Dashboard contained details related to schedule, cost, and progress at both the Ordinance project and segment level allowing auditors and the public to view details about project delivery. Data was supported by an internal Dashboard used by project managers with links to underlying project files where auditors could validate schedule and costs. Although the TransNet Dashboard did not link project segment data against original baseline budgets and schedule to show progress against initial Ordinance plans at the scope and boundary level, SANDAG staff at the time asserted that a comprehensive revision to its interactive TransNet Dashboard would address that missing connection.

Although SANDAG updated the TransNet Dashboard in 2022, most of its internal Dashboard data is no longer available. SANDAG staff reported that the information previously included in the internal Dashboard had been disaggregated into other sources—leaving mostly the “PM Tools” section of the internal Dashboard remaining. Auditors found that “PM Tools” did not include comprehensive budgetary or project status details and seems most frequently used to record one-time budget amendments.

As the primary tool for the public to learn up-to-date schedule, budget, and expenditure information, we noted several concerns with the TransNet Dashboard as follows:

- The Dashboard did not display granular project status details. For example, with projects under construction, there was no distinction at the project segment level to discern whether all the planned Ordinance improvements were in construction, some segments were already completed and open to the public, or others were not yet in progress.
- Not all Ordinance projects and segments were included. SANDAG reported that only FY 2022 CIPs are currently included in the Dashboard, although the Dashboard indicates that “the TransNet Dashboard provides up-to-date schedule, budget, expenditure, and funding information for projects identified in the first measure and the extension.” Of the 48 major corridor Ordinance projects, only 33 projects were shown in the TransNet Dashboard; previously completed project segments were absent in many cases to allow for a comprehensive universe.
- The Dashboard was not up to date. In some cases, it appeared that project information had not been updated for more than a year. This may have partially caused some of the previous discrepancies discussed earlier in this section.

According to SANDAG, auditor-observed changes in the Dashboard are the results of aging technology and the manual processes used to update the Dashboard from siloed systems. SANDAG is in the process of modernizing its technology platforms and implementing an Enterprise Resource Planning (ERP) system where SANDAG reports the Phase I plans for centralizing budget and finance functions have been completed. Additionally, SANDAG described its commitment to implementing a project and portfolio management software solution that auditors assume should contain detailed project scope and schedule information. While these systems are being implemented, SANDAG stated that no changes or development of existing homegrown systems—like the Dashboard—will be made.

## **Project Scope and Boundaries Delivered Not Tracked Against TransNet Ordinance Commitments**

In addition to not being able to confirm Ordinance project status, auditors could not conclude on how progress made to date specifically aligned with planned scope (such as two managed lanes or a direct access ramp) and boundaries (along certain locations on a corridor) from the TransNet Ordinance. Prior audits reported the same concern with SANDAG not developing complete crosswalks between planned Ordinance project scope and location boundaries with actual project delivery—as discussed in more detail in Section 6 of this report, related recommendations remain outstanding.

Although changes to long-range transportation improvements are common in the industry as projects are phased over time and adjusted to changing the transportation environment, without a complete crosswalk, SANDAG cannot fully demonstrate its progress against specific Ordinance commitments. Thus, it is crucial that SANDAG document any delivery changes against TransNet plans, along with rationale, to facilitate public transparency and promote accountability against the TransNet Ordinance pledges.

## Recommendations

To clearly demonstrate and substantiate progress toward TransNet Ordinance planned commitments for its major corridor capital projects, the ITOC should request the SANDAG Board to direct staff to:

1. Ensure SANDAG Executive Management designates staff to have assigned responsibility for tracking against the Ordinance major corridor planned pledges at a detailed location boundary and scope level to be able to demonstrate what actual improvements were made.
2. Revamp or create new tools or spreadsheets to comprehensively track major corridor project delivery against Ordinance planned pledges at a detailed location boundary and scope level.
3. Make sure the revamped or new tools or spreadsheets comparing actual to planned project delivery for Ordinance major corridor planned pledges at a detailed location boundary and scope level are accurate and supported through links to project fact sheets, budget documents, google maps, or other specific project-level documents validating completion as appropriate.
4. Provide the detailed listing—or highlight just those original TransNet major corridor project boundaries and scopes that were not completed as pledged—to the Board and oversight committees for use as part of annual budget conversations as well as part of planning for the 2025 Regional Plan and future regional plans.
5. Update data in the TransNet Dashboard—or alternate public facing system designated in place of the Dashboard—on a monthly basis to ensure up-to-date budget, expenditure, schedule, and status information is comprehensively available for both current in-progress major corridor projects and previous major corridor projects completed.

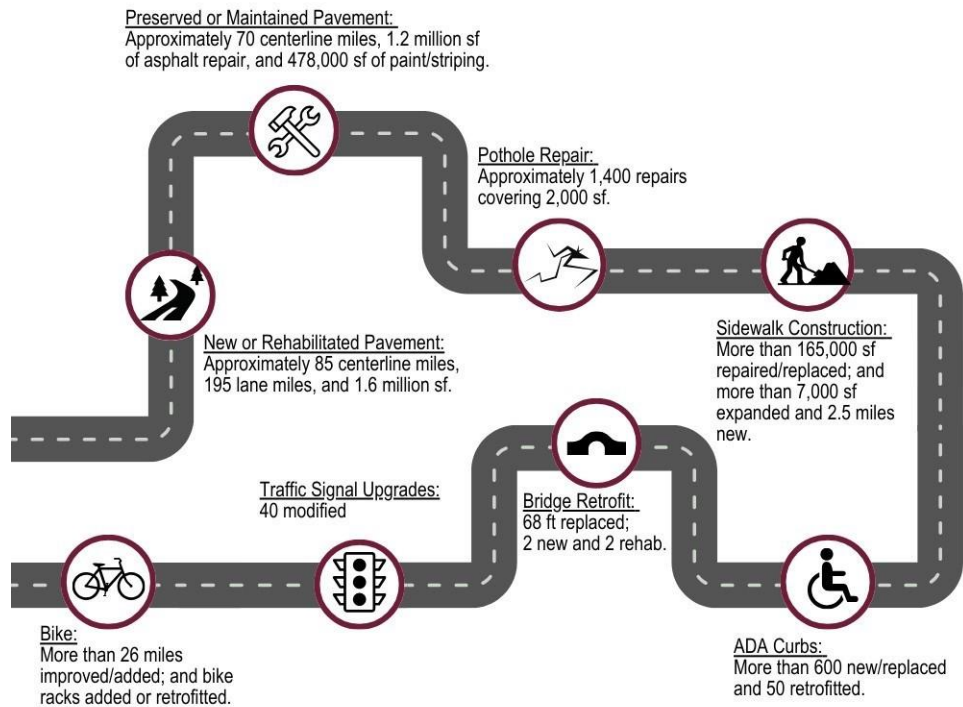
## Section 2. Other TransNet Ordinance Projects and Programs Reported Progress, Although Transit Projects are Not Yet Operating at Planned Frequency

In addition to the major corridor projects, the TransNet Ordinance provided funding to deliver transportation improvements for local street and road, bikeways, and transit operations among other areas. SANDAG reported progress in delivering projects in many of the planned TransNet Ordinance projects and programs, although certain transit routes are not yet operating at planned frequency due to funding concerns.

### Local Street and Road Funding Reported Many Improvements

The TransNet Ordinance provides funds to local agencies for activities such as new or reconstructed roadways, roadway maintenance, and traffic operations. Annually, the local agencies prepare and submit a Local Street and Road Program report to SANDAG identifying projects and activities accomplished. We summarized the unaudited data from annual status reports from FY 2020, FY 2021, and FY 2022, and found local agencies reported approximately 190 projects completed with many more in progress. Local agencies also reported other performance outputs related to pavement, sidewalks and curbs, potholes, bridges, bike lanes, traffic signals, parking, streetlights, and landscape. Some examples are shown in Exhibit 7, but local agencies specified additional improvements in their annual reports.

#### EXHIBIT 7. HIGHLIGHTS OF LOCAL STREET AND ROAD IMPROVEMENTS REPORTED, FY 2020 THROUGH FY 2022



Source: Annual Local Street and Road program reports for FYs 2020, 2021, and 2022. Data unaudited.

Notes: SF= square feet; ADA = American with Disabilities Act

SANDAG does not summarize pavement condition impacted by the roadway improvements across the region since each local agency measures the condition differently and at different stages. However, the City of San Diego's January 2024 Pavement Management Plan, rated its pavement condition with a score of 63—considered fair—and below the 13 peer-average that is studied for comparison. That same benchmarking showed the County of San Diego's pavement rated a score of 71 which is defined as satisfactory. Relatedly, Caltrans reported 82 percent of bridges and 85 percent of pavement on the National Highway System were rated good or fair—although the National Highway System does not include all TransNet-funded highways and local roads.

## **Bike Projects were Completed and Ridership was Up, Although There Are Still Many Miles Left to Deliver**

In 2013, the SANDAG Board of Directors approved the Bike EAP designating \$200 million in TransNet Ordinance funds for a series of capital improvement projects to be built within 10 years, starting in 2014. During our audit period, SANDAG reported three new bikeways were opened to the public in 2022—namely, the Georgia-Meade, Landis, and Fourth & Fifth Avenue bikeways that added approximately 10 miles of bikeways. Although SANDAG's State of the Commute report compares bike miles for multi-use paths, bike lanes, and separated bikeways 2010 miles with 2022 miles, there are still approximately 50 additional Bike EAP miles to be completed—or nearly three-quarters of the program left to deliver.<sup>17</sup>

In terms of ridership, there was a 14 percent decline in bike activity across eight major bike routes in 2021, a departure from the peak observed during the historic "bike boom" in 2020. While this decrease may have been affected by in-progress active bikeway construction along specific corridors at the time like Landis Street, 30th Street, and Fourth & Fifth Avenues, there was an overall 27 percent surge in 2021 for bike activity compared to the benchmark year of 2017.

## **Roadway Congestion Increased and Safety Declined**

Looking at the most recent performance data in SANDAG's State of the Commute, SANDAG reported a 3 percent increase in VMT to over 4.8 billion during peak hours between 2021 and 2022, and an overall 19 percent increase in travel times during the morning rush hour (nearly 24 minutes on average) and 7 percent increase during the evening commute (taking just over 26 minutes). This performance resulted even though transit ridership increased 49 percent between 2021 to 2022—almost to pre COVID-19 pandemic levels—and SANDAG built three additional bikeways adding approximately 10 miles as alternative modes of transportation.

In terms of preliminary roadway safety, although fatal and serious injury crashes were down 8 percent between 2021 and 2022, pedestrian and bike safety worsened between 2020 and 2022. For instance, pedestrian fatal crashes grew 9 percent from 88 fatal crashes in 2020 to 96 fatal crashes in 2022. Severe injuries among pedestrians also rose at 9 percent between 2020 and 2022 from 145 severe injuries in 2020 to 158 severe injuries in 2022.

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<sup>17</sup> As of February 2024, SANDAG reports there are more than 15 miles in construction and nearly 18 miles nearing the construction phase.



Likewise, bicyclists experienced fluctuation in fatal crashes, increasing from 9 fatalities in 2020 to 17 fatalities in 2021 followed by a decrease to 10 fatalities in 2022 to hold steady when measured across the three years. Bicycle serious injuries worsened over the three-year period resulting in a 21 percent increase growing from 77 serious injury crashes in 2020 to 93 serious injury crashes in 2022. Factors in collisions were mostly related to driver behavior exhibiting unsafe speed, improper turning, and impairment.

## New Transit Capital Projects are Not Yet Operating at Planned Frequency as Major Corridor Capital Projects are Still In-Progress

The TransNet Ordinance allocated 8.1 percent of TransNet funds for the operation of new or expanded services including certain bus rapid transit (BRT), trolley, and rail services for both MTS and NCTD. To implement the transit service enhancement projects, SANDAG executed memorandums of understanding with the transit operators that outlined payment provisions and service expectations. Because many of the planned transit major corridor capital improvements and service enhancements have not yet been implemented, the transit operators have not been able to achieve planned frequency improvements. Coupled with the COVID-19 pandemic where transit ridership dropped nationwide, transit operators had to adjust service times and frequency. In fact, we found instances where the transit operators were not running the transit vehicles on these routes at the frequency planned—mostly due to available funding as discussed in Section 5 of this report. Ridership on these TransNet Ordinance-funded routes significantly increased over the past three fiscal years; thus, less frequent operations may impact riders, their satisfaction, and possibly their choice on whether to use transit.

### Some MTS BRT and Light Rail Services Not Yet Operating at Frequency Planned

As shown in Exhibit 8, the TransNet Ordinance included eight MTS provided BRT and light rail service enhancements—although one project was split into two Super Loop routes. Our review found that the San Ysidro Rapid (Ordinance Project No. 16), is on-hold indefinitely and five other projects are not currently running at the frequency planned in the TransNet Ordinance due to funding shortfalls and MTS staffing shortages.

**EXHIBIT 8. MTS TRANSNET FUNDED TRANSIT ENHANCEMENTS: PLANNED VS ACTUAL FREQUENCY, NOVEMBER 2023**

Ordinance Project Number	Ordinance Route/Actual Route	Description	Service Level <sup>A</sup>	Ordinance Planned Frequency (minutes)	Current Frequency (minutes)		Ordinance Planned Frequency Met
					MTS Programmed FY 2024	MTS Actual (as of November 2023) <sup>B</sup>	
7	BRT Rt 610/ Rapid 235	I-15 Rapid	Weekday Peak	10	15	15	No
			Weekday Midday	-	15	15	Yes
			Saturday	-	30	30	Yes
			Sunday	-	30	30	Yes
8	BRT Rt 470/ Rapid 237	Mira Mesa - UTC	Weekday Peak	15	15	15	Yes
14	BRT Rt 628/ Rapid 225	South Bay Rapid	Weekday Peak	10	15	20	No
			Weekday Midday	15	30	30	No

Ordinance Project Number	Ordinance Route/Actual Route	Description	Service Level <sup>A</sup>	Ordinance Planned Frequency (minutes)	Current Frequency (minutes)		Ordinance Planned Frequency Met
					MTS Programmed FY 2024	MTS Actual (as of November 2023) <sup>B</sup>	
			Saturday	15	30	30	No
			Sunday	15	30	30	No
16	BRT Rt 680/ San Ysidro Rapid	On-HOLD San Ysidro	Peak Only	15	N/A	N/A	N/A
22	Route 500/ Blue Line Trolley	Included in Ordinance, but not currently reimbursed by TransNet.	Weekday Peak	7.5	7.5	7.5	Yes
			Weekday Midday	7.5	7.5	7.5	Yes
			Saturday	7.5	15	15	No
			Sunday	7.5	15	15	No
23	Route 570/ Mid-Coast LRT	Old Town - UTC	Weekday Peak	15	15	15	Yes
			Weekday Midday	15	15	15	Yes
			Saturday	15	15	15	Yes
			Sunday	15	15	15	Yes
24	BRT RT 634/ Rapid 201/202	Super Loop	Weekday Peak	10	5	5	Yes
			Weekday Midday	10	10	10	Yes
			Saturday	10	15	15	No
			Sunday	10	15	15	No
24	BRT RT 634/ Rapid 204	Super Loop East	Weekday Peak	10	30	30	No
			Weekday Midday	10	30	30	No
			Saturday	10	No Service	No Service	No
			Sunday	10	No Service	No Service	No
45	BRT Rt 611/ Rapid 215	Mid-City Rapid	Weekday Peak	10	10	15	No
			Weekday Midday	15	15	15	Yes
			Saturday	15	15	15	Yes
			Sunday	15	15	20	No

Source: TransNet Ordinance and unaudited service frequency information provided by MTS.

Note: <sup>A</sup>: Service levels of weekday midday, Saturday, and Sunday are considered off-peak.

Note: <sup>B</sup>: According to MTS, it is operating lower levels of service than programmed on many routes due to staffing shortages and anticipates programmed service levels will be restored in 2024.

Key: **Red** indicates the service level planned in the TransNet Ordinance has not been achieved. **Black** indicates the service level planned in the TransNet Ordinance has been achieved. **N/A** = not applicable

## NCTD Coaster and Sprinter Rail Not Yet Operating at Frequency Planned in Ordinance

Although the Ordinance included service levels by frequency in minutes for peak periods for the NCTD Coaster (Ordinance Project 31) and Sprinter (Ordinance Project 42) rail services, neither the Ordinance nor the memorandum of understanding (MOU) with NCTD defined the time frame for peak versus non-peak services. Instead, the MOU between SANDAG and NCTD provided service specifications tied to the number of trips per day rather than the frequency of service in terms of minutes during peak and non-peak

times. For instance, in line with its MOU with SANDAG, in October 2021, NCTD expanded Coaster service from 20 weekday trips and 8 weekend trips to 30 weekday trips and 20 weekend trips. NCTD reported that it has the infrastructure in place to further enhance frequency to 36 weekday trips and ultimately 42 weekday trips; however, NTD and SANDAG have not yet increased service due to funding shortfalls.

To assist us in comparing service against the Ordinance provisions, NCTD calculated peak frequency in minutes as shown in Exhibit 9. When comparing the TransNet Ordinance planned frequency for Coaster service every 20 minutes during peak periods and maintaining existing service frequency during off-peak periods by 2016, NCTD’s frequency of minutes does not yet align with the Ordinance. According to NCTD, its ability to meet the planned service frequency in the Ordinance is impacted by TransNet funding shortfalls that delayed the construction of required double tracking on the line as the tracks are currently shared with other rail operators. Likewise, although the Ordinance included service frequency of every 15 minutes on the NCTD Sprinter during peak periods beginning in 2016, NCTD has not received TransNet funding for this service and current service levels are at a 30-minute frequency all day for the Sprinter (Ordinance Project 31). The planned service frequency cannot be fully implemented because the related TransNet capital project to extend the service and install double tracking is currently on hold.

**EXHIBIT 9. NCTD TRANSNET FUNDED TRANSIT ENHANCEMENTS: PLANNED VS ACTUAL FREQUENCY, DECEMBER 2023**

Ordinance Project Number	Ordinance Route/Service	Service Level	Ordinance Planned Frequency (minutes)	Current Frequency (minutes)	Ordinance Planned Frequency Met
31	Route 398/ Coaster (related capital project on-going)	Peak Only	20	20/40	No
42	Route 399/ Sprinter (related capital project on-hold)	Peak Only	15	30	No

Source: TransNet Ordinance and unaudited service frequency information provided by NCTD.

Key: Red shading indicates service level planned in the TransNet Ordinance has not been achieved.

**Transit Ridership Increased on TransNet Funded Route Enhancements**

Overall transit ridership has not rebounded to pre-pandemic levels in the San Diego region, although ridership on MTS and NCTD operated routes funded by the TransNet Ordinance significantly increased between FY 2021 through FY 2023. Specifically, MTS ridership on its eight funded routes increased by nearly 19 million riders, or 151 percent, rising from approximately 13 million riders in FY 2021 to approximately 32 million riders in FY 2023, as shown in Exhibit 10.

**EXHIBIT 10. MTS TRANSNET FUNDED TRANSIT ENHANCEMENTS: RIDERSHIP GROWTH, FY 2021 TO FY 2023**

Ordinance Project Number	Ordinance Route/ Actual Route	FY 2021 Ridership	FY 2022 Ridership	FY 2023 Ridership	Growth Between 2021 and 2023	% Growth
7	Rapid 235/ I 15 Rapid	677,834	884,235	1,035,247	357,413	53%
8	Rapid 237/ Mira Mesa - UTC	50,138	120,854	151,933	101,795	203%
14	Rapid 225/ South Bay Rapid	257,478	397,358	495,535	238,057	92%
22	Blue Line Trolley <sup>A</sup>	10,468,636	17,366,905	21,867,982	11,399,346	109%
23	Mid-Coast Light Rail Transit	Not In Service	2,125,354	4,223,372	2,098,018	99%

Ordinance Project Number	Ordinance Route/ Actual Route	FY 2021 Ridership	FY 2022 Ridership	FY 2023 Ridership	Growth Between 2021 and 2023	% Growth
24	Rapid 201/202 / Super Loop	378,666	1,556,486	2,452,699	2,074,033	548%
24	Rapid 204 / Super Loop East	9,482	43,689	70,422	60,940	643%
45	Rapid 215 / Mid-City Rapid	749,201	1,018,402	1,271,180	521,979	70%
<b>Total</b>		<b>12,591,435</b>	<b>23,513,283</b>	<b>31,568,370</b>	<b>18,976,935</b>	<b>151%</b>

Source: TransNet Ordinance and unaudited ridership information provided by MTS.

Note: <sup>A</sup>: MTS estimated Mid-Coast light rail ridership from Automatic Passenger Counter data and only includes ridership from Tecolote Canyon to University Town Center.

Similarly, although NCTD reported that its system-wide ridership levels have not rebounded to pre-pandemic levels, Coaster ridership increased by nearly 640,000 riders, or approximately 400 percent, over the past three fiscal years as shown in Exhibit 11. Coaster ridership increased from approximately 163,000 riders in FY 2021 to more than 798,000 riders in FY 2023.

#### EXHIBIT 11. TRANSNET FUNDED NCTD COASTER ENHANCEMENTS: RIDERSHIP GROWTH FY 2021 TO FY 2023

Ordinance Project Number	Ordinance Route/ Actual Route Name	FY 2021 Ridership	FY 2022 Ridership	FY 2023 Ridership <sup>A</sup>	Growth Between 2021 and 2023	% Growth
31	Route 398/ COASTER	162,707	588,409	798,328	635,621	391%

Source: TransNet Ordinance and unaudited ridership information provided by NCTD.

Note <sup>A</sup>: Data provided by NCTD for FY 2023 included both actual and projected ridership.

With overall ridership for both MTS and NCTD TransNet Ordinance-funded routes growing over the past three fiscal years, it is increasingly important for SANDAG and the transit operators to continue working together to identify alternative funding sources to address planned service frequency. If the TransNet Ordinance revenue projections do not improve and shortfalls come to fruition, service cuts or additional frequency reductions could adversely impact more than 32.4 million riders.

## Recommendations

To better ensure Transit Operations funded by the TransNet Ordinance are operating as planned or as revised, the ITOC should request the SANDAG Board to direct staff to:

6. Work with MTS and NCTD to closely monitor ridership on the TransNet-funded routes against service frequency levels, and report to the SANDAG Board and ITOC on the impact service adjustments may have on riders including how actual services aligns against original plans in the TransNet Ordinance.
7. Ensure decisions made regarding funding MTS' and NCTD's transit operating service gaps or frequency expectations are documented with rationale supporting decisions and incorporated into Ordinance amendments as warranted.

## Section 3. Status of Remaining TransNet Major Corridor Projects is Unclear, Although Legislation Impacts Regional Planning Decisions

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As transportation needs and technology evolve, regional planning entities adjust and adapt to changing demands for greater connectivity as well as to new provisions in state and federal legislation focused on multimodal solutions to reduce GHG emissions and provide social equity and environmental justice.<sup>18</sup> SANDAG's 2021 Regional Plan is a 30-year blueprint for the San Diego region that aims to meet regulatory requirements, address traffic congestion, and create equal access to jobs, education, healthcare, and community resources. Funding comes from a variety of federal, state, and local sources—including the TransNet Ordinance funding that comprised less than 10 percent of the plan—to pay for planned regional projects, such as those in the TransNet Ordinance, over a 20+-year timeframe. The Ordinance also provides for amendments following each major regional plan update, as necessary, so that projects in the Ordinance are consistent with the regional plan. If any remaining planned TransNet projects are not included in the 2021 Regional Plan, the Ordinance must be amended.

SANDAG reported that some TransNet Ordinance projects are currently not consistent with the 2021 Regional Plan, although SANDAG has not yet amended the Ordinance. At a high-level, SANDAG provided a “red-lined” document showing changes to Ordinance projects’ scope and boundaries more globally, but it was not clear whether changes were a result of already completed projects or related to remaining projects where scope and boundaries were now planned for delivery in a different way than anticipated in the Ordinance. We attempted to pinpoint the remaining TransNet projects not yet delivered at the Ordinance project segment level using several documents and data sources to confirm against projects in the 2021 Regional Plan but could not clearly identify or validate the remaining projects and scope with the information provided.<sup>19</sup>

Over the last fifteen years, legislation has changed the nature of projects MPOs like SANDAG includes in regional plans. In fact, there is strong legal encouragement and administrative orders to reduce VMT and limit GHG emission-producing projects from being included in regional plans. SANDAG incorporated the legislative provisions into its 2021 Regional Plan as part of its 5 Big Moves vision to achieve some of the encouraged goals. Because SANDAG is required to include regionally significant projects in its long-range plan and the envisioned TransNet Ordinance projects are considered regionally significant, the regional plan’s 5 Big Moves vision for addressing related laws has a direct impact on the remaining TransNet Ordinance projects.

External funding sources can also restrict the type of allowable project activities; thus, leveraged federal and state funding for capital projects combined with TransNet funding can impact the type of projects that move forward into its regional plan. Also, SANDAG prepared CMCPs identifying multimodal solutions for

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<sup>18</sup> Related laws include SB 743 Environmental Quality, AB 32 Global Warming Solutions Act of 2006, Title VI Social Equity, and SB 1 Transportation Funding.

<sup>19</sup> Because we could not validate what project scope was completed as described in Section 1 of the report, auditors also could not identify with certainty what projects remained or what projects were included in the 2021 Regional Plan.

implementing inclusion in the 2021 Regional Plan that can further impact the delivery of the remaining TransNet projects.<sup>20</sup> To be eligible for certain state funding from the SB1 program, CMCPs must be prepared. Yet, given that we could not identify with certainty which planned Ordinance boundaries and scope remain to be completed, we could not comment on how the 5 Big Moves and related CMCPs have impacted specific TransNet projects.

Regardless of whether transportation legislation or preferences change over time and decision-makers decide that certain original TransNet projects scopes or boundaries may no longer be the best options for the region, SANDAG still must be accountable to the voters and be clear on which project scope and locations will not be delivered.

### **Status of Remaining TransNet Major Corridor Projects Is Unclear because SANDAG Did Not Link Project Scope with the 2021 Regional Plan**

Delivery of the remaining TransNet Ordinance major corridor projects remains unclear as existing SANDAG data did not comprehensively or reliably link the original Ordinance projects (boundary and scope) to actual delivery of projects to identify remaining projects that were linked to the 2021 Regional Plan. This issue was previously reported in the prior FY 2021 triennial performance audit. Specifically, the FY 2021 triennial performance audit recommended that SANDAG clearly identify which remaining Ordinance projects were included in the 2021 Regional Plan. This area was a concern in the FY 2018 audit as well with a recommendation to link major corridor projects against the TransNet Ordinance.

Although SANDAG noted that they could “crosswalk” the linkage between the 2021 Regional Plan and TransNet Ordinance for projects in progress as well as bridge the original Ordinance project scopes to future projects in the regional plan not yet started, the documentation provided was not sufficient to clearly validate an accurate link to the projects. SANDAG provided auditors with several tracking spreadsheets to attempt this linkage including attempts to crosswalk the 5 Big Moves to TransNet, CIPs with the Regional plan and 5 Big Moves, and CIPs to CMCPs.

Yet, we found major corridor project descriptions and scope were at times inconsistent, requiring staff interpretations to connect Ordinance and regional plan projects. When we discussed document inconsistencies with staff, we often received conflicting responses. Thus, we could not determine with certainty what TransNet Ordinance projects remained or which were included in the 2021 Regional Plan. Moreover, SANDAG documents did not include scope details to allow for a comparison of specific pledged improvements, such as adding two HOV lanes, with future project improvements listed in the 2021 Regional Plan. Some examples of data challenges and inconsistencies are provided in Exhibit 12.

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<sup>20</sup> In its 2021 Regional Plan, SANDAG introduced a “5 Big Moves” concept focused on (1) complete managed corridor planning, (2) flexible fleet options, (3) transit leap expansion of high-speed transit, (4) connecting multimodal travel via mobility hubs, and (5) technology advancements—with the intent to incorporate more principles of sustainability and mobility into transportation planning and infrastructure delivery. Capital improvement projects listed in the 2021 Regional Plan are categorized under a 5 Big Moves Area.

**EXHIBIT 12. EXAMPLES OF DISCREPANCIES NOTED WITH LINKING THE  
REMAINING TRANSNET MAJOR CORRIDOR PROJECTS TO THE 2021 REGIONAL PLAN**

Ordinance Project Number and Description	CIP Number	Discrepancy Noted <sup>1</sup>
7 – BRT Route 610: via I-15/SR 94 (Now Route 235)	1201519	<ul style="list-style-type: none"> <li>One document said this CIP was not associated with a Regional Plan Project ID.</li> <li>Different document identified CIP as associated with Regional Plan Project ID 110 – I-15 (Clairemont Mesa Boulevard).</li> </ul>
10 – I-805: SR 54 to I-8	1280521	<ul style="list-style-type: none"> <li>One document stated this CIP was not associated with a Regional Plan Project ID.</li> <li>Different documents showed this CIP associated with CC017-CC022. <ul style="list-style-type: none"> <li>CC017 – I-805 (Palm Avenue to H Street)</li> <li>CC018 – I-805 (H Street to I-15)</li> <li>CC019 – I-805 (SR 15 to I-8)</li> <li>CC020 – I-805 (I-8 to Mesa College Drive)</li> <li>CC021 – I-805 (Mesa College Drive to Balboa Avenue)</li> <li>CC022 – I-805 (Balboa Avenue to Northbound Bypass Lane)</li> </ul> </li> </ul>
13 – I-805/SR 54 Interchange Improvements	Entire Ordinance Project	<ul style="list-style-type: none"> <li>One document listed Ordinance Project 13 as associated with CC093 – I-805 (SR 54).</li> <li>Another document said only CIP associated with Ordinance Project 13 was 1280520, and that this CIP was associated with CC083 – I-805 (SR 15) and CC084 – I-805 (SR 94).</li> <li>Caltrans staff reported Ordinance Project 13 associated with CC093– I-805 (SR 54 and CC094 – I-805 (SR 54).</li> </ul>
26 – I-5: SR 56 to Leucadia Blvd	1200501	<ul style="list-style-type: none"> <li>One document listed CIP 1200501 as associated with in-progress project, Regional Plan Project ID CC046 – I-5 (Manchester to Vandegrift).</li> <li>Prior audit confirmed as completed in 2015, so unclear why in the 2021 Regional Plan.</li> </ul>
	1200502	<ul style="list-style-type: none"> <li>One document had 1200502 linked to the in-progress project, Regional Plan Project ID CC046 – I-5 (Manchester to Vandegrift).</li> <li>Prior audit confirmed as completed in 2009, so unclear why in the 2021 Regional Plan.</li> </ul>
32 – SR 52: I-15 to SR 125	1205204	<ul style="list-style-type: none"> <li>One staff stated that CIP 1205204 was associated with Regional Plan Project ID CC028 – SR 52 (I-5 to I-805).</li> <li>Another staff stated RTP Project ID CC028 – SR 52 (I-5 to I-805) was not associated with a CIP.</li> </ul>
41 – SR 78: I-5 to I-15	1207803	<ul style="list-style-type: none"> <li>One document had CIP 1207803 associated with Regional Plan Project IDs CC105 – I-5 (SR 78) and CC064 – I-5 (SR 78).</li> <li>Another staff informed us that CIP 1207803 was associated with CC064 – I-5 (SR 78) and CC036 – SR 78 (I-5 to Twin Oaks)—not CC105 as we were initially told.</li> </ul>
44 – SR 56: I-5 to I-15	1200513	<ul style="list-style-type: none"> <li>One document stated CIP 1200513 was not associated with a Regional Plan Project ID.</li> <li>SANDAG staff informed us CIP 1200513 was associated with CC104 – I-5 (SR 56).</li> </ul>
47 – Border Access Improvements	1201101	<ul style="list-style-type: none"> <li>One document listed CIP 1201101 as associated with Regional Plan Project IDs GM01 – Otay Mesa Commercial Vehicle Enforcement Facility (CVEF) Modernization, GM02 – Otay Mesa East POE Pilot Programs to Reduce Commercial Vehicles Wait Times, GM07 – Regional Border Management System and Tolling Equipment, and CC045 – SR 11/Otay Mesa East POE (Enrico Fermi to Mexico).</li> <li>Another staff stated this CIP was associated with only Regional Plan Project ID CC045 – SR 11/Otay Mesa POE (Enrico Fermi to Mexico).</li> </ul>

Source: SANDAG-completed spreadsheets including comparisons between 5 Big Moves to TransNet, CIPs to the Regional Plan and 5 Big Moves, and CIPs- to CMCPs Crosswalk” in addition to work sessions with SANDAG’s Regional Planning staff and Financial Planning, Budgets, and Grants staff.

Note <sup>1</sup>: Because the preparation of a crosswalk to link remaining TransNet projects was not part of the audit scope, auditors tried to limit resources spent resolving the discrepancies noted among the various documents and staff interpretations.

Given these challenges, and SANDAG not tracking project scope in terms of Ordinance plans against projects delivered or planned for delivery, we cannot comprehensively identify with certainty which of the remaining TransNet Ordinance project scope and boundaries SANDAG has chosen to move forward with or which of the remaining TransNet Ordinance project scope and boundaries were eliminated from the 2021 Regional Plan. While transportation demands and needs expectedly evolve and state and federal legislation changes are focused on multimodal solutions to reduce greenhouse gas emissions that could change the mix of TransNet projects, SANDAG is still accountable to the Ordinance and should be able to directly link its capital project completion and planned completion against Ordinance project scope and boundaries.

### **SANDAG Reported Some TransNet Projects Were Not in the 2021 Regional Plan, But Did Not Clearly Identify for the Board or ITOC Which Planned Projects Were Affected**

According to SANDAG, it reported to the Board numerous times during the regional planning and approval process that not all original TransNet Ordinance projects were included in the 2021 Regional Plan—yet we found information provided was not detailed to clearly identified which projects were excluded.<sup>21</sup>

For instance, at a December 10, 2021 SANDAG Board meeting, SANDAG staff indicated stating that “the remaining projects in the TransNet measure may not be constructed due to changes in regional needs, changes in State law, and technology advancements that would suggest a different transportation solution,” and that “the SANDAG Board of Directors may review the TransNet ordinance and discuss possible updates. This process is outside of the development of the proposed plan.” During that same meeting, SANDAG provided its responses to written public comments received asking SANDAG to uphold project pledges in the Ordinance. In response, SANDAG staff responded that discussions of TransNet delivery were outside the purview of SANDAG staff responsible for the regional plan that was being discussed at the meeting. Although it is understandable that certain staff are only responsible for regional plan development, SANDAG should assign other staff with specific responsibility for tracking against the TransNet Ordinance planned pledges that can address public comments related to TransNet and its link to regional planning. As the entity responsible for the TransNet sales tax measure, SANDAG has an obligation to provide detailed information clearly and transparently to decision-makers and the public when programs and planning documents like the TransNet Ordinance and 2021 Regional Plan are intertwined.

Similarly, SANDAG provided a “reimagined” report of TransNet projects to ITOC at its July 7, 2021 meeting that were planned for inclusion in the draft 2021 Regional Plan.<sup>22</sup> The presentation included a table for each corridor that listed TransNet improvements and projects in the draft 2021 Regional Plan, although the tables did not plainly identify which TransNet projects were in the draft plan by ordinance number, associated scope, or boundary. Educated guesses could be made to link Ordinance projects and segments to those in the draft regional plan, but ITOC should not have to make presumptions about projects and should instead have access to data that is simple to follow with clear connections.

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<sup>21</sup> SANDAG was not able to provide precise information on which Ordinance projects and corresponding scope were included in the 2021 Regional Plan for auditors to validate.

<sup>22</sup> Per SANDAG, the report was meant to “explain what TransNet projects have been completed, what projects remain, and the approach to provide multimodal solutions in the remaining corridors as part of an integrated approach.”

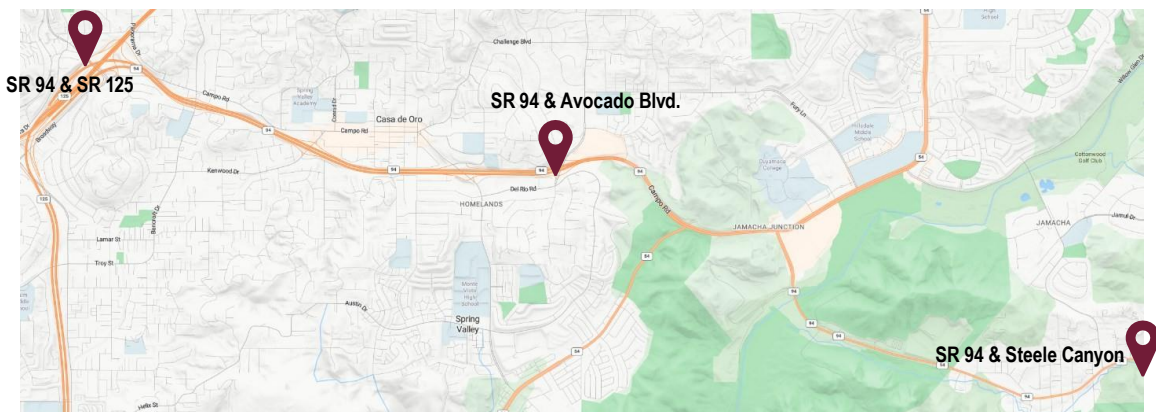


For instance, as shown in Exhibit 13, the scope for Ordinance Project 35 was to “Widen 6-lane freeway from SR 125 to Avocado Boulevard and provide a 4-lane conventional highway from Avocado Boulevard to Steele Canyon Road.” SANDAG’s document shows four draft 2021 Regional Plan improvements planned for Ordinance Project 35. Yet, when looking at on a map where the regional plan improvements would be located, the boundaries do not align with the project limits set forth by the TransNet Ordinance.

**EXHIBIT 13. UNCLEAR LINKAGE OF ORDINANCE PROJECT 35 (SR 94/SR 125) SEGMENTS WITH 2021 REGIONAL PLAN**

**Ordinance Project 35 – SR 94 / SR 125 Corridor Original Scope:**

“Widen to 6-Lane Freeway from SR 125 to Avocado Blvd. and provide 4-Lane conventional Highway from Avocado Blvd. to Steele Canyon.”



**SANDAG Presentation to ITOC July, 7 2021:**

**SR 94/SR 125 (I-5 to I-8) and Rural SR 94**

**TransNet improvements include:**

- SR 94/SR 125 (I-5 to I-8): 2 HOV Lanes
- SR 94/SR 125 Connector: South to East and West to North
- SR 94 (SR 125 to Steele Canyon Road): 2 General Purpose Lanes

**Draft 2021 Regional Plan includes:**

**Complete Corridors**

- SR 94 (I-5 to SR 125): Conversion of 2 General Purpose Lanes to Managed Lanes + 1 Additional Managed Lane<sup>xxix</sup> + Connectors
- SR 125 (SR 54 to Amaya Drive): Conversion of 2 General Purpose Lanes to Managed Lanes + SR 125/Spring Street/SR 94 Direct Access Ramps
- Rural SR 94: Melody Road/Daisy Drive Intersection Improvements
- Rural SR 94 (Jamul Reservation to Tecate Road): Shoulder Widening, Straightening, and Evacuation Improvements

**Auditor Analysis:** Improvements shown above by SANDAG are **NOT** within the project limits set forth by the TransNet Ordinance; specifically, the projects listed are located **ADJACENT** to Ordinance Project 35 as follows—although that would be difficult for ITOC to discern from data provided:

- SR 94 (I-5 to SR 125): **West**
- SR 125 (SR 54 to Amaya Drive): **North**
- Rural SR 94 (Melody Road/Daisy Drive; Jamul Reservation to Tecate Road): **East**

Source: SANDAG Special Meeting of ITOC Notes July 7, 2021

Specifically, Ordinance Project 35 called for improvements on SR 94 (SR 125 to Steele Canyon Rd) that would go in an easterly direction of SR 125. Yet, as described in SANDAG’s presentation, the regional plan shows a planned improvement for the SR 94 (I-5 to SR 125) segment that would go in a westerly direction adjacent to the original Ordinance Project 35 boundaries—although that would be difficult for ITOC to discern from data provided. Similarly, another draft 2021 Regional Plan project noted in the table presented to ITOC showed the planned project SR 125 (SR 54 to Amaya Drive) is north of the original Ordinance project segment planned for the SR 94/SR125 Connector (South to East and West to North). These nuances take time to research and, without specific project limits and scope descriptions and a direct link between planned Ordinance projects and the 2021 Regional Plan, we could not determine which remaining Ordinance projects are planned for future completion.

Within the same presentation packet, SANDAG stated that Ordinance Project 35 (SR 94: SR 125 to Steele Canyon Road), is still slated as a future project as shown in Exhibit 14. Caltrans anecdotally shared that Ordinance Project 35 was specifically not included in the 2021 Regional Plan because it is being re-evaluated due to changing land use, population forecasts, and VMT reduction considerations. Without better linkages to help decision-makers and the public understand revised plans against the Ordinance, SANDAG’s communication is confusing.

**EXHIBIT 14. COMMUNICATION OF TRANSNET ORDINANCE FUTURE PROJECTS**

Corridor	Project	Future Project
I-5 South	I-5 South Express Lanes (SR 905 to SR 54)	✓
I-5 South	I-5 South Express Lanes (SR 54 to I-8)	✓
I-5 South	I-5 Express Lanes (8 to Merge)	✓
I-5 North	I-5/I-805 Merge (Express Lanes)	✓
I-5 North	I-5/I-805 HOV Connectors	✓
I-5 North	I-5/SR 56 Freeway Connectors	✓
I-5 North	I-5/SR 78 Freeway Connectors	✓
I-8	I-8 Widening (2nd to Los Coches)	✓
I-805	I-805 Express Lanes (Mission Valley Viaduct)	✓
I-805	SR 94 (I-805 to I-15)	✓
I-805	BRT Service from San Ysidro to Sorrento Mesa	✓
I-805	SR 52 Express Lanes (I-15 to I-805)	✓
I-805	I-805/SR 52 HOV Connectors	✓
I-15	I-15 Express Lanes (SR 94 to SR 163)	✓
I-15	I-15/SR 94 HOV Connectors	✓
I-15	SR 94 (I-5 to I-15) and Connectors	✓
SR 56	56 Widening and Connectors (I-5 to I-15)	✓
SR 94/ SR 125	SR 94 Widening (SR 125 to Steele Canyon)	✓

Source: SANDAG Special Meeting of ITOC on July 7, 2021

SANDAG staff asserted that any exclusion of a planned TransNet project from the 2021 Regional Plan does not necessarily mean that those projects will never be delivered as they could be included in the 2025 Regional Plan. Staff made similar statements during the prior audit when auditors asked about which remaining projects were being considered for inclusion in the developing regional plan. Although transportation planning is a continual process where entities like SANDAG reassess needs and revisit capital improvements to meet the needs based on fiscal constraints, SANDAG has augmented responsibilities for accountability against the planned TransNet Ordinance projects as funded by the voter-approved sales tax.

As such, SANDAG cannot continue delaying the explicit reconciliation of its regional plans with pledged TransNet Ordinance improvements to the next planning cycle. SANDAG should provide those reconciliations or explanations to decision-makers and the public at a project-level, including scope. Thus, there should be a clear, comparative list of which Ordinance projects and associated scope were originally promised and what will or will not be delivered as it relates to the regional plan—as was previously recommended during the FY 2021 TransNet Triennial Performance Audit issued in June 2021.

### Legislation Affects Types of Projects Included in Regional Plans That Could Include TransNet Ordinance Projects

MPOs must adhere to various laws, regulations, and guidelines in developing their regional transportation plans, but there are few absolute restrictions on specific projects that can be included in a regional plan.<sup>23</sup> As such, MPOs are afforded flexibility to plan projects that best address the needs of their communities to meet statewide targets and goals. However, legislation and administrative orders over the last fifteen years have changed the nature of desired project types in the regional plan with strong pressure and statewide targets to reduce VMT and GHG emission producing projects through strategies in regional plans as shown in Exhibit 15. SANDAG put strategies in its 2021 Regional Plan and 5 Big Moves vision to align with the key priorities related to GHG reduction and climate resilience. Because SANDAG is required to include regionally significant projects in its regional plan and the envisioned TransNet Ordinance projects are considered regionally significant, the 2021 Regional Plan and related laws have direct impacts on the remaining TransNet Ordinance projects.

**EXHIBIT 15. KEY LEGISLATION AND EXECUTIVE ORDERS IMPACTING TRANSNET ORDINANCE PROJECTS**

Year Enacted	Legislation or State Executive Order	Summary Description
2005	Executive Order S-3-05	Established statewide incremental targets for GHG reduction, with an ultimate target of 80 percent below 1990 levels by 2050.
2008	SB 375, Sustainable Communities and Climate Protection Act	Each MPO must prepare a Sustainable Communities Strategy in its regional plan showing how the area will reduce GHG from automobiles to meet the region's GHG emission reduction targets.

<sup>23</sup> As mentioned in Footnote 5, SANDAG integrated its Regional Comprehensive Plan update with the development of the Regional Transportation Plan, Regional Comprehensive Plan, and Sustainable Communities Strategy into a combined plan referred to as the San Diego Forward: Regional Plan.

Year Enacted	Legislation or State Executive Order	Summary Description
2008	California Complete Streets Act	Encourages creation of multimodal transportation networks. MPOs are required to identify how they will provide accommodation of all users of roadways during the revision of the circulation element of their general plan.
2013	SB 743	Strongly recommended that transportation impacts should be measured by VMT.
2016	SB 32, California Global Warming Solutions Act	Requires a GHG-emission reduction of at least 40 percent of 1990 levels by 2030, and authorizes the California Air Resources Board to adopt rules to achieve reductions.
2017	AB 805	Included a requirement to include transportation strategies and a mode shift to public transportation in regional plans.
2018	Executive Order B-55-18	Added statewide goal of achieving statewide carbon neutrality by 2045.
2021	AB 1279, California Climate Crisis Act	Set state target to achieve net zero GHG emissions by 2045 and reduce anthropogenic (human caused) GHG to 85 percent of 1990 levels by 2045.

Source: Approved legislative bill text, state regulation, executive orders, fact sheets, technical advisories, transportation analysis, implementation guidelines and tools, strategy letters, and frequently asked questions.

### **Senate Bill 375's Sustainable Communities and Climate Protection Act Greatly Impacts Projects Included in SANDAG's Regional Plan**

The most pivotal of these legislative changes was SB 375, the Sustainable Communities and Climate Protection Act of 2008, which requires transportation networks to meet the California Air Resources Board's GHG emission reduction targets. Each MPO must prepare a Sustainable Communities Strategy in its regional plan showing how the area will reduce GHG from automobiles to achieve the California Air Resources Board's target for the region. The California Air Resources Board reviews and makes a determination whether a region's sustainable strategy would, if implemented, achieve the GHG targets. Projects consistent with the Sustainable Communities Strategy are eligible for incentives to streamline the environmental review process under the California Environmental Quality Act (CEQA).<sup>24</sup> Although SB 375 does not specifically preclude SANDAG from placing a project in its regional plan that increases GHG without mitigation, this law combined with other laws and policies strongly encourage limiting GHG-increasing projects to meet overall targets set by the California Air Resources Board.

However, recent reports from California Air Resources Board and the California Strategic Growth Council noted challenges with implementing SB 375 with results as of 2019 showing nearly all metropolitan regions in the state were not on track to meet their 2020 GHG reduction target, with some regions showing increases in per capita GHG and VMT.<sup>25</sup> One report noted that California entities have a "major opportunity to review and reprioritize the often decades-old projects in the "pipeline" for funding, projects which often reflect planning ideas and priorities from decades prior." Both entities noted that state funding does not always align with what projects MPO must put in their Sustainable Communities Strategy.

<sup>24</sup> SB 375 also creates California Environmental Quality Act (that mandates state and local agencies to ascertain the environmental effects of their actions and to mitigate them, if possible) streamlining incentives and benefits for projects that are consistent with the Sustainable Communities Strategy.

<sup>25</sup> 2022 CARB SB150 Progress Report and 2022 California Transportation Assessment Report.

## Additional Legislation Can Impact Remaining TransNet Ordinance Projects

Other legislation encourages multimodal solutions and pollution reduction as well. For instance, SB 743 changed the way that public agencies evaluate the transportation impacts of projects and strongly recommends using VMT to determine GHG impact under CEQA requirements and consider mitigation through non-automobile travel such as increasing transit and providing active transportation such as walking and biking. Additional legislation under Assembly Bill (AB)1358, the California Complete Streets Act of 2008, requires regional plans to include information on projects that show how a region will accommodate all users of roadways and encourage multimodal transportation networks. Likewise, AB 805 passed in 2017, made rules specifically to SANDAG including a requirement to include transportation strategies in its regional plan to address GHG reduction targets and provide for a mode shift to public transportation—all affecting potential projects included in the regional plan. Executive orders from California’s Governor guiding state department activity align with these legislative actions and speak to GHG and set additional carbon neutrality targets.

Moreover, although funding restrictions and legislation influence the types of transportation solutions planned in the region, the TransNet Ordinance allows revisions and amendments. Thus, projects may be modified, reprioritized, accelerated, delayed, or cancelled.

## Certain Funding Sources Have Restrictions That May Impact Decision-Making on Which Remaining TransNet Ordinance Major Corridor Projects to Deliver

Available external funding for future capital delivery of TransNet major corridor projects also has individual rules and restrictions narrowing which projects are eligible to receive and use the funds. For instance, State Cap and Trade funds can only be used on projects that achieve designated GHG targets, Federal Railroad Administration funds can only be used on rail projects, and local Toll Road (SR 125) funding can only be used on projects near or on SR 125. Yet, the funding rules and restrictions seem subject to interpretation rather than providing narrow directives.

Exhibit 16 provides examples of key external funds leveraged by SANDAG to pay for projects in the 2021 Regional Plan—that includes TransNet projects—and demonstrates the complexity and challenge MPOs face when matching available funding requirements with project needs, including whether funds are available by formula that the SANDAG region automatically receives or whether SANDAG must compete for funds.

**EXHIBIT 16. KEY FUNDING AVAILABLE AND RELATED RESTRICTIONS FOR REGIONAL PROJECTS**

	Name <sup>1</sup>	Formula	Competitive	Match Required	Key Allowable Uses & Restrictions	GHG Reduction Encouraged or Required <sup>2</sup>	% of RTP Funding <sup>3</sup>
	<b>Sample Federal</b>						
1	Federal Transit Administration Discretionary <ul style="list-style-type: none"> <li>• Small Starts</li> <li>• New Starts</li> </ul>		✓		Transit	✓	10%
2	Federal Transit Administration Formula Programs	✓		✓	Transit	✓	2%
3	Congestion Mitigation and Air Quality (CMAQ)	✓			Reduce congestion and improve air quality	✓	2% <sup>A</sup>
4	Regional Surface Transportation Programs (RSTP)	✓			Various such as highway, bridge, transit		2% <sup>A</sup>

	Name <sup>1</sup>	Formula	Competitive	Match Required	Key Allowable Uses & Restrictions	GHG Reduction Encouraged or Required <sup>2</sup>	% of RTP Funding <sup>3</sup>
5	Federal Highway Administration Discretionary <ul style="list-style-type: none"> <li>• TIGER</li> <li>• INFRA</li> <li>• BUILD</li> </ul>		✓		Various such as highway, bridge, road		0.2%
6	Federal Railroad Administration (PRIIA)		✓	✓	Rail projects	✓	0.1%
7	Coordinated Border Infrastructure (CBI), Other Freight Funds	✓			Border projects		0.4%
<b>Sample State</b>							
8	State Transportation Improvement Program (STIP)	✓			Various such as improve highways, local roads, public transit		1%
9	State Transit Assistance Program (STAP)	✓			Transit operations	✓	1%
10	State Highway Account for Operations/Maintenance (SHOPP)		✓		Improvements that do not add new traffic lane	✓	7%
11	Cap-and-Trade <ul style="list-style-type: none"> <li>• TIRCP</li> <li>• LCTOP</li> <li>• AHSC</li> </ul>		✓	✓	Achieve GHG targets.	✓	1%
12	State FASTLANE (State Share TCEP)	✓			Border projects	✓	1%
13	State Managed Federal Programs		✓	✓	Various high priority projects		1%
	<ul style="list-style-type: none"> <li>• HBP</li> <li>• HPP</li> <li>• HSIP</li> </ul>	<ul style="list-style-type: none"> <li>• IM</li> <li>• SRTS</li> <li>• TCSP</li> </ul>					
14	Senate Bill 1 (SB 1)		✓		Local projects	✓	7%
	<ul style="list-style-type: none"> <li>• SOGR</li> <li>• TIRCP</li> <li>• TCEP</li> </ul>	<ul style="list-style-type: none"> <li>• LPP</li> <li>• SCC</li> </ul>					
<b>Sample Local/Other</b>							
15	Transportation Development Act (TDA)	✓		NA	Local projects		3%
16	City/County Local Gas Taxes		NA	NA	Local projects		1%
17	General/Miscellaneous Local Road Funds	✓		NA	Local projects		4%
18	Toll Road (SR 125) Funding		NA	NA	Projects on/near SR 125		1%
19	FasTrak® Net Revenues		NA	NA	Areas served by transit		11%
20	Passenger Fares		NA	NA	Transit agencies operations		7%
21	Ride hailing Company Service Fees		NA	NA	Unknown		1%

Source: February 2023 Plan of Finance, 2021 Regional Plan Appendix V, SANDAG staff, and grant information on state and federal webpages

Note 1: The first five columns verified by staff in the Financial Planning, Budgets, and Grants. Acronyms for subgrants include Transportation Investment Generating Economic Recovery (TIGER); The Nationally Significant Multimodal Freight & Highway Projects (INFRA); Better Utilizing Investments to Leverage Development (BUILD); Transit and Intercity Rail Capital Program (TIRCP); Low Carbon Transit Operations Program (LCTOP); Affordable Housing and Sustainable Communities (AHSC) High Priority Projects (HPP); Highway Bridge Program (HBP); Highway Safety Improvement Program (HSIP); Intermodal (IM); Safe Routes to School (SRTS); Transportation, Community, and System Preservation (TCSP); State of Good Repair (SOGR); Transit and Intercity Rail Capital Program (TIRCP); Trade Corridor Enhancement Program (TCEP); Local Partnership Program (LPP); and Solutions for Congested Corridors (SCC).

Note 2: ✓ indicates there was at least one subgrant within this category where climate forward projects were encouraged or required.

Note 3: Percentages were calculated by dividing the specific funding source with the regional plan estimated revenue.

Note 4: CMAQ and RSTP are combined in underlying RTP spreadsheets. Both funding sources combined comprise 2 percent of RTP funding.

Both SANDAG and Caltrans emphasized that available funding sources and the industry are moving toward legislation and funding sources focused on capital projects that are not capacity-building—discouraging projects that build additional general purpose freeway lanes for single occupied vehicles. In fact, nine out of 21 categories of funding sources, or 43 percent, had language requiring or encouraging projects to meet specific climate-related goals or improvements.

For instance, an SB1 (2017 Road Repair and Accountability Act) subprogram, Solutions for Congested Corridors, stated that highway lane capacity-increasing projects have limitations and that general purpose lanes are not eligible. Another SB1 subprogram, Trade Corridor Enhancement Program, encourages projects aligned with state climate and equity goals where possible, but were not explicitly required. Likewise, one federal funding source, Congestion Mitigation and Air Quality Improvement, can only be used on projects that reduce congestion and improve air quality. Thus, MPOs like SANDAG face challenges to balance regional projects needs against funding restrictions from available revenue streams which can affect the nature of projects put in the regional plan.

## **Comprehensive Multimodal Corridor Plans Align with Specific State Legislation and Funding Sources That Can Impact Future TransNet Projects**

As part of the 2021 Regional Plan efforts, SANDAG first introduced the concept for CMCPs envisioning interdependent strategies designed to address transportation and mobility challenges such as safety and traffic congestion considering state and federal push to reduce GHG emissions and air pollution.

CMCPs are not new transportation planning concepts but the plans gained greater attention with state legislation such as SB1. Specifically, SB1 invests \$5.4 billion annually to fix roads, freeways, and bridges in communities across California and ties state funding to improvements that reduce congestion through diverse transportation choices rather than increased roadway capacity. Enabling statutes for one of SB1's subprograms, the Solutions for Congested Corridors Program, requires that preference for funding be given to public agencies that prepare a CMCP.

CMCPs detail specific projects designed to reduce congestion in highly traveled corridors through performance improvements that balance transportation improvements, community impacts, and provide environmental benefits. They are used in the industry and by other California entities such as LA Metro, Orange County Transportation Authority, and the San Francisco County Transportation Authority. SANDAG has completed five CMCPs as of June 2023 as follows:<sup>26</sup>

1. Central Mobility Hub and Connections,
2. SR 52 - Coast, Canyons, and Trails
3. SR 78 - North County – Sprinter/Palomar Airport Road
4. SR 67 - San Vicente
5. I 805 - South Bay to Sorrento – Purple Line/I-805/Blue Line/I-5 South

### **Some CMCPs Appear to Capture Original TransNet Project Scopes, but Data Could Not be Verified**

When we attempted to align any remaining TransNet Ordinance improvements with proposed and planned projects from the existing CMCPs, the CMCPs did not contain sufficient detail for us to determine with certainty which remaining Ordinance projects could continue as part of the current 2021 Regional Plan or be considered for future regional plans.

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<sup>26</sup> Other CMCPs in progress are the SR 125 corridor and the I-8 Kumeeyaay Corridor in addition to four more CMCPs planned for completion related to the Airport to Airport, 1-15, SR 56, and SR-94 corridors.

Further, there was no available reconciliation to determine with certainty which project identifiers in the CMCPs relate to remaining Ordinance projects—yet some CMCP project descriptions broadly aligned with TransNet project scope. According to SANDAG, most TransNet major corridor project segments that are in-progress or will start in the near-term with approved CIP budgets are captured in a current CMCP. For the future upcoming CMCPs, they indicated there is also the possibility that additional TransNet projects may be included, although those decisions will not be made until the remaining CMCP is finalized. Nonetheless, CMCPs can affect the future remaining TransNet projects to be delivered.

## Recommendations

To be more transparent regarding decisions made on remaining TransNet Ordinance projects and their inclusion in SANDAG’s regional plans, the ITOC should request the SANDAG Board to direct staff to:

8. Ensure Executive Management designate staff with the assigned responsibility for tracking future remaining major corridor projects against the Ordinance planned pledges at a detailed location boundary and scope level to be able to demonstrate what actual improvements are planned and which remaining major corridor projects will not be completed.
9. Establish tools or mechanisms to track remaining Ordinance major corridor projects (boundaries and scope) clearly and accurately against the 2021 Regional Plan and future regional plans, including maintaining underlying supporting data reported.
10. Make sure the new tools or mechanisms comparing remaining Ordinance major corridor projects to regional plans at a detailed location boundary and scope level are accurate and supported through links to planning documents, budget information or plans of finance, or other documents as appropriate.
11. Provide a detailed listing to the Board and ITOC annually—or highlight those remaining original TransNet major corridor project boundaries and scope that will not be completed as pledged—starting in 2024 before completion of the future 2025 Regional Plan and regularly thereafter.
12. Present proposed amendment to the Board to align planned major corridor projects from the TransNet Ordinance with the current 2021 Regional Plan as required by the TransNet Ordinance.



## Section 4. Formal Plans for Funding Shortfall and Priorities Were Not Developed To Address Impact on Specific TransNet Projects

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Funding transportation infrastructure improvements is a complex endeavor with a variety of options and mechanisms. SANDAG puts in much effort to help bolster revenues and link project needs to available funding. For instance, to estimate funding needed to pay TransNet Ordinance project costs, SANDAG used generally conservative estimates in its POF, strengthened its cost estimation and escalation practices, dedicated efforts to pursue grants, and successfully leveraged notable state and federal funding. But available funds are insufficient to cover planned project major corridor costs and funds for enhanced transit frequencies creating a funding gap in the next few years. SANDAG's efforts have not solved the greater issue of the shortfall and there were still no formal plans on how to address the issue.

Although the funding shortfall decreased since the last triennial performance audit and has not yet impacted project delivery, SANDAG is quickly approaching a crossroad where it must make decisions on the rest of the remaining TransNet program. The shortfall could impact delivery for near-term major corridor projects in-progress as well as halt the start of future remaining projects planned in the 2021 Regional Plan that were imagined starting in the next few years.

Additionally, there is no formal or documented standard methodology for reprioritizing funding for TransNet projects or moving money between projects as limited funds remain. There was no indication that the priority of projects was unjustified, but without a clearly documented and agreed-upon methodology, SANDAG cannot demonstrate accountability to the TransNet Ordinance or whether they are efficient in project delivery decisions.

### **TransNet Ordinance Program Shows a Funding Shortfall, Although Revenue and Expense Estimates are Generally Reliable**

SANDAG used a POF to forecast current and future costs of the TransNet Ordinance projects and programs against available revenues through 2048—the end of the program. The POF was the primary financing tool in the past and updated annually, but staff informed us that the POF is now used as a cashflow tool that is continually updated as needed. The latest February 2023 POF shows that the funding shortfall for major corridors has been reduced from \$9.8 billion since the last triennial TransNet performance audit in FY 2021 to approximately \$6.5 billion as of the February 2023—attributed to higher-than-expected sales tax revenue and reduced project scope.<sup>27</sup> Also, SANDAG leveraged its TransNet major corridor funds averaging more than \$2.50 in external funding for each dollar of TransNet spent between FY 2022 and 2023. Yet, a funding shortfall remains for the major corridor projects.

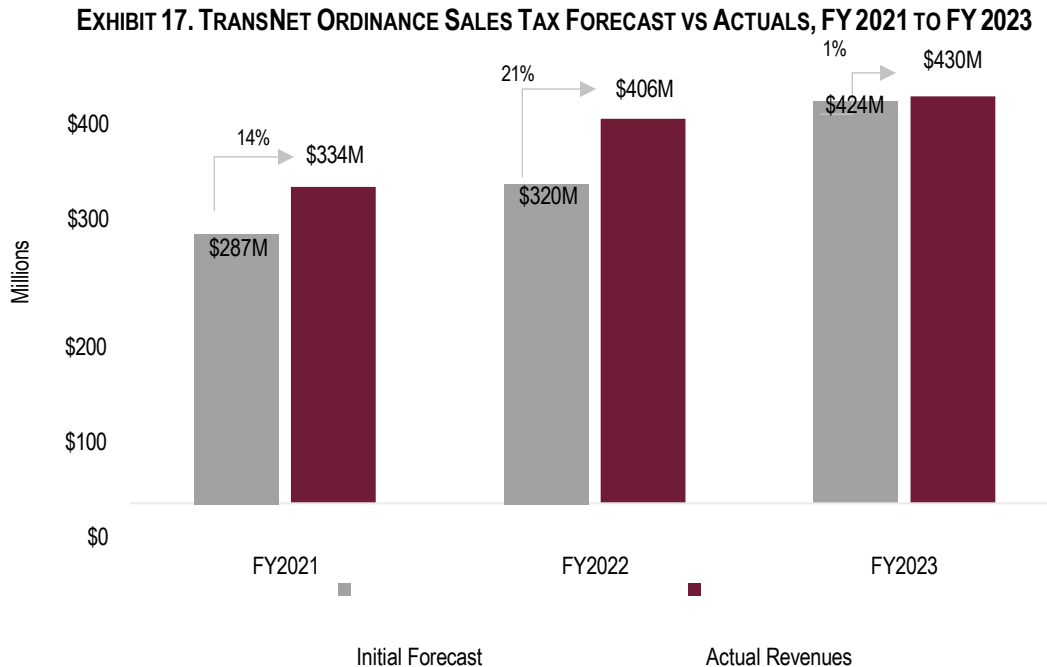
### **Revenue Projections Used in the Plan of Finance were Generally Conservative**

When comparing estimates to actuals for both TransNet and non-TransNet revenue streams, SANDAG has generally been conservative in its forecasting assumptions—with outcomes often underestimated.

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<sup>27</sup> Though SANDAG staff stated that scope was cut from different projects, they were not able to provide a comprehensive list comparing original pledged scope in the Ordinance compared to the latest revised scope.

SANDAG staff made improvements in 2023 to update its TransNet revenue forecast more often and document methodology with related assumptions to ensure better transparency and retention of institutional knowledge. As shown in Exhibit 17, TransNet Ordinance sales tax receipts were between 14 percent and 21 percent higher than initially expected for FY 2021 and FY 2022.



Source: ITOC Meeting September 13, 2023, Item 5

Though recent TransNet revenues are rising, it is expected that there will be less revenue than initially forecasted in 2004 due to past estimation errors and lingering effects of the Great Recession as detailed in previous triennial TransNet audits.

SANDAG also considered historical performance for outside state and federal sources when developing its POF revenue forecasts but took a conservative approach in estimating available funds from these sources. In early 2023, SANDAG staff analyzed 10 years of past non-TransNet revenue to determine how closely forecasts compared to actuals. Their review showed underestimated revenues were usually caused by the unexpected availability of new funding sources such as state SB1 money and federal Investment and Jobs Act money. This conservative forecasting for both TransNet and non-TransNet revenues helps mitigate the risk of incorrect planning based on overly optimistic revenue streams.

### **SANDAG Strengthened Cost Estimation and Escalation Methodologies to Support Its Financial Planning, but Costs Remain Higher than Estimates**

Accurately estimating costs is critical to ensure there are sufficient financial resources available to implement the project as planned. Yet, the construction market conditions remain volatile with a national expert commenting that “the construction industry has been weathering a storm of economic uncertainty.”<sup>28</sup>

<sup>28</sup> Rider Levett Bucknall, North America Quarterly Construction Cost Report, Fourth Quarter 2023.

In response to market volatility, SANDAG has implemented several improvements to support their project-level cost estimation practices and program-level cost escalation methodologies which impact financial planning for annual project budgets, its POF, and the 2021 Regional Plan. For instance, SANDAG incorporated the following protocols to estimate costs:

- Employed external consultants to provide multiple estimates throughout a project’s lifecycle—such as at 30 percent design, 60 percent design, and 90 percent design phases—that are input into the POF annually when SANDAG’s budget cycle begins each fall.
- Starting in 2019 and updated in February 2023, SANDAG refined its short-term cost escalation approach for project cost estimates in its POF, incorporating a 2-year look back and 2-year look forward adjustment to cost estimates in the short-term in response to inflationary conditions.
- Created an internal cost estimation guide in June 2023 to help standardize internal estimation processes across individual projects.

Protocols also included conducting internal peer review processes to revisit and calibrate existing spreadsheets and more frequently updating forecasts. These efforts demonstrate SANDAG’s pursuit of due diligence in curbing cost volatility, although these changes were only recently employed for 2022 and 2023.

We compared engineers’ estimates with bids received for two TransNet Ordinance projects to determine cost estimation variances. Bids received were higher than initial estimates ranging between 17 percent and 46 percent higher as shown in Exhibit 18—not unlike market volatility experienced by other entities. However, the percent variance was lower in 2023 indicating a closer engineers’ estimate to market.

**EXHIBIT 18. COMPARISON ENGINEER’S ESTIMATES TO BIDS RECEIVED FOR TWO PROJECTS**

Project	CIP Number	Delivery Method	Initial Estimate	Bids Received	Variance from Estimate
Imperial Avenue Bikeway	1223058	Design-Bid-Build	\$10.8M November 2022	2 bids in June 2023— one at \$13.2M and another at \$15.8M	<ul style="list-style-type: none"> <li>• 22% Higher</li> <li>• 46% Higher</li> </ul>
SR 56 AUX Lanes	1200513	Design-Bid-Build	\$15.3M June 2023	5 bids ranging from \$18M to 19.9M August 2023	<ul style="list-style-type: none"> <li>• 17% higher for lowest bid</li> <li>• 29% higher for highest bid</li> </ul>

Source: Project contract award letters and project file Bid Tabulation and Comparison sheets showing engineer’s estimates and line-items bids received on project specifications

Although we are unable to calculate the exact dollar impact of these estimate variances program-wide, the takeaway is that the costs to deliver the TransNet Ordinance program will likely continue to be higher than anticipated. As more data becomes available and market conditions evolve, SANDAG stated they plan to update rates more regularly to better ensure that SANDAG monitors cash flow given changing market conditions.<sup>29</sup> SANDAG has already updated the escalation table in its internal guide in November 2023 to better reflect recent conditions. However, these escalations relate only to SANDAG-managed transit projects and not the highway projects that Caltrans manages. Nonetheless, higher costs coupled with

<sup>29</sup> Escalation methodologies have only been developed for Design-Bid-Build projects given that this project delivery method is primarily used on the SANDAG-managed TransNet Ordinance projects.

inflation reduces the value of incoming revenue, despite higher TransNet Ordinance revenues received, and contributes to the weight of the shortfall.

**To Address the Funding Shortfall, SANDAG Created a Focused Team to Pursue External Funding That Has Secured an Additional \$1.2 Billion**

In April 2020, SANDAG created a new grant team dedicated to pursuing state, federal, and other funding to leverage TransNet Ordinance funds that has secured \$1.2 billion to date. The formal Grants Advisory Subcommittee had a slow start through the COVID-19 pandemic, but reorganized efforts and gained steam starting in February 2022 through coordinated efforts across SANDAG departments to consult and pursue competitive grant opportunities. Although there was no formal process for how SANDAG strategizes on which grants to pursue, staff stated that the subcommittee considered various factors such as when a project is planned to start or when the project will be open to traffic. Some deliberation was documented in meeting minutes—though level of detail varied between meeting minutes.<sup>30</sup>

As shown in Exhibit 19, SANDAG applied for 108 grants totaling \$2.4 billion between 2019 to 2023 and successfully won 62 awards, or 57 percent of applications submitted, totaling \$1.2 billion. That rate translates to 52 percent for the grant award amounts requested versus received—as external funding agencies can award a grant at lower amounts than SANDAG requested in its application. Of the 108 SANDAG grant applications, 33 applications, or 31 percent, were related to TransNet Ordinance projects.<sup>31</sup> SANDAG was successful and was awarded grant funds for 18 of those 33 TransNet-related grants—for a realized 55 percent success rate. SANDAG anecdotally told us they noticed that SANDAG received more than its proportional share of grants compared to other MPOs, but there was no data available to confirm this observation.

**EXHIBIT 19. COMPETITIVE GRANTS APPLICATIONS SUBMITTED BETWEEN 2019 AND 2023, AS OF DECEMBER 2023**

Grant Application Result	Number of Grant Applications	Percent of Total Grant Applications	Amount Applied for in Application	Grant Amount Awarded	Percent of Requested Amount Awarded
Successful	62	57%	\$2.4 B	\$1.2 B	52%
Unsuccessful	46	43%			
<b>Total</b>	<b>108</b>				

Source: Internal Discretionary Grants Tracker provided by SANDAG Staff as of December 2023

Note: Statistics reflect grants that SANDAG was the primary applicant or supporting a partner agency applying for the grant between calendar years 2019 and 2023, where results of successful or unsuccessful outcomes were available at the time of audit fieldwork. While the audit period is 2020 to 2023, auditors included 2019 in the analysis because some grants that opened in 2019 were not awarded until 2020 or later.

According to SANDAG, they ask grantors for reasons when an application is rejected to track lessons learned and apply to future processes. Auditors requested the lessons learned tracker for four grant applications that were rejected—staff provided lessons for one of the four applications and had anecdotal reasons for why SANDAG did not pursue input from the grantor for the remaining three applications. Since 2019, SANDAG steadily increased its grant applications from 11 applications in 2020 to 43 applications in

<sup>30</sup> Auditors observed a December 4, 2023 Grants Advisory Committee meeting, and found the discussion was detailed with involved parties well-informed on topics.

<sup>31</sup> SANDAG Grants Manager identified which grants related to TransNet and provided information to auditor.

2023. Staff maintained a universe of possible grants to pursue in the future as well as previously submitted application materials and related information to inform its continual pursuit of grants.

## SANDAG’s Investment of TransNet Funds for CMCPs to be Eligible for State Funding Opportunities Proved Worthwhile

In FY 2023, SANDAG budgeted nearly \$27 million to pay for CMCP activities, with 75 percent covered by federal Regional Surface Transportation Program funds, 24 percent paid by TransNet funds, and the remaining 1 percent from other sources. As of December 2023, SANDAG had spent a little more than half its estimated budget—approximately \$15 million or 56 percent—which was generally commensurate with the five of 11 planned CMCPs completed as shown in Exhibit 20.

**EXHIBIT 20. CMCP STATUS, BUDGET, AND COST AS OF DECEMBER 2023**

	CIP	Name	Status	Budget	Actual Cost
1	1600504	Central Mobility Connections	Complete	\$3,198,000	\$2,870,516
2	1605201	Coast, Canyons, and Trails SR 52	Complete	\$2,144,000	\$1,846,449
3	1606701	San Vicente Corridor SR 67	Complete	\$1,220,000	\$755,848
4	1607801	North County SPRINTER/Palomar airport Road/SR 78/SR 76	Complete	\$3,000,000	\$2,175,436
5	1685501	South Bay to Sorrento Corridor	Complete	\$4,980,000	\$4,734,243
6	1600801	High Speed Transit/I-8 (Kumeyaay)	In progress	\$ 3,000,000	\$1,745,362
7	1612501	High Speed Transit/SR 125	In progress	\$3,192,000	\$199,772
8	1600001	Airport to Airport Connection	Future	\$ 500,000	\$0
9	1601501	High Speed Transit/I-8	Future	\$1,500,000	\$0
10	1605601	High Speed Transit/I-8	Future	\$1,100,000	\$0
11	1609401	High Speed Transit/SR 94	Future	\$ 2,000,000	\$0
12	1600101	Regional CMCP Development	Program admin	\$1,000,000	\$794,514
<b>Totals</b>				<b>\$26,834,000</b>	<b>\$15,122,140</b>

Source: FY24 Budget, OneSolution Financial System as of December 13, 2023

Although the funds that SANDAG budgeted for the CMCPs could have been used on TransNet capital improvement projects, SANDAG expects their \$27 million investment will attract and leverage millions of dollars more that can be used on TransNet projects or on other regional plan projects in the region. Though it is too early to calculate the exact overall return on investment, SANDAG received a \$103 million grant for one TransNet project (CIP 1239816: Batiquitos Lagoon Double Track) through SB1 funding because of its inclusion in a CMCP. Thus, SANDAG’s choice to invest both TransNet and non-TransNet funds on the CMCPs has brought in significant funding that SANDAG otherwise may not have been eligible to receive—and exceeded the initial TransNet amount invested.

## Though the Shortfall for Remaining Major Corridor Projects Was Recently Reduced, SANDAG Did Not Have Formal Plans to Address the Gap

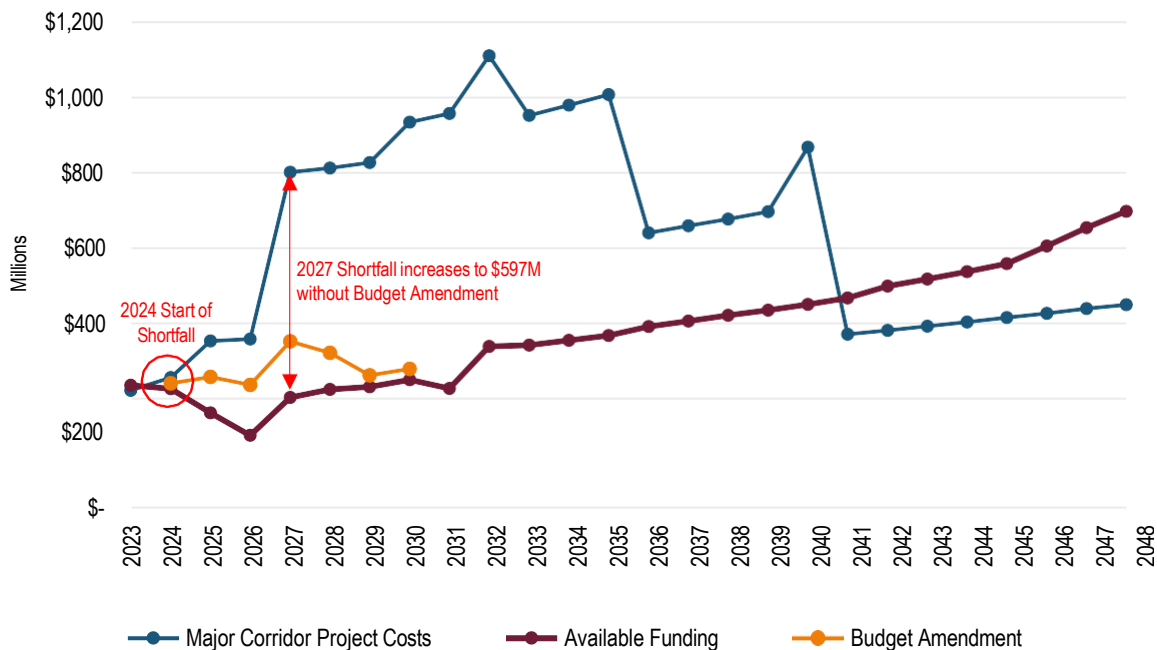
With a funding shortfall of approximately \$6.5 billion for major corridors projects based on the February 2023 POF, SANDAG still faced a challenge in deciding how to deliver pledged improvements in the TransNet program against limited available funds. Yet, SANDAG had still not made decisions on what it will

do to address the shortfall comprehensively—whether that means delaying projects, cutting scope, or changing plans in other ways—even though auditors had this same concern in the FY 2021 prior audit and made recommendations regarding the shortfall.

In October 2023, the Board approved a budget amendment providing \$530 million state, federal, local, and TransNet funds that narrowed the funding gap and minimized potential delivery impacts for a few more years. Before the amendment, the timing of major corridor costs was set to exceed available projected funding starting in 2024 and substantially increasing in 2026 and beyond. Although SANDAG can issue bonds to advance projects and recent sales tax revenues were greater than expected, the overall issue remains that there are insufficient funds to deliver the TransNet program as approved in the Ordinance.

As shown in Exhibit 21, before the budget amendment, SANDAG estimated that the availability of funds to cover TransNet major corridor project costs would shift from a positive to negative balance starting in 2024 with the shortfall increasing to \$597 million by 2027. This pattern continues until 2041, when SANDAG's POF estimated that the major corridor program would return to a positive balance of \$95.8 million when more non-TransNet monies become available. Although the budget amendment provided some relief to the funding shortfall and helps mitigate some disruption to project delivery, it does not make a substantial change overall to the major corridor program.

**EXHIBIT 21. PLAN OF FINANCE MAJOR CORRIDOR COSTS, AVAILABLE FUNDING, AND SHORTFALL AS OF OCTOBER 2023**



Source: February 2023 Plan of Finance, October 2023 Board-approved Budget Amendment

To understand the near-term potential impact from the shortfall if SANDAG does not act to remedy the gap by FY 2027 when the shortfall sharply increases to \$597 million, we identified 13 in-progress major corridor projects with budgeted costs in the POF that could be at risk, as shown in Exhibit 22. Specifically, four of the 13 projects, or 31 percent, have funding planned for construction in FY 2026; staff noted that some of these projects were nearing completion and had less at risk of not being completed. The remaining nine

projects were estimated to be in various planning stages such as environmental documents or design. Without additional funds, delivery could be stalled or not progress beyond preliminary stages. Higher risk of not being delivered lies with future projects forecasted in the POF that are scheduled in FY 2027 or beyond and have not yet started.<sup>32</sup>

**EXHIBIT 22. KEY IN-PROGRESS MAJOR CORRIDOR PROJECTS AS OF FEBRUARY 2023 AT-RISK OF NEAR-TERM IMPACT FROM FUNDING SHORTFALL**

Corridor	Project Name	CIP	Expected Status in FY26
Coastal Rail Corridor	San Dieguito Lagoon (Phase 1)	1239822	Construction
I-15	I-15 Transit Priority Lanes & DAR at Clairmont	1201519	Planning
I-5	I-5 HOV: Carlsbad	1200510	Construction
	SR 56 Aux Lanes	1200513	Construction
	I-5/I-805 HOV Conversion to Express Lanes	1200515	Planning
I-805	I-805 South Soundwalls	1280515	Construction
	I-5/I-805 HOV to Express Lanes Conversion	1280517	Planning
	SR 94 Transit Priority Lanes (I-805 to I-5)	1280518	Planning
	I-805 Transit Priority Lanes (SR 15 to SR 52)	1280519	Planning
SR52/76/other	SR 52 Improvements	1205204	Planning
	I-15/SR78 HOV Connectors	1207802	Planning
	SR 78/I-5 Express Lanes Connector	1207803	Planning
	SR 78 HOV Lanes: I-5 to I-15	1207804	Planning

Source: February 2023 POF and working sessions with Engineering and Construction staff  
 Planning = Design or Environmental

Without adequate funding, the SANDAG Board must make decisions to delay projects, cut scope or cut projects, or confirm receipt of additional funding ahead of when the funding shortage starts impacting project delivery, in addition to communicate plans to the public and stakeholders. As of the end of audit fieldwork in December 2023, no clear plans were documented.

**SANDAG Has Not Adequately Presented the Funding Shortfall to Oversight Bodies or Recommended Options to Address**

In April 2023, SANDAG prepared a draft document to share details with the Board and ITOC on the ongoing shortfall—based on the latest available POF—that included the need to prioritize projects for delivery, as well as the option to down scope or eliminate remaining projects through a future Ordinance amendment. These draft materials discussed the amounts of the shortfall, timing of when project delivery would be impacted, and options for addressing the issue. Ultimately, this data was not presented—although the rationale behind not providing this critical information is unknown. Staff stated that presentations at this level of detail were typically only provided to the Board if staff requested permission to bond as were not required to specifically present the POF to decision-makers.

<sup>32</sup> According to SANDAG Financial Planning, Budgets, and Grant staff, the February 2023 POF only includes original TransNet projects that were included in the 2021 Regional Plan—although the specific projects and scope excluded from the plan are unknown due to SANDAG not adequately tracking project delivery against the Ordinance as discussed in Section 2 of this report.

Instead, the most recent SANDAG presentation to the Board on TransNet Ordinance funding was in February 2022 as shown in Exhibit 23.<sup>33</sup> This presentation lacked sufficient detail or timelines surrounding the funding shortfall issue—especially when compared to the draft presentation documents we reviewed that more clearly explained the shortfall and its impact on the TransNet program.

**EXHIBIT 23. TRANSNET FUNDING OVERVIEW PRESENTED TO BOARD, FEBRUARY 2022**

<b>TransNet Flow of Funds in 2020\$</b> by subprogram						
A. Expenditure Plan Component	B. Percent of Net	C. Updated Revenue Forecast	D. Total Disbursements (6/30/21)**	E. Remaining Revenues (=C-D)	F. Debt Service Remaining/ Committed	G. Remaining funds available by Category (=E-F)
Freeway, Highway, & Transit Capital Projects	38.0%	\$4,860	\$1,300	\$3,560	\$2,694	\$866
Project Specific Transit Operations	8.1%	\$1,036	\$131	\$905	\$0	\$905
Freeway, Highway, & Transit Project Environmental Mitigation	4.4%	\$563	\$349	\$213	\$326	(\$113)
Local Street & Road Projects	29.1%	\$3,722	\$1,108	\$2,614	\$0	\$2,614
Local Street & Road Project Environmental Mitigation	1.8%	\$230	\$10	\$220	\$27	\$194
Smart Growth Incentive Competitive Grant Program	2.1%	\$269	\$47	\$222	\$0	\$222
Transit System Improvements	16.5%	\$2,110	\$608	\$1,503	\$0	\$1,503
<i>Subtotal</i>	<i>100.0%</i>	<i>\$12,789</i>	<i>\$3,552</i>	<i>\$9,236</i>	<i>\$3,047</i>	<i>\$6,190</i>
Bicycle, Pedestrian & Neighborhood Safety Grant Program*	2.0%	\$267	\$81	\$185	\$177	\$8
Administration*	2.0%	\$267	\$38	\$229	\$0	\$229
Oversight Committee*	0.1%	\$16	\$4	\$12	\$0	\$12
<b>TOTAL TransNet Funding Requirement</b>	<b>100.0%</b>	<b>\$13,338</b>	<b>\$3,675</b>	<b>\$9,662</b>	<b>\$3,224</b>	<b>\$6,438</b>

Source: Board of Directors Packet, Item 8, February 11, 2022

Yet, neither the draft presentation documents nor the February 2022 presentation to the Board had appropriate detail explicitly explaining which specific TransNet Ordinance projects would be impacted by funding challenges—although the draft presentation documents acknowledged the need to prioritize projects to deliver, as well as the option to down scope or eliminate remaining projects through a future Ordinance amendment. As described in Section 6 of this report, SANDAG has delayed processing Ordinance amendments and plans to bring the next round of amendment drafts to the Board in 2025—which may counteract any timing gains achieved through the recent budget amendment.

If SANDAG waits until 2025 to explain impacts on TransNet projects, it will remain in the same status quo of incrementally delaying its decision-making on how to address the program shortfall and not appropriately demonstrating accountability to taxpayers on its delivery plans under the TransNet Ordinance. Given that SANDAG has reported eliminating some TransNet Ordinance project scopes and boundaries from its regional plan as discussed in Section 3 of this Report, it has a responsibility to ensure the TransNet Ordinance is consistent with that plan and an inherent obligation to present timely and clear information to both the public and oversight bodies before the funding shortfall impacts project delivery.

<sup>33</sup> Staff were not able to cite any other presentation where they discussed the POF, funding shortfall, and related impact on the program to ITOC or the Board during the audit period.



## No Established or Vetted Methodology Exists to Reprioritize Projects against Limited Funding to Ensure SANDAG is Transparent with Rationale used in Decision-Making

Given the existing funding shortfall for TransNet Ordinance major corridor projects, SANDAG is faced with making challenging decisions about how to use its limited resources to advance pledged projects. SANDAG reprioritized projects annually during its budget process and moved funds between projects. The decision process was limited to incremental decision-making by corridor and project and did not address how SANDAG would prioritize global funding shortages program wide. Although staff internally considered certain criteria to reprioritize projects and assign funding, the process was not formalized or structured with agreed-upon parameters to support decisions made.

Recently, SANDAG started using a few lists when making decisions to prioritize projects against limited available funding that considered the following:

- **Near-term funding needs.** This list of projects captured project needs communicated by project managers when costs were higher than expected for near-term needs.
- **Expiring funds.** This list tracked expiring funds and employed built-in reminders to project managers and funding managers when deadlines to spend external funding were approaching.
- **High priority projects.** This list identified both TransNet and non-TransNet projects deemed priority based on a variety of sources for staff reference and included factors such as whether a project was shovel ready, what year it was planned to open, and project cost.

Additionally, staff reinstated quarterly corridor meetings (after pausing during the height of the COVID-19 pandemic) with staff from each applicable corridor including the project managers, corridor director, funding manager, budget staff, and key staff from Financial Planning, Budgets, and Grants to identify key project status, assess needs, and discuss funding. These efforts were an improvement from previously not having any formal tools but are not sufficient to transparently justify and explain why and how SANDAG makes decisions to reprioritize specific projects for funding and proceeding with project delivery.

Further, ultimate funding decisions did not rely solely on SANDAG's internal priority lists. For instance, for a recent October 2023 Budget Amendment, SANDAG identified different project priority for funding than was shown on the internal spreadsheets. According to staff, SANDAG prioritized projects for the October budget amendment considered the following:

- 1<sup>st</sup> Priority: Projects already in construction
- 2<sup>nd</sup> Priority: Projects flagged by the Board
- 3<sup>rd</sup> Priority: Projects flagged by Executive team
- 4<sup>th</sup> Priority: Projects flagged by the Department Engineering and Construction
- 5<sup>th</sup> Priority: Projects flagged by the Regional Planning Department

Staff stated they also considered prioritizing projects that were at risk of losing external funding. When we compared the budget amendment projects funded against internal project priority lists, the ultimate funding decisions did not clearly follow the stated methodology, as shown in Exhibit 24, nor did they have a straightforward rationale for prioritization employed.

For example, North Park/Mid-City Bikeways: Howard Bikeway (CIP 1223079) was not given funds in the budget amendment even though it was on the high priority list and needed funds to continue construction. In another example, I-805 South: HOV Conversion to Express Lanes - Palomar to SR 94 (CIP 1280521) was a new project that was provided budget amendment funds though it was not on SANDAG's internal priority list.

According to SANDAG staff, this project was prioritized to receive funds per Caltrans recommendation. Additionally, two new projects (CIPs 1200516 and 1280521) and one future project (CIP 1280517)—by default projects not yet in construction—were given funding even though they were not on the internal priority list and other in-progress priority projects were not given funds.

**EXHIBIT 24. COMPARISON OF INTERNAL TRANSNET PROJECT PRIORITIES TO PROJECTS FUNDED BY BUDGET AMENDMENT**

	CIP	Project Name	Status	Internal Priority List	Budget Amendment
1	1129900	Bayshore Bikeway: 8B Main Street to Palomar	In progress	✓	
2	1145400 <sup>A</sup>	San Onofre Bridge Replacements	In progress	✓	
3	1201515	Clairemont Mesa Blvd BRT Stations	In progress	✓	
4	1280512	I-805 Imperial BRT Station	In progress		
5	1201101	11 and Otay Mesa East Port of Entry	In progress	✓	✓
6	1223055	Bayshore Bikeway: Barrio Logan	In progress	✓	✓
7	1223017	Coastal Rail Trail Encinitas: E Street to Chesterfield Drive	In progress	✓	✓
8	1223079	North Park/Mid-City Bikeways: Howard Bikeway	In progress	✓	
9	1239809	Eastbrook to Shell Double Track	In progress	✓	
10	1239822	San Dieguito Lagoon Double-Track Phase 1 Construction	In progress	✓	
11	1223058	Downtown to Imperial Avenue Bikeway	In progress	✓	✓
12	1223081	North Park/Mid-City Bikeways: University Bikeway	In progress	✓	✓
13	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	In progress	✓	✓
15	1200516	I-5 HOV: Oceanside	New		✓
16	1280521	I-805 South: HOV Conversion to Express Lanes - Palomar to SR 94	New		✓
17	1201519	I-15 Transit Priority Lanes & Direct Access Ramp at Clairemont Mesa Blvd	Future	✓	✓
18	1280517	I-805 North: HOV Conversion to Express Lanes - SR 52 to I-5	Future		✓

Source: October 2023 Board Budget Amendment, List of CIPs that need construction funds provided by SANDAG staff, Internal High Priority Project Listing, FY 2024 Budget

Note <sup>A</sup>: According to SANDAG staff, this is not considered a TransNet project. Per SANDAG's financial system OneSolution, TransNet funds were included on this project, though a funding swap was later made for federal funds.

Similarly, we found examples of TransNet Ordinance projects where project work had stopped because sufficient funding was not available for the project to proceed—as shown in Exhibit 25—but were not prioritized to receive additional budget amendment funding in October 2023. Some of the projects have been paused for multiple years as they wait for funds. For instance, the I-805 Imperial BRT Station (Ordinance Project 14, CIP 1280512) has been stopped for five years after a project study was done and the project has not received funds to move forward with design.

**EXHIBIT 25. TRANSNET MAJOR CORRIDOR PROJECTS STOPPED WHEN FUNDING WAS NOT AVAILABLE, FY 2020 TO FY 2024 <sup>A</sup>**

Ordinance Number	CIP	Project Name	Project Phase When Stopped	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Internal Priority List	Budget Amendment <sup>B</sup>
Bike EAP	1129900	Bayshore Bikeway: 8B Main Street to Palomar	Design				X	X	✓	
31	1145400 <sup>C</sup>	San Onofre Bridge Replacements	Preliminary Survey					X	✓	
7	1201515	Clairemont Mesa Blvd BRT Stations	Design				X	X	✓	
14	1280512	I-805 Imperial BRT Station	Study	X	X	X	X	X		

Source: Annual SANDAG Budgets for FY 2020, 2021, 2022, 2023, 2024

Note <sup>A</sup>: An 'X' indicates that the CIP was listed on the “Projects Completed Through a Major Milestone” section of the stated Program Budget Year. SANDAG staff described that projects featured on this list had no available funding to continue to the next phase of the project for the listed budget year.

Note <sup>B</sup>: All four projects from FY 2024 were not included in the funding plan that the Board approved on October 2023 for the Budget Amendment for FY 2024.

Note <sup>C</sup>: According to SANDAG staff, this is not considered a TransNet project. Per SANDAG’s financial system OneSolution, TransNet funds were included on this project, though a funding swap was later made for federal funds.

SANDAG’s ultimate justifications and decisions may be reasonable—as staff provided auditors explanations for some decisions made. For example, staff explained they did not provide the San Eastbrook to Shell Double Track (CIP 1239809 in Exhibit 25) with budget amendment funds despite being on the internal priority list because they had anticipated funding the project with other sources but found out too late that those estimated funds were not available to include the project in the budget amendment.

Yet, there should be a vetted methodology or criteria for priority decision-making with more details that provide clarity about how and why certain projects are given precedence over another. Such a process could include agreed-upon criteria including both qualitative and quantitative factors, protocols for how to proceed in conflicting circumstances where two equally high-priority projects are competing for the same funds, and documented rationale for decisions.

According to a Texas A&M Transportation Institute’s report on the state of prioritization practice, many states and MPOs recognize the importance of a data-driven systematic project prioritization framework.<sup>34</sup> Other entities’ prioritization processes identified categories or factors to consider, assigned weights to each

<sup>34</sup> May 2020 Texas A&M Transportation Institute’s Technical Memorandum: Project Prioritization Practices and Methods.

category, assessed quantitative points, and calculated scores that qualitative factors can be assigned to support other ultimate funding-decisions. The entities had documented methodology where projects would be evaluated against various factors and assigned points with a stated ranking process and measure for assigning scores to projects. Some used their project selection and prioritization criteria methodology on planning projects for both their federally required programs as well as local measures—demonstrating that the approach provided a foundation that can be tailored to any project selection process including prioritizing local funded projects—like the TransNet Ordinance. Further, the methodology and project selection results from these other entities were provided to their respective decision-makers.

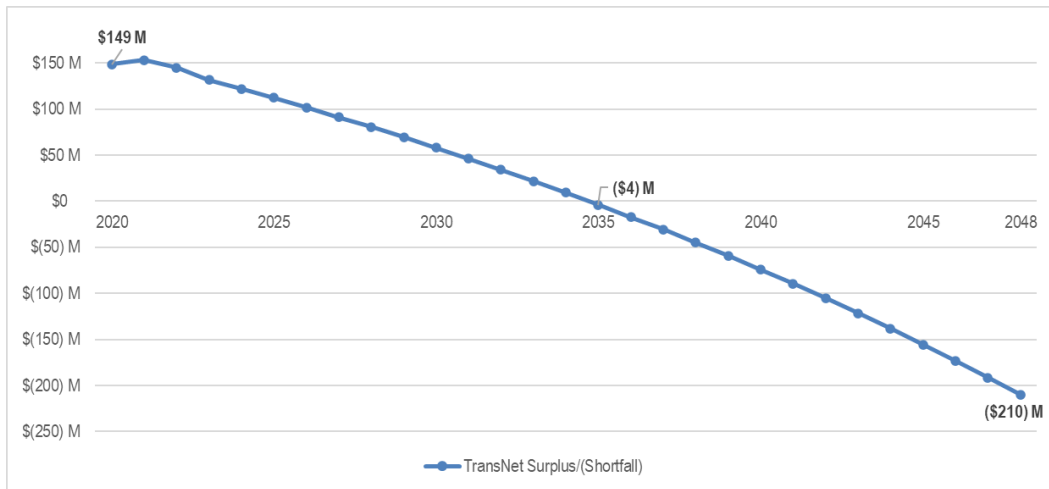
Although there is no “one size fits all” strategy, a process needs documented steps for project evaluation, prioritization, and selection; the process should be flexible and modified as needed to accommodate the current environment and regional vision. SANDAG described a similar process for its funding principles and project selection process for its Regional Transportation Improvement Plan and they could apply similar principles with additional detail for the TransNet program within the context of its specific funding shortfall. Regardless of what other similar organizations might use that could be considered for SANDAG, without clearer agreed-upon methodology, SANDAG cannot transparently demonstrate that its prioritization selections are reasonable or accountable to the TransNet Ordinance.

### **Like Major Corridor Projects, Funds for Transit Operations Related to New Capital Improvement are Slated to be Insufficient to Fully Cover Net Operating Costs by 2035**

As part of the TransNet Ordinance, several major corridor improvements related to transit were implemented, such as managed lanes for BRT, new transit stations and improvements to existing stations, upgraded rail tracks, signal upgrade, and conversion to low-floor vehicles to name a few. To operate enhanced service along these newly constructed routes, the TransNet Ordinance allocates 8.1 percent of the sales tax funds generated to operationally expand and enhance certain BRT, trolley, and rail services for MTS and NCTD transit operators in San Diego County.

Although many of the planned capital improvements and service enhancements were implemented, not all planned operations and service frequencies were deployed as discussed in Section 2 of this report. In fact, net operating costs are projected to increase at a faster rate than the projected TransNet funding available. As a result, funding for these transit operations is likely to be insufficient to cover the full net cost to operate these routes and services beginning in 2035, with the gap between available funding and costs growing each year thereafter, as shown in Exhibit 26. For instance, SANDAG projects the net cost to operate these services will be \$50.5 million in 2035; however, only \$37.6 million TransNet funds are projected to be available for these services in 2035, resulting in a funding shortfall of \$3.7 million that year.

**EXHIBIT 26. PROJECTED TRANSNET TRANSIT OPERATIONS FUNDING SURPLUS/(SHORTFALL), IN MILLIONS**



Source: Projections are from SANDAG’s “TransNet Extension: 8.1% Tables”

Note: Current projections are based on assumptions of no change to the existing service and no additional outside funds leveraged.

Like other transit agencies across the country, both NCTD and MTS reported that ridership levels have not returned to pre-pandemic levels impacting revenues and operating costs have continued to rise. Both agencies reported fiscal challenges, relying on federal funding to cover current shortfalls which were expected to expire over the next few years.<sup>35</sup> According to SANDAG, leadership from SANDAG and the transit agencies met in January 2022 to discuss projected funding shortfalls. SANDAG decided that the TransNet Ordinance would not fund MTS’ costs related to equipment replacement, although it worked with the operators to fully fund the transit system enhancements through 2030 and meet again in five years to re-assess the funding shortfalls and service levels.<sup>36</sup> However, neither SANDAG nor the transit agencies had a plan in place to protect the investments if TransNet Ordinance funding forecasts do not improve or other funding alternatives are not attained to fill the projected gap in funding.

**Recommendations**

To address critical funding shortfalls with the TransNet Ordinance and strengthen accountability for related project funding decisions, the ITOC should request the SANDAG Board to direct staff to:

13. Present the details of the next Plan of Finance to the Board and ITOC including specific amounts of funding shortfalls by subprogram and program-wide, in addition to the timeframe when shortages may begin to affect project delivery.

<sup>35</sup> At the time audit fieldwork was completed in December 2023, NCTD reported that its operating budget was balanced although there were funding gaps with their capital budget. Subsequently, NCTD reported that these gaps have been partially filled by recently awarded state funding.

<sup>36</sup> SANDAG is currently providing TransNet funding for the full net cost to operate these services. Although SANDAG will continue to provide 8.1 percent of TransNet revenues to transit operators, the available funding is not expected to keep pace with increased operating costs. As a result, there will be a gap in the level of funding available and the net cost to operate expanded services. SANDAG and transit operators will need to assess whether an alternative funding source can cover this gap or whether service adjustments and cuts will be necessary to align service levels and the associated net cost to operate with available funding.

14. Develop specific options and corresponding timelines on possible actions to address funding shortfalls for the Board and ITOC that clearly state the impact of each option at the project-level, including how options will compare to what was originally pledged in the ordinance for each project.
15. Develop, implement, and use a formal, transparent, and vetted methodology and strategy for reprioritizing pledged ongoing and future TransNet major corridor projects against limited funding—including how funds are moved between projects and factors are weighed for starting new projects when other ongoing projects may have unmet funding needs.

## Section 5. Smart Growth Grant Activities Generally Aligned with Program Goals, Although SANDAG Should Strengthen Monitoring

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With the 2.1 percent of TransNet Ordinance funds allocated to the Smart Growth Incentive Program, SANDAG provides competitive grants to local jurisdictions to fund transportation-related infrastructure improvements and planning efforts that promote smart growth development and “create more compact, walkable, bikeable, and transit-oriented communities.” Different grants may serve different purposes and have different activities, but the program goals are “to encourage comprehensive public infrastructure projects and planning activities that facilitate compact, mixed-use development focused on public transit, and that aim to increase housing and transportation choices, reduce GHG emissions, and improve public health.”

Based on our testing of 16 smart growth grants closed during the period of our review, grant activities generally aligned with grant applications and project outputs aligned with smart growth concepts. Although limited data was available to measure program outcomes, one grantee reported more than 100 housing units were added after the close of their grant with another 183 units in development.<sup>37</sup> Even so, SANDAG needs to strengthen its protocols to verify grant deliverables, conduct regular site visits, and capture performance of the grant program.

### Background

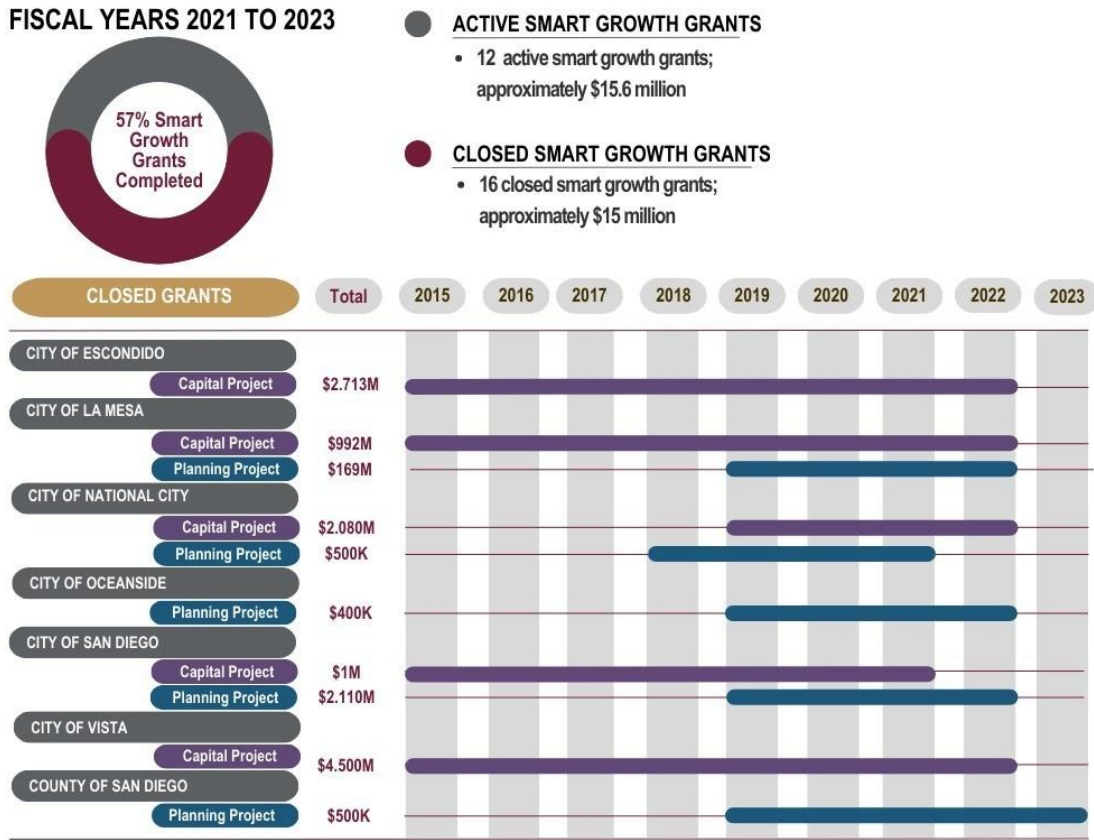
SANDAG uses a Smart Growth Concept Map that identified more than 200 existing, planned, or potential smart growth locations within the region that can support transportation investments and is used to determine smart growth grant eligibility. It funds smart growth grant applications for “planning” to develop community plan updates or local plans in specific areas or for “capital projects” to construct improvements or new infrastructure. Examples of planning grants included area specific or corridor master plans, community plan updates, and planning studies to identify future transportation infrastructure improvement projects. Examples of capital project grants included streetscape enhancements, complete streets projects, and pedestrian and bicycle infrastructure improvements.

During our audit period, there were 12 active smart growth grants and 16 closed smart growth grants as shown in Exhibit 27. Of those 16 completed grants totaling approximately \$15 million, nearly 56 percent (9 grants) were for planning and the remaining 44 percent (7 grants) were for capital projects. Seven different local agencies were grant recipients of the closed grants—specifically, the Cities of Escondido, La Mesa, National City, Oceanside, San Diego, and Vista in addition to the County of San Diego—receiving amounts ranging from approximately \$100,000 to \$2.5 million for individual grants.

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<sup>37</sup> Data is unaudited.

**EXHIBIT 27. ACTIVE AND CLOSED SMART GROWTH GRANTS, FY 2021 THROUGH FY 2023**



Source: Smart Growth grant applications; active and closed grant project files

**Grant Activities Aligned with Stated Purpose in Grant Agreements, Although Capital Grant Applications Did Not Require Clear Objectives**

For our testing, we reviewed all 16 smart growth grants completed during our audit period. With limited information available at SANDAG, we contacted the local grantees to request information about the closed smart growth grants tested and received data such as finalized plans and board approval for planning projects, photographs of completed capital projects, and other data on grant activities. We found that both planning and capital grant activities aligned with the terms of the grant agreements—although capital grant applications objectives were broad and not specific.

**Planning Grants Used to Develop Plans Seemed to Be In Use**

All nine of the closed planning projects we reviewed had completed their local plans with six approved by the relevant city council or the San Diego County Board of Supervisors—and another three plans being incorporated into larger community plans that were waiting on local approval as shown in Exhibit 28. In some instances, local agencies reported they put the plans in place to further smart growth activity such as the City of San Diego’s reported construction starting on projects considered in its E Street Greenway Master Plan.



**EXHIBIT 28. SMART GROWTH PLANNING GRANTS REVIEWED ALIGNED WITH GRANT AGREEMENTS, FY 2021 TO FY 2023**

City	Planning Grant Project	Amount	Completed As Described in Application	Approved by City Council	Informed Further Smart Growth Activity
La Mesa	Complete Streets Integrated Design Manual	\$169,801	✓	✓	✓
National City	24th Street Transit Oriented Development Overlay	\$500,000	✓	✓	✓
Oceanside	Coastal Rail Trail Extension	\$400,000	✓	✓	✓
San Diego	Clairemont Transit Oriented Development Design Concepts	\$500,000	✓	No <sup>1</sup>	✓
San Diego	College Area Smart Growth Study	\$500,000	✓	No <sup>2</sup>	✓
San Diego	E Street Greenway Master Plan	\$110,000	✓	✓	✓ <sup>3</sup>
San Diego	Mira Mesa Transit Oriented Development Concept Plan	\$500,000	✓	✓	✓
San Diego	University Community Smart Growth Concept Study	\$500,000	✓	No <sup>2</sup>	✓
County of San Diego	Casa De Oro - Campo Road Specific Plan	\$500,000	✓	✓	✓

Source: Smart Growth Grant applications, community plans, city council resolutions, e-mail correspondence with grantee’s staff

Note 1: The Clairemont Transit Oriented Development Design Concepts were incorporated into the Draft Clairemont Community Plan in 2021, which has not yet been approved.

Note 2: The College Area Smart Growth Study and University Community Smart Growth Concept Study projects were incorporated into community plans still in development, which are anticipated to be adopted by city council in 2024.

Note 3: In addition to influencing further planning, the City of San Diego reported that construction is underway for the first phase of The E Street Greenway Master Plan.

**Capital Grants Projects Were Generally Completed As Planned**

For the seven closed capital project grants reviewed, all seven grants were completed as described in applications with some improvements combined with other smart growth projects planned as shown in Exhibit 29. Yet, SANDAG’s grant application form did not contain a section identifying clear, quantified, detailed objectives aside from a brief project summary section with space for an approximate 100-word description, nor a dedicated section asking the applicant to state the objectives or deliverables of the grant.

**EXHIBIT 29. SMART GROWTH CAPITAL GRANTS REVIEWED ALIGNED WITH GRANT AGREEMENTS, FY 2021 TO FY 2023**

City	Project	Amount	Completed As Described in Application	Additional Development Planned or Completed <sup>1</sup>
Escondido	Grand Avenue Complete Streets Improvement Project, Phase I	\$1,443,161	✓	✓
Escondido	Escondido Transit Center Active Transportation Connections	\$1,270,000	✓	✓
La Mesa	North Spring Street Smart Growth Corridor	\$ 992,503	✓	✓
National City	Roosevelt Avenue Corridor Smart Growth Revitalization Plan	\$2,080,000	✓	✓
San Diego	14 <sup>th</sup> Street Pedestrian Promenade	\$1,000,000	✓	✓
Vista	Paseo Santa Fe Phase II	\$2,000,000	✓	✓
Vista	Paseo Santa Fe Phase III	\$2,500,000	✓	✓

Source: Smart Growth Grant applications, city websites, photographs of completed projects, and additional information obtained from grantees

Note <sup>1</sup>: Grantees reported subsequent smart growth planning and development in the project area, including housing and adjacent infrastructure projects. For example, the City of Vista reported that 100 housing units were added since the close of their two projects, and another 183 housing units are being developed in the area (unaudited).

**Although Grant Activities Generally Aligned with Broad Smart Growth Goals, there was Limited Data Available to Measure Program Outcomes**

Different grants may serve diverse purposes and progress toward smart growth goals that facilitate mixed-use development to increase housing and transportation choices, reduce GHG emissions, and improve public health. However, SANDAG did not require grantees with closed grants to report performance metrics related to pedestrians, bicycles, transit, housing, or GHG for the grants closed during our audit period. Thus, limited data was available to measure program outcomes—although grant activities generally aligned with smart growth concepts.

**SANDAG Required Limited Performance Data for Past Grants**

SANDAG’s grant application included questions about how the project will affect desired smart growth outcomes in their application responses, but there was not a well-defined description or requirement for what outcomes would result from the project’s participation in the grant program.

According to SANDAG’s September 2020 Draft Implementation Guide for Grant Distribution Phase IV, Section 45, the project manager should develop performance metrics and a “tracking system to store and analyze performance metrics.” SANDAG required quarterly progress reports and conducted monitoring activities but had not developed or required performance metrics for the completed grants we reviewed.

Auditors first reported concerns with the lack of data or established method for assessing whether smart growth grants performed as expected to meet desired goals in the FY 2015 TransNet Triennial Performance Audit. Since that time, SANDAG incorporated requirements into its grant agreements for local agencies to report certain baseline data related to bike and pedestrian counts—although it did not ensure

the data was captured or compared against actual performance, nor did it report whether grants were achieving program goals as recommended by the audit.

Starting with in-progress SANDAG’s Cycle 6 grants funded in FY 2022, smart growth grant agreements now incorporate metrics that could be used to capture performance against goals depending on the type of project funded. Metrics include statistics on the number or amount of:

1. Housing units created or located on an infill site surrounded by urban uses (shops, restaurants)
2. Housing units in general created in the area and employment centers
3. Linkages to transit, pedestrian, or bike systems
4. Improved neighborhood projects with safety features promoting active mobility
5. Projects connective to non-auto transportation network
6. Reduction of VMT or GHG per capita

### Grant Purposes Aligned with Program Goals, But Performance Outcomes were Not Measured

All seven of the closed capital grants we reviewed involved adding or improving some type of walking, biking, or transit options that aligned with smart growth concepts for “increasing transportation choices” and to “facilitate compact, mixed-use” development. For instance, several grants added bike lanes, enhanced sidewalks, or added new lighting—all outputs that promote a walkable, mixed-use, livable community. Thus, in the strictest sense, these completed projects supported the smart growth program goals.

Further, SANDAG required capital grantees to collect baseline data on pedestrian and bike activity before project construction. However, for two of the seven projects, local agencies could not provide the data when auditors requested as shown in Exhibit 30. Capturing pedestrian and bike data can be useful when measuring progress toward smart growth concepts of a compact, livable, bike-friendly community. Yet, without capturing “after” actual data to compare against the “before” baseline data, progress cannot be accurately measured.<sup>38</sup>

**EXHIBIT 30. CLOSED CAPITAL GRANTS ACCOMPLISHMENTS GENERALLY ALIGN WITH SMART GROWTH PROGRAM GOALS**

City	Project	Added Bike Lanes	New Lighting or Signage	Enhanced Pedestrian Features <sup>1</sup>	Lane Reduction/Road Diet	Baseline Bike/Pedestrian Data Provided <sup>2</sup>
Escondido	Grand Avenue Complete Streets Improvement Project, Phase I		✓		✓	✓ <sup>3</sup>
Escondido	Escondido Transit Center Active Transportation Connections	✓		✓		✓
La Mesa	North Spring Street Smart Growth Corridor	✓	✓			
National City	Roosevelt Avenue Corridor Smart Growth Revitalization Plan	✓	✓	✓		✓
San Diego	14 <sup>th</sup> Street Pedestrian Promenade		✓	✓	✓	

<sup>38</sup> Cities of National City and Vista provided both “before” baseline data and “after” count data.

City	Project	Added Bike Lanes	New Lighting or Signage	Enhanced Pedestrian Features <sup>1</sup>	Lane Reduction/Road Diet	Baseline Bike/Pedestrian Data Provided <sup>2</sup>
Vista	Paseo Santa Fe Phase II		✓	✓	✓	✓
Vista	Paseo Santa Fe Phase III		✓	✓	✓	✓

Source: Smart Growth Grant applications, city websites, photographs of completed projects, and e-mail correspondence with city staff

Note 1: Enhanced pedestrian features include sidewalks, crossings, and pedestrian bridges.

Note 2: Table includes baseline bike/pedestrian data provided as of January 29, 2024.

Note 3: Escondido provided baseline vehicle and pedestrian data—but not bicycle data—for the Grand Avenue project. Both “before” baseline pedestrian data and “after” pedestrian count data provided.

### Limited Industry Guidance on Measuring Smart Growth Performance

Although there is a lot of industry information on smart growth policy and implementation activities, there was limited research available on evaluating performance with empirical before and after data to assess either travel behavior or urban development impacts from capital projects. For more than a decade, research has concluded that clearer definition of performance is needed to measure success and that entities have not collected the data necessary to monitor performance—yet our research found that not much progress has been made.

Rather, we found studies that described challenges with measuring progress toward smart growth goals. One study pointed out that “there is little agreement about how to define, observe or measure the success of plan implementation” and it can be hard to definitively “link on-the-ground development with upstream land use plans or policies.”<sup>39</sup> Effects of completed projects may take decades to become observable, as investment in housing and other development takes additional time to execute. Even a decade ago, a research article published in the *Journal of Transport and Land Use* that studied four regional smart growth programs, including SANDAG’s Smart Growth Incentive Program, cautioned that “it will take many years of concerted effort to influence the form of metropolitan development and assess the impact of these policies in terms of land use and transportation.”<sup>40</sup>

### SANDAG Needs to Strengthen Smart Growth Grant Monitoring

Although SANDAG’s established some components for its monitoring framework, it could strengthen its protocols to verify grant deliverables, conduct regular site visits, and assess performance. SANDAG’s program manager position—the only position dedicated to the smart growth program—had been vacant during our audit, but SANDAG reported that the position was recently filled.

<sup>39</sup> National Center for Sustainable Transportation / University of California, Davis, “Measuring Land Use Performance: Policy, Plan, and Outcome,” October 2015.

<sup>40</sup> The *Journal of Transport and Land Use*, Volume 6, No. 2 [2013] pp.21-32.

## **Regular Reviews and Quarterly Reports Track Compliance, but Not Performance**

SANDAG established grant monitoring responsibilities and protocols for monitoring. For instance, its draft internal Implementation Guide for Grant Distribution from September 2020 states that project managers are responsible for the following activities, although it is not clear how project managers should fulfill them:

- Compliance with completion deadlines
- Indicators of timely progress toward grant completion, such as regular draw-down of funding
- Performance of work in a manner consistent with the scope of work
- Other project specific or program-specific performance indicators

As part of its monitoring responsibilities, SANDAG required grantees to submit quarterly reports as well as a final closeout report on items such as work accomplished, deliverables produced, schedule and task status, funding or invoicing, and project challenges or schedule delays. SANDAG monitored the grantees' quarterly reports submitted in addition to grantee requests for reimbursement.<sup>41</sup> However, we found instances where "final quarterly reports" submitted by the grantee had open items. For instance, of the nine closed planning projects reviewed, three had work noted as still in progress as of the closeout quarterly report received, and one did not have a quarterly closeout report available.

Nonetheless, SANDAG used the information reviewed during the invoicing and monitoring process to develop quarterly reports that SANDAG provided to ITOC with the intent "to provide transparency and public accountability of the grant programs." The process was also intended to alert decision makers of projects that may require action should poor performance continue, such as approving a time extension or terminating the project—although there was no discussion on performance outcomes against smart growth program goals.

## **Site Visit Protocols were Reestablished, but were Not Regularly Performed**

As early as 2014, auditors noted that SANDAG had protocols for formal site review process. According to SANDAG, it had not been conducting those visits as planned, but reestablished the site visit protocols in 2022 when it developed detailed monitoring checklists with questions and topics to review on site visits considering compliance with grant agreement terms, payments and invoicing, schedule, project progress, and deliverables. SANDAG's Smart Growth Program Manager was assigned responsibility for conducting the site visits, completing the site visit checklist, and reviewing resulting reports with the grantees.<sup>42</sup>

Yet, of the seven closed capital grants we reviewed, site visits were documented for only three closed capital projects as shown in Exhibit 31. For those three site visit reports, several questions were left blank, or responses lacked details other than indicating a yes or no response. None of the site visit reports included verification of activities completed or photographs of the completed project—even though SANDAG's September 2020 Draft Implementation Guide for Grant Distribution Phase III, Section 44 states the "project manager should verify all deliverables were provided by the grantee."

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<sup>41</sup> SANDAG reviews performance delays, fund transfers between tasks, invoicing issues (support, indirect cost compliance, cost allowability), reporting (on time, details, milestones), performance against tasks/schedule, and other agreement compliance.

<sup>42</sup> According to the Grants Manager, the goal is to conduct three site visits—during pre-construction, active construction, and post-construction or closeout—primarily related to capital grants.

Based on our testing of closed grants, this was not regularly done by SANDAG staff as we received most of the evidence of project completion directly from the local grantees.

**EXHIBIT 31. GRANT MONITORING SITE VISITS CONDUCTED ON CLOSED CAPITAL PROJECTS, FY 2021 TO FY 2023**

City	Project	SANDAG Site Visit Conducted	Evidence of Project Completion
Escondido	Grand Avenue Complete Streets Improvement Project, Phase	✓	✓
Escondido	Escondido Transit Center Active Transportation Connections		✓
La Mesa	North Spring Street Smart Growth Corridor	✓	✓
National City	Roosevelt Avenue Corridor Smart Growth Revitalization Plan	✓	✓
San Diego	14 <sup>th</sup> Street Pedestrian Promenade Demonstration Block		✓
Vista	Paseo Santa Fe Phase II		✓
Vista	Paseo Santa Fe Phase III		✓

Source: SANDAG project files and site visit reports, city websites, photographs of completed projects, and e-mail correspondence with city staff  
 Note: ✓ Indicates a “yes” or positive response.

**Recommendations**

To strengthen its Smart Growth Incentive Program monitoring practices as well as ensure grants are used for intended purposes to achieve intended outcomes, the ITOC should request the SANDAG Board to direct staff to:

16. Revamp the smart growth grant application form to clearly identify quantified, detailed objectives and deliverables to allow for meaningful analysis.
17. Require grantees to include a well-defined description of what will be constructed through the project to affect desired smart growth outcomes.
18. Require grantees to report on the quantifiable performance metrics now required in grant awards related to promoting smart growth goals to create compact, walkable, bikeable, and transit-oriented communities and increase housing and transportation choices around the region as applicable.
19. Put practice in place to summarize grantee performance data, analyze success of grant efforts, and report to ITOC.
20. Review grantees final close out reports and investigate any items the grantees marked as “in-progress.”
21. Validate that smart growth grantees met all objectives and provided deliverables at project close-out during site visits.

## Section 6. SANDAG Has Not Taken Strong Enough Actions to Implement Prior Audit Recommendations and Ordinance Amendments

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As part of its role to provide an “enhanced level of accountability for expenditures” under the TransNet Ordinance, the ITOC performance audits are one tool to demonstrate that accountability, as well as improve the efficiency and effectiveness of SANDAG operations related to the TransNet Ordinance. In prior reports, auditors found that although SANDAG was generally compliant and completed planned projects as intended, it could do more to better demonstrate accountability including better tracking and reporting against the TransNet Ordinance goals and plans. The current FY 2024 audit found this is still the case.

Auditors made several critical and high priority recommendations to SANDAG in prior audits to demonstrate accountability by clearly identifying what remaining TransNet Ordinance projects are in the 2021 Regional Plan and documenting how choices will be made between projects if funding does not materialize—among other recommendations. SANDAG uses a formal tracker to report on status to ITOC with clear indications of owners, actions, and targeted completion deadlines.

However, many of the audit recommendations remain outstanding—some for more than six years—including several where SANDAG may not understand the intent behind the recommendations based on the underlying findings presented in the audits. We found several instances for which SANDAG-implemented actions did not relate to the action suggested by audit recommendations. Some open items related to planned amendments to the TransNet Ordinance—which are progressing slowly. Part of the delay has been attributed to staff turnover, changing staff responsibilities, and interruption from the COVID-19 pandemic. According to SANDAG, “despite the challenges involved in implementing audit recommendations in a constrained funding environment with limited staff resources, staff is committed to continue working with the ITOC and Board to set priorities and address remaining audit recommendations.”<sup>43</sup> Ultimately, SANDAG has not taken strong enough actions to timely implement the prior audit recommendations.

### **While Many Audit Recommendations were Addressed, More Than 40 Percent of Prior Audit Recommendations Remained Outstanding**

Over the past three performance audits between FY 2015 and FY 2021, auditors made recommendations related to a variety of TransNet Ordinance areas. SANDAG addressed more than half of the recommendations through improvements related to TransNet sales tax forecasts and cost estimates, Bike Early Action Program crosswalks between planned activity and results, regional safety planning, the Environmental Mitigation Program and related regional monitoring, and quality control and quality assurance processes. Another area for which SANDAG made solid progress related to SANDAG’s performance measurement framework and interactive State of the Commute Dashboard to capture and report performance data, with a particular emphasis on safety metrics for a regional safety dashboard and

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<sup>43</sup> As presented to ITOC in its October 11, 2023 meeting, agenda item 8.

implementing a Vision Zero Action Plan. SANDAG was responsive to the FY 2018 audit performance-related recommendations with more safety and congestion data now being captured and reported. As of the end of our audit fieldwork in December 2023, SANDAG was still working on performance tracking and review of pavement, bridge, and other asset data.

While implementing certain audit recommendations can take longer periods of time on occasion, SANDAG has not addressed more than 40 percent of prior audit recommendations. In fact, 28 of 70 audit recommendations reported since the FY 2015 audit were in-progress or not implemented as shown in Exhibit 32.

**EXHIBIT 32. MORE THAN 40 PERCENT OF PRIOR TRANSNET PERFORMANCE AUDIT RECOMMENDATIONS REMAIN OUTSTANDING <sup>A</sup>**



Source: Auditor verification of SANDAG's efforts to address FY 2018 and FY 2021 TransNet Triennial Performance Audit recommendations  
 Note <sup>A</sup>: Total recommendations outstanding = 2 recommendations FY 2015 + 12 recommendations from FY 2018 + 17 recommendations from FY 2021 + 1 recommendation from 2021 not implemented for a total of 32 outstanding recommendations. 32/70= approximately 45 percent.  
 Note <sup>B</sup>: After careful consideration, ITOC decided not to implement one FY 2021 recommendation (#24) to modify ITOC member service limits.

Moreover, many of the outstanding recommendations classified by auditors as critical or high priority remain outstanding as shown in Exhibit 33. Outstanding audit recommendations from the FY 2018 audit related to a variety of areas including performance framework (critical priority), project prioritization (high priority), and local road accomplishments against plans (high priority), to name a few. Similarly, outstanding recommendations from the FY 2021 audit relate to identifying which remaining projects are in the 2021 Regional plan (critical priority), process to address gaps noted in the plan of finance (critical priority), and compliance with Rule 21 (high priority) among others.

**EXHIBIT 33. OUTSTANDING CRITICAL AND HIGH PRIORITY AUDIT RECOMMENDATIONS, AS OF OCTOBER 2023**

FY Audit	Critical and High Priority Audit Recommendation (Summarized)	Critical	High
<b>2021</b>			
Rec #1	Clearly identify whether remaining projects will be in 2021 Regional Plan.	✓	
Rec #2	Develop crosswalks to compare major corridor projects in TransNet Ordinance with actual scope completed, in progress, future, or cancelled.		✓
Rec #3	Develop a formal process to address issues identified in annual Plan of Finance updates.	✓	



FY Audit	Critical and High Priority Audit Recommendation (Summarized)	Critical	High
Rec #8	Clearly and comprehensively report on actual progress and accomplishments against the TransNet Ordinance on a regular and periodic basis.	✓	
Rec #9	Demonstrate compliance with the TransNet Ordinance by identifying, tracking, and reporting on various requirements and provisions to the Board and ITOC regularly.		✓
Rec #10	Implement shorter-term steps to report on performance, including continued development SANDAG's proposed "Goals and Provision" document to distribute to the Board and ITOC.		✓
Rec #15	Estimate and communicate to the Board and ITOC the quantifiable impact of permit delays on individual Bike Early Action Program projects and the overall Regional Bikeway Program.	✓	
Rec #16	Work with the Board to have leadership collaborate with its representatives from the City of San Diego to rectify critical Bike Early Action Program project permit issues.	✓	
<b>2018</b>			
Rec #3a	Regularly track and report on the TransNet Program's financial capacity to complete projects by implementing establishing a formal protocol to review funding sources and uses occurring in the last 10 to 20 years of the TransNet Program and assess options such as delaying projects, eliminating projects, or reducing scope as warranted.		✓
Rec #3c	Identifying methods to assess options, if needed, to delay, eliminate, or reduce scope of projects and whether methods would follow the same priority process used in Regional Plan.		✓
Rec #5a/5b	Establish a comprehensive performance framework by (a) setting targets to measure TransNet performance against the TransNet Ordinance goals, (b) capturing and report data on safety, pavement condition, and bridge.	✓	
Rec #7	Develop and reconcile a comprehensive universe of TransNet projects completed, underway, and planned back to TransNet Ordinance and what was expected to be delivered including reconciling local street and road planned outputs with actual accomplishments.		✓
Rec #12	Continue to monitor compliance with SANDAG Board Policy No. 031, Rule 21 including following-up on areas of noncompliance noted it a SANDAG 2014 review, working with locals to determine a method to demonstrate compliance, and amending Board Policy to require locals to report on the number of bike and pedestrian facilities implemented.		✓

Source: TransNet Triennial Performance Audits for FY 2018 and 2021; SANDAG's Performance Audit Implementation of Recommendations Tracker as of July 2023 presented to ITOC on October 11, 2023.

Further, there are two outstanding recommendations from the FY 2015 audit—nine years ago—that relate to tracking and reporting whether TransNet Ordinance grants are achieving program goals and setting other internal performance indicators such as percent of projects delivered on schedule and on budget.

Without implementing corrective actions to address audit findings in a timely manner, SANDAG cannot best demonstrate accountability to taxpayers and the Ordinance nor can SANDAG achieve the intended benefit from the recommendations. SANDAG reported that most outstanding recommendations are planned for completion over the next three to eight months by spring/summer 2024. Given reported challenges to address audit recommendations due to staff turnover and new staff responsibilities as described later in this section of the report, completion within that timeframe may be challenging.

## SANDAG May Not Understand Intent Behind Prior Audit Recommendations

When validating SANDAG efforts to address prior audit recommendations, we found instances of disconnects between recommendations and SANDAG implemented activities as shown in Exhibit 34. In some instances, the initial response to the recommendation was on point—yet, over time, the implementation actions veered off course and became unrelated to the audit recommendation.

**EXHIBIT 34. EXAMPLES OF DISCONNECTS BETWEEN AUDIT RECOMMENDATIONS AND SANDAG ACTIONS**

FY Audit	Report Finding & Audit Recommendation Summary	SANDAG Reported Action	Disconnect Noted
<b>2021</b>			
Rec #1	Clearly identify which TransNet major corridor projects are in the 2021 Regional Plan before Board approves	<ul style="list-style-type: none"> <li>Referred to adopted plan and that updates were provided on proposed 2025 amendments</li> <li>Discussed special report provided to ITOC that included details of TransNet projects and regional plan</li> </ul>	✗ Neither the 2021 Regional Plan, proposed amendments, or special ITOC report gave a clear identification of which TransNet Ordinance project scope and location boundaries were in the regional plan
Rec #3	Adopt a formal funding process, with options, scenarios, or choices as needed to reduce scope, delay, or eliminate remaining TransNet projects	<ul style="list-style-type: none"> <li>Referred to 2021 Regional Plan for prioritization, scope, and phasing</li> <li>Plans did not include a funding update until 2024 to discuss methodology</li> </ul>	✗ No discussions of how plans or funding relate to decisions on the remaining TransNet projects—just action at the regional-level not specific to TransNet
Rec #6	Describe the QA/QC sampling methodology clearly to the Board	<ul style="list-style-type: none"> <li>Described a lot of progress on QA guidelines, models, and practices</li> </ul>	✗ No discussion on presenting the sampling methodology to Board—only progress in other related QA/AC areas
Rec #8	Clearly report on actual to planned TransNet major corridor project progress for scope, cost, and schedule	<ul style="list-style-type: none"> <li>Indicated that the information was provided in Report Cards, Dashboard, and the ITOC annual report</li> </ul>	✗ None of the referenced documents had a comprehensive comparison of actual delivery to Ordinance project boundaries, scope, cost, and schedule
Rec #10	Implement short-term performance steps such as comparing against the ballot expectations or SANDAG’s draft goals and provisions document	<ul style="list-style-type: none"> <li>Proposed an initial infographic that would have addressed issue but then changed focus to State of Commute dashboard</li> </ul>	✗ Actions focused on longer-term performance, and not quick short-term information related to ballot expectations as recommended by audit
Rec #15	Estimate and communicate quantifiable impact of Bike permit delays to Board	<ul style="list-style-type: none"> <li>Talked about bringing on bike replacement staff and how bike status is communicated</li> </ul>	✗ Missing the focus on quantifying and reporting on permit delays
<b>2018</b>			
Rec 5a	Setting targets to measure performance against 7 TransNet ballot language expectations	<ul style="list-style-type: none"> <li>Discussed efforts related to overall performance measurement and targets</li> </ul>	✗ Although the performance system will help inform targets, the recommendation was specific to seven expectation areas in ballot
Rec #12a	Monitor local agency compliance with “Rule 21” for bike and pedestrian accommodations	<ul style="list-style-type: none"> <li>Initially (six years ago) discussed conducting a compliance review, but then actions were linked to overall performance framework. Recent actions talked about amending Rule 21</li> </ul>	✗ Actions related to performance are off topic, as are discussions on amending Rule 21—recommendation spoke to monitoring compliance with existing rule in place
Rec #13	Analyze transit routes to report on whether commute times have improved	<ul style="list-style-type: none"> <li>Initially spoke on transit travel in State of the Commute, but subsequent actions refer to safety, pavement, and streetlights</li> </ul>	✗ Actions are not relevant to the topic of transit

Source: TransNet Triennial Performance Audits for FY 2018 and 2021; SANDAG’s Performance Audit Implementation of Recommendations Tracker as of July 2023 presented to ITOC on October 11, 2023. Note: ML= managed lanes.

For instance, FY 2021 audit recommendation #1 was to clearly identify whether the remaining TransNet projects would be part of the 2021 Regional Plan. SANDAG viewed this as completed because they gave updates on 2021 Regional Plan and were working on Ordinance amendments. They also stated that “remaining feasible TransNet Ordinance projects have been included with updated costs” in the regional plan. However, because SANDAG could not provide documentation to validate what remaining projects are scheduled for completion in the 2021 Regional Plan—as discussed in Section 3 of this report—this recommendation remains outstanding.

In another instance, FY 2018 audit recommendation # 5a was to implement short-term steps to report on TransNet Ordinance expectations set forth in the 2005 ballot language. SANDAG’s efforts focused on communication platforms and yearly communication strategies with social media and then linked actions to different recommendation related to development of a longer-term comprehensive performance framework and the State of Commute dashboard. Yet, the underlying intent behind the finding and audit recommendation suggested a simple comparison of performance results against the seven ballot expectations in the short-term enhancing accountability to the voters—not waiting for a longer-term performance framework and not related to communication strategies.

Similarly, for a FY 2021 audit recommendation #8 to “clearly report on actual progress against Ordinance for project scope, costs, schedule, and outcomes against promises,” SANDAG’s initial response was that information was in TransNet report cards and the ITOC annual report—then staff were going to consider incorporating the recommended data into quarterly reports to ITOC—until it was ultimately marked complete since the dashboard was updated to include all the necessary information. Yet, as we discussed in Section 1 of this report, the dashboard did not have the requisite data and we cannot identify specifically what scope was delivered against promises. Thus, there appears to be a disconnect.

## **SANDAG Cited Struggles to Implement Audit Recommendations Due to Staff Turnover and Reorganized Responsibilities**

SANDAG attributed challenges with turnover and changing staff responsibilities for the slow movement in addressing audit recommendations—although some delay was caused by certain corrective actions being viewed by SANDAG as requiring Ordinance amendments.<sup>44</sup> When looking at turnover data provided to us, SANDAG’s turnover rate for its filled positions ranged from 10.2 percent in FY 2021 to 13.8 percent by FY 2023—with a peak in FY 2022 of 24.5 percent, as shown in Exhibit 35.<sup>45</sup>

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<sup>44</sup> SANDAG staff cited challenges with redefined executive management and staff roles, responsibilities, and lines of authority while the COVID-19 pandemic was ongoing and nearly all staff remotely worked from home.

<sup>45</sup> Auditors were not provided support to validate data.

**EXHIBIT 35. SANDAG REPORTED STAFF TURNOVER, FY 2021 TO FY 2023**

	FY 2021	FY 2022	FY 2023	FY 2024 Through (December 2023)
Budgeted Employee Population	361	376	414	422
Separations & Terminations	37	92	57	14
Turnover Rate Based on Budgeted	10.2%	24.5%	13.8%	3.3%

Source: Data provided by SANDAG HR Department; not verified by auditor

Note: According to the SANDAG’s HR Director, the agency averages a 10 to 15 percent vacancy. Auditors were not provided support to validate data.

Individual SANDAG departments had varying rates of turnover within each area—for those departments auditors identified as most relevant or responsible for implementing audit recommendations, we found turnover generally ranged between 4 and 15 percent. Departments included Accounting & Finance; Data Science; Engineering & Construction; Financial Planning, Budgets & Grants; and Regional Planning. We also noted that several long-time management and staff retired or left the organization which could impact historical knowledge maintained related to the prior audit recommendations.

When compared to Bureau of Labor Statistics data, SANDAG’s overall turnover rates from fiscal year 2021 through fiscal year 2023 seemed higher than rates reported for the local government sector nationally that averaged 1.55 percent across the nation in 2022 and 2023. Turnover reported across all industry sectors during the same time frame was still lower than SANDAG’s rate ranging from 2.1 percent to 24.7 percent. Several local jurisdictions we interviewed also discussed challenges with staffing shortages and vacancies. Nonetheless, for the first half of FY 2024 through December 2023, SANDAG’s turnover seems to have stabilized and is more in line with industry averages.

In addition to turnover, SANDAG staff cited challenges with the reorganization from 2021 that redefined executive management and staff roles, responsibilities, and lines of authority while the pandemic was ongoing and nearly all staff worked remotely.

**No Indication of Executive Direction Prioritizing or Setting Timelines for Implementing Audit Recommendations**

While staff from the Financial Programming, Budgets, and Grants Division coordinated the tracking and reporting the status of prior audit recommended actions, staff managers and directors share implementation of audit recommendations among different owners that possess the related technical expertise in the recommended area. Each owner determined the timing and scale of actions to be taken.

Specifically, technical program directors prioritized recommendations, allocated staff resources, determined what actions would be taken if any, and concluded whether a recommendation is complete. However, given the length of time recommendations have been outstanding, there was no indication of direction from SANDAG Executive Management on implementing corrective action in a timely manner or to prioritize the importance of addressing audit recommendations and resolving issues identified by ITOC audits.

While SANDAG has many MPO-related responsibilities, strong executive sponsorship is needed for leading efforts to address audit recommendations and following up on corrective actions to demonstrate accountability to the TransNet Ordinance.

## SANDAG’s TransNet Ordinance Amendment Process to Address Outstanding Audit Recommendations Was Slow and Not Yet Implemented

To address some prior audit recommendations, SANDAG believed corrective actions required amendments to the Ordinance—although not all currently proposed draft Ordinance amendments stemmed from prior audit findings. According to SANDAG, proposed amendments came from three main sources, including the TransNet Ten-Year Comprehensive Review, FY2018 and FY 2021 TransNet Triennial Performance Audits, and 2021 Regional Plan—although at least one amendment related to an audit recommendation for the local street and road program from the FY 2015 audit. Yet, the progress to date has been slow and none of the following proposed amendments have been submitted to the Board for approval.

After the 2021 Regional Plan was approved, SANDAG recognized it needed an update to the TransNet Ordinance since TransNet Ordinance projects must be consistent with the regional plan. According to SANDAG, it also wanted to incorporate changes based on 2018 and 2021 audit recommendations. As shown in Exhibit 36, half of the in-progress amendments related to prior audit recommendations—although some of the specific details for what is being proposed was not evident from documents we were provided.

**EXHIBIT 36. PROPOSED ORDINANCE AMENDMENTS AS PRESENTED TO ITOC, NOVEMBER 2021**

#	Ordinance Area	From Prior Audit Recommendation	Summary of Draft Proposed Change
1	Expenditure Plan		Expand to include bike, pedestrian, flexible fleets, and necessary digital communication and information technology
2	Local Street and Road	✓	Remove 70/30 congestion relief/maintenance split and require performance reporting
3	Smart Growth GIP		Replace references to RCP with RTP to be consistent
4	Bike, Ped, Neighborhood		Increase the off-the-top 2% funding available for bike and pedestrian projects
5	Transit Operations Funding	✓	Revisit transit operations funding to address potential funding shortfall
6	Transit Operator Eligibility	✓	Revisit transit operator eligibility requirements
7	General Provisions		Integrate digital communications infrastructure for all SANDAG-funded projects
8	General Provisions	✓	Comprehensive performance framework to better measure progress against Ordinance goals, demonstrate outcomes, improve data analysis transparency, communication, and track TransNet accomplishments
9	ITOC	✓	Consider changes to ITOC membership makeup, conflict of interest, terms, and selection
10	All Programs		Update funding estimates throughout the Ordinance document

Source: SANDAG presentation at ITOC’s November 10, 2021 meeting, Item 9.

Specifically, the five proposed amendments that aligned with outstanding recommendations related to the local street and road program from FY 2015 audit, transit operations funding and eligibility from FY 2018 audit, performance measures from the FY 2018 audit, and ITOC membership from the FY 2021 audit. The remaining five proposed amendments were not specific to outstanding audit recommendations.

### **Amendment Process Has Been Slow and Delays the Intended Benefit of Audit Recommendations**

SANDAG relied on a subcommittee of its Mobility Working Group to review and discuss proposed amendments.<sup>46</sup> The process started with an introduction of amendment, presentation and education on the amendment topic, discussion of the topic, and then a vote on the amendment which can take several meetings. Since 2021, limited progress had been made on finalizing and presenting the proposed amendments to the Board related to the prior audit recommendations.

The delay or stalled momentum to craft proposed amendments was partly affected by the COVID-19 pandemic, although more progress on amendments to address audit recommendation could possibly have been made prior to the subcommittee formation in 2021. For at least one potential amendment related to removing the 70/30 local street and road split, the initial audit recommendation was made nearly nine years ago. Some of the delay was related to local jurisdictions needing additional time for deliberations when affected by certain proposed amendments. According to SANDAG, as of July 2023, plans were to recommend amendments to the SANDAG Board in the spring/summer of 2025 as extra time was needed to vet decisions because subcommittee members did not have availability to meet or sufficient time to process through the information before making decisions. As of July 12, 2023, the Mobility Working Group Subcommittee has reached consensus on just two amendments related to transit operator eligibility with 75 percent of the local jurisdictions in favor or citing neutral agreement and related to the local street and road program with 100 percent in favor or citing neutral agreement.

When the ITOC presented a proposed amendment to the Board in January 2023 to address a prior audit recommendation related to ITOC membership and selection, it coincided with several Board members walking out of the meeting in protest related to other board discussions. As a result, there was no action taken on the proposed amendments presented by the ITOC representative. SANDAG staff have also not attempted to present any additional proposed amendments in 2023; however, SANDAG indicated that the ITOC amendment is on draft Board agendas beginning on March 22, 2024.

Without timely implementation of changes needed to the 20-year-old Ordinance, the region is not benefiting from the proposed audit recommendations.

### **Amendment Discussions May Misconstrue ITOC Authority and Related Audit Recommendations**

We reviewed minutes for the six Mobility Working Group Subcommittee meetings held in 2023 and found there may be some misunderstanding of ITOC's authority and the audit recommendations behind the proposed amendments. For instance, in a February 16, 2023, local jurisdictions were sharing concerns

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<sup>46</sup> The purpose of the Mobility Working Group is “serve as a critical resource to carry out and promote cross-agency coordination on the policy, planning, development, deployment, and operations of mobility solutions that help advance the implementation of the SANDAG Regional Plan.” Membership consists of one voting member and one alternate member from each of the 18 cities and county, MTS, NCTD, Port of San Diego, and the Airport Authority. Membership may also include non-voting agency partners like Caltrans, DOD, and Southern California Tribal Chairman's Association.

about proposed amendments related to bike accommodations and one local requested “that the 1-inch street overlay specific language be removed from the amendment.” SANDAG noted they would “like to provide more flexibility, but SANDAG needs to comply with the TransNet audit reports from ITOC and certain items in the amendment cannot change because they need to satisfy ITOC requirements.” Yet, we are not aware of any audit reports or ITOC requirements that would have the authority to prevent such an amendment change or even prescribe the type of local street and road language that should be in any proposed amendment.

Similarly, one item discussed in a July 20, 2023, subcommittee meeting related to bike accommodation amendments for excluding projects subject to Board Policy 31, Rule 21.<sup>47</sup> SANDAG described the current process is for cities to “document if a project was not able to accommodate bike/pedestrian requirements and that, if the ITOC agrees and deems it unnecessary (through an exemption), they are able avoid the additional requirements.” Yet, Board Policy 31, Rule 21 only states that ITOC would review and comment on excluded projects as part of its role in the Regional Transportation Improvement Plan process. Any requested exclusion is also “subject to review and comment by SANDAG through the Bicycle-Pedestrian Working Group, which would forward its comments to the SANDAG Transportation Committee.”<sup>48</sup> Board policy further states that the SANDAG Transportation Committee is the group with authority to approve the exemption by making a finding that the decision is consistent with the Ordinance—not ITOC. This misunderstanding of ITOC’s authority adds confusion and could lead to potential local agency frustration with ITOC and the audit process, as several comments in the subcommittee meeting discussed the misdirected viewpoint that local agencies had extra burden to obtain the bicycle accommodations exemptions because of ITOC.

## Recommendations

To demonstrate accountability to the TransNet Ordinance by implementing long-outstanding corrective actions needed to address prior audit recommendations, the ITOC should request the SANDAG Board to direct staff to:

22. Require SANDAG Executive Management to take an active role in overseeing the implementation of the ITOC audit recommendations and hold staff accountable for timely corrective action.
23. Set timelines for local agency consensus on proposed Ordinance amendments and then take the related amendments to the Board for consideration soon after.
24. Immediately propose the amendments to the Board for the ITOC changes and other areas relating to the prior audit recommendations.

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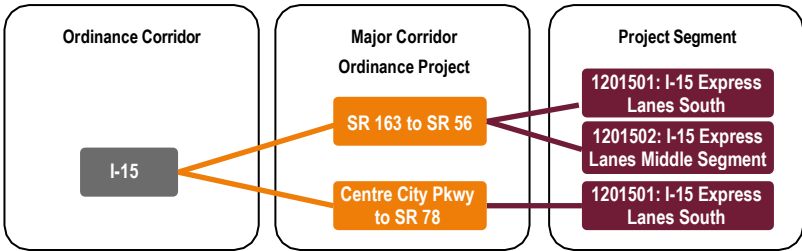
<sup>47</sup> Board Policy 31, Rule 21 relates to the Accommodation of Bicyclists and Pedestrians and includes procedures for excluding accommodations for pedestrians and bicyclists from projects.

<sup>48</sup> The Bicycle-Pedestrian Working Group is now the Mobility Working Group.

# Appendix A: TransNet Ordinance Major Corridor Projects

As discussed in Section 1 of this report, SANDAG did not clearly identify the status of major corridor Ordinance capital projects in terms of scope delivered (e.g. 4 managed lanes, etc.) or boundaries (limits between geographical locations). However, we attempted to identify and update project status (completion, in-progress, or future) to the best of our ability and to the extent possible using SANDAG’s annual program budgets, maps, and fact sheets for the 48 major corridor capital construction projects by TransNet Ordinance category and CIP number as summarized in Exhibit 37 and detailed in Exhibit 38 that follow.

## EXHIBIT 37. CLARIFICATION FOR TRANSNET ORDINANCE PROJECT LISTING AT EXHIBIT 38

Exhibit Area	
Ordinance Number	<ul style="list-style-type: none"> <li>Numbered 1 to 48—representing the 48 major corridor projects from the 2004 TransNet Ordinance passed by voters.</li> </ul>
Project / Segment Name	<ul style="list-style-type: none"> <li>3 layers—corridor, major corridor project, and project/segment as follows:               <ul style="list-style-type: none"> <li>✓ <b>Ordinance Corridor:</b> 15 corridors per the TransNet Ordinance.</li> <li>✓ <b>Major Corridor Ordinance Project:</b> 48 major corridor projects per the TransNet Ordinance.</li> <li>✓ <b>Project Segment:</b> 107 project segments to date. Project segments are shown with a seven-digit number that represents the project’s Capital Improvement Program budget number. Only completed, in-progress, and future projects with programmed funding have a CIP. New CIPs added since the FY 2021 Triennial Audit were obtained from the Dashboard.</li> </ul> </li> </ul> <p><u>Example for I-15 Corridor:</u></p>  <p>Note: The I-15 stretch between SR 56 and Centre City Pkwy was built as the I-15 Express Lanes Middle Segment.</p>
Segment	<ul style="list-style-type: none"> <li>The 48 TransNet Ordinance projects resulted in 107 individual project segments as of June 30, 2023, but this number will grow as new project segments are started.</li> </ul>
Status	<ul style="list-style-type: none"> <li><u>General:</u> Project segments where only a study was completed are shown because expenses were incurred but were not counted as a completed project segment.</li> <li><u>Project Completed:</u> At the 48 Ordinance Project level, fully completed segment.</li> <li><u>In-Progress:</u> Project segments could be in various stages—environmental, design, or construction.</li> <li><u>Future:</u> Project or project segments have not started and have not incurred expenses, but a CIP budget number has been assigned.</li> <li><u>Unknown:</u> Project was provided by SANDAG, but CIP was not listed in the annual program budget.</li> </ul>



**EXHIBIT 38. STATUS OF MAJOR CORRIDOR CAPITAL PROJECTS AS INCLUDED IN THE TRANSNET ORDINANCE**

Ordinance Project Number	Project/Segment Name	Segment	Status	Auditor Notes Based on Annual Program Budgets for FY 2021, FY 2022, FY 2023 (Unless Noted Otherwise)
<b>1</b>	<b>I-15: SR 163 to SR 56</b>			
	1201501: I-15 Express Lanes South Segment	1	Completed.	-
	1201502: I-15 Express Lanes Middle Segment	2		
	1201504: I-15 FasTrak®	3		
	1201520: I-15 Express Lanes – Forrester Creek Improvements	-	On-Going.	Project is for Mitigation work started in FY 2022.
<b>2</b>	<b>I-15: Centre City Pkwy to SR 78</b>			
	1201503: I-15 Express Lanes North Segment	4	Completed.	-
<b>3</b>	<b>I-15: SR 94 to SR163</b>			
	1280514: I-805/SR 15 Interchange	5	In-Progress.	Original CIP 1280514 for design complete. Project now part of I-805/SR 94/SR 15 Transit Connection under CIP 1280520 where design and right-of-way started in FY 2023.
	1601501: CMCP – High Speed Transit/I-15	-	Future.	CMCP study only. Study in planning since FY 2021 but changed to future project in FY 2023.
<b>4</b>	<b>HOV Connector: I-15 / SR 78</b>			
	1207802: I-15/SR 78 HOV Connectors	6	In-Progress.	Environmental phase 55% complete. Final Environmental Document estimated by June 2024.
<b>5</b>	<b>HOV Connector: I-15 / SR 94</b>			
	1280508: SR 94 Express Lanes I-805 to Downtown	-	In-Progress.	Combined with Ordinance Project 12, 15. Project now part of SR 94 Transit Priority Lanes (I-805 to I-5) under CIP 1280518 with feasibility study 85% complete and environmental phase estimated to start summer 2025.
<b>6</b>	<b>SR 94: I-5 to I-15</b>			
	1280508: SR 94 Express Lanes I-805 to Downtown	-	In-Progress.	Combined with Ordinance Project 12, 15. Project now part of SR 94 Transit Priority Lanes (I-805 to I-5) under CIP 1280518 with feasibility study 85% complete and environmental phase estimated to start summer 2025.
<b>7</b>	<b>BRT Route 610: via I-15 / SR 94 (Now Route 235)</b>			
	1201505: I-15 BRT Stations – Rancho Bernardo, Sabre Springs, and Del Lago	7	Completed.	-
	1201506: I-15 Mira Mesa DAR & BRT Station	8		
	1201508: I-15 Bus Rapid Transit	9		
	1201509: Downtown BRT Stations	10		
	1201512: I-15 BRT Sabre Springs Parking Structure	11		
	1201514: Downtown Multiuse and Bus Stopover Facility	12	In-Progress.	In-Right-of-Way with two of three parcels acquired. Third parcel necessary to construct facility estimated to be acquired in FY 2023.
	1201515: Clairemont Mesa Blvd BRT Stations	13	In-Progress.	Final design of five additional transit stations complete. Construction is pending availability of funding as of FY 2023.
	1201516: I-15 BRT Station Enhancements	14	Completed.	-
	1201517: I-15 BRT WiFi Phase 1	15		
	1201518: I-15 Mira Mesa Transit Station Parking Structure	16		

Ordinance Project Number	Project/Segment Name	Segment	Status	Auditor Notes Based on Annual Program Budgets for FY 2021, FY 2022, FY 2023 (Unless Noted Otherwise)
	1201519: I-15 Transit Priority Lanes & Direct Access Ramp at Clairemont Mesa Blvd.	17	In-Progress	Environmental and design only for two transit lanes and south facing Direct Access as of FY 2023.
8	<b>BRT Route 470: via I-15 / Mira Mesa Blvd (Now Route 237)</b>			
	1201511: Mira Mesa Blvd BRT Priority Treatments	18	Completed.	-
9	<b>I-805: SR 905 to SR 54</b>			
	1280501: I-805 South – 4 Express Lanes	19	Completed.	-
	1280515: I-805 South Soundwalls	20	In-Progress.	Unit 1 soundwalls and Sweetwater River bridge complete. Unit 2 soundwalls design complete but funding required for construction as of FY 2023.
10	<b>I-805: SR 54 to I-8</b>			
	1280510: I-805 South – 2 HOV and DAR	21	Completed.	-
	1280521: I-805 South HOV Conversion to Express Lanes (Palomar to SR 94)	22	Unknown.	Project not in program budgets. This project converts the HOV lanes completed in 2017 to Express Lanes.
11	<b>I-805: Mission Valley Viaduct</b>		Future.	Project not listed in program budgets. Per FY 2021 Audit, merged with I-805: I-15 to SR 163 segment, scheduled to be built by 2050.
12	<b>I-805: I-8 to I-5</b>			
	1280503: I-805 North 4 Express Lanes	23	Completed.	-
	1280505: I-805 HOV/Carroll Canyon DAR	24		
	1280511: I-805 North: 2 HOV Lanes	25		
	1280516: I-805 North Auxiliary Lanes	26	In-Progress.	Design 98% complete but funding required for construction as of FY 2023.
	1280517: I-805 HOV Conversion to Express Lanes	27	Future.	This future project intends to convert HOV lanes to Express lanes from SR 52 to the I-5/I-805 merge.
	1280518: I-805 Transit Priority Lanes (SR 15 to SR 52)	28	In-Progress.	Combined with Ordinance Project 5, 6, 15. Feasibility study 85% complete and environmental phase estimated to start summer 2025.
13	<b>I-805 / SR 54 Interchange Improvements</b>			
	1280506: I-805 E Street Auxiliary Lane	29	Completed.	-
	1280520: I-805 / SR 94 / SR 15 Transit Connection	30	In-Progress.	In design as of FY 2023. CIP is for design and right-of-way only.
14	<b>BRT Route 628: via I-805 / I-15 / SR 94 (Now known as South Bay Rapid)</b>			
	1280504: South Bay BRT	31	Completed.	-
	1280512: I-805 Imperial BRT Station	32	In-Progress.	Project Study Report completed but funding required to move forward with design as of FY 2023.
	1280513: I-805/SR 94 Bus on Shoulder Demonstration Project	33	Completed.	-
	1201513: South Bay BRT Maintenance Facility	34	Completed.	-
15	<b>SR 94: I-805 to I-15</b>			
	1280518: SR 94 Transit Priority Lanes (I-805 to I-5)	35	In-Progress.	Combined with Ordinance Project 5, 6, 12. Feasibility study 85% complete and environmental phase estimated to start summer 2025.
16	<b>BRT Route 680: via I-805 / I-15 / SR 52</b>		Future.	Project not in program budgets.
17	<b>SR 52: I-15 to I-805</b>		Future.	Project not in program budgets.
18	<b>HOV Connector: I-805 / SR 52 Interchange</b>		Future.	Project not in program budgets.

Ordinance Project Number	Project/Segment Name	Segment	Status	Auditor Notes Based on Annual Program Budgets for FY 2021, FY 2022, FY 2023 (Unless Noted Otherwise)
19	I-5: SR 905 to SR 54		Future.	Project not in OWPs.
20	I-5: SR 54 to I-8			
	1149000: Central Mobility Station	36	In-Progress.	Renamed as Central Mobility Hub in FY 2022. Final Environmental Document expected by June 2026 as of FY 2023. According to SANDAG staff, only a portion of the scope was eligible for TransNet funding.
	1600501: Central Mobility Hub – Notice of Preparation / P3 Procurement	-	In-Progress.	Project description until FY 2021 was CMCP – Central Mobility Connections for same CIP. In preparation for environmental document phase as of FY 2023.
	1600001: CMCP – Airport to Airport Connection	-	Future.	CMCP study only. Study in planning since FY 2021 but changed to future project in FY 2023.
	1600504: CMCP – Central Mobility Connections	-	In-Progress.	CMCP study only. Draft CMPC with on-going public involvement in progress as of FY 2023.
	1600505: CMCP – Central Mobility Hub: Military Installation Resilience Phase 2	-	In-Progress.	CMCP study only. 85% complete as of FY 2023.
21	I-5: I-8 to I-805			
	1200505: I-5/I-8 West to North Connector Improvements	37	Completed.	-
	1200506: I-5/Genesee Interchange and Widening	38		
	1200507: I-5/Voigt Drive Improvements	39		
	1200508: I-5/Gilman Drive Bridge	40		
22	Route 500 (Blue Line Trolley) Improvements			
	1210010: Orange and Blue Line PM	41	Completed.	-
	1210020: Blue Line Crossovers and Signals	42		
	1210030: Blue Line Station Rehab	43		
	1210040: Orange and Blue Line Traction Power Substations	44		
	1210050: Orange and Blue Line Communications System	45		
	1210070: Orange and Blue Line Platforms	46		
	1210080: Low Floor LRT Vehicles	47		
	1210091: Palomar Street Rail Grade Separation	48	In-Progress.	Design 45% complete as of FY 2023.
	1600502: CMCP Blue Line / I-5 S	-	In-Progress.	Combined with South Bay to Sorrento CMCP (CIP 1685501) in FY 2022. South Bay to Sorrento CMPC completed.
23	Route 570 (MidCoast)			
	1257001: Mid-Coast Light Rail Transit (LRT)	49	Completed.	-
24	Route 634 (SuperLoop) (Now Routes 201, 202, and 204)			
	1041502: SuperLoop	50	Completed.	-
25	I-5 / I-805 Merge		Future.	
26	I-5: SR 56 to Leucadia Blvd			
	1200501: I-5 North Coast – 4 Express Lanes (Final Environmental Document)	51	Completed.	-

Ordinance Project Number	Project/Segment Name	Segment	Status	Auditor Notes Based on Annual Program Budgets for FY 2021, FY 2022, FY 2023 (Unless Noted Otherwise)
	1200502: I-5 HOV Extension & Lomas Santa Fe Interchange	52		
	1200504: I-5 HOV Manchester to Palomar	53	Completed.	-
	1200509: I-5 HOV San Elijo Bridge Replacement	54	Completed.	-
	1200510: I-5 HOV Carlsbad	55	Completed.	Completed per FY 2024 program budget.
	1200511: I-5 Ramp Meters	56	Completed.	-
	1200512: I-5 / Genesee Auxiliary Lane	57	Completed.	-
	1200515: I-5 / I-805 HOV Conversion to Express Lanes	-	In-Progress.	Design started spring 2023.
	1200514: I-5 HOV Conversion to Express Lanes	58	Future.	This future project intends to convert the HOV lanes completed on the I-5 North Coast Corridor to Express lanes between I-5/I-805 and SR 78.
	1280517: I-805 HOV Conversion to Express Lanes	59	Unknown.	Project not in program budgets.
27	<b>I-5: Leucadia Blvd to Vandegrift Blvd</b>		Future.	Combined with Ordinance Project 26 per FY 2021 Audit.
28	<b>HOV Connector: I-5 / I-805 Interchange</b>		Future.	Combined with Ordinance Project 25 per FY 2021 Audit.
29	<b>FWY Connector: I-5 / SR 56 Interchange</b>			
	1200503: I-5/SR 56 Interchange (Final Environmental Document)	-	In-Progress.	Final environmental document complete. Construction combined with Ordinance Project 44 (CIP 1200513).
30	<b>FWY Connector: I-5 / SR 78 Interchange</b>		Future.	
31	<b>Route 398 (COASTER) / BRT Route 472 Improvements</b>			
	1239801: Sorrento to Miramar Phase 1	60	Completed.	-
	1239803: Oceanside Station Pass-Through Track	61		
	1239804: Carlsbad Double Track	62		
	1239805: Poinsettia Station Improvements	63		
	1239806: San Elijo Lagoon Double Track	64		
	1239807: Sorrento Valley Double Track	65		
	1239808: Tecolote to Washington Crossovers	66		
	1239809: Eastbrook to Shell Double Track	67		
	1239810: Carlsbad Village Double Track	68	In-Progress.	30% Design complete.
	1239811: Elvira to Morena Double Track	69	Completed.	
	1239812: Sorrento to Miramar Phase 2	70	In-Progress.	Design is complete. Permitting and right-of-way are expected to be complete in late 2023.
	1239813: San Dieguito Lagoon Double Track and Platform	71	In-Progress.	95% Design complete.
	1239814: COASTER Preliminary Engineering	72	On-Going.	Ongoing preliminary engineering and project prioritization of the LOSSAN Rail Corridor improvement projects.
	1239815: San Diego River Bridge	73	Complete.	-
	1239816: Batiquitos Lagoon Double Track	74	In-Progress.	Design complete, pending permits for construction.

Ordinance Project Number	Project/Segment Name	Segment	Status	Auditor Notes Based on Annual Program Budgets for FY 2021, FY 2022, FY 2023 (Unless Noted Otherwise)
	1239817: Chesterfield Drive Crossing Improvements	75	Completed.	-
	1143800: Encinitas Grade Separation Pedestrian Crossing	76	Completed.	-
	1239820: COASTER Train Sets	77	Completed.	-
	1239821: CMCP LOSSAN Corridor Improvements	-	In-Progress.	95% Preliminary Engineering and Corridor Studies complete.
	1239819: Carlsbad Village Double Track Trench	78	Unknown.	Project not in program budgets.
	1239822: San Dieguito Lagoon Double Track Phase 1 Construction	79	In-Progress.	Design completed. Construction estimated to start in spring 2023.
	1239823: San Dieguito to Sorrento Valley Double Track	80	Unknown.	Project not in program budgets. Per FY 2021 Audit, San Dieguito Lagoon Double Track was in design.
	1239824: San Dieguito Lagoon Double Track Phase 2 Construction	81	Unknown.	Project not in program budgets. Per FY 2021 Audit, all Phase 2 Double Track projects were planned for 2050 (future).
<b>32</b>	<b>SR 52: I-15 to SR 125</b>			
	1205201: SR 52 2 ML I-15 to SR 125	-	Unknown.	Project not in program budgets. Per FY 2021 Audit, 1 <sup>st</sup> segment from I-15 to Mast Blvd complete, while 2 <sup>nd</sup> segment from Mast to SR 125 was planned for 2035 (future).
	1205202: SR 52 Widening	82	Completed.	-
	1205204: SR 52 Improvements	83	In-Progress.	Environmental Document 80% complete but project put on hold in FY 2022.
<b>33</b>	<b>SR 52: SR 125 to SR 67</b>			
	1205203: SR 52 Extension	84	Completed.	-
<b>34</b>	<b>FWY Connector: SR 94 / SR 125 Interchange</b>			
	1212501: SR 94 / SR 125 South to East Connector	85	In-Progress.	75% Design complete.
	1612501: CMCP – High Speed Transit/SR 125	-	In-Progress.	CMCP study only. Estimated to start in FY 2023.
<b>35</b>	<b>SR 94: SR 125 to Steele Canyon Rd</b>			
<b>36</b>	<b>SR 94 / SR 125: I-805 to I-8</b>			
	1609401: CMCP – High Speed Transit/SR 94	-	Future.	CMCP study only.
<b>37</b>	<b>Route 520 (Orange Line Trolley) Improvements</b>			
	1210010: Orange and Blue Line PM	-	Completed.	-
	1210020: Blue Line Crossovers and Signals	-		
	1210040: Orange and Blue Line Traction Power Substations	-		
	1210050: Orange and Blue Line Communications System	-		
	1210070: Orange and Blue Line Platforms	-		
	1210080: Low Floor LRT Vehicles	-		
	1210021: Blue Line Railway Signal Improvements	-	In-Progress.	10% Construction complete.
	1210090: Low-Floor Light Rail Transit Vehicles	-	In-Progress.	Procurement in process.

Ordinance Project Number	Project/Segment Name	Segment	Status	Auditor Notes Based on Annual Program Budgets for FY 2021, FY 2022, FY 2023 (Unless Noted Otherwise)
38	<b>SR 54 / SR 125: I-805 to SR 94</b>		Future.	
39	<b>SR 67: Mapleview St to Dye Rd</b>			
	1206701: SR 67 Improvements	86	In-Progress.	Environmental phase.
	1605201: CMCP – Coasts, Canyons and Trails (SR 52)	-	In-Progress.	CMCP study only. 95% complete as of FY 2023.
40	<b>I-8: Second St to Los Coches Rd</b>			
	1600801: CMCP – High Speed Transit/I-8		In-Progress.	CMCP study only. Existing Conditions and the Data Analysis reports were completed in June 2022.
41	<b>SR 78: I-5 to I-15</b>			
	1207801: SR 78 HOV/Managed Lanes (Study Only)	-	Complete.	Study only.
	1207803: SR 78 / I-5 Express Lanes Connector	87	In-Progress.	5% Environmental phase complete.
	1207804: SR 78 HOV Lanes I-5 to I-15	88	In-Progress.	10% Environmental phase complete.
	1201510: SR 78 Nordahl Road Interchange	89	Completed.	-
42	<b>Route 399 (SPRINTER) / BRT Route 471 Improvements</b>			
	1230001: SPRINTER: Single Track	90	Completed.	-
	1607801: CMCP – SPRINTER/BRT Route 471 Improvements	-	In-Progress.	CMCP study only. 90% complete as of FY 2023.
43	<b>SR 76: Melrose Dr to I-15</b>			
	1207602: SR 76 Middle	91	Completed.	-
	1207606: SR 76 East	92		
44	<b>SR 56: I-5 to I-15</b>			
	1200513: SR 56 Auxiliary Lanes	93	In-Progress.	Design is complete. Construction estimated to start summer 2022.
	1705601: CMCP – High Speed Transit/SR 56	-	Unknown.	CMCP study only. Project not in program budgets.
45	<b>BRT Showcase Route 611: via El Cajon Blvd &amp; Park Blvd (Now Mid-City Rapid Route 215)</b>			
	1240001: Mid-City <i>Rapid</i> Bus	94	Completed.	-
	1201507: SR 15 BRT – Mid-City Centerline Stations	95		
46	<b>SR 75 / SR 282 (Coronado Tunnel): Glorietta Blvd to Alameda Blvd</b>		Future <sup>49</sup>	
47	<b>Border Access Improvements</b>			
	1201101: SR 11 and Otay Mesa East Port of Entry	96	In-Progress.	40% Design-Build construction complete.
	1300601: San Ysidro Intermodal Freight Facility	97	Completed.	-
	1300602: South Line Rail Freight Capacity	98		
	1390501: SR 905 – I-805 to Britannia Blvd	99		
	1390502: I-805 / I-905 Connectors	100		

<sup>49</sup> Refer to Footnote 3.

Ordinance Project Number	Project/Segment Name	Segment	Status	Auditor Notes Based on Annual Program Budgets for FY 2021, FY 2022, FY 2023 (Unless Noted Otherwise)
	1390504: SR 905 / 125 / 11 Northbound Connectors	101		
	1390505: SR 905 / 125 / 11 Southbound Connectors (Design Only)	-	Unknown.	Project not in program budgets.
	1201102: SR 11 and Otay Mesa East Port of Entry Segment 1 Construction	102	Completed.	-
	1201103: SR 11 and Otay Mesa East Port of Entry Segment 2A and SR 905 / 125 / 11 Southbound Connectors Construction	103	Completed.	-
	1390506: SR 125 / 905 Southbound to Westbound Connector	104	In-Progress.	95% Construction complete.
	1201104: SR 11 and Otay Mesa East Port of Entry: Siempre Viva Interchange Construction	105	Completed.	Completed per FY 2024 program budget.
	1201106: Otay Mesa East Port of Entry Utility Improvements	106	In-Progress.	Design complete. Construction estimated to start summer 2022.
<b>48</b>	<b>SR 125: SR 905 to SR 54</b>			
	3312100: South Bay Expressway (Toll Road Purchase)	107	Completed.	-

Source: FY 2021 TransNet Triennial Performance Audit, annual program budgets for FY 2021 through FY 2024, Dashboard.

## Appendix B: Detailed Audit Methodology

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The TransNet Ordinance established a requirement that ITOC conduct triennial performance audits of the agencies involved in the implementation of TransNet Ordinance-funded projects. ITOC contracted with Sjoberg Evashenk Consulting Inc., to conduct the triennial performance audit for the three-year period between July 1, 2020 and June 30, 2023, and identified the following eight audit objectives for the FY 2024 audit:

1. Determine whether SANDAG and its partners made progress delivering TransNet Ordinance projects and programs and progress toward the goals of the Ordinance.
2. Assess whether the 2021 Regional Plan and related laws and regulations impacted the delivery of remaining TransNet Ordinance projects and is consistent with the TransNet Ordinance.
3. Evaluate the 5 Big Moves and related CMCPs and determine whether they impacted the delivery of the remaining TransNet Ordinance projects and are required by law.
4. Assess funding shortage impact on TransNet Ordinance project delivery and whether movement of TransNet Ordinance money between projects is appropriate and prioritized.
5. Consider whether the cost escalation methodology for drawdowns is adequate to preserve funding over time for the Border, LOSSAN, and Bike EAP projects.
6. Assess whether local agencies are using Smart Growth Incentive Program grants for intended purposes and achieving intended outcomes under appropriate SANDAG oversight.
7. Evaluate whether SANDAG and its TransNet Ordinance partners are committed to continued improvement by implementing corrective actions noted in prior audits and whether those actions resulted in efficiencies or more effective practices.
8. Determine if ITOC is fulfilling responsibilities to provide accountability in accordance with bylaws, the Ordinance, and best practices.

Our end of audit fieldwork date was December 31, 2023, although we considered any subsequent events or activities as warranted and practical through January 2024.

To understand changes made to the TransNet Ordinance since the prior audit, Sjoberg Evashenk Consulting, Inc. reviewed federal and state regulations, TransNet Ordinance updates and amendments, prior audit status of corrective action, fact sheets, and online data, in addition to the following:

- 2021 Regional Plan
- Regional Transportation Improvement Program of 2020 and 2022
- State of the Commute Reports for 2020, 2021, and 2022 (most recent)
- TransNet Ordinance Quarterly Reports from July 1, 2020 through June 30, 2023
- TransNet Dashboard and Keep San Diego Moving website
- SANDAG's Capital Improvement Program for FYs 2021 through 2024.



To analyze and consider the full complement of changes, challenges, and successes surrounding organizational and operational procedures, protocols over functional areas, and performance in general as part of the implementation of the TransNet Ordinance, we researched similar programs and current best practices, as well as conducted a wide range of interviews to ascertain perspectives, insights, challenges, and recommendations on the implementation of the TransNet Ordinance. Specifically, we met with more than 100 board officials, executives, managers, staff, and stakeholders in areas related to transportation planning, capital construction, program management, finance and cost estimation, transit operations, business operations, performance measurement, smart growth grants, and program oversight.

To assess project delivery status of major corridor program projects completed, in-progress, and remaining since the prior audit, we conducted the following tasks:

- Using the 2004 TransNet Ordinance, identified the initial portfolio of major corridor capital project segments by reviewing both project titles and descriptions.
- Attempted to compare information from improvements identified in the TransNet Ordinance to internal SANDAG spreadsheets, the 2021 Regional Plan, TransNet Dashboard, project maps and fact sheets from SANDAG's keepsandiegomoving.com website, SANDAG's Annual Program Budgets for FY 2021 through 2024, google maps, and meeting materials and minutes from the SANDAG Board, SANDAG Transportation Committee, and ITOC meetings between July 1, 2020 and June 30, 2023.
- For projects where status was unclear, discussed progress with SANDAG staff in Financial, Planning, Budgets, & Grants, Accounting & Finance, Regional Planning, and Engineering & Construction, as well as Caltrans Corridor Directors.

To evaluate the project delivery and performance for the other TransNet Ordinance program areas during our audit period, we conducted the following tasks:

- Reviewed and commented on performance reported in State of the Commute, Caltrans safety and asset conditions reports, Local Street and Road Annual Report, and other readily available performance documents to comment on outcomes over last 3 years. Auditors did not independently develop, calculate, or analyze performance metrics.
- Obtained and assessed information from MTS and NCTD to determine if TransNet funded routes are running at frequency anticipated.

To assess the impact of the 2021 Regional Plan and related laws and regulations on the TransNet Extension Ordinance projects, we conducted the following tasks:

- Attempted to identify the remaining TransNet Ordinance project scope and geographical boundaries by reviewing internal SANDAG spreadsheets, the 2021 Regional Plan, TransNet Dashboard, project maps and fact sheets from SANDAG's keepsandiegomoving.com website, SANDAG's Annual Program Budgets for FY 2020 through 2024, google maps, and meeting materials and minutes from the SANDAG Board, SANDAG Transportation Committee, and ITOC meetings between July 1, 2020 and June 30, 2023—and comparing those projects with the 2021 Regional Plan planned projects.

- Reviewed publicly posted Board, ITOC, Transportation Committee, Executive Committee, and Regional Planning Committee meeting agenda packets from July 2020 to December 2021 (when the 2021 Regional Plan was approved by the Board) to determine what Regional Plan details SANDAG staff had presented to oversight bodies to communicate the effect on the original planned TransNet Ordinance project.
- Using the 2021 Regional Plan, TransNet Ordinance 10-Year Look Ahead in 2018-2019, and guidance from entities such as Caltrans, California Transportation Commission, Federal Highway Administration, Federal Transit Authority, we identified and researched state and federal legislation in addition to assessed state and federal legislation, regulations, requirements, executive orders, policies, funding agreements, and directives that applied any restrictions or affect the types of projects that can be in a Regional Plan including SB 375, SB 743, and AB 805 to name a few.

To assess the impact of the 5 Big Moves on the TransNet Ordinance projects, we conducted the following tasks:

- Assessed what the 5 Big Moves entail and how they align with state and federal directives including reviewed underlying spreadsheets used to compile the 2021 Regional Plan in addition to how the 5 Big Moves components are related to estimated costs and funding sources.
- Considered the strategies and timing for implementation of CMCPs and impact on the TransNet Ordinance.
- Evaluated completed and planned CMCPs to compare cost of the plans (and source of funding) to the amount of external state or federal funding leveraged from the effort.
- Analyzed guidelines, funding sources, budget to actuals spent, and status of each CMCP as of December 2023.
- Compared SANDAG's use of CMCPs with other California entities.

To evaluate the funding shortfall and major corridor project prioritization decisions made by SANDAG, we conducted the following tasks:

- Reviewed the most updated version of the POF applicable to the audit period (as of February 2023) and identified the status of the funding shortfall and its impact on specific TransNet subprograms.
- Evaluated any changes to the cash flow model, debt service coverage, or recent changes to methodologies.
- Determined how much of the program can be delivered based on POF forecasting for specific projects and phases, the timeline for when funding shortfalls will impact delivery, and the timeframe for when future project costs will comprise the majority of POF forecasted costs.
- Spot-checked validity of data in SANDAG's internal analysis on non-TransNet revenue forecast to actual financial system records for reliability.

- Reviewed revenue projections and underlying assumptions, compared past forecasts to actual collections for the TransNet Ordinance and other funding sources, and identified fluctuations in sources.
- Analyzed information that staff presented to oversight bodies about the POF and funding shortfalls.
- Attempted to compile a comprehensive universe of funding sources in the RTP and POF, and researched specific rules, restrictions, allowances, and caveats for use of different funding sources.
- Reviewed recently employed cost estimation and escalation methodology and process improvements and reviewed underlying internal spreadsheets and tools, and determined how SANDAG has factored in pandemic-induced market volatility to its estimation practices.
- Evaluated SANDAG's stated methodology and process for how it reprioritizes projects when full funding is not available, including review of internal tools used to guide process, and strategy used when projects do not have full funding.
- Reviewed the October 2023 Budget Amendment passed by the Board and corresponding documents to understand the methodology and basis for why specific projects were prioritized to receive funding; compared against internal prioritization documents to see if projects that received funds were priority projects per internal records.
- Analyzed lists of projects provided by SANDAG staff that showed various levels of funding needs, including projects that have stopped altogether due to no funding and projects that need funds to progress to the construction phase.
- Assessed new efforts to pursue external grant funding opportunities including the formation of the Grants Advisory Subcommittee, internal tracking tools, decision-making methodology on grant pursuit decisions, and outcomes of grants applied for during the audit period.
- Obtained and assessed information from MTS and NCTD to determine whether TransNet-provided funds covered transit operator costs to fund newly added TransNet routes as planned. Evaluated any plans to cover any gaps in funding.

To determine the status of prior audit recommendations and proposed amendments to the TransNet Ordinance to address some of the recommendations, we conducted the following tasks:

- Reviewed prior FY 2021 audit status reports to identify past audit recommendations.
- Obtained SANDAG's "FY 2018 TransNet Triennial Performance Audit: implementation of Recommendations Tracking Matrix as of July 2023" and the "FY 2021 TransNet Triennial Performance Audit: implementation of Recommendations Tracking Matrix as of July 2023" presented at the October 11, 2023 ITOC meeting.
- Gathered documentary support for corrective action to verify progress or reported completion.
- Obtained universe of in-process amendments being considered and underlying documentation used to deliberate the amendments, in addition to how they related prior audit recommendations.

- Understand strategy and approach used for amendments such as initiation, rationale or justification, collaboration with other stakeholders, reviews, recommended actions, and Board presentation and approval.
- Reviewed Mobility Working Group meeting agendas, minutes, documents, and discussions related to the amendments, as well as to assess timelines and reasons for any delay.

To assess whether the cost escalation methodology used by SANDAG for drawing down TransNet Ordinance funds is the most appropriate method to estimate and preserve available future funding for the Border, LOSSAN, and Bike EAP projects, we conducted the following tasks:

- Identified the current approach basis, assumptions, and escalation factors compared with alternate proposed methods.
- Gathered and reviewed SANDAG's peer review process documents related to TransNet drawdowns and conducted interviews with SANDAG staff and economists.
- Researched industry best practices to escalate unspent balances of tax receipts. While we attempted to compare SANDAG's approach against peer methodologies, our efforts did not identify sufficient information publicly available to allow for a meaningful analysis. Given the lack of industry or peer preferred methods, we determined there was no definitive criteria or beneficial audit results to be realized in this area.

To evaluate whether local agencies are using Smart Growth Incentive Program Grants for intended purposes and achieving outcomes of the program under appropriate oversight by SANDAG, we conducted the following tasks:

- Compiled list of smart growth grants completed within the review period summarized types of grants, general type of activities, and amounts spent.
- Tested 16 grants closed during our audit period to determine whether activities aligned with stated purpose in application and validated information against supporting documentation, baseline data collected, and performance metrics, if available, from the local grantees.
- For the same 16 closed grants, obtained performance data, if available, from SANDAG or local grantees to assess whether grants achieved the intended outcomes of the program.
- Obtained and assessed monitoring tools, plans, checklists, and completed reviews to evaluate the adequacy of SANDAG's monitoring and oversight.
- Identified actions taken by SANDAG when grant performance fell short of expectations.

Finally, to assess whether ITOC fulfills its responsibilities related to the TransNet Ordinance in alignment with its bylaws and best practices, we conducted the following tasks:

- Ascertained any changes in TransNet Ordinance ITOC responsibilities or changes in practices, protocols, and activities of the ITOC.
- Assessed ITOC bylaws, annual reports, and implementation procedures.
- Reviewed ITOC meeting agendas and minutes between July 1, 2020 and December 31, 2023.

Audit findings and conclusions were presented and discussed with representatives of SANDAG and the ITOC Audit Subcommittee on several occasions prior to completion of the audit. Management views and comments were considered and incorporated into the audit report, as appropriate.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix C: ITOC Responsibilities and Performance

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As part of the TransNet Ordinance and Expenditure Plan, the ITOC was established to provide accountability for expenditures made under the program. According to the “Statement of Understanding Regarding the Implementation of ITOC” for the TransNet Program, ITOC is to ensure that all voted mandates are carried out as required in the TransNet Ordinance. Responsibilities include:

1. Conduct annual fiscal and compliance audit
2. Prepare annual report to Board to present results of annual audit process with assessment of consistency of expenditures with the ordinance plan, review of expenditures by each local jurisdiction and share results with the SANDAG Transportation Committee
3. Conduct triennial performance audit to review project delivery, cost control, schedule adherence, and related activities including changes to contracting, construction, permitting, and more in addition to share results with the SANDAG Transportation Committee
4. Provide recommendations to the Board regarding any proposed amendments to the Ordinance and Expenditure Plan
5. Provide recommendations as part of the 10-year review process
6. Participate in ongoing refinement of transportation system performance measurement process and the project evaluation criteria used in developing the regional plan and prioritizing projects
7. Annually review ongoing SANDAG system performance evaluations including the State of the Commute and provide an independent analysis of information including in that report
8. Review and comment on the programming of TransNet revenue in the Regional Transportation Improvement Plan and raise any concerns on eligibility of projects proposed for funding
9. Review proposed debt financing to ensure benefits for accelerated project delivery, avoiding future cost escalation, and related factors exceed issuance and interest costs
10. Review major congestion relief projects in the Ordinance in terms of cost control and schedule adherence on a quarterly basis

Results indicated that the ITOC functions as an independent, open, and transparent group that ensures all voter mandates are carried out. Since the Ordinance was implemented, ITOC has continued to refine its processes for attendance, analysis, tracking of information presented, membership, recruiting, and conflicts of interest, as well as demonstrated rigor through its protocols and actions. For the FY 2024 audit, we found that ITOC continues to fulfill its responsibilities and provide accountability through its expertise in public questioning and requests for information from SANDAG and its partners as well as its continuity and stability of its membership. Committee members are well-versed and provide technical expertise on matters brought before the committee. ITOC seems fully engaged and exercises significant accountability, responsibility, and ownership of its TransNet responsibilities.

## Appendix D: SANDAG Response



March 1, 2024

File Number 1500200

Ms. Cathy Brady  
 Partner  
 Sjoberg Evanshenk Consulting, Inc.  
 455 Capitol Mall, Suite 700  
 Sacramento, CA 95814  
 cathy@secteam.com

Dear Ms. Brady:

Subject: Transmittal of Responses to FY 2024 TransNet Triennial Performance Audit Report and Recommendations

Thank you for the opportunity to respond to the FY 2024 TransNet Triennial Performance Audit report and recommendations as conducted by Sjoberg Evanshenk Consulting, Inc., on behalf of the TransNet Independent Taxpayer Oversight Committee (ITOC). The San Diego Association of Governments (SANDAG) appreciates your firm's review of the TransNet Program and is committed to address each of the recommendations in the audit report.

The FY 2024 TransNet Triennial Performance Audit is the sixth performance audit conducted by the ITOC. The audit includes a review of the three-year period between FY 2020 and FY 2023, focusing on Major Corridor project progress against the TransNet Ordinance plans, legislation impacting future Major Corridor project delivery, funding for TransNet projects, Smart Growth grants funded by TransNet, and status of implementing prior audit recommendations. SANDAG will implement processes that improve the overall performance of the program to ensure all voter mandates are carried out as required by the TransNet Extension Ordinance (Ordinance).

Moreover, SANDAG agrees with the recommendations set forth in the audit report and is committed to working with the ITOC, Board and partner agencies to address the issues and continue implementing best practices for the TransNet Program. Our priority is to remain accountable, transparent, and enhance efficiency. Significant progress has been made to deliver the TransNet Program, which can be reviewed on the SANDAG website. It is important that details on scope and location boundaries also be included in future informational products so that the public and Board have clear visibility into implementation of the program.

Similarly, SANDAG has been clear that anticipated revenues will not meet original projections. In order to facilitate the Board's consideration of future project implementation given actual funding, SANDAG will continue to have clear and detailed discussions on how best to deliver TransNet projects, consistent with current laws and requirements, through ongoing discussions on the Regional Plan and future Plans of Finance.

SANDAG appreciates that the audit recognizes the many challenges the agency has faced in the past three years, including staff turnover, changing staff responsibilities, and interruption from the COVID-19 pandemic. SANDAG is committed to refocusing resources to monitor and report on the status of the TransNet program and to respond to current and prior audit recommendations. Specifically, SANDAG will provide a full-time position within the Financial Programming, Budgets and Grants Department to lead the work effort. In addition, a multi-disciplinary staff team will be established to ensure that audit recommendations are completed and met in a timely manner. Funding for these efforts will be included in

the Final Draft FY 2025 Annual Program Budget.

André Douzdjian, the Chief Financial Officer, will be the Executive Team Leader to spearhead the work program and will provide regular updates to the ITOC and Board in response to audit recommendations.

To reiterate, SANDAG is committed to working toward implementation of recommendations and our responses to the audit are attached. We are pleased that throughout the audit process, members of your staff were accessible and helpful in clarifying issues raised. We appreciate your efforts in assisting SANDAG and its partner agencies to ensure the continued success of the TransNet Program.

Sincerely,



Coleen Clementson  
Chief Executive Officer  
MSM/SHUN

Enclosure(s)

Cc: Jonathan Frankel, ITOC Chair

Pedro-Orso-Delgado, ITOC Vice Chair



## Proposed Action Plan for Implementing the FY 2024 TransNet Triennial Performance Audit Recommendations

The TransNet Triennial Performance Auditor, Sjoberg Evashenk Consulting, Inc., completed the FY 2024 TransNet Performance Audit in February 2024 on behalf of the Independent Taxpayer Oversight Committee (ITOC).

The audit focused on major corridor project progress against TransNet Ordinance plans, legislation impacting future major corridor project delivery, funding for TransNet projects, Smart Growth grants funded by TransNet, and the status of implementing prior audit recommendations. The audit resulted in 24 recommendations for consideration by SANDAG Management. Priority classifications and significance of recommendations were categorized into four separate rankings based on the impact on TransNet Ordinance goals and functions, critical path activities, accountability, and timing. Priority categories are:

- **Critical Priority:** Substantial risk to achievement of TransNet Ordinance goals, is fundamental to the TransNet Ordinance's success and critical path activities, is crucial for accountability, or has a time-sensitive component. Immediate attention is warranted.
- **High Priority:** Significant risk to achievement of TransNet Ordinance goals, is fundamental to the TransNet Ordinance's success or program activities or is important for accountability. Prompt attention is warranted.
- **Medium Priority:** Some risk to achievement of TransNet Ordinance goals, is important to the TransNet Ordinance's success or program activities or would help strengthen accountability. Moderate attention is warranted.
- **Low Priority:** Opportunity for improvement, but not vital to the TransNet ordinance's success or program activities. Routine attention is warranted.

SANDAG agrees with the recommendations set forth in the audit report and is committed to working with the ITOC, Board, and partner agencies to address recommendations and continue implementing best practices for the TransNet Program. Actions to start implementing the recommendations have been initiated.

This proposed Action Plan (Plan) has been prepared by Management in response to the recommendations identified in the audit report and summarizes the actions SANDAG intends to undertake. Periodic progress updates shall be reported.

**Section I:**

**SANDAG Reported Progress with Delivery of Major Corridor Projects, but Did Not Track Specific Project Scope and Progress Against Ordinance Commitments.**

Audit Recommendations	Priority	Management Planned Actions	Responsible Official	Estimated Completion Date
1. Ensure SANDAG Executive Management designated staff to have assigned responsibility for tracking against the Ordinance major corridor planned pledges at a detailed location boundary and scope level to be able to demonstrate what actual improvements were made.	Critical	Executive Management will oversee designated staff assigned to oversee the tracking of the TransNet Ordinance to the Overall Work Program and Capital Improvement Program.  SANDAG will create a full-time position within the Financial Programming, Budgets and Grants Department responsible for providing Executive Team and ITOC quarterly updates on progress with TransNet Ordinance projects and recommendation implementation efforts.	Susan Huntington	July 2024
2. Revamp or create new tools or spreadsheets to comprehensively track major corridor project delivery against Ordinance planned pledges at a detailed location boundary and scope level.	Critical	SANDAG is developing a spreadsheet to track past/current/future projects against the TransNet Ordinance.  Staff will identify new project management software to allow for a more streamlined approach in tracking projects against the Ordinance and providing timely reports.	Susan Huntington  Bill Parris	July 2024  July 2026
3. Make sure the revamped or new tools or spreadsheets comparing actual to planned project delivery for Ordinance major corridor planned pledges at a detailed location boundary and scope level are accurate and supported through links to project fact sheets, budget documents, google maps, or other specific project-level documents validating completion as appropriate.	Critical	SANDAG has been utilizing GIS data to update maps for projects which are related to the Ordinance as part of the FY 25 Program Budget.  Staff is developing online tools to improve how this information is presented in a detailed and understandable way to the public via the SANDAG website.	Robyn Wapner	July 2025
4. Provide the detailed listing – or highlight just those original TransNet major corridor project boundaries and scopes that were not completed as pledged – to the Board and ITOC for use as part of annual budget conversations as well as the 2025 Regional Plan, and future regional plans.	Critical	On Jan 26, 2024, SANDAG staff provided the Board with a presentation on the 2025 Regional Plan Initial Concept that included an analysis of Transnet Major Corridor projects compared to the major corridor projects proposed in the Initial Concept.  Staff will also include an attachment to the Board annually as part of the Program Budget item beginning with the FY 26 Program Budget.	Antoinette Meier  Susan Huntington	July 2025

5. Update data in the TransNet Dashboard – or alternate public facing system designated in place of the Dashboard – on monthly basis to ensure up to date budget, expenditure, schedule, and status information is comprehensively available for both current in-progress major corridor projects and previous major corridor projects completed.	High	SANDAG provides up to date budget information for the Capital Program via the TransNet Dashboard. During the audit period, expenditures were updated daily, and schedules were updated bi-monthly.	Susan Huntington	July 2025
		Staff will identify project management software tools which will provide monthly data updates on the TransNet Dashboard.	Bill Parris	July 2026
		Staff will determine if a separate website or page on the SANDAG website dedicated solely to TransNet projects is feasible.	Robyn Wapner	

**Section II:**

Other TransNet Ordinance Projects and Programs Reported Progress, Although Transit Projects are Not Yet Operating at Planned Frequency.

Audit Recommendations	Priority	Management Planned Actions	Responsible Official	Estimated Completion Date
6. Work with MTS and NCTD to closely monitor ridership on the TransNet-funded routes against service frequency levels and report to the SANDAG Board and ITOC on the impact service adjustments may have on riders, including how actual services align with the original plans in the TransNet Ordinance.	Medium	The 2022 State of the Commute ( <a href="https://opendata.sandag.org/stories/s/2022-State-of-the-Commute/e8kw-bd95">https://opendata.sandag.org/stories/s/2022-State-of-the-Commute/e8kw-bd95</a> ) dashboard presents regional Rapid bus ridership funded via TransNet. SANDAG has received a Caltrans Planning Grant to automate ridership data into a public-facing data dashboard with close to real-time information scheduled to be released by June 2025.	Cindy Burke Grace Mino	June 2025
7. Ensure decisions made regarding funding MTS' and NCTD's transit operating service gaps or frequency expectations are documented with rationale supporting decisions and incorporated into Ordinance amendments as warranted.	Medium	Transit operating decisions are led by the transit operators. Per the MOU language between SANDAG, MTS, and NCTD, any significant changes to services are reviewed and approved by SANDAG staff. Staff will communicate these decisions to ITOC.  The Transportation Committee and the Board review the transit operator's capital and operating budgets on an annual basis. Staff will provide an analysis of TransNet Transit Operating funding at this time to align with funding needs and availability.	Cindy Burke  Brian Lane	NA

**Section III:**

Status of Remaining TransNet Major Corridor Ordinance Projects is Unclear, Although Legislation Impact Regional Planning Decisions.

Audit Recommendations	Priority	Management Planned Actions	Responsible Official	Estimated Completion Date
8. Ensure Executive Management designate staff with the assigned responsibility for tracking future remaining major corridor projects against the Ordinance planned pledges at a detailed location boundary and scope level to be able to demonstrate what actual improvements are planned and which remaining major corridor projects will not be completed.	High	Executive Management will oversee designated staff assigned to oversee the tracking of the TransNet Ordinance to the Regional Plans.  Designated staff will provide Executive Team, ITOC and the Board with a comparison list of remaining TransNet projects, at a detailed location boundary and scope level, and how they are proposed in the Regional Plan.	Susan Huntington	July 2024
9. Establish tools or mechanisms to track remaining Ordinance major corridor projects (boundaries and scope) clearly and accurately against the 2021 Regional Plan and future regional plans, including maintaining underlying supporting data reported.	High	On Jan 26, 2024, SANDAG staff provided the Board with a presentation on the 2025 Regional Plan Initial Concept that included an analysis of Transnet Major Corridor projects compared to the major corridor projects proposed in the Initial Concept. The same analysis has been conducted for the projects in the 2021 Regional Plan.  SANDAG is developing a spreadsheet to track past/current/future projects against the TransNet Ordinance as part of Item No. 2 above.	Antoinette Meier  Susan Huntington	July 2025  July 2024
10. Make sure the new tools or mechanisms comparing remaining Ordinance major corridor projects to regional plans at a detailed location boundary and scope level are accurate and supported through links to planning documents, budget information or plans of finance, or other documents as appropriate.	Critical	Staff will ensure the tracking tool completed as part of Item No. 2 links to various other related documents.	Bill Parris  Susan Huntington	July 2024
11. Provide a detailed listing to the Board and ITOC annually – or highlight those remaining original TransNet major corridor project boundaries and scope that will not be completed as pledged – starting in 2024 before completion of the future 2025 Regional Plan and regularly thereafter.	Critical	SANDAG currently provides an ITOC Annual Report, which is presented to the Board, reviewing what has been completed.  Staff will include “future” projects to provide information on what has not yet been completed and the proposed plan moving forward.	Susan Huntington	December 2024
12. Present proposed amendment to the Board to align planned major corridor projects from the TransNet Ordinance with the current 2021 Regional Plan as required by the TransNet Ordinance.	Critical	On Jan 26, 2024, SANDAG staff provided the Board with a presentation on the 2025 Regional Plan Initial Concept that included an analysis of Transnet Major Corridor projects compared to the major corridor projects proposed in the Initial Concept. Given the changes between the 2021 and 2025 Regional Plan, staff recommend pursuing the amendment with the 2025 Regional	Antoinette Meier	December 2025

		Plan. Final 2025 Regional Plan will be brought to the board for acceptance in December 2025.		
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**Section IV:**

Formal Plans for Funding Shortfall and Priorities Were Not Developed To Address Impact on Specific TransNet Projects.

Audit Recommendations	Priority	Management Planned Actions	Responsible Official	Estimated Completion Date
13. Present the details of the next Plan of Finance to the Board and ITOC including specific amounts of funding shortfalls by subprogram and program-wide, in addition to the timeframe when shortages may begin to affect project delivery.	Critical	SANDAG will present an updated Plan of Finance to the Board with updated costs estimates from the 2025 Regional Plan. That will include updates to the subprograms and overall program-wide status to inform decisionmakers of potential risks to project delivery and future Ordinance projects.	Susan Huntington	December 2024
14. Develop specific options and corresponding timelines on possible actions to address funding shortfalls for the Board and ITOC that clearly state the impact of each option at the project- level, including how options will compare to what was originally pledged in the ordinance for each project.	High	Staff will include this as part of the Plan of Finance discussion as stated in Item No. 13.	Susan Huntington	December 2024
15. Develop, implement, and use a format, transparent, and vetted methodology and strategy for reprioritizing pledged ongoing and future TransNet major corridor projects against limited funding – including how funds are moved between projects and factors are weighed for starting new projects when other ongoing projects may have unmet funding needs.	High	SANDAG currently has a process and methodology for prioritizing and funding TransNet projects and tracks the movement of funds and funding through PMTools.  Staff will ensure that a complete formal process is in writing and shared with ITOC to increase transparency of the TransNet program.	Susan Huntington	September 2024

**Section V:**

Smart Growth Grant Activities Generally Aligned with Program Goals, Although SANDAG Should Strengthen Monitoring.

Audit Recommendations	Priority	Management Planned Actions	Responsible Official	Estimated Completion Date
16. Revamp the smart growth grant application form to clearly identify quantified, detailed objectives and deliverables to allow for meaningful analysis.	Medium	The Cycle 6 call for projects, scheduled for release in fall 2024, will include this change.	Susan Huntington Jenny Russo	December 2024
17. Require grantees to include a well- defined description of what will be constructed through the project to affect desired smart growth outcomes.	Medium	The Cycle 6 call for projects, scheduled for release in fall 2024, will include this change.	Susan Huntington Jenny Russo	December 2024
18. Require grantees to report on the quantifiable performance metrics now required in grant awards related to promoting smart growth goals to create compact, walkable, bikeable,	Medium	Projects awarded funding in Cycle 5 (August 2022) and thereafter include performance measures and data from grantees. Staff will begin reporting this to ITOC in late 2024 or	Susan Huntington Jenny Russo	January 2025

and transit-oriented communities and increase housing and transportation choices around the region as applicable.		early 2025.		
19. Put practice in place to summarize grantee performance data, analyze success of grant efforts, and reports to ITOC.	Medium	Projects awarded funding in Cycle 5 and thereafter include performance measures and data from grantees. Staff will begin reporting this to ITOC in late 2024 or early 2025.	Susan Huntington Jenny Russo	January 2025
20. Review grantees final close out reports and investigate any items that grantees marked as "in-progress."	Medium	Staff will begin implementing this immediately.	Susan Huntington Jenny Russo	March 2024
21. Validate that smart growth grantees met all objectives and verify that grantees provided deliverables at project close-out during site visits.	Medium	Staff will begin implementing this immediately.	Susan Huntington Jenny Russo	March 2024

**Section VI:**

**SANDAG Has Not Taken Strong Enough Actions to Implement Prior Audit Recommendations and Ordinance Amendments.**

Audit Recommendations	Priority	Management Planned Actions	Responsible Official	Estimated Completion Date
22. Require SANDAG Executive Management to take an active role in overseeing the implementation of the ITOC audit recommendations and hold staff accountable for timely corrective action.	High	SANDAG is consolidating all audit recommendations, and the complete list will be overseen by a senior level management lead. Status reports will be presented to ITOC and Executive Team for feedback and discussion.  SANDAG will create a full-time position within the Financial Programming, Budgets and Grants Department responsible for overseeing a new internal TransNet Program Steering Committee to ensure that audit recommendations are completed and met in a timely manner.	Susan Huntington	
23. Set timelines for local agency consensus on proposed Ordinance amendments and then take the related amendments to the Board for consideration soon after.	Medium	Staff provided timelines to the Mobility Working Group and the Mobility Working Group Subcommittee as part of the Overall Work Plan several times throughout the process.  Executive Management will advise staff on when to take TransNet Ordinance Amendments to the Board for approval.	Susan Huntington	June 2025
24. Immediately propose the amendments to the Board for the ITOC changes and other areas relating to the prior audit recommendations.	High	ITOC Chair presented the proposed changes to the Membership and Selection Process section of the TransNet Ordinance and ITOC bylaws to respond to prior audit recommendations to the Board at their meeting on January 13, 2023 (first reading) and January 27, 2023. The Board did not approve of	Susan Huntington	March/April 2024

		proposed changes.  Staff and the ITOC Chair are presenting these changes again in March and April 2024 to request updates to the TransNet Ordinance related to prior audit recommendations.		
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