



Board of Directors Agenda

Friday, January 24, 2025
9 a.m.

Welcome to SANDAG. The Board of Directors meeting scheduled for Friday, January 24, 2025, will be held in person in the SANDAG Board Room. While Board members will attend in person, members of the public will have the option of participating either in person or virtually.

For public participation via Zoom webinar, click the link to join the meeting: <https://us02web.zoom.us/j/84550697275>

Webinar ID: 845 5069 7275

To participate via phone, dial a number based on your current location in the US:

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Public Comments: Members of the public may speak to the Board of Directors on any item at the time the Board is considering the item. Public speakers are generally limited to three minutes or less per person.

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

If you desire to provide in-person verbal comment during the meeting, please fill out a speaker slip, which can be found in the lobby. If you have joined the Zoom meeting by computer or phone, please use the "Raise Hand" function to request to provide public comment. On a computer, the "Raise Hand" feature is on the Zoom toolbar. By phone, enter *9 to "Raise Hand" and *6 to unmute. Requests to provide live public comment must be made at the beginning of the relevant item, and no later than the end of any staff presentation on the item. The Clerk will call on members of the public who have timely requested to provide comment by name for those in person and joining via a computer, and by the last three digits of the phone number of those joining via telephone. Should you wish to display media in conjunction with your comments, please inform the Clerk when called upon. The Clerk will be prepared to have you promoted to a position where you will be able to share your media yourself during your allotted comment time. In-person media sharing must be conducted by joining the Zoom meeting on the personal device where the content resides. Please note that any available chat feature on the Zoom meeting platform should be used by panelists and attendees solely for procedural or other "housekeeping" matters as comments provided via the chat feature will not be retained as part of the meeting record. All comments to be provided for the record must be made in writing via email or speaker slip, or verbally per the instructions above.

In order to keep the public informed in an efficient manner and facilitate public participation, SANDAG provides access to all agenda and meeting materials online at sandag.org/meetings. Additionally, interested persons can sign up for email notifications at sandag.org/subscribe. A physical copy of this agenda may be viewed at the SANDAG Toll Operations Office, 1129 La Media Road, San Diego, CA 92154, at any time prior to the meeting.

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



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

This meeting will be conducted in English, and simultaneous interpretation will be provided in Spanish. Interpretation in additional languages will be provided upon request to ClerkoftheBoard@sandag.org at least 72 business hours before the meeting.

Esta reunión se llevará a cabo en inglés, y se ofrecerá interpretación simultánea en español. Se ofrecerá interpretación en otros idiomas previa solicitud a ClerkoftheBoard@sandag.org al menos 72 horas antes de la reunión.

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Бесплатная языковая помощь | Assistència lingüística gratuita | मुफ्त भाषा सहायता | Assistance linguistique gratuite |

ជំនួយភាសាឥតគិតថ្លៃ | ఉచిత భాషా సహాయం | ການຊ່ວຍເຫຼືອດ້ານພາສາຟຣີ | Kaalmada Luqadda ee Bilaashka ah |

Безкоштовна мовна допомога | sandag.org/LanguageAssistance | (619) 699-1900

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Vision Statement: *Pursuing a brighter future for all*

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

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

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

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



Board of Directors

Friday, January 24, 2025

Comments and Communications

1. Non-Agenda Public Comments/Member Comments

Members of the public shall have the opportunity to address the Board of Directors on any issue within the jurisdiction of SANDAG that is not on this agenda. Public speakers are limited to three minutes or less per person. Public comments under this agenda item will be limited to five public speakers. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Board members and SANDAG staff also may present brief updates and announcements under this agenda item.

Consent

+2. Approval of Meeting Minutes

Approve

Francesca Webb, SANDAG

The Board of Directors is asked to approve the minutes from its January 10, 2025, meeting.

[Meeting Minutes.pdf](#)

+3. Chief Executive Officer Delegated Actions*

Information

Beth Lupu, SANDAG

In accordance with various Board Policies, this report summarizes delegated actions taken by the Chief Executive Officer.

[CEO Delegated Actions.pdf](#)

[Att. 1 - Investment Securities Transactions Activity - November_ December 2024.pdf](#)

[Att. 2 - Sole Source Awards - July 2024 - December 2024.pdf](#)

[Att. 3 - Board Policy No. 032 - San Diego County Regional Transportation Commission.pdf](#)

+4. Policy Advisory Committee Actions

Approve

Francesca Webb, SANDAG

The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees as noted in the report.

[Policy Advisory Committee Actions.pdf](#)

+5. Review of Draft Board Agenda

Approve

Ariana Galvan, SANDAG

The Board of Directors is asked to approve the draft agenda for the January 31, 2025, Board of Directors meeting.

[Draft Agenda 1-31-25.pdf](#)

+6. Approval of Proposed Solicitation for Engineering Design Review and Quality Assurance for Capital Projects

Approve

Kelly Mikhail, SANDAG

The Board of Directors is asked to authorize the Chief Executive Officer to conduct a solicitation for Engineering Design Review and Quality Assurance for Capital Projects as detailed in the report.

[Approval of Prop Solicitation for EDR and QA for Cap Proj.pdf](#)
[Att. 1 - Fiscal Impact CIPs that may require EDR and QA Svcs.pdf](#)

- +7. Access for All Grant Program: Cycle 2 Call for Projects Funding Recommendations** Approve
Benjamin Gembler, SANDAG

The Board of Directors is asked to approve the Cycle 2 Funding Recommendations for the Access for All Grant Program.

[AFA Cycle 2 Funding Recommendations.pdf](#)
[Att. 1 - Discussion Memo.pdf](#)
[Att. 2 - AFA Cycle 2 Funding Recommendations.pdf](#)

Reports

- 8. Independent Performance Auditor's Annual Performance Evaluation and Audit Committee's Recommended Compensation Adjustment** Approve
Councilmember David Zito, Audit Committee Chair

The Board of Directors is asked to discuss the Independent Performance Auditor's annual performance evaluation results and approve the salary adjustment as recommended by the Audit Committee.

[IPA Annual Performance Eval.pdf](#)

- +9. 2024 SANDAG Ethical Climate Survey** Discussion
Courtney Ruby, Independent Performance Auditor

The Office of the Independent Performance Auditor will present the results of the 2024 SANDAG Ethical Climate Survey for information and discussion.

[2024 SANDAG Ethical Climate Survey.pdf](#)
[Presentation.pdf](#)

- 10. SANDAG 201*** Information
Robyn Wapner, SANDAG

Staff will present an update on the agency's activities.

[Presentation.pdf](#)

Adjournment

- 11. Adjournment**
The next Board of Directors meeting is scheduled for Friday, January 31, 2025, at 9:00 a.m.

+ next to an agenda item indicates an attachment

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

January 10, 2025, Board of Directors Meeting Minutes

[View Meeting Video](#)

Second Vice Chair Lesa Heebner called the meeting of the Board of Directors to order at 10:31 a.m.

1. SANDAG Board Leadership Election 2025-2026

The Board of Directors was asked to conduct the SANDAG Board Officer election for calendar years 2025-2026.

Public Comments: Alan C., Chris Roberts, Rita Clement, Cesar Javier, Truth, Mark, Allegedly Audra, Gambler, Paul the Bold, and Consuelo.

Upon a motion by Council President Joe LaCava (City of San Diego) and a second by Councilmember Carolina Chavez (Chula Vista), the Board of Directors voted to elect Second Vice Chair Heebner to the position of Chair.

The motion passed.

Yes: Second Vice Chair Heebner, Councilmember Melanie Burkholder (Carlsbad), Councilmember Chavez, Mayor John Duncan (Coronado), Mayor Terry Gaasterland (Del Mar), Mayor Bill Wells (El Cajon), Mayor Bruce Ehlers (Encinitas), Mayor Dane White (Escondido), Councilmember Jack Fisher (Imperial Beach), Councilmember Patricia Dillard (La Mesa), Mayor Alysson Snow (Lemon Grove), Councilmember Luz Molina (National City), Mayor Esther Sanchez (Oceanside), Mayor Todd Gloria (City of San Diego – Seat A), Council President LaCava (City of San Diego – Seat B), Mayor Rebecca Jones (San Marcos), Mayor John Minto (Santee), and Deputy Mayor Katie Melendez (Vista).

No: None.

Abstain: None.

Absent: County of San Diego.

Upon a motion by Chair Heebner and a second by Mayor Jones, the Board of Directors voted to elect Council President LaCava as Vice Chair.

The motion passed.

Yes: Chair Heebner, Councilmember Burkholder, Councilmember Chavez, Mayor Duncan, Mayor Gaasterland, Mayor Wells, Mayor Ehlers, Mayor White, Councilmember Fisher, Councilmember Dillard, Mayor Snow, Councilmember Molina, Mayor Sanchez, Mayor Gloria, Council President LaCava, Mayor Jones, Mayor Minto, and Deputy Mayor Melendez.

No: None.

Abstain: None.

Absent: County of San Diego.

Upon a motion by Chair Heebner and a second by Mayor Jones, the Board of Directors voted to elect Mayor Minto as Second Vice Chair.

The motion passed.

Yes: Chair Heebner, Council President LaCava, Councilmember Burkholder, Councilmember Chavez, Mayor Duncan, Mayor Gaasterland, Mayor Wells, Mayor Ehlers, Mayor White, Mayor Snow, Councilmember Molina, Mayor Sanchez, Mayor Jones, Mayor Minto, and Deputy Mayor Melendez.

No: Councilmember Fisher and Councilmember Dillard.

Abstain: None.

Absent: County of San Diego.

2. Non-Agenda Public Comments/Member Comments

Public Comments: Alan C., Cesar Javier, Robert Germann, Dustin Fuller, and Mark.

Member Comments: Councilmember Burkholder, Mayor Gaasterland, Mayor Duncan, Councilmember Edson, Chief Executive Officer Mario Orso.

Consent

3. Approval of Meeting Minutes

The Board of Directors was asked to approve the minutes from its December 13, 2024, meeting.

4. Meetings and Events Attended on Behalf of SANDAG

This report provided an update on meetings and events attended by Board members.

5. Review of Draft Board Agendas

The Board of Directors was asked to approve the draft agendas for the January 24 and February 14, 2025, Board of Directors meetings.

Public Comments: Alan C., Cesar Javier, Truth, Mark, Allegedly Audra, Paul the Bold, Consuelo, and Gambler.

Action: Upon a motion by Mayor Gloria and a second by Mayor Sanchez, the Board voted to approve the Consent Agenda.

The motion passed.

Yes: Chair Heebner, Vice Chair LaCava, Second Vice Chair Minto, Councilmember Burkholder, Councilmember Chavez, Councilmember Duncan, Mayor Gaasterland, Mayor Wells, Mayor Ehlers, Mayor White, Councilmember Fisher, Councilmember Dillard, Mayor Snow, Councilmember Molina, Mayor Sanchez, Mayor Jones, and Deputy Mayor Melendez.

No: None.

Abstain: None.

Absent: County of San Diego.

Reports

6. Otay Mesa East Port of Entry Project

Senior Legal Counsel Betsy Blake; Director of Mega Projects, Border, and Goods Movement Maria Rodriguez Molina; Nikki Tiongco, Caltrans; Peter Shellenberger, PFM; and Peter Peyser, Peyser Associates presented the item.

6A. Approval of Proposed Contract Award for the Otay Mesa East Port of Entry Project

The Board of Directors was asked to authorize the Chief Executive Officer to: Award a contract not to exceed \$3.5 million to Atkinson/Clark Joint Venture for Construction Manager/General Contractor Pre-Construction services for the Otay Mesa East Port of Entry project as detailed in the report.

6B. Otay Mesa East Federal Project Agreement

The Board of Directors was asked to adopt Resolution No. 2025-09, approving and authorizing the execution and delivery of the Federal Project Agreement, related future amendment to support Project Phasing, and related Donation Acceptance Agreements with Caltrans, U.S. General Services Administration, and U.S. Customs and Border Protection.

Public Comments: Alan C., Robert Germann, Cesar Javier, Truth, Allegedly Audra, Mark, Paul the Bold, Consuelo, Clarissa Falcon, Alejandra Mier y Teran, and Angel Marquez.

Action: Upon a motion by Mayor Heebner and a second by Councilmember Dillard, the Board of Directors voted to approve the staff recommendations.

The motion passed.

Yes: Chair Heebner, Vice Chair LaCava, Councilmember Chavez, Councilmember Duncan, Mayor Gaasterland, Mayor Ehlers, Councilmember Fisher, Councilmember Dillard, Mayor Snow, and Councilmember Molina.

No: None.

Abstain: Mayor White, Second Vice Chair Minto.

Absent: City of Carlsbad, County of San Diego, City of El Cajon, City of Oceanside, City of Poway, City of San Marcos, City of Vista.

Continued Non-Agenda Public Comment: Truth, Allegedly Audra, Consuelo, Paul the Bold, and Angelina Neglia.

Adjournment

The next Board of Directors meeting is scheduled for Friday, January 24, 2025, at 9 a.m.

Chair Heebner adjourned the meeting at 11:52 a.m.

Confirmed Attendance at SANDAG Board of Directors Meeting

Board of Directors	Title	Name	Attend
City of Carlsbad	Councilmember	Melanie Burkholder (Primary)	Yes
City of Chula Vista	Councilmember	Carolina Chavez (Primary)	Yes
City of Coronado	Mayor	John Duncan (Primary)	Yes
County of San Diego	Supervisor	Vacant (Primary)	
County of San Diego	Supervisor	Joel Anderson (Primary)	No
City of Del Mar	Mayor	Terry Gaasterland (Primary)	Yes
City of El Cajon	Mayor	Bill Wells (Primary)	Yes
City of Encinitas	Mayor	Bruce Ehlers (Primary)	Yes
City of Escondido	Mayor	Dane White (Primary)	Yes
City of Imperial Beach	Mayor Pro Tem	Jack Fisher (Primary)	Yes
City of La Mesa	Councilmember	Patricia Dillard (Alternate)	Yes
City of Lemon Grove	Mayor	Alysson Snow (Alternate)	Yes
City of National City	Councilmember	Luz Molina (Primary)	Yes
City of Oceanside	Councilmember	Esther Sanchez (Primary)	Yes
City of Poway	Mayor	Steve Vaus (Primary)	Yes
City of San Diego	Mayor	Todd Gloria (Primary)	Yes
City of San Diego	Council President	Joe LaCava (Primary)	Yes
City of San Marcos	Mayor	Rebecca Jones (Primary)	Yes
City of Santee	Mayor	John Minto (Primary)	Yes
City of Solana Beach	Mayor	Lesa Heebner (Primary)	Yes
City of Vista	Deputy Mayor	Katie Melendez (Primary)	Yes
Caltrans	Executive Director	Ann Fox (Primary)	Yes
Metropolitan Transit System	Deputy Mayor	Matthew Leyba-Gonzalez (Primary)	No
North County Transit District	Deputy Mayor	Jewel Edson (Primary)	Yes
Imperial County	Supervisor	Jesus Eduardo Escobar (Primary)	No
U.S. Department of Defense	Executive Director	Anna Shepherd (Alternate)	Yes
Port of San Diego	Commissioner	Dan Malcolm (Primary)	No
San Diego County Water Authority	Deputy Mayor	Joy Lyndes (Primary)	Yes
SDCRAA	Director	Gil Cabrera (Primary)	Yes
Mexico	Consul General	Alicia Kerber (Primary)	No
SCTCA	Chairwoman	Erica Pinto (Primary)	Yes
Planning Association	Chairwoman	Robin Joy Maxson	Yes

Chief Executive Officer Delegated Actions

Overview

Various Board Policies require the Chief Executive Officer to report certain actions to the Board of Directors monthly or upon taking specified actions.

Delegated Actions

Investment Transactions: [Board Policy No. 003](#), Section 11.2, states that a monthly report of all investment transactions shall be submitted to the Board. Attachment 1 contains the reportable investment transactions for November and December 2024.

Legal Matters: [Board Policy No. 008](#), Section 6.2, authorizes the Office of the General Counsel or outside counsel to file documents and make appearances on behalf of the agency in court proceedings.

Action: Information

In accordance with various Board Policies, this report summarizes delegated actions taken by the Chief Executive Officer.

Fiscal Impact:

Three securities reached maturity in November and December for \$17.8 million, and three securities were purchased for \$19.1 million.

Schedule/Scope Impact:

None

In the matter of He v. Metropolitan Transit System (Superior Ct. Case No. 2021-00002319), the following actions were taken by Bremer Whyte Brown & O'Meara on behalf of SANDAG:

- On November 12, 2024, filed a Memorandum of Costs (Summary)

In the matter of McSpadden v. City of San Diego (Superior Ct. Case No. 2022-00019227), the following actions were taken by Bremer Whyte Brown & O'Meara on behalf of SANDAG:

- On November 27, 2024, filed a Case Management Statement
- On December 13, 2024, attended a Motion Hearing

In the matter of Osmon v. City of San Diego (Superior Ct. Case No. 2020-00018911), the following actions were taken by BDG Law Group on behalf of SANDAG:

- On November 6, 2024, filed a Response to Plaintiff's Ex Parte Application
- On December 2, 2024, filed a Proof of Service of Summons – Personal, in regard to the Mid Coast Transit Constructors
- On December 26, 2024, filed a Case Management Statement
- On December 27, 2024, filed an Opposition to Plaintiff's Motion for Leave to Amend Complaint

Protests: [Board Policy No. 017](#), Section 4.6, authorizes the Chief Executive Officer to provide the final determination to persons or firms filing a protest regarding SANDAG's procurement or contracting process or procedures.

- On January 5, 2024, the protest filed by MEK Enterprises, Inc., regarding the Notice of Intent to Negotiate on the As-Needed Moving Services solicitation was rejected. Upon review, it was determined that MEK failed to establish a clear violation of a specific law or regulation.
- On July 11, 2024, the protest filed by Nationwide Contracting Services, Inc., regarding the Uptown Bikeways: Eastern Hillcrest Bikeways Project was rejected. It was determined that the protest was filed prematurely (before Notice of Intent to Award was issued) and was not in compliance with the Protest Procedures.
- On December 2, 2024, the protest filed by Griffith Company regarding the Notice of Intent to Award to Dick Miller, Inc. on the Uptown Bikeways: Washington Street & Mission Valley Bikeways Project was rejected. Upon review, it was determined that Griffith failed to establish a clear violation of a specific law or regulation.

Easement: Board Policy No. 017, Section 4.3, authorizes the Chief Executive Officer to execute all real property transfer documents, including but not limited to rights of entry, licenses, leases, deeds, easements, escrow instructions, and certificates of acceptance. The list below reflects the approved documents for this reporting period.

Mid-Coast Corridor Transit Project – Capital Improvement Project No. 1257001			
No.	Address	Nature of Activity	Date
1.	9500 Gilman Drive, La Jolla, CA 92093; University of California San Diego	Grant of Easement	11/8/2024

Sole Source Awards: Board Policy No. 017 Section 1, authorizes the Chief Executive Officer to enter into any agreements or take any other actions necessary to implement the budget items or other actions approved by the Board. See Attachment 2 for all sole source contracts and amendments awarded from July 1, 2024 to December 31, 2024.

Mario Orso, Chief Executive Officer

Attachments: 1. Investment Securities Transactions Activity – November & December 2024
2. Sole Source Awards – July 2024 - December 2024
3. Board Policy No. 32 – San Diego County Regional Transportation Commission

MONTHLY ACTIVITY FOR INVESTMENT SECURITIES TRANSACTIONS
NOVEMBER 1 THROUGH NOVEMBER 30

Transaction Date	Security/Coupon/Maturity Date	Par Value	Original Cost
BOUGHT	NO REPORTABLE SECURITIES FOR THIS MONTH		
MATURED			
11/30/24	U S TREASURY NT 1.500% 11/30/24	\$ 5,905,700.00	\$ 6,099,482.36
	TOTAL MATURED:	<u>\$ 5,905,700.00</u>	<u>\$ 6,099,482.36</u>
SOLD	NO REPORTABLE SECURITIES FOR THIS MONTH		

MONTHLY ACTIVITY FOR INVESTMENT SECURITIES TRANSACTIONS
DECEMBER 1 THROUGH DECEMBER 31

Transaction Date	Security/Coupon/Maturity Date		Par Value	Original Cost
BOUGHT				
12/03/24	U S TREASURY NT	3.875% 9/30/29	\$ 6,700,000.00	\$ 6,624,909.16
12/16/24	U S TREASURY NT	1.625% 5/15/26	6,800,000.00	6,562,022.78
12/31/24	U S TREASURY NT	2.375% 4/30/26	6,100,000.00	5,946,567.31
	TOTAL BOUGHT:		<u>\$ 19,600,000.00</u>	<u>\$ 19,133,499.25</u>
MATURED				
12/15/24	U S TREASURY NT	1.000% 12/15/24	\$ 6,450,000.00	\$ 6,252,925.73
12/31/24	U S TREASURY NT	1.750% 12/31/24	5,500,000.00	5,727,323.11
	TOTAL MATURED:		<u>\$ 11,950,000.00</u>	<u>\$ 11,980,248.84</u>
SOLD				
	NO REPORTABLE SECURITIES FOR THIS MONTH			

SANDAG Sole Source Contract Awards

Semi-Annual Report for period July 1 through December 31, 2024

By direction of the Board of Directors: The Director of Contracts and Procurement Services shall oversee the preparation of a semi-annual report for review by the CEO, and the Board of Directors. The report shall include sole source contract awards for the period including the project, the underlying reason (and demonstrating adherence to public procurement laws), funding source(s), value of the award, and name of the approving official. All sole source requests were reviewed and approved by Mario Orso, Chief Executive Officer, prior to award.

Sole Source Contract Awards						
Vendor Name/ Contract Number	Title/Project	Underlying Reason*/ Adherence to Public Procurement Laws	Value of Sole Source Award	Award Date	Funding Source(s)	Approving Official
HNTB Corporation #5240024 (S882170 TO 6 AM 2)	Batiquitos Lagoon Double Track Project Final Design and Permitting Services	#1, 3 Continued work from the Engineer of Record to complete design and address potential design changes as a result of construction change orders.	\$2,974,981	August 14, 2024	State/Local	Omar Atayee, Acting Director of Engineering and Construction
Social Pinpoint #4250101	Online Engagement Platform (Subscription Renewal)	#3 Platform (only source) SANDAG uses to communicate to the public via social media.	\$15,000	August 31, 2024	Federal/State/ Local	Grace Mino, Acting Director of Data Science and Business Information & Technology Services
Chen Ryan Associates #5240471 (S882178 TO 1 AM 2)	University Bikeway Final Design	#1, 3, 14 Continued work from Engineer of Record to perform final design for PS&E, bid support services, and design support during construction.	\$183,606	September 4, 2024	Local	Omar Atayee, Acting Director of Engineering and Construction

Sole Source Contract Awards

Vendor Name/ Contract Number	Title/Project	Underlying Reason*/ Adherence to Public Procurement Laws	Value of Sole Source Award	Award Date	Funding Source(s)	Approving Official
Plante Moran #5002052 AM 5	IBM Cognos Consulting Services	#14 One-year extension while a new RFP is conducted. This additional year will bring us to completion with our current application and reporting needs.	\$36,000	September 26, 2024	Local	Anthony Ray, Director of ARJIS
Survey Monkey #6000256	SANDAG Surveys (Data Science)	#5, 17 Awarding to Survey Monkey ensures continuity in our survey processes, avoids potential disruptions in service, and maintains access to our existing survey data and reporting.	\$21,600	October 4, 2024	Local	Grace Mino, Acting Director of Data Science and Business Information & Technology Services
Survey Monkey #5005243 AM 5	Sustainable Transportation and Vanpool Surveys	#3, 5 Awarding to Survey Monkey ensures continuity in our survey processes, avoids potential disruptions in service, and maintains access to our existing survey data and reporting.	\$16,500	October 22, 2024	Federal	Lucinda Broussard, Director of Regional Transportation Services
Auctane #6000297	API Interface, Mailing & Labeling Services for TOC BOS	#17 Agreement migrated from ETAN to SANDAG to continue producing shipping labels for TOC-related communications and products. Service will be incorporated into new BOS services.	\$265,000	October 23, 2024	Local	Lucinda Broussard, Director of Regional Transportation Services

Sole Source Contract Awards

Vendor Name/ Contract Number	Title/Project	Underlying Reason*/ Adherence to Public Procurement Laws	Value of Sole Source Award	Award Date	Funding Source(s)	Approving Official
Insight Public Sector, Inc. #4250016	ARJIS Cloud Migration	#13 Insight is the sole provider of connections to the CA State Sheriff's Association (CSSA) database. ARJIS needs to connect to this database to share information with other agencies.	\$357,480	October 28, 2024	Local	Anthony Ray, Director of ARJIS
RailPros #5240471 (S882175 TO 2 AM 2)	LOSSAN Program Management	#3, 17 Additional time is needed to allow continuation of program management services while a competitive procurement is prepared.	\$0	October 31, 2024	State/Local	David Cortez, Director of Engineering and Construction
Republic Services #S843410 AM 1	40-Yard Dumpster for TOC	#3, 4 Republic Services is the only waste company that services the area, offers a 40-yard dumpster that allows for landscaping and construction debris, and allows the services to be contracted.	\$50,357	November 1, 2024	Local	Lucinda Broussard, Director of Regional Transportation Services
PGH Wong Engineering, Inc. #5008006 AM 3 and TO 1 AM 8	Mid-Coast CM Services	#3 The PGH Wong team has familiarity with the project that is crucial for effectively managing specific risks as it enters its final stages.	\$0	November 27, 2024 (AM 3) November 30, 2024 (TO 1 AM 8)	Federal/Local	David Cortez, Director of Engineering and Construction

Sole Source Contract Awards

Vendor Name/ Contract Number	Title/Project	Underlying Reason*/ Adherence to Public Procurement Laws	Value of Sole Source Award	Award Date	Funding Source(s)	Approving Official
Jacobs Project Management Co. #5008005 AM 4	Mid-Coast CM Services	#3 Extension of master agreement; continuation of work for operational continuity so that vendor can effectively manage specific risks as the project enters its final stages.	\$0	November 30, 2024	Federal/Local	David Cortez, Director of Engineering and Construction
Quarles & Brady #S1253944 TO 1 AM 1	Legal Services in Employment Law	#3, 10, 14 Economy or efficiency supports award to Quarles and Brady as logical follow- on to work already in progress under the prior agreement which was competitively awarded. Vendor is currently representing SANDAG in pending litigation.	\$150,000	December 16, 2024	Federal/State/ Local	Amberlynn Deaton, Deputy General Counsel
Kimley Horn and Associates #S1011918 AM 1	Central Bikeway Final Design	#1, 14 Continued work from the Engineer of Record was required during the IFB and construction phases of the project. This amendment added the scope of work for these phases.	\$228,597	December 13, 2024	Local	David Cortez, Director of Engineering and Construction
San Diego Zoo Wildlife Alliance #S955495	Plant Seed Collection, Curation, and Bulking	#13 Continuation of specialized services for FY25-27 per the Work Plan approved by the	\$80,650	December 29, 2024	Local	Antionette Meier, Director of Regional Planning

Sole Source Contract Awards						
Vendor Name/ Contract Number	Title/Project	Underlying Reason*/ Adherence to Public Procurement Laws	Value of Sole Source Award	Award Date	Funding Source(s)	Approving Official
		SANDAG BOD on 12/8/23. SDZWA operates the only seed bank in the San Diego region offering the associated services.				
eLock Technologies #5004877 AM 5	Bike Locker Purchases, Services and Support	#5, 11 Continuing master contract while a new RFP is in progress.	\$150,000	December 30, 2024	Federal	Lucinda Broussard, Director of Regional Transportation Services

* Refer to the Appendix: Sole Source Award Justifications on the following page.

Appendix: Sole Source Award Justifications

SANDAG'S procurement policies, including Board Policy No. 016 (Procurement of Services), require full and open competition.

In limited situations, the award of a contract without competition may be permitted if justified by one or more of the reasons below, fully documented as part of the procurement record, and approved in accordance with the Delegation of Authority by CEO policy.

Additionally, the need for a sole source award cannot be due to a failure to plan or because federal funds are expiring.

Acceptable Justifications for Sole Source Awards by Funding Type

No.	Reason
Applicable to <u>all</u> funding sources	
1	Authorized by Statute
2	Funding Agency Approval
3	Public Interest
4	<i>No longer used</i>
5	Unique or Innovative Concept (One Source)
6	Unusual and Compelling Urgency/Emergency
Applicable to <u>Local or Federal Transit Administration</u> funding sources	
7	International Arrangements
8	National Emergency
9	National Security
10	Protests, Disputes, Claims, Litigation
11	Substantial Duplication Costs (Equipment)
12	Unacceptable Delay (Equipment)
Applicable to <u>ONLY Local</u> funding sources	
13	Unique/Highly Specialized Item/Service
14	Existing Contractor/Consultant Follow-on Work
15	Competitive Procurement Cost Exceeds Cost of Work/Item
16	Integral to Existing Equipment
17	Essential to Research or Operational Continuity
18	Existing Specialized Training/Expertise



BOARD POLICY No. 032

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION INTEREST RATE SWAP POLICY

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

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

1. Scope and Authority

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

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

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

2. Approach and Objectives

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

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

3. Conditions for Use of Interest Rate Swaps and Options

3.1. Rationale

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

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

3.2. Benefit Expectation

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

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

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

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

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

3.3. Maximum Notional Amount

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

3.4. Maximum Maturity

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

3.5. Liquidity Considerations

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

3.6. Call Option Value Considerations

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

4. Interest Rate Swap Features

4.1 Interest Rate Swap Agreement

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

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

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

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

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

- 4.1.4 Collateral thresholds for the swap provider, and for SANDAG if applicable, should be set on a sliding scale reflective of credit ratings of the swap provider or guarantor. Collateral should be held by an independent third party.
- 4.1.5 Eligible collateral is outlined in Appendix A.
- 4.1.6 Termination value should be set by a “market quotation” methodology, unless SANDAG deems an alternative methodology to be appropriate.
- 4.1.7 SANDAG will consider the use of swap insurance to mitigate possible termination risk and also to mitigate the need for SANDAG to post collateral under the Credit Support Annex.
- 4.2 Interest Rate Swap Counterparties
 - 4.2.1 Credit Criteria

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

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

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

 - 4.2.1.1 Contingent credit support or enhancement;
 - 4.2.1.2 Collateral consistent with the policies contained herein;
 - 4.2.1.3 Ratings downgrade triggers; or
 - 4.2.1.4 Guaranty of parent, if any.

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

4.2.2 Swap Dealers

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

4.3 Limitations on Termination Exposure to a Single Counterparty

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

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

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

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

The exposure thresholds, which will be reviewed periodically by SANDAG to ensure that they remain appropriate, will also be tied to credit ratings of the counterparties and

whether or not collateral has been posted as shown in the table below. If a counterparty has more than one rating, the lowest rating will govern for purposes of the calculating the level of exposure.

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

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

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

4.4 Collateral Requirements

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

- 4.4.1 Each counterparty to SANDAG may be required to post collateral (subject to applicable thresholds) if the credit rating of the counterparty or parent falls below the "AA" category. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the Credit Support Annex of the ISDA Agreement between each counterparty and SANDAG.
- 4.4.2 Threshold amounts shall be determined by SANDAG on a case-by-case basis. SANDAG will determine the reasonable threshold limits for the initial deposit and for increments of collateral posting thereafter.
- 4.4.3 In determining maximum uncollateralized exposure, SANDAG shall also consider and include, as applicable, financial exposure to the same corporate entities that it may have through other forms of financial dealings, such as securities lending agreements and commercial paper investments.
- 4.4.4 Collateral shall be deposited with a third party trustee, or as mutually agreed upon between SANDAG and the counterparty.
- 4.4.5 A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation

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

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

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

4.5 Swap Insurance

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

4.6 Security and Source of Repayment

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

4.7 Prohibited Interest Rate Swap Features

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

5. Evaluation and Management of Interest Rate Swap Risks

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

5.1 Evaluation Methodology

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

Type of Risk	Description	Evaluation Methodology
Basis Risk	The mismatch between actual variable rate debt service and variable rate indices used to determine swap payments.	SANDAG will review historical trading differentials between the variable rate bonds or notes and the index.
Tax Risk	The risk created by potential tax events that could affect swap payments.	SANDAG will review the tax events in proposed swap agreements. It will also evaluate the impact of potential changes in tax law on LIBOR indexed swaps.

Type of Risk	Description	Evaluation Methodology
Counterparty Risk	The risk that the counterparty fails to make required payments.	SANDAG will monitor exposure levels, ratings thresholds and collateralization requirements.
Termination Risk	The risk that the transaction is terminated in a market dictating termination payment by SANDAG.	SANDAG will compute its termination exposure for all existing and proposed swaps at market value and under a worst-case scenario. SANDAG will consider use of swap insurance to mitigate this risk.
Rollover Risk	The mismatch of the maturity of the swap and the maturity of the underlying bonds or notes.	SANDAG will determine its capacity to issue variable rate bonds or notes that may be outstanding after the maturity of the swap.
Liquidity Risk	The inability to continue or renew a liquidity facility.	SANDAG will evaluate the expected availability of liquidity support for swapped and unhedged variable rate debt and will consider the use of variable rate debt that does not require liquidity (e.g., auction rate securities)
Credit Risk	The occurrence of an event modifying the credit rating of the issuer or its counterparty.	SANDAG will monitor the ratings of its counterparties and insurers.

5.2 Managing Interest Rate Swap Risks

5.2.1 Annual Report to the Board

Staff will evaluate the risks associated with outstanding interest rate swaps at least annually and provide a written evaluation to the Board of Directors. This evaluation will include the following information:

- 5.2.1.1 A description of all outstanding interest rate swaps, including related bond series, types of swaps, rates paid and received by SANDAG, existing notional amount, average life and remaining term of each swap agreement and the current termination value of outstanding swaps.
- 5.2.1.2 Separately for each swap, the actual debt service requirements versus the projected debt service on the swap transaction. For any swap used as part of a refunding, the actual cumulative savings versus the projected savings at the time the swap was executed.
- 5.2.1.3 The credit ratings of each swap counterparty, parent, guarantor and credit enhancer insuring the swap payments, if any.
- 5.2.1.4 Actual collateral posting by swap counterparty, if any, per swap agreement and in total by swap counterparty.

5.2.1.5 Information concerning any material event involving outstanding swap agreements, including a default by a swap counterparty, counterparty downgrade or termination.

5.2.1.6 An updated contingency plan to replace, or fund a termination payment in the event an outstanding swap is terminated.

5.2.1.7 The status of any liquidity support used in connection with interest rate swaps, including the remaining term and current fee.

SANDAG shall review the Interest Rate Swap Policy with the Board at least annually.

5.2.2 Contingency Plan

SANDAG shall determine the termination exposure of each of its swaps and its total swap termination payment exposure at least annually and prepare a contingency plan to either replace the swaps or fund the termination payments, if any, in the event one or more outstanding swaps are terminated. SANDAG shall assess its ability to obtain replacement swaps and identify revenue sources to fund potential termination payments.

5.3 Terminating Interest Rate Swaps

5.3.1 Optional Termination

SANDAG will structure interest rate swaps to include optional termination at the current market valuation, which would allow SANDAG to terminate a swap prior to its maturity if it is determined that it is financially advantageous to do so, but will not provide this right to the counterparty.

5.3.2 Mandatory Termination

In the event a swap is terminated as a result of a termination event such as a default or credit downgrade of either counterparty, SANDAG will evaluate whether it is financially advantageous to obtain a replacement swap or, depending on market value, make or receive a termination payment.

In the event SANDAG makes a swap termination payment, SANDAG shall attempt to follow the process identified in its swap contingency plan. SANDAG shall also evaluate the economic costs and benefits of incorporating a provision into the swap agreement that will allow SANDAG to make termination payments over time.

6. Disclosure and Financial Reporting

SANDAG will take steps to ensure that there is full and complete disclosure of all interest rate swaps to the SANDAG Board of Directors, rating agencies and in disclosure documents. With

respect to its financial statements, SANDAG will adhere to the guidelines for the financial reporting of interest rate swaps as set forth by the Government Accounting Standards Board.

7. Dodd-Frank Act

7.1 Conformance to Dodd-Frank

It is the intent of SANDAG to conform this Policy to the requirements relating to legislation and regulations for derivatives transactions under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as supplemented and amended from time to time, including any regulations promulgated in connection therewith (herein collectively referred to as "Dodd-Frank"). Pursuant to such intent, it is the policy of SANDAG that, with respect to each interest rate swap: (i) each swap advisor engaged or to be engaged by SANDAG will function as the designated qualified independent representative of SANDAG, sometimes referred to as the "Designated QIR"; (ii) each swap advisor will agree to meet and meets the requirements specified in CFTC Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the "Representative Regulation"); (iii) each swap advisor will provide a written certification to SANDAG to the effect that such swap advisor agrees to meet and meets the requirements specified in the Representative Regulation; (iv) SANDAG will monitor the performance of each swap advisor consistent with the requirements specified in the Representative Regulation; (v) SANDAG will exercise independent judgment in consultation with its swap advisor in evaluating all recommendations, if any, presented by any swap dealer with respect to transactions authorized pursuant to this Policy; and (vi) SANDAG will rely on the advice of its swap advisor with respect to interest rate swaps authorized pursuant to this Policy and will not rely on recommendations, if any, presented by any swap dealer with respect to interest rate swaps authorized pursuant to this Policy.

7.2 Legal Entity Identifier

SANDAG shall obtain and maintain current at all times a "legal entity identifier" from a firm designated by the CFTC to provide such numbers.

7.3 Clearing

In connection with the execution of any swap entered into on or after September 9, 2013, SANDAG shall complete and maintain, as required by the CFTC, an annual filing regarding how it generally meets its financial obligations associated with entering into uncleared swaps.

7.4 Recordkeeping

Comprehensive records shall be maintained, either in paper or electronic form, of any interest rate swap entered into by SANDAG for at least five (5) years following the termination thereof. Such records shall be retrievable within five (5) business days and shall be open to inspection by the CFTC.

Adopted: November 2005

Amended November 2013

Amended November 2014

APPENDIX A: ACCEPTABLE COLLATERAL

SECURITY	VALUATION PERCENTAGE
(A) Cash	100%
(B) (x) Negotiable debt obligations issued by the U.S. Treasury Department or the Government National Mortgage Association ("Ginnie Mae"), or (y) mortgage backed securities issued by Ginnie Mae (but with respect to either (x) or (y) excluding interest only or principal only stripped securities, securities representing residual interests in mortgage pools, or securities that are not listed on a national securities exchange or regularly quoted in a national quotation service) and in each case having a remaining maturity of: (i) less than one year (ii) greater than one year but less than 10 years (iii) greater than 10 years	99% 98% 95%
(C) (x) Negotiable debt obligations issued by the Federal Home Loan Mortgage Corporation ("Freddie Mac") or the Federal Home Loan Mortgage Association ("Fannie Mae") or (y) mortgage backed securities issued by Freddie Mac or Fannie Mae but excluding interest only or principal only stripped securities, securities representing residual interests in mortgage pools, or securities that are not listed on a national securities exchange or regularly quoted in a national quotation service.	95%
(D) Any other collateral acceptable to SANDAG's sole discretion.	The valuation percentage shall be determined by the Valuation Agent from time to time and in its reasonable discretion.

For example, if a counterparty is required to post \$1.0 million of collateral and wished to use Ginnie Mae's with five years remaining to maturity, it would be required to post \$1,052,632 (\$1.0 million/0.95) to satisfy the collateral requirement.

APPENDIX B: GLOSSARY OF TERMS

Asset/Liability Matching

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

Bid/Ask Spread

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

Call Option

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

Collateral

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

Downgrade

A negative change in credit ratings.

Forward Starting Swap

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

Hedge

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

Interest Rate Exchange Agreement

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

Interest Rate Swap

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

Liquidity Support:

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

LIBOR

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

Maximum Net Termination Exposure

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

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

Notional Amount

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

Termination Payment

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

Policy Advisory Committee Actions

Overview

[SANDAG Board Policy No. 001](#) delegates certain responsibilities to the Policy Advisory Committees to allow SANDAG to effectively address key public policy and funding responsibilities. All items delegated to the policy advisory committees are subject to ratification by the Board of Directors. Below are the delegated actions taken by the policy advisory committees that are subject to ratification.

The links provided below will navigate to the SANDAG web page where the meeting agenda and minutes (when available) will be posted.

Action: **Approve**

The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees as noted in the report.

Fiscal Impact:

None.

Schedule/Scope Impact:

None.

[Transportation Committee – January 17, 2024¹](#)

Adopted Resolution No. 2025-10, adopting Amendment No. 1 to the 2025 the Regional Transportation Improvement Program.

Approved supporting the 2025 statewide safety targets established by Caltrans.

Victoria Stackwick, Chief of Staff

¹ Any changes to these actions will be reported to the Board of Directors following the Transportation Committee meeting on Friday, December 13, 2024.

Board of Directors

Friday, January 31, 2025

Comments and Communications

1. Non-Agenda Public Comments/Member Comments

Members of the public shall have the opportunity to address the Board of Directors on any issue within the jurisdiction of SANDAG that is not on this agenda. Public speakers are limited to three minutes or less per person. Public comments under this agenda item will be limited to five public speakers. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Board members and SANDAG staff also may present brief updates and announcements under this agenda item.

Consent

+2. Approval of Meeting Minutes

Francesca Webb, SANDAG

Approve

The Board of Directors is asked to approve the minutes from its January 24, 2025, meeting.

+3. Amended 2025 Legislative Calendar*

Ariana Galvan, SANDAG

Approve

The Board of Directors is asked to approve the amended calendar of meetings of the Board and the Policy Advisory Committees for the upcoming year.

+4. Approval of Proposed Solicitations and Contract Awards

Kelly Mikhail, SANDAG

Approve

The Board of Directors is asked to authorize the Chief Executive Officer to conduct the proposed solicitation(s) and contract awards as identified in this report.

Reports

+5. Grand Jury Report

Mario Orso, SANDAG

Discussion
/ Possible
Action

Staff will provide an update on the Grand Jury Report findings and response.

+6. TransNet Major Corridor Projects Update: State Route 67*

Sam Amen, Karina Cantero-Angel, Caltrans

Information

Caltrans staff will present an update on the State Route 67 Highway Improvements Project.

Adjournment

7. Adjournment

The next Board of Directors meeting is scheduled for Friday, February 14, 2025, at 10:30 a.m.

+ next to an agenda item indicates an attachment

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

Approval of Proposed Solicitation for Engineering Design Review and Quality Assurance for Capital Projects

Overview

Solicitations valued at \$5 million or more are brought to the Board of Directors (Board) for approval prior to advertisement and again prior to contract award. There is one (1) pending action for the Board's consideration.

Action: Approve

The Board of Directors is asked to authorize the Chief Executive Officer to conduct a solicitation for Engineering Design Review and Quality Assurance for Capital Projects as detailed in the report.

Key Considerations

Engineering Design Review and Quality Assurance for Capital Projects

This solicitation will seek statements of qualifications from experienced firms in the Architectural & Engineering industry to provide as-needed project design review, cost estimating, and quality assurance oversight for Capital Improvement Projects that are part of SANDAG's Regional Plan, the Active Transportation Plan, the LOSSAN Infrastructure Development Plan, and the LOSSAN Realignment Plan.

These services are integral in the design process as they can clarify potential design ambiguities, reduce construction risks, as well as allow for value engineering during the design process; value engineering can lead to cost and schedule savings at the construction phase. Additionally, quality assurance ensures that projects designs meet all applicable standards and regulations.

SANDAG intends to award up to two (2) agreements as a result of this solicitation. One agreement will support rail projects within the LOSSAN corridor as well as light rail and bus projects; the second will support active transportation projects. The maximum total value of the contract(s) awarded from this solicitation is estimated to be up to \$7.6 million for both agreements over a period of up to 3 years.

Next Steps

Pending approval by the Board, this solicitation will be advertised within the next few months. Any contract award(s) resulting from this solicitation will return to the Board for approval to award.

Kelly Mikhail, Director of Contracts & Procurement

Attachment: 1. Fiscal Impact: CIPs that may require Engineering Design Review and Quality Assurance Services

Fiscal Impact:

Funding for these contracts will be derived as follows:

Engineering Design Review and Quality Assurance for Capital Projects: See Attachment 1 for list of Capital Improvement Projects (CIPs) that may require these services.

Schedule/Scope Impact:

Engineering Design Review and Quality Assurance for Capital Projects: The selected vendor(s) will provide services from FY 2025 through FY 2028.

Fiscal Impact: CIPs that may require Engineering Design Review and Quality Assurance Services

- 1145400 – San Onofre Bridge Replacements
- 1146600 – San Onofre to Pulgas Double Track Phase 2
- 1239809 – Eastbrook to Shell Double Track
- 1239819 – Carlsbad Village Double Track
- 1239816 – Batiquitos Lagoon Double Track
- 1239814 – LOSSAN Rail Corridor Preliminary Engineering
- 1239822 – San Dieguito Lagoon Double Track (Construction)
- 1239813 – San Dieguito Lagoon Double Track (Design)
- 1147100 – Del Mar Bluffs V
- 1147101 – Del Mar Bluffs Access Improvements
- 1239812 – Sorrento to Miramar Phase 2
- 1145300 – Rose Canyon Bridge Replacements
- 1146500 – Bridge 257.2 Replacement Project
- 1239823 – San Dieguito to Sorrento Valley Double Track
- 1210091 – Palomar Street Rail Grade Separation
- 1223094 – Inland Rail Trail Phase 3
- 1223017 – Coastal Rail Trail Encinitas: E Street to Chesterfield
- 1223086 – Border to Bayshore IB to San Ysidro
- 1223055 – Bayshore Bikeway: Barrio Logan Phase 1
- 1223096 – Bayshore Bikeway: Barrio Logan Phase 2
- 1223098 – Bayshore Bikeway: Barrio Logan Phase 3
- 1223057 – Pershing Drive Bikeway
- 1223058 – Downtown to Imperial Avenue Bikeway
- 1223081 – North Park/Mid-City Bikeways: University Bikeway
- 1223083 – Uptown Bikeways: Eastern Hillcrest Bikeways
- 1223084 – Uptown Bikeways: Washington Street & Mission Valley Bikeways
- 1223054 – Central Avenue Bikeway
- 1223079 – North Park/Mid-City Bikeways: Howard Bikeway
- 1223087 – North Park/Mid-City Bikeways: Orange Bikeway
- 1223017 – Coastal Rail Trail Encinitas: E Street to Chesterfield
- 1223020 – North Park/Mid-City Bikeways: Robinson Bikeway
- 1223095 – Inland Rail Trail Phase 4
- 1223085 – Uptown Bikeways: Mission Hills and Old Town Bikeways
- 1223097 – Bayshore to Imperial Bikeway
- 1223200 – Pacific Coast Highway/Central Mobility Bikeway

Access for All Grant Program: Cycle 2 Call for Projects Funding Recommendations

Overview

The Access for All (AFA) Grant Program funds projects that provide on-demand Wheelchair Accessible Vehicle (WAV) trips to individuals with disabilities throughout the region. Prior to the program's inception, there were no Transportation Network Companies (TNCs) that provided WAV transportation in San Diego County. TNCs provide prearranged, fee-based transportation services using an online-enabled application or platform (such as a smartphone app) to connect drivers with passengers. [SANDAG's 2020 Coordinated Plan](#) identifies on-demand WAV service as a high-priority need for the region.

On September 22, 2018, the Governor signed into law Senate Bill (SB) 1376, creating the TNC Access for All Act. Pursuant to the Act, the California Public Utilities Commission (CPUC) was required to establish a program relating to the accessibility of TNC services for persons with disabilities, including wheelchair users who need a WAV. The purpose of the CPUC's TNC AFA Program is to incentivize the expansion and availability of on-demand transportation services for people with disabilities statewide.

Funds for the program are administered on the county level by Local Access Fund Administrators (LAFAs). SANDAG was selected as the LAFA for San Diego County beginning in 2021 and has continued in this role each subsequent year. Funding for the program comes from a ten-cent fee assessed on each TNC trip that originates in San Diego County. SANDAG then distributes this grant funding to Access Providers, who are awarded funding through a competitive process known as the Call for Projects (CFP). The first cycle of AFA funding awarded \$2,530,004 dollars to one grantee who provided over 10,500 WAV trips and over 2,500 on-demand WAV trips in San Diego County. Additional details on the AFA program are available in Attachment 1.

Key Considerations

The total funding available for the second cycle is \$2.3 million. To develop the Cycle 2 CFP, SANDAG conducted outreach to stakeholders, including service providers and disability advocates in the region, with a stakeholder engagement workshop and feedback from the Social Services Transportation Advisory Council (SSTAC). This feedback helped to inform the Cycle 2 CFP and evaluation criteria, which were modified and approved by the Board of Directors on [May 26, 2023](#) (Item 6). In March 2024, the CFP was released, and five applications were received when the Call for Projects closed on June 14, 2024.

Following an initial eligibility review, all applications were provided to the evaluation committee, which reviewed and provided the qualitative scores for each application consistent with the evaluation criteria approved by the Board. SANDAG staff provided the quantitative scores, which were then added to the

Action: Approve

The Board of Directors is asked to approve the Cycle 2 Funding Recommendations for the Access for All Grant Program.

Fiscal Impact:

Pending Board approval, approximately \$2.3 million in Access for All funding will be awarded to the recommended project through Overall Work Program (OWP) No. 3322100.

Schedule/Scope Impact:

The awarded project will begin in March 2025 and is anticipated to be completed by March 2026.

average qualitative score and resulted in the total application score and resulting funding recommendations. The results of this process are included in Attachment 2 and show that the applicant with the highest total application score is recommended to receive the entire amount of funding available.

Next Steps

Pending Board approval, staff will execute a grant agreement with the recommended applicant in early 2025, and AFA services are anticipated to be provided through March 2026.

Susan Huntington, Director of Financial Planning, Budgets, and Grants

Attachments: 1. Discussion Memo
 2. AFA Cycle 2 Funding Recommendations

Discussion Memo

Program Overview

The AFA Program provides two mechanisms to meet the statute's overall goal of expanding and improving on-demand WAV transportation service in California: one is through TNCs' investments and the other is through local access providers.

In January 2019, the CPUC required TNCs to collect an "Access Fee" of \$0.10 for each TNC trip and to remit the total fees collected within each county every quarter to the CPUC. The fees collected from TNCs are deposited in the TNC Access Fund for distribution to local access providers through Local Access Fund Administrators (LAFAs). The LAFA of each county provides AFA fees to access providers through a competitive process. Access providers are organizations that are able to provide WAV services similar to those of TNCs but require additional financial resources to do so.

If TNCs expand or improve on-demand WAV service, they may "offset" the fees due to the CPUC by the amounts they spend to improve WAV service in each county. The TNCs may keep some of the Access Fee revenue they collect, so long as the WAV service meets performance requirements set by the CPUC.

Local Access Fund Administrators

Entities that may serve as LAFAs are limited to metropolitan planning organizations (MPOs), regional transportation planning agencies (RTPAs), and county transportation commissions (CTCs). In the event the aforementioned entities do not apply, a local transit agency may apply. Each geographic area may only be served by a single LAFA. The primary role of a LAFA is to administer the AFA Program in the geographic area within its jurisdiction. Specifically, LAFAs are required to develop local WAV programs and to contract with and obligate available funds to eligible access providers in accordance with criteria adopted by the CPUC and outlined in the [Program Requirements](#). Once an agency is selected to be a LAFA, it is required to carry out the following responsibilities:

- Establish a process for access provider selection.
- Select access providers to receive AFA funds based on criteria adopted by the CPUC and outlined in the Program Requirements.
- Obligate available AFA funds to selected access providers.
- Submit a consolidated quarterly report to the CPUC based on access providers' quarterly reports submitted to the LAFA.
- Submit annual and other quarterly reports to ensure that progress is made toward the broader goals and objectives of the AFA Program and Senate Bill 1376.

The SANDAG Board of Directors approved the submission of an application for SANDAG to serve as the San Diego Region's LAFA on [April 23, 2021 \(Item 9\)](#). The AFA Program Guidelines permit LAFAs to retain their status for the duration of the Program if they reaffirm their commitment in April of each year. The CPUC approved SANDAG's application to serve as the LAFA for funds utilized for Cycle 2 on June 23, 2022, and June 29, 2023 (CPUC funding years 2022 and 2023). The CPUC reaffirmed SANDAG as the region's LAFA on June 20, 2024.

Amount of Funding Available

The AFA Program will collect Access Fees through June 30, 2025, and be available for distribution by the LAFAs through 2027. The CPUC releases the AFA balance to the LAFAs by January 30 each year. The AFA balance for the San Diego region under the last four reporting periods is shown in the table below.

Reporting Date	Access Fund Balance for the San Diego Region	AFA Fee Collection Period
January 30, 2021	\$2,976,476	July 2019 to June 2020
January 30, 2022	\$1,798,113	July 2020 to June 2021
January 30, 2023	\$952,043	July 2019 to June 2022*
January 30, 2024	\$2,731,158	July 2022 to June 2023

SANDAG is required to distribute the AFA funds on a competitive basis, and that effort must be conducted to coincide with the amount of funding provided by the CPUC. The Cycle 2 Call for Projects distributes funding released by CPUC on January 30, 2022, combined with January 30, 2023. SANDAG staff elected to combine two funding cycles for the Cycle 2 Call for Projects because they were smaller and combined to maintain funding more consistent with the Cycle 1 Call for Projects. SANDAG is permitted to retain a maximum of 15 percent of the Access Fees for administrative costs in serving as the LAFA; therefore, the amount available for the Cycle 2 Call for Projects is \$2,337,633.

Access for All Cycle 2 Funding Recommendations

Available
funding: **\$2,337,633.00**

Project ID	Applicant Name	Total AFA Funding Requested	Average Qualitative Score	Quantitative Score	Total Application Score	AFA Funding Recommendation
F1	Facilitating Access to Coordinated Transportation	\$2,337,633	85.8	20	105.8	\$2,337,633
N1	North Country Transit District	\$1,325,985	83.6	20	103.6	\$0
C2	Charitable Adult Rides and Services	\$2,300,000	82	20	102	\$0
C1	CARE7 Transport	\$2,612,500	72.2	20	92.2	\$0
B1	Butterfli Technologies	\$2,300,000	59.6	20	79.6	\$0

AFA Cycle 2 Call for Projects Funding Recommendations

Application Index

Project ID	Applicant Name	Project Name
B1	Butterfli Technologies	Access for All San Diego
C1	CARE7 Transport	AFA Cycle 2
C2	Charitable Adult Rides and Services	On the Go: "Access For All by On the Go"
F1	Facilitating Access to Coordinated Transportation	RideFACTNOW - On Demand 1-Hour Countywide and Airport WAV Rides
N1	North County Transit District	NCTD+ On-demand Microtransit Pilot: Phase 2 and 3

Evaluator 1 Qualitative Scores

Project ID	1B	2A	2B	2D	3	4A	4B	4C	4D	4E	5A	5B	5C	6A	6B	Total Score
B1	3	3	7	3	11	5	3	7	4	2	4	2	4	4	2	64
C1	1	3	6	4	13	7	4	7	4	4	4	3	2	3	3	68
C2	5	5	9	4	13	9	5	9	5	5	4	4	4	4	4	89
F1	5	4	9	4	13	8	5	9	4	4	4	4	4	5	4	86
N1	4	5	9	4	14	8	4	8	4	5	5	4	4	5	4	87

Evaluator 2 Qualitative Scores

Project ID	1B	2A	2B	2D	3	4A	4B	4C	4D	4E	5A	5B	5C	6A	6B	Total Score
B1	3	3	5	3	10	3	2	5	3	3	3	2	2	4	2	53
C1	3	4	7	4	8	10	3	8	4	4	1	4	2	4	2	68
C2	4	5	9	5	10	6	3	6	4	4	4	4	3	4	2	73
F1	4	5	9	5	12	9	3	7	4	4	4	4	3	4	4	81
N1	4	5	10	5	13	9	5	9	4	4	4	4	5	5	5	91

Evaluator 3 Qualitative Scores

Project ID	1B	2A	2B	2D	3	4A	4B	4C	4D	4E	5A	5B	5C	6A	6B	Total Score
B1	4	5	7	2	5	5	4	2	5	5	3	3	4	4	2	60
C1	0	4	6	5	10	9	3	8	4	5	3	4	3	3	5	72
C2	5	5	5	4	11	10	4	8	5	5	4	5	5	4	3	83
F1	5	5	5	5	8	10	5	9	5	4	5	5	5	4	4	84
N1	5	5	5	5	14	8	2	6	4	5	5	5	5	5	3	82

Evaluator 4 Qualitative Scores

Project ID	1B	2A	2B	2D	3	4A	4B	4C	4D	4E	5A	5B	5C	6A	6B	Total Score
B1	5	4	10	4	15	7	3	7	4	4	5	3	2	5	3	81
C1	4	4	9	4	15	10	5	7	5	3	5	5	3	4	5	88
C2	5	5	9	4	15	8	5	9	4	4	5	4	3	4	5	89
F1	5	5	10	4	15	10	5	10	5	4	5	5	5	5	5	98
N1	3	5	8	5	12	6	3	6	3	4	5	5	3	5	5	78

Evaluator 5 Qualitative Scores

Project ID	1B	2A	2B	2D	3	4A	4B	4C	4D	4E	5A	5B	5C	6A	6B	Total Score
B1	4	3	4	2	9	0	3	2	2	1	5	1	0	2	2	40
C1	0	2	8	3	12	10	4	8	3	1	5	3	0	3	3	65
C2	5	5	6	4	15	8	4	8	4	4	5	1	3	2	2	76
F1	5	4	8	5	12	10	4	8	3	1	5	3	5	3	4	80
N1	5	4	10	3	15	8	3	8	4	5	5	3	4	2	1	80

Average Qualitative Score

Project ID	Qualitative Subtotal (Evaluator Scores)					Average Qualitative Score
	E1	E2	E3	E4	E5	
B1	64	53	60	81	40	59.6
C1	68	68	72	88	65	72.2
C2	89	73	83	89	76	82
F1	86	81	84	98	80	85.8
N1	87	91	82	78	80	83.6

Quantitative Scores

Project ID	Criteria 1A Project Readiness and Technical Capacity				Criteria 2C Access to All Individuals		Quantitative Score
	Current WAVs (Y/N)	WAVs by NTP (Y/N)	Contract with Providers (Y/N)	Score	Alternative Means Access WAV Service (Y/N)	Score	
	B1	N	Y	Y	10	Y	10
	C1	Y	Y	N	10	Y	10
	C2	N	N	Y	10	Y	10
	F1	Y	Y	Y	10	Y	10
	N1	Y	Y	N	10	Y	10

Criteria 1A	
Option	Points
Yes (Y)	10
No (N)	0

Criteria 2C	
Option	Points
Yes (Y)	10
No (N)	0

SANDAG
OIPA | Office of the Independent
Performance Auditor

OIPA Accomplishments

November 2023 – October 2024

SANDAG Audit Committee
November 1, 2024

Courtney Ruby, CPA, CFE
Independent Performance Auditor

1

1

SANDAG
OIPA | Office of the Independent
Performance Auditor

Background

Board Policy No. 039, section 3.1.11 states that it is the responsibility of the Audit Committee to “conduct the independent performance auditor’s annual performance evaluation against performance measures established and adopted by the Audit Committee.”

Independence • Transparency • Accountability

2

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A Year in Review

New Independent Performance Auditor's Focus:

Purpose, People and Results

Independence • Transparency • Accountability

3

3

Purpose • People • Results

PURPOSE

To create a model independent audit and investigative oversight office

- looking into what matters most, when it matters—prioritizing impact
- leveraging limited resources to achieve timely accountability and transparency

Independence • Transparency • Accountability

4

4

Purpose • People • Results

PEOPLE

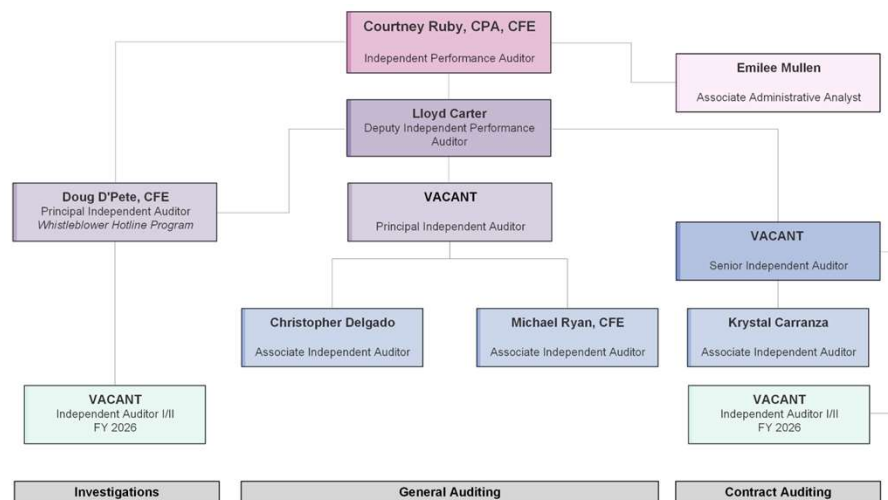
- Successful leadership transition and team integration
- Staff reorganization and recruitment:
 - Audit Staff Analysis presented February 2024
- Defined team performance expectations
- Established audit and investigation training program

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Staff Reorganization and Recruitment



6

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Staff Hiring and Recruitment

Associate Administrative Analyst joined OIPA's team in May 2024 to assist with procurements, publications, data visualization, and other analytical and administrative tasks.

Immediate increase in productivity including:

- 3 procurements in process: Finance department assessment, outside legal services, and a third-party Whistleblower Hotline provider.
- Developed new report format for OIPA Audit and Investigation Recommendation and Corrective Action Plan Status Report, worked alongside team during verification process and drafted a recommendation dashboard for OIPA website.
- Procured new audit time-keeping and recommendation tracking software.

Recruitments began in August 2024 for **Principal Independent Performance Auditor** (Audit Manager) and **Senior Independent Performance Auditor**.

Plans to add two additional Independent Performance Auditor I/II's in FY 2026.

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Defined Team Performance Expectations

Transparency and Accountability

Management Expectations	Staff Expectations
Management: Strategically plan, supervise, and oversee audit functions and WB Hotline operations to achieve high levels of effectiveness and productivity.	Professional Judgment: Demonstrate sound and reliable professional judgment
Standards Compliance: Ensure adherence to investigative and government auditing standards, as well as the ethical guidelines set by the Association of Certified Fraud Examiners (ACFE) and the Institute of Internal Auditors (IIA).	Analytical Skills: Effectively evaluate data, draw informed conclusions, and substantiate your work.
Demonstrated advanced knowledge, skills and abilities: Appropriate to the job classification.	Problem Solving: Solve work problems efficiently and ask for help when necessary.
Professional Relationships: Cultivate and sustain collaborative relationships with Board members, member agencies, community groups, and other relevant stakeholders.	Time Management: Multitask, prioritize work, and meet deadlines.
Leadership Development: Actively participate in professional organizations such as the Association of Local Government Auditors (ALGA), the Institute of Internal Auditors (IIA), and the Association of Certified Fraud Examiners (ACFE) to foster leadership growth.	Skill Development: Develop job skills and knowledge and proactively identify and address gaps.
Staff Development: Provide training, mentorship, and support for staff career growth, while implementing effective performance management practices.	Communication: Convey information clearly and effectively in both written and verbal forms.
	Attention to Detail: Ensure quality and accuracy in work products and reports, meet set expectations, and verify accuracy.
	Work Attitude: Prioritize work, seek feedback for improvement, and learn from audits and investigations to avoid repeating issues.
	Teamwork: Be a supportive team member and offer help when needed.

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Established Audit and Investigation Training Program

IPA's Staff Development Philosophy – it is my responsibility to ensure every team member has what they need to succeed and to impart my knowledge & passion of government accountability to my team through training, fun, connection and leadership

OIPA Staff Development Performance Measures for FY 2025 Audit Plan include: 1) Auditors will adhere to professional certification and licensing requirements, completing no less than 40 annual hours of continuing education. 2) Increase specialized audit and investigations expertise within the OIPA. 50% of audit team to participate in specialized training in contracting and investigations.

Accomplishments

GAO Government Auditing Standards Continuing Professional Education

28 hours CPE completed by 5 out of 6 team members between August and October, by December all audit team members will have 40 hours CPE.

Specialized Training and Certifications

Completed Certified Inspector General Investigator (CIFI) Certification Course

- 34 hours CPE completed by Courtney Ruby and Doug D'Pete in August 2024

OIPA's Certified Fraud Examiners:

- Michael Ryan certified November 2023
- Doug D'Pete certified September 2024
- Courtney Ruby certified February 2010

Joined Association of Local Government Auditors (ALGA) in July 2024

ALGA is an important professional organization for training, networking, leadership development and information sharing among peers.

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Purpose • People • Results

RESULTS

- Annual Reports (5)
 - Revised Annual Audit Plan FY 2024
 - Annual Investigations Report FY 2024
 - Risk Assessment and Annual Audit Plan FY 2025
 - Audit and Investigation Recommendation and Corrective Action Plan Status Report
 - External Audit Recommendation Compilation Report

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Purpose • People • Results

RESULTS

- Audits Released (2)
 - Operational Process and System Control Audit for Board Member and Employee Travel and Other Business-Related Reimbursements (*work performed under former IPA, released under new IPA*)
 - Performance Audit of SANDAG's Contracts and Invoicing Payment Process
- Audits Launched (2)
 - SANDAG's Sole Source Procurement Process
 - SANDAG's Contracting with HNTB

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Purpose • People • Results

RESULTS

- Investigation Reports Released (3) and Detailed Response (1)
 - OIPA's SR125 Companion Investigation: When ETAN's Significant Performance Issues Were Known, by Whom, and What Actions Occurred
 - Whistleblower Investigation: SANDAG's New Tolling Back-Office System Implementation
 - *Investigation Response* to Management's Response to the Investigation Report on SANDAG's State Route 125 Toll Operations
 - Investigation Report on SANDAG's State Route 125 Toll Operations
- OIPA Outreach

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Annual Reports

- **Fiscal Year 2024 Revised Annual Audit Plan**
 - Released January 5, 2024
 - Outlined revised strategic goals, performance measure, and audit plan for FY 2024.
- **Fiscal Year 2024 Annual Investigations Report**
 - Released July 3, 2024
 - Summary of OIPA's Investigation Report on SANDAG's SR 125 Toll Operations and an overview of all Whistleblower Hotline cases received and/or investigated in FY 2024.
- **Fiscal Year 2025 Risk Assessment and Annual Audit Plan**
 - Released July 3, 2024
 - Outlined strategic goals for the new fiscal year, performance measures, risk assessment process, and audit plan for FY 2025.
- **Fiscal Year 2024 Annual Audit and Investigation Recommendation and Corrective Action Plan Status Report**
 - Released October 4, 2024
 - Comprehensive overview of OIPA performance audit and investigation recommendations for FY 2024; all information on implementation status is verified via testing and/or document review.
- **Fiscal Year 2024 Annual External Audit Recommendation Compilation**
 - Released October 4, 2024
 - Reference tool which allows Audit Committee, Board Members, SANDAG Management and the public to easily access the status of all outstanding external audit recommendations for FY 2024.

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Audits

- **Operational Process and System Control Audit for Board Member and Employee Travel and Other Business-Related Reimbursements**
 - Released December 8, 2023.
 - Scope: July 1, 2020, through May 31, 2023
 - Management committed to standardizing request forms and updating guidelines for employee business travel and professional development.
- **Performance Audit of SANDAG's Contracts and Invoicing Payment Process**
 - Released July 3, 2024.
 - Scope: July 1, 2019, through June 30, 2023
 - Management committed to developing additional training, oversight, and approval requirements for invoice payments.
- **Audits of SANDAG's Sole Source Procurement Process and Contracting with HNTB are underway.**
 - Sole source audit is to determine if sole source procurements are justified, documented, and in compliance with policies, procedures, laws and regulations.
 - Scope: July 1, 2022, through June 30, 2024
 - HNTB/SANDAG contracting performance audit is to determine if awards were competed appropriately, work was delivered on time and within budget and to evaluate SANDAG's contract oversight structure including when oversight is managed internally versus externally.
 - Scope: July 1, 2019, through June 30, 2024

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Investigations

- **Investigation Report on SANDAG's SR 125 Toll Operations (March 2024)**
 - Investigation completed on an accelerated, three-month timeline.
 - Identified seven (7) findings, including that ETAN's financial reporting cannot be relied upon, and the Finance department lacks adequate internal controls, including proper review and supervision, to ensure SR 125 financial information is accurately recorded and reported.
- **Investigation Response to Management's Response to the Investigation Report on SANDAG's State Route 125 Toll Operations (April 2024)**
 - Identified areas of Management's Response that were inconsistent with the investigation findings and required further clarification or additional information from Management.
- **Companion Investigation to the SR 125 Toll Operations Investigation (October 2024)**
 - Identified four (4) findings, including that SANDAG's Executive Team were all aware of ETAN's back-office system performance issues, and SANDAG embarked on four different paths to address the operational crisis caused by ETAN's inability to meet critical contractual requirements.
- **Whistleblower Hotline Investigation on SR 125 Back-Office System Implementation (October 2024)**
 - Investigation revealed several significant issues with the implementation of the replacement back-office system from Deloitte and A-to-Be, including that SANDAG's financial reporting needs were not considered during the procurement process.

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OIPA Outreach

- **OIPA and the Investigation Report on SR 125 Toll Operations Q&A Sessions:**
 - April 17, 2024 – Virtual Meeting attended by approx. 135 employees
 - April 18, 2024 – In-Person Meeting attended by approx. 20 employees
 - April 18, 2024 – Engineering & Construction Team meeting attended by approx. 25 employees
- **August 27, 2024** - OIPA presentation at Director's Executive Team Meeting.
- **October 7, 2024** - OIPA emails all staff with both SR 125 investigations released and announces upcoming **staff outreach events on November 13th and 14th** on how the Whistleblower Hotline program works and to learn more about the OIPA.
- **October 10, 2024** - IPA presents remarks at SANDAG's agency-wide staff meeting regarding Whistleblower Program and upcoming OIPA staff outreach events.

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Meeting Performance Measures for Fiscal Year

Goal	Performance Measure	On Target	Exceeds	Actual
Continued Professional Education	100% of auditors adhere to professional certificate/licensing requirements and competency needs every two years and at least 40 hours annually.	90%	100%	100%
Percentage of planned engagements vs. number of engagements conducted	Ensure auditor utilization performance meets industry standards, with audit utilization being measured by the number of planned audits divided by the number of audits conducted. <i>IPA dropped timekeeping audit and assisting management with ERP controls due to other priorities and maintaining independence. Unplanned work included releasing 2 additional SR125 related investigations. Contracting Continuous Auditing Operational Process and System Control Review merged into Performance Audit of SANDAG's Contracts Invoicing and Payment Process released July 3, 2024.</i>	80%	85%	75%
Budgeted vs. actual audit hours per engagement	Complete audits in an efficient and effective manner, measured by the number of hours budgeted per audit vs actual hours expended per audit.	70%	80%	100%
Risk Assessment Participation	In preparation of the annual audit plan, the IPA offers and provides support that includes an annual risk discussion with the governing board, the audit committee, and executive team as part of consideration of risk. The IPA offers and supports providing training and outreach to SANDAG staff and Board members by way of classes and guidance on areas of system controls, best practices, and risk consideration.	70% participation	80% participation	73% participation
Percentage of OIPA's key goals achieved	<p><i>The Annual Audit Plan Revised Jan. 5, 2024, listed 4 strategic goals for FY 2024:</i></p> <ol style="list-style-type: none"> <i>1. Work directly with SANDAG's CEO and Deputy CEOs to identify areas where improvement is needed regarding policies, procedures, and system controls.</i> <i>2. Work directly with the Director of Technology on the development of the agencywide ERP system.*</i> <i>3. Continue to investigate areas of potential fraud, waste, abuse and mismanagement identified by SANDAG's employees, Board of Directors, CEO, Deputy CEOs, contractors and vendors.</i> <i>4. The IPA and OIPA staff will work to ensure that the Corrective Action Plans that are approved by the Board are implemented and within the stated dates.</i> <p><i>* This goal was determined to potentially impair OIPA's independence and was not pursued.</i></p>			75% of goals achieved

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Meeting Performance Measures for Fiscal Year

Goal	Performance Measure	On Target	Exceeds	Actual
Public transparency and accountability	The IPA ensures that the OIPA will work with Management to maintain an ongoing summary of all internal and external audits that are performed on SANDAG and the status of all Corrective Action Plans (CAPs). Additionally, the IPA will ensure that all CAPs relating to audits performed by the OIPA are reviewed and tested and that results are reported on a quarterly basis to the Audit Committee on posted to the OIPA website on an annual basis. Fraud, Waste, Abuse – The IPA ensures that the OIPA will provide an annual written report to the Audit Committee, Board, and post to the OIPA website that consists of all incidents reported via the Fraud, Waste, and Abuse website. Further, the IPA will, on a quarterly basis, give an update to the Audit Committee. The IPA ensures that there will be no intentional failures to post and there would be no public posting of disclosures by the IPA of information that is required, under law, to be kept confidential.	100%	100%	100%
Communication and relationship development	Maintain and further develop working relationships with management, while maintaining independence, so that the Office of the Independent Performance Auditor is viewed as a value-added part of the organization. The IPA will undergo an independent - 360 type performance review/survey. Participants will include professional peers, Board, Audit Committee Members, management, and staff of SANDAG. Based on an evaluation like the IPA's previous review performed by an independent consultant.	Not less than satisfactory or 70%	Exceeds 80%	Underway

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Questions?

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Comparison of “Chief Auditor” Positions at San Diego Regional Agencies

The following information was gathered by SANDAG staff, at the request of Audit Committee Chair David Zito in October 2024. Except for the SANDAG IPA position, data for other positions was self-reported by the incumbent.

	City of San Diego	County of San Diego	* Port of San Diego	San Diego County Regional Airport Authority	Orange County Transportation Authority (OCTA)	SANDAG
Position Title (Incumbent)	City Auditor (Andy Hanau)	Chief of Audits (Juan Perez)	Port Auditor (Mark Yielding)	Chief Auditor (Lee Parravano)	Executive Director (Janet Sutter)	Independent Performance Auditor (Courtney Ruby)
Reporting Relationship	City Audit Committee	Administratively: Auditor & Controller Operationally: Auditor & Controller and Audit Committee	Board of Port Commissioners	Audit Committee and Board of Directors	Dotted line to the CEO and the Board of Directors	Audit Policy Advisory Committee and Board of Directors
FY 2025 Agency Budget	\$5.82 billion	\$8.53 billion	Operating: \$217 million Non-Operating: \$93 million	Revenue Budget \$684M Operating Expense Budget \$469M Capital Program is Budgeted at \$4.3B	\$1.8 billion	\$1.3 billion
FY 2025 Audit Program Budget	\$5.59 million	\$4.69 million	\$1.4 million	\$1.49 million	\$2 million	\$2.12 million
Size of Audit Team	24 in total: 1 City Auditor 1 Asst City Auditor 1 Dep. City Auditor	22 in total: 1 Chief of Audits 2 Audit Managers 1 Group Program	6 in total: 1 Port Auditor 1 Asst Port Auditor	6 in total: 1 Chief Auditor 1 Audit Services Mgr.	6 in total: 1 Executive Director 1 Executive Assistant 1 Internal Audit	10 in total: 1 Ind. Perf. Auditor

	City of San Diego	County of San Diego	* Port of San Diego	San Diego County Regional Airport Authority	Orange County Transportation Authority (OCTA)	SANDAG
	1 Asst to Director 1 Audit Comm's & Quality Control Specialist 2 Fraud Investigators 16 Perf. Auditors 1 Admin. Support	Mgr. 13 Auditors 1 Admin. Secretary 4 Admin. Analysts* <i>*Temporary staff</i>	3 Auditors 1 Assistant	3 Senior Auditors 1 Auditor	Senior Manager 2 Internal Auditor Principal 1 Internal Auditor	1 Deputy IPA 2 Principal Auditors 3 Auditors 1 Admin Analyst 2 p/t Interns (= 1 FTE)
FY 2025 Annual Salary Range	\$93,000 to \$352,332	\$124,342.40 to \$248,393.80	Amount is set by Board/Contract	Amount is set by Board/Contract	\$200,013 to \$355,014	\$173,971 to \$269,672
Reported Salary (as of 11/1/2024)	\$269,214/year	\$179,628.80/year	\$218,000/year	\$250,496/year	\$273,874/year	\$264,160/year
Tenure of Incumbent	November 2020	January 2013	Feb/March 2021	April 2018	July 2008	November 2023
Contract Term Length	Initial 5-year term, and may be reappointed for a second 5-year term	No set employment term	Initial 5-year term and continuing with a second 5-year term. Additional year added, employment through 2027	Initial 12-month term; contract auto-renews for 12 months at a time unless action is taken	n/a	Initial 3-year term with automatic 3-year renewal
			* The Port of San Diego did not respond to this request for information. Data listed is from 2023.			

2024 SANDAG Ethical Climate Survey



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January 13, 2025

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Message from the Independent Performance Auditor

I am pleased to present the results of SANDAG’s first Ethical Climate Survey (ECS). This survey is designed to assist SANDAG in gauging its ethical climate. As the inaugural survey, the results inform the reader of SANDAG’s current ethical culture and serve to establish an ethical climate baseline for future surveys. The ECS records employees’ perceptions of SANDAG’s ethical climate at a point in time.

The Ethical Climate Survey, designed by the Institute for Local Government (ILG), is broken down into three short sections (employees, management, and elected officials). The questions posed in this survey evaluate the **accountability, responsiveness, integrity, trust, fairness, communication, and leadership** present at SANDAG. It tells us the degree to which ethical standards influence organizational and individual decision-making and helps identify ethical blind spots or provide reassurance that SANDAG’s ethical house is in order. In short, this survey is SANDAG’s ethical report card.

The Results

The Ethical Climate Survey was administered during the early stages of a leadership transition; therefore, it is important to review the survey results noting both past and current practices will impact an employee’s perception of the organization.

SANDAG has room to improve. Overall, survey participants gave SANDAG an ethical climate score of 181 out of 300. The ILG categorizes scores between 150 and 224 as a “Medium” score. According to the ILG, this means SANDAG is in a good place but has room to improve.

Employees’ perceptions of their own ethics are better than their perceptions of the ethics of management and elected officials. Participants of all levels scored their own ethics much higher than they scored the ethics of executive and elected leadership as a whole. The agencywide score for elected officials was “Low.”

Employees’ perceptions do not differ across staff roles and years of service with the organization except new employees rated elected officials higher. Most participant groups scored SANDAG’s ethical climate for each section similarly, except for one group. Participants who identified themselves as being new employees (less than one year of service) scored each section higher yet remained consistent within the overall category of “High”, “Medium” or “Low” – except for “Section 3: Elected Officials” where they gave far higher scores than their counterparts with more years of service.

A significant number of employees reported “not knowing” enough to answer survey questions related to management and elected officials. This demonstrates a gap in an organization’s overall ethical climate. Such responses could mean staff are organizationally disconnected, disengaged or are choosing to not be engaged with management and elected officials.

Employees have myriad opinions about SANDAG. Over 52 percent of the 196 survey participants provided comments regarding how to enhance SANDAG’s ethical climate and what they would change at SANDAG. Participants’ statements were diverse and revealed participants’ feelings about the direction of the Agency, new leadership, the Board of Directors, Human Resources practices, accountability, transparency, and staff capacity.

The following sections provide more details on the results of the 2024 Ethical Climate Survey including employees’ comments organized into seven themes.

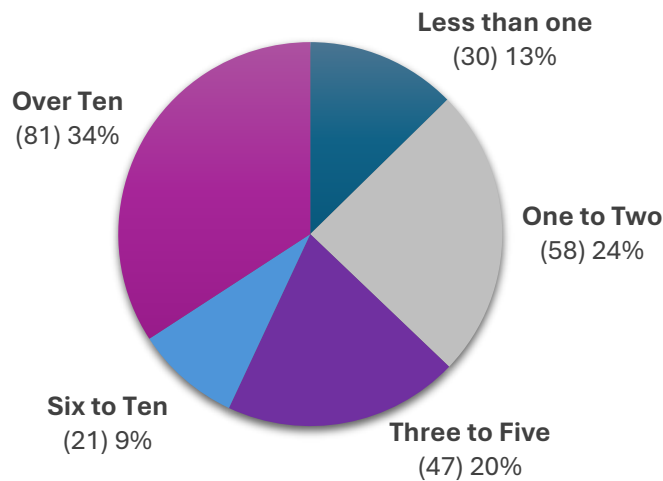
The OIPA plans to administer this survey again in 18 months to assist the Board of Directors, SANDAG Management and employees with identifying changes in the ethical culture of the agency from this baseline survey.

I want to thank SANDAG’s employees for participating in the inaugural ECS and answering the survey’s open-ended questions openly and honestly.

Survey Participants

Participation in the survey was voluntary and completely anonymous. Approximately **196 employees** completed the survey in its entirety – **46 percent** of SANDAG’s total workforce, and around 20 more employees only completed the survey through the first “employee” section designed to gauge an employee’s self-perception of their ethical decision making. Approximately 40 more employees only completed the identifying questions related to participant’s length of employment and staffing role.

Total Number of Survey Participants by Years of Service with SANDAG

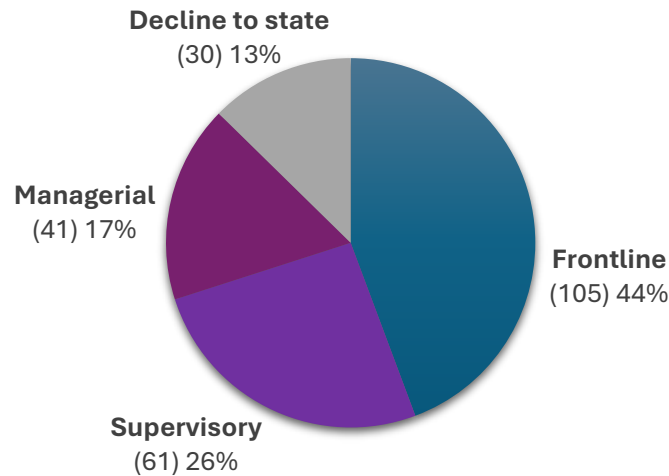


Participants identifying themselves as employees of SANDAG for less than one year gave higher scores in all sections compared to those employed longer.

Years of Service	Section 1 Employees	Section 2 Management	Section 3 Elected Officials	Survey TOTAL
Less than one (>1)	89 High	73 Medium	58 Medium	220 Medium
One to two (1 - 2)	77 High	57 Medium	35 Low	169 Medium
Three to five (3 - 5)	81 High	64 Medium	40 Low	185 Medium
Six to ten (6 - 10)	79 High	68 Medium	38 Low	185 Medium
Over ten (10+)	78 High	57 Medium	37 Low	172 Medium
All Participants	80 High	61 Medium	40 Low	181 Medium

Frontline employees made up 44 percent of all participants, with supervisors and managers comprising 26 percent and 17 percent of respondents, respectively. 13 percent of respondents declined to provide their staffing role.

Total Number of Survey Participants by Staffing Role



Trends were consistent across staffing roles, within the overall category of “High”, “Medium” or “Low. Participants who identified themselves as management notably scored Section 2: Management significantly higher (nine to twelve points). Participants who declined to state their staffing role gave scores far below the average in all sections.

Staffing Role	Section 1 Employees	Section 2 Management	Section 3 Elected Officials	Survey TOTAL
Frontline (Intern / I / II / Associate)	82 High	61 Medium	40 Low	183 Medium
Supervisory (Senior, Principal)	80 High	64 Medium	41 Low	185 Medium
Management (Manager, Director)	85 High	73 Medium	45 Low	203 Medium
Decline to state	63 Medium	45 Low	32 Low	140 Low
All Participants	80 High	61 Medium	40 Low	181 Medium

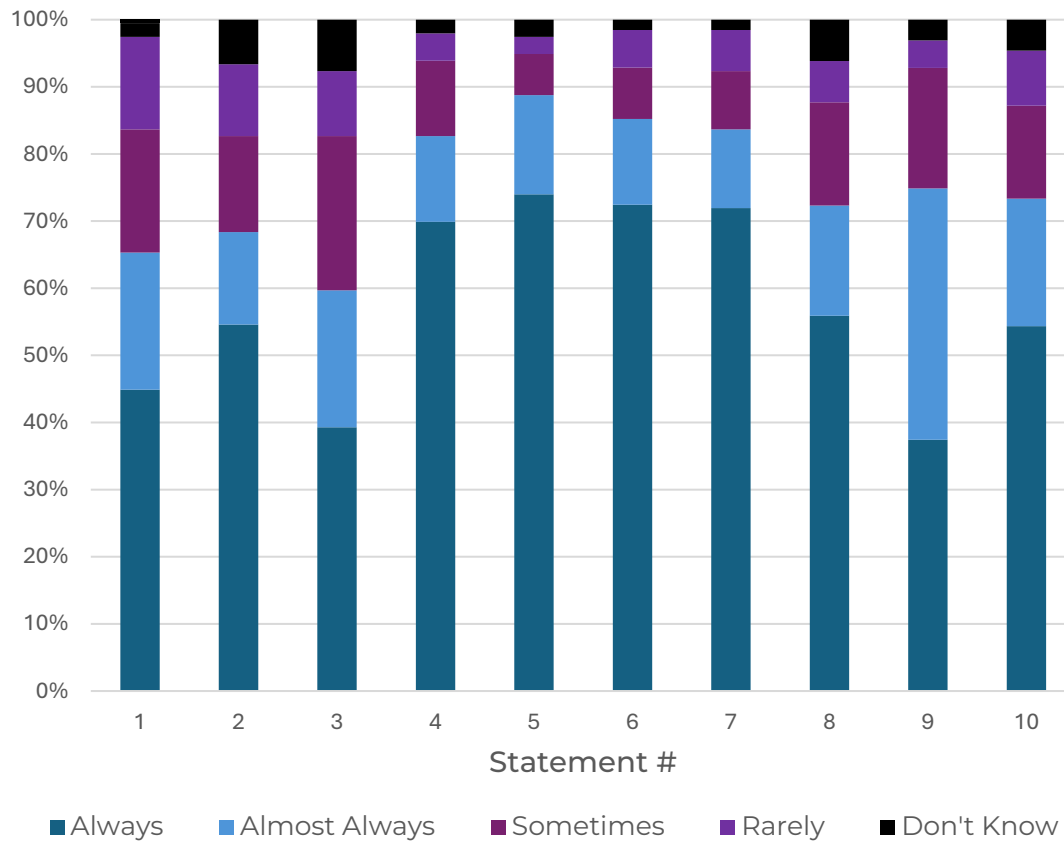
Section One Results: Employees

Participants gave an overall score of **80** in this section, signaling a “High” ethics score. This section, relating to an employee’s expectations and personal responsibilities, was the highest scoring of the survey by far. 7 of the 10 statements scored 7.5 or more, suggesting a “High” perception of ethical standards.

At SANDAG, I am...	Average Score	Ethical Climate Rating ¹
1. Encouraged to speak up about any agency practices and policies that are ethically questionable.	7.32	Medium
2. Expected to report questionable ethical behaviors of others.	7.47	Medium
3. Clear about where to turn to for advice about ethical issues.	6.85	Medium
4. Expected to follow the spirit as well as letter of the law in my work for the agency.	8.61	High
5. Expected to use ethical behaviors in getting results.	8.88	High
6. Expected to tell the complete truth in my work for the agency.	8.72	High
7. Expected to treat everyone who comes before the agency equally, regardless of personal or political connections.	8.66	High
8. Expected to follow stated policy of the governing body and not the desires of individual elected or appointed officials.	7.74	High
9. Surrounded by coworkers who know the difference between ethical and unethical behaviors and seem to care about the difference.	7.55	High
10. Working with one or more trusted confidantes with whom I can discuss ethical dilemmas at work.	7.76	High

¹ Scores were calculated using the [Institute for Local Government’s Ethical Climate Survey](#) rating system. High = 7.50 to 10, Medium = 5 to 7.49, Low = 0 to 4.99 (See Appendix A).

Distribution of Participant Responses to Statements About THEMSELVES²



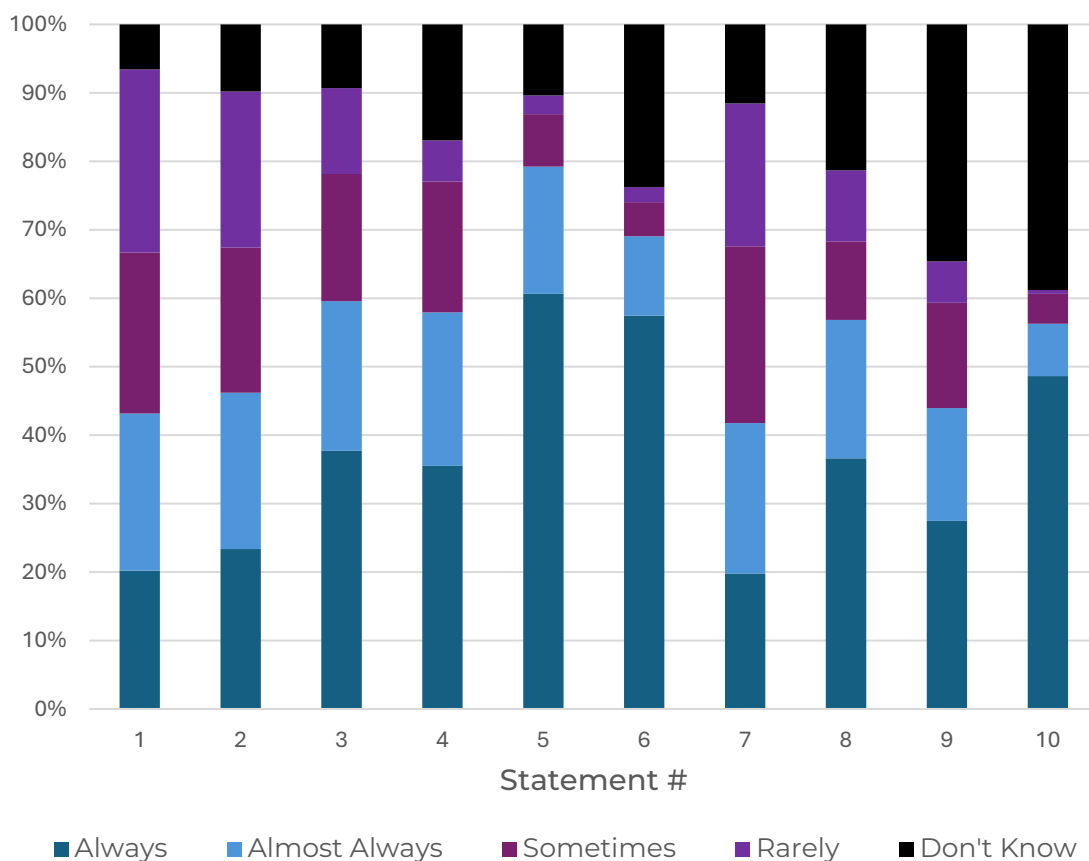
² Respondents indicating they “Don’t Know” represent a gap in an organization’s overall ethical climate and, therefore, factors negatively into the scoring. Sections left blank were not factored into the score.

Section Two Results: SANDAG Management

This section reflected a “Medium” ethics score, with participants scoring it **61**. Overall, this section was scored significantly lower than Section 1, but still much higher than Section 3. Only one statement reflected a “High” ethics score, relating to whether the executives at SANDAG treat the public with civility and respect. This section also received a large percentage of “Don’t Know” responses, contributing to the lower score.

The Executives at SANDAG...	Average Point Score	Ethical Climate Rating	Percent of Respondents Selecting “Don’t Know”
1. Create an environment in which staff are comfortable raising ethical concerns.	5.59	Medium	7%
2. Appreciate staff bringing forward bad news and don't "shoot the messenger" for doing so.	5.68	Medium	10%
3. Expect staff to use ethical practices in getting results - not "whatever it takes."	6.65	Medium	9%
4. Gear their decisions to the spirit as well as the letter of the law or policy.	6.34	Medium	17%
5. Treat the public with civility and respect.	7.91	High	10%
6. Use public resources only for agency purposes and not for their own personal or political uses (such as agency supplies, staff time, equipment)	6.92	Medium	24%
7. Appoint and reward people on the basis of performance and contribution to the organization's goals and services.	5.44	Medium	12%
8. Treat all members of the public equally, regardless of who has "connections."	6.01	Medium	21%
9. Help elected officials work within their policy roles and stay out of the day-to-day work of the agency.	4.90	Low	35%
10. Refuse to accept gifts and/or special treatment from those with business before the agency.	5.67	Medium	39%

Distribution of Participant Responses to Statements About MANAGEMENT

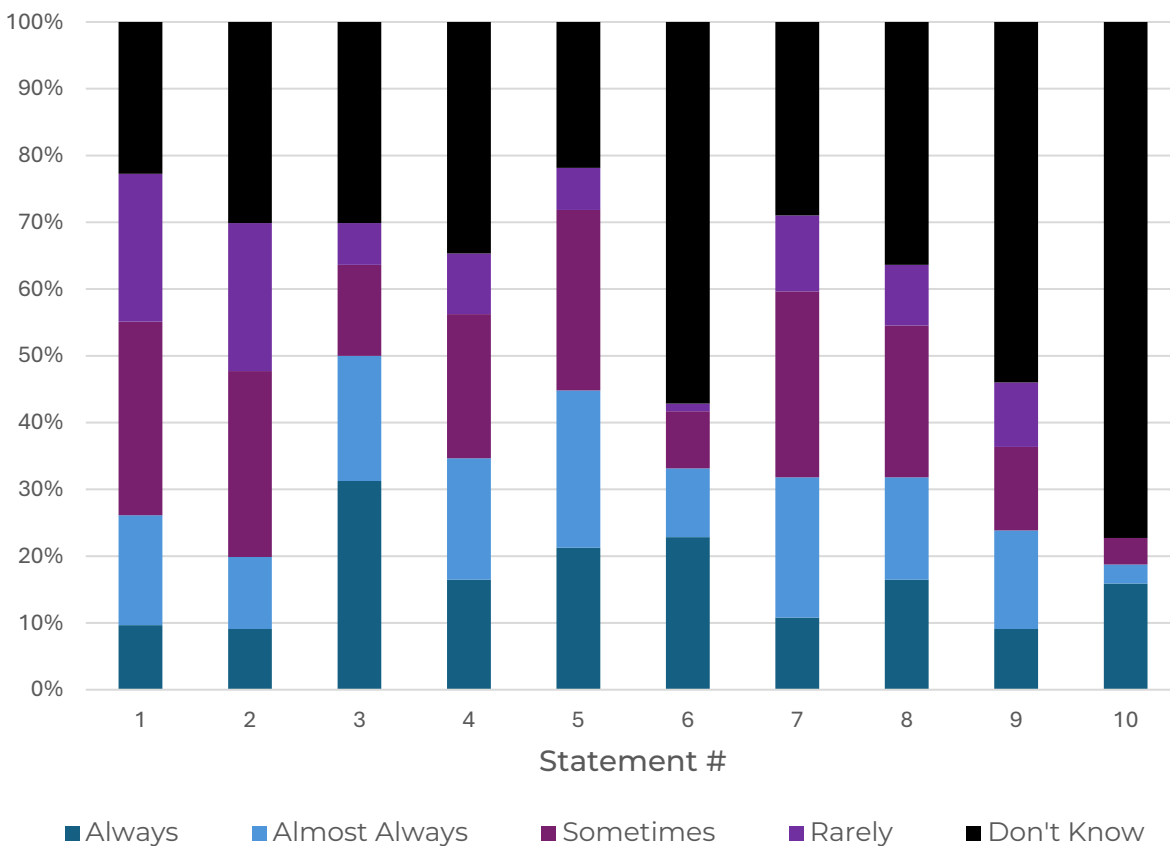


Section Three Results: Elected Officials at SANDAG

The overall participant score for this section was **40**, reflecting a “Low” perception of ethical behavior. This section scored the lowest of the three included in the survey, with only two statements receiving a score of “Medium” and none rated “High.” This section also received the highest percentage of “Don’t Know” responses, contributing to the lower score.

The Elected Officials at SANDAG...	Average Point Score	Ethical Climate Rating	Percent of Respondents Selecting “Don’t Know”
1. Create an environment in which staff are comfortable raising ethical concerns.	4.20	Low	23%
2. Appreciate staff bringing forward bad news and don't "shoot the messenger" for doing so.	3.66	Low	30%
3. Expect staff to use ethical practices in getting results - not "whatever it takes."	5.37	Medium	30%
4. Gear their decisions to the spirit as well as the letter of the law or policy.	4.32	Low	35%
5. Treat the public with civility and respect.	5.40	Medium	22%
6. Use public resources only for agency purposes and not for their own personal or political uses (such as agency supplies, staff time, equipment).	3.51	Low	57%
7. Allow the staff to handle day-to-day management issues and don't try to get involved.	4.33	Low	29%
8. Treat all members of the public equally, regardless of who has people or political connections.	4.16	Low	36%
9. Exclude themselves from decisions when reasonable members of the public might question their ability to make a fair decision.	2.88	Low	54%
10. Refuse to accept gifts and/or special treatment from those with business before the agency.	2.00	Low	77%

Distribution of Participant Responses to Statements About ELECTED OFFICIALS



Insights

The survey results revealed areas for SANDAG leadership to focus attention. For example, participants reported lower scores³ for SANDAG Management in:

- ✓ creating a comfortable environment for staff to raise ethical concerns.
- ✓ appreciating staff who bring concerns forward.
- ✓ appointing and rewarding people based on their performance.
- ✓ refusing special treatment from those doing business with SANDAG.

and a “Low” score for SANDAG Management in:

- ✓ helping elected officials stay in their policy lane and out of day-to-day operations.

Elected officials were ranked low in all but two of ten survey statements, however, a significant number of survey participants responded as not knowing enough to score the statements. This occurred in the management section as well – but to a lesser extent.

These employee perceptions suggest a need for SANDAG leadership to reach out to employees and regularly affirm their rights and responsibilities to bring issues forward, while also ensuring a safe and responsive reporting environment. It is incumbent upon management and elected leadership to self-reflect upon how their actions are contributing to the state of SANDAG’s ethical environment.

Lastly, perceptions regarding human resources’ practices are troubling, as illustrated in the survey comments, and in response, the OIPA will include a hiring and promotion practices audit in next year’s audit work plan.

Prominent themes from the participants’ comments to two open-ended questions are highlighted below to provide greater insight into employee perceptions and concerns.

³ Participants scored these statements between 5.4-5.7, the low range of a “Medium” ethics score (5 to 7.49).

Key Themes

Survey participants provided comments on the following open-ended questions:

In your own opinion, please describe how you would enhance SANDAG's ethical climate and culture.

If I could change one thing about SANDAG, I would change...

The participants' comments centered around seven themes. Two of these themes were pronounced and each garnered over 17 percent of the comments. These themes focused on concerns with the Board of Directors and Human Resources. Additionally, 15 percent of the participants' comments reflected their belief that SANDAG is headed in the right direction. The remaining themes each received 6-8 percent of the participants' comments.

Theme 1: Trust between the Board of Directors (BOD) and staff must be repaired. The BOD, at times, openly disparages SANDAG and repeats misinformation or incorrect information publicly, appearing to distance themselves from SANDAG's work, thus seeding frustration, disappointment and mistrust with the staff.

"I would ask the board members to recognize that staff are doing their best to deliver difficult projects and when problems are brought to them, focus on solutions [not] shooting the messenger or political agendas."

"Board politics - they adversely impact staff morale and the work we need to do, especially when they spread misinformation and bad press in the name of 'accountability.' They express 'appreciation' for our work but then sometimes use that same work against us."

"Acknowledge that there is an issue and that the SANDAG Board has played a role in creating the culture of fear and has the power to make some real changes by working together."

"I would ask the Board to lower the temperature and for leadership [to] filter the Board politics more."

Theme 2: Organizational Effectiveness (Human Resources) needs to improve troubling HR practices and repair trust with employees. This includes hiring and promotion practices, an accountable performance management system with corresponding consequences and a reliable and ethical HR complaint process.

"Despite being a data-driven organization, performance metrics for individuals are seldom evaluated using available data, further undermining transparency and accountability."

"The Human Resources department is good at offering aspirins, but not at solving ethical problems. I have no confidence."

"...a culture that harms staff, and tries to hide and silence complaints and problems through unethical means."

"Implementing equal opportunities for upward mobility and being transparent about job opportunities."

"Looking more at the culture within to promote and appoint people within on the basis of performance and contribution to the organization's goals and services."

"allow for open competition for positions and not appointment of positions or promotions for hand selected individuals. Lack of consistency in hiring & promotions creates an environment of favoritism."

Theme 3: SANDAG is headed in the right direction and many attribute change to the new CEO.

"I am thankful for new leadership. Previously, the agency was heading in the Wrong Direction. The staff are too over-worked and under-resourced to spend time concentrating on being deliberate with climate and culture, and it has not been a priority of past management."

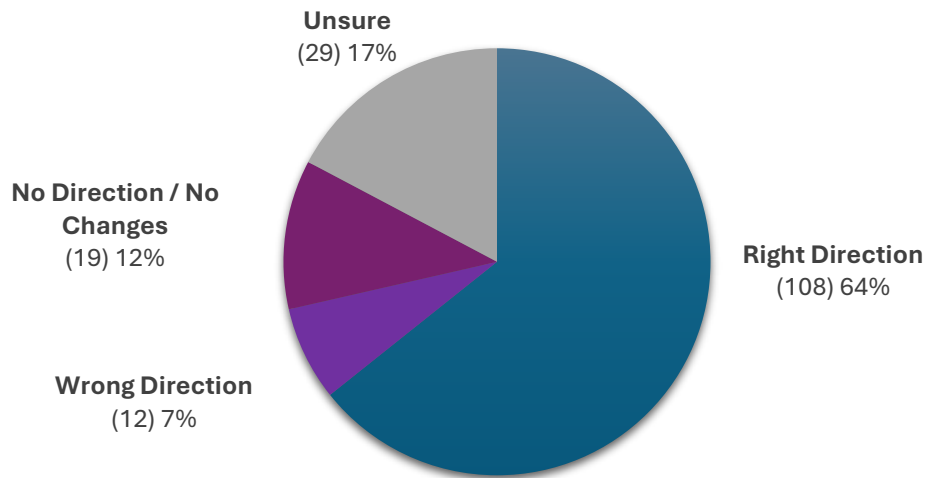
"It starts with internal leadership which from my perspective and due to recent and new executive director we are moving in the right direction."

"I think it's going in the right direction. I am new to this organization, but I am surprised by some of the sentiments from the board and public. The staff I work with are some of the best I've worked with."

"The new CEO is already starting to change the culture tremendously, simply by questioning why we do what we do and not just simply taking answers at their face value."

When participants were asked to respond directly about the current direction of SANDAG relating to ethical climate, 64 percent of the participants stated the agency was headed in the right direction.

I think SANDAG's ethical culture is headed in the:



Theme 4: Ethics is an inside job and SANDAG's leadership must lead by example.
 Employees want more practical ethics training, and a safe and encouraging environment for SANDAG employees to report wrongdoing.

"Eliminate a retaliation culture and encourage employees to speak up."

"Leadership tends to discourage dissent, fostering a 'shoot the messenger' mentality. Executives primarily seek affirmation, and those who express concerns or propose alternatives frequently face professional repercussions. The culture prioritizes compliance with leadership directives over practicality or advisability."

"There's a difference between being encouraged and expected to do something, and actually feeling comfortable doing it."

"Be honest, do things that you say."

Theme 5: More transparency and open communications regarding SANDAG's decision-making processes, goals, objectives, and priorities are needed.

"There is becoming more of an outright emphasis on transparency, which is good."

"I would encourage leadership to be more considerate of the day to day work that frontline employees face. That means reviewing things in a timely manner, being transparent with their goals, critiques, and decision-making processes. When they are non-communicative it erodes the trust between employees and their managers."

"I would enhance SANDAG's ethical climate and culture by promoting transparent decision making, encouraging open communication across all levels, and ensuring that ethical training and resources are accessible and regularly updated."

Theme 6: All levels of the organization need to demonstrate accountability. This includes the Board of Directors, Executive Management, and Department Directors in setting expectations and tone, owning roles/responsibilities, taking responsibility for the results, and collectively working together to move SANDAG forward.

"The "us vs them" mentality--this is apparent not only within the agency, such as between departments, but also between staff and the Board of Directors/elected officials."

"We should try to foster more of an attitude of cooperation and teamwork between departments."

"The leaders need to learn long term success comes from blending efforts to complete tasks with efforts to develop people ...who are needed to complete the tasks. People who feel valued and feel they are part of a positive effort will stay longer and will help develop others on the team."

Theme 7: SANDAG's capacity to address its workload is strained. Evaluate SANDAG's capacity to ensure the organization can effectively meet its mandates, special projects/requests and the demands of process improvements while retaining and investing in its staff.

"Our established headcount to carry out all the work on our plate; is it the right amount?"

"The thinking that we can continue the same heavy workload without adding additional resources. For years, staff have been overworked and overwhelmed...This has led to frustration and a lack of work-life balance. It has also led to an increased attrition rate. I believe that this philosophy has also contributed to a potential lack of ethics in order to deliver results faster."

"I would change how overworked staff is. Most of us are stretched to the limit with little capacity to take on new/extra work or implement process improvements."

Appendix A: Scoring Methodology

The ILG ethical climate survey uses a 5-point Likert scale, which allows respondents to provide more nuanced feedback. Each response is assigned a point value:

Always	Almost Always	Sometimes	Rarely	Don't Know ⁴
10	7.5	5	2.5	0

Responses are then totaled and divided by the number of participants. Each section receives a final score, as does the entirety of the survey. The ILG interprets those scores as follows:

Point Score	Ethical Climate Rating	What it Means / Recommendations
Per Section: 75 - 100 Entire Survey: 225 - 300	High	Your agency has a strong ethical environment. Keep up the good work, including such steps as: <ul style="list-style-type: none"> • Incorporating ethics into the hiring and evaluation process for staff. • Conducting regular ethics-related learning opportunities, including examples of ethical dilemmas and ways to resolve them. • Going through specific items on the assessment to identify further opportunities for positive change. • Reinforcing the importance of ethical considerations in agency behaviors and decisions.
Per Section: 50 - 74 Entire Survey: 150 - 224	Medium	Take a moment to reflect. Your agency is in a good place but has room to improve by doing the following: <ul style="list-style-type: none"> • Evaluating the areas of weakness indicated by the questionnaire and considering targeted remedial actions. • Analyzing the messages that staff and others receive and send about ethics. • Reviewing the agency's policies, including the criteria by which staff are evaluated. • Consider whether having a code of ethics would be helpful for the agency.
Per Section: 0 - 49 Entire Survey: 0 - 149	Low	Your agency's culture needs significant change. Suggested activities include: <ul style="list-style-type: none"> • Identifying the aspects of the agency's culture that foster the problematic behaviors and analyze how to remediate them. • Consulting with your agency's attorney about potential violations of laws and agency regulations. • Following best practices indicated in the boxes above.

⁴ Respondents indicating they "Don't Know" represent a gap in an organization's overall ethical climate and, therefore, factors negatively into the scoring.

Appendix B: About the Survey Tool

[The Institute for Local Government](#) (ILG) is a nonprofit organization that was founded in 1955 with the intention of promoting cooperation and information sharing among California's local public agencies. The ILG has become a leader in addressing urgent public policy issues through its research, publications, and training programs.

The ILG and the International City/County Management Association developed an assessment tool in 2006 to assist public managers in determining the ethical climate of their organizations. Employees are surveyed on their perception of ethical standards upheld by employees, managers, and elected officials within the organization. Those answers are then assigned point values and tabulated to provide a clear snapshot of the internal ethical culture of the agency.

The survey can provide assurance that an agency's ethical culture is in order, and/or highlight potential blind spots that may need to be addressed. This assessment is also used to track progress in the ethical climate of an organization.

Appendix C: OIPA's Independent Whistleblower Hotline

Purpose

The Whistleblower Hotline is an independent, safe and reliable way for SANDAG employees, contracted parties, members of the public or other stakeholders to report allegations of fraud, waste, abuse and gross mismanagement at SANDAG. Reports are received via phone, or email and can be made anonymously.

Authority

The OIPA per Assembly Bill 805 (2018) is the official independent oversight function of SANDAG to investigate allegations of potential fraud, waste, abuse, and gross mismanagement identified by SANDAG staff or other stakeholders.

Investigation and Referral Process

The OIPA conducts a preliminary analysis of each complaint submitted through the Whistleblower Hotline. The following five (5) criteria are used to determine if launching an investigation is warranted:

1. Did it involve SANDAG property, infrastructure, employees, officials, contractors, or does it otherwise fall within the OIPA's jurisdiction?
2. Does it meet the criteria of fraud, waste, abuse, or gross mismanagement?
3. Did it occur within the last year?
4. Was sufficient information provided to initiate an investigation?
5. Is the matter not currently being litigated?

In order to protect the confidential reporting process, updates and conclusions of actions will not be provided. Whistleblower complaints should not be discussed with others, including family, friends, and coworkers, as this may jeopardize your confidentiality.

Completed investigations will be reported in the OIPA's Annual Investigations Report or a standalone investigation report and are not discussed with or provided to Whistleblowers directly.



SANDAG

OIPA

**Office of the Independent
Performance Auditor**

Whistleblower Hotline

Online

[Contact Form](#)

Phone ⁵

(619) 595-5386

Email ⁵

oipa@sandag.org

⁵ Whistleblower Hotline phone and email accounts route directly to the Independent Performance Auditor.

2024 SANDAG Ethical Climate Survey Results

SANDAG Board of Directors
January 24, 2025



Courtney Ruby, CPA, CFE
Independent Performance Auditor

1

What is the Ethical Climate Survey?

- Created in 2006 by the **Institute for Local Government** (ILG) and the International City/County Management Association.
- Survey designed to measure the degree to which ethical standards influence organizational and individual decision-making and helps to identify potential blind spots that may need to be addressed.
- Survey questions were developed by ILG and have not been modified.
- Answers are assigned point values to provide a clear picture of the internal ethical culture of the agency.

2

What is the Ethical Climate Survey?

- Measures employee perception of an agency's culture at a point in time.
- Grouped into 3 sections: Employees, Management, and Elected Officials.
- Evaluates accountability, responsiveness, integrity, trust, fairness, communication, and leadership.



3

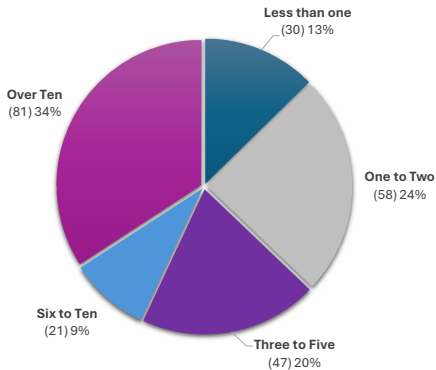
Survey Details

- Approximately **196 employees** completed the entirety of the survey, 46% of SANDAG's total workforce.
- Over **52% of the 196 survey participants** provided comments on how to enhance SANDAG's ethical climate
- The 2024 survey was conducted during the **early stages of a leadership transition** at SANDAG.
- The survey **established an ethical baseline for SANDAG**. Over time it will help assess changes in the Agency's ethical culture.

4

Survey Details

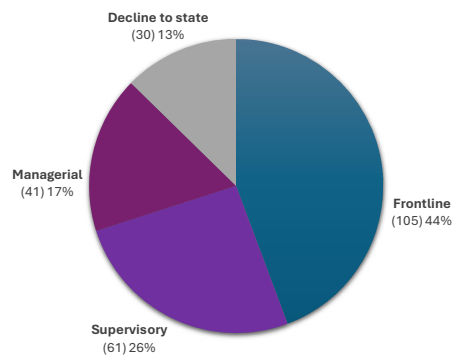
Total Number of Survey Participants by Years of Service with SANDAG:



5

Survey Details

Total Number of Survey Participants by Staffing Role at SANDAG:



6

The Results

- SANDAG has room to improve:
 - Participants gave SANDAG an overall score of **181 out of 300**.
 - The ILG categorizes scores between 150 and 224 as a **“Medium”** ethical climate rating.
 - Employees’ perceptions of their own ethics are better than their perceptions of the ethics of management and elected officials.
- Employees’ perceptions do not differ across staff roles and years of service:
 - Except new employees (less than one year of service) scored each section higher than the average and rated elected officials higher than their counterparts.

7

The Results

Total Survey Scores Grouped by Participants’ Years of Service with SANDAG:

Years of Service	Section 1 Employees	Section 2 Management	Section 3 Elected Officials	Survey TOTAL
Less than one (>1)	89 High	73 Medium	58 Medium	220 Medium
One to two (1 - 2)	77 High	57 Medium	35 Low	169 Medium
Three to five (3 - 5)	81 High	64 Medium	40 Low	185 Medium
Six to ten (6 - 10)	79 High	68 Medium	38 Low	185 Medium
Over ten (10+)	78 High	57 Medium	37 Low	172 Medium
All Participants	80 High	61 Medium	40 Low	181 Medium

8

Survey Participants

Total Survey Scores Grouped by Participants' Staffing Role at SANDAG:

Staffing Role	Section 1 Employees	Section 2 Management	Section 3 Elected Officials	Survey TOTAL
Frontline (Intern / I / II / Associate)	82 High	61 Medium	40 Low	183 Medium
Supervisory (Senior, Principal)	80 High	64 Medium	41 Low	185 Medium
Management (Manager, Director)	85 High	73 Medium	45 Low	203 Medium
Decline to state	63 Medium	45 Low	32 Low	140 Low
All Participants	80 High	61 Medium	40 Low	181 Medium

9

The Results

- A significant number of employees reported **“not knowing” enough to answer survey questions** related to management and elected officials:
 - This demonstrates a gap in an organization's overall ethical climate.
 - These responses could mean staff are organizationally disconnected, disengaged, or choosing not to involve themselves with management and elected officials.
- Employees have myriad opinions about SANDAG:
 - Over **52% of the 196 survey participants** provided comments on how to enhance SANDAG's ethical climate and what they would like to see changed at the Agency.
 - Comments revealed feelings about the direction of SANDAG, new leadership, the Board of Directors, Human Resources, ethics, accountability, transparency, staff capacity and more.

10

Section One Results: Employees

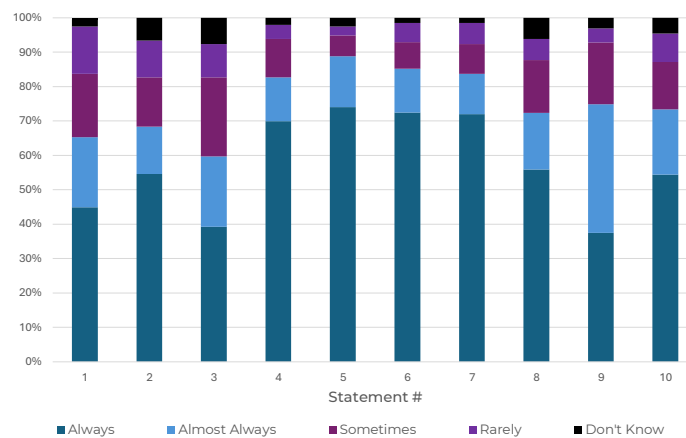
Participants gave an overall score of **80** in this section, signaling a “High” ethics score

At SANDAG, I am...	Average Score	Ethical Climate Rating
1. Encouraged to speak up about any agency practices and policies that are ethically questionable.	7.32	Medium
2. Expected to report questionable ethical behaviors of others.	7.47	Medium
3. Clear about where to turn to for advice about ethical issues.	6.85	Medium
4. Expected to follow the spirit as well as letter of the law in my work for the agency.	8.61	High
5. Expected to use ethical behaviors in getting results.	8.88	High
6. Expected to tell the complete truth in my work for the agency.	8.72	High
7. Expected to treat everyone who comes before the agency equally, regardless of personal or political connections.	8.66	High
8. Expected to follow stated policy of the governing body and not the desires of individual elected or appointed officials.	7.74	High
9. Surrounded by coworkers who know the difference between ethical and unethical behaviors and seem to care about the difference.	7.55	High
10. Working with one or more trusted confidantes with whom I can discuss ethical dilemmas at work.	7.76	High

11

Section One Results: Employees

Distribution of Participant Responses to Statements About Themselves:



12

Section Two Results: SANDAG Management

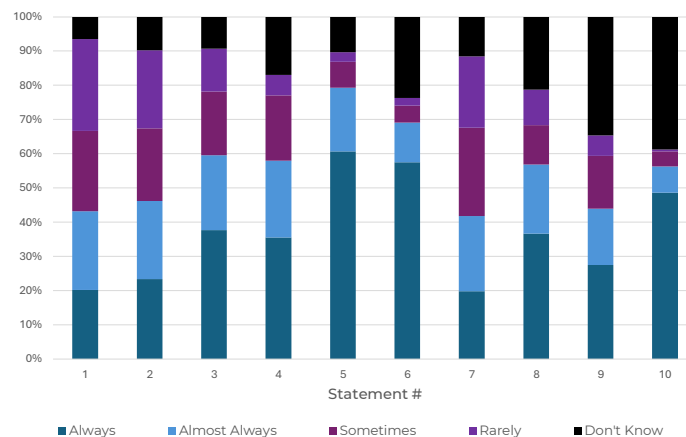
Participants gave an overall score of **61** in this section, signaling a “Medium” ethics score

The Executives at SANDAG...	Average Point Score	Ethical Climate Rating	Percent of Respondents Selecting “Don’t Know”
1. Create an environment in which staff are comfortable raising ethical concerns.	5.59	Medium	7%
2. Appreciate staff bringing forward bad news and don't "shoot the messenger" for doing so.	5.68	Medium	10%
3. Expect staff to use ethical practices in getting results - not "whatever it takes."	6.65	Medium	9%
4. Gear their decisions to the spirit as well as the letter of the law or policy.	6.34	Medium	17%
5. Treat the public with civility and respect.	7.91	High	10%
6. Use public resources only for agency purposes and not for their own personal or political uses (such as agency supplies, staff time, equipment)	6.92	Medium	24%
7. Appoint and reward people on the basis of performance and contribution to the organization's goals and services.	5.44	Medium	12%
8. Treat all members of the public equally, regardless of who has "connections."	6.01	Medium	21%
9. Help elected officials work within their policy roles and stay out of the day-to-day work of the agency.	4.90	Low	35%
10. Refuse to accept gifts and/or special treatment from those with business before the agency.	5.67	Medium	39%

13

Section Two Results: SANDAG Management

Distribution of Participant Responses to Statements About Management:



14

Section Three Results: Elected Officials

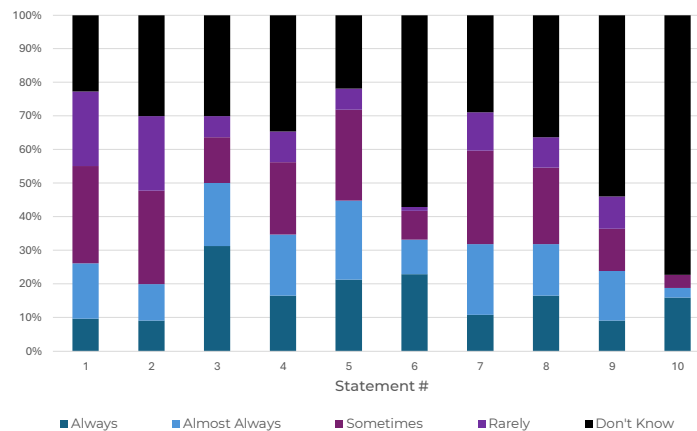
Participants gave an overall score of **40** in this section, signaling a “Low” ethics score

The Elected Officials at SANDAG...	Average Point Score	Ethical Climate Rating	Percent of Respondents Selecting “Don’t Know”
1. Create an environment in which staff are comfortable raising ethical concerns.	4.20	Low	23%
2. Appreciate staff bringing forward bad news and don't "shoot the messenger" for doing so.	3.66	Low	30%
3. Expect staff to use ethical practices in getting results - not "whatever it takes."	5.37	Medium	30%
4. Gear their decisions to the spirit as well as the letter of the law or policy.	4.32	Low	35%
5. Treat the public with civility and respect.	5.40	Medium	22%
6. Use public resources only for agency purposes and not for their own personal or political uses (such as agency supplies, staff time, equipment).	3.51	Low	57%
7. Allow the staff to handle day-to-day management issues and don't try to get involved.	4.33	Low	29%
8. Treat all members of the public equally, regardless of who has people or political connections.	4.16	Low	36%
9. Exclude themselves from decisions when reasonable members of the public might question their ability to make a fair decision.	2.88	Low	54%
10. Refuse to accept gifts and/or special treatment from those with business before the agency.	2.00	Low	77%

15

Section Three Results: Elected Officials

Distribution of Participant Responses to Statements About Elected Officials:



16

Insights

Survey results revealed areas for SANDAG leadership to focus attention. Participants report lower scores for SANDAG Management in:

- ✓ Creating a comfortable environment for staff to raise ethical concerns.
- ✓ Appreciating staff who bring concerns forward.
- ✓ Appointing and rewarding people based on their performance.
- ✓ Refusing special treatment from those doing business with SANDAG.

And a “Low” score for SANDAG Management in:

- ✓ Helping elected officials stay in their policy lane and out of day-to-day operations.

17

Insights

Employee perceptions suggest a need for SANDAG leadership to:

- Reach out to employees regularly to affirm their rights and responsibilities to report ethical concerns.
- Ensure a safe and responsive reporting environment.
- Reflect on how their actions contribute to SANDAG’s ethical environment.

Perceptions regarding Human Resources:

- Employees expressed concerns over HR practices.
- In response, the OIPA will include a hiring and promotion practices audit in the FY 2026 audit work plan.

18

Summary of Key Themes

Survey participants were asked to provide comments on the following:

- In your own opinion, please describe how you would **enhance** SANDAG's ethical climate and culture.
- If I could **change** one thing about SANDAG, I would change...

Participants' comments centered around **seven themes**:

- Concerns related to the Board of Directors and Human Resources each received over 17% of comments.
 - Theme 1: Trust between the Board of Directors (BOD) and staff must be repaired.
 - Theme 2: Organizational Effectiveness (HR) needs to improve practices and repair trust with employees.

19

Summary of Key Themes

- 15% of comments reflected a belief that SANDAG is heading in the right direction.
 - Theme 3: SANDAG is headed in the right direction and many attribute change to the new CEO.
- Ethics, transparency, accountability and staff capacity each received 6 – 8% of comments.
 - Theme 4: Ethics is an inside job and SANDAG's leadership must lead by example.
 - Theme 5: More transparency and open communication regarding SANDAG's decision-making processes, goals, objectives, and priorities are needed.
 - Theme 6: All levels of the organization need to demonstrate accountability.
 - Theme 7: SANDAG's capacity to address its workload is strained.

20

Key Themes

Theme 1:

Trust between the Board of Directors and staff must be repaired. The BOD, at times, openly disparages SANDAG and repeats misinformation or incorrect information publicly, appearing to distance themselves from SANDAG's work, thus seeding frustration, disappointment and mistrust with the staff.

"I would ask the board members to recognize that staff are doing their best to deliver difficult projects and when problems are brought to them, focus on solutions [not] shooting the messenger or political agendas."

"Board politics - they adversely impact staff morale and the work we need to do, especially when they spread misinformation and bad press in the name of 'accountability.' They express 'appreciation' for our work but then sometimes use that same work against us."

"Acknowledge that there is an issue and that the SANDAG Board has played a role in creating the culture of fear and has the power to make some real changes by working together."

21

Key Themes

Theme 2:

Organizational Effectiveness (HR) needs to improve troubling practices and repair trust with employees. This includes hiring and promotion practices, an accountable performance management system with corresponding consequences and a reliable and ethical HR complaint process.

"Despite being a data-driven organization, performance metrics for individuals are seldom evaluated using available data, further undermining transparency and accountability."

"...a culture that harms staff, and tries to hide and silence complaints and problems through unethical means."

"allow for open competition for positions and not appointment of positions or promotions for hand selected individuals. Lack of consistency in hiring & promotions creates an environment of favoritism."

22

Key Themes

Theme 3:

SANDAG is headed in the right direction and many attribute the change to the new CEO.

"I am thankful for new leadership. Previously, the agency was heading in the Wrong Direction. The staff are too over-worked and under-resourced to spend time concentrating on being deliberate with climate and culture, and it has not been a priority of past management."

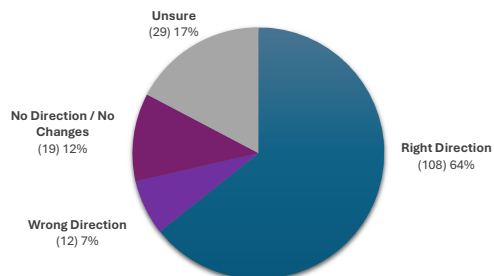
"I think it's going in the right direction. I am new to this organization, but I am surprised by some of the sentiments from the board and public. The staff I work with are some of the best I've worked with."

"The new CEO is already starting to change the culture tremendously, simply by questioning why we do what we do and not just simply taking answers at their face value."

23

SANDAG is Headed in the Right Direction

Participants were asked about the current direction of SANDAG relating to ethical climate, and 64% stated that the agency was heading in the **right direction**:



24

Key Themes

Theme 4:

Ethics is an inside job and SANDAG's leadership must lead by example. Employees want more practical ethics training, and a safe and encouraging environment for SANDAG employees to report wrongdoing.

"Eliminate a retaliation culture and encourage employees to speak up."

"Leadership tends to discourage dissent, fostering a 'shoot the messenger' mentality. Executives primarily seek affirmation, and those who express concerns or propose alternatives frequently face professional repercussions. The culture prioritizes compliance with leadership directives over practicality or advisability."

"There's a difference between being encouraged and expected to do something, and actually feeling comfortable doing it."

25

Key Themes

Theme 5:

More transparency and open communication is needed regarding SANDAG's decision-making processes, goals, objectives and priorities.

"There is becoming more of an outright emphasis on transparency, which is good."

"I would encourage leadership to be more considerate of the day to day work that frontline employees face. That means reviewing things in a timely manner, being transparent with their goals, critiques, and decision-making processes. When they are non-communicative it erodes the trust between employees and their managers."

"I would enhance SANDAG's ethical climate and culture by promoting transparent decision making, encouraging open communication across all levels, and ensuring that ethical training and resources are accessible and regularly updated."

26

Key Themes

Theme 6:

All levels of the organization need to demonstrate accountability. This includes the Board of Directors, Executive Management, and Department Directors in setting expectations and tone, owning roles/responsibilities, taking responsibility for the results, and collectively working together to move SANDAG forward.

"The 'us vs them' mentality--this is apparent not only within the agency, such as between departments, but also between staff and the Board of Directors/elected officials."

"We should try to foster more of an attitude of cooperation and teamwork between departments."

"The leaders need to learn long term success comes from blending efforts to complete tasks with efforts to develop people ...who are needed to complete the tasks. People who feel valued and feel they are part of a positive effort will stay longer and will help develop others on the team."

27

Key Themes

Theme 7:

SANDAG's capacity to address its workload is strained. Evaluate SANDAG's capacity to ensure the organization can effectively meet its mandates, special projects/requests and the demands of process improvements while retaining and investing in its staff.

"Our established headcount to carry out all the work on our plate; is it the right amount?"

"The thinking that we can continue the same heavy workload without adding additional resources. For years, staff have been overworked and overwhelmed...This has led to frustration and a lack of work-life balance. It has also led to an increased attrition rate. I believe that this philosophy has also contributed to a potential lack of ethics in order to deliver results faster."

"I would change how overworked staff is. Most of us are stretched to the limit with little capacity to take on new/extra work or implement process improvements."

28

What It Means

Point Score	Ethical Climate Rating	What it Means / Recommendations
Per Section: 75 - 100 Entire Survey: 225 - 300	High	Your agency has a strong ethical environment. Keep up the good work, including such steps as: <ul style="list-style-type: none"> • Incorporating ethics into the hiring and evaluation process for staff. • Conducting regular ethics-related learning opportunities, including examples of ethical dilemmas and ways to resolve them. • Going through specific items on the assessment to identify further opportunities for positive change. • Reinforcing the importance of ethical considerations in agency behaviors and decisions.
Per Section: 50 - 74 Entire Survey: 150 - 224	Medium	Take a moment to reflect. Your agency is in a good place but has room to improve by doing the following: <ul style="list-style-type: none"> • Evaluating the areas of weakness indicated by the questionnaire and considering targeted remedial actions. • Analyzing the messages that staff and others receive and send about ethics. • Reviewing the agency's policies, including the criteria by which staff are evaluated. • Consider whether having a code of ethics would be helpful for the agency.
Per Section: 0 - 49 Entire Survey: 0 - 149	Low	Your agency's culture needs significant change. Suggested activities include: <ul style="list-style-type: none"> • Identifying the aspects of the agency's culture that foster the problematic behaviors and analyze how to remediate them. • Consulting with your agency's attorney about potential violations of laws and agency regulations. • Following best practices indicated in the boxes above.

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Next Steps

- The BOD and Management should consider, as the survey tool recommends, evaluating the areas of weakness indicated by the ECS and considering targeted remedial actions.
- The OIPA will include a hiring and promotion practices audit in next year's audit work plan.
- OIPA's "Let's Talk Ethics" Lunch Series -- beginning in the first quarter of 2025. The IPA will host a quarterly forum to discuss ethics in the workplace, including guest speakers and interesting case studies.

30

Next Steps

- The OIPA is rolling out a new third-party 24/7 Whistleblower Hotline in FY 2025, including a web-based platform and call center for employees, contractors, and the public to easily report suspected fraud, waste, abuse, and/or gross mismanagement.
- The OIPA will conduct a follow-up survey in 18 months to report on any changes in SANDAG's ethical climate.

31

Questions?

Independence • Transparency • Accountability

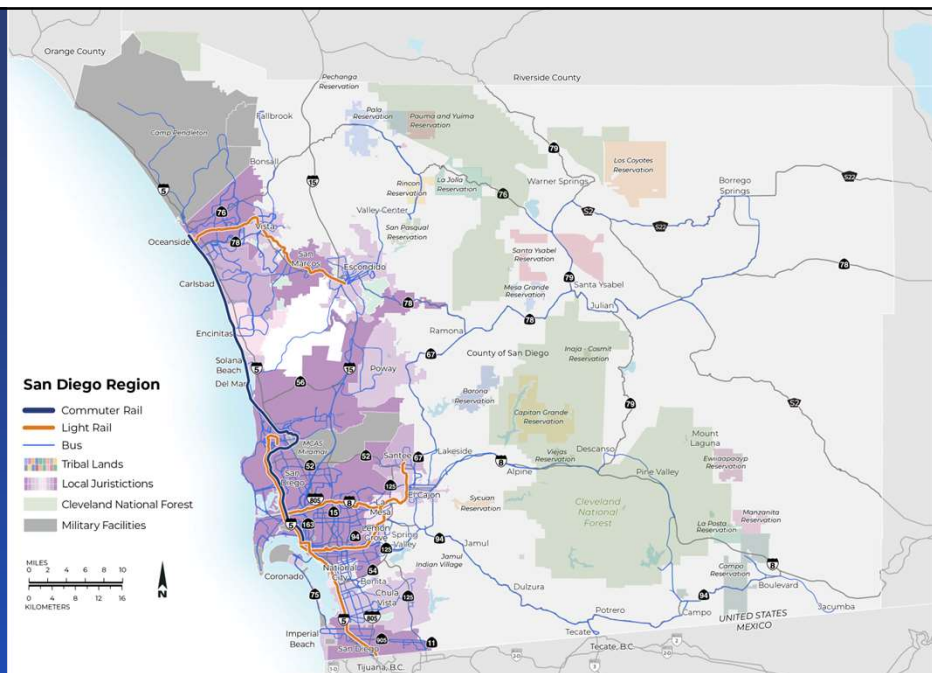


SANDAG 201

Board of Directors | Item 10
Robyn Wapner, Director of Public Affairs
January 24, 2025

San Diego Region

over 3.3 million people
18 cities and the county of San Diego
17 tribal governments
U.S.–Mexico border
major military installations



SANDAG | 2

Our Role in the Region

FEDERAL

Metropolitan Planning Organization

- Transportation funding – Regional Plan

STATE

Regional Transportation Planning Agency

- Transportation funding – Regional Plan

Council of Governments

- Regional Housing Needs Assessment (RHNA)

Consolidated Agency

- Plan and build transportation projects

TRANSNET

Regional Transportation Commission

- TransNet program, oversight, and funding



LOCAL

Automated Regional Justice Information System (ARJIS)

- Cross-jurisdictional criminal justice data

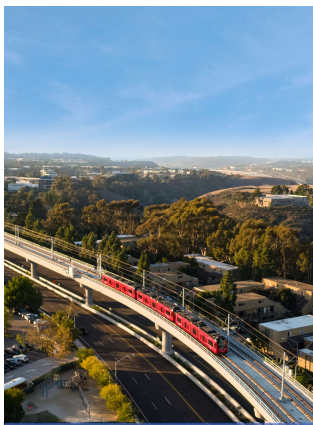


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What We Do



PLAN



BUILD



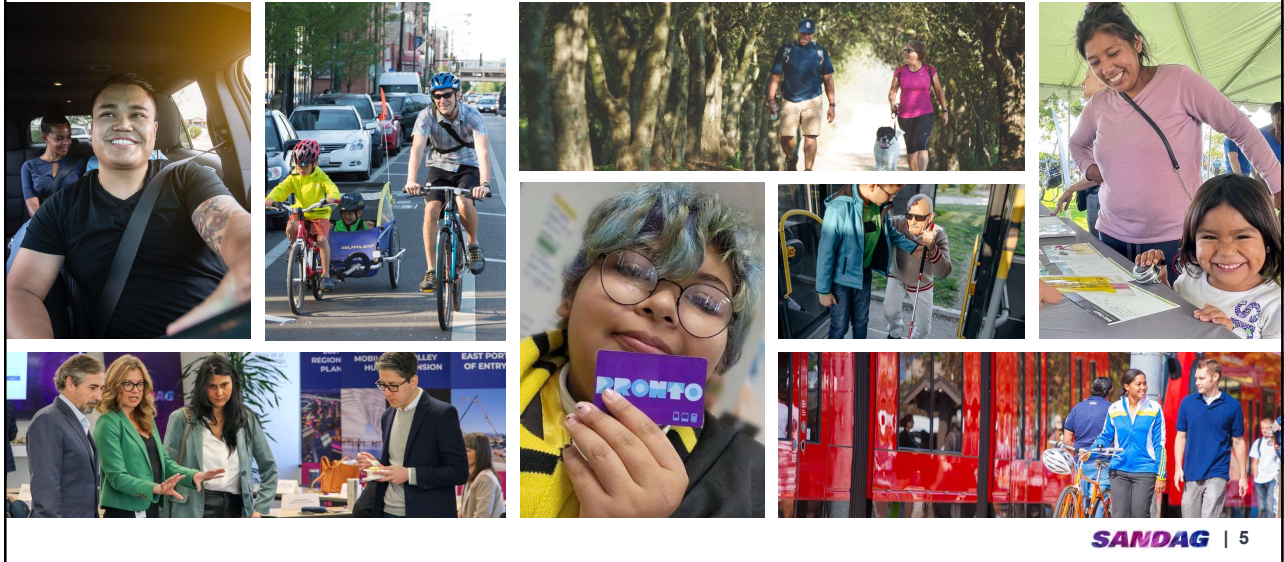
PRESERVE



PROVIDE

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We Work for the People of the San Diego Region



Connecting the San Diego Region



**“The future always comes too fast
and in the wrong order.”**

– Alvin Toffler

7

Regional Plan

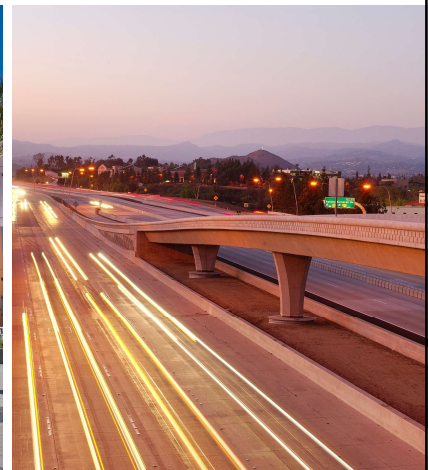
Transportation



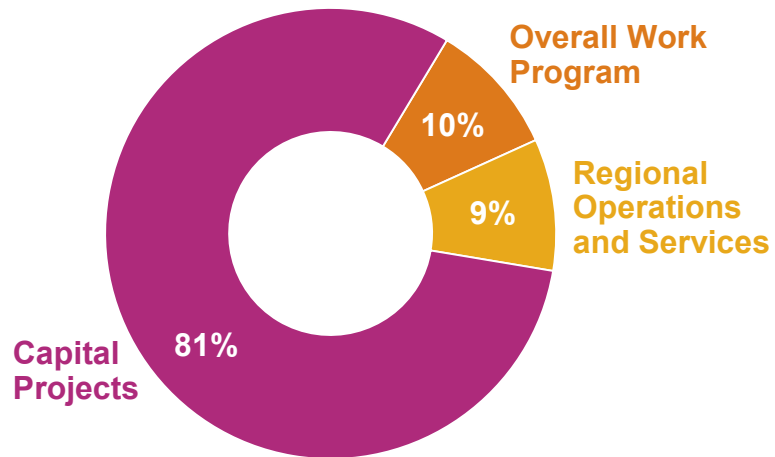
Policies & Programs



Financial Plan



Annual Budget



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Regional Transportation Improvement Program (RTIP)



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Planning and Budgeting Efforts

Regional Plan

- Conceptual long-term vision (30 years)
- Updated every 4 years

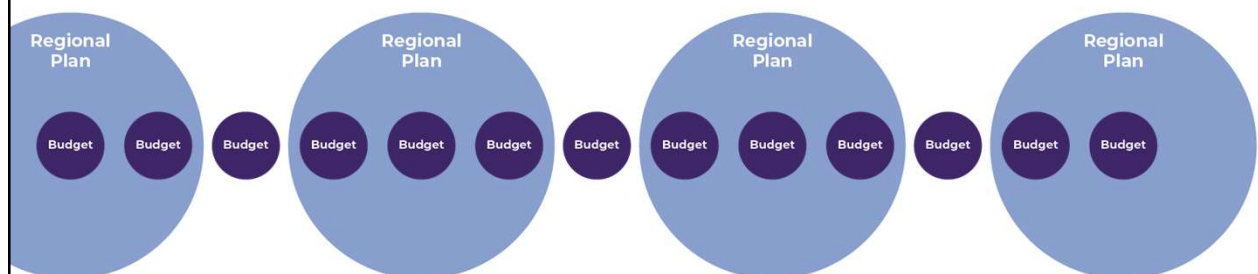


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Planning and Budgeting Efforts

Budget

- Financial plan for projects with identified funding (planning projects: 1 year, capital projects: 10 years)
- Updated annually (fiscal year spans July 1 to June 30)

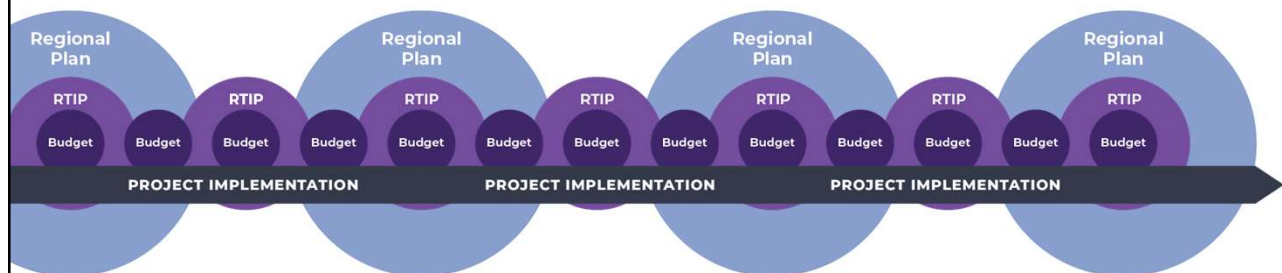


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Planning and Budgeting Efforts

Regional Transportation Improvement Program (RTIP)

- Near-term investment plan (5 years)
- Projects and programs that were identified through Regional Plan and Budget process with committed funding
- Updated every 2 years

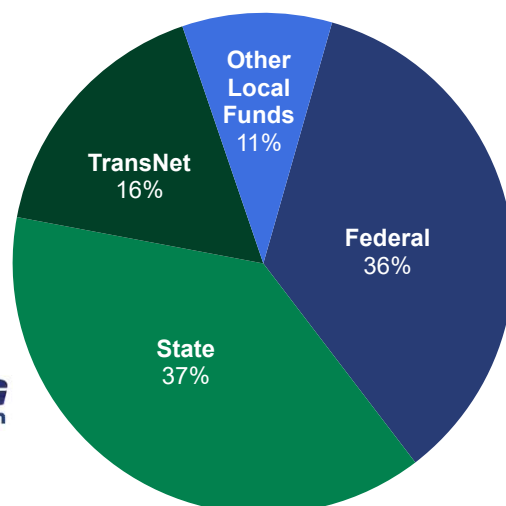


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Funding Mandates

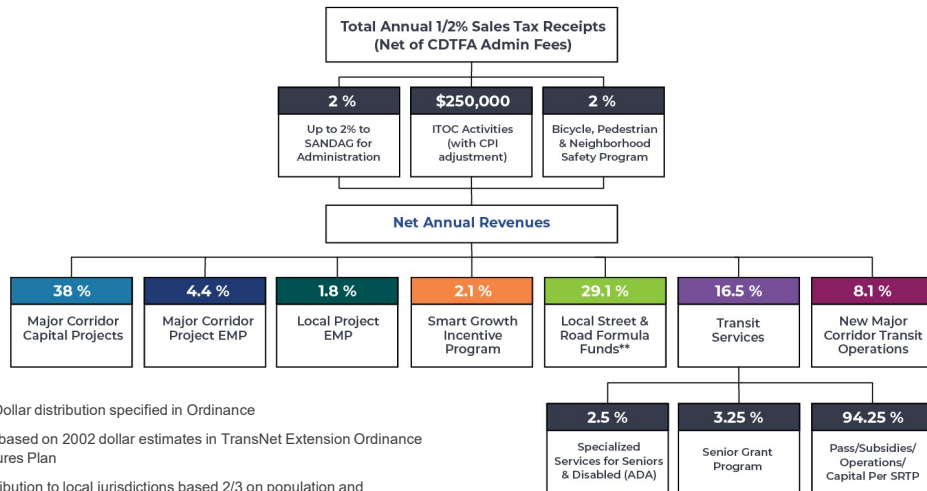
- Metropolitan Planning Organization
- Regional Transportation Planning Agency
- Council of Governments
- Consolidated Agency
- Regional Transportation Commission

SANDAG
TransNet Program



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TransNet Flow of Funds



Percentage/Dollar distribution specified in Ordinance

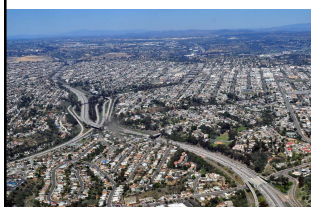
* Percentages based on 2002 dollar estimates in TransNet Extension Ordinance and Expenditures Plan

** Formula Distribution to local jurisdictions based 2/3 on population and 1/3 on maintained road miles with a \$50,000 base per jurisdiction.

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.

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TransNet Flow of Funds



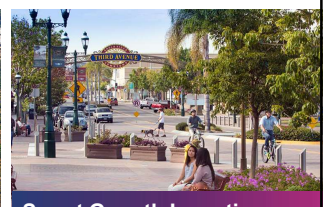
Major Corridor Capital Projects



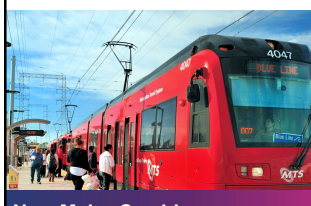
Local Streets and Roads



Major Corridor EMP Projects



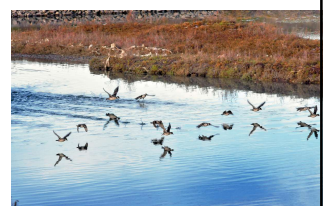
Smart Growth Incentive Program



New Major Corridor Transit Operations



Transit Services

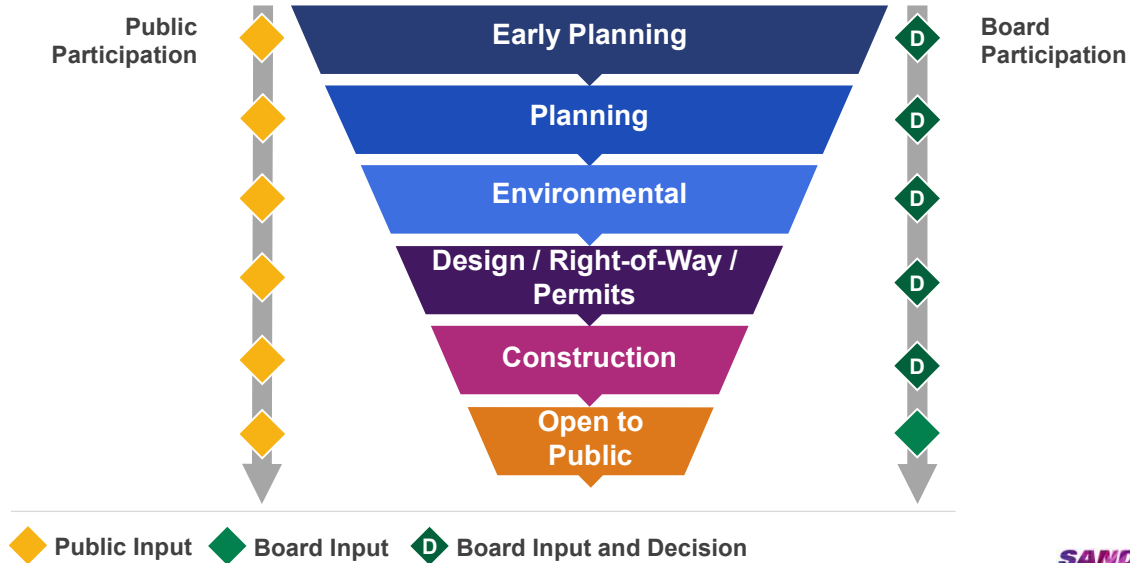


Local Project EMP

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Project Process

Plan, Design Build, Operate



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Plan



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Build

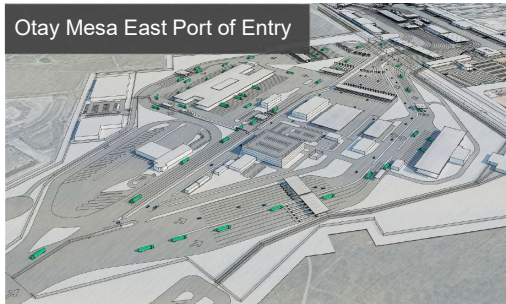
Border to Bayshore Bikeway



Batiquitos Lagoon Double Track



Otay Mesa East Port of Entry



Imperial Avenue Bikeway



Del Mar Bluffs Stabilization



Pershing Bikeway



I-5 NCC



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Preserve

Quarry Creek Preserve Cleanup



Regional Beach Sand Nourishment



San Dieguito Lagoon Wetland Restoration



Endangered Avian Nesting Site Stewardship



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Provide

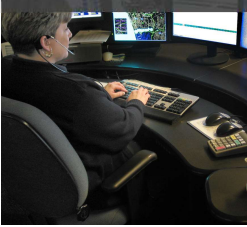
Youth Opportunity Pass



Data



ARJIS/Criminal Justice



Local Streets and Roads Improvements



Employer Program



Toll Operations



Grant Programs



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Vision and Priorities

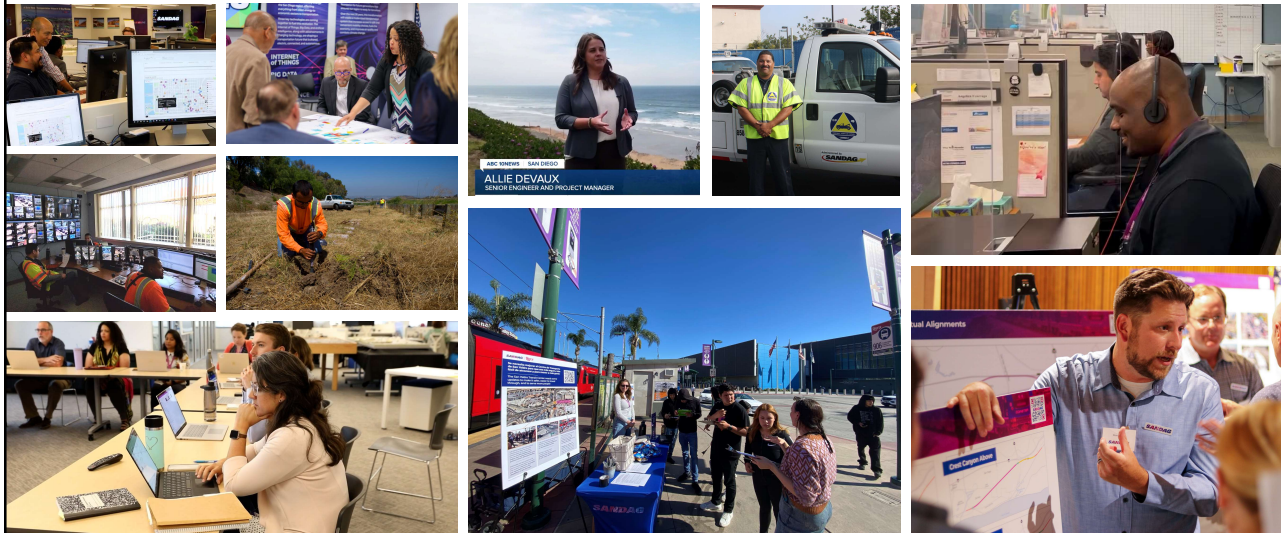
Oversight & Transparency

Leadership & Structure

Focus on Fundamentals

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Serving the San Diego Region



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Working Together



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Email: pio@sandag.org

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