

## Andrew Keatts

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**From:** Hicks, David <David.Hicks@sandag.org>  
**Sent:** Friday, July 7, 2017 12:54 PM  
**To:** Andrew Keatts  
**Subject:** RE: Questions on TransNet 2

Hi Andrew –

These questions may require Marney to answer, and obviously he is no longer here. I will do my best to find out whether there was a discussion, and to answer your other questions as best as possible.

Thanks,

David

David Hicks  
Communications Manager

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**From:** Andrew Keatts [mailto:Andrew.Keatts@voiceofsandiego.org]  
**Sent:** Friday, July 07, 2017 12:23 PM  
**To:** Hicks, David <David.Hicks@sandag.org>  
**Subject:** RE: Questions on TransNet 2

Thanks. A few more questions, in that case.

After the Series 10 forecast was finalized in December 2003, why wasn't it used to readjust the TransNet revenue forecast, given that it was then the official, adopted economic and demographic forecast for the agency? Who made that decision? Was there any discussion about changing the revenue expectation put before voters a year later? Why or why not?

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**From:** Hicks, David [mailto:David.Hicks@sandag.org]  
**Sent:** Friday, July 7, 2017 10:17 AM  
**To:** Andrew Keatts <[Andrew.Keatts@voiceofsandiego.org](mailto:Andrew.Keatts@voiceofsandiego.org)>  
**Subject:** RE: Questions on TransNet 2

Hi Andrew –

In response to your questions below:

Every four years SANDAG goes through a lengthy process to produce a regional demographic and economic forecast. Those forecasts come in a numbered series. The data generated is one of many inputs used to inform a variety of different studies and analysis efforts undertaken by the agency. Typically, a preliminary demographic and economic forecast is produced for review. After the review, adjustments are made and a final forecast is presented to the Board. This review process is lengthy. While that process is ongoing, SANDAG staff working on a wide variety of other projects may use data from the most recent completed forecast or the preliminary numbers available from the next upcoming forecast to make various calculations and estimates.

In the context of your questions regarding the revenue forecast for the *TransNet* Extension Ordinance: In early 2003, SANDAG's former chief economist, Marney Cox, developed the revenue forecast for the *TransNet* Extension Ordinance. Cox has since retired. It appears from reviewing his files that in the spring of 2003 he created a spreadsheet that he used to estimate future revenue that could be expected from the proposed *TransNet* Extension. It also appears he used demographic and economic data from the Preliminary Series 10 Demographic and Economic Forecasting Model – the most recent data available to him at the time – in that spreadsheet. Cox also needed to extend the projections out to 2048 because the Preliminary Series 10 forecast made demographic and economic estimates only out to 2030. The Series 10 forecast was still under development at the time and had not been finalized when he completed this work. After Cox completed his *TransNet* Extension revenue estimate, the agency moved forward with the long and complex process of developing the *TransNet* Extension Ordinance, the initial draft of which was presented to the Board in February 2004.

On a separate track, the modeling team was working to complete the development of the Series 10 forecast. They continued with their work on calibrating the preliminary version for many months after Cox made his *TransNet* Extension revenue estimate. The Preliminary Series 10 forecast went through its normal review process throughout 2003. Adjustments were made by the modelers as part of that review process, which is why a *TransNet* revenue forecast done using data from Preliminary Series 10 will produce a different result than a forecast using data from Final Series 10. The Series 10 forecast was finalized in December 2003. There have since been three additional forecasts, and the agency is currently working on Series 14.

It's worth noting here that the estimate made by Cox using the Preliminary Series 10 data tracked very closely with actual tax collections until the Great Recession, an extremely rare and unpredictable event. See the graph displayed in the Feb. 24, 2017, Board of Directors meeting (Item 14) on the data accuracy and modeling work plan. Look at the slides under Point 6 – Enhance Transparency: [http://www.sandag.org/uploads/meetingid/meetingid\\_4648\\_21996.pdf](http://www.sandag.org/uploads/meetingid/meetingid_4648_21996.pdf)

Thanks,

David

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**From:** Andrew Keatts [<mailto:Andrew.Keatts@voiceofsandiego.org>]

**Sent:** Monday, June 26, 2017 1:13 PM

**To:** Hicks, David <[David.Hicks@sandag.org](mailto:David.Hicks@sandag.org)>

**Subject:** Questions on TransNet 2

Hi David,

I've been working with some of the data I've received in recent records requests, and I have a few questions. Please let me know if there is anything I could do to clarify.

I need a response by the end of the day on Wednesday. Please let me know as soon as possible if you will not provide responses to some or any of these questions before then. I would also like an opportunity to discuss your responses with Gary Gallegos by the end of the week.

Last year, on Oct. 28, you provided me the Final projections for TransNet 2, which relied on the Preliminary 2030 Forecast. It included the population and retail sales expectations through 2030, extended to cover the TransNet 2 collection period through 2048.

Records requests have also provided me Dem1out.xls and Econ1Out.xls. These documents include demographic and economic data for the same period as Series 10, which was the basis for TransNet 2's revenue forecasts.

However, when I took the population and retail sales numbers from Dem1out and Econ1out and put them into the TransNet2 forecast spreadsheet and adjusted for inflation, there was a significant revenue discrepancy. The total revenue forecast for TransNet 2 fell from the \$14.2 billion number – which I and many other reporters have used for years – to \$12.9 billion.

Can you tell me what accounts for this discrepancy? Somewhere along the line a change was made. There are fewer people, and they're expected to buy a lot less, than in the initial forecast used to produce TransNet 2's \$14.2 billion revenue expectation. (The population numbers seem not to have changed as dramatically as the sales numbers).

I've attached the original spreadsheet that you sent me in October (Final\_Estimate\_Transnet\_2000\_2048\_\_4\_27\_04wnominal-1.xls), and a version of the same spreadsheet updated with data from Dem1out and Econ1out (Final\_Series\_10\_Adjustment.xls), so you can see how I came to these conclusions. Please verify these numbers, and answer my question for what accounts for these changes. Again, I'm happy to clarify anything you don't understand, and please let me know if there will be any delay from my deadline.

Thank you,

Andrew Keatts  
Reporter  
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