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# Agenda

JOINT MEETING OF THE EXECUTIVE COMMITTEE  
for the  
Metropolitan Transit System  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

November 5, 2009

Executive Conference Room  
(Immediately following the 9:00 a.m. Audit Oversight Committee Meeting)

ACTION RECOMMENDED

- A. ROLL CALL
- B. APPROVAL OF MINUTES - October 15, 2009 Approve
- C. COMMITTEE DISCUSSION ITEMS
  - 1. MTS: Report on the Creation of a Central MTS Database and Reporting Tool (Devin Braun) Receive  
Action would receive a report on the new central database and reporting tool.
  - 2. MTS: Weekend Service Analysis (Mike Daney) Receive  
Action would receive a report on the weekend service analysis.
  - 3. MTS: Old Town Pilot Signage Update (Rob Schupp) Receive  
Action would receive a report on the recently implemented Old Town Transit Center Signage Project.
  - 4. MTS: Appointment of MTS Chairperson Approve  
Action would forward a recommendation to the Board of Directors regarding the appointment of the MTS Chairperson.
- D. REVIEW OF DRAFT NOVEMBER 12, 2009, JOINT BOARD AGENDA
- E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA Possible Action  
Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting.

Please turn off cell phones and pagers  
during the meeting



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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.

- F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS
- G. PUBLIC COMMENTS
- H. NEXT MEETING DATE: December 3, 2009
- I. ADJOURNMENT

# DRAFT

EXECUTIVE COMMITTEE MEETING FOR THE  
METROPOLITAN TRANSIT SYSTEM (MTS),  
SAN DIEGO TRANSIT CORPORATION (SDTC),  
AND SAN DIEGO TROLLEY, INC. (SDTI)

## MINUTES

October 15, 2009

MTS

1255 Imperial Avenue, Suite 1000, San Diego

### A. ROLL CALL

Chairman Mathis called the meeting to order at 9:23 a.m. A roll call sheet listing Executive Committee member attendance is attached.

### B. APPROVAL OF MINUTES

Mr. Selby moved for approval of the minutes of the September 17, 2009, Executive Committee meeting. Ms. Lightner seconded the motion, and the vote was 4 to 0 in favor.

### C. COMMITTEE DISCUSSION ITEMS

1. MTS: Siemens LRV Contract update (Wayne Terry/Tiffany Lorenzen)  
Action would receive an update on the status of the Siemens Industry, Inc. (Siemens) procurement of 57 and up to 65 low-floor light rail vehicles (LRVs).

Tiffany Lorenzen, MTS General Counsel, gave an update on the status of the Siemens procurement. She stated that everything went according to plan. On September 30, 2009, an MOU was executed with SANDAG to fully fund the project in the amount of \$228M. Also on that day, an agreement was executed with Siemens to procure the 57 light rail vehicles for a total of \$224M.

Ms. Lorenzen stated that Siemens has gone through an internal consolidation combining several of their mobility units into a new company called Siemens Industry, Inc. On October 1, 2009, a contract amendment was processed to change the name, and an amendment was processed to modify the parent company guaranty that has been put in place while trying to determine whether or not to proceed with the performance bond or letter of credit.

Ms. Lorenzen summarized the next steps for the procurement:

1. By October 30, 2009, Siemens will provide a draft conformed technical specification. This document will summarize all the changes made to the specification that the Utah Transit Authority produced. This will combine all the changes for the new vehicle.
2. Major vehicle components will be ordered starting 6 months from now, and will continue for the next 12 months.

3. The car shells for the LRVs will be delivered in 18 months, the first car will arrive in August of 2011.
4. A post delivery audit will be completed by Mark Abbey, MTS's internal auditor. According to the pre award audit, everything went according to plan, and the certificates of compliance have been signed off.

Mr. Jablonski discussed the performance bond. He stated that when discussion began with Siemens about this procurement, it was discovered that Utah and Denver had gone with a letter of guaranty from Siemens instead of a performance bond. He stated that the cost for the performance bond was estimated at \$2M. Since that time, it has been discovered that the performance bond will cost closer to \$3.3M to \$3.4M.

Mr. Jablonski stated that after discussions with other people in the industry, he feels that the company guaranty is adequate, rather than spending \$3.3M on the performance bond. He asked for committee approval.

#### Action Taken

Ms. Lightner moved to receive a report and to approve staff's recommendation for a letter of guarantee from Siemens. Mr. Selby seconded the motion, and the vote was 4 to 0 in favor.

2. MTS: Pension Obligation Bonds – Refinancing Options (Tom Lynch)  
Action would provide guidance on variable pension obligation bond (POB) refinancing options as developed by staff and forward a recommendation to the Board of Directors.

Mr. Jablonski explained that what is being presented today will produce savings over the next 15 years of \$50M+ in interest payments over the course of the next 15 years, and there will be about \$2.5M savings in operating expenses for interest that will be put towards the operating budget to provide service.

Mr. Lynch, MTS Controller, gave a PowerPoint presentation on the Pension Obligation Bonds (POB). He explained the advantages of refinancing the bonds and presented the background on the bonds. He stated that \$38.7M of the bonds are fixed rate bonds due in maturities in 2024, \$38.8M are variable rate bonds with maturities from 2024-2034.

Mr. Lynch gave the background on the bonds and stated that MTS currently owns \$35.6M dollars of its own bonds. He added that currently MTS has not been able to remarket or refinance the bonds due to market conditions. The total cost of funds, inclusive of all interest expense, interest income, and fees is 7.7% or \$2.9M per year.

Mr. Lynch explained that on September 29, 2009, staff made a presentation to the Budget Development Committee that included various options. Staff was instructed to bring forward two options. Both options involve paying off the bonds in the swap

agreement, utilizing \$30M Dexia Loan, \$5M from CIP and \$6.8M in reserves for a total of \$41.7M.

Mr. Lynch explained that the first option is for a three year loan at LIBOR PLUS 2.2%, and the second option for the six year loan AT 2.85%. He stated that staff's assumption is that option #1 would be paid off at \$10M per year, the overall cost would be \$43.1M. Option #2 would be paid off at \$5M per year and would cost \$46.2M.

Mr. Lynch stated \$5M would be reallocated from existing CIP projects, \$30M will come from future TDA funding, which is currently intended for CIP, but not allocated to any specific project. TDA funds are flexible and can be used for this purpose. He explained that \$6.8M will come from reserves, which would leave the reserve balance at \$23M, 10% of the operating annual budget.

Mr. Lynch reported that both options provide considerable savings, \$55M or more savings in the operating budgets over the long term. Equating to \$1.4M to \$1.7M per year depending on the option chosen. In the existing fiscal year the savings would be \$4.2M to \$4.9M.

Mr. Lynch stated that the staff recommendation is to obtain a six year loan from Dexia for \$30M to pay off the \$38.8M in variable bonds, to pay off the swap agreement for \$2.8M, to reduce CIP by \$5M, pay off \$30M loan with Dexia, utilizing \$6.8M reserves. The \$30M loan from Dexia would be paid with future TDA. Those assumptions include \$5M a year for six years, flexible over time.

Members continued to discuss the purpose of the POB's and the staff options.

#### Action Taken

Ms. Lightner moved to receive a report and to approve staff's recommendation for Option #2, the six year option, to be forwarded to the MTS Board of Directors for approval. Mr. Selby seconded the motion, and the vote was 4 to 0 in favor.

3. MTS: South Bay Bus Rapid Transit Project (Mike Daney)

This item was pulled from the agenda.

4. MTS: Super Loop Pilot update (Mark Thomsen)

Action would receive a report on the Super Loop Pilot Project.

Mark Thomsen, MTS Senior Transportation Planner, gave a PowerPoint presentation on the SuperLoop Pilot Update. He stated that the SuperLoop began operation four months ago. Included in this presentation are ridership trends, operating results, public acceptance of the design and operating plan. He included service descriptions, marketing updates and the status of the expansion of SuperLoop to Judicial Drive next year.

Mr. Thomsen continued to explain the design of SuperLoop as a bidirectional loop anchored at UTC Transit Center, serving as a regional distributor and local

circulator, with UCSD as the major market. He described the days of operation, frequency, stops and the vehicles.

Mr. Thomsen added that 92% of SuperLoop ridership are UCSD passengers. He stated that during the first quarter of the fall semester SuperLoop averaged thirty-two passengers per revenue hour. He reported on marketing efforts and outreach efforts. He stated that there is on time performance of 95% and the completion rate is 99.9%.

Mr. Thomsen stated that there is one vehicle issue related to neighborhood complaints about the gas engine sound level, he stated that SANDAG is addressing the noise concerns.

Mr. Thomsen reported on the fleet fuel consumption comparisons, and public comments about the service. He stated that public comment included requests to expand service, rerouting to serve additional riders, increase time span, requests to implement Phase 2 and comments complimenting convenience of the service. He continued to report on milestones and Phase 2 status.

Members discussed the Judicial Drive expansion, how the engine noise compares to other buses and ridership numbers.

#### Action Taken

Mr. Selby moved to receive the report Ms. Lightner seconded the motion, and the vote was 4 to 0 in favor.

5. MTS: Update on James R. Mills Building Security (Bill Burke)  
Action would receive a report on security improvements at the James R. Mills Building.

Mr. Bill Burke, MTS Security Director gave a PowerPoint presentation on the update on the James R. Mills Building Security. He stated that through the Transit Security Grant program the project of hardening the facilities, part of which was the implementation and completion of the access card system on all office doors on the 9<sup>th</sup> and 10<sup>th</sup> floors.

Mr. Burke described meetings that took place with the County of San Diego on the subject of securing the lobby of the Mills Building. He stated that the County of San Diego offices on all the floors of the building have access cards.

Mr. Burke reviewed the proposed design of the lobby, describing ADA access, x-ray scanner, walk through metal detector, retractable belt barrier, card readers, alarms and turnstiles. He described where security officers would be present to operate the scanning equipment and stated that employees would be entering the building through the front door only, and business entrances would be from the outside.

In response to Mr. Mathis, Mr. Burke stated that the timetable for completion is late January or sooner. In response to Mr. Roberts, he stated that once implemented there will be no more guards than required at present to staff this security project.

Action Taken

Mr. Roberts moved to receive the report Mr. Selby seconded the motion, and the vote was 4 to 0 in favor.

D. REVIEW OF DRAFT OCTOBER 22, 2009, BOARD AGENDA

Recommended Consent Items

6. MTS: Federal Legislative Representation. Action would authorize the Chief Executive Officer (CEO) to execute Task Order No. 5 of the triagency contract with Blank Rome Government Relations, LLP (MTS Doc. No. G0980.0-06) effective November 1, 2009.
7. MTS: Adoption of 2010 MTS Executive Committee and Board of Directors Meeting Schedule. Action would adopt the 2010 Executive Committee and Board of Directors meeting schedule.
8. MTS: Increased Authorization for Legal Services - Paul, Plevin, Sullivan & Connaughton LLP. Action would authorize the CEO to execute MTS Doc. No. G1095.2-07 with Paul, Plevin, Sullivan & Connaughton LLP for legal services and ratify prior amendments entered into under the CEO's authority.
9. MTS: Increased Authorization for Legal Services - Law Offices of Julie Morris Soden. Action would execute MTS Doc. No. G1173.6-08 with the Law Offices of Julie Morris Soden for legal services and ratify prior amendments entered into under the CEO's authority.
10. MTS: Increased Authorization for Legal Services - Liebman, Quigley, Sheppard & Soulema, APC. Action would authorize the CEO to execute MTS Doc. No. G1087.6-07 with Liebman, Quigley, Sheppard & Soulema, APC for legal services and ratify prior amendments entered into under the CEO's authority.
11. MTS: Liability Claims Analysis Report. Action would receive the Liability Claims Analysis Report for MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI).
12. MTS: Approval of the Old Town Transit Center Improvements and Fund Transfer Memorandum of Understanding (MOU) with SANDAG. Action would: (1) authorize the CEO to execute an MOU with the San Diego Association of Governments (SANDAG) for the construction of Public Utilities Code- (PUC)-mandated improvements at Old Town Transit Center;

and (2) transfer California Department of Transportation- (Caltrans)- contributed funds to SANDAG for these improvements.

13. MTS: Light Rail Vehicle Gearbox Overhaul Kits - Contract Award. Action would authorize the CEO to execute MTS Doc. No. L0900.0-10 with Hi-Tec Enterprises to purchase up to 180 light rail vehicle (LRV) gearbox overhaul kits and an option to purchase an additional 40 if needed (contingent upon receipt of a Buy America waiver from the Federal Transit Administration (FTA).
14. MTS: Job Access and Reverse Commute Grant. Action would approve Resolution No. 09-23 authorizing the CEO to submit applications for federal fiscal year 2009 Job Access and Reverse Commute (JARC) (5316) "Non-Urban (Rural) Areas - Federal Transit Administration" funding.
15. MTS: LRV Station CCTV Components (Phase 2) - Work Order Amendment. Action would: (1) ratify MTS Doc. No. G1246.0-09 Work Order No. 09.05 for \$99,506.02 with David Evans and Associates for engineering and design services for Capital Improvement Project (CIP) "LRV Station CCTV Components (Phase 2)" previously approved under the CEO's authority; and (2) authorize the CEO to execute MTS Doc. No. G1246.0-09 Work Order Amendment No. 09.05.01 for \$6,553.47 for changes in the scope of design work.

#### Recommended Consent Items

There was no discussion regarding Consent items.

#### E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Mr. Jablonski stated that a presentation by Move San Diego is on tomorrow's Transportation Committee Agenda. They will present their Fast Plan, a comprehensive plan that covers the majority of the urban area. The subject matter is the greater utilization of bus rapid transit based on a system in Australia.

#### F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

In response to Mr. Selby, Mr. Jablonski described the method of reloading a Compass Card.

#### G. PUBLIC COMMENTS

No public comments.

#### H. NEXT MEETING DATE

The next meeting is scheduled for Thursday, November 5, 2009, at 9:00 a.m. in the Executive Conference Room, following the 9:00 Audit Oversight Committee Meeting.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:31 a.m.

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Chairman

VRogers/  
MINUTES - Executive Committee 10-15-09.doc

Attachment: A. Roll Call Sheet

**EXECUTIVE COMMITTEE  
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) October 15, 2009                      CALL TO ORDER (TIME) 9:23 a.m.

RECESS None    RECONVENE ---

CLOSED SESSION None    RECONVENE ---

ADJOURN 10:31 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
LIGHTNER <input checked="" type="checkbox"/> (Young) <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>		
Imperial Beach Rotated to Chula Vista		
RINDONE (VC) <input type="checkbox"/> (Young - CPT) <input type="checkbox"/>		
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		
SELBY <input checked="" type="checkbox"/> (Ryan) <input type="checkbox"/>		
Transportation Committee Rep Slot (Mathis)		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD \_\_\_\_\_

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: \_\_\_\_\_



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## Agenda

Item No. C1

JOINT MEETING OF THE EXECUTIVE COMMITTEE  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

SRTP 825

November 5, 2009

### SUBJECT:

MTS: REPORT ON THE CREATION OF A CENTRAL MTS DATABASE AND  
REPORTING TOOL (DEVIN BRAUN)

### RECOMMENDATION:

That the Executive Committee receive a report on the new central database and  
reporting tool.

#### Budget Impact

None.

### DISCUSSION:

MTS must collect, store, and report on data that is applicable to all modes of transit services and operations. To meet these requirements, staff had developed many spreadsheets and databases over the years to use as data stores and reporting tools. With so many different operating divisions now reporting under the MTS umbrella (MTS Bus, MTS Trolley, Contracted Bus, Contracted Paratransit, Chula Vista Transit, etc.), MTS has begun to collect all data in a central database called Transit Operational Activity Data (TOAD) in order to provide an instant and central reporting tool.

The MTS IT Department has collected past data, is collecting current data, and is writing reports to analyze the data in TOAD. Such reports can automatically show current



trends in many performance areas including ridership, on-time performance, accidents, claims, and road calls. (Please see the attached sample reports—Attachments A-C.)



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Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Devin Braun, 619.595.4916, [Devin.Braun@sdmts.com](mailto:Devin.Braun@sdmts.com)

NOV5-09.C1.MTS DATABASE & REPORTING TOOL.DBRAUN.doc



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## Agenda

Item No. C2

JOINT MEETING OF THE EXECUTIVE COMMITTEE  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

November 5, 2009

**SUBJECT:**

MTS: WEEKEND SERVICE ANALYSIS (MIKE DANNEY)

**RECOMMENDATION:**

That the Executive Committee receive a report on the weekend service analysis.

Budget Impact

None. MTS was awarded a grant through the California Department of Transportation under the Statewide Transit Planning Studies grant program to complete this project.

**DISCUSSION:**

MTS staff conducted a comprehensive analysis of its Saturday and Sunday services. The purpose of this study was to understand weekend travel markets and how they have responded to the recent implementation of MTS's Comprehensive Operational Analysis (COA), which focused primarily on weekday travel markets.

This study will be used to:

- understand weekend service needs and challenges to using the service;
- optimize and realign weekend service coverage to reflect travel needs;
- identify and prioritize possible weekend service reductions; and
- evaluate opportunities to optimize weekend route and system scheduling.

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Staff will provide a report on the study's findings.



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Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Mike Daney, 619.515.0932, [mike.daney@sdmts.com](mailto:mike.daney@sdmts.com)

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## Agenda

Item No. C3

JOINT MEETING OF THE EXECUTIVE COMMITTEE  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

MKPC 605

November 3, 2009

**SUBJECT:**

MTS: OLD TOWN PILOT SIGNAGE UPDATE (ROB SCHUPP)

**RECOMMENDATION:**

That the Executive Committee receive a report on the recently implemented Old Town Signage Project.

Budget Impact

None.

**DISCUSSION:**

The Old Town Signage Pilot program has been in place for one month. MTS Marketing has conducted on-site interviews of passengers and an on-line survey to capture customer reaction to the program. This report will outline the results of the surveys and discuss possible next steps to expand the program to other transit stations.

A handwritten signature in black ink, appearing to read "Paul C. Jablonski", is written over a horizontal line.

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Rob Schupp, 619.557.4511, [rob.schupp@sdmts.com](mailto:rob.schupp@sdmts.com)

NOV5-09.C3.OLD TOWN SIGNAGE UPDATE.RSCHUPP.doc

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## Agenda

Item No. C4

JOINT MEETING OF THE EXECUTIVE COMMITTEE  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

ADM 110

November 5, 2009

### SUBJECT:

MTS: APPOINTMENT OF MTS CHAIRPERSON (TIFFANY LORENZEN)

### RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors regarding the appointment of the MTS Chairperson.

#### Budget Impact

None.

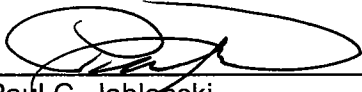
### DISCUSSION:

MTS Policy No. 22 sets forth the following procedure for the appointment of the MTS Chairperson:

*Prior to the expiration of a Chairperson's term, the Executive Committee shall make a recommendation to the Board on whether to reelect the current Chairperson. In the event that the Board does not reelect a chairperson, or in the event of a vacancy in the position of Chairperson, the Executive Committee shall create an ad hoc nominating committee that shall, by whatever means it deems appropriate, recommend to the Board a candidate or candidates for the position of Chairperson. The Board shall then vote to elect a Chairperson.*



Mr. Mathis serves as the current Chairperson for the MTS Board and his four-year term is scheduled to end on December 31, 2009. Therefore, the Executive Committee is asked to make a recommendation to the Board of Directors regarding the next Chairperson term, which would run from January 1, 2010, through December 31, 2014.



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Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, [Tiffany.Lorenzen@sdmts.com](mailto:Tiffany.Lorenzen@sdmts.com)

NOV5-09.C4.MTS CHAIRPERSON.TLOREN.doc



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DRAFT

# Agenda

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

November 12, 2009

James R. Mills Building  
Board Meeting Room, 10th Floor  
1255 Imperial Avenue, San Diego

This information will be made available in alternative formats upon request. To request an agenda in an alternative format, please call the Clerk of the Board at least five working days prior to the meeting to ensure availability. Assistive Listening Devices (ADLs) are available from the Clerk of the Board/Assistant Clerk of the Board prior to the meeting and are to be returned at the end of the meeting.

ACTION RECOMMENDED

- 1. Roll Call
- 2. Approval of the Minutes of October 22, 2009 Approve
- 3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
- 4. MTS: Appointment of Ad Hoc Nominating Committee for Recommending Appointments to MTS Committees for 2010 Appoint  
Action would appoint less than a quorum of members to an Ad Hoc Nominating Committee (pursuant to MTS Board Policy No. 22 - Rules of Procedure for the Metropolitan Transit System) to make recommendations to the Board with respect to the appointment of members of the Board to serve on MTS and non-MTS committees for 2010.

Please turn off cell phones and pagers  
during the meeting

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CONSENT ITEMS

- |     |   |         |
|-----|---|---------|
| 6.  | <u>MTS: San Diego Trolley, Inc. Safety Process Audit Report</u><br>Action would receive an internal audit report on San Diego Trolley, Inc.'s (SDTI's) safety process.  | Receive |
| 7.  | <u>MTS: Public Transportation Modernization, Improvement, and Service Enhancement Account Funding</u><br>Action would adopt Resolution No. 09-24 authorizing the CEO or his designee to submit allocation requests for interest earned from fiscal year 2007-2008 California Public Transportation Modernization, Improvement, and Service Enhancement Account-State Transit Assistance Agencies funding. | Adopt   |
| 8.  | <u>MTS: Semiannual Uniform Report of DBE Awards or Commitments and Payments</u><br>Action would receive the Semiannual Uniform Report of Disadvantaged Business Enterprise (DBE) Awards or Commitments and Payments.  | Receive |
| 9.  | <u>MTS: San Diego Transit Corporation Warranty Process Audit Report</u><br>Action would receive an internal audit report on San Diego Transit Corporation's (SDTC's) warranty process.  | Receive |
| 10. | <u>MTS: Investment Report - September 2009</u><br>Action would receive a report for information.  | Receive |
| 11. | <u>MTS: Southland Transit, Inc. - Contract Option Year</u><br>Action would authorize the CEO to execute MTS Doc. No. B0449.2-06 for: (1) one 12-month option period for central minibus fixed-route services with Southland Transit, Inc. (Southland); and (2) one 12-month option period for Sorrento Valley Coaster Connection (SVCC) services with Southland.  | Approve |
| 12. | <u>MTS: Capital Improvement Project Grant Award</u><br>Action would approve the addition of Federal Grant No. CA-04-0145 to MTS Capital Improvement Program (CIP) 11239 (40-Foot Compressed Natural Gas Bus Procurement Project).   | Approve |
| 13. | <u>MTS: Investment Report - August 2009</u><br>Action would receive a report for information.   | Receive |

CLOSED SESSION

- |     |  |                 |
|-----|--|-----------------|
| 24. | a. MTS: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO SUBDIVISION (b) OF THE CALIFORNIA GOVERNMENT CODE SECTION 54956.9 (ONE POTENTIAL CASE) | Possible Action |
|-----|--|-----------------|

NOTICED PUBLIC HEARINGS

- |     |       |
|-----|-------|
| 25. | None. |
|-----|-------|

## DISCUSSION ITEMS

30. None.

## REPORT ITEMS

- |     |   |             |
|-----|---|-------------|
| 45. | <u>MTS: Taxicab Administration Passenger Survey (John Scott)</u><br>Action would receive a report for information.  | Receive     |
| 46. | <u>MTS: Update on Weekend Service Analysis (Mike Daney)</u><br>Action would receive a report for information.   | Receive     |
| 47. | <u>MTS: Urban Core Transit Strategy (Carolina Gregor from SANDAG)</u><br>Action would receive a report for information.   | Receive     |
| 48. | <u>MTS: Operations Budget Status Report for August and September 2009 (Mike Thompson)</u><br>Action would receive a report on MTS's operations budget status for August and September 2009.   | Receive     |
| 60. | <u>Chairman's Report</u>  | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u>  | Information |
| 62. | <u>Chief Executive Officer's Report</u>   | Information |
| 63. | <u>Board Member Communications</u>  |             |
| 64. | <u>Additional Public Comments Not on the Agenda</u><br>If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. |             |
| 65. | <u>Next Meeting Date:</u> December 10, 2009   |             |
| 66. | <u>Adjournment</u>  |             |



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# Agenda

Item No. 6

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

LEG 492

November 12, 2009

**Draft for  
Executive Committee  
Review Date: 11/5/09**

**SUBJECT:**

MTS: SAN DIEGO TROLLEY, INC. SAFETY PROCESS AUDIT REPORT

**RECOMMENDATION:**

That the Board of Directors receive an internal audit report on San Diego Trolley, Inc.'s (SDTI's) safety process.

Budget Impact

None.

**DISCUSSION:**

During August 2009, the MTS Internal Auditor performed a review to assess the adequacy of internal controls over SDTI's safety processes. As a result of the review, two recommendations were made for management's consideration; management has accepted the recommendations and is taking action to address the issues noted.

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Mark Abbey, 619.557.4573, [mark.abbey@sdmts.com](mailto:mark.abbey@sdmts.com)

NOV12-09.6.SDTI SAFETY PROCESS AUDIT RPT.MABBEY.doc

Attachment: A. SDTI Safety Process Audit Report





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Att. A, AI 6, 11/12/09

## Memorandum

DATE: September 23, 2009

LEG 492 (PC 50121)

TO: Nancy Dock  
Wayne Terry

FROM: Mark Abbey

SUBJECT: AUDIT REPORT: SDTI SAFETY PROCEDURES

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### EXECUTIVE SUMMARY

I have completed a review of safety procedures at San Diego Trolley, Inc. (SDTI). The audit was performed in accordance with the approved audit plan.

#### Audit Objectives and Scope

The objectives of the audit were to review SDTI's safety procedures and assess its adequacy in addressing safety risks.

#### Background

SDTI safety procedures are subject to scrutiny by the California Public Utilities Commission (PUC). The PUC performs a comprehensive triennial review. The most recent review was performed during 2009. The PUC draft report is expected in September 2009.

SDTI has one System Safety Manager. The System Safety Manager is responsible for coordinating and monitoring all activities throughout SDTI related to development, implementation, audit, inspection, and analyses of safety procedures and issues. The Safety Manager reports to the Chief Operating Officer-Rail.

The System Safety Manager's duties include the following:

- Develops goals, directives, and standard operating procedures on safety.
- Coordinates with the PUC and other regulatory agencies with respect to safety.
- Directs the investigation and analysis of all accidents, including making recommendations to reduce the risk of future accidents.



- Conducts safety audits, inspections, and assessments.
- Identifies departmental safety training needs and participates in new operator safety training.
- Coordinates the emergency-response planning process.
- Develops and monitors procedures and programs related to the storage, utilization, and disposal of hazardous materials.
- Revises the System Safety Program Plan when required to ensure conformance with standards of mass transit systems as defined by federal, state, and local oversight agencies.

Accidents are reported to the Federal Transit Administration (FTA) monthly through the National Transit Database. Recent accident statistics are shown below:

Accident Summary

2008-2009	22
2007-2008	29
2006-2007	16
2005-2006	24

Observations and Recommendations

The safety process at SDTI is effectively managed as evidenced by results from recent PUC audits and the relatively low level of safety-related incidents. To further improve processes, the following recommendations are offered for management’s consideration:

- Ensure an adequate follow-up process is in place for both the safety and security recommendations from the 2009 PUC audit.
- Consider FTA training courses for the System Safety Manager.

Detailed explanations of these recommendations are provided under *Detailed Observations*. I wish to thank SDTI safety personnel for their cooperation and assistance during the course of this review.

DETAILED OBSERVATIONS

1.0 PUC Audit

The PUC has just completed a triennial review in 2009 over both the safety and security rail processes. The PUC draft report is expected in September 2009. The System Safety Manager has a process in place to follow up on the safety recommendations to ensure that SDTI is in full compliance with PUC safety requirements.

At the time of this review, there was some uncertainty as to who would be responsible for follow up on the PUC security recommendations. A suggestion was made by the PUC that

consideration be given to assigning this responsibility to an employee independent of the Security Department, such as the MTS Internal Auditor. A management decision in this regard should be made.

#### Recommendation

Ensure an adequate follow-up process is in place for both the safety and security recommendations from the 2009 PUC audit.

#### Management Response

SDTI will maintain audit-tracking reports for the SDTI Internal Safety Audit (ISA) and the 2009 CPUC Triennial Audit once the final recommendations are listed. The System Safety Manager will be responsible for tracking the "open" safety recommendations. A letter and corresponding spreadsheet identifying the status of open recommendations will be forwarded to the CPUC per an agreed-upon schedule of the CPUC resolution.

The MTS Internal Auditor should be responsible for follow-up, compliance, and/or tracking CPUC security recommendations as the security function now falls under direct report of the MTS CEO (the MTS Internal Auditor concurs with this proposal).

### 1.1 Safety Manager Training

The System Safety Manager started in this position in June 2006. The FTA and the Transportation Safety Institute's Transit Safety and Security Division have a training program for the transit industry. If an individual successfully completes this program, they receive a certificate of completion that certifies that the individual has a broad-based knowledge of system safety, security, and emergency management. The System Safety Manager should consider completing these FTA training courses, which would benefit her in her job performance.

#### Recommendation

Consider FTA training courses for the System Safety Manager.

#### Management Response

The System Safety Manager will explore training opportunities from the FTA and the Transportation Safety Institute's Transit Safety and Security Division training program.

JGardetto/  
M-FINAL-SDTI SAFETY 09.MABBIEY.doc

cc: Paul Jablonski  
Tiffany Lorenzen  
Cliff Telfer  
Bill Burke



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# Agenda

# Item No. 7

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

AG 220

November 12, 2009

**Draft for  
Executive Committee  
Review Date: 11/05/09**

**SUBJECT:**

MTS: PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT FUNDING

**RECOMMENDATION:**

That the Board of Directors adopt Resolution No. 09-24 (Attachment A) authorizing the Chief Executive Officer (CEO) or his designee to submit allocation requests for interest earned from fiscal year 2007-2008 California Public Transportation Modernization, Improvement, and Service Enhancement Account-State Transit Assistance Agencies funding.

Budget Impact

None.

**DISCUSSION:**

MTS Resolution No. 09-24 would authorize filing applications with and requesting reimbursements from the State Controller's Office. Interest earned on the federal fiscal year 07/08 allocation is \$318,009.

  
\_\_\_\_\_  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Nancy Dall, 619.557.4537, [nancy.dall@sdmts.com](mailto:nancy.dall@sdmts.com)

NOV12-09.7.PTMISEA.NDALL.doc

Attachment: A. Resolution No. 09-24



SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 09-24

Resolution Authorizing the Submittal of Applications and Requests for Fiscal Year 2007-2008 California Public Transportation Modernization, Improvement, and Service Enhancement Interest Funds

WHEREAS, the San Diego Metropolitan Transit System (MTS) is a public entity established under the laws of the State of California for the purpose of providing transportation services in the County of San Diego that desires to apply and obtain funding for modernization and enhancement purposes.

THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby authorize the Chief Executive Officer, or his designated representative, to execute for and on behalf of MTS, any actions necessary for the purpose of obtaining Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds provided by the California Department of Transportation (Division of Mass Transportation) in the amount of \$318,009.

1. General Counsel, or designated representative, is authorized to execute and file all assurances or any other documents required by the California Department of Transportation.
2. The Chief Financial Officer, or designated representative, is authorized to provide additional information to the California Department of Transportation.

PASSED AND ADOPTED, by the Board of Directors this \_\_\_\_\_ day of \_\_\_\_\_ 2009, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

\_\_\_\_\_  
Chairperson  
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

\_\_\_\_\_  
Clerk of the Board  
San Diego Metropolitan Transit System

\_\_\_\_\_  
Office of the General Counsel  
San Diego Metropolitan Transit System



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# Agenda

# Item No. 8

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

LEG 430 (PC 50121)

November 12, 2009

**Draft for  
Executive Committee  
Review Date: 11/5/09**

**SUBJECT:**

MTS: SEMIANNUAL UNIFORM REPORT OF DBE AWARDS OR COMMITMENTS AND PAYMENTS

**RECOMMENDATION:**

That the Board of Directors receive the Semiannual Uniform Report of Disadvantaged Business Enterprise (DBE) Awards or Commitments and Payments.

Budget Impact

None.

**DISCUSSION:**

History

The Federal Transit Administration's (FTA's) DBE Program was originally created to ensure nondiscrimination in the award and administration of Department of Transportation-(DOT)-assisted contracts. The DBE Program required that on all federally funded contracts, a contract-specific DBE goal be established and met by the successful bidder. In order to qualify as a DBE, a company has to be certified by the grantee or designated state agency. Award of all federally funded contracts was conditioned upon meeting the DBE goal. If a firm was unable to meet the DBE goal, the firm was required to demonstrate that it made a good-faith effort to find a DBE subcontractor.



In 2005, the Ninth Circuit Court of Appeals published an opinion specifying that the State of Washington's contract-specific goal for a paving contract was unconstitutional. On December 21, 2005, in response to the Ninth Circuit's ruling, the nine states affected by the decision (Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington) were required by DOT to submit proof of discrimination in their respective contracting opportunities. The California Department of Transportation (Caltrans) took the lead for gathering this evidence for all transportation agencies within California. In order to comply with the Ninth Circuit ruling, Caltrans then issued a directive that all federal transportation assistance subrecipients would implement a DBE Race-Neutral Program until a comprehensive state-wide disparity study was completed. The Caltrans study has been completed and approved by the Federal Highway Administration (FHWA). Contracts funded with FHWA monies are required to have certain DBE goals; however, MTS currently has no FHWA funding in its budget. Caltrans is still awaiting approval from the FTA—once approval has been obtained, MTS may need to modify its current DBE goals.

In addition, MTS is currently participating in a Southern California DBE Disparity Study. The results of the draft study report were brought to the Board at its September 24, 2009, meeting. The draft study is currently available on MTS's Web site. A public forum will be held on October 21, 2009, for members of the public who wish to comment on the study, and comments are also accepted by regular mail and e-mail.

In summary, the DBE Program has changed from a contract-specific program (wherein goals are set for each federally funded contract) to a DBE availability program (DBE goals are set for the year and attainment is monitored). During this time, MTS will continue to comply with all DBE requirements.

#### First Semiannual Report for April 1, 2009, to October 1, 2009

MTS is a subrecipient of FTA funds and, as such, must report on DBE participation in its contracting opportunities. Twice yearly, subrecipients must submit a completed Awards/Commitments and Actual Payments spreadsheet.

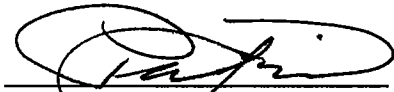
The DBE reporting methodology is set by federal statute; MTS may only count participation from vendors who are registered as DBEs doing business in the State of California whose contracts were awarded. A list of the contracts eligible for participation is included with this agenda item (Attachment A). The first semiannual report was submitted by MTS to Caltrans' program representative and the FTA on October 19, 2009, for the reporting period of April 1, 2009, to October 31, 2009 (Attachment B). Staff is requesting that the Board review and receive the first semiannual report for federal FY 10.

#### DBE Outreach Events for April 1, 2009 to October 1, 2009

During this reporting, period MTS staff participated in the following outreach events:

1. Paths to Partnerships Regional Forum, the fastest growing business outreach event in Southern California sponsored by the San Diego County Water Authority, took place on October 20, 2009. MTS had a booth at the event to outreach to potential new and existing vendors.

2. MTS became a member of the Small Business Transportation Resource Center operated by the Office of Small and Disadvantaged Business Utilization Regional Partnership Division of the United States Department of Transportation. This organization hosts monthly conference calls and workshops about doing business with transportation agencies in California.
3. Attended a Caltrans DBE information workshop on goal-setting and outreaching to DBE vendors.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, [tiffany.lorenzen@sdmts.com](mailto:tiffany.lorenzen@sdmts.com)

NOV12-09.8.UNIFORM DBE RPT.TLOREN.doc

Attachments: A. List of Contracts Available for DBE Participation  
B. Semiannual DBE Report

<b>MTS FTA FY09-10 BUDGETED CONTRACTS</b>		
<b>PROJECT NO.</b>	<b>PROJECT DESCRIPTION</b>	<b>FY09-10 BUDGET</b>
<b>MINOR CONSTRUCTION</b>		
11183	SDTI Cross Tie Procurement	224,000
11213	SDTC KMD Building Improvements	106,000
11253	MCS South Bay Division Gas Detection System	120,000
11255	Broadway Wye Switch Machines	600,000
11260	Training Center Rehab	4,500
11273	El Cajon Transit Center	38,900
	<b>Total Construction</b>	<b>1,093,400</b>
<b>PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES</b>		
11165	LRV Paint and Body Rehab	440,000
11184	Bus Video Cameras	1,122,200
11192	IT Elipse Financial System	280,000
11206	Rail Profile Grinding	280,000
11214	LRV HVAC Overhaul	1,420,000
11219	LRV Propulsion Components	227,200
11241	IT Network Infrastructure	40,000
11254	LRV Brake Overhaul	280,000
11263	Signal Event Recorder Upgrade	62,400
11274	Hastop Module for Planning Hastus Program	62,800
11275	LRV Traction Motor Disconnects	220,000
11276	SDTI Ticket Vending Equipment (TVM)	400,000
	<b>Total Services</b>	<b>4,834,600</b>
<b>WHOLESALE DURABLE GOODS</b>		
11162	Organizational Desktops	176,200
11167	LRV Tires	392,800
11250	CVT 40 FT CNG BUSES (2)	62,500
11251	LRV Gearbox Overhaul parts	1,200,000
11240	SDTC Support Equipment	84,500
11252	LRV Blower Motor Overhaul	80,000
	<b>Total Wholesale Durable Goods</b>	<b>1,996,000</b>
	<b>Total Budgeted Contracts FY09-10</b>	<b>7,924,000</b>

**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REPORTING REQUIREMENTS**

**AWARDS/COMMITMENTS**

A. Subrecipient/Agency: San Diego Metropolitan Transit System

B. DBE Liaison Officer and Phone: Tiffany Lorenzen 619-557-4512 C. Date: October 19, 2009

[ X ] Report due November 14 for the period April 1 to Sept 30

E. Contractor/Subcontractor	F. Type of Contract	G. DBE Y/N	H. DBE Cert Number	I. Amount	Prime or Subcontractor
CANON BUSINESS SOLUTIONS WEST	Service	No		175000	Prime
CANON BUSINESS SOLUTIONS	Service	No		48573.77	Prime
HECHT, SOLBERG, ROBINSON, GOLD	Service	No		650000	Prime
MOORE ELECTRICAL CONTRACTING	Construction	No		59021	Prime
FIRST TRANSIT	Service	No		4234950	Prime
FIRST TRANSIT	Service	No		6588485	Prime
MOTOROLA	Materials				Prime/DBE Sub
KIMLEY-HORN & ASSOCIATES, INC.	Service	Yes		\$544802 with \$135836 paid to DBE Sub	Prime
DAVID EVANS & ASSOC INC	Service	No		500000	Prime
THE ARC OF SAN DIEGO	Service	No		750000	Prime
KNORR BRAKE CORP	Materials	No		1105169	Prime
GIRO, INC	Service	No		475000	Prime
		No		113982	Prime

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REPORTING REQUIREMENTS

AWARDS/COMMITMENTS

E. Contractor/Subcontractor	F. Type of Contract	G. DBE Y/N	H. DBE Cert Number	I. Amount	Prime or Subcontractor
DEPARTMENT OF NAVY	Other	No		0	Prime
MOTOROLA	Service	No		737846.52	Prime
ELECTRO SPECIALTY	Construction	No		2053.19	Prime
HMS CONSTRUCTION	Construction	No		35650.2	Prime
OMEGA ELEVATOR	Service	No		178892	Prime
WESTERN PUMP	Materials	No		49898	Prime
A TO Z ENTERPRISES	Service	No		71300	Prime
CREATIVE BUS SALES	Materials	No		10380.3	Prime
BP CORPORATION NORTH AMERICA	Materials	No		open - CNG Hedging	Prime
NMS MANAGEMENT, INC	Service	No		897575.32	Prime
MOORE ELECTRICAL-CONTRACTING	Construction	No		19090	Prime
ELECTRO SPECIALTY SYSTEMS, INC	Construction	No		2830.45	Prime
VEHICLE TECHNICAL CONSULTANTS	Service	No		14178	Prime
SIEMENS	Materials	No		489202.09	Prime
CARLOS GUZMAN, INC	Materials	No		1920000	Prime
DION INTERNATIONAL TRUCK LLC	Materials	No		134841.21	Prime
KNORR BRAKE CORP	Materials	No		500000	Prime

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REPORTING REQUIREMENTS

AWARDS/COMMITMENTS

E. Contractor/Subcontractor	F. Type of Contract	G. DBE Y/N	H. DBE Cert Number	I. Amount	Prime or Subcontractor
ANGUS ASPHALT, INC	Construction	No		6690	Prime
SELECT ELECTRIC	Construction	No		13280	Prime
DAPCO TECH	Service	No		22040	Prime
ACCESS, INC	Service	No		18938.11	Prime
AUDIO VISUAL INN	Materials	No		31634.29	Prime
KONE ELEVATOR	Service	No		47160.2	Prime
CREATIVE BUS SALES	Materials	No		348348.93	Prime
SIEMENS TRANSPORTATION	Materials	No		500000	Prime
RED ROCK SECURITY	Construction	No		64158.49	Prime
RAM INDUSTRIAL	Service	No		3171484.75	Prime

# DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REPORTING REQUIREMENTS

## ACTUAL PAYMENTS

A. Subrecipient/Agency: San Diego Metropolitan Transit System

B. DBE Liaison Officer and Phone: Tiffany Lorenzen (619)557-4512 C. Date: October 19, 2009

D.  Report due November 14 for the period April 1 to Sept 30

E. Contractor/Subcontractor	F. Type of Contract	G. DBE Y/N	H. DBE Cert Number	I. Amount	Prime or Subcontractor
VEHICLE TECHNICAL CONSULTANTS	Service	No		23630	Prime
COR-O-VAN STORAGE	Other	No		22000	Prime
GIRO INC	Service	No		62700	Prime
EDCO DISPOSAL CORPORATION	Service	No		183300	Prime
ELECTRO SPECIALTY	Construction	No		58360.58	Prime
WASHINGTON GROUP INTERNATIONAL	Service	No		328650	Prime
OMEGA ELEVATOR	Service	No		72904	Prime
SIEMENS TRANSPORTATION	Materials	No		462965.12	Prime
MOORE ELECTRICAL CONTRACTING	Construction	No		19090	Prime
SOFT CHOICE GOVERNMENT	Service	No		365128.16	Prime
VEHICLE TECHNICAL CONSULTANTS	Service	No		14178	Prime
ELECTRO SPECIALTY	Construction	No		114516.17	Prime
ELECTRO SPECIALTY SYSTEMS, INC	Construction	No		2830.45	Prime

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REPORTING REQUIREMENTS

ACTUAL PAYMENTS

E. Contractor/Subcontractor	F. Type of Contract	G. DBE Y/N	H. DBE Cert Number	I. Amount	Prime or Subcontractor
GIRO, INC.	Service	No		79035	Prime
ANGUS ASPHALT, INC	Construction	No		6690	Prime
CARLOS GUZMAN, INC	Service	No		458280	Prime
CARLOS GUZMAN, INC	Service	No		507000	Prime
CARLOS GUZMAN, INC.	Service	No		4000000	Prime
DION INTERNATIONAL TRUCK LLC	Materials	No		134841.21	Prime
MOTOROLA	Service	Yes	\$544802 with \$135836 paid to DBE	Subcontractor	Prime with DBE Sub
AUDIO VISUAL INN	Materials	No		31634.29	Prime
SELECT ELECTRIC	Construction	No		13280	Prime
AZTEC LANDSCAPING, INC.	Service	No		33132	Prime
iACCESS, INC	Service	No		18938	Prime



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# Agenda

Item No. 9

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

LEG 492

**Draft for  
Executive Committee  
Review Date: 11/5/09**

November 12, 2009

**SUBJECT:**

MTS: SAN DIEGO TRANSIT CORPORATION WARRANTY PROCESS AUDIT REPORT

**RECOMMENDATION:**


That the Board of Directors receive an internal audit report on San Diego Transit Corporation's (SDTC's) warranty process.

Budget Impact

None.

**DISCUSSION:**

During August 2009, MTS's Internal Auditor performed a review of SDTC's warranty process. The objective of the review was to assess the adequacy of internal controls over SDTC's warranty processes. As a result of the review, three recommendations were made for management's consideration. Management has accepted the recommendations and is taking action to address the issues noted.

  
\_\_\_\_\_  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Mark Abbey, 619.557.4573, [mark.abbey@sdmts.com](mailto:mark.abbey@sdmts.com)

NOV12-09.9.SDTC WARRANTY PROCESS.MABBEBY.doc

Attachment: SDTC Warranty Process Audit Report



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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities.

MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.



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## Memorandum

DATE: October 21, 2009  
TO: Claire Spielberg  
FROM: Mark Abbey  
SUBJECT: AUDIT REPORT: SDTC WARRANTY MANAGEMENT

LEG 492

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### EXECUTIVE SUMMARY

I have completed a review of the warranty management process at San Diego Transit Corporation (SDTC). The audit was performed in accordance with the approved audit plan.

#### Audit Objectives and Scope

The objective of the audit was to review the adequacy of warranty management processes at SDTC. During my audit, I reviewed the warranty management process over the following:

- warranty management on new buses
- storeroom parts warranty

#### Observations and Recommendations

The warranty management process on new buses is the responsibility of the Quality Assurance Department. Control over warranty on storeroom parts is the responsibility of the Storeroom Manager.

To further improve the warranty management processes, the following recommendations are offered for management's consideration:

1. Develop a standard operating procedure (SOP) to document the warranty-tracking process for buses and storeroom parts.
2. Upgrade the Ellipse system to flag all work orders on warranty repairs for review by Quality Assurance Department staff and to show bus mileage on work orders.
3. Provide additional training to Maintenance Department staff to ensure defective parts under warranty are being turned in for processing.

A detailed explanation of these recommendations is provided below under *Detailed Observations*. Some of these recommendations were made in previous internal audit reports.

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I wish to thank SDTC personnel for their cooperation and assistance during the course of this review.

## BACKGROUND

SDTC has recently acquired new 2008 buses covered by warranty as follows:

- 50 2008 New Flyer 40-foot buses with 2-year bumper-to-bumper warranties, 2 years on power trains, and 3 to 5 years on some major engine components.
- 26 2008 60-foot NABI buses with 2-year bumper-to-bumper warranties, 2-year power train warranties, 3 to 5 years on some major engine components, and 5 years on the transmissions.
- 12 SANDAG New Flyer hybrid buses with 2-year bumper-to-bumper warranties and 2-year power train warranties.

Cummins Inc. is the original equipment manufacturer on the 50 New Flyer and 26 NABI bus engines.

Parts for the 50 New Flyer buses are generally supplied free of charge directly from New Flyer. Parts for the NABI buses are ordered from various sources and later billed to NABI for reimbursement. Parts for the 12 hybrid buses are received very quickly from ISE, which is located in San Diego.

The Quality Assurance Supervisor maintains spreadsheets on all claims sent out for cost recovery.

Warranty periods on storeroom parts are usually for 60-day to 90-day periods. Parts are tagged in the warehouse with warranty data prior to installation on buses.

## DETAILED OBSERVATIONS

### 1.0 Standard Operating Procedures (SOP) for Bus Warranty Cost Recovery

The Quality Assurance Supervisor maintains spreadsheets to track warranty work on all buses still under warranty and reviews work orders to ensure that all repair work on buses under warranty is recovered from the manufacturer. This tracking process is not documented in an SOP. To ensure continuity of procedures in the event of personnel changes, an SOP should be developed to fully document this process. This would minimize the possibility that warranty tracking would not continue if personnel changes occurred.

#### Recommendation

Develop an SOP to document the warranty-tracking process for buses and storeroom parts.

#### Management Response

The warranty administration process involves several steps and can be different for each bus manufacturer. Therefore, the Quality Assurance Department agrees with the recommendation that an SOP documenting the warranty process should be in place. The Quality Assurance Department is currently in the process of developing an SOP to document these steps in an effort to ensure continuity of warranty procedures should personnel changes occur.

## 1.1 Flagging Warranty Repair Work Orders

The Ellipse system does not flag work orders for warranty work and does not show bus mileage on the work orders. Each day, the Quality Assurance Supervisor must review work orders to ensure that warranty work is being identified and sent to the OEMs and not being performed at SDTC's expense.

In addition, Maintenance Department staff does not always turn in defective parts covered by warranty. Priority needs to be placed on having Ellipse flag these warranty work orders. Until Ellipse is corrected, the process still needs to occur manually.

### Recommendations

Upgrade the Ellipse system to flag all work orders on warranty repairs for review by the Quality Assurance Department and to show bus mileage on work orders.

Provide additional training to Maintenance Department staff to ensure that defective parts under warranty are being turned in for processing.

### Management Response

The Ellipse system does not currently automatically flag warranty work orders nor does it automatically enter mileage on work orders. The IT Department is looking at options to either upgrade the Ellipse System or convert to another maintenance management system that will automate both of these functions. Currently, work orders are being flagged as warranty; however, this has to be done manually by the foreman or mechanic that generates each work order. After repairs are completed, the foreman closing out the work order will forward a copy of all warranty-related work orders to the Quality Assurance Department for warranty processing. Even with the automation mentioned above, the Quality Assurance Department would still have to review work orders daily to determine if the repair was a warrantable claim; however, the automation would eliminate steps and simplify warranty tracking. In addition, efforts are ongoing to continually train mechanics and maintenance staff in an effort to have all parts replaced on new buses returned to the storeroom for potential warranty processing.

JGardetto/

M-FINAL-SDTC WARRANTY 09.MABBEY.doc

cc: Paul Jablonski, Tiffany Lorenzen, Cliff Telfer - MTS  
Ray Thompson - SDTC



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# Agenda

Item No. 10

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

FIN 305

**Draft for  
Executive Committee  
Review Date: 11/5/09**

November 12, 2009

**SUBJECT:**

MTS: INVESTMENT REPORT – SEPTEMBER 2009

**RECOMMENDATION:**

That the Board of Directors receive a report for information.

Budget Impact

None.

**DISCUSSION:**

Attachment A is a report of MTS investments as of September 2009. The first column of the report includes details about investments restricted for capital support and debt service (the majority of which are related to the 1995 lease and leaseback transactions). The second column lists the unrestricted investments, which reports the working capital for MTS operations for employee payroll and vendors' goods and services. This column includes the investment in San Diego Transit Corporation's (SDTC's) pension obligation bonds that were repurchased and represents an asset that is not currently available to fund operations.

The total cash and investment balances have increased by \$7 million primarily due to the scheduled timing of Federal Transit Administration subsidy receipts for the current year.

Transfers to the Local Agency Investment Fund (LAIF) investment from the operating account totaling \$5 million were initiated in September. The current monthly yield in the



LAIF investment is 0.75%, which represents a reduction from 2.779% since August 2008.

The funds restricted for debt service are structured investments with fixed returns that do not vary with market fluctuations if held to maturity. These investments are held in trust and will not be liquidated in advance of the scheduled maturities.

Other restricted funds are designated for various capital improvement projects.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Linda Musengo, 619.557.4531, [linda.musengo@sdmts.com](mailto:linda.musengo@sdmts.com)

NOV12-09.10.INVESTMT RPT SEPT 09.LMUSENGO.doc

Attachment: A. Investment Report

**San Diego Metropolitan Transit System  
Investment Report  
September 30, 2009**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	<b>Average rate of return</b>
Cash and Cash Equivalents				
Bank of America - concentration sweep account	\$ 5,718,275	\$ 7,708,465	\$ 13,426,740	0.00%
<b>Total Cash and Cash Equivalents</b>	<u>5,718,275</u>	<u>7,708,465</u>	<u>13,426,740</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	2,515,455		2,515,455	N/A *
US Bank - retention trust account	3,088,650		3,088,650	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	<u>2,699,000</u>		<u>2,699,000</u>	0.75%
<b>Total Cash - Restricted for Capital Support</b>	<u>8,303,106</u>	<u>-</u>	<u>8,303,106</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)		17,331,053	17,331,053	0.75%
Bank of New York Money Market POB interest	<u>-</u>	<u>40</u>	<u>40</u>	
<b>Total Investments - Working Capital</b>	<u>-</u>	<u>17,331,093</u>	<u>17,331,093</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	33,717,981	-	33,717,981	
Rabobank - Payment Undertaking Agreement	<u>84,951,545</u>	<u>-</u>	<u>84,951,545</u>	7.69%
<b>Total Investments Restricted for Debt Service</b>	<u>118,669,526</u>	<u>-</u>	<u>118,669,526</u>	
Investment in SDTC Pension Obligation Bonds				
Bank of America custodial account	<u>-</u>	<u>35,630,000</u>	<u>35,630,000</u>	
<b>Total Investment in SDTC Pension Obligation Bonds</b>	<u>-</u>	<u>35,630,000</u>	<u>35,630,000</u>	
<b>Total cash and investments</b>	<u>\$ 132,690,906</u>	<u>\$ 60,669,558</u>	<u>\$ 193,360,464</u>	

N/A\* - Per trust agreements, interest earned on retention accounts is allocated to trust beneficiary (contractor)



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## Agenda

Item No. 11

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

OPS 920.6

November 12, 2009

**Draft for  
Executive Committee  
Review Date: 11/5/09**

### SUBJECT:

MTS: SOUTHLAND TRANSIT, INC. – CONTRACT OPTION YEAR

### RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0449.2-06 (in substantially the same format as Attachment A) for:

1. one 12-month option period for central minibuses fixed-route services with Southland Transit, Inc. (Southland); and
2. one 12-month option period for Sorrento Valley Coaster Connection (SVCC) services with Southland.

#### Budget Impact

Southland's rate of service will increase by 0.99% to \$40.65 per revenue hour for MTS-owned vehicles for the central minibuses routes and by .74% to \$54.47 per revenue hour for contractor-owned vehicles operated on the SVCC shuttle routes.

The total central minibuses fixed-route projected transportation cost for option period 2 would be approximately \$2,801,035 plus an estimated \$819,828 in pass-through fuel costs. The estimated total cost would be \$3,620,863 for the option period.

The total SVCC projected transportation cost for option period 2 would be approximately \$307,953 plus an estimated \$52,728 in pass-through fuel costs. The estimated total cost would be \$360,681 for the option period.



## DISCUSSION:

The original contract included predetermined rates for the second option year period. The rate for MTS-owned vehicles was to increase 3% to \$41.45 per revenue hour. The rate for Southland Transit, Inc.-owned vehicles was to increase 2.2% to \$55.27 per revenue hour. Due to unprecedented budget constraints, Southland has agreed to lower the original rates from the figures listed above, which will save MTS approximately \$58,472 over the second option period.

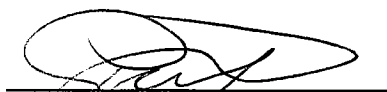
Southland currently operates 26 MTS-owned minibuses on 21 fixed routes and 3 SVCC routes using a fleet of 2008 gasoline-powered, medium-duty Type VII minibuses. Southland also provides 2 contractor-owned 2006 Type II propane-powered minibuses for 2 shuttle routes serving various locations between the Sorrento Valley Coaster Station and surrounding business centers. Southland minibus routes are a variety of community circulator, urban, local, and shuttle-type services.

In FY 09, Southland operated an estimated 66,589 revenue hours of minibus service and an estimated 12,773 revenue hours of SVCC service. During this time, Southland transported an estimated 1,013,861 passengers on its minibus service and an estimated 130,780 passengers on the SVCC service. In June 2009, Southland also assumed operating five additional routes on weekends allowing MTS to preserve vital service to passengers while cutting costs.

Southland provides MTS with a cost-effective approach to community-based service needs by providing a lower incremental service cost relative to larger, big-bus providers. The Southland option period rate per revenue hour is over 30% lower than a comparable big-bus, fixed-route rate. Southland also provides MTS with a more flexible fiscal option when lower-capacity, less-expensive vehicles can be used more effectively to serve its passengers.

Currently, Southland is operating under the first option period of its contract, which began on January 1, 2009, and extends through December 31, 2009. Exercising the second option period would extend the agreement from January 1, 2010, through December 31, 2010.

Southland provides an operation geared toward minibus operations. Southland operates out of a contractor-leased facility that is centrally located in Sorrento Mesa. In addition to the services that Southland provides for MTS, Southland also operates 15 demand responsive-services and 13 fixed-route services. These operations are provided under contract with 11 Los Angeles county cities, the County of Los Angeles Department of Public Works, the San Luis Obispo Regional Transit Authority, and three Regional Centers for the Developmentally Disabled.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Lisa Madsen, 619.595.7038, [lisa.madsen@sdmts.com](mailto:lisa.madsen@sdmts.com)

NOV12-09.11.SOUTHLAND TRANSIT.LMADSEN.doc

Attachment: A. Draft MTS Doc. No. B0449.2-06

DRAFT

November 12, 2009

MTS Doc. No. B0449.2-06  
PC 50835

Mr. Jason Snow  
Chief Operating Officer  
Southland Transit, Inc.  
3650 Rockwell Avenue  
El Monte, CA 91731

Dear Mr. Snow:

Subject: AMENDMENT NO. 2 TO MTS DOC. NO. B0449.0-06 FOR MTS CENTRAL MINIBUS  
FIXED-ROUTE AND SORRENTO VALLEY COASTER CONNECTION SERVICES

This letter shall serve as our agreement for professional services as further described below.

#### SCOPE OF SERVICES

Due to unprecedented budget constraints, Southland Transit, Inc. will continue to provide fixed-route transit services under mutually agreed upon terms and conditions that are more cost effective than the rates in the original contract.

#### SCHEDULE

Work shall begin January 1, 2010, and continue through December 31, 2010.

#### PAYMENT

Payment shall be based upon revised rates compared to the second option year rates listed in the original contract.

The total central minibus fixed-route projected transportation cost for option period 2 would be approximately \$2,801,035 plus an estimated \$819,828 in pass-through fuel costs. The estimated total cost would be \$3,620,863 for the option period.

The total SVCC projected transportation cost for option period 2 would be approximately \$307,953 plus an estimated \$52,728 in pass-through fuel costs. The estimated total cost would be \$360,681 for the option period.

The current economic climate has been difficult for both public and private transportation providers, and MTS appreciates that Southland Transit, Inc. has been able to modify the rates in the original contract.

Mr. Jason Snow  
November 12, 2009  
Page 2 of 2

All other contractual conditions remain unchanged. If you agree with the above, please sign below and return the copy marked "Original" to the Contracts Specialist at MTS. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Jason Snow  
Southland Transit, Inc.

NOV12-09.11.AttA.B0449.0-06.LMADSEN.doc

Date: \_\_\_\_\_



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# Agenda

Item No. 12

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

CIP 11239

November 12, 2009

**Draft for  
Executive Committee  
Review Date: 11/5/09**

**SUBJECT:**

MTS: CAPITAL IMPROVEMENT PROJECT GRANT AWARD

**RECOMMENDATION:**

That the Board of Directors approve the addition of Federal Grant No. CA-04-0145 funding to MTS Capital Improvement Program (CIP) 11239 (40-Foot Compressed Natural Gas [CNG] Bus Procurement).

Budget Impact

The addition of \$475,000 from the federal grant award to MTS CIP 11239 would assist in funding the procurement of CNG buses.

**DISCUSSION:**

On August 13, 2009, the Federal Transit Administration (FTA) awarded \$475,000 in Federal Grant No. CA-04-0145 funding for the replacement of CNG buses. This federal funding has been awarded to MTS specifically for this project and requires a 20% local match. The local match would be fulfilled with the nonfederal funds already in the project; therefore, no additional funding would be needed.

  
\_\_\_\_\_  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Lisa Fowler, 619.557.4510, [lisa.fowler@sdmts.com](mailto:lisa.fowler@sdmts.com)

NOV12-09.12.CIP GRANT AWARD.LFOWLER.doc



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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.



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## Agenda

Item No. 13

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

FIN 300

November 12, 2009

**Draft for  
Executive Committee  
Review Date: 11/5/09**

### SUBJECT:

MTS: INVESTMENT REPORT - AUGUST 2009

### RECOMMENDATION:

Receive a report for information.

Budget Impact

None.

### DISCUSSION:

Attachment A is a report of MTS investments as of August 2009. The first column provides details about investments restricted for capital support and debt service (the majority of which are related to the 1995 lease and leaseback transactions).

The second column is the unrestricted investments, which reports the working capital for MTS operations employee payroll and vendors' goods and services. This column includes the investment in San Diego Transit Corporation's (SDTC's) pension obligation bonds that were repurchased and represents an asset that is not currently available to fund operations.

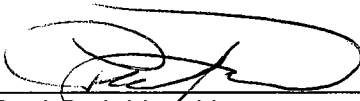
Total cash and investment balances have increased by \$9.8 million primarily due to the scheduled timing of Federal Transit Administration subsidy receipts for the current year.



Transfers to the Local Agency Investment Fund investment account from the operating account totaled \$8 million in August. The current monthly yield in the Local Agency Investment Fund investment is 0.93%, which represents a reduction from 2.779% since August 2008.

The funds restricted for debt service are structured investments with fixed returns that do not vary with marked fluctuations if held to maturity. These investments are held in trust and will not be liquidated in advance of the scheduled maturities.

Other restricted funds are designated for various capital improvement projects.



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Paul G. Jablonski  
Chief Executive Officer

Key Staff Contact: Linda Musengo, 619.557.4531, [linda.musengo@sdmts.com](mailto:linda.musengo@sdmts.com)

NOV12-09.13.INVESTMT RPT 8-09.LMUSENGO.doc

Attachment: A. Investment Report

**San Diego Metropolitan Transit System  
Investment Report  
August 31, 2009**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	<b>Average rate of return</b>
Cash and Cash Equivalents				
Bank of America - concentration sweep account	\$ 5,718,275	\$ 5,959,459	\$ 11,677,734	0.00%
<b>Total Cash and Cash Equivalents</b>	<u>5,718,275</u>	<u>5,959,459</u>	<u>11,677,734</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	2,515,455		2,515,455	N/A *
US Bank - retention trust account	3,088,388		3,088,388	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	<u>2,699,000</u>		<u>2,699,000</u>	0.93%
<b>Total Cash - Restricted for Capital Support</b>	<u>8,302,843</u>	<u>-</u>	<u>8,302,843</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)		12,331,053	12,331,053	0.93%
Bank of New York Money Market POB interest	<u>-</u>	<u>40</u>	<u>40</u>	
<b>Total Investments - Working Capital</b>	<u>-</u>	<u>12,331,093</u>	<u>12,331,093</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	33,447,962	-	33,447,962	
Rabobank - Payment Undertaking Agreement	<u>84,951,545</u>	<u>-</u>	<u>84,951,545</u>	7.69%
<b>Total Investments Restricted for Debt Service</b>	<u>118,399,507</u>	<u>-</u>	<u>118,399,507</u>	
Investment in SDTC Pension Obligation Bonds				
Bank of America custodial account	<u>-</u>	<u>35,630,000</u>	<u>35,630,000</u>	
<b>Total Investment in SDTC Pension Obligation Bonds</b>	<u>-</u>	<u>35,630,000</u>	<u>35,630,000</u>	
<b>Total cash and investments</b>	<u>\$ 132,420,625</u>	<u>\$ 53,920,552</u>	<u>\$ 186,341,177</u>	

N/A\* - Per trust agreements, interest earned on retention accounts is allocated to trust beneficiary (contractor)